PD-AAA-698-B1

5170059 — 2

AID 1020-1 (7-71) (FACE SHEET)

# NONCAPITAL PROJECT PAPER (PROP)



## I. PROJECT IDENTIFICATION

1. PROJECT TITLE: Agriculture Sector Development

DRAFT

APPENDIX ATTACHED: ☐ YES ☒ NO

2. PROJECT NO. (M.O. 1095.2): 517-55-190-056.1

3. RECIPIENT (specify): ☒ COUNTRY: Dominican Republic ☐ REGIONAL ☐ INTERREGIONAL

4. LIFE OF PROJECT: BEGINS FY 1974 ENDS FY 1976

5. SUBMISSION: ☒ ORIGINAL DATE ☐ REV. NO. DATE

CONTR./PASA NO.

## II. FUNDING ($000) AND MAN MONTHS (MM) REQUIREMENTS

| A. FUNDING BY FISCAL YEAR | B. TOTAL $ | C. PERSONNEL (1) $ | C. PERSONNEL (2) MM | D. PARTICIPANTS (1) $ | D. PARTICIPANTS (2) MM | E. COMMODITIES $ | F. OTHER COSTS $ | G. PASA/CONTR. (1) $ | G. PASA/CONTR. (2) MM | H. LOCAL EXCHANGE CURRENCY RATE: $ US ____ (U.S. OWNED) (1) U.S. GRANT LOAN | (2) COOP COUNTRY (A) JOINT | (2) COOP COUNTRY (B) BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. PRIOR THRU ACTUAL FY | N/A | | | | | | | | | | | |
| 2. OPEN FY 1974 | 335.4 | 154.9 | 42 | 20.5 | 16 | - | 140.0 | 135.4 | 37 | | 98.0 | 152.5 |
| 3. BUDGET FY 1975 | 163.3 | 118.9 | 34 | 21.3 | 20 | 3.0 | 20.0 | 82.9 | 26 | | N/A | 156.0 |
| 4. BUDGET +1 FY 1976 | 69.2 | 51.2 | 13 | 6.0 | 9 | 2.0 | 10.0 | 31.2 | 8 | | N/A | N/A |
| 5. BUDGET +2 FY | | | | | | | | | | | | |
| 6. BUDGET +3 FY | | | | | | | | | | | | |
| 7. ALL SUBQ. FY | | | | | | | | | | | | |
| 8. GRAND TOTAL | 547.3 | 325.0 | 90 | 47.8 | 45 | 5.0 | 170.0 | 249.5 | 71 | | 98.0 | 308.5 |

9. OTHER DONOR CONTRIBUTIONS

| (A) NAME OF DONOR | (B) KIND OF GOODS/SERVICES | (C) AMOUNT |
|---|---|---|
| See Narrative | | |

## III. ORIGINATING OFFICE CLEARANCE

| 1. DRAFTER | TITLE | DATE |
|---|---|---|
| J.M. Stone - AGR/D | Chief, Agr. Div. | |

| 2. CLEARANCE OFFICER | TITLE | DATE |
|---|---|---|
| Michael Stack - AD | Assistant Director | |

## IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

| BUR/OFF. | SIGNATURE | DATE | BUR/OFF | SIGNATURE | DATE |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

3. APPROVAL AAs OR OFFICE DIRECTORS

| SIGNATURE | DATE |
|---|---|
| | |

TITLE

4. APPROVAL A/AID (See M.O. 1025.1 VI C)

| SIGNATURE | DATE |
|---|---|
| | |

ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

RECORD COPY

1. The Project Goal

a. Statement of the Goal - The goals of this project are to sustain increases of seven per-cent or more in food production for domestic consumption; to increase rural incomes; and to effect a more equitable distribution of rural incomes.

