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AGRICULTURAL POLICY
ANALYSIS PROJECT:

Second Annual Report

October, 1984 -
September, 1985

Prepared for:

Mr. Phillip E. Church
Office of Agriculture
Bureau of Science and Technology
Agency for International Development
Washington, D.C. 20523

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September 23, 1985

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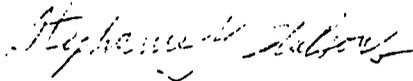
RE: Contract No. DAN-4084-C-00-3087-00
Agricultural Policy Analysis Project

Dear Mr. Church:

We are pleased to submit twenty (20) copies of the Second Annual Report for the subject project.

We look forward to your review and comment on this report.

Sincerely,



Stephanie Y. Wilson, Ph.D
Vice-President
Manager, International Economic
Development Area

SYW:11c

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Preface

Abt Associates Inc., along with its subcontractors, Robert R. Nathan Associates, Inc., Abel, Daft, & Earley, and Oklahoma State University, is pleased to submit this Second Annual Report of the work performed under the Agricultural Policy Analysis Project (Contract No. 4084-C-00-3087-00). This report covers the period from October 1, 1984 - September 30, 1985.

This Second Annual Report consists of three chapters. Following a brief introductory chapter, Chapter 2 describes the progress in Year Two in the implementation of the worldwide activities. Chapter 3 outlines progress in the Project's country activities during the second year.

1.0 INTRODUCTION

The Agricultural Policy Analysis Project is a five-year program to assist in improving agricultural policy analysis and policymaking in developing countries. Three major strategies have been pursued for implementing the purposes of the Project. These include:

- Collaboration with AID field staff to develop information for Mission participation in an effective bilateral or multilateral policy dialogue with the host country;
- Collaboration with the host country to improve its immediate and long-term capacity for policy analysis; and
- Increasing the demand for analytical information for making policy decisions.

The Project consists of nine interrelated activities to achieve these purposes. They are:

Worldwide Activities

Consultant Roster (Activity 2)

Policy Analysis Guidelines (Activity 3)

Agricultural Officers Guidelines (Activity 4)

International Comparative Evaluation of Policy Analysis Projects (Activity 6)

Decisionmakers Network (Activity 9)

Country Activities

Technical Assistance for Policy Analysis
(Activity 1)

Design and Evaluation of Policy Analysis Projects
(Activity 5)

Workshops (Activity 7)

Technical Assistance to Ongoing Projects
(Activity 8)

The worldwide activities are not specific to any one country, but are applicable to all. The country activities involve direct technical assistance to missions and host countries for policy analysis.

1.1 Overview of Progress During Year Two

The First Annual Project Report described the overall directions for Year Two as being:

- Consolidating our first year mission contacts into long-term relationships.
- Interrelating the various components of the project, each of which is designed to reinforce the others.
- Networking within the AID community to share the lessons from our work and to facilitate the flow of information between AID and host country governments.
- Allowing sufficient flexibility for the Project to be able to respond to changing circumstances, demands, and opportunities.

The Project substantially succeeded in following these directions in Year Two. Highlights of accomplishments on world-wide activities include:

- Refinement and testing of the Roster of policies analysis professionals in both hard-copy and computerized form.
- Revised drafts of the Agricultural Officer and Policy Analysis Guidelines.
- Preparations for Phase II site visits on a Comparative Analysis of AID policy-related projects in Africa, Asia, and the Near East since 1970.
- A set of major Workshops and related training activities in Peru, the Dominican Republic, and Liberia.
- Networking activities with regional organizations in Central America and Africa, including: The Inter-American Institute for Agricultural Sciences (IICA), The Regional Council for Agricultural Cooperation (CORECA), and the Economic Commission of West African States (ECOWAS).
- Consolidation of contract management activities, including establishment of a five year budget and improved project monitoring and communication procedures.
- Establishment of long-term relationships with countries interested in high level policy reforms.

