

## *Development Economics*

### **Issues in Development Economics**

#### **"Factor and Product Market Imperfections"**

Lack of access to markets can be a major constraint on poverty reduction and to economic development: A study of one particular product market in one area could reveal different problems of market access for the peasantry. Risk and poor infrastructure, lack of social infrastructure in the marketing process, financial constraints or other problems like missing human capital or monopolistic behavior.

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#### **The effects of improved international market access for agricultural products**

Inside the WTO some developing countries try to improve the access for imported agricultural products in the markets of the industrial countries. This will make changes to both consumption and production in the developing countries. How will this work in the rural areas you study? What is the effect on poverty, and may this trigger economic development and redistribution?

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#### **Input subsidies/Fertilizer subsidies, Rationales and Impacts"**

Policy reform packages implemented in a majority of African countries have involved removal of input subsidies (e.g. for fertilizers), liberalisation of input marketing, and of input and output prices in agriculture. There is, however, reason to believe that liberalisation has often been incomplete. It would thus be of interest to trace out the extent to which markets have actually been liberalised and to study consequences of partial or delayed liberalisation. Big effects of reintroduction of subsidies in Malawi have gained much interest (see: <http://www.bistandsaktuelt.no/Lesartikkel.asp?ID=3924>).

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#### **"Food Aid, Food for Work, Productive Safety Nets: Design, Targeting Efficiency and Impacts"**

There are numerous different types of programmes aimed at increasing food entitlements of vulnerable groups of the population. Some such programmes have designs that make them amenable to analysis as social experiments. (For inspiration see interview with Esther Duflo in Finance and Development at <http://www.imf.org/external/pubs/ft/fandd/2003/09/pdf/people.pdf>. Local purchase of cereals for food aid. Food aid is often criticized for undermining local agriculture. As a response The World Food program and other relief organisations have started to purchase food for their relief programs locally in some countries. What is the effect of this on

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local production, prices tabilization and market development?

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### **Formalisation of land rights**

Processes of land rights formalisation include both Government led top-down processes and bottom-up and demand driven processes. These processes may have ambiguous effects on environmental and resource management. They may also have different distributional consequences, as well as different implications for the potential for using land assets for mobilising other capital. Studying these processes in selected locations may shed light on these issues.

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### **Climate risk, production risk, technology adoption and food insecurity"**

How do people respond to climate risk and how is climatic risk affecting technology adoption and food security? Do people diversify their production or are fewer crops and technologies becoming feasible and therefore causing less crop diversification? Can conservation agriculture technologies mitigate the climatic risks and facilitate more sustainable agricultural production? Can more use of external inputs reduce the risks?

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### **Microfinance**

Assessing the performance and possible development effects of such schemes in one or more districts could be suitable as a Master thesis project.

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### **Income diversification and food security**

Many places in developing countries rural households do not control enough land to fulfil dietary needs of the household. It is likely that other sources of income (eg. sales of fish, animal products and handicrafts, other employment or migration) are used for purchase of food. Possible research questions: What are the major strategies for food security? How are these strategies influenced by access to resources, use of resources, agricultural production system, market access and other socio-economic factors? Which socioeconomic factors influence the nutritional status the most? How important is agricultural production in determining nutritional status? How important are other sources of income? What effect does diversification of income sources have on the distribution of income? Does higher income guarantee higher food

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expenditures, resulting in higher nutrient intake and an improvement in nutritional status? Are some sources of income more important than others when it comes to improving nutritional status?

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### **Possible thesis topics on social networks:**

#### **The impact on livelihood of access to social and institutional resources**

The suggestions below include two types of social/institutional resources: Organizational membership in RPOs, and informal social networks within and across villages. A Rural Producer Organisation (RPO), is traditionally a cooperative, aimed at providing farmers with better market access, better prices, cheaper loans, transport facilities and negotiation power towards buyers etc. This is mainly provided through organising the farmers to constitute larger groups, and provide knowledge and know-how. The larger groups make marketing more efficient, and provide more negotiation power, i.e. make it possible to act as a larger and stronger unit than the individual smallholder farmer. Activities targeted to the individual farmer, such as credit, planning and advising farmers concerning when to sell, when to buy seeds, fertilisers etc., in order to better organize own production.

Generally, the farmers live relatively isolated from the market; they lack information, relationships throughout the marketing chain, and they suffer from small-scale disadvantages. Thus, an RPO has the objective of diminishing these disadvantages, provide information through being transparent, and give more power to the farmers, as well as transferring competence and knowledge. Social, informal networks as well as Rural Producers' Organisations can be considered as assets, to which farmers have access to a varying degree. In addition, those with access to RPOs sometimes nonetheless choose to be a non-member. According to this reasoning, we have four suggestions for research questions concerning this topic:

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#### **How do the RPOs contribute to the marketing of produces, and how useful are the activities?** (From the farmers' perspective, and both potential and actual contributions)

This includes investigating: What kind of activities are organised through the RPO (markets, loans, transportation, etc.)? To what extent are the farmers participating in the activities, alternative markets and marketing activities? Are RPO activities relevant for some crops more than others? How do the farmers judge the RPO and their activities and organisation? What are the farmers' requirements for a RPO to be attractive as an organisation?

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