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END OF TOUR REPORT: AUGUST 1985 - AUGUST 1989

**A Special Report Prepared Under the Provisions
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EXECUTIVE SUMMARY

Implementation of the Economic Analysis Network over the past four years has resulted in considerable progress toward strengthening the Ministry of Food, Agriculture and Cooperatives' capability to conduct economic and policy analyses.

Fifteen local applied economic analysis workshops were conducted for 249 participants. Sixteen seminars were conducted for 403 participants.

Fifteen special technical reports on EAN commissioned studies were published. Two special policy briefing options papers were published. Nineteen issues of a bi-monthly newsletter and 10 brochures on "Talks with Economic Experts" were published.

The Economic Analysis Network grew to over 450 members. Three annual EAN membership directories were published.

Forty microcomputer systems were allocated to MINFAC and EAN cooperating institutions.

Eight host-country contracted economic studies were initiated with five private sector firms and three public sector institutions.

Unfortunately, all of these capacity-building efforts have not resulted in the creation of a permanent economic and policy analysis unit in MINFAC, as stipulated in the Food Security Management Project Paper and the GOP EAN Project PC-1. In general, MINFAC has been unable to fully absorb EAN Project assistance. There has been insufficient executive leadership to direct the Project. An Advisory Committee on Policy Analysis in Agriculture (ACPAA) has only met twice in four years. The economic research agenda was created to serve as one of MINFAC's most important economic research management tools. However, the agenda has not been reviewed since it was created in early 1985.

To improve utilization of Project assistance, MINFAC should strengthen executive oversight of the Project by abolishing the ACPAA and replacing it with an Executive Committee on Agricultural Policy (ECAP), which should consist of no more than five senior agricultural policy specialists. The ECAP should meet regularly with Project staff to review the progress of the research program and revise the economic research agenda as needed. This would show GOP interest in building its policy analysis capability and providing high-level guidance and leadership to the agricultural policy process.

The host-country contracted economic studies have shown the private sector firms to be incapable of performing high-quality economic and policy analyses. The firms generally employ unqualified professional staff and do not exercise adequate supervision of data collection and analysis. Chemonics developed monitoring procedures that have proven effective in checking the quality of contractors' work. However, on several occasions, the monitoring system was short-circuited when MINFAC either reimbursed a contractor without monitoring team approval or accepted contractor final reports for review without first seeking reviews by the monitoring teams.

Experience with the contracted studies has demonstrated a need to reduce the number of active contracts to no more than two, in order to provide adequate monitoring and limit funding to necessary or high-priority studies. MINFAC should employ monitoring teams to ensure quality control and responsible progress by the contractors or the contract research program should be terminated.

Finally, MINFAC should expedite GOP sanction of the proposed merger of the Planning Unit and Directorate of Agricultural Policy into a new Economic Wing. Until the Economic Wing receives permanent GOP status, most technical assistance efforts have little chance of being institutionalized. This action is also a required benchmark under the USAID Agricultural Sector Support Program and is a prerequisite to USAID consideration of a follow-on project to the EAN Project.

Table of Contents

	Page
I. Introduction	1
A. Objectives of the Economic Analysis Network Project	1
B. Objectives of This Report	1
II. Major Accomplishments	1
A. Major Implementation Activities	2
1. Institutionalization of a MINFAC Policy Analysis Agency	2
a. Organization	3
b. Staffing	3
c. Advisory Committee	4
2. Development of the Economic Analysis Network	5
3. Host-Country Contracted Economic Studies	5
4. Special Commissioned Economic Studies	6
5. Personal Ledger Account	7
6. Publications Program	7
7. Training	7
8. Microcomputers	12
9. Fifth Year Work Plan	12
B. Some Observations on Project Successes	13
1. Procurement of Microcomputers	13
2. Microcomputer Training	13
3. Development of the Network	13
4. Dissemination of Research Results	13
5. Monitoring Contracted Studies	14
6. Applied Economic Analysis Workshops	14
C. Some Observations on Implementation of Policy Projects	14
III. Major Implementation Constraints Which Should Be Addressed	15
A. Project Technical Committee	15
B. Management Support for the Economic Research Agenda	15
C. Institutionalization of Contractor Efforts	16
D. Host Country Contracting of Economic Studies	16
E. Overseas Training	16
F. MINFAC Review of Research Results	16
G. Utilization of the Personal Ledger Account	17
H. Merger of Planning Unit and Directorate of Agricultural Policy	17
IV. Recommendations	17
A. Expedite GOP Approval of the MINFAC Economic Wing	17
B. Appointment of MINFAC Executive Committee on Ag Policy	17
C. Regular Revision of Economic Research Agenda	17
D. Accelerated Institutionalization of Contractor Efforts	17
E. Stopping Host Country Contracting of Economic Studies	18
F. Implementation of Executive Policy Workshops	18
G. Streamlining GOP Overseas Training Procedures	18
H. Implementing Special Local Graduate Economics Training	18
I. Regular Review of Research Results	18

Appendices

	Page
Appendix A Summary of Project Annual Work Plans	21
Appendix B Review of Consultant Scope of Work	39

Tables

Table 1 Summary of EAN Contract Studies	6
Table 2 Summary of Chemonics/EAN Project Publications	8
Table 3 Summary of Chemonics/EAN Project Local Training	11

I. Introduction

In July 1985, Chemonics International Consulting Division was awarded a contract by the US Agency for International Development to assist the Government of Pakistan in the implementation of the Economic Analysis Network (EAN) Project during the period July 15, 1985 - January 30, 1990. The Project emphasizes institutional development and capacity-building in the Ministry of Food, Agriculture and Cooperatives (MINFAC).

A. Objectives of the Economic Analysis Network Project

The EAN Project is a component of the GOP/USAID Food Security Management (FSM) Project. The Special Studies Program (SSP) of the FSM Project is being implemented by the International Food Policy Research Institute (IFPRI). The EAN and SSP Projects are being implemented as the Economic and Policy Analysis Component of the FSM Project.

The primary objective of the EAN Project is to strengthen the capability of the MINFAC to conduct economic and policy analyses in support of improved food security. The Project has implemented a program of special economic studies, microcomputer technology transfer, training in economic analysis, support of a national network of agricultural policy specialists and institutionalization of a MINFAC economic and policy analysis agency to increase the supply of quality economic studies and assist MINFAC in improving the management of agricultural economic analysis resources in both the public and private sectors.

B. Objectives of This Report

This report reviews the activities of Long-Term Consultant Larry Morgan as Chemonics Chief of Party during August 1985 - June 1989, and Economic Adviser during July-August 1989. In accordance with Chemonics' contractual obligations, the report's main objectives are to summarize the Consultant's major accomplishments, identify major constraints and recommend feasible solutions to existing problems, including appropriate operational, policy or technical changes required to strengthen Pakistan's economic and policy analysis capability. In view of the Project's prominent role in agricultural policy analysis capacity building, the report also reviews the Project's accomplishments in light of experiences with other USAID-supported agricultural and policy analysis projects¹.

II. Major Accomplishments

Chemonics' implementation plan has been based on the following assumptions:

- o The GOP will significantly increase economic research funding for the agricultural sector in direct proportion to the timeliness and quality of the EAN's research products;

1. Tilney, John S., Jr., and James T. Riordan. *Agricultural Policy Analysis and Planning: A Summary of Two Recent Analyses of A.I.D.-Supported Projects Worldwide*. A.I.D. Evaluation Special Study No. 55. Washington, D.C.: U.S. Agency for International Development Center for Development Information and Evaluation, August 1988.

- o The EAN's value to the MINFAC will be significantly enhanced if accurate, relevant and practical research results can be produced for MINFAC's use in designing the Seventh Five-Year Plan;
- o The EAN research program must be balanced between MINFAC's urgent, short-term economic research needs and the long-term research programs in broader areas of agricultural sector economic performance;
- o MINFAC's economic policy analysis cannot be strengthened significantly until a solid foundation has been laid by the development of rigorous, accurate economic analyses that address major information needs of the policy process;
- o The EAN research program's productivity will vary directly with the extent to which the program creates strong open competition between individual researchers, and between research institutions, for limited research funds; and
- o Research quality and professionalism in the EAN will be strengthened by a strong peer review process for all research proposals and publications.

