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DOMINICAN REPUBLIC

# AGRICULTURAL POLICY ANALYSIS
Project No. 517-0156

FINAL EVALUATION REPORT

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Executive Summary

Dominican Republic

Agricultural Policy Analysis

Project No: 517-0156

Final Evaluation

May 27, 1988

Purpose of the activity

The purpose of the activity is to develop an operational mechanism, the Agricultural Studies Unit, for formulating sound and coherent agricultural sector policies. Prior to the activity the following seven constraints were identified by the project paper (1) lack of institutional capability, (2) partisan politics, (3) limited technical capacity, (4) focus on projects rather than policies, (5) little monitoring and evaluation, (6) poor linkages with the private sector, (7) institutional fragmentation. In its first phase (1984-1986, the Jorge Blanco administration) the activity built on the GODR"s reactivation of the National Agricultural Council. The activity provided the CNA with practical, high quality issue specific policy studies and options analysis. Seven members drawn from the CNA representing the private and public sector, constituted the Agricultural Policy Analysis Committee (CAPA). CAPA identified and specified areas of inquiry that surfaced in CNA deliberations. The actual studies undertaken were designed, contracted and administered by the Agricultural Studies Unit (UEA) created under CAPA. CAPA members therefore set the tasks of the UEA and set the standards the UEA's outputs had to meet. During the second phase of the

project (1986-1988) the Balaguer administration did not reactivate the National Agricultural Council. This had no apparent effect on the legal institutional basis of CAPA or the UEA. It has affected the response mode of the UEA. In the first phase (1984-1986) the UEA responded in its workload primarily to requests initiated by private sector interests. In the second phase (1986-1988) it responded primarily to requests initiated by the Technical Sub-Secretary of Agriculture and the Technical Sub-Secretary of the President. Internalization of proposed policy measures has proven to be easier in the second phase of the project, although the first phase also had two notable successes. The goal of the activity is to increase agricultural production, raise farmer incomes, satisfy consumer demand, promote exports and reduce imports. The non market intervention policies in rice and related foodstuffs advocated by this activity and implemented by the GODR have resulted in the elimination of substantial and systematic social efficiency losses in the production-distribution-consumption food chain. The policies implemented also have raised farmer incomes. On account of this the goal of the project has been met. The purpose of the activity, to develop an operational mechanism for formulating sound and coherent agricultural sector policies, also has been met.

Purpose of the evaluation

The project paper called for a final evaluation during the last (4th) year of the project. USAID is considering an extension of the project. The final evaluation is therefore augmented with recommendations to be considered in the extension of the project. The final evaluation contains two parts (1) an instrumental evaluation, (2) an institutional evaluation. In both evaluations the point of departure was provided by the logical

framework. Specifically the questions to be answered as defined by the scope of work guiding this evaluation were translated into verifiable indicators. The instrumental evaluation dealt with the policy studies produced by the UEA. The scope of work and the project paper generated 23 verifiable indicators. Examination of 22 policy studies undertaken by the UEA yielded yes/no answers for each indicator identified in tables 1.A, 1.B, 1.C and 1.D. The institutional evaluation required the preparation of a questionnaire reflecting an institution building perspective. This questionnaire, reflecting the questions asked in the scope of work, served as the guiding framework of 20 in-depth interviews conducted in Spanish with GODR and private sector representatives who had (1) enabling (2) diffuse (3) resource (4) or lateral linkages with the UEA. Continued feedback with Dr. Kenneth Wiegand of the USAID Rural Development Office and Dr. Francisco Perez Luna, UEA coordinator was very helpful.

Findings and conclusions

1. The project's goal to increase agricultural production, raise farmer incomes, satisfy consumer demand and promote exports is validated.
2. The purpose of the project to develop an operational mechanism for formulating sound and coherent agricultural sector policies has been achieved.
3. At the output level the studies undertaken by the UEA have provided sound and coherent recommendations for GODR policy making.
4. At the output level the studies undertaken by the UEA offered policy alternatives and analyzed the consequences of these alternatives. An important qualification is that the required

social benefit and social cost calculations foreseen in the project required the cooperation of external technical assistance. Such assistance was not available when needed after the departure of the long term advisor in June, 1986.

Detailed answers to additional questions at the purpose and output level will be found in the body of the report.

Recommendations

1. The UEA should willingly accept an increased demand for staff analysis by the two Technical Secretaries of Agriculture and the President. They are also key members of CAPA.
2. The UEA should hire a macroeconomist with a proven record of applied work in sector or industry analysis.
3. The current advantageous institutional embedding of the UEA should not be changed.
4. The Executive Secretary of the National Agricultural Council (Dr. Norberto Quezada) should exercise his right to set the agenda for CAPA in consultation with private sector groups.
5. The Executive Secretary, CAPA and the UEA should make a determined effort to reach out towards the private sector, and ad-hoc reconstitute the CNA, through the formation of commodity and input specific groups of "honorary advisers". The UEA should open a budget item line aimed at this outreach activity.
6. The UEA should organize an annual event during which, using the case study method and materials prepared by the UEA, private and public sector officials reexamine existing policies and reach a concensus on priority changes within a twelve month perspective.

7. New publications of the UEA should be distributed more widely, and using the case study format, be discussed in an open forum. The cost of "consciousness raising" should be budgeted for in the terms of reference of the study.

8. Corporate consultants do not necessarily have a comparative advantage in conducting studies vs. individual work orders issued by the UEA. On the other hand the National Universities have a distinct comparative disadvantage, not in terms of personnel, but in terms of a lack of institutional guarantee. The work does not get done on time.

9. There is a substantially elastic demand for the UEA's services. CAPA and USAID must make therefore two basic decisions (1) as to scale of operations (2) as to the UEA's mix of activities.

   9.1 emphasize policy studies and/or staff analysis

   9.2 emphasize outreach linkages with the private sector and possibly international donors and/or backward linkages that add an information-data collection capability to the UEA.

   9.3 take the first step towards a possible foundation sponsoring research complementary to the UEA's policy studies, and/or take the first step towards setting up an economic research institute, or maintain the status quo.

   9.4 maintain current staffing levels (5) or increase it to 7.

   9.5 maintain current professional technical level of staff (4 M.Sc., 1 Ph.D.) or try to upgrade it (3 M.Sc., 3 Ph.D).

   It is recommended that alternative resource requirements be worked out for the purposes of the extension of the project.

10. The UEA needs to recover the technical standards previously achieved in the 1986 rice and corn studies. The recommendation is that replacements for departing UEA staff or new hires (the macroeconomist) have a demonstrated ability to apply the required technology before being hired by the UEA. This strategy voids the necessity of bringing in a senior long term external advisor.

11. Current UEA staff has suffered from substantial real salary erosion. CAPA should authorize a buffer mechanism that will reverse this trend for UEA staff.

12. The UEA should make a systematic effort to put into motion more frequent staff meetings and adopt standard project management techniques aimed at continuous in-house evaluation of activities and studies to improve coordination, worktasking and in particular communication. The presence of the USAID project manager at these staff meetings would be helpful.

13. The linear programming modelling effort should be continued. The mode of external technical assistance should provide for a full time Ph.D. dissertation student intern attached to the UEA. This provides for the required intensity and effort to make l.p. models usable by UEA staff.

14. An additional Ph.D. dissertation student intern dedicated full time to the estimation, interpretation and manipulation of full equilibrium models for purposes of policy analysis should be attached to the UEA. The technically excellent Tuft's University Nutrition study provides an available point of departure.

## I. INSTRUMENTAL EVALUATION

The concern about the lack of professional-technical standards in agricultural policy dialogue was a major concern to USAID that motivated support for the project. Policy studies are the major outputs of the project. The instrumental evaluation asks for answers to the following two questions:

1. have the studies undertaken provided sound and coherent recommendations for GODR policymaking?
2. did the studies offer alternatives and analyze the consequences of these alternatives?

The project paper on pages 14 and 15 lists the following nine criteria that policy studies carried out under the project should meet.

1. Studies and analyses will deal with problems and issues relevant to present or future agricultural policies in the Dominican Republic, specially but not limited to those relating to the productivity of agriculture, strategies for agricultural development, constraints on the development process, the distribution effects of alternative policy actions, the implications of these actions within the context of the macroeconomic and social setting for the country as a whole, and other questions within the scope of CNA deliberations.
2. The studies must be framed in such a way that the finished product will be usable by policy decision-makers. This means that the problem must be stated clearly, the facts marshalled neatly, and the policy options set forth objectively so that policymakers can choose among them without feeling that the writer has a bias in favor of one.

3. The implications of adopting each option must be spelled out fully, including the risks as well as the possible benefits of each course of action.

4. Each policy study should be as explicit as possible about who will be affected negatively by each policy option, as well as who will gain if that option is chosen. Particular care must be taken to make sure that the poor are not overlooked as possible gainers and losers, and that when the impact on the private business sector is analyzed, the study should consider both existing firms and potential new investors (i.e., if a policy will attract new investment, will it also bankrupt existing firms, or will they be able to adapt and compete under the proposed rules of the game?). If it will favor existing firm, will it exclude potential new firm that might lower costs or improve quality and service?

