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COUNTRY: Colombia Project Number: 514-11-190-097

Submission Date: September 1, 1969

Project Title: NATIONAL AGRICULTURAL PLANNING

U.S. Obligation Span: FY'61 through FY'72

Physical Implementation Span: FY'61 through FY'72

Gross Life of Project Financial Requirements:

U.S. Dollars: \$ 4,693,000

Cooperating Country Cash Contribution: 2,254,000

TOTAL \$ 6,947,000

OTHER AGENCY

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VAUGIN

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NATIONAL AGRICULTURAL PLANNING
PROJECT

A. SUMMARY

In recent years the Colombian Government has achieved important progress in improving development policy formulation and planning.⁽¹⁾ It has established a strong National Planning Department to prepare developmental programs, analyze their effectiveness, and supply the necessary inputs for sound policy choices as well as to review and coordinate proposed plans and programs which emanate from Ministry and sectoral agencies. Its efforts to promote sound national planning have been effective and significant qualitative improvement in Colombian development policies have resulted therefrom. However, planning is much less developed at the sectoral level, including the agricultural sector. The Ministry of Agriculture and its associated agencies have not been able to make progress commensurate with the requirements generated by better national planning. The reasons for this are: First, relationships between sector agencies have only recently been re-defined through reorganization of the agricultural sector agencies in early 1969. Second, personnel of the sector's planning divisions still lack sufficient experience and training. Third, the planning function itself has not yet been sufficiently developed to prove its value to ministers and administrators.

The objectives of the National Agricultural Planning Project are consistent with one of the principle priorities identified by the Mission and GOC in the agricultural sector loan program--to encourage development of better utilization of planning within the sector--and complements agricultural education programs being carried out with the advisory assistance of the loan-financed University of Nebraska Contract Team. The specific purposes of

(1) Planning capabilities as herein defined should not be taken to mean that the focus of this Project is on preparation of long-range and overall planning; rather, the Mission and Colombian Government have developed the concept that planning efforts should emphasize the capability to make specific ~~development~~ policy choices across a wide-range of activities so as to promote a continuing and operational competence. In fact, concern for "5-year plans" and coordinated timetables to implement public sector programs have been downgraded as objectives of this Project. Comprehensive national plans may result from this Project's priority of developing more effective tools for decision-making; however, Project success will not depend on the preparation of such plans.

are

this Project, to assist Colombia in increasing its capability to:
(a) gather and report relevant data concerning agricultural conditions;
(b) determine policies toward increased productivity and rural welfare;
(c) establish the concept that agricultural policies must result from
evaluation and analysis of the best available information; (d) more
carefully allocate resources and assign responsibilities for programs to
sector agencies; and (e) take appropriate corrective action where eval-
uation of programs and policies indicate unsatisfactory results.

Effective assistance in agricultural planning is important to achieve-
ment of broad CT goals for increasing agricultural production to meet
growing domestic requirements, diversifying agricultural exports, and
finding long-run solutions to the low income of the agricultural popula-
tion.

The Mission is assisting in the development of planning offices in both
the Ministry and decentralized sector agencies by means of a combina-
tion of advisory assistance provided by grant-funded PASA specialists
and loan-financed Nebraska Contract professors and participant training
for sector agency planning and staff personnel. As deficiencies in
planning capabilities are identified which require special assistance
from sources unavailable in Colombia, the Mission also plans to finance
short-term services of planning specialists. Examples include assistance
to INDERENA (the National Resources Agency) in the formulation of forest
concession policy, to ICA in improving the administration of extension
services, and to INCORA in evaluating alternative investment priorities.

B. The Setting

1. Analysis of Agricultural Planning

The sector analysis presented in the agricultural sector loan paper, and the country field submission describes the general environment in which this Project will operate. This section of the PROP, therefore is strictly concerned with Colombian planning efforts.

