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INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

PROJECT PAPER

SRI LANKA: Agricultural Planning and
Analysis (383-0083)

August 28, 1986

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UNITED STATES A. I. D. MISSION TO SRI LANKA

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August 28, 1986

PROJECT AUTHORIZATION

SRI LANKA

Agricultural Planning and Analysis
Project No.383-0083
A.I.D Loan No:383-T-037

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Agricultural Planning and Analysis Project for Sri Lanka involving planned obligations of not to exceed One Million Nine Hundred Thousand dollars (\$1,900,000) in loan funds and Four Million Seven Hundred Thousand dollars (\$4,700,000) in grant funds over a two-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is six years from the date of initial obligation.

2. The project consists of assisting the Government of the Republic of Sri Lanka (the GSL) to develop an integrated national-level agricultural planning system which can provide an improved basis for policy formulation and decision-making in agriculture. Project funds will be provided for foreign and local technical assistance, training, data processing/analysis and networking, economic research, commodities, and project evaluation.

3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to the following essential terms and conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

4. a. Interest Rate and Terms of Repayment

The Government of Sri Lanka shall repay the Loan to A.I.D. in United States Dollars within forty (40) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Government of Sri Lanka shall pay to A.I.D. in United States Dollars interest from the date of first disbursement of the Loan at the rate of two percent (2%) per annum during the first ten (10) years, and three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

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b. Source and Origin of Commodities and Nationality of Suppliers

Except as A.I.D. may otherwise agree in writing, commodities financed by A.I.D. shall have their source and origin and the suppliers of commodities or services financed by A.I.D. shall have their place of nationality in the United States, other countries included in A.I.D. Geographic Code 941 or Sri Lanka when loan-financed and, except for ocean shipping, in the United States of America or Sri Lanka when grant-financed. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States, other countries in Code 941 and Sri Lanka if loan-financed, and only on flag vessels of the United States if grant-financed.

c. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement, the Government of Sri Lanka shall furnish, in form and substance satisfactory to A.I.D.:

- (1) Evidence that an Agricultural Planning Group (APG) is established and functioning;
- (2) Evidence that an Agricultural Planning Unit has been formed in the Ministry of Agricultural Development and Research, that a Project Administration Office (PAO) adequate to its responsibilities under the project has been established, and that a Project Manager has been designated and assigned to the project;
- (3) Evidence that a plan and schedule for filling the planning positions called for under the project have been approved by the Government of Sri Lanka.

d. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance training activities, and with the exception of the initial implementation workshop, the GSL shall furnish, in form and substance satisfactory to A.I.D., evidence of the adoption by the APG of: (1) a preliminary life-of-project training plan for all training activities to be conducted under the project; and (2) a plan to assure compliance with the requirement that participants sent abroad for training return to Sri Lanka following their training and occupy their assigned planning positions for the required minimum time period.

e. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance computer procurements, the Government of Sri Lanka shall furnish, in form and substance satisfactory to A.I.D., evidence that suitable facilities exist to house the proposed project-funded computer equipment.

E. The Government of Sri Lanka (GSL) shall covenant:

- (1) that (a) all participant training under the project financed by A.I.D. shall be accomplished in accordance with the policies, allowances, and reporting requirements in A.I.D. Handbook 10, Participant Training; (b) immediately upon completion of training, employment in a position relevant to the training received under the project will be available for each participant for a period of not less than one year or not less than two times the length of training, whichever is longer; and (c) no action will be taken by the GSL to relax any post-training obligation of any participant without prior A.I.D. approval; and,
- (2) that adequate office space, facilities and support staff are provided for the Project Administration Office, including contractor staff, and for the participating planning units;

Signature *Robert C. Chase*
 Robert C. Chase
 Director
 USAID/Sri Lanka

Clearances:	<u>Date</u>	<u>Initials</u>
GNelson:DD	<u>8/28/86</u>	<u>[Signature]</u>
DZvinakis:C/PDSP	<u>[Signature]</u>	<u>[Signature]</u>
RMclaughlin:PRM:	<u>[Signature]</u>	<u>[Signature]</u>
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ASchantz:C/CONT:	<u>[Signature]</u>	<u>[Signature]</u>
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* Consultant's report, on file in Office of Agriculture and Rural Development, USAID/Sri Lanka

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ACRONYMS

ACO	Area Contracting Officer
AID	Agency for International Development
AMP	Accelerated Mahaweli Program
APA	Agricultural Planning and Analysis
APG	Agricultural Planning Group
ARD	Agriculture & Rural Development
ARTI	Agrarian Research & Training Institute
ASF	Area Sampling Frame
DCS	Department of Census & Statistics
DOA	Department of Agriculture
FSN	Foreign Service National
GSL	Government of Sri Lanka
IBRD	International Bank for Reconstruction & Development
IOC	Indefinite Quantity Contract
LAN	Local Area Network
LDC	Less Developed Country
LPU	Livestock Planning Unit
LOP	Life of Project
MADR	Ministry of Agricultural Development & Research
MASL	Mahaweli Authority of Sri Lanka
MCI	Ministry of Coconut Industries
MF	Ministry of Fisheries
MMD	Ministry of Mahaweli Development
MLLD	Ministry of Lands & Land Development
MOPI	Ministry of Plan Implementation
MPI	Ministry of Plantation Industries
MRID	Ministry of Rural Industrial Development
NAFNS	National Agriculture, Food & Nutrition Strategy
NPD	National Planning Division
PP	Project Paper
PAO	Project Administration Office
PMB	Paddy Marketing Board
PMU	Planning & Monitoring Unit
PSA	Procurement Services Agent
RCMO	Regional Commodity Management Officer
PSC	Personal Services Contract
SD	Survey Department
SFC	Subsidiary Field Crops
SLAS	Sri Lanka Administrative Service
SLPS	Sri Lanka Planning Service
TA	Technical Assistance
UPS	Uninterrupted Power Source
USDH	United States Direct Hire
USAID	U.S. Agency for International Development (Mission)

1. SUMMARY AND RECOMMENDATIONS

A. Recommendations:

1. That a development loan of \$1.9 million be authorized to the Government of Sri Lanka to be disbursed over six years with a 40-year repayment period including a 10-year grace period at 2 percent annual interest and 3 percent annual interest thereafter; and

2. That a development grant of \$4.7 million be authorized to the Government of Sri Lanka to be disbursed over a period of six years.

B. Summary Project Description:

The basic rationale for this project is that improved agricultural planning is essential for achieving more effective use of limited investment resources in agriculture, which in turn should lead to more rapid improvement in agricultural sector performance. The Government of Sri Lanka (GSL), as an initial step along these lines, recently completed its first integrated National Agriculture Food and Nutrition Strategy (NAFNS), under the technical direction of the National Planning Division (NPD) of the Ministry of Finance and Planning and with the active participation of relevant line ministries. Major deficiencies and problems in agricultural planning in Sri Lanka that surfaced through the NAFNS exercise include: the limited capacity of existing planning units in terms of staff resources; the over-emphasis on project identification and development without due consideration of the policy and programmatic context and relative priority; institutional fragmentation that hinders integrated planning and rational resource allocation; and inadequate linkages between planners and decision-makers resulting in poorly-informed decision-making.

The goal of the project is to enhance the contribution of the agricultural sector to overall national economic development through increased production, expanded employment and higher real incomes. The purpose of the project is to develop an integrated national-level agricultural planning system which can provide a rational basis for policy formulation and decision-making in Sri Lanka's agriculture sector.

The project will directly address the identified problems through a program of institutional development for specified planning units, under the overall direction/supervision of an inter-ministerial Agricultural Planning Group (APG). The basic approach will be one of emphasizing sound analysis as a precursor to policy and program formulation and decision-making on an integrated, sectoral basis. Institutional development will be effected through an institution-specific, phased program of long and short-term technical assistance, training, data processing/analysis and networking, and applied policy and program-oriented research, with primary emphasis on the Ministry of Agricultural Development and Research (MADR) and NPD in view of the particular needs of these two institutions and their central roles in the sector.

Project outputs will include: (a) trained and adequately-supported professional staff in planning units in each of the participating ministries, with special emphasis on MADR and NPD; (b) an interministerial Agricultural Planning Group with a distinct functional role in sectoral planning efforts;

(c) studies (a minimum of 15) on specific agricultural policy or problem areas completed; and (d) a medium-term agricultural development agenda that identifies key issues and proposes a continuing strategy for the sector (update/extension of the NAFNS).

Total project cost is estimated at \$9.3 million (see table below), of which AID will provide \$6.6 million (71%) and the GSL the rupee equivalent of \$2.7 million (29%). The inputs consist of training (4 Ph.D. and 22 M.Sc. programs plus short-term overseas and in-country training for planning personnel); commodities (computer and office equipment, vehicles and library materials); facilities renovation or construction; expatriate and local technical assistance, both long- and short-term; and GSL operating expenses to undertake and support an expanded research and analysis program.

Inputs	Magnitude/Source of Inputs (\$'000s)				
	Grant	AID Loan	Total	GSL Total	Projected Total
Training	1,474	438	1,912	118	2,030
Technical Assistance	1,107	-	1,107	-	1,107
Operations	253	-	253	855	1,108
Civil Works	-	-	-	730	730
Commodities	-	751	751	37	788
Evaluation	90	-	90	-	90
Contingency	411	153	564	153	717
Inflation	1,365	558	1,923	807	2,730
Total (rounded)	4,700	1,900	6,600	2,700	9,300

The primary implementing institution will be the MADR, under the overall direction of the APG. A Project Administration Office (PAO) in the MADR, with a full-time project manager reporting directly to the Secretary, MADR, will oversee project implementation. The principal duties of the PAO will be to discharge the administrative functions of the project and coordinate and integrate project implementation efforts among the participating institutions. The APG will be chaired by the Secretary, MADR, and consist of directors of planning units in the participating ministries (including NPD) plus representatives of USAID and the technical assistance contractor.

At the end of the six-year project, the following conditions are expected:

1. A functioning agricultural planning system producing numerous high-quality technical studies and analyses relevant to decision-making;
2. The technical studies and revised NAFNS being used by decision-makers as guides to agricultural sector policy, program and investment decisions; and
3. Adequate resources being provided by the GSL for agricultural planning within all relevant ministries.

C. Summary of Findings: Based on the analyses contained in Parts II and VII, the project has been determined to be technically, administratively, economically and socially sound and ready for implementation. Project feasibility was thoroughly addressed by a three-person team of U.S.

consultants in August-September 1985, and by USAID and GSL personnel over the subsequent ten months. The project design benefited significantly from the AID and Netherlands-assisted National Agriculture, Food and Nutrition Strategy (NAFNS) and, in fact, is a direct outgrowth of the NAFNS process and conclusions. The project was developed in consultation with other donors involved in agricultural planning, primarily the Netherlands and West Germany, and meets all statutory criteria.

D. PID Review Concerns: Review and approval authority for both the PID and the PP was delegated to USAID/Sri Lanka. The PID review highlighted several design issues which are discussed below.

1. Number of participating institutions: Eight planning units (six line ministries plus the Ministry of Mahaweli Development and NPD) will participate in the project. While this may seem ambitious, compelling reasons exist for this broad focus. Essentially, these units constitute a system which already has an established record of effective coordination and implementation through having produced the NAFNS. The pooled experience and expertise of the different planning units and personnel were effectively mobilized for the NAFNS exercise to attain the first truly sectoral approach to problem definition and assignment of relative priorities for national agricultural development. In order to maintain the degree of positive interaction that has been engendered, it is desirable that all units comprising the system be included, to some extent, in the project. However, while all planning units will participate in the project, priority will be accorded the NPD and MADR due to their central roles in the sector and, in the case of the MADR, its particular institutional development needs. The MADR will have implementation responsibility for the project, under the supervision/direction of an inter-ministerial coordinating group (the Agricultural Planning Group) chaired by the Secretary, MADR. Implementation responsibility and authority are thus clearly defined.
2. Role of Mahaweli Institutions: The Mahaweli institutions did not play a major role in NAFNS formulation. However, the Ministry of Mahaweli Development (MMD) and its chief executive agency, the Mahaweli Authority of Sri Lanka (MASL), have since expressed interest in closer sectoral integration of efforts and in obtaining access to expertise in other institutions. The MMD will participate in the APG and will share in certain project inputs, particularly the technical assistance and short-term training.
3. Relationship of planned inputs and outputs to specific planning problems: The problems being specifically addressed by the project have been defined with greater precision, namely institutional capacity and linkages, the latter both among national-level planning units and between planners and decision-makers; inputs and procedures are explicitly concentrated on these problems.
4. Role of the Agricultural Planning Group (APG): The APG, while not a formally constituted body, has been actively involved in project design and will be the overall coordinating and supervising body for the project. Its composition and mandate have been agreed to and will be specified as a Condition Precedent to initial disbursement of AID funds.

5. Prospects for adequate GSL financial contributions for agricultural planning, and particularly for planning-related economic and social research: Planned GSL financial contributions comprise an estimated 29 percent of total project cost. The project does call for significant increases in recurrent budgets for planning, primarily in the form of equipment operation and maintenance, salaries of new planning staff, and survey expenses. The GSL budget analysis in Part III concludes that the necessary funds should be available without undue difficulty. Also, submission of a plan for filling the proposed new or presently vacant planning positions is included as a Condition Precedent to initial disbursement of AID funds.

E. Project Contributors and Review Committee: The following individuals are the principal contributors to the design of the project.

USAID/Sri Lanka

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 Alexander Shapleigh, Project Development Officer
 Seneka Abeyratne, Agricultural Economist
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II. PROJECT RATIONALE & DESCRIPTION

A. Problem Summary

The basic rationale for this project is that improved agricultural planning, in the sense of rational consideration of well-researched policy and program alternatives, is essential for achieving more effective use of limited investment resources in agriculture, which in turn should lead to more rapid improvement in agricultural sector performance. The GSL, as an initial step along these lines, recently completed its first integrated National Agriculture, Food and Nutrition Strategy (NAFNS), under the technical direction of the National Planning Division (NPD) of the Ministry of Finance and Planning, and with the active participation of relevant line ministries. Through this exercise major problems were identified and priorities (both for investment and for further study) assigned for the sector. The NAFNS is now serving as the basis for the agricultural component of the GSL's Public Investment Program.

The NAFNS exercise also confirmed the existence of major deficiencies and problems in agricultural planning in Sri Lanka, among the more salient of which are:

1. the limited capacity of existing planning units in terms of staff resources;
2. the over-emphasis on project identification and development without due consideration of their policy and programmatic context and relative priority;
3. inadequate linkages between planners and decision-makers resulting in poorly-informed decision-making;
4. institutional fragmentation (nine ministries, numerous distinct authorities, agencies, boards, etc.) hindering integrated planning and rational resource allocation; and
5. fragmented and inadequate analysis of the existing data base.

The NPD is responsible for coordinating national agricultural planning and formulation of the GSL's Public Investment Program. In the absence of adequate analysis of investment and policy options, the NPD is seriously constrained in effectively weighing alternatives. Problems of a similar nature occur within the line ministries, which have their own resource allocation decisions to make and for which the analytic basis is too often lacking. The NPD shares with other planning units the limitations in terms of trained staff and inadequate resources; its analytical capacity is further constrained, in turn, by the volume and diversity of work imposed on it and by the prevalent institutional weaknesses in the other ministries on which it must rely for a large share of its analytical input.

Planning capacity, functions and influence vary from ministry to ministry. In most agricultural line ministries (Lands and Land Development, Fisheries, Rural Industrial Development, Plantation Industries) planning units or cells have been established. However, they are generally over-loaded with routine financial monitoring and play little substantive research, analysis, programming or evaluation role. Several existing planning positions in these units are unfilled, due in part to the difficulty in attracting qualified

economists or planners to public sector work. In the Ministry of Agricultural Development and Research (MADR) there is no planning unit at present; planning does take place, but more on an ad hoc than established basis.

This project is designed to upgrade the overall agricultural planning system by bringing planning units to a higher level of capability and influence. The primary participating ministries are Agricultural Development and Research (MADR), Lands and Land Development (MLLD), Rural Industrial Development (MRID), Coconut Industries (MCI), Fisheries (MF), Plantation Industries (MPI), and the National Planning Division (NPD) of the Ministry of Finance and Planning. The Ministry of Mahaweli Development (MMD) and its primary implementing unit (the Mahaweli Authority of Sri Lanka--MASL) will also participate in the project and associate with the overall agricultural planning development effort through involvement in the design and review of irrigation or other agricultural development or settlement-related studies relevant to the Mahaweli areas and program. Functions of participating planning units, either individually or in conjunction with other sections of the ministries, will be expanded to emphasize policy and program-oriented research in addition to project design, monitoring and evaluation. Through this project a more effective national agricultural planning capability will be developed, with an improved data base and better cooperation and balance of roles and responsibilities among NPD, MADR and other agriculture-related ministries. The result should be a more coherent, comprehensive set of agricultural policies and more effective and efficient use of resources in future agricultural sector projects and programs.

B. Project Objectives

1. Project Goal and Purpose

The goal of the project is to enhance the contribution of the agricultural sector to overall national economic development through increased production, expanded employment, and higher real incomes among both the rural and urban poor. The purpose of the project is to develop an integrated national-level agricultural planning system which can provide a rational basis for policy formulation and decision-making in Sri Lanka's agriculture sector. The overall approach will be one of emphasizing sound analysis as a precursor to policy formulation and program and policy decision-making on an integrated, sectoral basis.

The project will directly address the identified problems of limited planning capacity, institutional fragmentation and inadequate linkages between planning and decision-making through a program of institutional development for participating planning units, under the overall direction/supervision of an inter-ministerial Agricultural Planning Group (APG). Planning capacity will be upgraded through an institution-specific, phased program of long- and short-term technical assistance (TA), training, and data processing/analysis and networking. Increasing demands will then be placed on these units for improved policy and program-related research and analysis, in a "learning by doing" approach. The problems of institutional fragmentation and linkages will be addressed through the inter-ministerial APG and through the regular preparation and consideration of high-quality analyses and recommendations in response to decision-making requirements.

The institutional development efforts will be concentrated on the MADR and NPD, in view of the particular needs of these two institutions and their central role in the sector. However, the planning units of all the ministries participating in the project will share from the outset in the development of data analysis and networking activities as well as in staff development through both long- and short-term training and technical assistance. Following a mid-project evaluation of implementation experience, the project scope may be modified to include an adjusted mix of support for the participating planning units, depending on their requirements as defined at that time.

2. Project Management

The primary implementing institution will be the MADR, under the overall direction of the APG. The APG will be chaired by the Secretary, MADR, and will consist of directors of planning units in the participating ministries (including NPD) plus, for purposes of this project, the GSL Project Manager, the USAID Project Officer, and a representative of the technical assistance contractor. The functions of the APG, as the executive coordinating committee for the project, will be to: (a) allocate project resources and secure necessary commitments of resources, funds, manpower and information from the participating institutions; (b) review and approve work plans and scopes of work for both the intra-ministerial and inter-ministerial policy and program studies which will be carried out under the project; (c) provide necessary administrative direction; (d) review study results; and (e) regularly review the overall progress, both technical and administrative, of the project. Any significant changes in project design or allocation of resources will be approved by the APG. The NPD will provide direct technical support to the APG as needed on interministerial questions.

A Project Administration Office (PAO) in the MADR, with a full-time Project Manager reporting directly to the Secretary, will oversee project implementation and provide the administrative secretariat for the project. The principal duties of the PAO will be to discharge the administrative functions of the project and coordinate and integrate project implementation efforts among the participating institutions as directed by the APG, including:

- (a) to specify and schedule all project implementation activities;
- (b) to coordinate the preparation of annual budgets required for the GSL contribution to the project;
- (c) to prepare and update the life-of-project training plan; to program, administer and monitor all elements of overseas training in coordination, where necessary, with AID's Office of International Training; and to oversee the in-country training component of the project;
- (d) to oversee all of the steps in the execution of the Host Country contract for technical assistance, and to manage the contract once it begins;
- (e) to arrange for the contracting and support of any other short-term technical assistance;
- (f) to procure project commodities on behalf of the participating institutions;
- (g) to coordinate construction activities; and
- (h) in general, to liaise with USAID and the participating ministries in the implementation of the project.