5. Policy options should include scenarios for the transition from present policy to each proposed new policy. That is, the analysis should be dynamic, and not merely a comparison of two static situations and an opinion that one is better than another. (How you get from here to there is often more important than the exact final goal you set.)

6. Policy studies should not normally involve the collection of new field data from large samples, nor the construction of complex planning models. This project will not fund Sectoral Analyses.

7. Policy studies must be in touch with the current real situation in the field. This means that the researcher should normally interview at least a few, representative people actually involved in the economic activity that is being studied. In general, this

should include interviews with producers, intermediaries and consumers, rather than solely with producers.

8. Policy studies should be started promptly and carried out in a timely fashion. It is expected that about 90% of the studies will take no more than 2 weeks to 2 months with a maximum study period of 3 months. Any study that is budgeted for more than three months will require the written concurrence of USAID.

9. As there are many issues of agricultural policy requiring study, no one study should absorb a large part of Project funds. Any study that will cost more than RD $25,000 will require the written concurrence of USAID.

Using the logical framework methodology these criteria were translated into 23 verifiable indicators as listed in the left most column of tables 1.A, 1.B, 1.C and 1.D. For purposes of evaluation we read and examined 22 studies, published and distributed by the Agricultural Studies Unit between November, 1984 and May, 1988. The year of publication, (full) title, institutional author and/or personal author(s) of these studies are listed in Annex A. The 22 columns appearing in tables 1.A, 1.B, 1.C, 1.D contain the UEA code number for the study and four key words that delineate the nature of the studies. Examination of the answers tabulated in the successive rows of tables 1.A, 1.B, 1.C and 1.D reveals the following:

1. Studies and analyses deal with problems relevant to present and future agricultural policies. All 22 studies examined fulfill this condition.

2. Studies are framed in such a way that the finished product is usable by decisionmakers. All 22 studies examined meet this condition.

| Table 1.A: Instrumental evaluation: verifiable criteria that UEA policy studies must meet | 84-01 demand supply credit allocation | 84-02 I.M.F. standby impact options | 85-02 poultry product. marketing profit. | 85-04 dairy product. marketing profit. | 85-A tobacco crisis exports options | 85-May pork product. marketing profit. | 86-06 corn price policy benefits costs | 86-June rice subsidies self sufficiency | 86-Sept. fertilizer marketing margins farm price | 86-09 beef export sanitary control | 86-Nov. credit agric. arrears portfolio | 87-Jan. agric. sector reorganization |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Studies and analyses deal with problems relevant to present and future agricultural policies | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2. Studies are framed in such a way that the finished product is usable by decision makers | | | | | | | | | | | | |
| 2.1 the problem is stated clearly | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2.2 the facts are marshalled neatly | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2.3 policy options are set forth objectively | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 3. The implications of adopting each option are spelled out fully | | | | | | | | | | | | |
| 3.1 market equilibrium values of relevant performance variables | no | no | no | no | yes | yes | yes | yes | yes | no | no | - |
| 3.2 money measures of welfare | | | | | | | | | | | | |
| 3.2.1 simple | no | no | no | no | no | no | yes | yes | no | no | no | - |
| 3.2.2 complex | no | no | no | no | no | no | no | no | no | no | no | - |
| 4. The distributional effects of policy options are explicit | | | | | | | | | | | | |
| 4.1 private sector vs. public sector | no | no | no | no | no | no | yes | yes | no | no | no | - |
| 4.2 consumers, intermediaries, producers | no | no | no | no | no | no | yes | yes | no | no | no | - |
| 4.3 poor vs. rich | no | no | no | no | no | no | no | yes | no | no | no | - |
| 4.4 social efficiency losses | | | | | | | | | | | | |
| 4.4.1 simple | no | no | no | no | no | no | yes | yes | no | no | no | - |
| 4.4.2 complex | no | no | no | no | no | no | no | no | no | no | no | - |

| Table 1.B: Instrumental evaluation: verifiable criteria that UEA policy studies must meet | 87-Jan. state farm rehabilitation profitability | 87-Jan. INESPRE marketing intervention elimination | 87-Jan. PROSEMA mechaniz. dem./suppl. profitability | 87-Jan. reforestation incentives benefits national plan | 87-June rice production marketing description | 87-June rice price stabilization rule | 88-Jan. coffee export taxes profitability | 88-April coffee sector l.p. model | 88-March land barren legislation | 88-May land reform beneficiaries non-trad. exports |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. Studies and analyses deal with problems relevant to present and future agricultural policies | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2. Studies are framed in such a way that the finished product is usable by decision makers | | | | | | | | | | |
| 2.1 the problem is stated clearly | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2.2 the facts are marshalled neatly | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2.3 policy options are set forth objectively | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 3. The implications of adopting each option are spelled out fully | | | | | | | | | | |
| 3.1 market equilibrium values of relevant performance variables | - | yes | no | no | no | yes | no | yes | - | yes |
| 3.2 money measures of welfare | | | | | | | | | | |
| 3.2.1 simple | yes | yes | no | no | no | no | no | implicit | - | no |
| 3.2.2 complex | no | no | no | no | no | no | no | - | - | no |
| 4. The distributional effects of policy options are explicit | | | | | | | | | | |
| 4.1 private sector vs. public sector | no | yes | no | no | no | yes | yes | yes | - | no |
| 4.2 consumers, intermediaries, producers | no | yes | no | no | no | yes | yes | yes | - | no |
| 4.3 poor vs. rich | no | yes | no | no | no | no | no | no | - | no |
| 4.4 social efficiency losses | | | | | | | | | | |
| 4.4.1 simple | no | yes | no | no | no | no | no | no | - | no |
| 4.4.2 complex | no | no | no | no | no | no | no | no | - | no |

| Table 1.C: Instrumental evaluation: verifiable criteria that UEA policy studies must meet | 84-01 demand supply credit allocation | 84-02 I.M.F. standby impact options | 85-02 poultry product. marketing profit. | 85-04 dairy product. marketing profit. | 85-A tobacco crisis exports options | 85-May pork product. marketing profit. | 85-06 corn price policy benefits costs | 86-June rice subsidies self sufficiency | 86-Sept. fertilizer marketing margins farm price | 86-09 beef export sanitary control | 86-Nov. credit agric. arrears portfolio | 87-Jan. agric. sector reorganization |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5. Policy options specify the required institutional changes | | | | | | | | | | | | |
| 5.1 function | – | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 5.2 resources | yes | yes | no | no | no | no | yes | yes | yes | no | yes | no |
| 5.3 legal | yes | yes | no | yes | yes | no | yes | yes | yes | yes | no | no |
| 6. Policy options did not require | | | | | | | | | | | | |
| 6.1 collection of new field data from large samples | no | no | no | no | no | no | no | no | no | no | no | no |
| 6.2 construction of complex planning models | no | no | no | no | no | no | no | no | no | no | no | no |
| 6.3 require sectoral analysis | no | no | no | no | no | no | no | no | no | no | no | no |
| 7. Studies include interviews with relevant decision agents involved | | | | | | | | | | | | |
| 7.1 producers | no | no | yes | yes | yes | yes | yes | yes | yes | yes | no | no |
| 7.2 intermediaries | yes | no | yes | yes | yes | no | yes | yes | yes | yes | yes | no |
| 7.3 consumers and/or users | no | no | no | no | yes | no | yes | yes | yes | yes | no | no |
| 8. Studies are carried out in a timely fashion | | | | | | | | | | | | |
| 8.1 study requires less than 3 months | yes | yes | yes | yes | yes | yes | 6 months | 4.5 months | 4 months | 4 months | 5 months | yes |
| 9. Studies typically do not cost more than 10,000 U.S. dollars | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 10. Institutional author | UEA | UEA | UEA | UEA | UEA | UEA | UEA | UEA | UEA | UEA | UEA | UEA |
| 12. Principal authors | various | various | Rijo | Rijo | Suriel | Perezluna | Suriel, Simmons | Nuñez, Simmons | various | various | Morel | Mallan |