Experience over the past four years has shown these assumptions to be valid for a general agricultural policy project. However, the Pakistan institutional setting is much weaker than was anticipated at the beginning of the Project. As a result, there has not been a strong derived demand for the Project's capacity-building resources. These assumptions should be evaluated with respect to their relevance to accomplishments in nine major areas of project implementation:

- o Development of a MINFAC Policy Analysis Agency;
- o Development of the Economic Analysis Network;
- o Host-country Contracting of Economic Studies;
- o Special Commissioned Economic Studies;
- o Project Assistance Through a Personal Ledger Account;
- o Publications;
- o Microcomputers;
- o Training; and
- o EAN Project Fifth Year Work Plan

More detailed descriptions of consultant accomplishments are presented in Appendix A, "Summary of Annual Work Plans", and Appendix B, "Review of Consultant Scope of Work".

A. Major Implementation Activities

1. Institutionalization of a MINFAC Policy Analysis Agency

In 1985, MINFAC proposed reorganizing the Planning Unit into three directorates: statistics, projects and agricultural policy. The GOP rejected the proposal for budgetary reasons. However, MINFAC decided to carry the Directorate of Agricultural Policy as an *ad hoc* agency to serve as a temporary institutional home for the EAN Project until final GOP approval could be obtained. As the DAP received approval, MINFAC also intended to resubmit proposals for the statistics and projects directorates.

When Chemonics mobilized the EAN Project Office in September 1985, MINFAC made a clear commitment to work for the reorganization of the Planning Unit, with the DAP designated as the premier economic and policy analysis agency.

a. Organization

During the life of the Project, the Planning Unit has continued to serve as MINFAC's prime source of agricultural statistics, economic studies and project monitoring. The DAP has existed essentially as a project entity, with no official recognition by the GOP. Every annual work plan has included provisions for requesting official sanction of the DAP, but in spite of the advice given by the TA team and USAID, MINFAC was not able to act until March 1989.

In January 1988, Chemonics urged MINFAC to request sanctioning of the DAP for the 1988-89 fiscal year. It was assumed that the request would be rejected, but the following year would be used to address all of the GOP's objections and ensure a feasible proposal would be approved in the Spring of 1989. Unfortunately, MINFAC deferred all action on institutionalization until 1989, when the Chemonics contract was scheduled to end. This decision proved to be a major impediment to orderly institutionalization of the DAP.

In February 1989, a Chemonics consultant, Dr. Robert LaPorte, prepared a study on the feasibility of reorganizing the Planning Unit and the DAP into a streamlined economic and policy analysis agency. In March 1989, MINFAC submitted a Planning Unit-DAP merger proposal to the Ministry of Finance. The proposal was largely based on LaPorte's report. The new agency would be named the Economic Wing and would have four directorates: statistics, economics, policy and projects. The proposal was sent to the Management Services Division in April. In June, Management Services commented favorably on the proposal, but recommended that most senior professional positions be raised one grade. The Finance Division has advised that only the original proposed grade levels (Grade 20 Director General, Grade 19 Directors and Grade 18 Section Officers) will be considered because of severe budget limitations. The project directorate also been dropped from the organization plan. The file was sent back to MINFAC in mid-June. On August 29, 1989, the revised proposal was sent to the Ministry of Finance. A comprehensive program of analyses of food marketing costs, commodity situation reports and farm income estimates have been included in the Project Fifth Year Work Plan, in anticipation of GOP approval of the new Economic Wing. However, Chemonics' advisory efforts will not have full effect until all staff in the Planning Unit are redirected under the Economic Wing's TOR.

b. Staffing

Staffing of the DAP has been a problem from the beginning of project implementation. The FSM Project Paper and Chemonics' Scope of Work call for the implementation of an "EAN Professional and Support Staff", whose salaries were to be paid by Chemonics during the first two years (through June 1987), and thereafter by the GOP. In September 1985, the EAN Project Director, Dr. Masuda Akhter, could not reach agreement with Chemonics on the division of supervisory responsibilities between Chemonics and the MINFAC for staff to be hired by Chemonics for the DAP. Also, the USAID Executive Officer strongly objected to any arrangement where Chemonics, as a USAID contractor: (1) hired staff on GOP, rather than USAID FSN salary scales, and (2) did not exercise full supervisory control over these staff. As an interim measure,

Chemonics created a staff economics group and hired four staff economics under USAID personnel guidelines. In September 1986, Chemonics began hiring local short-term advisors, at equivalent GOP salary levels, to assist the DAP in establishing accounting procedures for the Personal Ledger Account and providing basic computer services for DAP administrative functions.

In May 1987, MINFAC requested Chemonics to hire 10 professional staff for the DAP on two-year contracts. The Chemonics Chief of Party, after realizing that MINFAC was in no position to hire the staff, reluctantly agreed to hire staff proposed by the EAN Project Director on one-year contracts. It was anticipated that MINFAC would assume employment responsibility for the DAP staff in 1988, from either the GOP annual budget or the EAN Personal Ledger Account. In June 1988, Chemonics extended the DAP employment contracts for one year, with no option for an additional extension, after MINFAC again was unable to assume employment responsibility. In June 1989, the DAP staff were hired by MINFAC on an *ad hoc* basis with EAN Personal Ledger Funds. As *ad hoc* employees, these staff receive no credit for government service and have no assurance of being hired as GOP employees in the positions for which they have been trained under the Project.

The GOP PC-1 document for the EAN Project provides GOP funding for two professionals, the EAN Project Director and Deputy Director, and a modest support staff. The Project did not have a full-time economist as Project Director until June 1986. This delay in providing daily GOP supervision of the Project was a major impediment to orderly project implementation. The Project Deputy Director was not appointed until December 1987.

c. Advisory Committee

Most of the delays in staffing and organizing the DAP/Economic Wing have been due to the lack of guidance from the Advisory Committee on Policy Analysis in Agriculture (ACPAA)². The ACPAA was formed by MINFAC in February 1985 to provide executive guidance on implementation of the EAN Project, particularly the development of the research program and the institutionalization of the DAP. Unfortunately, the Committee met only twice, in February 1985 to develop an economic research agenda, and in April 1988, to review research results and decide the future of the institutionalization process. The last meeting was preoccupied with reviewing research results and never addressed the institutionalization issue.

MINFAC has expressed an interest in revitalizing many of the analysis services formerly provided by the Planning Unit. However, the ACPAA has not given any indication of the appropriate role for the Planning Unit in strengthening MINFAC's economic and policy analysis capability.

In the area of research management, the ACPAA has not established a coherent framework for reviewing current agricultural problems and available economic research results to determine new policy analysis needs. Committee members have not received regular briefings on EAN Project developments.

2. See Appendix A, particularly the Project First Year Work Plan for a description of the ACPAA.

During the first four months of project implementation, the MINFAC Secretary, Mr. R.A. Akhund, played an active role in considering MINFAC's plans for institutionalization of the DAP. However, after Mr. Akhund was transferred out of MINFAC, successive Secretaries: have not met with Chemonics advisers; have not expressed significant interest in the Project; and have not pursued institutionalization of the Project until March 1989.

2. Development of the Economic Analysis Network

The Economic Analysis Network was created to develop a national professional body of agricultural economists who can provide MINFAC broad economic and policy analysis support through studies contracted by MINFAC, short-term consultancies to MINFAC and other professional analyses performed as part of their routine work for their employers.

The network now consists of more than 20 public sector institutions, including: Federal and Provincial ministries of agriculture, finance and planning and development; five economic research institutes; and two agricultural universities.

Twenty-four private sector economic consulting firms have been prequalified to bid on EAN contracted studies.

Finally, more than 450 members are currently listed in the EAN Membership Directory, which has been published annually since 1987. The Directory has been the Project's primary tool for managing the development of the Network. The bi-monthly newsletter, *The Econogram*, has also been used to quickly communicate the EAN Project's economic and policy analysis activities to all members. The EAN membership database has membership and VIP mailing lists to distribute all EAN Project publications.

3. Host-Country Contracted Economic Studies

MINFAC has contracted eight studies with private firms, universities and economic research institutes (Table 1). The private sector firms have been found to be very weak in both project management and economic analysis skills. The public sector institutions have stronger management and analysis skills, but they are not able to conduct quick, "brush-fire" studies.

The private sector firms were surprised when EAN Project monitoring teams insisted on regular quality checks of their survey and analysis procedures. The firms usually are not monitored by their clients. In several cases, EAN monitoring teams found faulty survey methods, including lack of qualified interviewers, no training on the questionnaire before beginning field work, poor field supervision of interviewers, and inconsistent field and office editing of raw survey data. The EAN experience strongly suggests that most private sector surveys produce data that are biased by sampling and non-sampling errors as to be unusable for most economic research purposes.

The private sector firms have had long delays in completing their studies. All contracts were signed for 13 months, but all have been extended, and no study has been approved by the monitoring team for final payment.