(a) Evolution of Planning

Planning has received a major stimulus during the Lleras administration. The National Department of Planning has become an effective and strong entity for development of national planning as an essential element of the policy making process. The effectiveness of current planning may be compared with unsuccessful efforts in the past to institutionalize the planning function. The first attempt to introduce the planning process was made in 1931 with the creation of the National Economic and Social Policy Council. But this Council and subsequent laws concerned with planning enacted in 1945, had little effect on government policy. There followed 3 additional attempts in 1951, 1951-1962, and 1963 to the present to implement the planning process. The first of these was a direct result of the IBRD's Currie Mission to Colombia which set forth a list of recommendations for the country's development. To respond to the findings of the Currie Mission, an office of planning was established in 1951 to study the IBRD Report and provide planning for the implementation of its recommendations. The initiative was never taken successfully, however, since there was little political stability and a series of changes in government.

The second attempt was the preparation of the General Plan for Economic and Social Development in collaboration with ECLA. The plan was derived from a 4 year study and was the first general development plan for Colombia. It was the first plan of its kind in the Hemisphere and contributed to Colombia's early reputation as the "show case" for the Alliance for Progress. The Plan was never implemented; for (a) no priorities were identified among the list of objectives; (b) it was never submitted to Congress; and (c) it did not assign specific tasks to action agencies nor include participation by action agencies in the development of how to implement it. However, the experience gained in the effort was valuable in that it demonstrated the unpracticability of attempting comprehensive, long-range planning without sufficient planning competence or reasonable levels of coordination between government entities to prepare such Plan --and has led to the third and current planning phase which has been assisted by the Ford Foundation, the Harvard Advisory Group, AID, and other institutions.

The National Planning Department (DNP), which is the key element of this current phase, has learned from past mistakes and has established as a basic modus operandi that no investment plan is to be developed without the full participation of the action agency--and to the extent possible, that planning should originate from that action agency. The application of the policy has forced close cooperation between the DNP and lower level planning divisions and creates constant demands on all levels of government to improve planning capabilities.

(b) Planning Capabilities of the Ministry of Agriculture and Associated Agencies (a)

(1) Ministry of Agriculture

Although decentralization is a central rule of Colombian planning policy, planning capability in the Ministry is still inadequate to the demands placed on it by the National Planning Department. The Ministry has a planning office known as OPSA, and a Superior Council of Agriculture, whose function is to advise the Minister on policy guidelines and formulation for the agricultural sector. This Council meets only once a year; but its Executive Committee meets every month and assumes major responsibility for working out policy recommendations on a continuing basis. OPSA is considered staff to the Executive Committee and its tangible achievements are only now becoming evident, since the planning effort is less than a year old, and recruitment of personnel was not completed until 3 months ago.

A key element in development of agricultural planning is the Chief of the Office, for it is his responsibility to organize OPSA and mobilize its resources to support the policy formulation process. He has the advantage of previous experience in the National Planning Department, and he recognizes the importance of the participation of the sector's action agencies in all planning. OPSA, therefore, has initiated its work by requesting long-range policy and program proposals from each agency. He has conceived OPSA's role as that of principle coordinator to stimulate the initiative of these agencies to help them define their special roles, to avoid duplication of efforts, and to assure that policy issues are jointly examined by all interested agencies.

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- (a) Since AID assistance is primarily focused on those action agencies who are members of the Superior Council of Agriculture i.e. the Ministry of Agriculture, ICA, IDEMA, INCORA, INDERENA, and the Caja Agraria, analysis of other sectoral agencies has been omitted.

In addition to these general functions, OPSA has already completed a number of studies and policy recommendations for use by the Minister and Executive Committee of the Council. The major accomplishments are:

- (a) OPSA recommendations contributed to Government policy now in effect that utilization of fertilizer, improved seed, technical assistance, and other innovative practices be a condition for agricultural credit.
- (b) Research being carried out on fertilizer manufacture and distribution costs and requirements has already resulted in increased activity on the part of fertilizer companies in price and production readjustments.
- (c) A study of livestock marketing conditions has led to new Government regulations pertaining to the shipment and care of cattle for market.
- (d) OPSA has prepared a detailed study of agricultural crop costs, by region, which has provided the basis for readjustments in price support, credit, and development policies.
- (e) A Colombian transport study has been submitted to the Government and has led to (1) establishment of a new transportation division in IDEMA and (2) procedural changes by INTRA to make more effective use of the existing transport fleet.