| Table 1.D: Instrumental evaluation: verifiable criteria that UEA policy studies must meet | 87-Jan. | 87-Jan. | 87-Jan. | 87-Jan. | 87-June | 87-June | 88-Jan. | 88-April | 88-March | 88-May |
|---|---|---|---|---|---|---|---|---|---|---|
| | state farm rehabilitation profitability | INESPRE marketing intervention elimination | PROSEMA mechaniz. dem./suppl. probitability | reforestation incentives benefits national plan | rice production marketing description | rice price stabilization rule | coffee export taxes profitability | coffee sector l.p. model | land barren legislation | land reform beneficiaries non-trad. exports |
| 5. Policy options specify the required institutional changes | | | | | | | | | | |
| 5.1 function | yes | yes | yes | no | no | yes | no | no | yes | no |
| 5.2 resources | yes | yes | no | no | no | no | no | no | no | no |
| 5.3 legal | no | yes | no | no | no | no | yes | no | no | no |
| 6. Policy options did not require | | | | | | | | | | |
| 6.1 collection of new field data from large samples | no | no | no | no | no | no | no | yes | no | no |
| 6.2 construction of complex planning models | no | no | no | no | no | no | no | no | no | no |
| 6.3 require sectoral analysis | no | no | no | no | no | no | no | no | no | no |
| 7. Studies include interviews with relevant decision agents involved | | | | | | | | | | |
| 7.1 producers | no | no | no | no | no | no | yes | ? | no | yes |
| 7.2 intermediaries | yes | yes | no | no | no | no | yes | ? | no | yes |
| 7.3 consumers and/or users | no | no | no | no | no | no | yes | no | no | yes |
| 8. Studies are carried out in a timely fashion | | | | | | | | | | |
| 8.1 study requires less than 3 months | 4 months | yes | 5 months | 5 months | yes | yes | yes | 24 mos. | yes | yes |
| 9. Studies typically do not cost more than 10,000 U.S. dollars | yes | $9000 | yes | yes | yes | yes | yes | no | yes | yes |
| 10. Institutional author | SERCITEC | AGROHORTI | AGROHORTI | ISA | SERCITEC-CONSUCTAC | UEA | UEA | APAP | UEA | UEA-IAD |
| 12. Principal authors | - | Espinal | Espinal | various | various | Suriel, Ariza | Chanlatte | Norton | Rodriquez | Rodriquez |

3. Policy options specify the required institutional changes.

   3.1 as to functional changes the criterion is met in 16 out of 21 applicable cases.

   3.2 as to resources (human and monetary) the criterion is met in 9 out of 22 applicable cases.

   3.3 as to legal modifications the criterion is met in 12 out of 22 applicable cases.

The first question asked by the scope of work is answered in the affirmative: <u>the studies undertaken by the Agricultural Studies Unit provided sound and coherent recommendations for GODR policymaking</u>.

Did the studies offer alternatives and analyze the consequences of these alternatives? This question will be answered in the affirmative if the following verifiable conditions exist.

1. the implications of adopting each option are spelled out fully.

   1.1 market equilibrium values of performance variables are calculated where applicable. Nine out of nineteen applicable cases meet this criterion.

   1.2 money measures of welfare are calculated. Five out of twenty one applicable cases meet this criterion.

2. the distributional effects of policy options are explicit.

   2.1 as to the private sector vs. the public sector. Six out of twenty cases meet this criterion among private sector.

   2.2 as among private sector decision agents. Six out of twenty cases meet this criterion.

   2.3 as to those who are poor vs. those who are well off. Two out of twenty cases meet this criterion.

2.4 social efficiency losses (or gains) are calculated. Three out of 20 cases meet this criterion.

These results indicate that, in general, UEA staff has not been to calculate the distributional consequences of proposed policy alternatives, unless assisted by long term external technical assistance (86-06, Simmons; 86-June, Simmons), intermittent external short-term technical assistance (88-April, Norton), one shot short-term technical assistance (87-June, Ariza) or local corporate consultants (87-June, AGRIHORTI). Specifically the studies have paid no attention to the redistributive consequences of policy measures as they affect the poor vs. the relatively well off, with one important exception, i.e. the elimination of INESPRE as an income transfer mechanism which made the poor less well off.

Social efficiency losses (gains) are calculated in three out of 22 cases. In two cases long term technical assistance proved crucial. Income redistribution and efficiency losses are often (but not necessarily correctly) seen as complementary in the sense that the income transfer of 1 peso involves through dissipation (rent seeking and transaction costs) a substantial efficiency loss, possibly exceeding the value of the income transferred.

If market interventions bring with it substantial efficiency losses, then the studies by the Agricultural Studies Unit should be able to demonstrate the validity of that proposition. Should the proposition be found to be false, a priori grounds exist for market intervention, i.e. the traditional approach still favored by many policymakers in the Dominican Republic.

With above qualifications noted, the studies undertaken by the UEA offered policy alternatives and analyzed the consequences of such alternatives.

The project paper imposed three management constraints on the studies undertaken by the Agricultural Studies Unit.

1. the study of policy options should not require

   1.1 the collection of new field data from large samples. This criterion has been met in all cases, except possibly for the APAP sponsored linear programming model (Modelo Domingo). Examination of available documentation did not actually reveal this, but how a realistically differentiated technology matrix is to be constructed without field data collected through a systematic sample is at this time not clear.

   1.2 the construction of complex planning models. None of the 22 studies examined has required this. Yet this result should be interpreted cautiously. As of June 1988 no permanent member of the UEA staff will have adequate operationally proven knowledge in econometrics, microtheory, macrotheory, and mathematical programming to institutionalize through repeated application the respective methodologies introduced by both long term and short term external technical assistance. The fundamental problem is that UEA staff must learn through doing. It is a process of slow growth, careful nurturing and a virtually full time activity until the stage of self sustained growth in one or more policy analysis techniques is achieved. That stage as of June 1988, with the departure of Teofilo Suriel, will be the same as of June 1984.

2. studies should include interviews with the relevant decision agents involved.

   2.1 as to producers. Twelve out of 22 studies meet this criterion.

   2.2 as to intermediaries. Seventeen out of 22 studies meet this criterion.

   2.3 as to consumers (users). Eight out of 22 studies meet this criterion.

3. studies should be carried out in a timely fashion. On the average a study has taken longer than specified in the terms of reference. The latter already included an anticipated delay in delivery. Furthermore on the average more ambitious scopes of work were formulated then contemplated in the project paper. The APAP sponsored cluster of linear programming models were not completed in a timely fashion. Models of that type require an intensity and duration of effort not achievable under the current mode of intermittent collaboration between UEA staff and APAP consultants.

   Inspection of the top row in tables 1.A through 1.B shows a steady chronological flow of outputs. Nevertheless simple project management techniques such as PERT and the Logical Framework should become an often used tool by the UEA. Again the learning is through doing, possibly nudged along by a USAID expression of interest that it be done.

Given the above we conclude that he project paper correctly assessed the need for and the feasibility of the three management constraints analyzed and that the UEA has successfully operated within those constraints. Specifically the project paper's emphasis on these guiding constraints has

substantially contributed to the success of the project. It is also interesting to note that these constraints are more easily met by the typical host-country study than those studies that rely on long term or short term external technical assistance.

## II. INSTITUTIONAL EVALUATION

The institutional evaluation focusses on the project purpose, i.e. the establishment of the UEA as an operational mechanism for formulating sound and coherent agricultural sector policies. The verifiable indicators which measure the UEA's capacity fall into five categories (1) leadership, (2) doctrine and consciousness raising, (3) technology, (4) internal structure, (5) inputs. Each of these categories leads to one or more verifiable indicators as derivable from the scope of work guiding the final evaluation. Specifically the institutional evaluation asks for answers to the following questions.

1. Leadership

   1.1 Has the unit filled a widely acknowledged felt need for agricultural policy analysis?

   1.2 Has the UEA the capacity to analytically support the current policy making framework? (scope of work, question B.5).

   1.3 Has the organizational embedding of the UEA responded effectively to changes in tone and style of the two successive administrations during the life of the project? (scope of work, question B.8).

2. Doctrine and consciousness raising

   2.1 Where the policy studies undertaken by the UEA appropriate to the policy needs of the GODR (scope of work, question B.4).

   2.2 How has the project affected interagency dialogue on policy matters (scope of work, question B.7).

   2.3 How has the project incorporated the views of various sub-sectors into policy decisions (scope of work, question B.7).

2.4 How have the CNA and/or GODR used the studies in policy debates (scope of work, question B.6).

3. Technology

3.1 Were the studies carried out by the UEA of sufficient quality? Determine their strength and weaknesses (scope of work, question B.4).

4. Internal structure

4.1 Did the UEA personnel carry out its duties at an adequate level of competence (scope of work, question B.3).

5. Inputs

5.1 Has the staff been trained appropriately to achieve the job (scope of work, question B.2).

For the purposes of the institutional evaluation the consultant conducted 20 in-depth interviews in Spanish with (1) the current UEA staff, collectively and individually (Dr. Francisco Perez Luna, Ph.D., Coordinator, Lic. Pablo Rodriguez, M.Sc., Ing° Agron. Tony Ramirez Montas, M.Sc., Ing° Agron. Belgica Nuñez, M.Sc., Ing° Agron. Teofilo Suriel, M.Sc.), the previous UEA Coordinator (Dr. Santiago Tejada, M.Sc.), the current Executive Secretary of the National Agricultural Council, past Secretary of Agriculture and past member of the Committee for Agricultural Policy Analysis (Dr. Norberto Quezada, Ph.D.), the Technical Sub-Secretary for Planning of the Secretariat of Agriculture and member of the Committee for Agricultural Policy Analysis (Dr. Luis Ernesto Perez Cuevas, Ph.D.), the Technical Sub-Secretariat of the Presidency and member of the Committee for Agricultural Policy Analysis (Lic. Bienvenido Perez Garcia, M.A.), three department heads of the Technical Sub-Secretariat for Agricultural Planning

[Ing° Agron. Rodolfo de Leon, M.Sc., and Ing° Manuel Colon (agricultural economics), Dra. Margarita Garabot (planning), Lic. Wilfredo Isidor M.Sc., (information and data processing)], the former Secretary of Agriculture and current director of the corporate consulting firm AGROHORTI (Ing° Agron. Domingo Marte) and its executive manager (Ing° Juan José Espinal, M.Sc.), the Rector of the Superior Institute for Agriculture and member of the Committee for Agricultural Policy Analysis (Dr. Benito Ferreiras, Ph.D.), the Director of the Graduate School of Economics of the National University Pedro Henriquez Ureña (Dra. Beatriz Yermenos) and Dr. Leonardo Conde Rodriguez (Ph.D.) of that same school, the Director of the FAO/ONAPLAN food security project (Dr. Efraim Keisari), the previous Director of the Institute for Food Price Stabilization (Ing° Gustavo Sanchez, M.Sc.). As the evaluation proceeded intermittent consultations with Dr. Kenneth Wiegand of the USAID Agricultural and Rural Development Office and with Dr. Francisco Perez Luna, UEA Coordinator, proved to be very useful.