Assistance to the PAO in carrying out these duties will be provided, in the initial stages of the project, by a Personal Services Contractor (PSC) to be hired on an AID Direct contract with the concurrence of the MADR, and subsequently under the comprehensive technical assistance contract.

3. Project Outputs

- a. Trained and adequately supported professional staff in planning units of participating ministries, with special emphasis on MADR and NPD;
- b. An inter-ministerial Agricultural Planning Group with a distinct functional role in sectoral planning efforts;
- c. Studies (a minimum of 15) on specific agricultural policy or problem areas; and
- d. A medium-term agricultural development agenda formulated that identifies key issues and proposes a continuing strategy for the sector (update/extension of the NAFNS).

These outputs combined should enable achievement of the overall project purpose of improved decision-making, policy formulation, rational resource allocation and program implementation. Specifically, the analyses and recommendations arising from the special studies carried out under the project will feed directly into the decision-making processes of the key high-level committees (Development Secretaries, Agricultural Prices and Food Policy) dealing with the sector. The quantity and quality of this work will improve through the project-financed program of training and support for the individual planning units and through the active role of the APG.

4. Project Inputs

Planned inputs will concentrate on institutional development and technical capacity-building for the planning units and will emphasize the integration or coordination of planning efforts. The inputs and base costs (total AID and GSL costs, in thousands of dollars) are summarized below.

a. Training (\$2,030): The project training plan is tailored to the needs of the participating planning units. The long-term training component includes training for 26 staff---4 at the PhD level and 22 at the MSc level---in agricultural economics, finance and marketing, and production economics. Long-term training will be initiated in the early years of implementation in order to ensure maximum benefit to the project and will be provided in the U.S., third countries and Sri Lankan universities as appropriate. Short-term training will also be provided under the project in order to strengthen skills in cost/benefit analysis, data collection and statistics, the use of computers, and related areas. Both foreign and local short courses will be provided under the project. Details regarding training are presented in the Training Plan (Annex B.2).

b. Technical Assistance (\$1,107): The project will provide up to 5.5 person-years of long-term and roughly 7.5 person-months of short-term expatriate technical assistance. The bulk of this will be provided through an overall institutional technical assistance contract. Twelve to eighteen person-months of the long-term assistance will be provided to the PAO early in the project under a direct AID Personal Services Contract (PSC) to assist in

the start-up of project implementation. An additional four years of technical assistance will be provided under an institutional Host Country contract which would begin roughly two years into implementation, when the training would be underway and the planning units staffed-up and better able to utilize the technical assistance. The bulk of the short-term expatriate technical assistance will be provided through the main contract; however, a certain amount may be directly contracted by AID if required prior to institutional contract start-up.

The contractor will also employ a local administrative officer and secretary who will assume responsibility for administrative and logistical support to technical assistance personnel and contract-specific secretarial work for the duration of the contract (four years), thus enabling the technical consultants to concentrate on technical concerns. Six person-months of short-term assistance are provided under the contract to enable the contractor's home office personnel to recruit the above-mentioned local administrative personnel and to review and assist project implementation through periodic visits.

The four person-years of long-term expatriate technical assistance would be divided, with the first two years allocated to the MADR and the second to the NPD. In the MADR, the primary task will be to assist in the technical development of the MADR planning unit once it has been established, including defining the long-run work program of the unit and working with the staff of the unit in designing and implementing the planned research and analysis program. In the NPD, the consultant will principally assist in carrying out a revision of the National Agriculture, Food and Nutrition Strategy (NAFNS) and in institutionalizing the process of updating it on a regular basis. These two long-term expatriate consultants will also provide on-the-job training and assistance to the APG and participating planning units in developing and strengthening their institutional capacities to carry out their work, e.g., in forward scheduling and budgeting of activities, manpower development planning, and the planning and implementation of data collection and analytical work.

The short-term expatriate technical consultants will work jointly with the staff of the planning units and GSL-contracted local technical assistance professionals in the implementation of special studies. These studies will feed directly into decision-making in areas such as price stabilization and buffer stock management for annual crops, options for coconut marketing, impact and investment implications of past fishing boat introduction programs, rural credit reform, and crop-livestock-forestry integration. (Part VII.A, Technical Analysis, contains further descriptions of planned studies.) Five of these studies are estimated to require expatriate technical assistance, at 1.5 person-months per study.

c. Operational Expenses (\$1,110.7): Adequate operating expenses will be made available to each of the participating planning units and to the PAO to carry out their analytical work. These are broken down into four main components: (1) local research costs (local technical assistance and survey costs); (2) computer system operation and maintenance; (3) fuel and other operational expenditures; and (4) salaries (for new planning staff, PAO staff, and counterparts to expatriate technical assistance). Funds for surveys, fuel and other expenditures are intended to cover the costs of generating the statistical data needed for special studies and other policy analysis activities.

d. Facilities (\$730.2): The project provides for the renovation of office space for the planning units and for housing the computer equipment to be purchased under the project. An additional allocation is made for construction of 17 houses to be made available to agricultural planning officers on a lease basis, with option to buy. All project-related facilities construction or renovation costs will be borne by the GSL.

e. Commodities (\$788.5): These will include data processing equipment and software, office equipment, vehicles and library reference materials. The data processing equipment includes a special high-speed processor or minicomputer to be located at NPD, approximately 22 microcomputers, and the peripheral equipment necessary to conduct local area networking (LAN) within each planning unit and to communicate with the NPD computers through modems and dedicated telephone lines. Office equipment will include photocopy machines, typewriters, etc. Vehicles (sedans and 4wd utility vehicles) will be provided to planning units to support long- and short-term consultants and improve their capability to implement and monitor expanded field research and data collection programs. (Of the 15 studies tentatively identified, all will involve some travel out of Colombo and over half will require extensive field work. Apart from NPD and MLLD, no planning units presently have vehicles directly assigned to them.) Justification for AID-funded procurement of sedans is contained in the Commodity Procurement Plan, Annex B.1.

f. Evaluation (\$90): Provision is made for mid-project and final evaluations (a total of six person-months), scheduled for early 1990 and late 1992, respectively. Annual project reviews involving USAID, the GSL and the contractor are also programmed but not specifically budgeted.

5. End-of-Project Status

After six years, the combined activities of the project should result in a smoothly operating sectoral planning system, with particular reference to the NPD and MADR. Regular functions being performed by this planning system will include high-quality policy and program-oriented research and analysis with the results of the latter being fed into the decision process on a regular basis. The net result should be an overall improvement in the allocative efficiency of public sector investment in agriculture. Indicators of project purpose achievement will include:

- a. A functioning agricultural planning system producing numerous high-quality technical studies and analyses relevant to decision-making;
- b. Technical studies and a revised NAFNS being used by decision-makers as guides to agricultural sector policy, program and investment decisions; and
- c. Adequate resources being provided by the GSL for agricultural planning within all relevant ministries.

III. COST ESTIMATE AND FINANCIAL PLAN

A. Introduction

The total project cost is estimated at \$9.3 million, of which AID will provide \$6.6 million (71%) through a grant of \$4.7 million and a loan of \$1.9 million. The GSL contribution is estimated at roughly \$2.7 million rupee equivalent (29%). AID-funded inputs include long- and short-term training, technical assistance, commodities (computer hardware and software, vehicles, office equipment), evaluation and local research costs. Major GSL-financed inputs include facilities renovation, housing construction, operational expenses, and cost-sharing of international travel for long-term participants. Financial details for both AID and GSL inputs are shown in Tables III.1, III.2, III.3 and III.5, and in Annex B.5.

B. Costing (base costs) of Project Inputs

1. Training: Estimated training costs total \$2,030,000, of which long-term (academic) training totals \$1,550,000. The expected duration of training programs is 2.5 years for an M.Sc. and 4 years for a Ph.D., including field research of 6 months and 1 year, respectively. All long-term training costs will be funded by AID, with the exception of those portions of international travel on which Air Lanka, the national carrier, flies scheduled routes, which will be funded by the GSL. The balance (AID-funded) costs are estimated at \$51,500 per MSc and \$81,500 per PhD, inclusive of the balance transportation and administrative costs, for a total of \$1,133,000 and \$326,000 respectively; these costs will be funded 70% from the grant and 30% from the loan. In-country (research) costs are estimated at roughly half the overseas costs, including administration, travel, living expenses and equipment. Travel and per diem for one supervisory faculty visit for PhD candidates is included in the AID-funded portion of the PhD training budget. Any tuition and fees at Sri Lankan universities will be borne by the GSL.

Short-term overseas technical training is budgeted at \$5,000/month. Nineteen regional study tours are budgeted at \$3,000/trip, and three study tours to the U.S. are budgeted at \$7,000/trip. The study tours and short-term technical training together total \$348,000 inclusive of travel costs. Five local planning workshops (two for project implementation/review and three for the NAFNS revision) are budgeted at \$6,000 each. Resource persons for local training courses are budgeted at \$15,000/month for an estimated five person-months. The GSL will bear in-country short-term training costs (roughly \$27,000). All other short-term training costs will be borne by the AID grant.

2. Technical Assistance: Estimated costs total \$1,107,000, fully funded by the AID grant. Long-term expatriate technical assistance (4.0 person-years) is budgeted at \$185,000/year, including salaries, overhead, fees and allowances for housing, utilities, furnishings and education. Long-term (four-year) local contract administrative and logistical support personnel (administrative officer and secretary) are budgeted at a total of \$15,000/year including salary, fringe benefits, overhead and fees. A local direct hire PSC project administration specialist to work with the PAO during project start-up is budgeted at \$60,000/year for up to 1.5 years (The contract will be with a U.S. national, depending on the availability of qualified applicants). The budget would cover salary, in-country transportation, administrative and logistical support, etc. Should no expertise be available in-country, the

position will be advertized in the U.S. Any monetary increase contemplated over and above the budgeted \$60,000/year figure will be obtained from the contingency line item.

Short-term expatriate consultancies are estimated at 1.5 person-months for each of five technical studies plus six person-months for contract administration backstopping, and are budgeted at \$15,000/month. Commodity support to the technical assistance contractor is budgeted at \$14,500, which includes a vehicle (\$6,000) and annual running costs of \$1,200/year. Secretarial services, office space and supplies required to support the long-term technical consultants plus salaries of counterpart personnel will be provided by the GSL under the operational expenses line item. Where expatriate consultants' salaries are subject to local income taxes, this will be borne by the GSL.

3. Operational Expenses: Total operational expenses are estimated at \$1,110,700, of which \$854,700 will be met by the GSL and \$256,000 by the AID grant. Except where indicated, all of the operational expenses listed below will be met by the GSL.

(a) Incremental salaries, emoluments, and allowances for the new planning staff, estimated at \$3,000/person/year for 55 person-years (11 x 5), for a total of approximately \$165,000.

(b) The services of local counterparts, calculated at 1.5 months for each month of expatriate TA (except short-term administrative), including T.A. connected with evaluation and training (resource persons for local courses), costed at \$250/month, for a total of \$24,900 (66.5 x 1.5 x .25).

(c) Secretarial services, transportation, and office supplies for the expatriate TA, costed at \$700/month of TA (except short-term administrative) for a total of \$46,600 (66.5 x .7).

(d) Incremental GSL overhead, maintenance and operational expenses (including fuel) associated with the new staff and this project. Estimated \$190,000 total is budgeted at 100% of incremental salaries in each of the ministerial planning units (\$165,000) plus \$25,000 for NPD.

(e) Computer maintenance costs of \$121,200, including microcomputer/workstation maintenance of \$800/machine/year and \$12,000/year for the minicomputer at NPD.

(f) Dedicated telephone lines to be installed for the computer network and the annual maintenance thereof; this item is estimated at \$78,000 over the life of the project.

(g) Project Administration Office costs, estimated at \$180,000. This includes \$15,000 in annual salaries for a Project Manager, 3 assistants, 1 accountant, 1 secretary and 1 office assistant, plus other operational expenditures for the PAO at 100% of salaries, for 6 years.

(h) Publication of study reports and NAFNS documents, estimated at \$25,000 over the life of the project.

(i) The \$24,000 provision for an estimated six surveys is based upon samples of 500 observations at a cost of Rs. 200 per observation.

(j) Short-term local consultancies for the technical studies are calculated at three months/study and a rate of \$1,000/month; a total of \$45,000 is estimated for 15 studies. This item will be funded from the AID grant.

(k) Unspecified research costs for further study needs that may be identified in the course of project implementation, totaling \$211,000. This will be funded from the AID grant, with half tentatively allocated for local costs and half for foreign exchange. Whether to use the bulk of these funds for construction of an area sampling frame for other field crops (see technical analysis) is a decision that will be left to the APG.

4. Civil Construction: Renovations are costed at \$12/sq.ft. for offices and \$18/sq.ft. for computer facilities, for a total of \$220,200. (Estimates are based upon recently completed renovations at NPD and MRID.) Housing costs are estimated at \$20/sq.ft. Approximately 17 houses, each of 1,500 sq.ft., will be built during the course of the project, for a total of \$510,000. All construction and renovation will be fully funded by the GSL.

5. Commodities: Total commodity base costs are estimated at \$788,500, of which approximately \$751,500 will be funded from the AID loan, with the GSL funding the balance. The cost bases for the separate categories of commodities are summarized below. An additional GSL budget allowance of approximately \$135,000 rupee equivalent for import duties and taxes on imported commodities will also be required but is not included as a project contribution.

(a) Office Furnishings and Equipment: A detailed list of office furnishings and equipment and estimated unit costs are given in Table III.2. The total for this category is estimated at \$162,000. Of this, the GSL will fund office furnishings and non-specified office equipment totaling \$34,000. Purchases will be spread over the life of project.

(b) Vehicles: Five sedans and six jeeps, at \$7,000 and \$10,000, respectively, for a total of \$95,000, all AID-funded.

(c) Computer Equipment and Accessories: This category totals \$505,500, all AID-funded. The Commodity Procurement Plan (Annex B.1) gives estimated costs for most hardware items. Allocations for software will be based on user-specific requirements. Supplies and accessories include diskettes, UPS, printer accessories and memory expansion kits. The major purchases will be in years 2 and 3.

(d) Library Development: A lump sum provision of \$23,000 of AID loan funds has been made for books and journals based upon the needs identified by the directors of planning units. The GSL will provide \$3,000 for library equipment, including bookshelves, card catalogues and binding accessories.

6. Evaluation: Short-term assistance is planned at 2 person-months for mid-term and 4 person-months for final project evaluations, at \$15,000/month, or a total estimated cost of \$90,000. The evaluations are scheduled in early 1990 and late 1992, respectively, and will be funded from the AID grant.

7. Physical Contingencies: Contingencies are calculated at 7.5% on operational expenses and construction, and 15% on all other costs.

8. Price Inflation: All costs are calculated at estimated 1986 prices. Inflation is calculated at 10% compounded annually, beginning in 1987.

C. Financial Procedures

The estimated AID and GSL counterpart contributions to the project will be included in the annual GSL budgets during the life of the project, beginning in 1987. (Any GSL expenses in CY 1986 will be covered out of existing budget provisions.) Participating institutions will submit their capital budget requests for the project to the APG through the PAO eight months prior to the beginning of each budget year. The APG will review and endorse the requests and will instruct the PAO to prepare a consolidated statement to be presented to the Budget Division of the Ministry of Finance and Planning. Further reviews and adjustments may have to be made within the APG to reflect any changes made by the Budget Division. All capital funds (GSL and foreign assistance) for the project will be listed in the capital expenditure budget of the MADR under a separate project line item; this will include expenditures to be made on behalf of the participating ministries. Such expenditures will be effected and monitored through the PAO. In the aggregate, the total proposed expenditures should be consistent with the consolidated statement presented by the APG.

Recurrent project expenditures will appear in the recurrent expenditure budgets of each of the participating ministries as a separate line item. The annual recurrent budget will be approved by the Secretary of the ministry concerned in light of APG recommendations and forwarded to the Budget Division for approval. Any changes in the recurrent expenditure allocations resulting from revisions by the Budget Division will be made internally by the Secretary of the respective ministry. Recurrent budget estimates and expenditures will be monitored by the PAO for periodic reports to the APG and USAID. Certain funds earmarked under recurrent expenditure, e.g., surveys, will be initially apportioned under the "investigations" object code of the capital budget of the project in the MADR. However, by the end of the project such costs will appear as annual recurrent costs of the planning units.

The USAID Controller's Office has reviewed the MADR's financial management capability and procedures and determined that the internal control system seems reasonable and adequate to provide the requisite information and ensure the accountability of all items of expenditure related to the project.

D. GSL Budget Analysis

Total GSL financial contributions to the project are estimated at \$1.74 million, excluding physical contingencies and inflation. Of this amount, approximately half is for recurrent expenses (under the operational expenses and training line items), and half for capital expenditures (all other GSL-funded inputs).

GSL recurrent expenditures include existing resources within the participating institutions (e.g., salaries of current staff who will work on the project), as well as project-generated recurrent costs (salaries and overhead of new staff in the planning units, increased survey and research

budgets, and operating and maintenance costs for vehicles, computers, etc.). Since GSL budgets do not now provide planning function details, current and project-generated GSL expenditures have been estimated based upon staff size, equipment, space, etc. Table III.4 illustrates anticipated effects on recurrent cost budgets. The recurrent costs associated with the project, while only a small fraction of each ministry's total budget, represent a substantial increase in the amount currently spent on planning. The GSL's commitment to meet these new recurrent costs (and its portion of required capital costs) will be formalized through a covenant in the Project Loan and Grant Agreement.