- Seminars which drew upon lessons learned from the projects ongoing technical assistance activities, including the participation of host country personnel.
- Coordination with AID Regional Bureaus.

Progress on country activities also continued during Year Two. Long-term relationships began to develop with Zaire, Niger, Mauritania, Liberia, Sri Lanka, Ecuador, and Dominican Republic and the prospects for new long-term relationships began to emerge with Madagascar, Jamaica, Morocco, Cameroon and the ECOWAS regions. In total there were 14 technical assistance missions in Year Two: seven in Africa, four in Latin America, and three in Asia. These missions met with individual success and also provided important inputs to the worldwide activities.

1.2 Overall Directions for Year Three

The primary focus of Year Three is to integrate the knowledge, experience, and lessons learned by the Project and to bring this to bear directly on the needs of missions and host countries to improve policies affecting agriculture in their respective countries and around the world. This emphasis will manifest itself in:

- Direct services to AID Missions in support of the policy dialogue.
- Assistance to host countries for analyzing important policy issues, stimulating the demand for policy analysis, and developing indigenous capacity.

- Developing the knowledge base through case studies and special reports that capture the expertise and experience of the project, through technical assistance, workshops, seminars, and other networking activities.

These general directions can be grouped into four principal categories -- two follow from initiatives begun in Year Two, and two are new to the coming Year Three: negotiation of long-term relationships with Missions; flexibility to react to evolving needs and opportunities within all areas of the Project; integration of Project activities that to date have often been viewed as complimentary, but totally discrete activities; and, dissemination of the lessons learned from that effort.

2.0 PROGRESS IN WORLDWIDE ACTIVITIES IN YEAR TWO

The "Worldwide Activities" have been developed to provide support to the country strategies as defined in the basic purposes for the Project. These activities are generic in nature and so are applicable to more than one country situation.

Considerable progress has been made in developing the worldwide activities to a point where they are beginning to make a significant contribution to the Project's purpose. In particular they have helped to bring focus to the assistance the Project has to offer and they provide a means to consolidate the Project's experience and expertise.

2.1 Consultant Roster

The Project has pursued the development and maintenance of a Roster of individuals qualified to analyze food and agricultural policies in developing countries. It is intended that the Roster will be comprehensive enough so that Missions can evaluate the appropriateness of the analysts for each participating country situation, and will include developing country experience of the analyst, area of expertise and language capability, among others. The contractor, upon request, will use the Roster to provide to AID lists of qualified individuals for specified agricultural policy analysis activities.

During Year Two the work of the Roster focused on:

- Continuation of the process of identifying, screening, and selecting candidates who are qualified to furnish policy analysis, design, and evaluation assistance.

- Incorporation of information on technical experience to enhance the usefulness of the data base.
- Assessment of options by which information can be updated in the most cost-effective manner.
- Establishment of procedures to permit AID Missions to use the computerized data.

To date, the Roster contains the names and qualifications of 125 consultants in agricultural policy. A hard copy file contains a resume for each individual along with a bio-data sheet and correspondence with each individual, and a computerized file identifies each candidate according to:

- name
- language ability
- country experience
- formal education
- first year of employment
- experience by sector of the economy
- work association
- AID approval status

Much of the work focussed on improving the software system for the computer file. A user friendly system was developed which can be accessed by any IBM compatible computer with a "hard" disc drive, or with two dual density "floppy" disk drives. The software package is written in dBase II.

The program is written so that an individual who is unfamiliar with computers can operate the data base by using simple instructions and menus which prompt the user at each stage of the search. The menu of choices appears on the screen as follows:

- 1) Report qualifications for a Case ID
- 2) Select candidates by Qualifications and Report
- 3) Print Full Qualifications for all Case IDs
- 4) Update Candidate Data Files
- 5) Update Code Sheet
- 6) Print Code Sheet
- 7) Exit

Menu item 2 begins the search procedures in which the program prompts the user to enter the desired combination of identifying characteristics from the foregoing list. The computer searches the data base, narrowing the field of candidates at each stage, until the full list of criteria have been applied. The user can then view the qualifications for any or all of the selected candidates, either on screen or from the hard copy files.