The focus of the interviews revolved around the five categories of verifiable indicators previously mentioned. For this purpose a detailed questionnaire in Spanish was discussed, submitted and filled out by UEA staff. Interviews with the other persons listed above focussed on pertinent sections of that questionnaire, particularly those relating to (1) leadership and (2) consciousness raising.

1. Leadership

1.1 <u>Has the unit filled a widely acknowledged felt need for agricultural policy analysis</u>?

The existence of the need for agricultural policy analysis is documented by the project paper (pp. 7, 8, 9). The UEA was created

to fill that gap. The effective leadership role of the UEA in agricultural analysis was acknowledged unanimously by the fifteen persons interviewed who represent the agencies that use the UEA's outputs, by agencies, that cooperate with the UEA in the production of those outputs and by agencies that contribute inputs to the production of the UEA's outputs. The UEA received praise for delivering its outputs in a timely and usable fashion. It has achieved the project purpose, i.e. to develop an operational mechanism for formulating sound and coherent agricultural sector policies.

1.2 Has the UEA the capacity to analytically support the current policy making framework?

The capacity of the UEA to analytically support the current policy making framework refers to scale, (i.e. are current resources sufficient), and quality i.e. are the analyses well above the average of acceptable GODR standards as foreseen in the project paper. The answer as to the quality of the policy studies was answered in the affirmative, with an important qualification detailed in the instrumental evaluation. As to resources available to the UEA (human and financial) UEA staff, when asked explicitly about this, all answered affirmatively. Moreover needed resources were made available to the UEA in a timely fashion by both the USAID and the GODR. This fact and the administrative flexibility of the UEA, have been very important in making this project a success. The extended project should take care to maintain this success factor.

During the life of the extended project the demand for the project's analytically oriented outputs and services will likely increase by a factor of at least two. That poses a foreseeable constraint on UEA resources if maintained at their current levels. The mix of activities of the UEA will also change. There will be proportionately an increased demand for staff analysis. The latter is technically less exacting than policy analysis. Therefore with adequate resources the UEA will be able to support the evolving policy making framework as well. This task can be accomplished in substance without increased external technical assistance.

Nevertheless, as emphasized in the instrumental analysis, greater attention should be paid to specifying in detail, quantitatively when possible, how different interest groups are affected by specific policy measures. The UEA's analytical capacity in this respect in June 1988 is the same as that which prevailed at the beginning of the project in 1984. There are two reasons for this. The two UEA staff members who received most of the stateside APAP sponsored training (Dr. Tejada, previous coordinator, Ing° Teofilo Suriel, currently employed by the Foundation for Agricultural Development Inc.) left the UEA. Moreover, neither was exposed with sufficient intensity and duration to the technologies to be transferred (social benefit-cost analysis, linear program modelling for policy analysis), with the result that internalization of these methods did not reach the payoff stage before their departure from the UEA.

1.3 Has the organizational embedding of the UEA responded effectively to changes in tone and style of two successive administrations?

An organization such as the UEA must survive by being demonstrably useful to its clients. In principle this is the Committee on Agricultural Policy Analysis. Currently the two Technical Sub-Secretaries representing primarily the public sector interest have made increasingly good use of the UEA. On the other hand private sector interests represented on CAPA make increasingly lesser demands on UEA. Much of the UEA's staff analyses (informes coyunturales) are not reviewed by CAPA as a committee, i.e. they are submitted directly to either one of the two Technical Sub-Secretaries, both of whom are of course members of CAPA.

Previously, 1984-1986, during the Jorge Blanco administration, CAPA counted with two exceptionally strong private sector representatives, Dr. Norberto Quezada and Don Luis Crouch. Correspondingly the workload of the UEA adjusted itself to the concerns of these representatives. Their voluntary withdrawal created a vacuum which was filled by the Technical Sub-Secretaries. The reincorporation of above personalities, who politically and philosophically give due representation to producer and agri-business interests, will restore to CAPA the desirable actively balanced representation of public and private sector interests which it currently does not have.

In both phases of the project 1984-1986, and 1986-1988, the primary clients of the UEA were satisfied with its output. It indicates that the UEA can perform satisfactorily whatever the

composition of the agenda it is asked to act upon. More careful deliberation as to the items put on the agenda by CAPA is called for.

2. Doctrine and consciousness raising

2.1 Were the policy studies undertaken by the UEA appropriate to the needs of the GODR?

The policy studies undertaken by the UEA will be appropriate to the needs of the GODR if they fulfill two criteria:

(1) the study is directed towards finding a practical solution to a major problem, identified by the GODR.

(2) the UEA has a comparative advantage in conducting the study (a) in terms of professional capacity, (b) in terms of having administrative flexibility to coordinate the necessary physical and human resources to assure the timely delivery of a quality product.

The UEA cannot undertake policy studies without prior approval of CAPA. It is also true that in practice the UEA has proposed studies and that CAPA has approved these studies. In principle the CNA and CAPA identify the problems for which UEA activities must find practical solutions. During the 1984-1986 period Messrs. Quezada and Crouch had substantial influence in identifying priority problems. During the Balaguer administration this responsibility has shifted to the Technical Sub-Secretaries. Throughout the duration of the project the UEA itself also played an active role in problem identification. The attendance of the UEA Coordinator as an observer in the weekly staff meeting of the

Secretariat's directors convened by the Technical Sub-Secretary of Agriculture is important for the purpose. Because of this the UEA coordinator in his monthly meeting with the CAPA members is better informed about current agricultural sector problems than the members of CAPA drawn from the private national universities (ISA, UNPHU, UASD) and producers.

A review of the 22 policy studies undertaken by the UEA shows that they were without exception problem oriented. In the majority of cases they were delivered in timely fashion. The administrative flexibility of the UEA allowed it to contract on a work order basis the required outside consultants (private or corporate) to assure the quality of the study. There are no obvious instances in which an alternative existing public sector agency would have had a comparative advantage in conducting any of the 22 studies reviewed. This was acknowledged by the agencies themselves as well.

The Balaguer administration is committed to achieving development through infrastructure investment. The Technical Secretary of the Presidency indicated that international financing would be available for a substantial package of new agriculture infrastructure investment. In line with this the Technical Sub-Secretary for Agriculture expressed the desire that the UEA direct or closely supervise infra-structure feasibility studies. It may reflect the belief that development is achieved through investment and not primarily through non-market intervention policies aimed at correcting distorted relative prices. The majority of the UEA's studies during the 1984-1988 period have focussed on the latter.

The UEA's involvement in feasibility studies of substantial scope would add a new activity to the current workload of the UEA. The Technical Sub-Secretary for Agriculture indicated that SEAPLAN with its current staff cannot supervise or implement feasibility studies. Nevertheless ONAPLAN, in cooperation with the pre-identified lender and a consortium of local corporate consultants, has the required capability, even if the proposed projects relate to agriculture. In selected instances the newly created Foundation for Agricultural Development Inc. is a potential alternative organization to the UEA that can conduct such studies, particularly as related to agri-business and marketing.

The UEA has no comparative advantage in the execution of feasibility studies. Nevertheless the UEA might conduct a comparative but standardized social benefit-cost evaluation of a portfolio of investment projects. Specifically the financial evaluation of the studies of the Foundation for Agricultural Development Inc. need to be complemented by economic and social efficiency analyses. In addition to this a linear programming model of the Dominican agricultural sector can easily incorporate infrastructure projects in terms of additional activities and relaxation of resource constraints. Conducted systematically the UEA could play a useful role in determining the priority of alternative infrastructure projects. But none of this involves the UEA directly in the conduct of feasibility studies. Its role should be restricted to that of three forms of evaluation: financial, economic and social.