TABLE 1. SUMMARY OF EAN CONTRACT STUDIES

No	STUDY TITLE	MONITORING GROUP	CONTRACTOR	PRINCIPAL INVESTIGATOR	CONTRACT PERIOD	CONTRACT COST (Rs)
1	Analysis of Fertilizer Response	Rao Shafique-ur-Rehman (DAP) Mubarak Ali (EAN)	Chemical Consultants Pakistan (Pvt) Ltd., Lahore	Md. Shah Nawaz	25 Jun 87 31 Mar 89 (31 Dec 89)	990,000 TERMINATED 11 May 89
2	Constraints to Cooperatives	M. Ijaz Ahmed (DAP) M.S. Anjum (EAN)	Research Associates, Islamabad	Muhammad Siddique	25 Jun 87 31 Mar 89 (31 Aug 89)	407,000
3	Impact of Mechanization	Rao Shafique-ur-Rehman (DAP) M.A. Chaudhry	United Consultants (Pvt) Ltd., Lahore	Dr. Md. Sharif Chaudhry	25 Jun 87 31 Mar 89 (31 Aug 89)	1,706,000
4	Marketing of Perishable Commodities	Shahab Qureshi (DAP) Kamil Lodhi (EAN)	ESESJAY Consult (Pvt) Ltd., Karachi	Mohammad Nishat	2 Feb 88 2 Mar 89 (31 Dec 89)	590,000
5	Farm Productivity in NWFP	Agha A. Raza (DAP) M.A. Chaudhry (EAN)	Center for Applied Economic Studies, Peshawar Univ.	Dr. M. Nazir Ahmad	7 Apr 88 7 Nov 89	1,141,250
6	Farm Productivity in Punjab	Agha A. Raza (DAP) M.A. Chaudhry (EAN)	University of Ag., Faisalabad	Dr. Ali Mohammad Chaudhry	7 Apr 88 7 Nov 89	1,141,250
7	Farm Productivity in Sind and Balouchistan	Agha A. Raza (DAP) M.A. Chaudhry (EAN)	Applied Economic Research Center, Karachi University	Husaini Jaghirdar	12 Jun 88 12 Dec 89	1,701,500
8	Marketing Margins of Selected Crops	Shahab Qureshi (DAP) Kamil Lodhi (EAN)	United Consultant Group Ltd., Lahore	Hassan Ali Sayed	12 Apr 88 12 May 89 (31 Dec 89)	1,965,000

NOTE: Dates in parentheses indicate contract extensions. C has requested from MINFAC.

4. Special Commissioned Economic Studies

Chemonics has conducted special commissioned studies of the poultry industry, agricultural price statistics, input-output analysis, operating and maintenance costs of canal irrigation, rationalization of irrigation water charges, privatization of SCARP tubewells, the sugar industry, the dairy industry, crop supply response, wheat production and marketing, applications of farm management research to policy analysis and assessments of the EAN Project's role in developing MINFAC's economic and policy analysis capabilities. These studies have been published in 16 special research reports³

These studies have been implemented and published well ahead of the contracted studies. The analytical rigor of the studies has been carefully guarded. The studies on irrigation and supply response were reviewed by panels of internationally recognized agricultural economists.

Although the studies have been completed faster than the contracted studies, in every case, the analysis and publication cycle required much more time than was originally planned. In most cases, the EAN staff economists and DAP research economists conducted the studies while devoting increasing amounts of time to monitoring the contracted studies. The review process has been a major bottleneck. Very few economists are interested in serving as reviewers. Many manuscripts were held as much as six months without responses from reviewers who presumably had strong professional interests in the topics. The intent of strengthening the peer review process has therefore not been realized.

3. See the "Special Reports Series" in Table 2 below.

5. Personal Ledger Account

A personal ledger account (PLA) was established in June 1986 by Mr. Inamul Haq, MINFAC Joint Secretary (Food), to allow MINFAC to fund host-country economic studies, pay the salaries of DAP staff and purchase project commodities, such as microcomputers. The account was initially funded by the GOP at Rs 839,000. At the end of the second project year (June 1987), the GOP raised its contribution to Rs 1,393,000. MINFAC was urged to raise the account to Rs 2,000,000 to avoid severe cash flow problems. In July 1988, the balance fell to Rs 421, halting all disbursements from the PLA. The GOP recently raised its contribution to Rs 2,000,000.

The PLA is funded by a USAID Project Implementation Letter, issued in April 1986 for \$1,000,000.

Chemonics hired an accountant for the DAP to develop an accounting system acceptable to the GOP and USAID. The PLA accounts have been processed smoothly.

6. Publications Program

The Project has published 19 issues of the project newsletter, 10 brochures in the "Talks with Economic Experts Series", three annual EAN membership directories, two editions of a style manual for technical writing, 15 special technical reports (one more forthcoming) and two special policy options briefing papers (Table 2). These reports could not have been published without a highly qualified technical editor, hired on the Chemonics staff. Printing of the newsletters and brochures has been paid by the DAP with PLA funds. All other publications costs have been paid by Chemonics because MINFAC has not been able to gain GOP approval for private sector printing costs of more than Rs 5,000. In November-December 1987, Chemonics made a major effort to shift full publications funding responsibility to the PLA. Unfortunately, MINFAC could not use private sector presses and the PLA could not be used (with USAID funds) to pay the Government Printing Corporation. The private sector press is preferred for project publications because of its fast response time and superior printing quality. Because Chemonics has paid for all research reports, the DAP staff has not gained any experience in the important area of publications procurement. MINFAC has been unwilling to hire a DAP editor to be trained by the Chemonics technical editor, so the future prospects for a strong publications program in the Economic Wing have been severely limited.

7. Training

Chemonics has conducted 15 applied economic analysis workshops for 249 participants, resulting in 154 participant-months of training (Table 3). The first workshop, "Introduction to Applied Agricultural Economic Analysis", was conducted amid great skepticism by MINFAC. The workshop was very successful in demonstrating: rigorous, but practical applications of agricultural economic analysis to Pakistan agricultural economic issues; easy implementation of economic analyses on microcomputers; strong demand by EAN cooperating public sector institutions to have their economists attend EAN workshops; and a strong need to supply computers to most EAN cooperating public sector institutions.

TABLE 2. SUMMARY OF CHEMONICS/EAN PROJECT PUBLICATIONS

DATE	TITLE	COPIES
	The EAN Newsletter, <u>THE ECONOGRAM</u>	
Dec 85	Vol. 1, No. 1	1,000
Aug 86	Vol. 2, No. 1	1,000
Oct 86	Vol. 2, No. 2	1,000
Dec 86	Vol. 2, No. 3	1,000
Feb 87	Vol. 3, No. 1	1,000
Apr 87	Vol. 3, No. 2	1,000
Jun 87	Vol. 3, No. 3	1,000
Aug 87	Vol. 3, No. 4	1,000
Oct 87	Vol. 3, No. 5	1,000
Dec 87	Vol. 3, No. 6	1,000
Feb 88	Vol. 4, No. 1	1,000
Apr 88	Vol. 4, No. 2	1,000
Jun 88	Vol. 4, No. 3	1,000
Aug 88	Vol. 4, No. 4	1,000
Oct 88	Vol. 4, No. 5	1,500
Dec 88	Vol. 4, No. 6	1,500
Feb 89	Vol. 5, No. 1	1,500
Apr 89	Vol. 5, No. 2	1,500
Jun 89	Vol. 5, No. 3	1,500
	Brochure, "Talks with Economic Experts Series"	
1987	Larry Morgan, "Econometrics"	500
1987	Luther Tweeten, "Supply Response Estimation"	500
1987	Alberto Valdes, "Price Supports and Subsidies"	500
1987	Derek Byerlee, "The Farming Systems Approach to Research"	500
1988	John McKean, "Input-Output Models"	500
1988	Jerry Eckert, "Economic Research Proposals"	500
1988	James Kearl, "Protectionism"	500
1988	Stephen Davies, "Government Intervention in Agricultural Pricing"	500
1989	Gary Ender, "Measuring the Effects of Government Intervention in Agriculture"	500
1989	Jeffrey Hammer, "The Multimarket Method for Analyzing Agricultural Pricing Policy"	500
Apr 87	EAN Membership Directory -- 1987	1,000
May 88	EAN Membership Directory -- 1988	1,000
Jun 89	EAN Membership Directory -- 1989	1,500
1988	Nilofer Hashmi, <u>Style Manual of Technical Writing</u>	1,000
1989	Nilofer Hashmi, <u>Style Manual of Technical Writing</u> (Second Edition, Revised)	2,000

TABLE 2. SUMMARY OF CHEMONICS/EAN PROJECT PUBLICATIONS (Continued)