b. Measurement of Goal Achievement - Goal achievement will be measured by several means, including: Food production (excluding exported coffee, sugar and cacao) per capita; the increase in the number of small and middle level farmers who achieve transition to commercial production; the degree to which rural-urban migration is reduced, and rural incomes are increased; and general sociological data such as rural electrification, literacy, and participation in marketing groups. The foregoing will be provided through statistical surveys.

c. Basic Assumptions of Goal Achievement - It is assumed that economic and social progress in agricultural areas will receive first priority in terms of host government and other-donor financing, that the level of financing will serve at least to sustain the current rate of increase in agricultural production; and that improved planning and execution will attract increased development assistance. Further, it is assumed that the stability of the society and the safety of the countryside will be maintained and that no major natural disasters will occur on a national scale.

2. The Project Purpose

a. Statement of the Purpose - The purpose of this project is to formulate an agricultural development strategy for rational employment and development of natural, human and financial resources and development investment, domestic and foreign.

b. Conditions Expected at the End of Project - By the end of the project, the mechanism for sectoral analysis, policy formulation, program planning, execution and evaluation should have been centralized within the Secretariat of State for Agriculture (Secretariat) and the projects of related agricultural institutions should be responsive to that mechanism. Programs should have been designed and coordinated according to a rationally established system of priorities based on achievable socio-economic objectives.

c. Basic Assumptions - It is assumed that sectoral analysis can serve as the basis for identification of priority goals and that the planning and operations of sector institutions can be integrated in response to these goals. Further, it is assumed that, when necessary, legal, fiscal, and institutional modifications can be made in order to facilitate the achievement of national objectives.

3. Statement of Project Outputs

The combined host country and USAID outputs for this project will be a completed sectoral assessment by June 30, 1974 and a completed sectoral analysis by June 30, 1975. Publication of findings and recommendations will signify completion. A third output will be the improved capability of the Secretariat's Office of Estimates and Forecasts, to provide statistical services on a continuing basis without technical assistance by 1976. A fourth will be the institutionalization of the analytical and planning process with little or no technical assistance by 1976.

It is assumed that the current interest in, and support of the sectoral analysis approach to policy formulation will continue; that accurate data will result from surveys; that analyses will be objective and that sufficient numbers of qualified professionals will continue to be available.

Other donors' activities do not relate directly to this project at the output level however, a wide range of technical assistance and significant resource transfers from other donors are expected to be forthcoming. That assistance is related to this project at the purpose and goal level where the thrust of this project is coordination of sectoral programs into a unified whole to produce optimum results.

4. Statement of Project Inputs

a. Inputs - USAID inputs will consist of one USDA/PASA Agricultural Credit Specialist, a direct-hire or PASA Agricultural Economist; a full time Agricultural Statistician until June, 1974, and approximately 24 man-months of TDY assistance through FY 1976. Participant training will be provided in statistics, 28 man-months for five technicians; agricultural policy, five man-months, five technicians, agricultural development and implementation, twelve man-months, four technicians. In addition, the USAID will grant fund a Secretariat contract for two experienced agronomists of U.S. origin to assist in the analysis. Host country inputs will include financing statistical surveys, funding personnel to staff the Office of Forecasts and Estimates, local data processing costs, and a sector-wide analysis group to formulate recommended national agricultural policies. Additional host country inputs will be office space, materials, operational expenses and ongoing personnel costs. Other donor activities are relevant to the project goals but do not relate to this project at the input level.

b. Budget - See Annex II.

c. Basic Assumptions About Management of Inputs - Major U.S. inputs are either in place or easily programmed. Two of the required three advisors are presently on long-term assignment and TDY inputs will be programmed through AID/W and USDA. Participants are scheduled for established annual courses which relate directly to project outputs and purposes.

The GODR has already allocated personnel, funds and institutional resources to the statistical project, improved the Planning Office of the Secretariat of Agriculture, created a working group and designed a plan of work for the first sectoral assessment.

