

I. PROJECT IDENTIFICATION

1. PROJECT TITLE
AGRICULTURAL PLANNING AND STATISTICS 526 104

2. PROJECT NO. (M.O. 1095.2)
526-15-110-050.5

3. RECIPIENT (specify)
 COUNTRY Paraguay
 REGIONAL _____ INTERREGIONAL _____

4. LIFE OF PROJECT
BEGINS FY 1975
ENDS FY 1977

APPENDIX ATTACHED
 YES NO

5. SUBMISSION
 ORIGINAL _____ DATE _____
 REV. NO. 1 DATE _____
CONTR./PASA NO. _____

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

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US _____ (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY	
										(A) JOINT	(B) BUDGET	
1. PRIOR THRU ACTUAL FY												
2. OPRN FY <u>75</u>	124	86	22	8	13	3	27	86	22			
3. BUDGET FY <u>76</u>	153	97	18	18	18	8	30	97	18			
4. BUDGET +1 FY <u>77</u>	23	26	6				2	26	6			
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL	305	209	46	26	31	11	59	209	46			

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER GVI:ath; B:White; M:oyins <i>[Signature]</i>	TITLE AID/PASA; RDO; DRDO	DATE
2. CLEARANCE OFFICER P:Schoux; G:Caune <i>[Signature]</i>	TITLE PO; DIR	DATE

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

NOT 5.5/24

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF.	SIGNATURE	DATE

3. APPROVAL AAS OR OFFICE DIRECTORS

SIGNATURE	DATE

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

SIGNATURE	DATE

TITLE
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

A. GOAL STATEMENT

1. The Goal

The goal of this project is improved agriculture sector policies and plans which are based upon appropriate economic studies that utilize reliable statistics. The capacity of the Ministry of Agriculture (MAG) to analyze problems and to set priorities both for itself and for other important public institutions in the agricultural sector is limited. Moreover, such planning that does take place is ad hoc and tends to result in fragmented and short-term projects rather than coordinated programs.

The National Planning Office (Secretaria Tecnica de Planificacion de la Presidencia de la Republica-"STP") provides the overall plans for the nation's economy and the general priorities for development. In the absence of formal planning in MAG, the STP has provided, usually with the active cooperation of MAG technicians, an increased amount of detail in plans for the agricultural sector, including development projects that involve MAG and other implementing agencies. However, these general plans and priorities, and even the development projects prepared in the National Projects Office (ONP) within the STP, do not provide the detail and technical precision needed by MAG for implementation. With improved technical competence in the MAG, planning, including intra-sectorial priorities and projects, will be done in MAG while STP establishes the general inter-sectorial priorities and plans without being involved directly in agricultural programs and projects.

The project is within a Mission Area of Concentration - Agricultural Policy Formulation and Execution - and addresses the Priority Development Problem of an inadequate planning capability within the MAG (see the FY 1975 DAP).

2. Measures of Goal Achievement

The specific targets for goal achievement are as follows:

a. MAG programs will be coordinated with related activities carried out by other entities in the sector (e.g. National Development Bank, the Colonization Institute, and the Supervised Agricultural Credit Agency).

b. Policies framed by the entities other than the MAG that affect the agriculture sector will be based upon inputs from the MAG and will be in conformity with MAG set policies.

c. The MAG will have the ability to plan and draft agricultural development programs and projects.

Achievement of these goal targets will be verified by review by USAID advisors of sector priorities, policy determinations and inter-institutional working arrangements, and by review of MAG projects and programs.

3. Assumptions for Achieving the Goal

a. That the GOP will continue to increase its support for the MAG as the sector develops and expands, so that the MAG can afford to fund planning adequately.

b. That a demonstrated competence by the MAG in planning and economic analysis will result in greater acceptance of MAG recommendations by the STP and other entities involved in the agriculture sector.

