



## Oliver Hughes: The Equator Initiative

**O**liver Hughes (IPED '11) is a Programme Consultant for the Equator Initiative at the United Nations Development Programme in New York. The UNDP Equator Initiative recognizes and promotes the work of community-based initiatives delivering development and environmental benefits in rural areas around the world. It does this primarily through the biennial awarding of the Equator Prize, along with facilitating community learning exchanges, and publishing the results of research conducted on prize winners.

Mr. Hughes's role has been primarily in the area of research. The Equator Initiative has an online Case Study Database of prize winners for which Mr. Hughes is the Managing Editor. He also co-authored a book about the communities, *The Power of Local Action: Lessons from 10 Years of the Equator Prize*. He has traveled to UN conferences around the world, including Rio+20 in June 2012, to promote this research. His day-to-day tasks include much of the writing involved in advocating both for the central role of environmental sustainability in development, and the

importance of community-driven approaches to rural development.

He became involved with UNDP when he approached Ms Eileen de Ravin, a Fordham alumna who manages the Equator Initiative, and told her that he was interested in doing an internship with the office. His year-long internship included a summer assignment in East Africa, supported by a GSAS Summer Research Fellowship, where he conducted research on communities that had won the Equator Prize.

Prior to studying at Fordham, he graduated from Oxford in his native England, where he studied Modern History. As someone with no prior economics or political science background Mr. Hughes felt the broad approach of the IPED program suited him well. The practical and career-oriented aspects of the IPED program definitely prepared him for working with UNDP.

He advises current and future students to take advantage of the full range of academic and professional opportunities that IPED has to offer: "There are still classes I wish I could go back and take." ■

You can read about Mr. Hughes's research at [www.equatorinitiative.org](http://www.equatorinitiative.org).

## What is IPED?

**I**t stands for Fordham University's Graduate Program in International Political Economy and Development. Fordham IPED is a program that trains graduate students in the advanced interdisciplinary analysis of global economic relations and international development issues. Graduates work in the diverse fields of research, policy planning, economic analysis, public administration and general management.

*Current Issues in Development* is a student-run newsletter of the Fordham IPED Program. It aims to share with prospective students and friends in the academic, non-profit, government and corporate community IPED analysis and experience in economic and humanitarian development.

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*Local government participation is necessary for USAID funding to be more effective.*

# The Impact of U.S. Agency for International Development (USAID) Funding on Agriculture

By Heather O'Neil

**USAID** has recently reprioritized agriculture as a focus area critical to combating global food insecurity. Its approach is based on investments in technological research, development of agricultural markets, improved access to capital, provision of extension services, and delivery of emergency food assistance when needed. However, the effectiveness of these programs is often called into question when accurate targeting is hindered by the demands of foreign policy and domestic political lobbies.

This research attempts to ascertain whether USAID funding supports or hinders agricultural productivity. It covers 64 countries included in the *International Food Policy and Research Institute's (IFPRI) Statistics of Public Expenditure for Economic Development (SPEED)* database which offers public expenditure information in various sectors,

including agriculture. The data set also included 2007 data from the World Bank, the FAO, and the U.S. Overseas Loans and Grants report.

Results show that USAID funding has a negative effect on value added per worker in recipient countries. Likewise, public expenditure in agriculture has a negative effect on productivity. This could be due to the inadequate support at the host country level or inefficient configuration of expenditure. However, results also indicate that USAID funding and agricultural expenditure jointly have a positive significant impact. Thus, local government participation is necessary for USAID funding to be more effective.

Further research is warranted to investigate the determinants of a successful agricultural funding program. The results are limited by a comparatively small sample size and the use of cross sectional rather than panel data.

The regression function is as follows:

$$\begin{aligned} \text{LnAgValAdd}_i = & 15.58 - 0.34\text{LnAgExd}_i + 0.002\text{AgMach}_i + 0.001\text{Fert}_i \\ & - 5.71\text{Aid}_i + 0.06\text{RD}_i + 0.003\text{Credit}_i - 0.04\text{Employ}_i - 0.003\text{Roads}_i \\ & - 0.00000012\text{AgMach}_i^2 - 0.000002\text{Fert}_i^2 + 0.27\text{LnExdAid}_i \end{aligned}$$

Variables	Coefficient	Definition
LnAgValAdd		Log agriculture value added per worker (constant 2000 USD)
LnAgExd	- 0.34**	Log of public expenditure on agriculture
AgMach	0.002	Agricultural machinery (tractors per 100 sq km of arable land)
Fert	0.001	Fertilizer consumption (kg/ha of arable land)
Aid	- 5.71*	Dummy variable (1 if country received USAID funding in 2007, 0 otherwise)
RD	0.06	Research and development expenditure (% of GDP)
Credit	0.003	Domestic credit provided by banking sector (% of GDP)
Employ	0.04**	Employment in agriculture (% of total employment)
Roads	- 0.003	Road density (km/100 sq km of land area)
AgMach2	- 0.00000012	AgMach term squared
Fert2	- 0.000002	Fert term squared
LnExdAid	0.27	Interaction between LnAgExd and Aid

R<sup>2</sup> = 0.75

Statistical Significance: \*5%, \*\*1%

USAID Photo by Jessica Harard

Farmer standing in demonstration plot of maize and groundnuts in Kigurwe, Democratic Republic of the Congo.



# A Social and Political Examination of the Human Development Index

By *Brian Dutoi*

Theories of economics and political science indicate that individual well-being may be explained by a combination of wealth, equality, personal freedom, political freedom, and fairness in the public sector. The Human Development Index (HDI) is a single statistic based on life expectancy at birth, average years of schooling, expected years of schooling and gross national income per capita. Taking HDI as an accurate measure of well-being and employing common measures of income, inequality, freedoms, and corruption, this empirical paper finds strong support for these theories. The first two characteristics — income and inequality — deal with societies' resources and their relative availability among the populations. The second two — freedoms and corruption — deal with individuals' abilities to live freely, express themselves politically, and not have that political expression sidelined by the self-interest of public officials.