5. Rationale

Dominican agriculture has realized annual growth rates of five to seven per-cent since 1968 and a production increase of nine to ten per-cent in 1972. This commendable growth rate is attributed to (1) favorable weather conditions, (2) increased foreign and domestic demand for agricultural products, and (3) improved agricultural support services combined with greatly increased use of agricultural inputs, primarily fertilizer and machinery. Heavy injections of developmental resources and technical assistance by the USAID gave impetus to growth. These resource transfers sustained the Dominican economy through the period of political and economic crisis after 1965, in combination with other factors, and achieved a period of relative stability and prosperity. Institutional resources were created or strengthened, most notably in the

fields of price stabilization, agricultural research and extension, agricultural credit, cooperative development and agricultural education. Through participant training, 170 Dominicans received B.S. or graduate degrees in agricultural disciplines from U.S. institutions, greatly expanding the technical capacity of the country. These former participants are moving into positions of increasing importance in the sector's public, private, and semi-private enterprises and educational institutions.

The Dominican Republic now receives financial and technical assistance from a wide range of bilateral and multilateral donors including the World Bank, Inter-American Development Bank, OAS, FAO, IICA, ICO, Taiwan, Israel and others. The USAID has assumed a complementary stance in relation to other donors and has altered its project portfolio accordingly.

There is a perceptible and growing realization, on the part of host-country officials and interested private individuals in the agricultural sector, of the need to systematically describe the capabilities of Dominican agriculture and create policies which, when translated into action programs, will most effectively realize those capabilities. The current lack of a sound matrix of alternative optimum expansion paths and achievable developmental priorities renders formulation of sound agricultural policies nearly impossible. Program planning in agriculture has produced projects which are often unrelated and uncoordinated, whether internally, externally, or cooperatively financed.

Soundly based planning has not received priority attention in the Dominican Republic for a variety of reasons. First, empirically perceived requirements for improvements were previously sufficient to absorb all available developmental resources. Next, the GODR was faced with brush fire situations where short-term solutions were required. Scarce human talent was therefore allocated to short-term problem solving. Third, the growth potential of Dominican agriculture was not fully recognized until substantial production increases were actually achieved. And finally, the country lacked the necessary statistical data base and technical resources.

The need to assist the host government to orchestrate its investment and efforts and those of foreign assistance entities, to develop sound agricultural goals, policies and programs which would accelerate agricultural production, and raise and more equitably distribute rural income; and to develop the means to predict the probable economic and social effects of various investment/activity alternatives is the motivating force of this proposal.

A basis for analysis of the socio-economic cost benefit relationship of this project does not exist at present. The data base required for such analysis is being developed by the current statistical project of the Secretariat. Nevertheless, the best available estimates indicate that Dominican agriculture is realizing about one-third of its agricultural potential, even after the gains of recent years. Optimistic estimates of rural unemployment or underemployment range from 20 to 30% and there are few indications that developmental programs to date have improved the equity of rural income distribution. Per-capita food production remains slightly below levels claimed in 1959. Agricultural institutions, though strengthened and functioning within the political and cultural context of the country, lack the data base and policy guidance necessary to mount a cohesive, integrated effort to identify and attack these problems at their core. Donor agencies, obliged to provide assistance under these circumstances

or, alternatively, to ignore the needs of this potentially prosperous country, have chosen the former course and have begun to provide assistance on a project-by-project basis. While some of these projects have a chance for success in their own terms, collectively they do not form a unified whole which would achieve optimum growth rates, affect income distribution equity, or increase the participation of the population in the democratic processes of the country.

6. Course of Action

a. Implementation Plan - "PERT" chart is not included. See Annex I, Logical Framework.

b. Narrative Statement, Statistics and Agricultural Policy

1) Background - The basic activities leading to outputs in this area have already begun. The ongoing statistical project has produced an operational probability-area sampling frame for the Dominican Republic which has been installed in the Office of Estimates and Forecasts in the Secretariat. The first general survey of crops and livestock is completed and a second is underway. One sub-sector study has been completed from this data base by a Dominican Economist. A year's data series will have been produced by June 1974 and the system is now being programmed to produce reliable data series on selected subjects related to policy formulation. The Secretary of Agriculture has taken a fundamental position that a sector-wide approach to Dominican agricultural development is indispensable to sustained agricultural progress and has requested USAID assistance in the analytical and policy formulation process.