Roster instruction manuals have been developed. They describe the operations of the Roster program and provide search strategies to assist users to make the most effective use of the program.

A list of 125 candidates was selected for a pilot run. Individuals' qualifications were entered into the data base for use on both the floppy and hard drive versions. Test demonstrations were given to AID S&T/AGR staff in Washington and to ADOs at their conference in Manila, and these proved to be helpful for developing an efficient system.

A four-page self-verification form was developed for updating the candidate list and qualifications in subsequent years. The Roster's software program is now fully functional and the list is in the process of being updated and expanded.

2.2 Policy Analysis Guidelines

The primary objective of the Policy Analysis Guidelines is to provide developing country analysts with pragmatic approaches to the task of supplying information on the choices decision-makers must make about food and agricultural policy objectives, means of intervention, and levels of impact.

The work in Year Two was guided by the intent to develop:

- A review draft of major portions of the Guidelines, including chapters on the introduction and context, and a major section on the Tools of Policy Analysis, describing an analytical framework for the Guidelines, six modules describing various aspects of agricultural policy interventions, and three chapters describing the role of policy analysis and policy analysts.

The schedule outlined in these objectives was met. Based on the experience gained in producing a preliminary draft, the outline and approach to the guidelines underwent significant refinement. The manuscript that was released for internal review and testing in Year Three includes:

- A definition of policy analysis, and a description of the function of a policy analyst.
- An analytical framework which identifies specific policy issues, and the interrelationship among various types of economic and agricultural policies.

- An examination of the effects of government actions on:

- production and marketing policy

- input policy

- consumption and food policy

- trade policy

- long-term development policies important to agriculture

- Examples of actual analyses conducted for some countries.

The APAP staff will revise this pilot draft in accordance with comments from selected AID staff. Those revisions and refinements will be a first step in the Guidelines activities for Year Three.

2.3 Agricultural Officers Guidelines

The Agricultural Officers Guidelines are intended to provide ADOs and other managers of the policy analysis process with guidance to identifying the key policies that impede food and agricultural development and suggesting means to assure that policy decisions benefit from adequate policy analyses. The focus is on management of the process rather than analytical methods.

While these guidelines are written primarily for an audience of AID officials, they may also be useful to those who manage the policy development process in host countries.

The Agricultural Officers Guidelines will present, step-by-step, the essential elements for managing and evaluating policy analysis processes and for assuring that information relevant to priority issues is produced in a timely and efficient manner.

The Project's goals for completion of the Agricultural Officers Guidelines were to submit a pilot draft for field testing by December 31, 1984, and to complete them early in Year Three of the Project. The time in between provided an opportunity for comment, testing and refinement.

These goals were met. At the end of the first year of the Project, three documents comprising some 320 pages were submitted for review. These documents were entitled:

- AID Strategies for Policy Assistance
- Policies Affecting Food and Agriculture
- Agricultural Decisions Systems for continuous Policy Analysis

Subsequent review of these documents suggested that a condensed handbook version of 40 pages or less might be a useful means to convey the major points, leaving the detail of the original documents for those who would pursue the topics in greater depth.

Review drafts of the Agricultural Officers Guidelines will be delivered early in Year Three of the Project at which time further comments and suggestions from AID and others will be solicited. Plans for dissemination are in place, pending approval from S&T/AGR.

2.4 International Comparative Analysis of Policy Analysis Projects

This activity focuses on some 60 or more agricultural policy and planning projects in Africa, Asia, and the Near East that AID has sponsored since 1970. The objective of this analysis is to examine the impacts and the success and failures of these projects and to compare findings among countries, across the three regions and with those that emerged from a similar analysis conducted earlier in Latin America and the Caribbean by Abt Associates Inc.

The study intends to offer guidance from past projects to help in designing more effective agricultural policy and planning projects in the future.