TABLE III.1: SUMMARY COST ESTIMATE AND FINANCIAL PLAN (US\$'000)

ITEM	AID GRANT			AID LOAN			GSL	TOTAL
	FX	LC	TOTAL	FX	LC	TOTAL		
PARTICIPANT TRAINING	1444	30	1474	438	0	438	118	2030
TECHNICAL ASSISTANCE	1002	105	1107	0	0	0	0	1107
OPERATIONS	80	173	253	0	0	0	855	1108
CIVIL CONSTRUCTION	0	0	0	0	0	0	730	730
COMMODITIES								788
COMPUTER EQUIPMENT	0	0	0	457	48	505	0	505
VEHICLES	0	0	0	95	0	95	0	95
OFFICE EQUIPMENT	0	0	0	0	128	128	34	162
LIBRARY MATERIALS	0	0	0	23	0	23	3	26
EVALUATION	90	0	90	0	0	0	0	90
TOTAL BASE COSTS			2924			1189	1740	5853
CONTINGENCIES			411			153	153	717
INFLATION			1365			558	807	2730
TOTAL			4700			1900	2700	9300

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Table III.2: Line Item Base Costs 17

ITEM	UNIT COST	NUMBER	TOTAL (\$'000)
Civil Construction			
Renovation-Office (sq.ft.)	12	15.2	182.40
Renovation-Computer (sq.ft.)	18	2.1	37.80
Housing (sq.ft.)	20	25.5	510.00
Office Equipment			
Calculators, prog.	0.1	55	5.5
Typewriters	2	7	14.0
Fans	0.3	20	6.0
Air Conditioners	3	7	21.0
Photocopiers	4	6	24.0
Photocopier, Heavy Duty	30	1	30.0
Duplicating Machines	3	8	24.0
Graphic writer/plotter	0.5	7	3.5
Other Office Equipment			10.0
Office Furnishings	4	7	24.0
Vehicles			
Cars	7	5	35.0
Jeeps	10	6	60.0
Computer Equip. & Acc.			
Minicomputer/Station	200	1	200.0
Minicomputer, software			55.0
Microcomputers	6.8	22	149.6
Microcomputer software			42.0
Printers, matrix	0.5	6	3.0
Printers, letter qual.	1.2	6	7.2
Supplies & Accessories			48.7
Library Development			
Books & Journals			23.0
Furnishings			3.0
Training			
Long-term, PhD (per degree)	81.5	4	326.0
Long-term, MSc (per degree)	51.5	22	1133.0
Travel, long-term trainees	3.5	26	91.0
Workshops	6	5	30.0
Study tours (regional)	3	19	57.0
Study tours (U.S.)	7	3	21.0
Short-term, foreign (pm)	5	54	270.0
Short-term, local--FX (pm)	15	5	75.0
Short-term, local--LC			27.0
Technical Assistance			
Long-term expat. tech. (py)	185	4	740.0
Short-term, expat. tch. (pm)	15	7.5	112.5
Long-term, local adm. (py)	15	4	60.0
Short-term, expat. adm. (pm)	15	6	90.0
PSC Administrative (py)	60	1.5	90.0
T.A. Support (Commodities)			14.5
Evaluation (pm)	15	6	90.0
Operational Expenses			
Salaries, incremental (py)	3	55	165.0
Counterparts to TA (pm)	0.25	99.8	25.0
Operational exp. for TA (pm)	0.7	66.5	46.6
Overhead & operations			190.0
Computer maintenance			121.2
Telephone link & maint.			78.0
PAD, salaries			90.0
PAD, other expenses			90.0
Publications			25.0
Local survey costs			24.0
Local TA (pm)	1	45	45.0
Misc. research costs			208.0
TOTAL BASE COSTS			5853.4

TABLE III.3
PROJECTED ANNUAL EXPENDITURE (\$'000)

	YEAR 1 ('87)				YEAR 2 ('88)				YEAR 3 ('89)				YEAR 4 ('90)				YEAR 5 ('91)				YEAR 6 ('92)				PROJECT TOTAL	
	AID GRANT	AID LOAN	AID TOTAL	GSL	AID GRANT	AID LOAN	AID TOTAL	GSL	AID GRANT	AID LOAN	AID TOTAL	GSL	AID GRANT	AID LOAN	AID TOTAL	GSL	AID GRANT	AID LOAN	AID TOTAL	GSL	AID GRANT	AID LOAN	AID TOTAL	GSL		
Training	76.5	19.1	95.6	5.9	429.3	144.3	573.6	35.4	458.9	114.7	573.6	35.4	305.9	76.5	382.4	23.6	153.0	38.2	191.2	11.8	76.5	19.1	95.6	5.9	2838.0	
Technical Assistance	60.0		60.0		110.7		110.7		276.8		276.8		276.8		276.8		199.3		199.3		183.4		183.4		1107.0	
Operations	12.7		12.7	42.7	25.3		25.3	85.5	58.2		58.2	196.6	55.7		55.7	188.0	50.6		50.6	170.9	50.6		50.6	170.9	1107.7	
Civil Construction			0.0	109.5			0.0	73.0			0.0	219.1			0.0	182.6			0.0	109.5			0.0	109.5	730.2	
Computer Equipment		25.3	25.3			126.4	126.4			151.7	151.7				75.8	75.8		75.8	75.8			58.5	58.5		505.5	
Office Equipment		12.8	12.8	3.4		32.0	32.0	8.5		25.6	25.6	6.8			25.6	25.6	6.8		19.2	19.2	5.1		12.8	12.8	3.4	162.0
Vehicles		0.0	0.0			28.5	28.5			38.0	38.0				28.5	28.5				0.0			0.0		95.0	
Library Development		1.2	1.2	0.0		2.3	2.3	0.3		5.8	5.8	0.8			6.9	6.9	0.9		4.6	4.6	0.6		2.3	2.3	0.3	26.0
Evaluation			0.0				0.0				0.0		30.0		30.0				0.0		60.0		60.0		90.0	
Total base costs			207.6	161.5			898.8	202.7			1129.7	458.7			881.7	401.9			540.7	297.9			455.2	217.0	5853.4	
Contingencies			30.2	12.8			132.9	18.5			165.1	37.6			126.1	32.5			77.3	23.7			30.4	27.9	717.0	
Inflation			22.0	17.5			216.7	46.5			439.9	164.2			452.6	201.6			377.1	196.4			415.1	180.6	2730.2	
TOTAL COST			259.8	191.8			1248.4	267.7			1734.7	660.5			1462.4	636.0			995.1	518.0			900.7	425.5	9300.6	

TABLE III.4
ANNUAL NON-CAPITAL EXPENDITURES ON AGRICULTURAL PLANNING, PRESENT AND PROJECTED

	Estimated current expenditure (Rs)	Estimated additional expenditures (Rs)	% Increase
Ministry of Agricultural Development and Research	594,000	383,000	73
Ministry of Coconut Industries	494,000	264,000	53
Ministry of Fisheries	608,000	383,000	63
Ministry of Lands & Land Development	532,000	264,000	50
Ministry of Plantation Industries	638,000	383,000	60
Ministry of Rural Industrial Development	462,000	370,000	80
National Planning Division (Agr. Subdivision)	1,627,000	278,000	17

TABLE III.5
PROPOSED AID PAYMENT PROCEDURES

<u>Item</u>	<u>Method of Imple- mentation</u>	<u>Method of Finance</u>	<u>Estimated (base) Costs (\$)</u>
1. Technical Assistance			1,107,000
-Prime Contract (long-term)	Host Country (HC) Contract	Direct L/Comm	
-Other short-term	Direct AID (PSC & IQC)	Direct Pay	
2. Training:			
-Resource Persons	Through Prime Contract	Direct L/Comm	75,000
-Workshops	Direct USAID	Direct Pay	30,000
-All other expenses	Mission PIO/P	Direct Pay	1,925,000
3. Commodities:			
-Computer equipment and software	HC or AID Direct Procurement (if ex-Singapore)	Direct L/Comm.	456,800
-Computer accessories	HC Procurement (local shelf item)	Direct Pay or HC reimbursement	48,700
-Vehicles	HC Procurement	Direct L/Comm.	95,000
-Books & journals	HC or AID Procurement	Direct Pay	23,000
-Office equipment	HC Procurement (local shelf-item)	HC Reimbursement or Direct Pay	128,000
4. Operational Expenses (Research and Local TA)	HC Contract	Direct Pay	45,000
5. Evaluation	Direct Institutional Contract or PSC	Direct Pay	90,000

IV. IMPLEMENTATION PLAN AND SCHEDULE

A. GSL Project Management

The Ministry of Agricultural Development and Research (MADR) will be the primary implementing agency for the project. Executive functions will rest with the Agricultural Planning Group (APG), chaired by the the Secretary, MADR, and consisting of a representative from each of the participating planning units and, for purposes of this project, the USAID project officer, the GSL Project Manager, and a representative of the technical assistance contractor. Day-to-day implementation responsibilities will be handled by a Project Administration Office (PAO) in the MADR with a full-time GSL Project Manager reporting directly to the Secretary. The MADR will provide the PAO with necessary administrative and program support staff. More detailed descriptions of the roles and functions of the APG and PAO are contained in Sections II (Project Rationale and Description) and VII.B (Administrative Analysis).

B. Project Activities

1. Training: Disbursement of funds for participant training is subject to a Condition Precedent (Section VI.A.2). As one element of this Condition Precedent, a detailed life-of-project training plan will be prepared by the PAO, in consultation with the participating ministries, for review and approval by the APG and USAID. The PAO will then be responsible for overall implementation of project training, including monitoring of performance and revision of the training plan as required. The selection and approval of all candidates for training will be made by the participating institutions in accordance with the project training plan. Long-term training is concentrated in the initial years of the project to enable returned participants to participate in project activities during the latter years of implementation; it will take place primarily at institutions in the U.S. Third country and Sri Lankan universities (e.g., the University of Peradeniya) will also be utilized as necessary and/or appropriate. Appropriate short-term training programs will be identified by the PAO, USAID and the participating ministries and programmed by the PAO in accordance with the training plan.

For all U.S. training (both long- and short-term) the PAO will prepare the necessary AID documentation and make travel arrangements. The training will then be administered by AID's Office of International Training (S&T/IT). The PAO will be directly responsible for all aspects of non-U.S. training, e.g., obtaining admissions and clearances, preparing documentation and making travel arrangements. Short-term local training and special courses will be funded by the GSL and programmed through the PAO, with the exception of the expatriate resource persons for such courses, who may be provided through the technical assistance institutional contract or through specific, direct AID contracts. Training procedures are spelled out in greater detail in the Training Plan (Annex B.2).

2. Technical Assistance: The major share of the technical assistance will be implemented by an institutional contractor under a Host Country contract. The PAO, with guidance from USAID, will prepare the Request for Technical Proposals (RFTP). The APG will review and approve the RFTP and will evaluate the proposals with assistance, as necessary, from USAID and AID's Area Contracting Officer. The desired start date for the technical assistance institutional contract is roughly two years into project implementation in

order to allow the training to get underway and the planning units to staff up for their increased responsibilities; the RFTP will be prepared and issued approximately one year into the project.

The contractor is expected to be a private U.S. firm, which may subcontract as necessary with other U.S. and/or Sri Lankan firms, universities, etc. The primary function of the contractor will be the provision of high-quality technical assistance to GSL planning units. This will involve a considerable element of institutional development, for which highly developed skills are critical. Prior experience in both project administration and agricultural planning in developing countries is essential. In-house capability in agricultural planning is also important in order to assure adequate home office backstopping. USAID/Colombo is not aware of any Gray Amendment firms that are well-suited for such a role. Eligible Gray Amendment firms will, however, be actively encouraged in the RFTP to submit proposals or participate in joint ventures. In addition, contracts for project evaluations will be reserved for Gray Amendment firms.

Two long-term technical consultants, to assist in the development of planning capacity and address certain technical questions, are to be provided under the contract. One will be assigned to the MADR during years 3 and 4 of the project, to work primarily on research and policy studies with the staff of the MADR planning unit; the second will work with the NPD during the final two years of the project, primarily in the preparation of an updated NAFNS. Both will also assist with technical studies and development of planning capacities in other planning units, subject to their work loads.

Following contract execution the contractor will identify and employ a Sri Lankan national who will assume the contractor's in-country administrative and logistic responsibilities over the duration of the contract, working closely with the GSL Project Manager in matters relating to overall project implementation. Provision will be made in the contract for home office involvement in hiring, training and supporting this position, and in monitoring of contract performance through periodic visits to Sri Lanka. The contractor will also be represented in country by the expatriate technical advisors who will be available to assist in addressing management concerns as required.

The contractor will be responsible for its own secretarial support and official in-country transportation for its administrative officer, both of which will be budgeted in the contract. The GSL will provide all other secretarial support, office space, equipment and office supplies, counterpart technical staff and transportation for consultants' official travel. Technical assistance personnel working in the participating planning units will have access to the equipment provided for the planning offices under the project. AID will, through the host country contract, finance housing, education and other standard allowances for long-term contract personnel.

The contractor will also provide, subject to APG approval, most of the short-term expatriate technical assistance for the studies to be implemented over the life of the project plus resource personnel for the local conduct of specified short courses. The contractor will identify suitable in-house staff or consultants for this work and will be responsible for international travel arrangements and per diem expenses. The implementing ministry for each study (or the PAO for in-country short courses) will handle the logistical and

support requirements for the short-term advisors. Most of the studies to be undertaken will also involve short-term local technical assistance, which will be directly contracted by the responsible planning units.

In order to get the necessary administrative and control systems into operation in the early stages of project implementation and, especially, to assist in developing and implementing the training plan, USAID will locally contract for a project administration specialist to work directly with the PAO under an AID Direct Personal Services Contract (PSC). The individual hired for this work may be either an expatriate (U.S.) or Sri Lankan citizen, depending on the availability of qualified applicants. The duration and intensity of this assignment will be 12-18 months, depending on the PAO's capability to assimilate AID project implementation procedures and requirements and handle the full range of project management responsibilities; however, it would not be expected to continue after execution of the institutional technical assistance contract. Any short-term technical assistance required before initiation of the institutional contract would also be handled by means of AID Direct contracts, either through PSCs or Indefinite Quantity Contracts (IQCs).

3. Construction: Office renovation and housing construction will be the responsibility of the participating ministries, with coordination and monitoring by the PAO. Such work will be performed by local contractors selected through competitive bidding in accordance with GSL regulations. Construction payments will be made through the PAO on authorization by the concerned ministry. Criteria in allocation of project-funded housing will be: (a) need (i.e., officers currently having to pay commercial rents); and (b) length of service in agricultural planning activities.

4. Commodities: Commodities procured under this project will include office equipment and furnishings, vehicles, computers and computer accessories, and library materials. Procurement of computer equipment is subject to a Condition Precedent that suitable facilities exist to house the equipment. The PAO will be directly responsible for all major procurement actions with the exception of the library materials. Minor procurement will be handled directly by the concerned Ministry or by the PAO, depending on the value. The APG will designate a qualified individual to develop and review specifications for computer hardware and software. Assistance will also be provided by the USAID commodity procurement specialist and the AID Regional Commodity Management Office (RCMO). Commodities procured by the PAO will be initially consigned to the MADR; title will then be transferred to the appropriate ministry for installation and use. Specific procurement procedures are elaborated in the Commodity Procurement Plan (Annex B.1).

5. Internal review/annual budget preparation: Annual project reviews are planned for March/April of each year. These reviews will assess progress (focusing on the inputs), identify and resolve constraints to the extent possible, and provide the bases for the annual work plans and budgets for the coming year. (GSL budget requests are normally submitted in May or June for the following budget year, which is the same as the calendar year.) USAID and the GSL will participate in these reviews. Long-term technical assistance personnel may also participate as appropriate.

6. Evaluation: One mid-project and one end-of-project evaluation are planned, to be implemented through AID Direct contracts; as mentioned in Section 2, above, these will be specifically reserved for Gray Amendment firms. The APG and USAID will jointly develop and approve terms of reference and designate personnel to participate in the evaluations.

C. Preliminary Implementation Schedule

Date	Approval and Implementation	Training	PSC	ACTIVITY TA Contract	Computer Procurement	Facilities	Other Procurement
<u>1986</u>							
7/31	Project Authorized						
8/31	Loan/Grant Agreement Signed						
9/7	PIL No. 1 issued	-----		Scope of Work approved by APG and USAID			
11/30	Initial CPs met						
12/15		-----	PSC Hired				
<u>1987</u>							
1/15	Implementation Workshop						
2/28		-----		LOP Training Plan approved by APG & USAID (CP met)			
3/31		-----				Design completed for office/computer facilities renovation	
5/31	Annual review & preparation of 1988 budget & workplan	University admissions obtained for 8/87 starts					
6/30		-----		Specs for initial order approved by APG RFTP approved by APG & USAID			
7/31		-----		RFTP issued			Call for tenders for initial equipment & vehicle procurement
8/31		-----	Initial Long-term training starts			GSL Housing construction plan completed & approved by APG	

9/30	-----		Specs for initial order approved by APG and USAID	Office/computer facilities renovation completed	Evaluation of tenders completed
10/15	-----		Deadline for receipt of technical proposals by APG	Request for quotations for initial order	
11/15	-----		Evaluation completed	Deadline for receipt of quotations	
11/30	-----			Award Contract	
12/15	-----	PSC ends (option to renew)			Initial equipment & vehicle order received (further procurement timing per APG direction)
1988					
1/31	-----	Additional LT			
2/28	-----	training starts	Complete negotiations	Initial order received & installed	GSL Housing construction begins
3/31			Sign Contract		
5/31		Annual review & preparation of 1989 budget & workplan			

6/30 ----- Contract ends (if renewed) Initial LT TA consultant begins assignment Initial utilization course completed Further procurement timing as directed by APG & approved by USAID

1989

5/31 Annual review & preparation of 1990 work plan & budget

8/31 PIO/T for mid-project evaluation approved by APG & USAID

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1990

1/31 Mid-project evaluation completed

3/31 Evaluation report approved by APG & USAID; mid-project implementation workshop completed

5/31 1991 work plan & budget completed

6/30 -----

-- Initial LT consultant ends assignment/2nd begins

8/31 NAFNS planning workshop completed

1991

5/31 Annual review & preparation of 1992 budget & workplan

12/15 NAFNS Review Workshop

28 1992

4/30 PIO/T for EOP evaluation approved by APG & USAID

6/30 NAFNS Implementation workshop completed

8/15 EOP evaluation completed

8/31 PACD

V. MONITORING ARRANGEMENTS

Primary USAID responsibility for monitoring the project will lie with a USDH project officer in USAID/Sri Lanka's Office of Agriculture and Rural Development (ARD). In carrying out his/her responsibilities, the project officer will be assisted by a FSN agricultural economist and a USAID Project Committee composed of a financial analyst, engineer, program economist, project development officer, and the Colombo-based Regional Legal Advisor. All members of the Project Committee have been closely involved in project design and PP preparation. In addition, the project officer will draw, as needed, on the services of the Regional Commodity Management Officer (Bangkok) and the Area Contracting Officer (New Delhi). Apart from this project, ARD now has three major projects in implementation, one of which will terminate in September, 1986. The professional staff of ARD now consists of three USDH and five Sri Lankans.

The project officer will participate in the quarterly (at minimum) meetings of the Agricultural Planning Group, wherein project progress and problems will be reviewed. Other monitoring mechanisms include frequent visits to the PAO and participating planning units by the project officer, engineer and other USAID staff; review of quarterly USAID implementation status reports; GSL reports (e.g., semi-annual commodity receipt and utilization reports, quarterly shipping reports and periodic construction progress reports); annual reviews*; the mid-project evaluation; and audit reports. All participating institutions are in Colombo, which will facilitate regular contacts and monitoring of activities. During project implementation the USAID Project Committee may identify areas particularly important to project success, e.g., GSL recurrent cost funding, training implementation, or utilization of the results of the technical studies, and devise appropriate procedures for special monitoring of these. The USAID project officer will promote and facilitate regular contacts with staff of other donors involved in related projects (e.g., Netherlands, West Germany, IBRD) to help ensure a high level of complementarity and mutual support and to share project findings.

* The annual reviews are discussed in greater detail in the Implementation Plan and Schedule, Section IV.B.5.

VI. CONDITIONS AND COVENANTS

A. Conditions Precedent to Disbursement

1. Conditions Precedent to Disbursement for All Project Activities: In addition to the standard legal opinion and designation of authorized representatives, the following three conditions should be met prior to any disbursements under the project.

- a) Evidence acceptable to USAID that an Agricultural Planning Group (APG) is established and functioning;
- b) Evidence acceptable to USAID that an Agricultural Planning Unit has been formed in the Ministry of Agricultural Development and Research, that a Project Administration Office (PAO) adequate to its responsibilities under the project has been established, and that a GSL Project Manager has been designated and assigned to the project;
- c) Evidence that a plan and schedule, acceptable to USAID, for filling the new or vacant planning positions specified under the project (Table VII.2) have been approved by the GSL.

2. Condition Precedent to Disbursement for Training Activities: For all training activities except the initial implementation workshop, evidence acceptable to USAID is required of the adoption by the Agricultural Planning Group of (1) an initial life-of-project training plan for all training activity to be conducted under the project, and (2) a plan to ensure maximum compliance with the requirement that participants sent abroad for training return following their training and occupy their assigned planning positions for the required minimum time period.

3. Condition Precedent to Disbursement for Computer Procurements: Evidence is required that suitable facilities exist to house the proposed project-funded computer equipment.

B. Covenants. In addition to the standard covenants on evaluation and payment of duties, the GSL will covenant to:

1. Ensure (a) that all participant training under the project financed by AID will be accomplished in accordance with the policies, allowances, and reporting requirements in AID Handbook 10, Participant Training, (b) that employment in a position relevant to the training received under the project will be available for each participant immediately following completion of his or her training for a period of not less than one year, or not less than three times the length of training, whichever is longer, and (c) that no action will be taken by the GSL to relax any post-training obligation of any participant without prior AID approval.
2. Ensure that qualified counterpart professional and support staff adequate to meet the requirements of the project are assigned to work with, and be assisted by, the long-term and short-term project technical consultants.

3. Ensure that GSL recurrent and capital expenditures required by the project are budgeted and allocated according to plan for each year of the project.
4. Ensure that adequate office space, facilities and support staff are provided for the Project Administration Office and the participating planning units, including for contractor staff working in those units.
5. Ensure that all participating planning units have full access to data and analyses collected or undertaken by the other units and that project-related analysis and networking will have precedence in the use of project-funded computer equipment.