2) Activity Plan - The Office of Planning, Coordination and Evaluation and the Office of Estimates and Forecasts of the Secretariat of State for Agriculture have been revitalized as part of an overall reformation and reorientation effort. USAID advisory services are presently available to the Office of Estimates and Forecasts and are vital to its functioning until at least June 1975. This office, fully financed through 1974, will execute general and specific surveys and publish accurate data according to a fixed schedule. It has obtained additional local currency financing to gather data required by the Planning Office for the analytical process. The Planning Office has become a focal point within the sector for analysis and formulation of agricultural policy and programs. It has been staffed with returned participants from U.S. and third country universities. The on-board Agricultural Credit Specialist has begun various segments of the credit assessment and will continue this process until analysis outputs are accomplished and possible sector loan documentation are completed.* As soon as possible in FY 1974, the USAID will obtain an experienced agricultural economist whose assignment will be to (a) advise in the restructuring of the sector's planning and analysis mechanism and (b) advise in the analytical process aiming toward a national agricultural development policy. At the same time, the Secretariat itself will contract two additional U.S. agriculturalists to assist

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* Credit Specialist also monitors current cooperative credit Loan 517-L-020.

the Planning Office in the analysis under a grant arrangement. Plans have been made to utilize three important participant training courses; i.e., the Agricultural Policy Seminar, the Basic Statistics Course, and the Agricultural Development and Implementation Course.

With the combination of reliable data, better qualified host government personnel, and minimum utilization of U.S. personnel this project will produce and publish an in-depth sectoral assessment (June 30, 1974) which will provide initial policy guidance and lay the groundwork for an ongoing sector analysis, the first installment of which will be published in June of 1975. USAID sponsored TDY personnel will assist in statistics, analysis design, data management, and specific segments of the analysis when required.

JULY 1, 1973 - DECEMBER 31, 1975

ESTIMATED DOLLAR COSTS

U.S. Personnel

| | | | | |
|---|---|---|---|---|
| Ag. Economist FSR-4 (DH/PASA) | - | 24 mm | $ 77,900 | |
| Ag. Credit Spec. FC-11 (PASA) | - | 30 mm | 105,500 | |
| Ag. Statistician FC-11 | - | 12 mm | 35,200 | |
| TDY Assistance (PASA/CONT/DH) | - | 24 mm | 79,000 | |
| Plus per diem and transportation | | | 29,300 | |
| | | | | $325,000 |
| Grant funded T.A. Contract w/Sec. Agr. | - | 48 mm | | $140,000 |

Participants

| | | | | |
|---|---|---|---|---|
| Ag. Dev. and Implementation | - | 3-12 mm | $ 11,000 | |
| Ag. Policy Seminar | - | 5-5 mm | 6,800 | |
| Basic Statistics | - | 5-28 mm | 30,000 | |
| | | | | $ 47,800 |

Commodities

| | | |
|---|---|---|
| Maps, aerial photos, etc. | $ 5,000 | |
| | | $ 5,000 |

Other Costs

| | | |
|---|---|---|
| Data Processing Costs | $ 30,000 | |
| | | $ 30,000 |
| Sub-Total | | $547,800 |
| Funded Pipeline | | $127,610 |
| Total | | $433,720 |

## TRUST FUNDS

| | |
|---|---|
| Housing Allowances | $25,000 |
| Education Allowances | $12,000 |
| Post Allowance | $10,000 |
| R & R | $ 3,000 |
| Travel | $ 6,000 |