The Project aimed for three major accomplishments in Year Two:

- 1) To implement Phase II of the evaluation which includes site visits to selected countries and the preparation of case studies;
- 2) To collect additional information on a set of important projects for which documentation was scarce;
- 3) To work with AID in developing a dissemination strategy for the findings of the evaluation.

Considerable progress was made on the activity in Year Two. Extensive preparations were made for the site visits: countries and projects were selected; a detailed field guide was

prepared on data collection necessary for the evaluation; and, outlines were prepared for the case studies. Unfortunately, the tight budget situation in Year Two meant that the site visits had to be delayed until Year Three.

Some of the information which had been inaccessible during Phase I of the evaluation was collected. Documentation on 22 additional projects was obtained. Of these, 8 were found inappropriate for a policy and planning evaluation. The remaining 14 were reviewed and project summaries, activity descriptions, and evaluation summaries were completed.

The dissemination of the findings from the Comparative Analysis will wait until the completion of the case studies and the preparation of the final report. This will be a major activity in Year Three. While the project intends to send copies of the final report to all AID Missions, it may also be useful to disseminate these findings through workshops and other means. Effective dissemination of the finding is considered to be a vital part of this activity.

2.5 Decisionmakers Network

The Decisionmakers Network is a multi-faceted activity, which is highly interrelated with all other APAP activities. It is largely a disseminating, demand creating activity designed to develop and support a network of developing country decision-makers interested in policy reform. The network will provide a means for policymaking personnel to travel to other countries where they can meet with counterparts who have been more successful in solving a particular policy problem. Also, consultants knowledgeable about policy analysis for decision-makers will travel to developing countries to give guidance to decisionmakers on how to manage policy analysis.

The major objectives set out for the Decisionmakers Network in Year One also guided the Network activities in Year Two.

These were:

- 1) To stimulate the demand for policy analysis by highlighting its value in improving decisions.
- 2) To establish linkages among members of the developing world community who are significantly involved in the development of agricultural policy.

These purposes run through virtually all APAP activities: the workshops, the guidelines activities, the international comparative analysis all provide opportunities to share experiences across countries.

A major aim for Year Two was to develop decisionmakers workshops in Central America and Africa and to do this by taking advantage of opportunities to "piggyback" on existing networks when such opportunities present themselves. The objectives were achieved through activities in:

Central America - APAP continued to provide technical assistance to CORECA as it developed policy agenda and outlines for a number of related activities. APAP consultants participated in a two-day meeting with CORECA and made another visit in June. This relationship will continue in Year Three.

Africa - An APAP consultant working with the newly formed Association of Development Planners in Africa began to formulate plans for submission of a joint proposal to AID and the Food and Agricultural Organization of the United Nations (FAO) to explore future collaborative work. APAP will prepare a proposal to perform this task in Year Three.

ECOWAS requested technical assistance during March and April to a symposium on "Agricultural Incentives for Increases in Food Production." The two major conference theme papers which were prepared by APAP staff also provided leadership for workshops on marketing policy and on measures to provide production incentives.

APAP was represented at an ECOWAS donor's conference to discuss needs and funding for establishing a centralized ECOWAS computer system to handle customs and other regional data. This would also serve the needs for an agricultural situation and outlook monitoring system that has been proposed to ECOWAS by APAP.

3.0 PROGRESS IN COUNTRY ACTIVITIES IN YEAR TWO

This chapter summarizes the assistance provided to individual countries in the form of:

- Technical Assistance for Policy Analysis (Activity 1)
- Design and Evaluation of Policy Analysis Projects (Activity 5)
- Workshops (Activity 7)
- Technical Assistance to Ongoing Projects (Activity 8)

3.1 Objectives and Themes for Year Two

Four broad objectives guided the performance of the country activities in Year Two:

- 1) To continue the development of long-term relationships with country missions by responding to requests for assistance in countries where a relationship has been established (and in other countries as resources and opportunities permit).
- 2) To respond to short-term needs for analysis of high priority agricultural policy issues.
- 3) To stimulate demand for policy analysis, particularly in situations where APAP experience would be most applicable.