VII. PROJECT ANALYSES

A. Technical Analysis

1. Introduction: Sri Lanka's initial central economic planning agency was created in 1956, and the first comprehensive ten-year plan was introduced in 1959. In the subsequent years, planning structures and responsibilities have gone through a series of changes. Since 1977 the GSL has utilized a rolling five-year public investment program, with only indicative investment targets for the private sector and in which the line ministries have been given considerable leeway in the preparation of sectoral programs. However, regardless of the structure and specific role, planning capabilities in Sri Lanka have remained generally inadequate to the demands of rational policy/program decision-making and resource allocation. With the current budget austerities, the need for better integration/coordination of public investment and improved analytical bases for decision-making has become widely recognized. In the agricultural sector, the 1983-85 National Agriculture, Food & Nutrition Strategy (NAFNS) marked the first integrated effort at policy/program analysis and the formulation of sectoral priorities.

Problems/deficiencies in Sri Lankan planning have been widely reported and analyzed. The recently completed NAFNS illustrated and emphasized these deficiencies, among them the over-emphasis on project formulation, inadequate capacity (resources, personnel), inadequate linkages among planning units and between planners and decision-makers, and incomplete or inadequate analysis of the existing volume of statistical data. Another analysis cites the lack of continuity of personnel and procedures, inadequate coordination of manpower development and, very importantly, the fact that decision-makers are rarely provided with adequately researched policy options. The prevailing institutional fragmentation significantly complicates the tasks of integrating sectoral analysis and programming.

The two broad problems being addressed by this project are those of planning capacity and linkages, the latter both among national-level planning units and between planners and decision-makers. The problem of planning capacity will be addressed through an institutional development program for the key national-level planning units involving training, facilities improvement, commodities (data processing hardware and software), technical assistance, and increased resources (operations budget and personnel) for planning units to undertake additional research and analytical work. Effective linkages between planners and decision-makers will be promoted through the interministerial Agricultural Planning Group (APG) and the regular flow of analyses and recommendations from planners to decision-makers. The specific problem of information availability and coordination among planning units will be addressed through the APG and through combining the data processing and storage capabilities of the different units into an integrated network to facilitate data access and exchange.

The APG will, inter alia, coordinate sectoral planning activities, allocate project resources and responsibilities, initiate and oversee the work program, and review research results. Policy and program-related analytical requirements will be determined, for example, by one of the higher level agricultural policy or program committees and communicated to the appropriate institution (NPD or line ministry) for implementation. To the extent that

project resources and/or inter-institutional coordination is involved, the APG will play a direct role in the design, implementation and review process. For other work, the APG's role will be more consultative or advisory. Effective utilization of information and recommendations by decision-makers will, of course, depend in great measure on the quality of the underlying work, and a major emphasis of the project, and a major role of the APG, will be to help ensure the requisite quality, relevance and timeliness.

Stemming from the decision-making process will be program/policy change and, ultimately, economic and social impact in the agricultural sector which, while lying beyond the scope of this project, will be the ultimate measure of the success of agricultural planning. The project cannot control these processes and end results, but it can, at least in the initial stages, influence the policy and program agenda to help ensure maximum positive social and economic impact.

The emphasis of this project is on planning at the national level. This is not to deny the value of improved local-level planning (in the sense of effective analysis and influence over resource allocation) or the need for increased appreciation at the national level of local problems, priorities and potential. However, there are compelling reasons for the limitation of focus, among them the relative (national vs. local) control over resources, the opportunity for planning to influence resource allocation, and the number and configuration of relevant institutions.

The primary rationale for concentrating at the national level is that this is where all important policy and program decisions, and most public investment decisions, are made. (Less than 5% of total public financial resources are programmed at the sub-national level.) The second consideration is the absence of any real opportunity for planning to influence resource allocation at the sub-national level. Local authority is highly fragmented, with no central funding or monitoring agency at this level corresponding to the Ministry of Finance and Planning at the national level. While district planning units exist under the Ministry of Plan Implementation (MOPI) and the various integrated rural development projects, they have real authority only over MOPI programs and only indirect influence over other activities funded by locally generated revenues or the national Decentralized Budget. (The latter is remitted by the national treasury to the local level on a constituency basis.)

Incorporation of sub-national planning would further complicate the institutional picture, necessitating the active involvement of two additional ministries (Plan Implementation and Housing and Local Government) which have had little or no involvement in the NAFNS formulation or preparatory work on this project. Finally, the authority and structure of sub-national administration is currently a major political issue with potentially major changes in store; to get involved before definitive resolution of this issue would be premature.

The project will contribute to increased information flow and interaction between national and sub-national levels within participating line ministries through the expanded and upgraded research and analysis program; it should thus facilitate more informed consideration of local-level concerns. However, in the absence of definitive and significant institutional rearrangement and consolidation of authority and responsibility, a program

aimed specifically at improving local-level planning capacity does not appear feasible at this time. This situation will be periodically reviewed under this project and recommendations for interventions be made accordingly.

2. Feasibility Considerations: Technical problems that can be anticipated in improving the quality of agricultural planning and in getting analyses and recommendations into the decision-making process include: (1) effectively linking analysis with decision-making; (2) ensuring the relevance and quality of the analytical work; (3) coping with the tendency towards institutional compartmentalization and fragmentation of efforts; and, (4) effectively operating and utilizing data processing and exchange networks. These problems are addressed below.

a) Linking Analysis with Decision Making: A number of high-powered policy-making committees now deal with agriculture-related issues. The apex of these committees is the Committee of Development Secretaries, which plays an overall coordinating and review role. There are more specialized committees such as the National Agriculture and Food Policy Committee, the Cost of Living Committee and the Price and Producer Incentive Committee whose memberships include secretaries of ministries and other senior officials and technicians. These committees provide the basic structure and mechanisms for decision-making in the agricultural sector. Lacking is an active, dynamic and efficient technical base that could provide these committees with pertinent, relevant and well-analysed policy papers for their consideration on a continuous basis.

The multiplicity of institutions serving the agricultural sector has been at least partially responsible for the existence of the gap between those who could articulate policy issues and those who are in a position to act upon them. Most of the issues on pricing, development and investment strategies are inter-ministerial in nature; however, no formal arrangements exist at present by which officers from diverse ministries can come together for the analysis of such issues. For instance, a technical paper on rice/wheat pricing may necessitate the active involvement of officials from the MADR, the Food Commissioner's Department, the Paddy Marketing Board, the Ministry of Trade and Shipping and the Ministry of Finance and Planning (through the National Planning and Fiscal Policy Divisions.)

The directors of planning units are the de facto policy analysts for their ministries. To date, the scope and quality of whatever analyses they perform have been limited by the available resources within their respective ministries. A forum for regular interaction and communication channels to provide access to data and alternative perspectives (which would make their analytical work more comprehensive) have not existed. The APG is the key tactical instrument in the development of a mechanism and procedures to facilitate inter-institutional cooperation for policy analysis. However, for planning output (analyses, recommendations) to be put to effective use, the APG must be in an appropriate position, with the requisite capacity and credibility.

The APG had its genesis in the course of NAFNS implementation, when planning personnel from the line ministries and NPD first began meeting together on an ad hoc basis to address NAFNS-related issues. The NAFNS recommended proceeding with development of an agricultural planning project, a

recommendation that was endorsed by all involved ministries at the NAFNS policy-level review workshop in February, 1985. At that time, the proposed structure and role of the APG (with the Secretary, MADR, as chairman) were tentatively agreed to, and the APG was formally charged with development of a planning project. Since then, the APG has met (with NPD in the role of convener) as necessary in the design of the project and in development of the NAFNS Implementation Plan.

The APG will play two major roles over the life of the project. One is specific to the project (implementation oversight and direction); the other, more critical in the long-run, is its coordinating and integrating role in upgrading the overall quality and effectiveness of agricultural planning. The NPD will support the APG as needed on technical matters, working with the PAO on such matters as preparation of scopes of work for consultant services. Long-term consultants will also be available to assist the APG in its institutional, as well as its technical, roles.

In its technical role, the APG will consider and recommend sectoral research priorities, review research designs and scopes of work, coordinate and monitor planning activities, review and (if warranted) endorse research results and make recommendations. It will be in a position to determine the adequacy or acceptability of work carried out under project auspices. However, as the APG will not be assigned a formal role in the sectoral policy/program decision and implementation hierarchy, formal dealings with the higher-level decision-making bodies will be through its constituent institutions, i.e., the line ministries and NPD.

The composition of the APG, the decision-oriented nature of its work, and the quality of its work will, together, determine its influence. In its proposed composition, the APG will derive standing and credibility as a result of the chairmanship of the Secretary, MADR, and the active involvement of NPD. The MADR presents the advantage of being the largest ministry concerned with agriculture, whose Secretary is a prominent member of, *inter alia*, the Committee of Development Secretaries, the National Agriculture and Food Policy Committee, and the Cost of Living Committee. As such, he will be the key figure in the APG. The Director, NPD, serves as secretary to the Committee of Development Secretaries, and also sits on the other above-mentioned decision-making bodies. These two will find in the APG the research capacity and experience for the examination of important policy issues that surface in discussions of the policy-making committees of which they are members and for which in-depth examination is required; they will ensure from the outset that the APG has substantive input at the relevant decision-making levels.

b) Insuring the relevance and quality of analytical work: A preliminary policy/program research agenda has been identified by the APG and is listed in Section VII.A.3, below. This will be subject to extensive revision over the course of project implementation, as other studies and data needs are identified through the planning and policy analysis activities of each planning unit, and in response to specific requests from decision-making bodies. Questions regarding relative study priorities and allocation of project resources will be resolved by the APG. The Secretary, MADR, and Director, NPD, will regularly brief decision-making bodies of which they are members on the activities of the APG and participating planning units. No project-supported study will be undertaken without decision-makers' knowledge, and all studies will be related to substantive decision-making needs.

As mentioned above, the quality of the analytical output produced under the auspices of the APG will have a major influence on its capability to attract the attention of decision-makers and influence the decision-making processes. In any project design there can be no built-in guarantee of quality. There will, however, be a learning-by-doing process that, soundly applied, will lead to better quality output as time goes on. Other elements of the project will facilitate improved quality. For instance, the study of major issues will require the substantive involvement of the APG, which means that the expertise, experience and knowledge of many officers will be brought to bear on the problems at hand. The forum provided by the APG will directly affect quality because it will expand the type and number of factors that any one planning office can take into consideration when producing analytical papers, and because the APG will review completed work to insure that it meets acceptable standards prior to submission for higher-level consideration.

Another element of the project promoting high-quality analytical output is the use of expatriate and local technical assistance at key points, working in collaboration with planning unit personnel in carrying out the studies. The long-term technical assistance should provide valuable input with regard to selection of the best methodologies to apply for the analysis of specific issues, keeping in mind the particular requirements of analysis for decision-making. The project also provides for the development of computing capabilities and improvement of the availability of data to the participating units, which should result in improved analysis and lend more credence to the proposals emanating from the studies.

The choice of research methodologies will depend on the sophistication of the analysts and the nature of the problems being studied. The emphasis of this project is not on large scale modelling exercises, but rather on problem-based, decision-oriented policy and program analysis. The recorded experience of other planning projects illustrates that sophisticated modelling is generally of limited practical value. There is, on the other hand, a great deal of evidence that problem-oriented research, aimed at discovering and assessing policy options, is generally more relevant and implementable within the time frame during which the issues are under consideration.

Problems do exist regarding the quality of the data base to support even the moderately sophisticated analyses proposed for this project. This is particularly true for the subsidiary field crops (SFC). The Department of Census and Statistics, Department of Agriculture, and Survey Department are receptive to the idea of testing and implementing an Area Sample Frame (ASF) methodology for SFC, on the basis of a detailed consultancy report [William Wigton, Subsidiary Field Crop Statistics, Devres Inc.] submitted to the GSL in December 1985. Use of such a technology is appropriate for Sri Lankan conditions and should result in both improved and more consistent agricultural data and reduced collection costs. ASF use would be phased, with a two-district pilot project followed, if determined to be technically and administratively feasible, by full national implementation. This kind of activity does not strictly fall within the purview of the APA project. However, it will consider the feasibility of incorporating the ASF into its research agenda, or alternatively, adding support for ASF activities later through a project amendment.

While the quality of agricultural data is a cause for concern, a more salient problem (and one more amenable to solution in the near term) is that, in general, the existing body of data has not begun to be subjected to rigorous analysis. The training, data processing equipment and linkages being provided or promoted under this project will facilitate much more effective use of the existing data. Simultaneously, training is planned under the project that will lay the groundwork for implementation for a more thorough, efficient and effective system of agricultural data generation.

c) Institutional differences and complexities: The purpose of the project is to develop an integrated agricultural planning system which is used effectively in decision-making, formulating policy and providing a rational basis for development programs in Sri Lanka's agricultural sector. To develop a planning system, the key institutions comprising the system logically need to be included. Under the present system, the NPD works with the ministries represented on the APG in discussing development strategies, approving projects, and establishing budgetary allocations; thus, stronger planning units in these ministries should improve the quality of the interaction with the NPD, resulting in better overall performance. On the other hand, it is recognized that (1) not all of the planning units have the same needs, and (2) implementation procedures tend to become more cumbersome as the number of implementing institutions increases. To deal with (1), the project proposes to provide assistance to the primary participating planning units in proportion to their stage of development and, more importantly, in relation to their relative importance (in terms of budget resources at their disposal and/or programmatic roles) in the sector. For instance, the three agricultural sections of the NPD will receive a large share of the inputs, as the NPD is the apex of the agricultural planning and resource allocation system. The MADR is second in terms of overall assistance because its planning unit has to be formed, staffed and equipped, and because it plays a central role in the sector.

The role of the Project Administration Office (PAO) should minimize the likely complications arising on account of (2). The PAO will handle procurement and training, monitor expenditures, receive and disburse the GSL counterpart capital funds for the project, and ensure that implementation proceeds in a timely fashion and within budget. There will thus be one implementing office for the project, under the overall direction of the APG.

d) Data Processing Systems - Agricultural Planning: A key element in the program to develop the capability of agricultural planning units will be the introduction and use of modern data processing and networking equipment and software. The following is an assessment of data processing requirements and proposals for project activities relative to procurement and use of computer hardware and software.

TABLE VII.1

SUMMARY DATA PROCESSING EQUIPMENT AND USES IN TARGET PLANNING UNITS
SEPTEMBER 1, 1985

<u>Planning unit</u>	<u>Available Equipment</u>	<u>Primary Uses</u>
NPD: Agricultural Unit	1 IBM PC/XT	Word Processing, Electronic Spread Sheets
NPD: Macro Unit	3 IBM PC's	Word Processing Basic planning statistics and Projections
MADR	None	N.A.
MLLD	None	N.A.
MPI	None	N.A.
MRID	1 IBM PC/XT	Word Processing, Electronic Word Processing, Spread Sheets
MF	None	N.A.
MCI	None	N.A.

At present, only the NPD and one other planning unit have direct access to modern data processing equipment. Table VII.1 is a summary of that equipment and its uses. As shown, each unit that does have equipment is employing an IBM microcomputer and is in the early stage of exploring productive applications of that equipment. Additional statistical support for NPD reports and operations in the agricultural sector is received from the Department of Census and Statistics (DCS) and the Central Bank, both of which operate IBM mainframe computers in the 43XX series. In all planning units, only one staff member has formal computer programming and applications training, although certain planning staff (primarily in NPD and MRID) have experience in computer applications.

A survey of activities within the planning units has indicated that effectively used microcomputer systems could increase productivity in several areas. Specifically, staff in these units are now engaged primarily in project planning and monitoring, budget preparation and monitoring, agricultural production planning and monitoring, and report preparation. Under this project, responsibilities will be expanded to include data collection, research and analysis. For all of these activities, easy-to-use microcomputer programs are available that could increase the efficiency of planning and the effectiveness of monitoring activities. The relevant categories of software are project management packages, data base management systems, statistical analysis packages, electronic spread sheets, word processing, and business graphics programs. Of these, statistical analysis, spread sheets, and word processing programs would be of immediate use. These programs have been designed for use by personnel with little training in computer operations. Further, they can be efficiently supported by microcomputers equipped with fixed-disk storage and attached printers.

An analysis of average data base size for the six planning units indicates that a minimum of 30 million bytes of storage would be initially sufficient in all cases. NPD's requirements are of a larger dimension

than those of the other planning units in three ways: (1) average data base size is much larger---up to 200 million bytes; (2) data will be provided by magnetic tape written by the DCS and Central Bank computers; and, (3) report requirements require high speed printing capabilities and expanded business graphics and word processing capacity. These requirements can be best met through procurement of a high capacity processor and printer that is compatible within the network of computers presently available to the planning units and NPD.

Availability of compatible computer systems and coordinated use of software among the planning units and NPD will facilitate integrated data access and exchange. Direct computer-to-computer communications are feasible employing dedicated telephone lines and modem linkage equipment. One month of applied training by an expatriate resource person in data processing methods is planned at the time of installation of microcomputers, in order to provide the units with common procedures for maintaining computer usage records, maintaining system security and managing data processing resources as well as direct training in the use of statistical packages and electronic spread sheets.

3. Policy/Program Research Agenda: A recent AID-funded worldwide review of agricultural planning projects under the auspices of the Agricultural Policy Analysis Project (No. 936-4084) has revealed that a project's impact on decision-making is related to the specificity of policy and program issues proposed for research and planning support through the project. The NAFNS highlighted a number of salient issues in Sri Lanka requiring further research and analysis for policy and program decision-making. These have been further specified in the NAFNS Implementation Plan, and are identified for possible action through this project. The APG will be involved in all such studies through (at a minimum) review of the terms of reference and results, thus ensuring the effective involvement of all participating institutions. A preliminary list of these studies, by lead institution, is given below:

a) Ministry of Finance & Planning

Agricultural Extension. This study would undertake an extensive review of the multiple extension services now in existence under various agencies, with a view towards rationalization of their number and scope of services. The results of this study would feed into decisions regarding possible restructuring of the extension systems for agriculture, including both field and tree crops. The use of short-term expatriate technical assistance is planned for this study.

Rural Credit Reform. This study would examine alternatives for improving the efficiency of rural credit distribution, including the integration of the informal sector with institutional sources of credit. The end result of this study would be a rural credit reform program aimed at transforming the structure of rural credit delivery and improving the management and supervision methods used by the state and private banks. The use of short-term expatriate technical assistance is planned in this study.

b) Ministry of Agricultural Development and Research

Price Stabilization and Buffer Stock Management. This study would address the issue of the appropriate role for the Paddy Marketing Board with respect to price stabilization and buffer stock management. Appropriate methodologies would also be developed to allow the PMB to define and map out its buying and stock releasing strategies in an orderly and efficient manner.

Hydrological Potential of Rainfed Areas. Based on this study, a production strategy for Subsidiary Field Crops (SFCs) would be outlined considering the possibilities for supplementary irrigation. High value SFCs will be especially promoted in such areas, with support by the research and extension services.

Private Trade in Agricultural Marketing. The functions and activities of the private sector in agricultural marketing would be reviewed with emphasis on the constraints encountered. The outcome of this study should be a policy package and an incentive program which will promote more vigorous participation of the private sector in agricultural marketing. The use of short-term expatriate technical assistance is contemplated for this study.

c) Ministry of Lands and Land Development

Land Consolidation and Tenancy Reform. This study would analyze the legal basis of the present land ownership patterns and titling procedures in the country, the land tenancy patterns and trends, and the economic implications thereof. Attention would also be paid to the legal structure regulating water rights and the ownership and use of forest land. Proposals for land consolidation and tenancy reforms should follow from this study.

Tank Rehabilitation Program. As an initial step, criteria for determination of priorities for tank rehabilitation would be developed to guide government investment on rehabilitation and maintenance of irrigation systems.