ESTIMATED

GODR CONTRIBUTION*

| | | |
|---|---|---|
| 1. | Personnel (Permanent) | |
| | a. Office of Forecasts and Estimates (6 x 6,000) | $ 36,000 |
| | b. Planning Office (8 x 6,000) | 48,000 |
| | c. Data Processors | 10,000 |
| 2. | Personnel (Additional) 24 Months | 96,000 |
| 3. | Surveys (Basic) | 100,000 |
| 4. | Surveys (Special) | 40,000 |
| 5. | Materials, Equipment, Supplies | 10,000 |
| 6. | Trust Fund Support | 56,000 |
| | | $396,000 |

* Office spaces, transportation, miscellaneous expenses not included.

| Summary | Objectively Verifiable Indicators | Important Assumptions |
|---|---|---|
| A.1. Goal<br><br>Sustain annual increase in agricultural production of more than 7% for five years. Increase rural incomes and improve income distribution. | A.2. Measurement of Goal Achievement<br><br>Statistical surveys will measure:<br><br>1. Food production per capita.<br>2. Number of small/middle level farmers who achieve commercialization.<br>3. Reduced rural-urban migration.<br>4. Other sociological data. | A.3. (as related to goal)<br><br>1. Agriculture continues as priority development area.<br>2. Continued or increased developmental assistance.<br>3. Social/political stability.<br>4. No major natural disasters. |
| B.1. Purpose<br><br>Formulate an agricultural sector strategy for optimum employment and development of human, natural and financial resources based on rational analysis. | B.2. End of Project Status<br><br>1. Policy formulation and program planning and evaluation centralized in Secretariat of State for Agriculture.<br>2. Programs designed and being executed according to priorities established by the Secretariat. | B.3. (as related to purpose)<br><br>1. Achievable goals and priorities can be identified and plans can be made and accepted using assessment and analysis as credible bases for same.<br>2. Modifications involving institutional, fiscal, and legal changes can be effected. |
| C.1. Outputs<br><br>1. Complete first GODR Sectoral Assessment.<br>2. Complete first GODR Sectoral Analysis.<br>3. Statistical services fully functional.<br>4. Institutionalized agricultural analyses and planning capability. | C.2. Output Indicators<br><br>1. June 30, 1974<br>2. June 30, 1975<br>3. Secretariat administering effective statistical reporting service without T.A. by 1976.<br>4. Sector analysis, planning, evaluation continuing with little or no T.A. by 1976. | C.3. (as related to outputs)<br><br>1. Interest in and support of an analytical approach will continue.<br>2. Objectivity of analysis process.<br>3. Accurate data resulting from surveys.<br>4. Secretariat can continue to employ trained professionals. |

(Continued)

AID 1025-1A (7-71) (NARRATIVE DESCRIPTION)

PROJECT NO. 517-55-190-059.1

SUBMISSION ☐ ORIGINAL ☐ REVISION (Number) ____ DATE



(Continued)

| Summary | Objectively Verifiable Indicators | Important Assumptions |
|---|---|---|
| D.1. Inputs | D.2. Budget/Schedule | D.3. (as related to inputs) |
| U.S.- 12 mm Ag. Statistician<br>30 mm Ag. Credit Specialist<br>24 mm Ag. Economist<br>30 mm TDY Assistance<br>- Funding Secretariat Contract Employees<br>- Participant Training<br>- U.S. Data Processing Costs<br>- Materials<br><br>GODR -Local Currency RD$93,000<br>-Statistical, planning, analysis, personnel, equipment, materials.<br>-Local Data Processing Costs. | See Narrative and Illustrative Budget.<br><br>Participants: Basic Statistics Course: 2/yr.<br>Ag. Policy Seminar: 2/yr.<br>Agr.Development/Implementation: 2/yr. | 1. Requisite quality of T.A. available to USAID.<br>2. Secretariat can contract high quality T.A.<br>3. Qualified candidates available for participant training and GODR will support travel and salaries. |