B. PURPOSE:

1. Statement of the Purpose

The purpose of the project is the establishment of a capability within the MAG to develop realistic analyses and rational plans for the agriculture sector. The establishment of a competent planning office within the MAG, combined with an improved Statistical Unit capable of providing reliable and timely data, are the key elements for achieving the project's goal.

2. EOI:

The MAG planning office will have the capability to:

a. Up-date sub-sector assessments as necessary.
(See F.2.d. below)

b. Identify for the MAG situations (both problems and opportunities) which require action and/or policy determinations.

c. Prepare, in cooperation with implementing groups, agricultural development programs and projects for consideration by the STP.

d. Evaluate the progress of agriculture programs and of other sector entities.

e. Coordinate the economic studies conducted within the MAG and collaborate on economic studies performed by other sector entities.

f. Collect, process and publish reliable, timely statistics on major categories of crops and livestock.

Achievement of this end-of-project condition will be verified by direct observations of USAID advisors, and by their review of economic studies and draft programs and plans prepared by the MAG planning unit as well as by the review of the sector assessment and annual publications of agricultural statistics. Comparison of quantity and quality of these targets will be made with previous years.

3. Assumptions for Achieving the Purpose

a. That the MAG will provide adequate financial support and an attractive professional working climate to the planning unit so that qualified personnel will be attracted and retained (see organization chart and staffing patterns, annex one).

b. That administrative authority for the planning office will be commensurate with the responsibility assigned, i.e. the planning office will be given overall supervisory responsibility for all of the planning work within the MAG, such as program design, evaluation and analysis of projects, etc.

C. STATEMENT OF PROJECT OUTPUTS

1. Outputs and Output Indicators

a. MAG Budgets. MAG budgets will be prepared by personnel within the MAG planning unit in accordance with established policies and priorities. The budgets will be reviewed by the policy makers and the planners within the MAG planning unit, in consultation with the STP and the Ministry of Finance.

b. Economic Studies Completed. The number of economic analyses and studies on commodities or functions (e.g. regional production, processing and transportation) or feasibility (comparative advantage) will be increased as the technical staff increases in size and experience. Annual estimates of the number of studies to be completed are as follows:

FYs	<u>1975</u>	<u>1976</u>	<u>1977</u>
	2	4	5

c. Crops and Livestock Statistics. It is planned that the annual sample surveys will increase the number of crops and products to cover all the major items of commercial importance to the economy. Annual sample surveys will include the following categories:

	FYs	<u>1975</u>	<u>1976</u>	<u>1977</u>
(1) Crops		23	25	25
(2) Live-stock		12	13	15

d. Crops included in Annual Forecast Surveys. The number of crop categories included will be increased as follows:

FYs	<u>1975</u>	<u>1976</u>	<u>1977</u>
	12	12	14

e. Trained Personnel: MA I technicians employed in the planning office trained to the M.S. level in agricultural economics will be as follows:

FYs	<u>1975*</u>	<u>1976</u>
	3	25

Verification of output achievement can be determined through review of MAG's records, reports and publications.

*This training has already been funded under Project No. 526-15-110-050.1 which terminated in FY 1974.

2. Assumptions about Production of Outputs

a. That the MAG's Agricultural Statistics unit eventually will be transferred to the Planning Unit. (This transfer is included in a MAG reorganization plan now under consideration).

b. That all inputs are provided in the amounts and within the time frame described in Section D below and shown on page one of this PROP.

D. INPUTS1. AID Grant Assistance

a. Personnel	FY 75		FY 76		FY 77	
	\$	MM	\$	MM	\$	MM
L.T. Consultant (2 yrs)	24 ^{1/}	5	71	12	-	-
S.T. Consultant (1 yr)	38 ^{2/}	12	-	-	-	-
Planning and Statistics TDY	24	5	26	6	26	6
Total	86		97		26	

^{1/} \$40,000 were obligated under Project 050.1 in FY 1974 for this purpose. Those funds will finance an additional 7 months. It is expected that the technician can be on board by Feb. 1975.