Comparative Study of Farmer Organizations. The objective of this study would be to understand the relationship between the different types of farmer organizations used for the management of irrigation systems and the resulting quality and effectiveness of water management. The lessons learned from this exercise would be applied to ongoing efforts to improve irrigation system management.

Crop-Livestock-Forestry Integration. This review would develop specific recommendations for the integration of crop agriculture, livestock and forestry in new settlements. Guidelines for research and a strategy to encourage users to produce their own fuelwood requirements should also stem from this study. The use of short-term expatriate technical is tentatively planned in this study.

d) Ministry of Fisheries

Review of Fishing Craft Introduction Program. Over the past eight years the Ministry has implemented a major craft introduction program involving the use of subsidies and soft credit. A review is required of the technical and economic impact of this program, with special emphases on the geographic areas, type of fishing, target species and effectiveness of the incentives. The findings would serve as the basis for future boat issuance programs. The use of expatriate short-term technical assistance is planned for this study.

Improvement of the Fisheries Data Base. The present system of data collection would be reviewed from the perspective of the usefulness and the reliability of the information produced. The results of the study would be used to design an improved and streamlined data collection system.

e) Ministry of Coconut Industries

Domestic Coconut Marketing. This study would examine the usefulness and feasibility of establishing private producer companies for coconut marketing. Such a scheme could then be pilot-tested in particular areas to be determined.

f) Ministry of Plantation Industries

Smallholder Rubber Marketing Review. This study would identify the functions of marketing channels for smallholder rubber in relation to costs and margins, identifying present weaknesses and determining areas of potential improvement.

Smallholder Tea Marketing Review. The main focus of this study would be to identify the role that tea plays in the small scale agriculture production system. Of interest is the determination of the strength of the relationship between production efficiency and income derived.

g) Ministry of Rural Industrial Development

Rehabilitation Program for Slaughter Houses. After a review of the condition of the country's slaughter houses, this study would prepare an investment program for upgrading and expanding existing capacity.

Animal Feed Development. Possible mechanisms to enhance the coordination between agricultural producers and feed manufacturers would be examined. On completion of the study an implementation program, to include coordination with other ministries, would be developed.

h) Nutrition Considerations. The project will seek to gradually introduce a nutrition perspective into its planning framework in view of the inter-relationship of nutrition and agriculture. In Sri Lanka, as in virtually all other LDCs, nutrition is subsumed under public health, as reflected in the kinds of measures adopted to combat nutritional deprivation, e.g., food fortification and supplementary feeding programs, breast feeding campaigns, nutrition education projects. However, such measures, while they may keep the problem of malnutrition from getting worse, do little to alleviate it. Reduction of malnutrition on a sustained basis requires a more far-reaching, creative approach, from the perspective of agricultural production and marketing rather than public health.

That the majority of the malnourished are food producers or those participating in food production, such as sharecroppers, tenants and landless laborers, is a well-established fact. However, because decision-makers tend to be concerned more with production goals and targets than with production systems, equity considerations in agricultural development are more often than not masked and obscured. It is therefore not uncommon for poverty and deprivation in rural areas to increase in spite of increased per capita food production. Such is the case, the evidence suggests, in Sri Lanka. This warrants critical assessment and analysis in order to find the approach that effectively relates production and marketing with consumption in a manner such that nutritional welfare is maximized. Needless to say, such an approach must fit the conditions that are specific to each country.

A point of departure in Sri Lanka has been the NAFNS, which has attempted a first cut at mapping out malnutrition prevalence according to agro-ecological variations. It broadly indicates those areas in which it is possible to attack malnutrition through agriculture and those areas where other avenues have to be explored. Next, the nutritionally vulnerable groups have to be identified and mapped so that a more comprehensive and strategic picture begins to emerge. Finally, nutritional considerations must be built into production and marketing projects or programs (since production is likely to remain the primary policy objective) in order to reach the nutritionally "at risk" groups as well as improve overall nutrition standards. The exercise on the whole needs a great deal more development and refinement in order to increase its use to decision-makers.

The inclusion of a nutrition perspective in agricultural planning requires collective, creative thinking and action on the part of the agricultural line ministries, most of which are represented on the APG. The APG thus represents an ideal forum for consideration of nutrition from the agricultural perspective. The NPD, through the APG, will work to sensitize line ministries to the variety of instruments that are available in the arsenal of food policy for dealing with nutritional problems and issues and support increased nutritional consideration in agricultural planning; this project will serve as the launching pad for this approach.

4. Conclusion: The above considerations indicate that the project is technically feasible. The combination of long- and short-term technical assistance with better-trained and supported planning staff and increased operational resources should bring about the required institutional development in the participating planning units. The proposed (or similar) studies can be undertaken and should evince an increase in quality as the project progresses. Given the above, and an appreciation on the part of decision-makers of high-quality policy and program analysis, the APG should develop as a body which can ensure the relevance and effective utilization of study results responsive to the needs of decision-making committees. All inputs to meet the requirements of the project are available and can be provided and effectively utilized without difficulty.

B. Administrative Analysis

1. Background

The Agriculture Planning and Analysis Project will fit within the administrative structure established by the GSL through the National Agriculture, Food and Nutrition Strategy (NAFNS), namely, an inter-ministerial Agricultural Planning Group (APG) consisting of a representative from the National Planning Division (NPD) and the directors of planning from the ministries of Agricultural Development and Research, Coconut Industries, Fisheries, Lands and Land Development, Plantation Industries, Rural Industrial Development, and Mahaweli Development. The APG is significant in that it brings together key representatives of NPD and the major ministries with which the NPD interacts, and provides a basis for an integrated national agriculture planning system. The APG has a proven track record in having carried out much of the work of NAFNS formulation and implementation planning and in having participated in the design of this project.

While the NPD played a critical coordinating and implementing role in preparing the NAFNS, it is not an implementing agency geared to deal with project implementation responsibilities and problems. Therefore, those responsibilities will be divided for this project, with the APG taking on the coordinating role while the Ministry of Agricultural Development and Research (MADR) takes the lead in implementation. This is appropriate, since the MADR, as the primary institution in the agricultural sector, does have considerable implementation experience (including USAID projects); its lead role in this project has been agreed to by the participating institutions.

The Ministry of Mahaweli Development (MMD) is responsible for implementing the Accelerated Mahaweli Program (AMP), which is one of the key components of the GSL's overall development program. The MMD is somewhat unique among the participating ministries in that it has a multi-faceted role (e.g., settlement, irrigation, provision of social services, economic development) within specific geographic areas. The potential contribution of the AMP to national agricultural and rural development is significant; involvement of the MMD on the APG is vital in ensuring the requisite coordination and consistency of overall agricultural policies and programs. This involvement will be effected through participation in the APG of the Planning and Monitoring Unit (PMU) of the Mahaweli Authority of Sri Lanka (MASL) - the principal implementing agency for the AMP - primarily with regard to the special studies, i.e., in reviewing terms of reference, analytical results and recommendations, and also in ensuring the requisite degree of coordination between the Mahaweli institutions and the other line ministries. MASL will share in certain project inputs, principally short-term training and short-term consultancies on Mahaweli-relevant studies. Provision of direct long-term TA support, long-term training, or commodities/facilities support for the MMD is not envisaged under the auspices of this project.

2. Project Administration

The administrative structure for the project will consist of the APG and a Project Administration Office (PAO). The APG will be the overall management group (steering committee) for the project. It will delegate the day-to-day implementation responsibilities for the project to the PAO located in the MADR. The PAO will be primarily responsible for assuring that project inputs (technical assistance, training, commodities, operating expenses, etc.) are

provided according to plan. Finally, the directors of the planning units in each of the participating ministries will be responsible for managing the activities of each ministry under the project, working with the PAO to see that each activity is carried out as planned. Figure VII.1 provides an organizational chart depicting the administrative relationships for the project.

Agricultural Planning Group: For purposes of this project, the APG will include the Secretary, MADR (Chairman), the directors of planning units in the participating ministries, a representative from the NPD, the USL Project Manager, the contractor's representative and the USAID Project Officer. The APG will meet quarterly (at a minimum) during the six-year duration of the project to review the project's progress, coordinate activities, share ideas, and discuss technical and administrative issues which arise. Any modifications in project design or allocation of resources will be approved by the APG. A comprehensive annual review will also take place, which will examine in detail all aspects of the project.

Project Administration Office: The PAO will consist of a Project Manager and support staff. The Project Manager will report directly to the Secretary, MADR, in his role as chairman of the APG. The PAO's principal duties will be to discharge the administrative functions of the project as directed by the APG and to coordinate and integrate project implementation efforts among the participating institutions, e.g., preparing budgets, specifying and scheduling implementation activities, processing and supporting long- and short-term technical assistance, procuring commodities, arranging and overseeing training activities, and coordinating construction. The PAO will act as the secretariat for APG meetings, developing the agenda, preparing minutes and summarizing major decisions. It will submit to the APG, on a quarterly basis, the status of expenditures by line item for each planning unit. It will also assist the various planning units in coordinating and presenting any technical information on the agenda at these meetings. All project-related administrative/financial interaction with USAID will be through the PAO.

The Project Manager in the PAO will be assisted in these functions by two to three full-time professional assistants, one of whom will be responsible for training administration and another for commodity procurement and monitoring, plus clerical and other support staff and the necessary operations support budget. The Project Manager and the assistants will either be contracted by the MADR or will be seconded from existing MADR staff; their jobs will not constitute new permanent positions. The PAO will be located at the central MADR offices to facilitate communications and access to the Secretary, MADR.

A project administration specialist will also be employed under an AID Direct Personal Services Contract to assist the PAO in project start-up, primarily in development and implementation of the life-of-project training plan and preparations for the long-term technical assistance contract. He/she will also be available to advise the APG and participating planning units regarding AID administrative procedures and procurement regulations. Under the planned Host Country technical assistance contract, to begin toward the end of the second year of the project, the contractor will directly employ and train a Sri Lankan who will assume the contract administrative responsibilities over the duration of the contract and coordinate closely with the PAO staff, thus enabling the technical consultants provided through the contract to focus primarily on technical rather than administrative concerns.

However, the two long-term expatriate consultants to be provided through the contract to the MADR and NPD will, *inter alia*, further assist in the overall institutional development of the APG and other participating planning units.

Implementation of Technical Studies: A minimum of 15 technical studies are presently planned for support under the project. Some of these will be ministry-specific, while others will be more inter-ministerial in scope; NPD will have responsibility for designing and implementing the latter, while the relevant ministry will discharge these responsibilities in the former case. Terms of reference and implementation plans will be presented through the PAO to the APG for review and approval. Once the terms of reference are approved, any expatriate consultants proposed would be provided through the technical assistance contract or (for any studies requiring expatriate technical assistance prior to initiation of the TA contract) through AID Direct PSCs or IQCs. Contracts for local technical assistance would be the responsibility of the particular planning unit or ministry involved in the study, supported as necessary by the PAO (e.g., advice on standard contract procedures and provisions), and financed by AID as described in Section III.B.3.

3. Institutional Analysis Summary

A major purpose of this project is to strengthen the capacity of the planning units in the participating ministries. An institutional review of these planning units (except MMD), which examined the strengths and weaknesses of each and provided suggestions for improving their effectiveness, was conducted by Abt Associates, Inc. in early 1985*. The recommendations of the review, describing how the capacity of the units can be improved under this project, are briefly summarized below. The full text of the institutional review is on file in the Office of Agriculture and Rural Development, USAID/Sri Lanka, and may be consulted for more detailed analyses.

In general, planning units share with other governmental institutions the inability to attract and retain high-quality personnel. The minimal requirement for each planning unit would appear to be a core group of three or four officers with advanced economic or technical (research) degrees, in order to provide the requisite mix of skills and mutual support. However, only a few planning officers have advanced degrees of any sort. Several existing planning positions have been vacant for some time, and an improved package of incentives appears necessary to guarantee the quality of personnel required for the work envisaged for these units, including housing for top officers, improved working conditions (all units have inadequate and often fragmented office space, which inhibits cohesive work) and, very importantly, opportunities for further education, both long- and short-term. Finally, the staff in all planning units generally spend too much time on routine clerical duties, such as manually compiling budget and expenditure figures, and not enough on strategic analysis and formulation of program and policy options. More challenging, responsible work should facilitate hiring and, especially, retaining quality personnel.

The project has been designed especially to address these common problems. A training program tailored to the individual needs of each unit will be implemented to upgrade the capacity of planning staff. Such training

*"An Institutional Review of Agricultural Planning in Sri Lanka," Abt Associates, Inc., April, 1985.

will also be an important incentive for recruitment and retention of qualified staff. Table VII.2 summarizes the present and planned personnel situation in each of the involved planning units.

Another incentive built into the project is housing; several housing units will be constructed and made available to senior staff in each planning unit, which should help to compensate for low government salaries. Project funds are also earmarked for office renovation and office equipment to upgrade the facilities and permit staff in each of the units to be located together. Microcomputers will be provided to each of the planning units in order to reduce the time spent on routine budget and expenditure reports. Finally, the technical studies supported under the project should both generate high-quality planning and analysis and contribute toward greater institutional capacity. An important task of the long-term technical assistance will be the institutional strengthening of all of the planning units, and a significant amount of institutional strengthening should be achieved through systematically planning and implementing the analytical work and preparing findings and recommendations for consideration by decision-makers.

Table VII.2: Professional Planning Personnel Summary

	Present Staff	Vacant Positions	Proposed New Positions	Total Projected Staff
NPD**	23(5)*	-	-	23(15)
MADR	4(1)	2	-	6(4)***
MLLL	4(1)	-	3	7(4)
MRID	2(2)****	-	2	4(4)
MCI	4(1)	-	1	5(4)
MF1	4(2)	1	-	5(4)
MF	4(1)	1	1	6(4)

* Figures in parentheses indicate those with advanced degrees, either completed or in process.

** Includes the Agriculture, Plantations and Irrigation Sections of NPD.

*** In addition to the staff of the Planning Unit, the MADR would have a large pool of economists on which to call (e.g., from DOA, ARTI) for specific work.

**** Two West German advisors are also presently working with the LPU.

There are a number of specific requirements for each ministry. These are briefly discussed below, together with ways in which they will be addressed in the project.

Ministry of Agricultural Development & Research (MADR): The major problem with planning in the MADR is that there has been no formal planning unit for the past seven years. The policy and program analysis that has taken place has been on an ad hoc basis, generally involving staff of the Development Division and the Additional Secretary (Development). Professional economists and others capable of planning are distributed among ten departments, boards, and corporations under the MADR's authority, including the Agrarian Research and Training Institute (ARTI). To address this, the MADR will establish a planning cell as a condition precedent to disbursement of project funds, with 5-6 professional officers. Three of these would be senior officers presently

within the Development Division; another two would be provided by filling existing vacancies. The Development Division is the appropriate location for the planning cell, as it coordinates development activities across all entities in the Ministry. The initial head of this cell or unit will be the present Deputy Director for New Projects, who would report directly to the Additional Secretary for Development. The MADR will also be able to draw on senior analytical staff from ARTI and the various departments, boards and corporations under the MADR's authority in the form of problem-specific working groups to augment the planning unit's own personnel resources. Work requiring the involvement of other units or individuals within the MADR will be coordinated through the Additional Secretary.

Responsibilities of the MADR's planning cell will include review of relevant policy and program issues and provision of advice or recommendations to the Secretary, design and supervision or implementation of technical studies assigned under this project, and regular liaison with NPD regarding investment priorities, programs and projects (including formulation of the public investment program). The unit will also participate, along with the relevant departments or agencies, in the regular appraisal and evaluation of MADR projects.

Training to the MSc level is planned for three officers in policy, production and marketing economics. Provision also exists in the project for one PhD training program from the MADR's planning unit. Computer equipment will be provided to facilitate the analytic work of the units, and office facilities will be expanded and upgraded so that the staff can be located together in a conducive work environment.

Ministry of Coconut Industries (MCI): The MCI is responsible for the overall development of coconut plantation agriculture (roughly 80% of which is on a smallholder basis), and associated processing, marketing and regulatory activities. The MCI also does not currently have a specific planning unit. The planning function is currently carried out by a Planning Director (who, as a result of other duties, effectively works only half-time on planning) and an Assistant Director. Two other planning officers are presently assigned to other units. The Planning Director does report directly to the Secretary. In order to strengthen planning in the MCI, a number of steps are planned. A planning unit will be formed, drawing together existing planning staff, and the Planning Director will be freed from some competing responsibilities. One additional planning officer will be added to the planning unit, either through internal transfer or new hire.

As with the MADR, there appears to be a need for more substantive interaction between MCI planners and staff of the MCI's various authorities, particularly the Coconut Development Authority, the Coconut Cultivation Board, and the Coconut Research Board. Another need is for staff from NPD to participate in MCI working groups to add direction and support.

Ministry of Lands & Land Development (MLLD): The MLLD has responsibility for three major areas: design, planning and management of irrigation projects; forestry management and related environmental concerns; and land use planning, particularly the resettlement of communities affected by development projects. The MLLD currently has a relatively strong planning unit with experienced staff. This planning unit reports through the Additional Secretary for Administration and Finance to the Secretary, and plays an

important role in the ministry in the area of project design and feasibility assessment. The major problem is that the senior staff are required to spend too much time on these subjects, to the detriment of strategic analysis and policy issues. The planning unit also does not have sufficient staff to coordinate forestry work, which is an important component of the ministry. Under the project three planning officers will be added, who would require training at the M.Sc. level in economics and engineering; they would eventually assume some of the responsibility for project review and analysis which the Planning Director currently handles, which would free resources to concentrate on long-range planning and on implementing work under the NAFNS. One of the present staff would be sponsored for a PhD.

Ministry of Rural Industrial Development (MRID): The MRID is responsible for the overall development of the livestock and small industries sectors, with about 90% of the budget going toward work in the livestock sector. The four main entities within the MRID are the Department of Animal Production and Health, National Milk Board, Oils and Fats Corporation, and the National Livestock Development Board. There is a Planning Division under a Planning Director who reports to the Additional Secretary. Within the Planning Division is the Livestock Planning Unit (LPU) which is the relevant unit for this project. The LPU participated in the NAFNS and produced a "Livestock Sector Strategy Report". It has been supported by a West German grant over the past three years, which has now been extended through 1988, and therefore needs less support from the project than other planning units. The LPU's priority areas are implementation of the livestock sector strategy, forging stronger links with the four main entities within the MRID, and preparing for self-sustained continuation when the West German support is removed. Some requirements of the LPU can be addressed under this project. Two new staff will be added to the unit and trained at the M.Sc. level to help ensure that the LPU has sufficient staff capacity after the West German advisors leave. Certain other needs not being covered by West German support (e.g., additional computer and networking equipment, facilities renovation) will also be met, and the LPU will implement several of the studies supported by the project.

Ministry of Plantation Industries (MPI): The MPI has diverse responsibilities in the realm of smallholder plantation crops other than coconut and sugar cane, the most important of which are tea and rubber. (The large tea and rubber plantations and estates are handled by separate ministries - the Ministry of State Plantations and Ministry of Janatha Estates Development.) The MPI manages the public sector investment program for smallholder tea and rubber production, establishes and manages subsidies and tariffs, performs regulatory activities, engages in research and extension services, and promotes Sri Lankan products at international organizations. Units within the MPI include the Sri Lanka Tea Board, the Tea Smallholders Development Authority, and the Rubber Research Board.

Areas for improvement of planning within the MPI include more strategic policy analysis and program evaluation activity, and closer coordination with the Tea and Rubber Research Boards in further analysis and implementation of NAFNS recommendations. The MPI Planning Unit has suffered over the past few years because senior positions have either been vacant or filled by part-time staff, resulting in insufficient ability to carry out analytical work and diminished credibility. The important post of Director of Planning is vacant; filling it is important for this ministry's effective planning capability.

Two officers will receive advanced academic training in economics and agricultural economics. Facilities and equipment needs will also be met.