DATE	TITLE	COPIES
	Special Reports Series	
Jan 87	No. 1, Forrest Walters, <u>et. al.</u> , <u>The Pakistan Poultry Industry:</u> <u>A Policy Analysis Framework</u> (Out of Print)	1,000
Dec 87	No. 2, Carrol Rock and Kerry Gee, <u>An Appraisal of Agricultural Price</u> <u>Statistics in Pakistan</u>	1,000
Feb 88	No. 3, John McKean, <u>A Guide to</u> <u>Interindustry Analysis of the</u> <u>Pakistan Economy</u>	1,000
May 88	No. 4, Melvin D. Skold and Kenneth C. Nobe, <u>Agricultural Policy Research and</u> <u>Analysis: Implications for the</u> <u>Pakistan Economic Analysis Network</u> <u>Project</u>	1,000
May 88	No. 5, Donald W. Lybecker and Melvin D. D. Skold, <u>Economic Analysis of the</u> <u>Agricultural Production Sector for</u> <u>Policy Formulation</u> (Out of Print)	1,000
May 88	No. 6, <u>Pakistan Poultry Databook</u>	1,000
May 88	No. 7, M. Aslam Chaudhry and Paul W. Heisey, <u>Production and Marketing of</u> <u>Wheat Seed in Punjab</u>	1,000
Oct 88	No. 8, Kamil Lodhi, <u>The Pakistan Sugar</u> <u>Industry: An Economic and Policy</u> <u>Analysis</u>	1,500
Nov 88	No. 9, M. Aslam Chaudhry, <u>Rationalization</u> <u>of Irrigation Water Charges in</u> <u>Pakistan: Answers to Some Policy</u> <u>Questions</u>	1,500
Dec 88	No. 10, M. Aslam Chaudhry and Mubarik Ali, <u>Economics of Past and Prospective O&M</u> <u>Investments in the Canal Irrigation</u> <u>System in Pakistan's Punjab</u>	1,500
Dec 88	No. 11, Mubarik Ali, <u>Supply Response of</u> <u>Major Crops in Pakistan: A Simultaneous</u> <u>Equation Approach</u>	1,500
Jul 89	No. 12, Mubarik Ali, Forrest Walters and Rao Shafique-ur-Rehman, <u>Contributions and</u> <u>Interlinkages of the Food and Fiber System</u> <u>in Pakistan's Economy</u>	1,500
Jul 89	No. 13, Abdul Qayyum Khan, <u>Development of</u> <u>Updating Procedures for and Analysis of</u> <u>Pakistan Interindustry Relationships</u>	1,500
Jul 89	No. 14, Muhammad S, Anjum, Kamil Lodhi and Agha Abbas Raza, <u>Pakistan's Dairy Industry:</u> <u>Issues and Policy Alternatives</u>	1,500

TABLE 2. SUMMARY OF CHEMONICS/EAN PROJECT PUBLICATIONS (Continued)

DATE	TITLE	COPIES
	Special Report Series, Continued	
Aug 89	No. 15, M. Aslam Chaudhry and Robert A. Young, <u>Privatization of Tubewells: Some Economic Considerations</u>	1,500
F. Coming	No. 16, Larry C. Morgan, <u>The Development of An Economic Research Program in the Ministry Food, Agriculture and Cooperatives</u>	1,500
	Policy Options Briefing Paper Series	
Jun 89	No. 1, Kamil Lodhi, <u>The Pakistan Sugar Industry</u>	1,500
Jun 89	No. 2, Muhammad Aslam Chaudhry, <u>Benefits to O&M Expenditure in the Canal System in Punjab</u>	1,500

Five of the workshops have been devoted to microcomputer training. As a result, the network is well prepared in basic microcomputer skills. In March-April 1989, Riaz Lodhi conducted a microcomputer training workshop for trainers at the University of Agriculture, Faisalabad.

Two workshops, "Agricultural Marketing" and "Economic Research Policy", were conducted at the University of Agriculture, Faisalabad. It was anticipated that these workshops, after being conducted by joint teams of Chemonics short-term consultants and University faculty, would have permanent homes at the University, with continuing financial support from the EAN Project. Unfortunately, the University has not expressed interest in continuing the workshop. The marketing workshop was led by Forrest Walters and Albert Madsen of Colorado State University. They used a CSU/USDA-OICD training manual that has since been adapted for use in Pakistan.

The economic research policy workshop was led by Carl Pray of Rutgers University and Wesley Sundquist and Terry Roe of the University of Minnesota, all internationally recognized authorities in agricultural research management. PARC played a major role in assisting in programming and in operating the workshops. Again, however, the University of Agriculture, Faisalabad, has not shown any interest in continuing the workshop.

A technical writing workshop highlighted the Project's concern for economists' writing and communications skills. Nilofer Hashmi, the Chemonics technical editor, developed the syllabus and conducted the workshop with Mildred Konen, a Chemonics consultant with extensive experience in social science writing. Nilofer wrote a style manual for the workshop and later published it in two editions. More than 2,000 copies of the manual have been distributed throughout the country. The NWFP Agricultural University has shown particular interest in using the style manual in technical writing training.

TABLE 3. SUMMARY OF CHEMONICS/EAN PROJECT LOCAL TRAINING

DATE	WORKSHOP TITLE	PARTICIPANTS	
		No.	Months
6-24 APR 86	INTRO. TO APPL. AG ECON ANAL.	32	25.1
23 SEP-7 OCT 86	MICROCOMPUTER TRAINING	16	9.6
4-22 JAN 87	AGRICULTURAL MARKETING	27	21.2
25 JAN-12 FEB 87	TECHNICAL WRITING	14	11.0
8-19 MAR 87	ECONOMIC RESEARCH POLICY	30	15.2
7-25 JUN 87	AGRICULTURAL POLICY ANALYSIS	23	18.0
13-17 SEP 87	MICROCOMPUTER TRAINING	14	3.2
31 JAN-18 FEB 88	INPUT-OUTPUT ANALYSIS	15	11.8
21-25 FEB 88	MICROCOMPUTER TRAINING	12	2.8
3-21 JUL 88	ECONOMETRICS	20	13.8
12-25 SEP 88	MICROCOMPUTER TRAINING	7	3.2
30 OCT-15 NOV 88	PRIMARY DATA COLLECTN MTHDS I	10	6.0
8-25 JAN 89	PRIMARY DATA COLLECTN MTHDS II	9	6.4
19 MAR-1 APR 89	MICROCOMPUTER TRAINING	12	5.8
4-8 JUN 89	MICROCOMPUTER TRAINING	8	0.9
TOTAL:		249	154

DATE	SEMINAR TITLE	PARTICIPANTS	
		No.	Months
21 NOV 85	E. OILS POLCY STK & TRAD MGMT	50	2.3
10 SEP 86	SUPPLY MODELING (MUBARIK ALI)	16	0.2
2 NOV 86	CONSTRAINTS TO AG PRODUCTION	20	0.2
23 NOV 86	SUPPLY MODELS (TWEETEN-TRAPP)	40	0.9
27 APR 87	I-O MODELING	15	0.2
12 NOV 87	PRIVATIZING TUBEWELLS	25	0.3
3 DEC 87	DAIRY INDUSTRY I	20	0.2
6 DEC 87	DAIRY INDUSTRY II	15	0.2
9 DEC 87	POULTRY INDUSTRY	60	2.8
5 APR 88	FOOD CONS. POLICY (R. GOLDMAN)	20	0.2
23 MAY 88	EXEC. AG POL SEM. (J. ECKERT)	12	0.6
31 JUL 88	POLICY SIM MODEL (DAVIES-ALI-R)	20	0.2
12 OCT 88	GOVT INTERVEN IN AG (G ENDER)	20	0.2
14 MAR 89	AG SUBSIDIES IN PAK (G ENDER)	15	0.2
31 JUL 89	FOOD MARKETING COSTS (K LODHI)	25	0.3
10 AUG 89	AG PRODUCTIVITY CHNG (EVENSON)	30	0.3
TOTAL:		403	9

TOTAL EAN LOCAL TRAINING: 652 164
 EPA COMPONENT, INCOUNTRY ALLOCATION: 212 135
 EAN AS PERCENT OF EPA ALLOCATION: 308 121

Sixteen EAN seminars have been conducted for 403 participants, for a total of nine participant-months of training. The seminars have generally been two hour sessions in the EAN Project Seminar Room.