- 4) To disseminate within AID the lessons learned from our country activities, and to lay the groundwork for expanded activities in subsequent years of the Project.

3.2 Progress on Long-Term Relationships

In the first two years of the Project, concrete steps have been taken towards developing long-term relationships in Liberia, Niger, Madagascar, Mauritania, Zaire, Sri Lanka, Dominican Republic, Ecuador, Jamaica, El Salvador, ECOWAS and ROCAP.

Liberia. A major workshop was held which involved training of analysts at Oklahoma State University and developing a micro-computer model of the Liberian economy, which demonstrated the effect of alternative policy choices. Studies of the policy-related issues in the agricultural sector were conducted prior to the workshop. The workshop forum sparked discussions of agricultural policy questions by influential government officials present.

Niger. An APAP policy advisor is in Niger working with the Government and USAID. He is preparing the groundwork for an agricultural sector grant which has significant policy reform measures, including deregulation of agricultural prices and marketing, liberalization of border trade and rationalization of the input distribution system. The World Bank, IMF and AID are coordinating their efforts in policy reform in Niger. The next steps in this continuing relationship will depend upon the recommendations made by the APAP advisor at the conclusion of his work program. We expect that APAP will be asked to participate in an evaluation of the agricultural sector grant late in 1986. One of the items on the agenda of the APAP advisor is an analysis of the indigenous policy analysis capability and recommendations for steps to strengthen this capability. This work was financed by a Mission buy-in.

Madagascar. APAP provided an assessment of the current status and recommended a strategy for establishing a policy dialogue between AID and the Government of Madagascar. An agenda for policy reform was agreed upon between USAID and APAP. An inventory of studies in the agricultural sector is planned. This will be used as a discussion piece in a seminar for high-level government officials on the impacts of macroeconomic policies on agriculture. A senior macroeconomic advisor will work with the Government and USAID in monitoring and advising on policy reforms. A Mission buy-in is being negotiated to finance this effort.

Mauritania. Continued involvement in Mauritania is under way on the PL 480, Title II, Section 206 project. The extended relationship with the USAID Mission involves monitoring of agricultural policy changes resulting from the project and advising on a needs assessment for an indigenous capacity for agricultural policy analysis. Two separate teams financed by Mission buy-ins, went to Mauritania for work related to PL 480 policy reforms. An APAP staff member participated in an evaluation in November 1984. In September of 1985 a four-person team participated in drafting a project paper. The team recommended a more careful coordination of food aid with market conditions so as not to contribute to disorderly markets. The team also recommended the government use food aid supply rather than domestic procurement as the primary method for achieving price stability.

Zaire. An APAP senior agricultural policy advisor participated in a Presidential Task Force to Zaire and provided advice on agricultural policy issues. A Mission buy-in for APAP to participate in an agricultural studies project was postponed because of lack of funds. APAP is anticipated to be involved

in doing policy studies in the area of privatization of state agricultural enterprise, impact of devaluation on the agricultural sector, pricing of agricultural inputs and commodities, and assisting in design of follow-on to the ongoing project in policy analysis.

Sri Lanka. As a follow-on to prior APAP work in developing strategies for policy reform with the seven ministries dealing with agriculture, APAP is preparing to play an advisory role in implementation. The policy issues to be dealt with include privatization of selected state-run agricultural enterprises, investment policy strategies, and institutional analysis. APAP continued the long-term relationship established in the first year of the Project with the continued presence of a policy advisor who worked with the Government on a national food and nutrition strategy. The APAP policy advisor was financed largely by a Mission buy-in. Several short-term team also assisted in drafting a project identification document and laying the groundwork for a planning and policy analysis project.