OPSA is also actively engaged in preparation of new studies. Its work plan for the period July, 1969 through March, 1970 is as follows: (although not in order of execution):

1. Sectoral investment by entities proposed for 1969-1972.
2. Sectoral development priorities.
3. Prospects for export of cattles and meat.
4. Mechanisms for ^{rationaly} subsidizing agricultural exports.
5. Availability and use of fertilizers.
6. Availability and use of agricultural inputs.
7. Wheat supply policy.

8. Agricultural mechanization policy.
9. Transport cost structure for agricultural products and inputs.
10. Structure of interest rates on loans for the agriculture sector.
11. Analysis of agricultural credit.
12. Analysis of livestock credit.
13. Production possibilities and comparative advantages of agricultural crops, by region.
14. Effects of different levels of price supports on crop production, by region.
15. Agricultural policy of other countries and their implications for Colombian agriculture within the Andean Common Market.
16. Recommendations for improvement of agricultural statistics.
17. Recommendations for establishment of an agricultural marketing information service.
18. Analysis of taxes on agricultural sector.
19. Analysis of taxes on the import and export of agricultural products and inputs.
20. Evaluation of policies and proposed programs of the following agricultural sector agencies:

ICA
INCORA
IDEMA
INDERENA
CAJA AGRARIA
BANCO GANADERO
INAGRARIO
SERVICIO METEOROLOGICO
CVC-CAR
CHOCO-CRQ
FEDERACIONES.

21. Recommendations for increasing agricultural exports.
22. GOC commitments to AID in the 1969 Agriculture Sector Loan.
23. Feasibility Studies for a Llanos Development Plan.
24. Policies for coordination of sector policies.

The above work plan is obviously ambitious, but it is encouraging evidence that Colombia is now systematically examining its most fundamental problems of agricultural policy and development. The US W/PASA group of four resident advisers and various short term consultants is a decisive contribution to building up OPSA's capacity to carry out such a work program. These advisers helped select the priorities for studies and act as senior overseers in their preparation. This role is essential in OPSA's current stage of development, since its staff is largely young and inexperienced. By training this staff, the PASA group should have a large multiplier effect providing the Ministry can retain a substantial part of the staff after it has been trained. Its ability to retain them will depend largely on establishment of the "prima técnica" (a bonus for technical qualifications) which is presently under consideration by the President.

(2) Colombian Agricultural Institute (ICA)

Until reorganization of the agricultural sector earlier this year, ICA was a specialized research agency. Now responsibilities, however, now include extension services, graduate teaching, technical services to the university system, and selected regulatory and developmental activities, as well as the continued improvement of its research capabilities. A planning office has been established and initial work is being carried out on preparation of a new development plan and manpower requirements for the development of agricultural education capabilities. In this effort ICA is being assisted by the advisory services of Nebraska Contract professors.

(3) Institute of Agricultural Marketing (IDEMA)

IDEMA's responsibilities were also significantly changed in the reorganization of the sector. Previously, the agency had been responsible for marketing of agricultural products to meet consumer

supply requirements and was known as the National Supply Institute. It also has limited roles in food import programs and price support activities. While the agency has retained these functions, it has been assigned the important tasks of stimulating production by sales promotion, including exports, and of formulating price policies.

These changes have put new demands on IDEMA's planning office--which will have to develop new plans for food purchases, sales, storage and pricing. DNP review of IDEMA's operations in 1963 was critical of its price support and control programs, citing unacceptable planning criteria. However, early in 1969, IDEMA published new price support standards more consistent with sectoral conditions.