The local training program was designed to supplement the USAID FSM Project's overseas training program. It was originally assumed that the EAN Project would conduct a series of applied economic analysis seminars for participants who were unable to join the overseas training program. However, as few participants have been placed in overseas training, the EAN local workshops have become a much more important source of training. Overseas training has not met early expectations because of difficulty with the TOEFL test and inadequate coordination between MINFAC and cooperating EAN institutions in processing nominees.

8. Microcomputers

Chemonics procured eight IBM PC-AT computers and four Compaq Plus computers under its contract. It was quickly realized that these computers would be required to support EAN Project Office administrative, analysis and training operations, rather than being transferred to EAN institutions, as was originally planned. Based on the successful use of microcomputers in the first workshop, USAID procured 40 extra computers for the Project.

Project experience has shown the microcomputer training is relatively easy if the participants have adequate prerequisite technical and typing skills and have access to computers in their office. Riaz Lodhi has prepared three levels of computer training: introductory applications of DOS, wordprocessor, spreadsheet and statistical programs for economists; wordprocessing for stenographic and clerical staff; and a management overview of the role of computers in the office for senior executives. For the most part, Riaz and Kamran Rifi, the DAP computer specialist trained by Chemonics, have been successful in persuading technicians to use the computer to perform their analyses and write rough drafts of their results with the word processor. They have also convinced most of the computer workshop participants that technical programming skills are not necessary in an age of abundant, high quality "off the shelf" software.

Computer maintenance is likely to be a problem in the future. Only 15 of the 40 computer systems distributed to EAN cooperating institutions have maintenance contracts. In most cases, the computers without maintenance contracts are not being cleaned and tested by office staff. Without a maintenance agreement, these offices are likely to face high repair costs once the hardware starts failing prematurely.

9. Fifth Year Work Plan

The Fifth Year Work Plan has been realigned to anticipate the GOP's imminent approval of the merger of the Planning Unit and the DAP into the Economic Wing. Three major program areas have been developed to prepare prototype studies in commodity situation reports, food marketing costs and farm income estimates. These programs have been identified as the most important short-term economic analysis functions the Economic Wing can perform for MINFAC and the Economic Coordination Committee.

A program of short studies has been developed to assist MINFAC to develop analytical capabilities for respond to emerging agricultural policy issues. Special studies will be conducted by Economic Wing staff, in collaboration with Chemonics staff

economists, on: the economic impact of farm taxation; the economic impact of farming and agribusiness in national economic development; and a format for updating the GOP's formal agricultural policy statement.

The EAN Project has limited resources, so, given the very high importance attached to developing analysis programs in the Economic Wing prior to the end of Chemonics' contract, other activities have been de-emphasized. Local training has been restricted to three microcomputer workshops. In view of the weak performance of the private sector economic research contractors, every effort will be made to close those studies by the end of October 1989. The farm productivity study (with public sector institutions) is scheduled to end in November-December 1989.

B. Some Observations on Project Successes

Several project successes deserve some comment for their application to other capacity-building projects.

1. Procurement of Microcomputers

Chemonics was fortunate to have a computer procurement provision in its contract. The eight PC-AT computers were procured in the US, shipped to Islamabad and installed for routine operation by December 15, 1985, or about 120 days after the purchase order was signed (thirty days were lost adjudicating a bid for a near-compatible computer). Two Compaq Plus computers were delivered during the first month of field operations and two more Compaqs were delivered four months later. This quick response time allowed project mobilization to proceed much faster than would have been the case if the project prime contractor did not have computer procurement authority.

2. Microcomputer Training

Microcomputer training has been popular with all EAN cooperating institutions. There have been very few problems with participants suffering from the shock of using a strange new technology. Most of the participants were able to effectively use applications programs after one week of training.

3. Development of the Network

The use of a membership directory and bi-monthly newsletter were major factors in attracting a strong network membership. The directory is widely viewed as a sign of professional development. The newsletter has provided a convenient means of quickly informing the network about the latest developments in both EAN Project implementation and results of important economic and policy analyses.

4. Dissemination of Research Results

The Network has been strengthened by its ready access to all EAN publications. Also, a VIP mailing list has been used to send all publications to more than 150 individuals representing public-sector agencies, private firms and donor organizations with strong interests in agricultural policy issues. The evolution of the EAN Project has demonstrated that economic research results are of no value in the policy process unless they are disseminated to a broad audience of interest groups. Also, the economist must be aggressive in distributing his research results over varying segments of the policy informa-

tion market to accommodate a wide range of user needs. The EAN Project has been successful in using each technical report as the basis for additional, less technical articles and reports to popularize findings that might otherwise be ignored by some of the researcher's most important targeted audiences. Newsletter articles have been very useful in conveying economic and policy analysis results to audiences that would never read a technical report. Recently, the implementation of a special policy options briefing paper series has demonstrated the advantages of writing short, narrowly focused papers on the policy options that could be drawn from a previously published technical study. Policy options briefing papers on the sugar industry and the benefits of investing in irrigation canal operating and maintenance costs have been popular with a wide range of interest groups associated with those respective topics.

Aggressive dissemination of economic research findings is not done solely to communicate the studies' results: it is often equally or more important to establish a baseline of quality studies that can be used as role models for improving the quality of economic and policy analysis. Finally, it is important to establish a forum for the ready exchange of ideas among all relevant economic groups with interests in a particular policy issue. The market for economic analysis will be strengthened as economists submit their findings to the careful scrutiny of public, professional review.

5. Monitoring Contracted Studies

Close monitoring by Project and DAP staff have demonstrated major weaknesses in the way most private sector economic consulting firms conduct economic research. Contract monitoring is costly in staff time, but the benefits are even greater. Unfortunately, most private firms are able to sell shoddy economic research reports because their clients, mainly government agencies and donor organizations, do not check the validity of their data or the relevance of their analyses.

Because the EAN contract monitoring teams have identified so many cases of weak or erroneous research methods, it is questionable whether the Project should continue to support more than one or two well-monitored contract studies at once.

6. Applied Economic Analysis Workshops

The EAN Applied Economic Analysis Workshops have demonstrated that: (1) cooperating institutions are very interested in having their economists attend the workshops; (2) complex economic analysis issues can often be taught through simple, relevant applications to Pakistan agricultural situations; (3) economic analysis workshops can be effective and popular, even if high academic standards are maintained; and (4) practical quantitative analysis methods can be successfully taught to participants with weak analytical backgrounds if they have mastery of basic economic theory.

C. Some Observations on Implementation of Policy Projects

Experience in the EAN Project suggests that the following points should be carefully considered in the future development of MINFAC's economic and policy capability:

- A comprehensive organization plan for all MINFAC economic and policy analysis functions is a prerequisite to effective management of its limited analysis resources;

- An annual review of the economic research agenda is necessary for the effective employment of current resources and relevant donor assistance;
- Most economic studies should be managed to provide quick results (within six months, or less) to concise, narrowly focused terms of reference;
- Extreme caution should be used in contracting studies to economic research institutes and universities -- no studies should be contracted to private sector firms;
- Expatriate technical assistance advisors should have regular access to key members of the MINFAC Secretariate who have policy analysis responsibilities;
- Results of economic studies should be disseminated quickly, through professionally edited technical reports, policy options briefing papers and other less technical publications to a broad audience of government officials, professional economists and private sector agricultural policy interests;
- Agricultural data collection should be separated from policy analysis functions to avoid duplication of primary data collection efforts and encourage more effective division of labor between professionally trained statisticians collecting primary data and economists analyzing secondary data generated by statisticians;
- The most effective economic studies use simple analytical methods, grounded in sound economic and quantitative methods, to address strategic policy concerns; and
- An economic analysis unit will be more effective in addressing short-term, "brush-fire" study requests if it has a wide array of micro- and macroeconomic models, calibrated to local empirical observations.

III. Major Implementation Constraints Which Should Be Addressed

A. Project Technical Committee

The EAN Project has languished for most of the last four years because MINFAC has not had a technical committee to give close and continuous executive guidance on the Ministry's expectations from the Project. The EAN Project has nothing comparable to the FSM Agricultural Data Collection Project Technical Committee or the technical committees PARC appoints to guide its projects.

B. Management Support for the Economic Research Agenda

The present economic research agenda has not been revised since February 1985, although the agricultural policy environment has changed. MINFAC has not attempted to review the relevance to the agenda to new policy issues, nor has it required proposed new studies be reviewed for conformity with the agenda. The ACPAA has not undertaken an exercise to review the priorities of the agenda topics, even if no new topics are warranted. Research contracts have been awarded with too little oversight by the ACPAA. Once contracts have been awarded, MINFAC has not kept the ACPAA informed about the performance of contractors, particularly in cases where the contractors have consistently failed to achieve the contract TOR's. The EAN/DAP monitoring teams have not been allowed to review final manuscripts of studies for approval before payment is authorized by MINFAC.