Gini coefficient is used as a measure of inequality. Yearly Gini

coefficients are not available from a single source so samples from multiple sources during the decade 2002-2012 were used, making the assumption that inequality changes slowly. The method of calculating Gini coefficient — with income or expenditure data — is tracked with a dummy variable. The other variables are collected for 150 countries for the year 2007 from the UNDP, Freedom House, and Transparency International websites. Because civil and political rights are collinear but theoretically important for different reasons, both are included through a single interaction term.

Results show that however the Gini coefficient was calculated, the relationship with HDI is always negative, matching intuition. The results for the corruption and freedom indicators also match intuition: less corruption and more freedom relate to higher HDI. Furthermore, the corruption and freedom measures were standardized to the same range as HDI, from zero to one, so their impacts can be compared directly. The results indicate that corruption has a larger effect on human development than freedom. ■

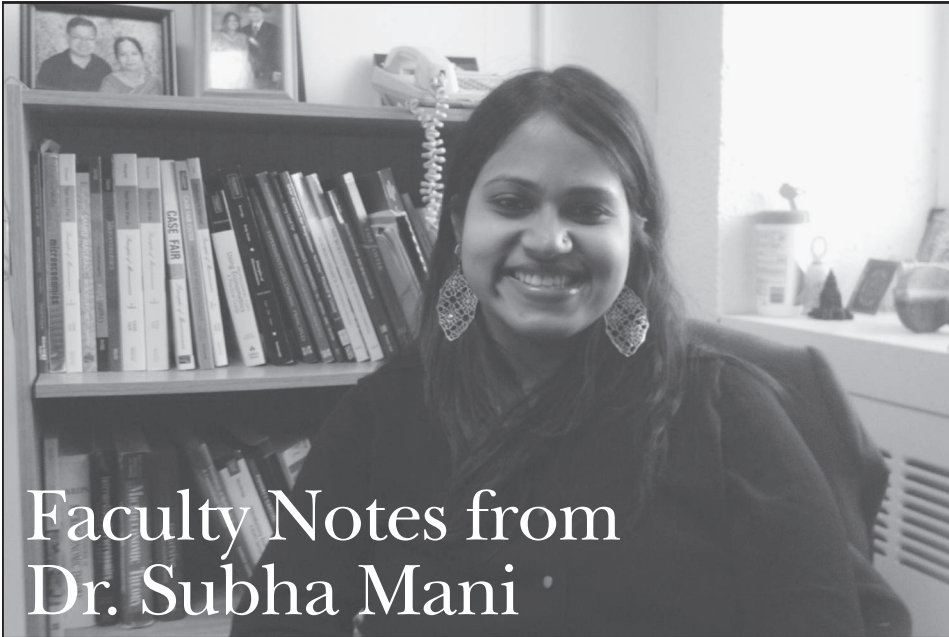
The regression function is as follows:

$$HDI_i = 0.509 - 0.00398 Gini_i + 0.00213 Gini_i GiniSrc_i + 0.113 PolRit_i CivLib_i + 0.424 Corrup_i$$

Variables	Coefficient	Definition
HDI		Human Development Index
Gini	- 0.00398**	Gini Coefficient, used as a measure of inequality
Gini*GiniSrc	0.00213**	Gini coefficient interacted with the source of data dummy, 1 for sources who used the income approach, 0 for those who used the consumption
PolRit*CivLib	0.11300**	Political rights (ability of individuals to impact the political process) interacted with Civil Liberties (personal and social rights)
Corrup	0.42400**	Corruption Perception Index, based on opinions gleaned from business people and analysts. Higher values indicate less corruption

R<sup>2</sup> = 63.45%

\*\*Significant at 1% level, heteroscedasticity consistent standard errors



## Faculty Notes from Dr. Subha Mani

**D**r. Subha Mani is an Assistant Professor in the Economics Department. She is also a Research Associate at the Center for International Policy Studies at Fordham University and holds a Research Affiliate position at the Population Studies Center at the University of Pennsylvania. She teaches courses in development economics, microeconomics and econometrics. During her PhD at the University of Southern California, her research focus shifted from macro-development to micro-development economics. This eventually led her to utilize microeconomics and applied econometrics to exam-

ine issues in development economics. It captured her interest because she wanted to apply her passion for economics in improving the lives of the poor.

In her most recent paper published in the *Journal of Development Economics*, Dr. Mani and her co-authors examine the extent of path dependence in schooling outcomes. They reject the null of “no path dependence” suggesting that history matters and that investments made during the first few years of a child’s life have important implications for long-run well-being. She is currently

working with Dr. Pushkar Maitra of Monash University in measuring the economic returns from a vocational training program in stitching and tailoring, that was offered to women residing in certain disadvantaged areas of New Delhi, India. In less than a year, the program has generated substantial improvement in labor market outcomes for the participants. Their findings showed that women who were randomly offered the training program are more likely to be employed or be looking for a job. In addition, participants work two additional hours on average, and earn almost twice as much in the post-training period compared to women who were not offered the training. The program is also cost-effective and can be replicated in different locations. Due to its significant impact in development, the paper was featured in the World Bank *Development Impact* blog.

Dr. Mani’s passion for development economics goes beyond the academe. She believes that policy-makers and development economists must continue working together to create and implement policies that would truly benefit the poor. Dr. Mani hopes to foster the interest of students in development issues, a very exciting and dynamic sub-field of economics. ■



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