Ecuador. A Mission buy-in financed APAP participation in drafting a project paper for an agricultural policy project. The project will involve studies of policy issues, such as exchange rate verification, wheat pricing and interest rates. APAP staff provided informal briefings for members of a Presidential Task Force on Agriculture which visited Ecuador in October of 1984. APAP has been requested to provide a range of support to a policy project that will begin implementation in the following year. In addition to assisting in the implementation of several workshops, the APAP will provide short-term technical assistance throughout the project implementation period. To help the project commence rapidly, APAP will also conduct a policy seminar for decision-makers in Year Three, following the model employed in Peru in Year One.

Dominican Republic. A three-day workshop/seminar titled, "Analysis of Agricultural Policy" was intended to provide Dominican analysts and policy-makers with the view of how applied analysis has been carried out in other settings. Topics of presentations included pricing, productivity improvement, nutrition policies, social and political contacts of development and economic regulations. The workshop was attended by seventy government officials, university faculty, AID representatives and private sector representatives. APAP has been involved on a continuing basis in the design and implementation of policy assistance activities in this country. It is expected that short-term technical assistance will be required during Year Three in support of this ongoing activity, though specific topics remain to be identified.

Jamaica. Preparations are underway for a workshop to take place in 1986 which will involve training and technical assistance to improve the analytical capabilities for policy analysis within the Government of Jamaica. APAP's long-term relationship with the Jamaican Mission and the GOJ has been somewhat slower to develop than in the other countries discussed here, but we anticipate expanded activities in the coming year.

El Salvador. The Policy Inventory report done by an APAP team in Year One under a Mission buy-in was submitted to USAID. Discussions have been held concerning the second report, establishing priorities for policy dialogue between USAID and the Government of El Salvador.

ROCAP. Building on the work that was done in the first year of the project, APAP staff worked with the Technical Coordinates Committee for the CORECA Agricultural Policy Studies. Work groups were set up to do specific studies with the collaboration of APAP staff. Preparations were made for a workshop at the conclusion of the studies in 1986.

ECOWAS. A team of APAP core staff and consultants assisted the Secretariat of ECOWAS in preparing a symposium on incentives for increased food production in the area. The symposium marked the beginning of a policy dialogue among the 16 member countries on rationalizing policies affecting agriculture. Discussions were held with ECOWAS regarding the basis for a long-term relationship between ECOWAS and APAP on strategies for reform of agricultural policies within the Region.

3.3 Progress on Short-Term Technical Assistance

Limited resources for country activities dictate that APAP not respond to each and every mission request for technical assistance. As noted above, request from missions with which the project has established long-term relationships received high priority. Progress on country activities where no long-term relationship exists have been guided by a set of selection criteria which we have developed from the first two years' experience with the project. These criteria include: commitment to policy reform; analytical content; and, institution-building.

Highlights of short-term technical assistance and technical assistance to ongoing projects (in non-long-term relationship countries) performed in Year Two include:

Cameroon. An assessment was made of the environment for policy reform and the appropriateness of a workshop on reform of agricultural policies. Discussions were held on the applications of a microcomputer policy model and networking with other activities under the Agricultural Policy Analysis Project.

Haiti. APAP staff worked with Mission staff to set the terms of reference for a household survey so as to include questions useful in analyzing agricultural policy issues. APAP also provided input in developing strategies for divestiture of parastatal agribusiness enterprises.

Near East. Findings of an export study for fruits and vegetables in Morocco, Egypt and Jordan were presented in a meeting in Washington which included AID and World Bank officials. The focus of the APAP report was on the policies affecting production and export to ECC countries.

Bangladesh. A 3-person APAP team reviewed existing policies and programs in the agricultural sector and analyzed progress in the implementation of the PL 480, Title III policy reforms agreement. The team evaluated the feasibility of policy reforms to insure crop diversification, targetting of food grains to the poor and promoting efficient marketing and pricing of agricultural inputs and products. This work was financed under a Mission buy-in.

Senegal. APAP's final report on the agricultural sector study and priorities for policy dialogue was submitted during Year Two.

India. Discussions were held with the Mission concerning terms of reference for a team to identify policy issues in East Bihar State which could fit into a Mission strategy in the depressed area.