C. Institutionalization of Contractor Efforts

In several instances, MINFAC has not attempted to institutionalize critical aspects of the EAN Project because the Chemonics contract had budget support for the activity. In the case of publications, MINFAC has been unable to hire an editorial staff in the DAP to be trained by the Chemonics technical editor. As a result, the Chemonics contract is within 10 months of ending and MINFAC does not have any capability to edit reports to be produced by the Economic Wing. Also, the Economic Wing will not have any expertise in procuring private sector printing, as is routinely done by other GOP agencies, such as PARC.

MINFAC has lost important opportunities in developing a strong economic analysis staff by deciding to hire staff with PLA funds only three months ago. In most instances, MINFAC has preferred to have Chemonics hire staff on its behalf to avoid having to operate a payroll, regardless of whether USAID or the GOP paid the salaries. The delays in regularizing the DAP positions initially funded by Chemonics has been demoralizing to the DAP staff. The longer they are employed on an *ad hoc* basis, the greater their sense of job insecurity, since none of their *ad hoc* employment will count toward government retirement benefits.

No computers have been purchased with the PLA, while several cooperating EAN institutions have regularly requested more computers. At the same time, Chemonics does not have a budget to procure additional computers and USAID computer procurement often requires more time than under GOP procurement procedures.

In the preparation of Terms of Reference, Annual Work Plans and project briefing papers, MINFAC has referred most of these tasks to the Chemonics staff, rather than attempting to achieve on-the-job training for the DAP staff.

D. Host Country Contracting of Economic Studies

Implementation of host country contracting of economic studies has placed greater emphasis on numbers of active contracts, rather than on need for the contract and quality of the product. Chemonics' role in advising MINFAC on improving contract management has often been ignored. Most of the contracted studies were signed by MINFAC without the knowledge or approval of the Chemonics advisers. After Dr. Jerry Eckert evaluated the study proposals and evaluations in March 1987, some of the proposals deemed to be weakest by him were awarded contracts by MINFAC.

E. Overseas Training

Many overseas training opportunities are being lost because of poor coordination between the GOP and USAID. The EAN Project has had particular difficulty in recruiting participants from cooperating EAN institutions that are not MINFAC agencies. The TOEFL test has also been a significant barrier for many participants.

F. MINFAC Review of Research Results

Key members of the MINFAC Secretariate are not aware of the growing body of agricultural economic studies, and how these studies relate to MINFAC's policy formulation and analysis needs. MINFAC has not taken advantage of the EAN Project as

a resource that can give the Ministry considerable assistance in answering internal policy analysis questions and in responding to external policy analysis requests from the Economic Coordination Committee.

G. Utilization of the Personal Ledger Account

Until the DAP staff were hired by MINFAC with PLA funds in June 1989, most PLA expenditures had been made for reimbursement of contracted studies. MINFAC has been particularly reluctant to use PLA funds to buy computers, reference materials and hire other interim staff on an *ad hoc* basis until the DAP/Economic Wing is fully institutionalized. USAID Project Implementation Letter No. 11 clearly authorizes other expenditures besides reimbursement for research studies. And, if the current budget line items are too small for other salary and computer costs, the budget can be amended to accommodate these important project needs.

H. Merger of Planning Unit and Directorate of Agricultural Policy

The most important implementation goal of the EAN Project has been the institutionalization of a unified economic and policy analysis agency in MINFAC. In accordance with MINFAC's stated objectives during project mobilization, there has been heavy emphasis developing the Directorate of Agricultural Policy as a regular MINFAC agency. GOP delays in establishing the DAP as a permanent economic and policy analysis agency have severely limited the effectiveness of most project technical assistance efforts. Considerable project momentum was lost in early 1988 when MINFAC decided to postpone any formal establishment of the DAP for one year. The result has been a dissipation of technical assistance efforts to strengthen the DAP staff hired by Chemonics and increased uncertainty among the Planning Unit and DAP staffs over lack of decisive action to resolve the fate of the DAP. In March 1989, MINFAC finally submitted a proposal for merging the Planning Unit and the DAP. However, there have been inordinate delays in moving the file through the relevant GOP reviewing and approving agencies. Until the proposed new Economic Wing is approved, the Planning Unit and DAP staffs will be increasingly demoralized over their ultimate roles in serving MINFAC's economic and policy analysis functions. Institutionalization of the DAP, or the Economic Wing, is also a benchmark under the USAID Agricultural Sector Support Program, and is a requirement for USAID consideration of any assistance to any follow-on project that might compliment the EAN Project.

IV. Recommendations

A. Expedite GOP Approval of the MINFAC Economic Wing

Every effort should be made to gain GOP approval of the MINFAC proposal for merging the Planning Unit and the EAN Project-based Directorate of Agricultural Policy into the Economic Wing. The MINFAC proposal has been passed between MINFAC, the Management Services Division and the Ministry of Finance for the past five months. Any further delays in approving the reorganization of MINFAC's primary economic and policy analysis functions will have a serious demoralizing effect on the concerned staffs and further limit the effectiveness of Project technical assistance in the waning months of the Chemonics contract.

Official sanction of the Economic Wing is the first step required before needed economic and policy analysis functions can be reorganized for more effective management.

Once the Economic Wing is sanctioned, MINFAC should immediately begin a long-term staffing program to: regularize the current *ad hoc* DAP positions being funded with the PLA; hire additional research officers and technical editors on an *ad hoc* basis to ensure timely completion of needed economic analyses and editing of new economic reports being developed by the EAN Project; and establish at least 10 agricultural economist positions to allow MINFAC flexibility in recruiting qualified agricultural economists outside present prohibitions against hiring agricultural economists in the Planning Division's Economist Group.

B. Appointment of MINFAC Executive Committee on Ag Policy

The ACPAA should be abolished because it has proven ineffective in providing needed leadership to MINFAC's interests in using the EAN Project to improve economic and policy analysis capacity. MINFAC should replace the ACPAA with an Executive Committee on Agricultural Policy (ECAP). The ECAP should meet regularly with the EAN Project to review project progress and give guidance on how the Project is to be exploited to improve economic and policy analysis. The ECAP should have no more than five senior agricultural economists/policy specialists who have the confidence of MINFAC to assess federal and provincial views on the policy process and incorporate them in close and continuous guidance of the Ministry's economic research program⁴.

C. Regular Revision of Economic Research Agenda

The ECAP should revise the economic research agenda annual to ensure MINFAC's regular assessment of new policy analysis needs. When the agenda is revised, all topics should be ranked in order of priority according to MINFAC's current view of the relative importance of policy issues. Studies should be limited to analysis of secondary data in a short period of time (no more than six months).

D. Accelerated Institutionalization of Contractor Efforts

MINFAC should make a greater effort to exploit Chemonics project implementation services to strengthen its economic research management capabilities. MINFAC should hire more *ad hoc* staff to supplement economic analysis manpower needs until the institutionalization process is completed. Chemonics can provide assistance in development of position descriptions, performance evaluation and recruitment.

MINFAC should seek to use Chemonics' assistance in developing a publications program within the new Economic Wing. MINFAC should hire editorial staff and request Chemonics' assistance in training them in editorial and publishing techniques.

4. A more detailed analysis of the ACPAA's shortcomings and the ECAP's Terms of Reference are presented in: Morgan, Larry C. *The Development of an Economic Research Program in the Ministry of Food, Agriculture and Cooperatives*. EAN Project Special Report No. 16. Islamabad: Directorate of Agricultural Policy, Ministry of Food, Agriculture and Cooperatives, Forthcoming.

MINFAC should also seek to use PLA funds to purchase at least 10 microcomputer systems for the Economic Wing and cooperating EAN institutions. Chemonics can provide advice on procurement procedures.

E. Stopping Host Country Contracting of Economic Studies

Once the current round of EAN contracted studies are finished, the host country contracting mode of implementing economic studies should be stopped. The procedures currently being used by MINFAC are not encouraging competition among economic research firms and the monitoring teams are not being allowed to exercise reasonable judgement on certifying completion of contract TOR's.

F. Implementation of Executive Policy Workshops

MINFAC should implement a special series of policy workshops for key members of its Secretariate to strengthen their capabilities in managing the agricultural policy process. The workshops should emphasize streamlined procedures for collecting strategic information and evaluating its implications on current and evolving agricultural policies. Particular emphasis should be placed on improved coordination between various MINFAC agencies responsible for management of import of inputs, import of wheat, collection of analysis of agricultural prices, liaison with economic policy agencies in other federal and provincial ministries, and development of capabilities for identifying economic research priorities and writing effective terms of reference for priority economic studies.