(4) Institute for Agrarian Reform (INCORA)

INCORA has 4 major operating programs: land tenure, land improvement, development credit, and rural community development. However, there are 33 project areas of INCORA operations each differing in program mix. Consequently, planning must be done at 3 levels, i.e. program integration at the agency level, planning and program evaluation for the 4 operating programs, and planning at the project level.

This is a complex task and INCORA will need to improve its planning activities quickly to provide the program planning and budgeting that are required by the DNP and OPSA. An intensive study of supervised credit activities is already underway; however, more rigorous planning efforts must be introduced, including evaluative studies for land redistribution, land improvement and rural community development operations.

(5) Natural Resource Institute (INDERENA)

INDERENA is a newly-created agency which began operations in Jan. 1969 and is responsible for the regulation, administration, and development of Colombia's fishing, water, soils, forest, and wildlife resources and designated national lands. Its five regional authorities have wide latitude for independent action across a broad range of natural resources. For this reason, INDERENA's central planning office must make special efforts to coordinate these regional programs and initiate natural resource policies which, for the most part, have been neglected in the past. Jurisdictional responsibilities also remain to be more carefully defined, since there are overlapping responsibilities with other agencies such as the Meteorology

and Hydrology Service in the case of water resources.

As a new agency INDERENA is still attempting to complete staffing requirements and solve problems not previously dealt with. Formulation of long-range objectives therefore will be the initial task of the planning office. INDERENA will be handicapped in its planning efforts by inadequate information concerning Colombia's natural resources. Predecessor agencies did little to develop and gather data pertaining to forest inventories, wildlife, marine resources, etc., which has left INDERENA in the difficult position of having to develop as an agency without an adequate base of information from which to undertake coherent policy formulation.

(6) Agricultural Bank (Caja Agraria)

The Caja Agraria is principally involved in agricultural credit, fertilizer manufacture and distribution, seed processing and sales, and general farm supply sales. Its banking operations are extensive and include more than 400 branches throughout the country. The Caja also has the largest and best organized planning office within the sector and therefore has more easily adjusted to the reorganization decree. Efforts are now underway to decentralize planning to the regional and branch offices and to develop procedures for better planning coordination. As the Caja Agraria expands its operations, better performance in data collection and coordination with other sector agencies will be required.

C. Mission Strategy

Mission strategy in assisting the agricultural sector in developing its planning capabilities is discussed in detail in the agricultural sector loan paper for FY'60 and includes the policy to encourage GOC efforts to organize sectoral planning offices and to integrate the planning function into the decision-making process of the sector. Therefore, in order to stimulate GOC implementation of this strategy, the Mission is providing the services of technical advisors and training to introduce sound planning techniques and build up a corps of Colombian planning specialists. This development of planning staffs, however, will require patience and constant innovative effort on the part of U.S. advisors.

The first phase of Mission assistance strategy has been to encourage the creation and strengthening of a central planning office at the Ministry. OPISA is established and relationships between the sector agencies have been defined. The value of that accomplishment, however, depends on success in the next and current phase which involves the formulation of agricultural plans and policies within the Ministry and sector agencies concurrently with organization and training of planning staffs.

Thus, Mission assistance during the next three years will concentrate on continued: (a) on-the-job and U.S. training for planning officials, (b) advisory services to the planning divisions in data gathering, analysis, and preparation of studies, and (c) provision of short-term specialists to develop policy criteria in agricultural fields where there are few precedents and little in-country capability--such as forest concession policy and agricultural extension services.

In addition, the Mission will continue to place development of agricultural planning as a priority consideration of sector loan strategy and hopes to identify specific planning and policy needs, particularly with regard to accelerated efforts by the 5 principle action agencies of the sector, in loan discussions for FY'70. To promote this effort, the Mission plans to recommend increased Nebraska Contract advisory assistance in the development of ICA's improved planning capabilities since Nebraska services form a part of the agricultural sector loan program.