2.2 How has the projected affected interagency dialogue on policy matters?

The objective of interagency dialogue is to arrive at a policy decision. The policy studies produced by the UEA are an important input into this process. The dialogue follows a sequential process of eight steps:

(1) problem identification

(2) identification of policies that can solve the problem

(3) delineation of policy objectives

(4) policy analysis

(5) predictions as to the consequences of alternative policies

(6) choice of preferred alternative

(7) political internalization of the proposed measure

(8) taking of the decision by the Secretary, President or Congress

Several analysts who had authored or coordinated specific studies were asked to comment on the above sequence. Interestingly problem identification stemmed from a wide variety of sources, e.g. the President himself (barren arable land), producers (freeing rice marketing from government controls), the Secretary of Agriculture (lowering the farm gate price of agriculture inputs), CAPA (the majority of studies), Agrarian Reform Institute (joint ventures between agrarian reform beneficiaries and agri-business firms), and the UEA itself. The identification of policies that can solve the

problem was typically on an institutional basis, e.g. the Agricultural Development Bank in the case of rice marketing.

The UEA played an important role in most cases in narrowing down the specific objectives of the problem to be solved, i.e. the formulation of the terms of reference. The technical analysis for the smaller studies was done in-house with cooperation of individual outside consultants, for larger studies outside corporate consultants were used, always under the guidance of terms of reference (sometimes negotiable) set by the UEA. The terms of reference provided for and enforced the analysis of alternative policies.

The UEA often played a decisive role in selecting the alternative to the extent of drafting the pertinent presidential, congressional or secretarial decree at the sub-secretary level. It was emphasized by the two Technical Sub-Secretaries and also by the UEA that the political internalization sometimes was almost automatic, while in other instances the acceptance of the proposed measure required considerable advance negotiation.

The picture that emerges, is that interagency dialogue is particularly important in the initial stage of problem identification and in the selection of policies addressed to solve the problem. The UEA's policy analysis was not subjected to rigorous evaluation by CAPA. In fact the UEA seems to have the full confidence of its major clients as to its outputs. The project does not provide for a mechanism of politically internalizing the outputs of the UEA.

The impression of reviewing above sequence for several studies is that a politically able Secretary of Agriculture backed by a

coherent package of agricultural policies would succeed in implementing most of those policies. Of course if a political decision is easily made, it can also be easily undone. Nevertheless this consultant is impressed as to how easily UEA outputs, with astute political management, can be translated into law. This gives the UEA great potential for doing good and of course for making errors as well. It also follows that the private sector and USAID should seek more active participation in CAPA deliberations and/or expand the scope and intensity of the activities of the Executive Secretary of the CNA.

2.3 <u>How has the project incorporated the views of various sub-sectors into policy decisions</u>?

The current policy making framework reflects the political orientation and style of the Balaguer administration. Political initiatives are primarily generated from within the public sector with subsequent consultations with those affected in the private sector. The prior Jorge Blanco administration put more emphasis on private sector initiative in initiating the debate as to public policy. The Agricultural Sector the National Agricultural Council was specifically created for this purpose. The members of the Committee for Agricultural Policy Analysis were selected in a balanced fashion from members of the CNA. The UEA in turn was seen as a technical support group for CAPA. President Balaguer has not reconvened the National Agricultural Council but did fill the vacant position of Executive Secretary of the CNA (currently Dr. Norberto Quezada). Legally the executive secretary has

considerable latitude in exercising the functions of that office. Among these functions is the submission of the agenda of problems to which CAPA should pay attention. The Executive Secretary of the CNA for that purpose can engage in informal but systematic conversation with private sector interests who previously actively participated in CNA deliberations. It should be emphasized that the private sector also has a majority in terms of membership in CAPA. Nevertheless the activation of private sector views has not been pursued by the Executive Secretary of the CNA or the relevant representatives in CAPA.

On the other hand the Technical Sub-Secretaries of Agriculture and the President have increasingly recognized the value of the UEA for staff and policy analysis. It can be argued, with qualifications, that the current response mode of the UEA of satisfying primarily the needs of the two Technical Sub-Secretaries is due to a lack of initiative, or vision as to the role the UEA can play, on the part of the Executive Secretary of the CNA and the private sector representatives in CAPA. The Technical-Secretaries, when directly questioned, did not oppose, within limits, a realignment of the response mode of the UEA.

2.4 <u>How have the CNA and/or GODR used the studies in policy debates</u>?

The policy studies of the UEA are reviewed by CAPA. They are then published for limited distribution (100 copies). During the Jorge Blanco administration all members of the National Agricultural Council received copies. The discussion of the studies appeared as a specific item on the agenda of the monthly

meetings of the CNA. It was not the only item on the agenda, nor did discussion of the studies at any time lead to a specific decision or recommendation according to Dr. Norberto Quezada, who was a member of the CNA during 1984-1986. The studies were useful in consciousness raising, but they did not lead to immediate policy internalization. In the second phase of the project (i.e. 1986-1988) policy internalization has been greatly helped by the predominant role in CAPA of the two Technical Sub-Secretaries.

As to consciousness raising there is a shared feeling among those interviewed and belonging to the private sector that the UEA should become more aggressive in this respect now that a substantial number of analytical policy studies can be re-edited, re-examined and revalidated. The ideal instrument for that purpose are seminars organized and financed by the UEA. The project paper emphasizes the use of this instrument. It has also been successfully used by the UEA in past years (Impact on the agricultural sector of the IMF standby loan (1984); A framework for agricultural policy analysis (1985); Preliminary results of the Nutrition study (1986); Twenty five years of agricultural policy making: reminiscences of five Secretaries of Agriculture (1987); Joint ventures between agrarian reform beneficiaries and exporters of non-traditional agricultural food crops (1988)).

The CNA throughout 1984-86 constituted a periodic seminar, a forum in which private sector interests found a sympathetic hearing for their concerns. Such a forum even with the deactivation of the CNA can nevertheless be easily reconstructed on the initiative of (1) the Executive Secretary of the CNA, (2) CAPA, (3) the UEA or

ideally an initiative based on a concensus of above three organizations. The UEA proposes the formation of permanent "honorary consultants" by commodity groups. Each group would convene on an as needed basis. The need would be determined by a major commodity specific problem.

The second line of attack envisions an annual event in which all groups of "honorary consultants" would participate, as well as the Secretary of Agriculture and his delegates, in order to reach a concensus on a coherent package of agricultural policy measures, i.e. an annual operational plan of policy measures whose internalization would become a systematic objective of the sitting Secretary of Agriculture and his immediate advisers. The role of the UEA, apart from logistical support, would be that of providing the analytical foundations of the alternative answers to be discussed in case study format at the annual event. It would strengthen the current very weak outreach linkage of the UEA with private sector interests.

3. Technology

3.1 Were the studies carried out by the UEA of sufficient quality?

This question has been answered affirmatively as part of the questions answered under the instrumental evaluation. It is nevertheless useful to examine the type of policies analyzed by the UEA. The top rows of tables 1.A, 1.B, 1.C and 1.D contain the key words that delineate the 22 policy studies undertaken by the UEA and their implied remedial policy concern. The range of problems the UEA was asked to look into is very wide. Nevertheless

typically it will revolve around a specific agricultural commodity or input which suffers from unwanted price distortion at one or several points in the input-production-distribution-consumption chain.

The lack of a private sector incentive, i.e. the lack of profitability often surfaces. Remedial measures typically aim to restore on farm profitability. Distinctions between large and small farmers, consumer vs. producer interests, public sector revenue needs and foreign exchange earnings are of minor concern. It follows that the alternative policies analyzed do not do so in terms of social benefits and social costs, but rather in terms of a simple sector related denominator i.e. farm income or the rates of return accruing to land, labor and credit.

The policy measures suggested by the UEA undoubtedly increased net farm income. As to whether national income (or national welfare) increased is a different question all together. The feasibility of doing social benefit-cost analysis with available data is demonstrated by the 1986 corn and rice studies and the 1987 INESPRE study. Regrettably the institutionalization of this approach in subsequent UEA policy studies was truncated with the early departure of the long term technical adviser to the UEA.

A second source of concern is that increasingly the major policies affecting agricultural sector performance are determined outside that sector. With declining real government revenue, but with the desire to maintain a given level of real government expenditure, recourse to inflationary financing will accelerate the

rate of domestic price inflation and devaluation of the DR currency. The inflationary process will be selectively resisted, particularly as to food prices and as to the cost of public sector services, leading rapidly to very large relative price distortions.

It appeared that the battle against relative price distortions had been won, in principle, under the Jorge Blanco administration. The UEA contributed its share in this effort. However, it is more than possible that within the next two years of the Balaguer administration the issue of relative price distortion will resurface. The source this time lies with the projected conduct of fiscal and monetary policy. It is therefore important that the UEA have the technical capability to assess how macroeconomic policies affect the agricultural sector. Secondly, how parallel (second best) measures can be taken that lessen the impact of such policies on the agricultural sector.

The avowed objective of the Balaguer administration is to achieve targeted redistribution of income with a minimum loss of productive efficiency. The UEA, within the public agricultural sector is the only player on the field with both an interested client (the Technical Secretary of the President) and a threshold institutional capability. However to perform at an acceptable level the UEA's analytical capacity must make a quantum jump, i.e. studies of this type must be able to meet the standards set by the previously mentioned 1986 corn and rice studies.