^{2/} \$12,000 for 3 man-months presently charged to Operating Expenses.

The long term consultant will be a PhD agricultural economist who will advise the MAG Planning Unit. His primary responsibility will be to assist the nascent Planning Unit to initiate useful economic studies for use in planning and policy determination. This assistance should also enable the MAG to have an eventual capacity to

carry out a full sector assessment (see G.2.d. below). The work of this advisor will also produce benefits to the small farmer sub-sector assessment.

The short term consultant is a third country national agricultural economist originally contracted for three months to analyze the data produced by two sample surveys. In view of the impressive results obtained from the initial work (including cost of production data for major crops and much information utilized in the CAP for the Small Farmer Development Loan), we propose to extend this contract for an additional nine months. A large amount of data available to the Mission from contracts with the Centro Paraguayo de Estudios Sociologicos (CPES) still remains to be analyzed. Analysis of this data on the Paraguayan small farmer is viewed by USAID/P as a valuable use of existing data, that could provide an important analytical part of the small farmer sub-sector assessment. So far this wealth of socio-economic data has yielded information on only the more elementary statistics about the Paraguayan small farmer.

The Mission feels that the application of sophisticated econometric techniques on the CPES data will yield statistical information which will be invaluable in planning and programming future projects, as well as for use in sub-sector assessment. Activities will include, but not be limited to, the estimation of the input-output coefficients to be used in the linear programming analysis. The linear programming technique will provide estimates of the potential rates of return to selected inputs. Additional analysis will be used to examine physical characteristics of the small farm sector (i.e. farm size, land allocation possibilities, etc), labor force characteristics (i.e. labor availability, etc.), and economic characteristics (i.e. credit use, income distribution, land tenure, etc.). The final output will be a rather complete study of the small farmer and the variables which affect his well being. The relationship of the small farmer sector to the overall economy and a treatment of how MAG policies and functions affect the small farmer will also be covered.

The TDY's in planning will involve specialized assistance in the preparation of selected projects, some of which may be submitted to international development agencies for financing. This scheduled additional technical assistance will be required for at least one year after the regular advisor leaves, in FY 1977, to supplement the limited training and experience of MAG technicians in economic analyses and in the establishment of priorities for long-range development. Realistically, the quality of the MAG Planning Unit's output would be improved if short-term, specialized, high-level advice were provided from time-to-time for the foreseeable future. Such advisors might be arranged from other donors such as OAS/IICA.

The TDYs in statistics will be needed to assist with the establishment of new techniques of data collection (e.g. area sampling) and processing as these are incorporated into the routine work of the statistics unit. Full time technical assistance was provided through May 1974 under a now terminated project.

b. Participant training funded under a previous project (No. 526-15-110-050.1 Institutional Development) covered four M.S. candidates in agricultural economics and one M.S. candidate in statistics. One agricultural economist returned in May 1974 and two in June 1974; the rest will return during the life of the project described in this PROP. Participant funding under this project will cover only short-term specialized training for staff members of the new planning unit.

c. Limited commodity support will cover required office equipment (calculators, typewriters, etc.) and one replacement vehicle.

d. Other Costs

Funding will be utilized as follows (\$000):

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
1. Operational travel	3	5	2
2. Computer rental (for data processing of survey and sub-sector assessment data)	8	5	-

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
3. Supplemental surveys for sub-sector assessment	-	20	-
4. Supplemental sample survey by CPES (completed)	<u>16</u> ^{1/}	<u>-</u>	<u>-</u>
Total	27	30	2

^{1/} Presently charged to Technical Support.