The effectiveness of this Project will, to a large extent, depend on several unknown variables and key issues which remain to be clarified. First, it is not certain that the planning function will be firmly established in all sector agencies by the end of the Lleras Administration in mid-year 1970. And it is possible that planning may not be stimulated to as great an extent by the new government. If this occurs, planning organizations may lose their momentum and importance. Second, success of this Project will depend on improved performance by OPSA and the individual sector agency planning divisions. Third, sound planning will require that the Ministry retain high quality professionals within the constraints imposed by the low salaries and incentives. Since it is not yet clear that the Ministry will be capable of this, it is particularly important to develop greater strength in the planning divisions of the decentralized agencies, which can offer better incentives.

D. Planned Targets

Targets for this Project can be established in several ways with varying degrees of precision and relevance to project activities.

Major sectoral targets are to expand and diversify agricultural exports, raise the income level of the agricultural population, improve living conditions and the welfare of rural communities, and increase agricultural sector growth and production at a rate of 4.7% per annum in accordance with economic growth goals which have been established in the Country Field Submission. However, progress toward these goals are dependent upon many factors which are not directly influenced by the activities of this particular project.

The agricultural sector agencies have performance goals which are or will be established during the planning process. Individual progress of these agencies toward achievement of agricultural production and marketing goals can be an important measure of the ability of their planning offices to direct the use of resources effectively and efficiently. As annual goals are set for each agency, planning offices are expected to evaluate agency performance and establish new targets and work plans.

These targets have relevance to this Project since improved capabilities to formulate policy and to evaluate sector progress should result if development of effective planning mechanisms can be introduced. However, while these overall targets can be considered medium to long-range objectives, the targets which are most directly the concern of this Project and which have immediate impact are to: 1) establish and maintain planning divisions in the Ministry of Agriculture and the sector agencies; 2) improve the capability of the planning divisions to the point where they can effectively gather, report, and analyze relevant data; determine valid alternative courses of action; recommend sound policies based on adequate information and analysis; assign resources and responsibilities to implementing agencies; evaluate progress toward objectives; and take appropriate corrective action.

Conceptually, assessment of planning capabilities and accomplishment of planning objectives will depend on the types of questions agricultural planners must ask about their work. The following questions, then, if asked and acted upon, can measure planning competence:

Were completed studies of a particular agricultural problem sufficient to determine viable alternatives? Were policy recommendations presented to decision-makers in such a way as to promote increasing reliance on the planning function? Were enough people available, with sufficient expertise, to produce the study? Did assignment of responsibilities take into consideration agency experience and other priority tasks? And, finally have results from implemented policies been carefully evaluate to ensure that those policies produced the desired output?

E. Course of Action

The GOC will maintain planning offices in the Ministry of Agriculture and the sector agencies. These offices will have sufficient personnel, budget support, and a mandate to perform planning functions needed for decision-making. Each planning office will also release selected personnel for specialized U.S. training programs. These commitments have or will soon be completed under incentives and conditions of the Mission's sector loan program.

To accomplish the targets established for this Project, the Mission is providing assistance to the Ministry planning office and those of the 5 principle sector agencies through a combination of direct-hire, PASA and contract advisors. Nine advisors in total have been working with Colombian planning entities. The Mission also plans to accelerate the provision of short-term specialists to these entities as planning offices identify problem areas and information gaps. It will also be Mission policy, as far as practical, to consider these advisors (with the exception of USAID direct-hire supervisors) as members of planning staffs and not representatives of U.S. Government interests, narrowly defined. This policy is essential in demonstrating to the Colombian Government that these advisors are present to contribute to Colombian development, and are not constrained by any limitations or special interests other than those set forth in AID legislation. Most of these advisors will play an important role in development of the current phase. They will be generally concerned with in-service training of planning staff personnel and in providing professional counsel and assistance in the preparation of study papers and policy recommendations as their responsibilities relate to the sector agencies. To the extent possible, they will also encourage Colombian staff preparation of the studies so as to ensure that excessive reliance is not placed on their presence. However,

professionals and as a part of OPSA.