G. Streamlining GOP Overseas Training Procedures

Overseas training recruitment and placement under the EAN Project should be streamlined to include systematic contacts between the MINFAC Economic Wing and each EAN cooperating institution to assess institutional economics training needs and a simple system of tracking each training candidate's file through the GOP and USAID clearance processes.

H. Implementing Special Local Graduate Economics Training

To quickly develop a critical mass of qualified graduate agricultural economists, USAID and the GOP should implement a special in-country MS degree program in agricultural economics in cooperation with one or more US universities. A four or five-person team of instructors from US faculties would teach a full-time, nine-month, 13 course program leading to a MS degree in agricultural economics from a US university. After two training cycles of 20 students per cycle, the program would be evaluated for possible extension. The program would stress a solid understanding of basic economic theory. Emphasis would be placed on application of basic quantitative methods to Pakistani economic analysis problems.

I. Regular Review of Research Results

MINFAC should establish through the ECAP a procedure for a regular review of economic research results by the Secretariate to ensure an adequate understanding of current policy analysis issues.

APPENDIX A

SUMMARY OF PROJECT ANNUAL WORK PLANS

I. Summary of the First Project Year, July 1985-June 1986

During the first project year, emphasis was placed on establishing the foundations for an EAN research program, local training, development of the Directorate of Agricultural Policy and development of the Economic Analysis Network.

A. Economic Research

The EAN Project strategy includes major emphasis on improved management of economic research in the network. The Project has been fortunate to have strong MINFAC support for improved coordination of research on agricultural policy issues.

1. MINFAC Support of EAN Research Program

In February 1985, MINFAC, in anticipation of the EAN Project, created a three-tier management system to implement the EAN research program. The tiers consist of an Advisory Committee, a Technical Sub-Committee, and a Steering Group.

a. Advisory Committee on Policy Analysis in Agriculture

To provide major leadership to the research program, MINFAC formed the Advisory Committee on Policy Analysis in Agriculture (ACPAA). The ACPAA's specific terms of reference were as follows:

- 1) To develop an agricultural economics research program and supervise its implementation;
- 2) To fix priorities of the research studies on the basis of proposals received from various Provincial/Federal agencies, Universities, etc.;
- 3) To review the final results of the research studies; and
- 4) To recommend measures to strengthen the research capability of various public and private institutions.

The research agenda is the Project's major management tool for identifying research priorities and allocating research funds to maximize the net social benefits of economic research. In February 1985, ACPAA identified 13 major areas of interest for a policy-oriented economic research agenda in agriculture and drafted preliminary terms of reference for each research area. The priority research areas are as follows:

- 1) Price and Import Policy of Seed and Constraints in the Production and Distribution of Important Seeds in the Public and Private Sectors;
- 2) Effectiveness of Pest Control Measures and Problems by Crop and Ecological Zones with a View to Examining Adoption by Small Farmers;

- 3) Application of Fertilizer and Yield Responses of Important Crops by Size of Farm and Mode of Irrigation for Different Ecological Zones;
- 4) Impact of Mechanization on Productivity and Employment by Farm Size and Tenure for Different Ecological Zones and Economic Assessment of Various Levels of Mechanization;
- 5) Constraints in the Flow of Credit with Particular Reference to Small Farmers;
- 6) Impact of Price Policy on Cropping Pattern and Farming System and Estimation of Short, Medium and Long Term Price Elasticities of Supply for Major Crops;
- 7) Study of Farm Productivity by Size and Tenure and Estimation of Domestic Resource Costs for Major Crops;
- 8) Estimate of Private Investment in Agriculture During the Sixth Five Year Plan by Broad Categories of Capital Assets;
- 9) Examination of Post-Harvest System of Major Crops for Minimizing Losses, Reducing Handling Costs and Evolving an Improved Grading System;
- 10) Study of Marketing Margins of Selected Crops in the Context of Farming Systems and Ecological Zones;
- 11) Constraints to Development of Cooperatives in the Country in Light of Examples of Successful Cooperatives in Other Countries;
- 12) Evaluation of Different Models of Extension Services in Terms of Effectiveness and Cost Including the Impact of Communication Medias on Agricultural Production; and
- 13) A Study of Trade, Price and Institutional Policies Needed for Procurement, Processing, Marketing and Export of Perishable Commodities.

b. Technical Sub-Committee

To assist the ACPAA in the technical implementation of the research agenda, MINFAC appointed a Technical Sub-Committee of senior economists who have extensive experience in the formulation and analysis of agricultural policies. The terms of reference for the Technical Sub-Committee are as follows:

- 1) Register and maintain a list of research institutions and consultants for the EAN research program;
- 2) Circulate objectives and scopes of studies proposed to be contracted out among research institutes and consultants and pre-qualify 3-5 institutions for the award of each study;
- 3) To evaluate technical proposals of research studies submitted by consultants;

- 4) To approve the methodology, procedure and design of each study for which the institution concerned will make a presentation; and
- 5) To award studies to consultants according to the prescribed procedure.

c. Steering Groups

Upon the award of a research contract under the annual research agenda, MINFAC planned to appoint a special select group of experts in the relevant subject area will be appointed to monitor the implementation and technical performance of the the study. The functions of the steering groups would be:

- 1) To assist in the formulation of the TOR of a study, if required;
- 2) To supervise and monitor the study being conducted and compare its progress against the agreed plan; and
- 3) To examine the study's draft report.

2. EAN Project Support of Economic Research

The EAN Project identified three major opportunities for strengthening agricultural economic research within the bounds defined by the annual economic research agenda: 1) competitive contract research by cooperating institutions in the EAN; 2) special commissioned EAN studies, conducted either by Chemonics, or awarded on a non-competitive basis to cooperating institutions in the EAN; and 3) special problem-oriented studies by MINFAC economic analysts, with technical assistance from Chemonics. These research programs are broadly comparable to the FSM Project Paper's suggested approach of implementing primary, secondary, and tertiary studies, respectively.

a. Competitive Contract Research Program

The competitive contract research program was designed to strengthen MINFAC's economic and policy analysis capability by providing technical assistance and funds to cooperating EAN research institutions that serve MINFAC's policy research needs. Chemonics will provide technical assistance to the contracting institutions on a priority basis. Much of Chemonics' assistance will concentrate on developing analytical models that measure fundamental economic relationships (input-output coefficients, supply and demand elasticities) and use the resulting data to evaluate the effects of alternative policies. These studies will require relatively long implementation schedules, generally in the range of six to 15 months.

Competitive research projects will be funded by the Project through a special non-lapsible EAN Personal Ledger Account (PLA) established by MINFAC. The GOP has provided approximately Rs 800,000 of seed funds to start the PLA. As the DAP disperses PLA funds to contracting institutions, the invoices will be presented to USAID for reimbursement. A request for proposals under the competitive contract research program was delayed due to difficulties in obtaining Ministry of Finance approval for the PLA.

The EAN request for proposals was also delayed after the GOP announced the creation of a special National Agricultural Commission. The Commission will be responsible for evaluating agricultural policy over the last two decades and recommending new

policies to improve agricultural performance over the next two decades. Since the Commission will order several studies to support its technical analyses of major agricultural policy issues, the EAN research competition was delayed until it could be compared for duplicating efforts with the Commission's program. The Commissions' terms of reference are as follows:

- 1) To make a comprehensive review and evaluation of the performance of the agricultural sector during the past two decades to bring out, inter alia, the factors which were responsible for positive achievement in the sector and the major constraints and obstacles which impede progress in realizing the country's full agricultural potentials;
- 2) Propose measures for the improvement and modernization of the agricultural sector and a special strategy for achieving a sustained five percent per annum increase in agricultural production during the seventh plan period, keeping in view the requirements of national economy with respect to different agricultural productions, including livestock for domestic consumption and for export;
- 3) Examine the long-term potential of the agricultural sector and propose measures to ensure the most optimum utilization and development of the country's land, water and forest resources in different ecological zones with a view to promoting the welfare and prosperity of the people living in each area;
- 4) Study the present policy framework, especially price support policies, and make necessary recommendations to this effect;
- 5) Examine regulatory functions of government in the agricultural and allied sectors and propose simplification of laws, regulations and procedures;
- 6) Assess manpower in various fields of the agricultural sector and devise ways and means to meet these requirements;
- 7) Study the factors which have inhibited the production of edible oil and identify specific measures to accelerate its production;
- 8) Recommend the means to improve the lot of small and tenant farmers group; and
- 9) Study the institutional framework for private and public sectors in the field of agriculture.