Ministry of Fisheries (MF): The MF is responsible for the overall development, regulation and control of marine and inland fisheries, fishery harbors, and coast conservation. It also conducts research on fisheries development, provides education and training for fishermen, oversees subsidies and the provision of credit, and is involved in the marketing of fish and fish products. The MF currently has a relatively influential Planning and Programming Unit, reporting to the Additional Secretary for Technical Issues. However, it is understaffed and its work is heavily weighted towards survey work and collection of statistics. One position is vacant, and only one individual on the present planning staff has an advanced degree. In order to address these needs steps will be taken to fill the vacant position, an additional position will be created and filled, and two officers will be sponsored for advanced degrees in economics and policy analysis. Limited facilities and equipment needs will also be met.

National Planning Division (NPD): The NPD has nine separate sections. Seven of these relate to the line ministries, while the General Office section handles administrative and clerical matters and the Macro Section analyses macro-economic conditions and trends. The NPD employs approximately 125 full time staff; its 1985 budget was roughly Rs.3.2 million.

Three divisions within the NPD, with a staff of 23 professionals, work on the agricultural sector; one handles irrigation, another plantation agriculture, and the third field crops, animal husbandry and fisheries. Unlike the planning units in the line ministries, the three agricultural subdivisions of NPD have adequate staff; they do not, however, have staff with sufficient advanced training (of the 23, only two have advanced degrees, with another three in process) nor do they have ready access to computers which can handle the large national-level surveys which they analyze on a regular basis. Ten advanced degrees will be provided to NPD staff through this project to build up the capabilities of each of the three agriculture-related divisions. A minicomputer workstation will be provided under the project to facilitate analysis of the large data sets and provide the information to the planning units of the other ministries.

The NPD has played a major role through the NAFNS in stimulating agricultural planning among the line ministries, and it is very important that it continue to play a facilitating role in sustaining and building upon activities now underway, e.g., in moving the NAFNS from the planning into the implementation stage, which will involve further studies, project development and policy change efforts. The main areas for improvement include further development of its own planning capability and promoting and supporting the cross-ministry planning activities now underway.

4. Conclusion

The above considerations indicate that the project as designed is administratively feasible. There will, as noted, be a number of participating institutions. However, project implementation will be the responsibility of one office, the PAO, under an overall inter-institutional steering committee (the APG). USAID will be dealing primarily with the PAO and APG. Further, the NAFNS experience has effectively demonstrated the feasibility of such an

inter-institutional research and analysis effort; this project stems directly from the NAFNS and builds upon its experiences and accomplishments. Overall GSL project implementation procedures, as demonstrated in other projects, are adequate, and the implementing institution (the MADR) has considerable experience with both AID and other donor-assisted projects.

C. Economic Analysis

Agricultural planning projects lend themselves less well to ex-ante economic analysis than other types of agricultural projects due to their institution-building character. They have as their principal focus the upgrading of planning skills through human resources development, which is not as readily quantifiable as the development of physical resources such as land, water and capital. Good planning means the ability to identify problems and their causes, to think creatively and constructively about practical solutions to those problems, and to describe the methods or alternative routes (i.e., policy options) by which these solutions could be arrived at. To predict the impact of such a process on the economy is impossible although, qualitatively, we should expect less poverty, improved nutrition, more employment and enhanced economic growth.

This project is concerned with enabling agricultural planners to plan better. To this end, certain instruments are to be used, such as research and training, commodities (computers) and technical guidance. A principal objective is to produce a vastly improved planning system. Planners, no matter how capable, cannot work in isolation. Compartmentalization of planning leads to conflicting policies, a bewildering array of bottlenecks, and a distorted pattern of investment; a mere upgrading of the technical and conceptual skills of planners will not in itself be sufficient. The project directly addresses this concern through its support for the inter-ministerial APG wherein inter-ministerial dialogue, interaction between social scientists and physical scientists, and synergistic thinking and action will be promoted. A well-designed and implemented project can act as a catalyst for such a change, but the main impetus must come from within, in this case through the initiative and leadership of the APG and NPD.

The project costs (incremental costs) are those of research and training, study tours and workshops, commodities, technical assistance, office renovations and housing. There are also recurrent expenditures (e.g., facilities and equipment maintenance, additional salaries), most of which will continue beyond the end of life of the project. The project benefits, as noted, are far less tangible. The most direct benefit will be an improved and refined agricultural planning system, which should be reflected in increased allocative efficiency of capital and recurrent budgets, a coherent policy framework for agricultural producers, traders and entrepreneurs, and the reduction of bottlenecks in production, processing and marketing. These non-quantifiable benefits are crucial for agricultural development; the question is the relative cost required for their achievement.

To answer this it is necessary to resort to economic analysis, as crude as it may be under these circumstances. An economic analysis views the project in relation to the entire economy, and seeks to determine whether the return on such an investment is sufficient to warrant the project. The rate of return broadly indicates whether the allocation of scarce resources to this project is justifiable or whether the economy as a whole would benefit more from these resources being put to an alternative use. In other words, it determines the allocative efficiency of scarce resources. Allocative efficiency is deemed to be high if the expected return on investment appreciably exceeds the opportunity cost of capital. If the opposite is the case the project would be accorded very low priority on the grounds that the resources should be invested in a more rewarding activity.

The cash flow used to determine the internal economic return on the this project is shown below. Though an improved agricultural planning system per se is not a quantifiable variable, agricultural production (which it is intended affect) is.* Increased production is a function of several simultaneous variables such as land, water, capital, labor, seed, extension and technical change. It is exceedingly difficult to isolate the partial effects of these independent variables relative to the dependent variable (i.e., production). However, we could argue that at least a fraction of incremental production would derive ultimately from an improved planning system vis-a-vis its impact on resource allocation, the policy environment, and the agricultural research system. In fact, this must surely be the raison d'etre for the project.

The agricultural sector in Sri Lanka has been averaging an annual growth rate of around 5% in recent years. This analysis made the assumption that the project would enhance this rate by a modest 0.1% per annum over a twenty year period, beginning in its sixth year, by which time the bulk of the investment would have been made. The calculations reveal that investment in this project will yield an economic return of 35.5%, comparing handsomely with an opportunity cost of capital in Sri Lanka of 15% (See Central Bank Review of the Economy 1984, p.286.), thereby clearly illustrating the potential high payoff on such an investment.

A sensitivity analysis was performed to ascertain what incremental increase in production would be required to realize an internal economic return of 20%. This turned out to be no more than one half of 0.1% per annum. Although, admittedly, the method used to estimate the internal rate of return is somewhat crude, results indicate, at least in a general way, the high payoffs to be obtained from investment in agricultural planning. If this project succeeds in pushing up the agricultural growth rate by a fraction of 0.1% (on a sustained basis), it could be confidently stated that the money has been well spent. The findings of this analysis, supported by common sense, warrant the conclusion that the project commands high priority.

The other basic consideration in an economic analysis of this nature is that of cost effectiveness; i.e., whether the proposed input composition and scheduling is the most efficient. For this project it is safe to say that costs have been reduced to the minimum consistent with the objectives and with A.I.D. requirements. For technical assistance, maximum use will be made of local expertise at considerable cost savings. Expatriate technical assistance has been limited to that considered most essential and potentially productive, and is timed to coincide with the availability of trained personnel. The training and commodity requirements have been carefully tailored to the basic needs of each participating institution and, again, scheduled for maximum effectiveness.

* In the analysis, incremental value of agricultural production represents the benefit stream. Use of this approach has its drawbacks, as in Sri Lanka the markets for some agricultural commodities are partially protected, and consequently, their prices do not always reflect their true economic value (i.e., shadow price). However, correction for these distortions was beyond the scope of this appraisal.

TABLE VII.3

Agricultural Planning and Analysis Project
Net Incremental Benefits (undiscounted)*

<u>Year</u>	<u>Incremental Gross Costs (US\$)</u>	<u>Incremental Value of Agric. Product. (US\$)</u>	<u>Incremental Net Benefits (US\$)</u>
1(1986)	464,100	-	-464,100
2	1,531,000	-	1,531,000
3	2,428,100	-	-2,428,100
4	2,061,400	-	-2,061,400
5	1,514,900	-	-1,514,900
6	1,324,500	1,261,220	-63,280
7	800,000	2,649,860	1,849,860
8	800,000	4,175,500	3,375,500
9	800,000	5,848,450	5,048,450
10	800,000	7,679,780	6,879,780
11	800,000	9,681,120	8,881,120
12	800,000	11,865,040	11,065,040
13	800,000	14,244,860	13,444,860
14	800,000	16,834,750	16,034,750
15	800,000	19,649,890	18,849,890
16	800,000	22,706,470	21,906,470
17	800,000	26,021,650	25,221,650
18	800,000	29,613,710	28,813,710
19	800,000	33,502,270	32,702,270
20	800,000	37,708,020	36,908,020

* Assumptions:

- (1) Value of agricultural production in year 1 = \$1,068,363,330
- (2) Anticipated increase in future growth rate, from 5.0% to 5.1% per annum.
- (3) From year 7 to year 20, recurrent costs constant (\$800,000).

D. Social Soundness Analysis

This project aims to improve planning capacities within and among a number of GSL ministries. Agricultural planning at the national level is a vital part of the overall agricultural support system which is needed to continually improve agricultural production. The ultimate beneficiaries of improved planning will be farm families and consumers throughout the country. However, because changes in the national level supportive infrastructure are several steps removed from the individual farmer, it is difficult to disaggregate the impact of this project on the beneficiary population.

National agricultural planning, by its nature, must consider the whole agricultural economy, including all types of agricultural production and their interactions. It must consider not only producers, but also markets, traders, and consumers. Therefore, unlike many projects, it is not possible to target the benefits to one particular group, e.g., those farming a particular crop or those farming under particular ecological conditions. Per the economic analysis, the population as a whole should benefit through the increased productivity of the agricultural sector. Further, certain changed policies or new agricultural programs or projects deriving from improved agricultural planning should have identifiable beneficial impact on definable target groups; it is impossible to specify in advance precisely what these policies or groups may be, but it should be possible to monitor such impact during and after the project. Any impact will, of course, depend on the quality of work performed and on the adoption of sound policies by decision-makers.

Operationally, the project will function at the level of the national planning units of agriculture-related ministries. It will focus on improving the skills of the personnel who staff those units and improving the quality and relevance of information used by decision-makers in formulating and implementing agricultural policies. No direct participation of ultimate project beneficiaries would be expected in decision-making related to this project. The participants in the project will be the staff of the various planning units, and the success of the project largely depends on them. Through training, technical assistance, and the provision of physical and financial resources, this cadre will gain an enhanced capability to perform its functions. Through the upgraded planning cadre the involved ministries will obtain access to improved planning work which will be used in policy formulation and project design/implementation.

There may be some spread effects of the project, e.g., in the form of heightened sophistication of planning units outside the scope of the project or improved overall intra-ministerial administration. A means of promoting this will be the wide dissemination of analytical work produced by the participating planning units, in addition to seminars convened to discuss research procedures and results.

An examination of the socio-cultural constraints that might seriously affect the viability of the project must focus on the principal project participants, i.e., the staff of the planning units. There do not appear to be any serious institutional constraints that would impede the establishment and/or enhancement of the participating planning units, nor do there appear to be any vested interests within the bureaucracies of the various ministries that would be threatened by (and therefore oppose) the planning units. For example, it is not expected that any established employees' unions would have

reason to oppose the anticipated staffing assignments to the various planning units whether by new hires or reassignment of existing staff. All assignments will be made on the basis of merit and qualifications rather than seniority or other non-merit considerations. There is a Sri Lanka Planning Service (SLPS), similar to the Sri Lanka Administrative Service (SLAS), to which some planners in the NPD and other ministries belong. The project should serve to strengthen planning as a recognized career through the gradual designation of additional positions as SLPS positions.

The proposed provision of housing as part of the GSL's contribution to the project is viewed as an additional incentive to attract and retain professional planning staff. There is no GSL policy requiring the provision of housing for any particular level or group of professional civil service officers. Rather, decisions on provision of housing are made by the Treasury, depending on funding availability, in response to specific requests by line ministries. Recognizing the need for improved incentives in order to attract and retain civil servants, the GSL is attempting to provide housing for appropriate positions wherever possible on a lease basis with option to purchase on favorable terms.

A serious potential problem is the possibility that trainees sent overseas for M.Sc. and Ph.D. programs may (a) not return to Sri Lanka, or (b) not assume the planning jobs upon their return for which they have been prepared. A total of 26 overseas academic training programs are planned. There is ultimately no way to guarantee that all will occupy their planned positions for the minimum periods expected following their return to Sri Lanka. However, the following measures are planned which should help mitigate this potential problem:

a. Participants will be selected based on their serious commitment to a long-term career in planning. Many participants will be selected from among existing staff with already established career paths which will be enhanced through the overseas training. Newly-hired staff will not have these built-in incentives, which will necessitate careful screening prior to selection.

b. Further requirements will be imposed including legally-enforceable commitments by participants to continue working in their jobs for a minimum period of time following their return. Additional options include agreements on the part of the GSL, the participants and the overseas universities to the effect that degrees will not be awarded and/or transcripts provided until the participants return to Sri Lanka. Such agreements would have to be carefully negotiated and clearly understood by all parties, but it does not seem that such agreements, if properly written, would be unreasonable or would violate the rights of the parties concerned. These issues will require careful consideration prior to initiating overseas academic training and will be addressed in the Condition Precedent to disbursements for training activities.

The role of women in the project will be a function primarily of the number of women who, as staff of the planning units, receive technical assistance, go overseas for training, etc. (Women constitute roughly 20% of the current planning officer cadre.) The GSL is committed to non-discrimination on the basis of sex. The role of women and the potential impact of changes in agricultural policies and programs on women will be addressed in the course of the specific studies as appropriate through the collection and analysis of sex-disaggregated data, e.g., the studies of

agricultural extension services, mechanization, land consolidation and tenancy reform, and farmer organizations. There is no discernable reason that the project should have a differential effect by gender on the ultimate beneficiaries at the farm level.

VIII. EVALUATION PLAN

Evaluation is an important element of the project, both to determine the project's operational effectiveness and to assess its impact at the purpose and goal levels. It will be necessary to determine the project's impact on policies and programs of the government as well as on the agricultural planning system. Two formal evaluations are planned:

1990 (January)	- Mid-term process and impact evaluation
1992 (July/August)	- End-of-project impact evaluation

Each is described in more detail below. The Financial Plan includes \$90,000 for evaluation (excluding contingency and inflation). In addition to the two scheduled evaluations, the project will be reviewed each year by the APG, PMO, USAID and contractor personnel. This review will become the basis for the annual budget submission, to be completed by May of each year for the following calendar year. The second annual review will include provision for expatriate technical assistance.

A. Mid-term Evaluation

The mid-term evaluation will take place in January, 1990. This is an appropriate time since the project will be close to mid-point, the first round of trainees at the M.Sc. level will have returned, nearly two years of long-term plus some short-term technical assistance will have been provided, all office renovation will have been completed, and most commodities will be on hand and in use. It should be possible, therefore, to review the status of all elements of the project. The evaluation will be conducted through an independent AID Direct contract, with USAID and GSL assistance, over a one-month period. Provision has been made in the budget for two person months of outside assistance. The findings will provide a basis for any mid-course adjustments to the project and will also feed into the annual project review scheduled for the year.

The mid-term evaluation will focus on (a) inputs (training, technical assistance, facilities, commodities and operational expenditures), each of which will be examined from the perspectives of timing, quality and effectiveness, and (b) implementation arrangements. Problems and discrepancies will be analyzed and necessary implementation or input adjustments recommended.

Some of the outputs and purpose accomplishments can also be addressed at this point. These include (a) the performance of the first round of trainees, the relevance and quality of their field research, and their roles in their planning units; (b) the effectiveness of APG as oversight body for the project and as an effective integrative planning group; and (c) the conduct and utilization of the analytic work undertaken under the project, i.e., the actual policy impact of the APG and planning units' work up to that point.

B. Final, or Impact, Evaluation

The final project evaluation is planned for late in the final year of implementation (July/August, 1992). It will be undertaken through an independent AID contract, with the assistance of USAID and GSL personnel as appropriate. Four person-months of outside contract effort have been

budgeted. This evaluation will examine the project's effectiveness in achieving project outputs, but it will also focus on whether the project has attained its stated goal and purpose and on the effectiveness of specific inputs (e.g., technical assistance) in achieving project objectives. Some of the measures which could be used to appraise the project's performance relative to planned outputs include:

- Existence and quality of the revised NAFNS, and procedures for its further regular revision;
- Quality of reports and studies produced under project auspices;
- The extent to which recommendations made in reports and studies were implemented;
- Percentage of students successfully completing long-term training programs and returning to work in planning units;
- Utilization of planning staff, with particular reference to long- and short-term training returnees;
- The use of commodities procured under the project, especially those computer-related, including service and maintenance records;
- The effectiveness of housing and long-term training as incentives to retain quality staff.

In order to examine the project's success in meeting its stated purpose of promoting an effective agricultural planning system, a number of factors will have to be examined. In this regard, the 1985 Abt Associates study* can be taken as a project baseline relative to the capacity and effectiveness of planning units within the ministries participating in this project for comparison and contrast at the end-of-project.

Measures of improved institutional capacity include:

- The continued existence of the Agricultural Planning Group and its usefulness in addressing key policy and programmatic issues in the agricultural sector;
- The quality and utility of the analytic work undertaken through the project;
- The extent of data and information sharing and research collaboration among planning units;
- The status of planning units in the participating ministries and their involvement in decision-making;
- Relative roles of routine clerical work versus strategic planning, policy analysis, and program evaluation in planning units; and
- Recurrent budgets for planning, particularly operations.

The final aspect of the evaluation will be to examine the project's impact on overall economic development including agricultural productivity, employment, income, and income distribution. This is extremely difficult to

* "An Institutional Review of Agricultural Planning in Six Ministries in Sri Lanka", Abt Associates, April, 1985.

assess, because these impacts are long-term in nature and difficult to attribute to an agricultural planning project per se.^{*} The most common approach used to examine the economic impact of agricultural planning projects is to determine if the project has brought about any policy or programmatic changes. If such changes have occurred, then the estimated economic effect of these changes on employment, income and the distribution of income may be attributed to the project. While this is a recognizably imprecise measure, it is the only way to address the impact associated with the project at the higher levels.

^{*} See, for instance, "An Evaluation of Agricultural Planning and Policy Analysis in Africa, Asia and the Near-East", Abt Associates, Inc., 1985.

PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only:
B.1. applies to all projects funded with Development Assistance loans, and
B.3. applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST
UP TO DATE? HAS
STANDARD ITEM
CHECKLIST BEEN
REVIEWED FOR THIS
PROJECT? Yes
Yes

A. GENERAL CRITERIA FOR PROJECT

1. FY 1985 Continuing Resolution
Sec. 525; FAA Sec. 634A.

Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project.

By congressional notifications

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

(a) Yes

(b) Yes

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

N/A

4. FAA Sec. 611(b); FY 1985 Continuing Resolution Sec. 501. If for water or water-related land resource construction, has project met the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See AID Handbook 3 for new guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No
7. FAA Sec. 601(a). Information and conclusions whether projects will encourage efforts of the country to:
 (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.
 (a) No
 (b) No
 (c) No
 (d) No
 (e) Yes (by increased coordination among planning units)
 (f) No

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- U.S. firms will be involved in the Technica Assistance Program of th project. A major portio of the commodities will be procured from the U.S
9. FAA Sec. 612(b), 636(h); FY 1985 Continuing Resolution Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
- An estimated 29% of project costs will be met by the GSL. No U.S. owned SL rupees are available for project use.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
- No
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?
- Yes
12. FY 1985 Continuing Resolution Sec. 522. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
- N/A

13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16. Does the project or program take into consideration the problem of the destruction of tropical forests?
- Yes
- Yes
14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?
- N/A
15. FY 1985 Continuing Resolution Sec. 536. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution?
- No
16. ISDCA of 1985 Sec. 310. For development assistance projects, how much of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?
- Encouragement will be given to minority or women-owned enterprises to bid on prime or sub-contract work under the project technical assistance and evaluation components.