Three alternatives come to mind. Dr. Norberto Quezada emphasized the need for a long term external resident adviser. USAID because of a prior identified project support constraint, at

the date of this evaluation, cannot accede to this. The second alternative is to hire a local outside individual consultant or corporate consultant. The third, and under the circumstances, preferred alternative is to expand the current full time UEA staff from 5 to 6. The additional macroeconomist to be hired should have (1) a quantitative-mathematical orientation (2) have applied such skills repeatedly in a demonstrable fashion (3) to problems that interface a single industrial sector or industry (preferably agri-business related) with the economy as a whole. Such a person will be familiar with the incidence of exchange rate, interest rate, tariff and subsidy policies, quotas, inflation and other relative price distortions on industry performance. He will have a Ph.D. and have done his dissertation in international trade, public finance, monetary economics or similar applied field in general economics.

Similarly departing analysts from the UEA should be replaced with professionals of equal or better skills. In the past the UEA has lost staff because such staff were offered higher real salaries elsewhere. It follows that under the extended project a concerted effort should be made to recruit the best qualified person. It is implied that correspondingly the real salary offered by the UEA to such candidates will have to be well above its present level of $500 monthly.

4. Internal structure

4.1 Did the UEA personnel carry out its duties at an adequate level of competence?

Having attained leadership in its assigned area of responsibility, having satisfied it's immediate clients in the

public sector (the National Agricultural Council, the Committee on Agricultural Policy Analysis, the Secretary of Agriculture and the Technical Sub-Secretary of Agriculture) and having satisfied the orientation and technical criteria set forth in the project paper, its follows that UEA personnel carried out it's duties at an adequate level of competence.

It is suggested nevertheless that the UEA make a systematic effort to put into motion more frequent staff meetings and adopt standard project management techniques aimed at continuous in-house evaluation of activities and studies to improve coordination, work tasking and in particular communication among UEA personnel, small as the number is (five full time staff members). The presence of the USAID project manager at such meetings would be very useful in that USAID would get a better appreciation of project outputs rather than having to concentrate on the provision of project inputs.

Real salaries of UEA staff are rapidly eroding. If UEA staff is to be retained CAPA must authorize the creation of a buffer mechanism, possibly similar to the one used by USAID for host country personnel. UEA staff reaction to this proposal was that the adjustment mechanism used by USAID lags the inflation rate by a substantial amount.

5. Inputs

5.1 Has the staff been trained appropriately to achieve the job?

The training received by UEA staff prior to joining the UEA is adequate. It is nevertheless desirable to upgrade the academic and work-experience of replacements, (the Suriel position) and new

hires (the macroeconomist, and possibly an information coordination-data processing specialist). The technical competence, prior experience, and effective personal and working relationships with the UEA's immediate higher authorities (CAPA and the two technical sub-secretaries of agriculture and the President) of the current UEA Coordinator, Dr. Francisco Perez Luna (Ph.D. University of Florida) is commendable. Ph.D. level training for the rest of the UEA is desirable. Nevertheless the M.Sc. level degree training of the rest of the staff, in addition to other required qualities, has made the UEA a recognized center of professional excellence in the Secretariat of Agriculture. Salary erosion and better opportunities elsewhere has led to a manageable rate of staff turnover, requiring nevertheless retraining and team orientation of entrants. The number of potentially qualified entrants that could be attracted given an adequate salary policy is sufficiently large (see appendix H of the project paper) to assure continued viability of the project.

UEA staff is satisfied with the external technical assistance received. The institutionalization of the technologies transferred has not been permanently achieved, although in all three cases temporary successes were obtained (benefit-cost analysis under long term technical assistance, word processing and spread sheet analysis under short term technical assistance, linear programming for policy analysis under continued short term technical assistance). The reasons are, on the one hand, that the UEA staff so trained has left the UEA (Santiago Tejada, initial Coordinator;

Teofilo Suriel, analyst) and on the other hand that the technology transferred can only be learned through doing, doing it repeatedly and doing it creatively. The need for external technical assistance as of June, 1988 is therefore the same as that existing in June, 1984, i.e. at the project's inception. Lack of sufficient command of the English language among UEA staff dictates that intensive short term group instruction be conducted in Santo Domingo in Spanish. No such requirement holds for one-on-one instruction, although Spanish fluency and adaptability to the mores of the Republic are at a premium.

The UEA Coordinator (Dr. Francisco Perez Luna) and Ing° Agron. Tony Ramirez Montas, M.Sc.) are both familiar with the basics and applications of linear programming methods. They have expressed a preference for external technical assistance to be continued for this activity for the following reasons:

(1) the basics of the method are understood by selected UEA staff.

(2) the switch to an alternative methodology (simulation, social benefit-cost analysis) has an initial high fixed cost with possibly inordinate demands on the scarce time and analytical training of UEA staff.

(3) a change in the manner under which external technical assistance is rendered could result in an operational l.p. model within 24 months.

The current mode of intermittent technical assistance in the l.p. modelling effort is not satisfactory. Furthermore UEA staff cannot

dedicate itself full time to the building of an operational model.

The UEA therefore suggests that Professors Stoecker or Lee recruit one of their Ph.D. students with a Spanish language capability to serve as an intern or associate policy analyst with the UEA in Santo Domingo with the single objective of constructing an operational l.p. model within the shortest possible time. This mode of operation assures the required continuity and intensity of effort which has been lacking so far. The UEA coordinator is interested in the output of the effort, internalization within the UEA is not an unsurmountable problem. Similarly professional supervision via site visits or the use of an electronic bulletin board does not impose a major financial problem.

The financial compensation of the proposed intern (salary at the Texas A&M research associate level, family international travel, local UEA logistic support) is extremely cost effective while voiding the self imposed constraint by USAID of bringing in a long term advisor.

UEA staff learned much about word processing and spreadsheet manipulation through the on-call expertise in these areas of Anne Swindale, the Tufts University Nutrition Project intern. It must also be said that UEA staff learned little about policy analysis based on the final product produced by this project, which became available in April, 1988. For this reason it might be desirable to recruit an intern Ph.D. candidate with great skill and interest in the estimation, interpretation and manipulation of full equilibrium models for the purposes of agricultural policy analysis.

It should be understood throughout that UEA staff cannot operate as Ph.D. students or as professors. In their daily work they must possess a range of qualities of which drive, perception, imagination and personableness overshadow at any given instant academic preparation. It is nevertheless the latter that is the key to an improved professional level of the UEA's outputs.

## III. Recommendations

1. With the accelerating exit of personnel from SEAPLAN and other agencies of the Secretariat of Agriculture a growing workload will be redirected on a smaller number of qualified professionals. Staff analysis requests to be handled by the UEA will increase very much. The recommendation is that such an expanded role be accepted, if only to assure useful preparation for the internalization of policies.
2. With the acceleration of the rate of inflation causing unforeseen distortions at the macro level as well as at the sector level, the UEA must be prepared to study the impact of drastic policy changes set outside the sector on the performance of the agricultural sector. The recommendation is that the UEA hire a first rate economist who has experience in evaluating the impact of wage, price, tariff, exchange rate, credit or monetary policies on either a selected industrial sector (preferably agri-business related) or the agricultural sector narrowly defined.
3. The current advantageous institutional embedding of the UEA should not be changed. Analysis, but particularly internalization of policies, requires that the UEA respond in first instance to the

needs of those who need continuous input into decision making (the Technical Sub-Secretary of Agriculture) and the needs of those who have ultimate political responsibility for the decision taken (the Secretary of Agriculture).

4. On the other hand if the UEA were incorporated into SEAPLAN it would lose its ability of flexible and autonomous administration of resources. Salary levels would not be acceptable to current staff.

5. The Committee for Agricultural Policy Analysis has members representing the private agricultural sector, the national public and private universities, the public agricultural sector and the Secretariat of the President. Above members may introduce at their own initiative or sponsor initiatives originating within their own institutions or unrelated institutions topics, problems or studies to be executed by the UEA. In the last year such initiatives have come principally from the Technical Sub-Secretaries of Agriculture and the Presidency. No initiatives have been forthcoming for consideration and prioritization from the private sector.

It is recommended that the Executive Secretary of the National Agricultural Council become an additional member of CAPA. It is recommended that the Executive Secretary of the CNA be liaison and coordinator of a limited number of groups (along commodity system lines) of "honorary advisors" drawn from the private and public sector. It is recommended that the current Executive Secretary of the CNA also take a very active role, given his willingness and undoubted professional capacity, in revising terms of reference (work orders, studies) so that they better meet the criteria laid

down in the project paper. It is recommended and projected that the Executive Secretary of the CNA, and the two Technical Subsecretaries, when working as a team, will give CAPA the desired balance of group interest orientation while simultaneously pushing the UEA to exceed its considerable achievements to date.

6. The above recommendation puts private sector interests and the public sector into a common decision loop. This loop can be strengthened through three specific outreach activities undertaken by the UEA. First, a principal objective of the project is to internalize the UEA's objectively established facts and recommendations particularly among those who are affected by the conclusions arrived at, but are not fully knowledgeable as to how those conclusions were arrived at.