2. GOP

The GOP will support the project through the assignment of sufficient numbers of adequately trained personnel to the MAG's planning office, including the Agricultural Statistics Unit; and one or two full time agricultural economists (as needed) from the planning office will be assigned to work on the small farmer assessment. In addition, personnel from various MAG operational units and from other GOP entities in the sector will conduct necessary research and analysis. However, the GOP contribution to the planning, economic analyses, and statistical work, projected as additional to current activities, would involve the full time equivalent of at least three technicians (two M.S.; one Ing. Agron.), two secretaries, and two clerks, plus local travel and office costs. After adding the other GOP contributions to the sub-sector assessment, we estimate that the Host Government's contribution will be equal to at least 25% of the total project costs over the life of the project. A written assurance to this effect will be recorded as part of the Project Agreement.

E. EVALUATION PLAN

Per instructions contained in AIDTO CIRC A-603, dated 28 August 1974, subject: "Improved Program Design and Evaluation", the following plan is submitted:

1. "Specific provisions, consistent with the magnitude and importance of the project, for collection and recording of baseline and progress data relating to stated progress indicators as well as to design assumptions".

a. Baseline Data

The present status of the MAG's efforts in the planning and statistics areas has been already assessed by the Mission and described in detail in Sections F and G of this PROP. More detailed information is available to the Mission through the quarterly progress reports and final reports submitted by previous USDA/PASA advisors under a now terminated project (050.1).

b. Progress Data

The principal sources of data relating to progress indicators and design assumptions will be the MAG's records, reports and publications, quarterly reports prepared by the long term advisor, and reports from TDY consultants. We do not anticipate any additional effort for collecting and recording progress data from other than the above described means.

2. "Periodic evaluation by senior management including a description of the scope, design, methodology, timing, participants, and necessary resources for the evaluation".

As required by Mission and AID/W policy, the project will have yearly PAR evaluations, in compliance with the series of M.O.'s and policy statements which outline evaluation methodology and participation. To the extent possible MAG officials will participate in the evaluation process. We expect effective and fruitful cooperation from host government officials in the evaluations because of their familiarity with AID's logical framework and evaluation methodology as a result of their attendance during the Program Design and Evaluation Seminar held at the Mission during the first week of October, 1974.

The Mission Director takes personal interest in the PAR process and participates both in the review itself and in following up and closing of recommendations.

3. "A review of prior experience with similar projects elsewhere".

The Mission awaits the subsequent message to follow AIDTO CIRC A-603 and will reshape its evaluation plan as indicated by AID experience elsewhere.

F. RATIONALE

The MAG's planning has been generally quite elementary and ad hoc, largely as a result of not having personnel trained to do agricultural planning. The major exceptions to this situation have been national commodity programs (soybeans, cotton, tobacco, etc.) and the planning which the MAG has had to do in order to implement the IDB-funded Integrated Program of Agricultural Development (PIDAP). This program requires annual operating plans for each sub-project and a system of evaluation. While the planning work has been adequate in the short run, the evaluation activities have been postponed due to budgetary and procedural problems, except for a limited evaluation of PIDAP projects done by two summer students from the Faculty of Agriculture hired by A.I.D. Despite such experience, this type of short-term project planning will not develop the expertise necessary for longer range policy formulation and program planning. But now that trained personnel are returning to MAG from their graduate studies, new opportunities are becoming available.

Whatever longer range planning has been conducted for the agriculture sector has usually been done by the STP, generally with considerable help, both officially and informally, from MAG technicians. With the help of the IDB, this office has created a division (ONP) which prepares individual development projects, including some for the agriculture sector; such projects are often designed with an eye towards having them financed by IDB or World Bank and are more useful as pre-feasibility studies than as operational documents. However, the primary function of the STP is global planning at the national level, with five year development plans for each major sector. This level of planning continues to occupy the bulk of this office's time and resources. Thus, while the work of the STP is useful to the MAG as a general guide to policy making (in setting priorities and as a tool in coordinating efforts with other ministries), it is of

very limited use at the level of detailed project planning and implementation. Therefore, the Mission has identified inadequate planning in the MAG as a priority development problem.