B. FUNDING CRITERIA FOR PROJECT

**1. Development Assistance
Project Criteria**

- a. FAA Sec. 102(a), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status, (e) utilize and encourage regional cooperation by developing countries?
- (a) The Project will not directly benefit the poor in any of these ways. The poor should benefit from enhanced economic growth resulting from improved planning capability.
 - (b) The project does not involve cooperatives.
 - (c) Farm households in rural Sri Lanka are already engaged in self-help activities. These activities will be supported by the improve agricultural policies and programs stemming from the project.
 - (d) The project will address the participation of women in the agricultural planning units.
 - (e) The project includes training activities in several regional countries, which will enable Sri Lankan participants to benefit from the experience of similar projects.

bf

- b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used? Yes
- c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? The project deals only with enhancing the capabilities of planning unit
- d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed country)? Yes (29%)
- e. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth? Yes, through enhanced planning

- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?
- Yes
- g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.
- The project aims at upgrading the overall agricultural planning system in Sri Lanka by bringing planning units to a higher level of capability and influence. The project will also enhance the coordination among seven agriculture-related ministries and the National Planning Division.
- Institution Building efforts are designed to strengthen several agriculture-planning units which belong to different ministries.
- The enhanced research and analysis capacity will facilitate effective consideration of the interests and concerns of the people. Maximum use will be made of indigenous expertise in use in carrying out the planned work program.

2. Development Assistance Project
Criteria (Loans Only)

- a. FAA Sec. 122(b).
Information an conclusion o
capacity of the country to
repay the loan, at a
reasonable rate of interest
- No anticipated problems
- b. FAA Sec. 620(d). If
assistance is for any
productive enterprise which
will compete with U.S.
enterprises, is there an
agreement by the recipient
country to prevent export t
the U.S. of more than 20% o
the enterprise's annual
production during the life
of the loan?
- N/A

3. Economic Support Fund Project
Criteria

- a. FAA Sec. 531(a). Will this
assistance promote economic
and political stability? T
the maximum extent feasible
is this assistance
consistent with the policy
directions, purposes, and
programs of part I of the
FAA?
- b. FAA Sec. 531(c). Will
assistance under this
chapter be used for
military, or paramilitary
activities?
- c. ISDCA of 1985 Sec. 207.
Will ESF funds be used to
finance the construction of
or the operation or
maintenance of, or the
supplying of fuel for, a
nuclear facility? If so,
has the President certified

N/A

that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States?

- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

N/A

ANNEX F 1: COMMODITY PROCUREMENT PLAN

A. Procurement Responsibilities: All commodity procurement under the project, except as noted below, will be the responsibility of the Project Administrative Office (PAO), Ministry of Agricultural Development and Research (MADR), with assistance, as needed, from the USAID commodity procurement specialist and the Regional Commodity Management Office (RCMO) in Bangkok. All procurement will be reviewed by the APG for conformity with approved budgets and all relevant regulations.

B. Source of Procurement: The authorized sources for AID loan-funded procurement for this project are Code 941 and host-country. Computer equipment must be IBM-compatible and locally servicable, but no other restrictions on competition are envisaged.

C. Payment: Payment terms for all imported goods will be on the basis of CIF/Colombo. Air freight shipments will be approved in advance by USAID. Responsibility for payments will be with the Controller, USAID/Colombo. The Controller will periodically establish Direct Letters of Commitment through which all U.S. purchases will be paid. Payments for all non-U.S. purchases will be made by the Controller as follows:

1. In the case of local shelf-item procurement, directly by AID upon presentation of seller's invoice, showing items, price and origin, with acknowledgement of receipt in fully functioning good order and relevant stock book number signed by the MADR's commodity procurement coordinator.
2. In the case of other non-U.S. procurement, upon presentation of:
 - pre-paid on-board bill of lading;
 - copy of packing list;
 - copy of supplier's invoice;
 - certificate of source and origin;
 - insurance certificate;
 - supplier's certificate and agreement with A.I.D. for project commodities (Form AID 1450-4);
 - voucher (Standard Form 1034); and,
 - warranty certification as required in the IFB.

L. Shipment, Receipt and Utilization: The MADR will be responsible for monitoring shipments, payment of all duties, taxes and commissions, and clearing from Customs all imported commodities with the exception of vehicles, which the local dealer will deliver to the MADR and for which AID will pay the dealer's local handling charges, and computer supplies, for which AID will pay all local handling charges including installation. All goods procured by the PAO will be received at central MADR stores in Colombo, and inspected and inventoried in accordance with normal procedures. The designated MADR procurement officer(s) will be responsible for the inspection of arrivals and the preparation of receiving reports. Reports of shortages or damages will be forwarded to the supplier, with copies to USAID, together with documentation necessary to file insurance claims, within 30 days of arrival in country. The MADR will insure prompt and proper utilization, including adequate storage if needed, and will prepare and submit to USAID semi-annual utilization reports, which will also reflect inventory numbers, condition/utilization and location.

E. Marking: The MADR is aware of AID's marking requirements and will enforce them in all procurement actions.

F. Equipment List and Procurement Schedule: A complete list of commodities proposed for purchase by institution, with numbers and unit costs, is contained in Annex B.5. Further details are provided below.

1. Computer Procurement: Computer equipment will be provided to each of the planning units in two stages: (1) training and system development; and (2) full implementation. Only International Business Machines (IBM) or IBM-compatible equipment which can be locally serviced and maintained at low cost will be procured. There are three reasons for this restriction: First, data processing equipment presently in use by the participating planning units is uniformly manufactured by IBM, and standardization of equipment and procedures is extremely important during the introduction of data processing systems to be used by a previously untrained group of users. Second, IBM provides full hardware and software integration of systems from microcomputer to large main frame computers. The IBM System/36, for example, is specifically designed to communicate with both directly attached and remote IBM PC computers, as well as with larger IBM main frames. Third, software developed for IBM microcomputers by third party vendors significantly exceeds that available for any other manufacturer; availability and use of such comprehensive, widely-used statistical packages are vital to the success of the project.

Three procurement actions related to data processing systems are planned. First, a minicomputer or other high-speed/remote access work station with peripheral equipment and systems software will be procured for NPD. Second, microcomputer hardware and software will be procured that will be sufficient for training of planning staff in the use of microcomputers and development of application procedures (using statistical analysis, electronic spread sheet, and word processing software). Equipment procured at this time will consist of microcomputers with peripheral equipment as specified in Table B.1.1.

Third, additional microcomputers and peripheral hardware will be purchased one to two years after the initial procurement. This procurement will provide additional data processing capacity within planning units and will add the capability for Local Area Network (LAN) operations within offices and direct computer-to-computer communications between ministerial planning units and NPD (Table B.1.2). In addition, a budget for software and minor hardware enhancement will be provided for regular procurement by the PAO. Certain accessory equipment and supplies may be procured locally ex-stock where available and appropriate.

Vehicles: Five sedans and six off-road vehicles will be procured for the planning units in order to improve their mobility and capability to implement and monitor field studies and support the technical assistance. An additional sedan will be provided through the TA contract specifically for the contractor's official use (titled to the MADR). AID's blanket Geographic Code 935 vehicle source/origin waiver will cover all project vehicles. AID-funded procurement of sedans is

justified in light of work requirements and operations costs. Except for NPB and MLLD, no planning units have their own vehicles at present, and no other source of funding now exists. The expanded work program of these units will require a considerable amount of travel out of Colombo, but primarily to the larger towns and rural market centers which are accessible by all-weather roads. For such travel sedans are adequate, and are significantly less expensive to operate and maintain. Off-road vehicles will be provided to planning units in ministries involved in farm-level data collection. Planned vehicle allocation is shown in Annex B.5.

3. Office Equipment and Furnishings: This will include basic office furnishings (desks, chairs, cabinets), calculators, typewriters, fans, airconditioners, photocopiers and other miscellaneous office equipment, all of which will be procured locally. Procurement will be spread over the life of the project, beginning in year 1.
4. Library Materials: Books, journals and library supplies comprise this item. These will be procured primarily in years 2 and 3.
5. Method of Procurement: Procurement will be effected in accordance with AID regulations and good commercial practices. As a matter of procedure, the following will be observed:

General:

- a. All AID-funded procurement is subject to prior USAID agreement and relevant AID procurement regulations per AID Handbook 11, Chapter 3.
 - b. To the extent permitted by applicable AID Handbook 11 requirements, informal competitive procurement procedures will be employed.
 - c. When required, advertising of anticipated procurements will be handled by the PAO, in accordance with AID and GSL regulations.
 - d. The MADR will be responsible for proper receipt, port clearances, inland transport, and expeditious utilization or storage of items purchased.
2. Computer Equipment: The APG will designate a technically competent person, familiar with user requirements, to prepare detailed technical specifications for proposed procurements. All tender documents will be approved by USAID. The dealer(s) in Sri Lanka will, in all cases, be responsible for proper receipt, port clearance, transport and expeditious installation and testing of items purchased.
 - a. Minicomputer/workstation system and software: On the basis of detailed specifications approved by the APG and USAID, the PAO will call for tenders from eligible suppliers to cover purchase, delivery, installation, and testing of required hardware and software.
 - b. Microcomputer equipment and software: For major equipment and software procurement, the APG and USAID will approve commodity specifications. The PAO will then solicit tenders from eligible suppliers. These will be reviewed and awards will be made by a MADR tender board, subject to USAID concurrence. The only exception to this procedure would be in the event of ex-Singapore procurement, wherein the AID Commodity Procurement Office, Singapore, would obtain price quotes

for review and contract award by a MADR tender board, subject to USAID approval. USAID would then directly procure the commodities on behalf of the GSL through AID's Commodity Procurement Office in Singapore.

c. Minor accessories and supplies will be procured locally, as available and appropriate, using AID's "Shelf Item Procurement" procedures. Procurement will either be directly by the involved ministry or through the PAO, depending on the value.

3. Vehicles: The PAO/MADR will advertise locally, receive and evaluate tenders and award contracts, subject to necessary AID waivers and approvals.
 4. Office Equipment and Furnishings: These will be procured locally, ex-stock. AID-funded equipment will be procured using AID's "Shelf Item Procurement" procedures. Procurement will either be directly by the involved ministry or through the PAO, depending on the value.
 5. Library Materials: Books and journals could be purchased either through the Host Country or AID procurement method. Other supplies will be procured locally.
- H. Facilities Preparation and Equipment Installation: The facilities to house the computer equipment will be renovated, constructed as a condition precedent to procurement and will include space of suitable climate, power control and security, as well as requisite furniture and storage.

TABLE B.1.1: INITIAL MICROCOMPUTER ORDER (Training and Development---Quantity by Planning Unit)

(a) Microcomputers and peripheral equipment (cost estimates based on use of IBM equipment)

DESCRIPTION	NPD	MADR	MLLD	MPI	MRID	MF	MCI	TOTAL QUANTITY	UNIT PRICE	TOTAL PRICE

IBM PCAT or equivalent with:										
- 512 kb Main Memory										
- 30 mb Fixed Disk										
- 1.2 kb 5 1/4" Diskette Drive										
- 360 kb Diskette Drive										
- Diskette Drive Adapter										
- Keyboard (101 keys)										
- Line cord	1	1	1	1	1	1	1	7	5,000	35,000
1.5 mb Expansion Memory Board	1	1	1	1	1	1	1	7	500	3,500
Color Graphics Adapter	-	1	1	1	1	1	1	6	245	1,470
Color Display	-	1	1	1	1	1	1	6	680	4,080
Enhanced Color Display	1	-	-	-	-	-	-	1	850	850
Enhanced Color Adapter	1	-	-	-	-	-	-	1	525	525
Printer Adapter	1	1	1	1	-	1	1	6	75	450
Matrix Printer Adapter	1	1	1	1	-	1	1	6	450	2,700
Printer Cable	1	1	1	1	-	1	1	6	50	300
SUB TOTAL										48,875

IBM PCAT or equivalent with:

- 512 kb Main Memory										
- 20 mb Fixed Disk										
- 360 kb Diskette Drive										
- Diskette Drive Adapter										
- Asynchronous Comm. Adapter										
- Keyboard (101 keys)										
- Line Cord	1	-	-	-	-	-	-	1	2,600	2,600
Monochrome Display & Printer Adapter	1	-	-	-	-	-	-	1	200	200
Monochrome Display	1	-	-	-	-	-	-	1	275	275
LAN Translator Unit	1	-	-	-	1	-	-	2	685	1,370
Network Adapter & Program	3	-	-	-	2	-	-	5	700	3,500
SUB TOTAL										7,945

(b) Accessory Equipment & Supplies

Backup tape streamer for fixed disks	1	1	1	1	1	1	1	7	800	5,600
UPS Systems	2	1	1	1	1	1	1	8	1,000	8,000
Voltage Stabilizers	1	1	1	1	1	1	1	7	400	2,800
Removable Storage System	1							1	2,500	2,500
DOS Software, LAN Software, etc.*										6,000
SUB TOTAL										24,900

Total purchase price, Training and Development Microcomputer Equipment	81,720
Estimated packing and shipping from Singapore (10%)	8,280
Total Procurement Value	90,000

* Initial supplies to be provided to all participating units

Note: The initial training and system development configuration will provide sufficient hardware to test the utility, efficiency, and reliability of direct computer linkages at NPD, remote communications (from MRID), and Local Area Networking (at NPD and MRID).

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TABLE B.1.2: Microcomputers for Full Implementation
(Quantity by Planning Unit)

(a) Microcomputers and Peripheral Equipment (cost estimates based on use of IBM PCs):

<u>Equipment</u>	<u>NPD</u>	<u>MADR</u>	<u>MLLD</u>	<u>MPI</u>	<u>MRID</u>	<u>MF</u>	<u>MCI</u>	<u>TTL.</u> <u>QTY.</u>	<u>UNIT</u> <u>PRICE</u>	<u>TOTAL</u> <u>PRICE</u>
IBM PCXT or equivalent unit with:										
- 512ko main memory										
- 20mb Fixed Disk										
- 500kb Diskette Drive										
- Diskette Drive Adapter										
- Asynchronous Comm. Adapter										
- Keyboard (101 keys)										
- Line Cord	2	2	2	2	2	2	2	14	2,600	36,400
Monochrome Display & Printer Adapter	2	2	2	2	2	2	2	14	200	2,800
Monochrome Display	2	2	2	2	2	2	2	14	275	3,850
LAN Translator Unit	-	1	1	1	-	1	1	5	685	3,425
Network Adapter and Program	2	3	3	3	2	3	3	19	700	13,300
5250 Emulation Kits	3	-	-	-	-	-	-	3	1,390	4,170
Letter Quality Printer	1	1	1	1	-	1	1	6	1,200	7,200
Sub total										71,145

(b) Accessory Equipment and Supplies:

UPS Systems	2	2	2	2	2	2	2	14	1,000	14,000
Voltage Stabilizers	1	1	1	1	1	1	1	7	400	2,800
300/200 Band Modem	-	1	1	1	-	1	1	5	350	2,450
DOS Software, LAN Software, etc.										4,500
Sub total										23,750

Total Purchase Price, Implementation Microcomputer Equipment

94,895

Estimated Packing and Shipping (25%)

23,605

Total Procurement Value

118,500

ANNEX B.2: TRAINING PLAN

A. Long Term Training

Planning units in the agricultural sector generally lack adequately trained staff (staff with graduate level training in economics, agricultural economics, financial analysis, and policy analysis constitute only roughly 20% of the total in these planning units); this lack of capacity has hindered the planning units' ability to play a more substantive role in the major policy and programmatic decisions in these ministries. Long-term training is essential if the planning units are to play a more substantive role, and will also be an important incentive for attracting and retaining qualified staff.

The nature of agricultural planning requires training at the MSc (research) level (at minimum) for a core group in each planning unit in fields which combine substantive knowledge of elements of the agricultural sectors together with macro and micro economics. Specializations in marketing and financial analysis are also useful in project design and feasibility studies which these planning units undertake. Analysis of the long-term training needs of staff in the participating ministries (see Section VII.B, Administrative Analysis) has indicated that 26 advanced degrees should be provided under the project in the U.S., third countries, and at Sri Lankan universities.

Training at the PhD level is only necessary for the most senior staff in the planning units and only four, in agricultural economics and policy analysis, are planned under the project, with the balance at the MSc level. The planned numbers and fields of specialization for long-term training are as shown in Tables B.2.1 and B.2.2. The most prevalent field of study is agricultural economics and policy followed by production economics and marketing.

The distribution of long-term training by ministries is shown in Table B.2.2. Over one-third of the staff to be trained (10 of 26) will come from the National Planning Division. The remaining trainees are spread fairly evenly across the other participating line ministries. Of the 26 to be trained, approximately twelve will be new staff. The other fourteen are existing staff, most of whom are in NPD (10). NPD currently has three staff in training who will have returned when the first set of trainees under this project will begin. Three NPD staff will enter training in the first year, followed by two or three in each successive year, thus providing continuity and adequate personnel so that the on-going work should not be adversely affected. Most of the newly recruited staff will serve for one or two years in a planning unit prior to initiating a long-term training program.

In order for the long-term training to be as meaningful as possible for the work of the planning units, all of the Masters and PhD theses or dissertations will be related to work planned or underway in the units and will, to the extent feasible, be carried out in Sri Lanka. A tentative thesis topic will be agreed upon by the director of the planning unit and the student prior to the start of training. Local research supervision would be provided by senior planners or faculty of Sri Lankan universities under participant-specific arrangements made by the relevant planning unit and monitored by the PAO. For PhD candidates, provision will also exist for one supervisory visit by a representative of his/her committee during the course of the field research. All those sponsored for PhDs will be tenured civil servants who have already

completed a master's degree. In addition, the GSL will, as a condition precedent to disbursement of funds for training, adopt a plan to ensure maximum compliance with the requirement that participants return and occupy their assigned planning positions for the required minimum period of time.

B. Short-term Training

Short-term training will also be provided under the project. This training will be used to strengthen skills in such areas as policy analysis, project design, marketing, statistics, agricultural sampling methodologies, and the use of computers. An illustrative listing of the type and quantity of short-term training proposed under the project and the proposed phasing of this training is shown in Table B.2.3. This training is heavily weighted towards the early phases of the project in order to improve the capacity of planning units as quickly as possible, and will be provided in the U.S. and third countries. These courses are offered at institutions such as the U.S. Department of Agriculture, the World Bank programs in Washington, D.C., and private programs such as the Public Management Development Program at the University of Connecticut or the various programs offered by the Arthur D. Little Management Education Institute, Inc.

Local short-term training will be arranged at appropriate institutions, in such fields as computer utilization, project analysis and agricultural policy analysis. (Tentatively, ten local courses of two months each in computer utilization and two local courses of six weeks each in agricultural policy analysis are planned.) Provision exists in the budget for five person-months of expatriate training assistance (resource persons) in setting up and implementing certain of these courses, primarily computer utilization and agricultural policy. Five local workshops are also planned, including a project implementation workshop early in the life of project and three workshops relating to the planned revision of the National Agriculture, Food and Nutrition Strategy.

In addition to short-term training, twenty two study tours have been built into the project. Nineteen of these are aimed at the senior staff in the planning units and will consist of one-month visits to other countries in the region (especially Indonesia, Thailand and the Philippines) to observe agricultural planning programs, farm credit programs, agribusiness promotion programs and policy change efforts. The balance three study tours (2 regional, 1 to the U.S.) would relate to improved agricultural sampling activities in these countries and their possible applicability to Sri Lanka. These study tours will be carefully programmed to ensure maximum benefit to the project.

C. Implementation

Long- and short-term training requirements will be identified by the participating institutions. Based on these, the PAO will prepare a life-of-project (LOP) training plan for review and approval by the APG and USAID; nominations for training will have to be in accord with the approved training plan. (Approval of the initial training plan is a condition precedent to disbursement of training funds.) This training plan will be subsequently revised by the PAO as necessary. All U.S. training will be arranged and administered by S&T/IT in accordance with the approved training

Plan. Arrangements for any in-country academic programs (in-country research and/or course work) will be made by the respective planning units, with monitoring and regular reporting by the PAO. All arrangements for non-U.S. overseas training will be the sole responsibility of the PAO. The PAO, with the assistance of the contractor, will also arrange for the local courses and workshops as directed by the APG.