The imminent republication in a single volume of the better known studies by the UEA could be used as the solid analytical foundation of a 2 1/2 day seminar (an activity stressed in the project paper). Commodity specific working groups drawn from the private and public sector, would use the case study method with ISA-CADER and UEA technical guidance, to carefully review the available UEA studies and policy alternatives with a view to their revitalization.

Such individual groups would present written reports. With the active participation of the Technical Sub-Secretaries of Agriculture and the Presidency this might lead to a concensus as to what is to be done policy wise within a twelve month horizon. The Technical Sub-Secretary of Agriculture effectively would be in the possession of a well documented and agricultural sector acceptable

package of policies for incremental or step wise approval by the Technical Secretariat of the President, i.e. ultimately by the President himself or the Cabinet.

Second, the UEA should assure continuity of its outreach linkage with the private sector through the formation of commodity specific or input specific (e.g. agricultural credit) groups of "honorary advisers" who will meet on an as needed basis when major specific commodity or input problems arise. Such advisers possess received, tested, focussed and up to date knowledge which is essential to problem solving oriented policy analysis and very costly to obtain by other methods.

Third, new policy studies by the UEA should be distributed much more widely than has been the case. The terms of reference of each study should specifically budget for the distribution of 500 copies and the organization of an event during which, in case study format, the conclusions and recommendations of the study can be discussed in an open forum.

7. Representatives of private consulting firms emphasize their comparative advantage in the conduct of in-depth policy studies in terms of quality and timeliness. The burdened multiplier of such studies relative to consultant salaries is approximately 2. Top level local consultants are available at 1000 U.S. dollars per month. The burdened multiplier of the UEA equals 1, because USAID effectively defrays all logistical support and the fixed costs of the UEA need not be recovered. Consultants from regularly employed professionals in SEAPLAN and other public sector agencies are

available at no more than 500 U.S. dollars per month. It follows, that for activities closely related to the public sector, employees drawn from that sector via work orders written by the UEA, have a comparative cost advantage of 4 to 1, and possibly also in quality.

On the other hand for specialized private sector activities, particularly at the management level, these advantages are reversed. The agenda of the UEA as set by CAPA should determine the contract modality. Nevertheless with the anticipated increase in the demand for staff analysis to serve the interests of the two Technical Subsecretaries proportionately more resources will have to be allocated for unburdened work orders. This however supposes that AID will assume the necessary additional fixed, logistical and local consultant compensation under the language and budget of the project's extension.

Linking the UEA's scale and type of activities to budgetary needs should be examined under various relevant hypotheses. With a benefit-cost substantially above one for the project, and given the acceptability of the tone and style of UEA operation, my guess is that the extended project could usefully absorb a doubling of its present level of budgeted resources. The recommendation is that a number of alternative scenarios as to the range and scale of activities of the UEA be considered and the corresponding budgetary requirements be calculated. The range of activities should include the possibility of the UEA becoming partially self supporting as discussed in the next point.

8. USAID would like the UEA to become self-supporting in the near future. The recently inaugurated Foundation for Agricultural

Development Inc. was mentioned as a model. With respect to the latter the private sector contributes 15 cents for one dollar contributed directly (grant) or indirectly (PL 480) by USAID. The private sector donations are tax-deductible. It follows that the Foundation at this stage is wholly supported by public funds.

The outputs of the UEA deal with public policy. The UEA by its nature does not represent a single narrow group interest. Consequently its potential sources of private sector financial support cannot be targeted. On the other hand international lending agencies such as USAID, the World Bank, the International Development Bank and international agencies concerned about social change such as the Ford Foundation and the Inter American Foundation (Created by the U.S. Congress in 1969) are vitally interested in nurturing the public interest perspective that organizations such as the UEA can contribute.

The instrumental evaluation emphasized that the UEA has had difficulty in measuring social benefits and social costs of proposed policies. Let us assume that the UEA cannot successfully internalize the (economic) technology that underlies social benefit-cost measurement. Let us furthermore assume that redistribution consequences are nevertheless a source of concern to USAID, because of the Congressional mandate governing USAID technical cooperation and lending. A logical deduction of the two assumptions made is that the UEA should sponsor studies that directly address the problems and potential for change of the economically disadvantaged (small farmers, self employed urban workers).

The Foundation for Agricultural Development Inc. will sponsor studies and projects that will test the (private) profitability of technological change. In a parallel fashion the UEA, under an expanded scope of work, would sponsor studies that address the social desirability and potential of grassroots institutional development.

The UEA in Foundation form would offer logistical support to professionals conducting such studies and provide administrative accountability to donors such as USAID, the World Bank, the International Development Bank, the Ford Foundation, the Inter American Foundation for project specific trust funds transferred to the UEA. To the extent that the UEA is allowed to recover fixed-variable costs associated with logistical support and administrative services it would become notionally financially self-supporting.

The UEA Coordinator Dr. Francisco Perez Luna has great vision. He has submitted a proposal for converting the UEA into an Institute for Agricultural Economic Studies. The motivation is that the information-received knowledge base required for the UEA's policy studies is inadequate. Furthermore the UEA's data processing capability needs to be strengthened.

The provision of information and data processing must be demand driven, i.e. as determined by the UEA's outputs: policy studies and staff analysis. The range of topics on which the UEA has conducted policy studies and staff analysis is very wide. Correspondingly its need for reliable information has been very specific as well as very diverse. Nevertheless at the beginning of

the project this diversity and specific informational needs could not have been predicted.

This will also be true under the extended project. It is impossible to create an information-received knowledge data base that will anticipate the precise needs of the UEA in the next few years. Efforts aimed at anticipating such data needs are largely wasted. Moreover, review of the UEA's policy studies indicate that the fundamental limitation to acceptable policy analysis was not data, nor was it the lack of common sense. The scientification of policy analysis, while desirable is also costly and very much dependent upon functioning institutional complexity as, for example, in the United States.

When discussing the UEA research institute proposal with Dr. Perez Luna this consultant suggested that the acronym be changed to the Institute for Agricultural Policy Studies, the reason being that the scarcity of funds and professional talent require that the basic objective pursued by the Institute's proposed activities by firmly kept in mind. The word "Institute" is similarly indicative of emphasis on research, as contrasted with administration and facilitation of research conducted by professionals not directly controlled by the "Institute".

At this time no definitive recommendation can be made as to whether the UEA should pursue the intensification of a backward linkage (expand the information-received knowledge base in anticipation of future demand) or intensify its outreach linkages (broaden the scope of work of the UEA by providing an umbrella for research efforts complementary to those of the UEA).

9. The UEA must be concerned about the measurement of social costs and social benefits of alternative policies. The UEA for this purpose needs to recover the standards previously achieved in the 1986 corn and rice studies. The recommendation is that replacements for departing UEA staff or new hires (the macroeconomist) have a demonstrated ability to apply the required technology before being hired by the UEA. The UEA should aim for quality not quantity. Candidates should be interviewed and ranked by a special committee appointed for that purpose. It is recommended that a competitive salary be given to such persons.

10. Current UEA staff has suffered from substantial real salary erosion. CAPA should authorize a buffer mechanism that will reverse this trend for UEA staff.

11. The UEA should make a systematic effort to put into motion more frequent staff meetings and adopt standard project management techniques aimed at continuous in-house evaluation of activities and studies to improve coordination work tasking and in particular communication. To the extent possible the UEA staff must work as a team. This is only possible if there is shared information and shared responsibilities. The presence of the USAID project manager at monthly staff meetings would be very helpful.

12. UEA staff is satisfied with the technical external assistance received. In particular the UEA would like to see the linear programming modelling effort continued. The recommendation is that the UEA create two intern positions to be filled by U.S. (or D.R.) Ph.D. candidates with a Spanish speaking capability. The first intern should work full time on the completion of Modelo Domingo

and its off-shoots preferably under the direction (major professor or co-chairman) of Professors Stoecker or Lee.

The second intern should work full time on the estimation, interpretation and manipulation of full equilibrium models for purposes of policy analysis using the recently completed Tuft's University nutrition study as a point of departure. The continuous presence of the two interns, the rapid development of the models and the interest on the part of UEA fulfill the preconditions of internalizing these two relatively advanced techniques of policy analysis.

## APPENDIX A

OUTPUTS PRODUCED BY THE AGRICULTURAL STUDIES UNIT
(UNIDAD DE ESTUDIOS AGROPECUARIOS)
November, 1984 - May, 1988

### 1. Policy Studies

1984-01 El financiamiento agropecuario, el déficit de la oferta y alternativas viables. (authors: Santiago Tejada E., Teófilo Suriel E., Pedro Rijo C.)