Related to the establishment of a planning unit in the MAG is the conduct of agriculture sector assessments. The Mission has decided to undertake these assessments with the participation of the MAG; they will serve the dual purposes of strengthening the analytical and planning capability of the MAG through on-the-job-training, and of providing a basis for Mission program planning. The assessments will emphasize the analysis of problems within the subsectors (e.g. credit and research) with a view towards determining the constraints on development. The sub-sectors to be studied are livestock (this assessment is nearly completed) and small farmers (this assessment is just now being initiated).

The lack of sufficient and reliable statistics regarding the agriculture sector has been identified by the Mission as a constraint in this area of concentration. Reliable and timely data are necessary to improve analysis and planning. The USAID has been providing assistance to the MAG's statistics department and mechanisms for the collection and analysis of reliable, useful data have been established. A major problem with agricultural statistics now is the timing of the release of the data. Problem areas include slow field work in the collection of basic data, excessive time taken for processing of the data, and slow updating of the master list. The field work is often hampered by poor weather conditions which make roads impassable at times and halt mail service (some survey questionnaires are sent in by mail). By reducing the basic time allocated for the field work, more leeway can be built into the overall survey process so that all collection work can be completed sooner despite unforeseen disruption of the overall schedule.

The problem of coordination of public sector services to agriculture is undoubtedly one which will require considerable time to resolve and which must include top level decision makers in various GOP ministries and decentralized agencies. There is wide dispersion of responsibility throughout various institutions for the provision of roads, credit, education, extension services, quality control of products, etc. Particular services emerge at various times and in various

areas as bottlenecks which require urgent solution, but the response is usually makeshift in nature. In the short run, coordination of the public sector institutions probably can be improved by strengthening the planning capacity within each institution, but in the longer term the MAG must take hold. Prior to the arrival of the three M.S. graduates the MAG had not had trained personnel to do the work, even if a budget had been available.

Towards this end, the development of the MAG planning unit will bring the MAG considerably closer to being able to take the lead in the coordination effort. The successful elaboration of the sub-sector assessments should also help put the MAG in the forefront in agricultural analytical capability. By assisting the MAG to become the primary source of analytical and agriculture sector planning expertise, we expect an acceleration of the MAG's increasing influence over the activities of the other public institutions in the sector, such as the National Development Bank (NDB), the Colonization Institute (IBR) and the Supervised Agricultural Credit Bank (CAH). Moreover, the MAG's voice in inter-Ministerial committees should also continue to grow. One possibility is the creation of an interministerial commission for agricultural development on which the Minister of Agriculture would be the chairman; such a commission is currently under consideration by the GOP.

G. COURSE OF ACTION

1. Historical

The recently reorganized planning and budget unit dates back to January 1967. The present Minister incorporated the unit into the newly organized Secretaria de Coordinacion Tecnica (SCT) of the MAG in 1970. Agricultural Statistics also was put under the same office. Moreover, the coordination of the IDB-funded PIDAP, when it was activated in 1970, was made part of the SCT. The Executive Secretary of SCT was named as the General Coordinator of PIDAP; this is a big and busy responsibility.

When a Mission advisor in planning arrived late in 1970, he found that the only planning being carried on in the SCT was under PIDAP, and most of it was annual work plans. No formal policy work was evident, but a growing

competence to prepare and implement national commodity programs and medium-range extension work plans was being developed under research and extension. A decision was made jointly between MAG and the Mission to develop a competence in planning and policy. Four young technicians were selected for graduate training in agricultural economics (planning and economic analysis) at the Masters level in the U.S.A. Three of these have now returned and two have been incorporated into the planning section of the MAG/SCT with the third assigned part time.