The proposed scheduling of the long-term training is also shown in Table B.2.1. The duration of master's degree programs is estimated at 2.5 years, including 6 months for research. The duration of PhD programs is estimated at 4 years, including one year for research, and assumes that candidates are already in possession of masters' degrees. One PhD candidate, four MSc agricultural economics candidates, three of the MSc marketing candidates and the MSc computer science candidate are scheduled to begin their programs in September, 1988. The balance are tentatively scheduled to begin in September, 1987. (The MADR currently has no prospective Ph.D. candidate, but it is desirable that its planning unit cadre ultimately include at least one Ph.D.)

TABLE B.2.1
LONG-TERM TRAINING: U.S AND THIRD COUNTRY/SRI LANKA
(person months)

Degree	No. of Parti- cipants	1987	1988	1989	1990	1991	1992	Total
Agricultural Eco- mics/Policy, Ph.D.	4	12	40	48	48	36	8	192
Agricultural Eco- nomics/Policy, M.Sc.		24	88	120	60	8		300
Econometrics, M.Sc.	2	8	24	24	4			60
Forestry Management, M.Sc.	1	4	12	12	2			30
Marketing/Business, M.Sc.	5	8	36	60	40	6		150
Production Economics, M.Sc.	2	8	24	24	4			60
Water Resource Economics, M.Sc.	1	4	12	12	2			30
Computer Science, M.Sc.	1	-	4	12	12	2		30
Total	26	68	240	312	172	52	8	852

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TABLE B.2.2

LONG-TERM TRAINING, BY MINISTRY AND SUBJECT AREA
(number of participants)

Degree and Courses of Study	MADR	MCI	MF	MLLD	MPI	MRID	NPD	Total
Ph.D. Agricultural Economics/Policy		1		1	1		1	4
M.Sc. Agricultural Economics/Policy	1	1	1	1	1	1	4	10
M.Sc. Econometrics							2	2
M.Sc. Forestry Management				1				1
M.Sc. Marketing	1	1	1			1	1	5
M.Sc. Production Economics	1						1	2
M.Sc. Water Resource Economics			1					1
M.Sc. Computer Science							1	1
MADR - Ministry of Agricultural Development & Research MCI - Ministry of Coconut Industries MF - Ministry of Fisheries MLLD - Ministry of Lands and Land Development MPI - Ministry of Plantation Industries MRID - Ministry of Rural Industrial Development NPD - National Planning Division								

TABLE B.2.3
 SHORT-TERM TRAINING: U.S. AND THIRD COUNTRY
 (person months)

Training field	1986	1987	1988	1989	1990	1991	1992	Total
Agricultural Policy		4	4	4				12
Marketing & Credit		4	2		2			8
Natural Resource Studies/Animal Science		2	2	2				6
Project Planning and Implementation		4	2	2	2			10
Public Management		2		2				4
Statistical Methods and Computer Uses		4	2	4				10
Economic Forecasting Techniques				4				4
Total		20	12	18	4			54

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ANNEX B.3: TECHNICAL ASSISTANCE

A. Introduction

The use of expatriate technical assistance (TA) will be relatively limited in this project, drawing on the experience of the NAFNS formulation. Thus, maximum use will be made of local expertise, with expatriate consultants working directly with counterparts in the planning units. The work emphasis for all consultants will be on pragmatic, decision-oriented analysis rather than sophisticated modelling. The design does call for up to 5.5 person-years (py) of long-term (LT) expatriate and roughly 13.5 person-months (pm) of short-term expatriate TA over the six-year life-of-project (LOP). In addition, there are 5 pm of resource personnel to conduct local training courses and 6 pm for evaluation. The bulk of this TA will be provided through a Host Country institutional contract. However, there will also be use of PSCs and IQCs to meet the full requirements of the project, including the administrative aspects of implementation and contractor support. All LT expatriate assignments under the institutional contract will involve a mix of technical and institutional development responsibilities, employing a "learning-through-doing approach"; i.e., the institutional capability of GSL planning units will be built up through actually undertaking increasingly complex analytical assignments.

The institutional contract is planned to start roughly two years into implementation, to allow the project participant training program to get underway, the administrative systems to get worked out and the initial commodities to be ordered and installed. Two consecutive LT expatriate TA assignments of two years each are planned, the initial one in the MADR's planning unit and the second with NPD. The contractor will employ local administrative and secretarial support for the duration of the contract to handle the contract-specific logistic and administrative responsibilities, thus enabling the technical consultants to concentrate on technical matters.

The contractor will provide roughly 7.5 pm of ST expatriate TA to work on specific research activities with GSL counterparts, and six pm of home office administrative backstopping for recruitment and support of the local administrative officer and participation in the planned annual reviews. (The contractor will also provide the 5 pm of resource persons for local short courses, primarily in agricultural policy analysis and computer utilization.)

Project start-up will be assisted through a Direct AID local personal services contract (PSC). This initial contract will be for up to 18 months with the Project Administration Office (PAO) in the MADR; primary emphasis will be on institutional and administrative concerns, e.g., assisting the PAO in preparing the life-of-project training plan and getting training underway, preparing the Request for Technical Proposals (RFTP) for the institutional TA contract, and setting in motion other appropriate implementation procedures. Finally, IQCs and other PSCs will be utilized as necessary and appropriate, subject to APG concurrence, for any technical studies initiated prior to execution of the institutional TA contract.

b. Long-term Consultants

The initial PSC will require expertise or demonstrated capability in project administration and, especially, the design and implementation of overseas training programs. While it is presumed that this position will be filled by an expatriate consultant (and funds have been budgeted accordingly), it may be filled by an expatriate or a Sri Lankan national depending on the availability of qualified applicants. The duration of the assignment will be up to 18 months. It is not envisaged that this PSC would continue after the execution and mobilization of the institutional TA contract. The illustrative scope of work is as follows:

- Help the GSL Project Manager develop the Project Administration Office (PAO), schedule activities, allocate responsibilities, and establish administrative and monitoring procedures.
- Assist the PAO to operate as Secretariat for the APG.
- Develop, in collaboration with the PAO and the APG, a detailed implementation and monitoring plan for the training component of the project, both short-term and long-term.
- Assist the PAO in preparing the terms of reference and other necessary contract documents for the institutional TA contract, and advise as necessary regarding AID contracting requirements and procedures.
- Make initial logistical preparations for the institutional contractor, including tentative identification of housing and potential administrative assistance.
- In general, ensure that procurement, contracting and training undertaken by the PAO is in accordance with AID regulations and procedures and assist with all pertinent documents including Project Implementation Orders (PIOs), Purchase Orders (POs), Invitation for Bids (IFBs) and Requests for Technical Proposals (RFTPs).
- Assist with implementation workshop - January 1987.
- Assist with terms of reference for special studies, for presentation to the APG for approval.

Long-term technical assistance under the institutional contract will concentrate primarily on technical matters (i.e., design and implementation of policy/program studies), and on the institutionalization of the planning process (i.e., problem definition, research and analysis, formulation of recommendations) in the MADR and NPD. Because the assignments are consecutive (two 2-year assignments) they may be filled by the same person subject to individual interest/availability and GSL concurrence. Illustrative terms of reference are as follows:

- Assist the APG and planning units in research problem specification and prioritization.
- Assist planning units in forward planning and budgeting their activities, e.g., research, analysis, evaluation.
- Advise regarding appropriate research and analytic methodologies;
- Assist in preparing terms of reference for short-term consultants, both local and expatriate.
- Oversee and assist short-term consultants in the conduct of their work.
- Assist in reviewing analytic work and in formulating conclusions and recommendations.
- (For the NPD) Assist in integrating the work of the various ministries and consultants into a revised National Agriculture, Food and Nutrition Strategy.

Consultant(s) for these two positions should have a PhD in agricultural economics, with specialization in agricultural policy analysis and meaningful and relevant prior work experience in LDCs, preferably South or South-East Asia, at senior levels of policy-making.

Applicants for the position of administrative officer for the institutional contractor should have training in business or public administration and management, and should have expertise in project management, financial reporting procedures, budget preparation and monitoring. Candidates must be fluent in written and spoken English. Duties and responsibilities for this position will include:

- Handle all local logistical and administrative arrangements on behalf of contractor personnel, e.g., housing, shipment/clearance of effects, obtaining visas and extensions, procuring commodities to the extent authorized in the contract.
- Assist as necessary in the overall operations of the PAO, including preparing regular financial and project progress reports for the APG, monitoring the participant training program, and working with the APG and staff in all participating planning units to plan and schedule activities, develop scopes of work, and identify expatriate and local consultants for research studies.
- Work with home office staff to secure and make arrangements for expatriate advisors, both long- and short-term.
- Assist in preparing the contractor's annual reports and work plans as called for under the contract.
- Perform other tasks, as needed, to ensure the successful performance of the contractor's in-country obligations.

C. Short Term

Approximately 7.5 person-months of ST TA will be required to assist with specific technical studies. Actual requirements will be determined in the course of project implementation considering research priorities and objectives and available local resources. Scheduling of expatriate short-term TA will be determined by the APG. Present candidates for this TA include the following studies (see Section VII.A.3 for details):

- NPD: Rural Credit, Integrated Extension Services
- MADR: Price Stabilization/Buffer Stock Management, Marketing
- MLLD: Farmer Organization, Agriculture-Forestry Integration
- MF: Assessment of Boat Introduction/Improvement Schemes

Detailed terms of reference for all short-term expatriate TA will be developed by the appropriate planning unit and approved by the APG; candidates for specific assignments will be approved in advance by the appropriate planning units and USAID. If any of these ST technical services are required prior to the execution of the institutional TA contract, they will be filled through Direct AID PSCs or IQCs as appropriate. Otherwise, they will be filled through the institutional TA contract. As noted above, six person-months of ST administrative backstopping are also provided under the institutional TA contract to enable the home office to participate in the annual reviews and provide support to the local contract administrative officer. A brief scope of work for each of these assignments will be reviewed and approved in advance by the APG. Finally, there are five pm of TA allocated for training courses in-country and six pm for evaluation. Scopes of work for these consultancies have to be reviewed and approved by the APG.

ANNEX B 4: LOGICAL FRAMEWORK MATRIX

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Assumptions																																														
<p>Goal: Enhanced agricultural contribution to overall national economic development through increased production, expanded employment and higher real incomes</p>	<p>Agri production, employment, rural income levels and growth rates, nutritional status</p>	<p>Census & Statistics, Central Bank and other institutional surveys and census reports</p>	<p>1) No further deterioration in security situation 2) Continued economic growth at or near past rates</p>																																														
<p>Purpose: To develop an integrated national-level agricultural planning system which can provide a basis for better-informed policy and program decision-making in agriculture</p>	<p>1) A functioning agricultural planning system producing numerous high-quality technical studies and analyses relevant to decision-making; 2) Technical studies and revised NAFNS being used by decision-makers as guides to policy, program and investment decisions; 3) Adequate resources being provided by GSL for agr. planning within all relevant ministries;</p>	<p>Evaluation, focusing on the quality, utility and impact of analytic work, agriculture planning and analysis budgets, staffing patterns</p>	<p>1) Decision-makers in agriculture will appreciate and increasingly demand quality analysis and be guided by the results; 2) APG effective in coordinating and providing analyses to decision-makers; 3) quality personnel working in agr. planning.</p>																																														
Outputs:																																																	
<p>1) Trained and adequately supported professional staff in planning units of participating ministries, with special emphasis on MADR and NPD; 2) An inter-ministerial APG with a distinct functional role in sectoral planning; 3) Agricultural policy or program studies completed; 4) Revised and expanded NAFNS.</p>	<p>1) 56 staff in 7 planning units 2) One 3) Minimum of 15 4) One</p>	<p>1) Project evaluation and audits 2) Budgets 3) Staffing patterns</p>	<p>Timing, quantity and quality of inputs to specification</p>																																														
Inputs:																																																	
<p>1) Training (71 py LT, 7c pr ST) 2) Commodities 3) Technical Assistance (9.5 py LT, 13.5 m ST) 4) Facilities 5) Operations 6) Evaluation 7) Contingencies 8) Inflation Total (rounded)</p>	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Budget (\$'000)</th> <th rowspan="2">TOTAL</th> </tr> <tr> <th>AID</th> <th>GSL</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>1,912</td> <td>118</td> <td>2,030</td> </tr> <tr> <td>2)</td> <td>751</td> <td>37</td> <td>788</td> </tr> <tr> <td>3)</td> <td>1,107</td> <td>-</td> <td>1,107</td> </tr> <tr> <td>4)</td> <td></td> <td>730</td> <td>730</td> </tr> <tr> <td>5)</td> <td>253</td> <td>855</td> <td>1,108</td> </tr> <tr> <td>6)</td> <td>90</td> <td>-</td> <td>90</td> </tr> <tr> <td></td> <td><u>4,113</u></td> <td><u>1,740</u></td> <td><u>5,853</u></td> </tr> <tr> <td>7)</td> <td>564</td> <td>153</td> <td>717</td> </tr> <tr> <td>8)</td> <td>1,923</td> <td>807</td> <td>2,730</td> </tr> <tr> <td>Total</td> <td>6,600</td> <td>2,700</td> <td>9,300</td> </tr> </tbody> </table>		Budget (\$'000)		TOTAL	AID	GSL	1)	1,912	118	2,030	2)	751	37	788	3)	1,107	-	1,107	4)		730	730	5)	253	855	1,108	6)	90	-	90		<u>4,113</u>	<u>1,740</u>	<u>5,853</u>	7)	564	153	717	8)	1,923	807	2,730	Total	6,600	2,700	9,300	<p>1) Budgets of participating institutions; 2) Project records & reports; 3) Evaluation and audits.</p>	<p>AID and GSL policies, priorities and program environment conducive to implementation</p>
	Budget (\$'000)		TOTAL																																														
	AID	GSL																																															
1)	1,912	118	2,030																																														
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7)	564	153	717																																														
8)	1,923	807	2,730																																														
Total	6,600	2,700	9,300																																														

ANNEX B.5: FINANCIAL SUMMARY BY INSTITUTION

	NAM		NLS		MID		MPI		MCI		WF		WPI/WFP		TOTAL		
	UNIT COST	NUMBER	TOTAL (\$'000)														
Civil Construction																	
Renovation-Office (sq.ft)	12	2600	31.2	2200	26.4	1500	18	1700	20.4	1700	20.4	2000	21	3500	42	15200	182.4
Renovation-Computer (sq.ft)	18	360	5.4	250	4.5	250	4.5	250	4.5	250	4.5	250	4.5	350	9.9	2100	37.8
Roofing (sq.ft)	20	4500	90	4500	90	3000	60	3000	60	1500	30	3000	60	6000	120	25500	510
Office Equipment																	
Calculators-Pocket/Prog.	0.1	8	0.8	9	0.9	5	0.5	7	0.7	6	0.6	9	0.9	11	1.1	55	5.5
Typewriters	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	7	14
Fans	0.2	3	0.6	2	0.4	2	0.4	2	0.4	1	0.3	3	0.9	7	2.1	20	4
Air Conditioners	5	1	5	1	5	1	5	1	5	1	5	1	5	1	5	6	21
Photocopiers	4	1	4	1	4	1	4	1	4	1	4	1	4	1	4	7	21
Photocopier/Printer (M)	50	1	50	1	50	1	50	1	50	1	50	1	50	1	50	6	24
Duplicating Machines	3	1	3	1	3	1	3	1	3	1	3	1	3	1	3	1	30
Graphic Plotter/Printer	0.5	1	0.5	1	0.5	1	0.5	1	0.5	1	0.5	1	0.5	1	0.5	8	24
Other Office Equipment																	
Office Furnishings	4	1	4	1	4	1	4	1	4	1	4	1	4	1	4	3	10
Vehicles																	
Cars	7	1	7	1	7	1	7	1	7	1	7	1	7	1	7	5	35
Jeeps	16	1	16	1	16	1	16	1	16	1	16	1	16	1	16	6	60
Computer Equip. & Acc.																	
Microcomputer Installation																	
Microcomputer software																	
Microcomputers	4.8	3	20.4	3	20.4	3	20.4	3	20.4	3	20.4	3	20.4	3	27.2	22	149.6
Microcomputer software																	
Printers, matrix	0.5	1	0.5	1	0.5	1	0.5	1	0.5	1	0.5	1	0.5	1	0.5	6	3
Printers, letter qual.	1.2	1	1.2	1	1.2	1	1.2	1	1.2	1	1.2	1	1.2	1	1.2	6	7.2
Supplies & Accessories																	
Library Development																	
Books & Journals																	
Furnishings																	
Training																	
Long-term, PhD (per degree)	81.5	1	81.5	1	81.5	1	81.5	1	81.5	1	81.5	1	81.5	1	81.5	6	326
Long-term, M.A. (per degree)	51.5	3	154.5	3	154.5	3	154.5	3	154.5	3	154.5	3	154.5	3	463.5	22	1133
Travel-Long-term training	3.5	3	10.5	3	10.5	3	10.5	3	10.5	3	10.5	3	10.5	3	31.5	26	91
Microcomputers	6	2	12	2	12	2	12	2	12	2	12	2	12	2	12	5	30
Study tours (regional)	3	4	12	4	12	4	12	4	12	4	12	4	12	4	12	15	57
Study tours (U.S.)	7	1	7	1	7	1	7	1	7	1	7	1	7	1	7	3	21
Short-term, foreign (per)	5	10	50	10	50	10	50	10	50	10	50	10	50	10	50	54	270
Short-term, local (per)	15	4	60	4	60	4	60	4	60	4	60	4	60	4	60	5	75
Short-term, local (16)	3	2	6	2	6	2	6	2	6	2	6	2	6	2	6	9	27
Technical Assistance																	
Long-term, expat. (per)	185	2	370	2	370	2	370	2	370	2	370	2	370	2	370	4	740
Administrative in. FSC (per)	60	1.5	90	1.5	90	1.5	90	1.5	90	1.5	90	1.5	90	1.5	90	4	90
Long-term, local (per)	15	4	60	4	60	4	60	4	60	4	60	4	60	4	60	4	96
Short-term, expat. ass. (per)	15	6	90	6	90	6	90	6	90	6	90	6	90	6	90	4	96
Short-term, expat. tech. (per)	15	1.5	22.5	1.5	22.5	1.5	22.5	1.5	22.5	1.5	22.5	1.5	22.5	1.5	22.5	7.5	112.5
T.A. Support (readmission)																	
Evaluation (per)	15	6	90	6	90	6	90	6	90	6	90	6	90	6	90	4	90
Operational Expenses																	
Salaries, incremental (per)	3	2	6	2	6	2	6	2	6	2	6	2	6	2	6	5	10
Interpart. in. in (per)	0.25	35.5	12.5	1.5	9.6	1.1	9.6	1.1	9.6	1.1	9.6	1.1	9.6	1.1	9.6	66.5	21.9
Operational exp. for in (per)	0.7	35.5	24.8	1.5	11.1	1.1	11.1	1.1	11.1	1.1	11.1	1.1	11.1	1.1	11.1	68.5	46.6
Overhead & operations																	
Computer maintenance																	
Telephone lines & maint.																	
PhD, salaries																	
PhD, other expenses																	
Publications																	
Local source costs	4	2	12	1	4	2	4	2	4	2	4	2	4	2	4	25	25
Miscellaneous research costs	8	5	40	3	24	2	16	2	16	2	16	3	24	9	72	26	208
Local in (per)	3	3	9	3	9	3	9	3	9	3	9	3	9	3	9	15	45
STATE BASE COSTS			1012.4		887.4		622.8		399.1		327.7		652.1		1927.9		5651.4
Contingencies physical			202.2		76.6		16.3		44.8		41.1		49.4		254.7		717.1
Price inflation			666.3		267.9		182.8		252.9		221.3		238.1		899.6		2730.2
TOTAL PROJECT COSTS			1480.9		1231.9		821.9		697.9		629.1		740.6		3082.3		9309.6

Annex B.6: BIBLIOGRAPHY

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