1984-02 Posibles efectos en el sector agropecuario del programa de ajuste stand-by y algunas recomendaciones de políticas. (authors: various UEA)

1985-02 La industria avícola, la evolución, estructura y viabilidad económica. (author: Pedro Rijo)

1985-4 Situación y perspectiva de la producción lechera en la República Dominicana: implicaciones de política. (author: Pedro Rijo)

1985-A Algunas consideraciones acerca de la problemática tabacalera. (author: Teófilo Juriel)

1985-May Situación y perspectivas de la producción porcina en la República Dominicana. (author: Francisco Pérez Luna)

1985-06 La política de precios agrícolas: costos y beneficios sociales con aplicación al caso del maíz. (authors: Teófilo Juriel, Dr. Richard Simmons)

1986-June Racionalidad de la auto suficiencia arrocera con referencia a los subsidios en los medios de producción y alternativas de precios. (authors: Belgica Nuñez, Dr. Richard Simmons)

1986-Sept. La industria de fertilización, márgenes de comercialización y alternativas para reducir los precios. (authors: various, UEA)

1986-09 El sistema de control sanitario y de calidad en la carne de res para exportación: recomendaciones para el establecimiento de un servicio permanente y eficaz. (author: Bolivar Morel)

1987-Jan. Reorganización institucional del sector público agropecuario. (author: José Luis Malkun, consultant UEA)

1987-Jan. Situación actual y perspectiva del proyecto la Cruz de Manzanillo. (author: SERCITEC consultants)

1987-Jan. Alternativas para una nueva política de intervención en los precios: el caso de INESPRE. (author, AGROHORTI consultants)

1987-Jan. Alternativas para una politica de mecanización agrícola en la República Dominicana. (author, AGROHORTI consultants)

1987-Jan. Acciones prioritarias para el sector forestal. (author, Instituto Superior de Agricultura - Merilio Morel (coordinador), Douglas Knudson, Franklin Reynoso, Benito Ferreiras)

1987-June Diagnóstico de la producción y comercialización del arroz en la República Dominicana. (author: Consorcio SERCITEC/CONSULTAC)

1987-June Estratégia para la liberalización asesor de la comercialización del arroz. (author, Teófilo Suriel; asesor externo Edgar Ariza,

1988-Jan. Análisis de las recaudaciones fiscales y rentabilidad del café en la República Dominicana. (author: Marino A. Chanlatte, consultant)

1988-April Un análisis cuantitativo del sector cafetelero Dominicano. (authors: Teófilo Suriel (UEA), y Carlos A. Benito, Roger D. Norton, consultants)

2. Short Courses and Seminars

2.1 Uso de micro computadora para el análisis de política, 1985

2.2 Seminario Nacional sobre el análisis de política, UEA - Instituto Superior de Agricultura, 1985

2.3 Seminario sobre consumo de alimento en la República Dominicana, UEA - Universidad de Tuft, 1986

2.4 Curso de metodología del cálculo de balance de Hoja Alimentaria, UEA-AIO, 1986

2.5 Taller de trabajo para presentar un modelo de simulación analítico-micro-económico, 1986

2.6 Taller de trabajo sobre encuesta de consumo de alimentos en la República Dominicana, 1986

2.7 Día de campo-seminario sobre inversiones en productos no tradicionales de exportación, perfiles de costos de producción, Instituto Agrario Dominicano, Unidad de Estudios Agropecuarios, Instituto Superior de Agricultura, Comunidad Económica Europea, 1988

3. Staff Analysis (Informes Conyunturales)

3.1 for the Consejo Nacional de Agricultura (during the Jorge Blanco administration (84-86)

3.2 for the first Secretary of Agriculture of the Balaguer administration (Dr. Norberto Quezada, 86-87)

3.3 for the current Sub-Secretary of SEAPLAN (Dr. Luis Ernesto Pérez Cuevas, 87-88)

3.4 for the Banco Agrícola (intermittent, 84-88)

4. Information and Networking Support; Temporary Logistic Support for Short-term External Advisors

4.1 U.S. AID (full range as foreseen contractually)

4.2 World Bank (networking only)

4.3 FAO (access to UEA personal computers)

5. Project Paper, Progress and Evaluation Reports

5.1 Project Paper, Agricultural Policy Analysis, Dominican Republic, Project Number: 517-0156, Agency for International Development, Washington, 1984.

5.2 Informe de implementación: Octubre 84 - Septiembre 85, Unidad de Estudios Agropecuarios, Projecto Análisis de Política Agropecuaria, Consejo Nacional de Agricultura, Octubre, 1985.

5.3 Informe de ejecución: Octubre 85 - Septiembre, 86; Programación de actividades, Octubre 86 - Septiembre 87, Unidad de Estudios Agropecuarios, Comité de Análisis de Política Agropecuaria, Consejo Nacional de Agricultura, Octubre, 1986.

5.4 Informe de ejecución: Octubre 86 - Septiembre 87; Programación de actividades, Octubre 86 - Septiembre 88, Unidad de Estudios Agropecuarios, Comité de Análisis de Política Agropecuaria, Octubre, 1987.

5.5 Extension proyecto de análisis de política agropecuaria AID 517-1056, Unidad de Estudios Agropecuarios, Projecto Análisis de Política Agropecuaria, Consejo Nacional de Agricultura, Abril, 1988.

5.6 Luis A. Crouch, Evaluación a los estudios de la Unidad de Estudios Agropecuarios del Consejo Nacional de Agricultura, Research Triangle Institute, Octubre, 1986.

5.7 John Strasma and Luis A. Crouch, Review and evaluation, Agricultural Economics Policy Studies Unit (UEA), November, 1986.

## Persons Interviewed

1. Dr. Francisco Perez Luna, Ph.D., UEA coordinator
2. Lic. Pablo Rodriguez, M.Sc., UEA analyst
3. Ing° Agron. Tony Ramirez Montas, M.Sc., UEA analyst
4. Ing° Agron. Belgica Nuñez, M.Sc., UEA analyst
5. Ing° Agron. Teofilo Suriel, M.Sc., UEA analyst
6. Dr. Santiago Tejada, M.Sc., previous UEA coordinator
7. Dr. Norberto Quezada, Ph.D., Executive Secretary, National Agricultural Council
8. Dr. Luis Ernesto Perez Cuevas, Ph.D., Technical Sub-Secretary, Secretariat of Agriculture, Member of CAPA
9. Lic. Bienvenido Perez Garcia, M.A., Technical Sub-Secretary of the President, Member of CAPA
10. Ing° Agron. Rudolfo de Leon, M.Sc., Head, Department of Agricultural Economics, Technical Secretariat for Planning, Secretariat of Agriculture
11. Ing° Manuel Colon, Assistant-Director, Department of Agricultural Economics, Technical Secretariat for Planning, Secretariat of Agriculture
12. Dra. Margarita Garabot, Assistant-Director, Department of Planning, Technical Secretariat for Planning, Secretariat of Agriculture
13. Lic. Wilfredo Isidor, M.Sc., Head, Department of Information and Data Processing, Technical Secretariat for Planning, Secretariat of Agriculture
14. Ing° Agron. Domingo Marte, Director AGROHORTI and former Secretary of Agriculture
15. Ing° Juan José Espinal, M.Sc., Executive Manager AGROHORTI
16. Dr. Benito Ferreiras, Ph.D., Director, Superior Institute of Agriculture, Member of CAPA.
17. Dra. Beatriz Yermenos, Director Graduate School of Economics, National University Pedro Henriquez Ureña
18. Dr. Leonardo Conde Rodriguez, Ph.D., Professor of Macroeconomics and Public Finance, National University Pedro Henriquez Ureña.
19. Dr. Efraim Keisari, Director FAO/ONAPLAN food security project.
20. Ing° Gustavo Sanchez, M.Sc., previous Director of the Institute for Food Price Stabilization (INESPRE).

## Scope of Work

The evaluation will examine several questions and issues related directly to the Project goal, purpose and outputs.

A. Goal: To increase agricultural production, raise farmer incomes, satisfy consumer demand and promote exports.

At the Goal level, examine the validity of the Goal statement in the logical framework.

B. Purpose: To develop an operational mechanism for formulating sound and coherent agricultural sector policies.

At the purpose level, examine the following:

1. How has the UEA developed and expanded its institutional capacity as a result of this project?

2. Has the staff been trained appropriately to achieve the purpose?

3. Did the UEA personnel carry out its duties at an adequate level of competence?

4. Were the policy studies generated by the project appropriate to the policy needs of the GODR? Assess the quality of these studies and determine their strengths and weaknesses.

5. Examine the current policy-making framework and assess the role and capacity of the UEA to analytically support the current process.

6. How has the CNA and/or the GODR used the studies in policy debates and at what levels?

7. How has the project affected interagency dialogue on policy matters? To what degree have the views of various subsectors within agriculture been incorporated into policy decisions?

8. How have the roles of the UEA and CNA evolved under the present administration, when compared to their hypothetical roles as described in the project paper?

C. Outputs: To develop an institutional framework for conducting studies of agricultural policy issues and providing analytical support to CNA to assess the feasibility, soundness and advisability of policy alternatives.

At the Outputs level, examine the following:

1. Have the studies undertaken provided sound and coherent recommendations for GODR policy making?

2. Did the studies offer alternatives and analyze the consequences of these alternatives?