Participant training will also be financed by the Mission as opportunities are identified to improve sectoral knowledge and where there are qualified candidates.

This Project is scheduled to terminate at the end of FY 1972. It is difficult to judge the appropriateness of this terminal date now in view of the fact that planning offices have just been organized. The Mission, therefore, plans to postpone the decision on whether to request adjustment of the terminal date until such time as it can reasonably evaluate agriculture sector planning performance. It is expected that such evaluation can be made in CY 1970, after the inauguration of the new Colombian administration.

F. External Foreign Technical Assistance

Foreign assistance, other than AID, includes the following:

- (a) The Harvard Advisory Group - provides technical assistance to the Colombian Government in overall planning. Advisors work closely with planning section chiefs at the MIP and include one agricultural planner.
- (b) The FAO/UN Mission provides a number of specialists in the gathering of information on such topics as fertilizer supply and demand, fisheries resources, forest inventories, etc.
- (c) The IDB and IBERD have offered advisory assistance in the preparation of loan proposals for the Ministry and associated action agencies.
- (d) UN Special Fund has completed projects in:
 - Soils survey of the Llanos
 - Establishment of an Agricultural Economics Department at Valle University.
- (e) Special Fund has projects in progress on:
 - Latin American Institute for Agricultural Marketing
 - Pre-investment study of forestry development in the Magdalena and Sinu Valleys.
 - Assistance to National Forestry Institute
 - Assistance to Veterinary Faculty of National University
 - Establishment of meteorological and hydrological service
 - Middle level agricultural education
 - Development and diversification of agricultural production in the Magdalena area.

- (f) West Germany provides aid to a soils study laboratory, and in lumbering.
- (g) Great Britain aids the development of the sheep industry, African Palm cultivation, and provides advisors to INCORA.
- (h) The Netherlands has established a Photogrammetry Institute, important for agricultural planning work. It also provides experts in agricultural economics, coffee diversification, and INCORA demonstration farms.
- (i) Israel supplies irrigation specialists to INCORA.

All of the above projects contribute to agriculture development and help build institutions and supply information which agricultural planners must take into account; however, there is not significant duplication with regard to assistance in agricultural planning per se, as provided by this AID Project.

USAID OBLIGATIONS
(\$ Thousands)

	<u>FY'70</u>	<u>FY'71</u>	<u>FY'72</u>
<u>U.S. Personnel</u>			
a) Direct-Hire ^{1/}	92 (2) ^{2/}	92 (2)	92 (2)
b) P/SA	220 (6)	178 (5)	170 (5)
c) Contracts ^{3/}	<u>38 (1)</u>	<u>63 (1)</u>	<u>33 (1)</u>
<u>Sub-Totals</u>	340 (9)	333 (8)	298 (8)
<u>Participants</u>	65	50	0
<u>Commodities</u>	<u>5</u>	<u>2</u>	<u>2</u>
<u>TOTALS</u>	420	390	350

^{1/} Includes all U.S. personnel allowances.

^{2/} Numbers in parentheses indicate resident advisors.

^{3/} Provides for short-term contract advisors to assist the 5 decentralized sector agencies, as well as one, long-term contract specialist.

SHORT-TERM CONTRACT ASSISTANCE

<u>PROJECT</u>	<u>RECIPIENT</u>	<u>FY'70</u>	<u>FY'71</u>	<u>FY'72</u>
Agricultural Statistics	OPSA	X		X
Planning	INCORA	X	X	
Forest Concession Policy	INDERENA	X	X	
Grain Storage (regional contract) Kansas State	IDEMA	X		X
Seed Production (regional contract) Miss. State	Caja Agraria	X		
Fish Resources (regional contract) Auburn	INDERENA	X	X	
Supervised Credit	INCORA		X	
Planning	ICA	X	X	
Fertilizer Production (regional contract-TVA)	Caja Agraria	X		X
Livestock Transportation	IDEMA		X	