Planning and policy work has not been developed under SCT, in part for lack of trained personnel, but also because the Executive Secretary has been too busy with PIDAP to give much attention to planning or to statistics. Although budget work of course has continued, and agricultural statistics have improved and expanded under the technical guidance and support of the A.I.D. Mission, still very little has been done in planning - there was very little to build upon. The "planning" unit did not have the backing of the Ministry; the Minister was not sold by the theoretical and superficial planning that had been accomplished. Now this attitude has changed, due both to his realization of the need for good planning stemming from implementation problems with PIDAP and to a long term soft sell by a PASA advisor and planning unit is now programmed and budgeted.

2. Implementation Plan

a. Personnel

(1) Planning and Policy

The planning unit of the SCT has been reinforced by the incorporation of the three returned graduate-level agricultural economists. Additional technical staff, including an Ing. Agron., will be added during the life of the project as the activities and budget expand in CY 1975 and beyond*. A.I.D. contract advisors will work with the planning unit for both the sub-sector assessments and for other planning and policy work.

*Of the four A.I.D. participants being trained to the M.S. level under a previous project, it is expected that one will work in Farm Management in the extension service upon his return in CY 1975. Another is presently completing his M.S. work in Argentina and will return to the Marketing Division of MAG.

(2) Agricultural Statistics

Upon return in CY 1975 the statistician being trained at the Master level will assume the duties of the technical leader of the agricultural statistics unit. Because of the need to introduce some new techniques, short term USDA/PASA advisors have been programmed to assist the statistics unit. As additional responsibilities and support are developed, this unit will require additional specialized short-course training; especially as TDY consultants further modernize the methods being used.

b. Program of Work

(1) Planning and Policy

The implementation of the project will begin as a revitalization of the planning activities that were dormant under the SCT. As the leadership in planning and policy making is strengthened by the incorporation of the technicians trained at the M.S. level, it will be feasible to inaugurate a program of much higher level technical work.

The first activity will be the sub-sector assessments, which will serve as an excellent orientation to the current situation in their country for the newly-trained planners. Also, under the guidance of the planning advisor, the assessments will help the unit to recommend priorities and policies to the Minister.

In addition to the assessments, some effort will be directed toward new and continuing duties as outlined in the EOPS.

(2) Agricultural Statistics

This activity represents an administrative change from one project (Agricultural Institutional Development which terminated in FY 1974) to another, along with a shift from a full time advisor to short term advisors. However, until a proposed organic charter for the MAG is legalized and implemented, with fewer responsibilities for the administrative head of a

reorganized planning office, statistics cannot expect either improvement in representation before the Minister nor in the support from his office.

If a newly proposed agricultural census becomes a reality in CY 1975 or 1976, assurance should be sought to continue the present surveys along with the census. As a matter of policy, a census should not be considered a substitute for surveys but rather to verify survey data and to re-establish data benchmarks.

c. Proposed Organic Charter

Under a proposal for an organic charter for MAG which is under consideration in MAG, a planning office would be administered directly from the office of the Minister. In common with the present situation under the SCT, it would include units for policy planning, for budget and finance, and for agricultural statistics. It also would include a new unit for economic analyses and evaluation. And since it would not include any duties in the administration of PIDAP, the director would have more time to devote to planning and statistics than under the over-burdened SCT. For this reason, a greater voice and support for these activities could be expected.

However, the proposed organic charter was submitted to the Minister about twelve months ago. After an original high degree of interest, and intense activity for proposed future power, it seems to have disappeared into limbo due to political infighting for the choice positions. When it may be resurrected, passed on to the legislature and finally implemented would be a wild guess. However, the Minister has already informally reorganized the SCT, moving the Planning Unit out so that it reports directly to him, and he has appointed as its director one of the recently returned USAID participants. Therefore, the project will be initiated without waiting for passage of the organic charter. Soon the Minister is expected to issue a decree establishing the new Planning Unit as described in the organic charter, making this latter action merely a legal nicety.

d. Sector Assessments

The project as originally envisioned included as a major output the completion of a full agriculture