The EAN request for proposals was issued in April 1986. In mid-May, the EAN TOR's were revised to sharpen the analytical focus and the deadline was extended to July 3, 1986.

b. Special Commissioned EAN Studies

The special commissioned studies program was designed to give MINFAC additional flexibility to order short-term studies on issues that are relatively more urgent than the competitive contract research program. The duration of these studies

will be between two and six months. This program allows MINFAC to commission quick studies to cooperating EAN research institutions, outside the normal competitive contract procedures. Chemonics can also conduct these studies, solely with Chemonics expatriate and local consultants, or in a cooperative arrangement involving Chemonics consultants and cooperating EAN research institutions.

In October 1985, after reviewing the ACPAA's economic research agenda and soliciting the views of numerous economists familiar with Pakistan's agricultural sector, Chemonics recommended the following priority areas for special commissioned studies:

- Marginal Productivity of Irrigation
- Farm Cost of Production Monitoring System
- Optimum Commodity Trade Strategies
- Poultry Supply and Demand Model
- Livestock Supply Response
- Optimum Sugarcane Production Strategies

MINFAC Secretary Akhund accepted the proposed topics as relevant to MINFAC's economic research needs and requested terms of reference for a special study to develop a policy framework for the poultry industry. The terms of reference were submitted in November 1985 and approved in January 1986. Chemonics fielded three economic advisors (Dr. Forrest Walters, Dr. Agha Sajjad Haider, and Mr. Khalil Sattar) to conduct the study during February-March 1986.

c. Special Problem-Oriented Studies

In situations where the MINFAC Secretariat needs even quicker response to economic and policy analysis needs, Chemonics and the DAP will conduct narrowly focused studies of specific problems that require urgent policy decisions. These studies will generally be completed within six weeks after the requests are issued. The studies will draw upon the results of EAN Competitive Research Projects and Special Commissioned Studies to address such problems as:

- the estimated changes in production of a given commodity in response to an anticipated change in the price of a major input;
- the estimated effects of major exporters' carry-over stocks on world prices of selected commodities during the next crop season;
- the estimated effects of an anticipated production shortage or surplus on food prices and consumption; and
- the estimated effects of an anticipated shortage of water on food production and prices;

No studies were conducted under this program during the first project year because the DAP did not have a technical staff and Chemonics did not begin creating a technical advisory staff until June 1986, after the DAP received additional management support from MINFAC.

B. Local Training

Although the Chemonics contract only includes provisions for conducting local short-term training, Chemonics offered to assist USAID and MINFAC in developing an economics training plan that would insure effective utilization of all EPA component training resources. However, experience during the first project year has shown that the training plan concept is beyond the scope of Chemonics' planning authority, particularly in the areas of establishing training goals and identifying training clientele.

These difficulties were reflected in the project's modest local training program during the first project year. Only one workshop, "Introduction to Applied Agricultural Economic Analysis", (April 6-24, 1986) was conducted because of great delays in the planning process. A 13-topic workshop syllabus (later revised to 15 topics) was developed and circulated throughout the network, however, no strong MINFAC consensus emerged on either the content or scope of the syllabus.

C. Development of the Directorate of Agricultural Policy

Progress on developing the DAP was less than planned during the first project year, primarily because the Project was not led by a full-time director with graduate training in economics. The Project received a major boost in June 1986 when MINFAC appointed a full-time project director who has graduate training in agricultural economics.

D. Development of the Economic Analysis Network

The Economic Analysis Network is intended to include all institutions in the Federal and Provincial Governments that have major responsibilities, interest, and capabilities in economic research on the agricultural sector. Particular emphasis has been extended to the MINFAC Planning Unit, PARC, APCOM, the agricultural universities, provincial and national economic research institutes, and provincial departments of agriculture and planning and development. During the first project year, most of these institutions' leaders were given personal briefings on the Project by Chemonics.

The first issue of the EAN newsletter, *The Econogram*, was published in December 1985. More than 1,000 copies were distributed throughout the country. The first issue described the broad scope of the project's activities and launched a membership drive to build a professional economist roster. A membership form was attached to each copy of the newsletter. Interested economists were asked to complete the form and return it to the EAN Project Office. By June 1986, 184 membership forms had been entered in a special microcomputer database that will be used to create an EAN directory of economists. The database includes the name, title, home institution, address, education data, and research interests of each network member.

II. Summary of the Second Project Year, July 1986-June 1987

The second project year concentrated on establishing competitive research projects, implementation of the DAP, implementation of the Personal Ledger Account, local applied economic analysis workshops, development of the EAN publications program, implementation of special commissioned economic studies, development of the EAN membership database and directory, and preparations for fielding an additional long term Chemonics adviser for the DAP.

A. Competitive Research Projects

Implementation of the first set of competitive research contracts began one year after evaluation of proposals began. Evaluation of proposals by a team of experts selected by MINFAC required over four months through November, 1986. On January 28, 1987, the Technical Sub-Committee met and approved 12 proposals on nine agenda topics for further consideration. In March 1987, Dr. Jerry Eckert was fielded by Chemonics to review the proposals and the experts' evaluations and recommend the studies to be selected for negotiations. On June 25, 1987, near the end of the Second Project Year, MINFAC signed contracts for three studies: crop response to fertilizer, labor productivity, and constraints to cooperatives.

B. Implementation of DAP

The DAP had a support staff of eight, paid with GOP funds. During the Second Project Year, Chemonics, supplied intermittent local short-term advisors to assist the DAP in the development of the Personal Ledger Account and microcomputer operations. In June, 1987, Chemonics began funding nine professional staff to conduct research, monitor EAN research contracts, manage the PLA, and provide microcomputer services. An informal organization plan has been developed, but a formal statement of program areas and functional responsibilities has not been issued.

C. Implement EAN Personal Ledger Account (PLA)

By January 1987, a complete PLA accounting system was functioning. However, a policy and procedures manual for monitoring and reporting transactions has not been prepared. EAN contractors have not been issued financial guides for expenditures to be reimbursed under the PLA. The PLA was opened with Rs 839,000, at the end of the first project year in June 1986. In June 1987, the GOP added the second project year tranche of Rs 554,000, bringing the total account to Rs 1,393,000. In view of the three studies contracted by the DAP, and the possibility of awarding two more studies during the third project year, the GOP was urged to raise the PLA to Rs 2,000,000. MINFAC has been advised that without at least Rs 2 million in the PLA, there will be a high risk of frequent cash shortages while waiting for reimbursement by USAID. However, there is no assurance by the GOP to provide necessary PLA funds.

D. Local Applied Economic Analysis Workshops

Workshops on microcomputer training, agricultural marketing, technical writing, economic research policy, and agricultural policy analysis were implemented as scheduled. An econometrics workshop was planned, but cancelled because of difficulty in coordinating its implementation with the AERC at Karachi University. A workshop in primary data collection methods was proposed but not implemented for lack of interest. A workshop on introduction to applied agricultural economic analysis was cancelled because of MINFAC concerns that the workshop schedule was too crowded. A workshop was proposed on production economics, to support MINFAC interest in strengthening the Planning Unit's farm management analytical capabilities. However, after a Chemonics team reviewed the farm management research program in July-August 1986, there was not enough ensuing interest to justify a production economics workshop after the APCOM strongly objected to any EAN Project involvement in enterprise budgeting.

The agricultural marketing and economic research policy workshops were conducted at Faisalabad in collaboration with the University of Agriculture. Chemonics supplied expatriate co-instructors to serve with local instructors, who were envisioned to conduct later editions of each workshop without expatriate assistance. Unfortunately, there has been no major interest in repeating these workshops at Faisalabad.

E. EAN Publications Program

A bi-monthly newsletter, *The Econogram*, was established on a regular schedule in August 1986, after an introductory issue had been published in December 1985.

An EAN style manual was developed as a training manual for the Technical Writing Workshop (January 25-February 10, 1987), and as a general guide for all writers wishing to contribute manuscripts for publication by the EAN Project.

After several publishing alternatives were evaluated, Chemonics decided to implement a desktop publishing program during the third project year. The desktop publishing operation will use a laser printer to print high-resolution graphics documents in camera-ready format for direct offset printing, without the need for traditional lead typesetting.

The Poultry Industry Study and the 1987 EAN Membership Directory were published after long delays in obtaining GOP clearance to use private sector presses.

An "Economic Expert Series" was begun to republish one-sheet brochures highlighting interviews on such topics as supply response, subsidies, and econometrics that appeared in earlier issues of the newsletter. The economic expert brochures are distributed on a limited basis to a "VIP" mailing list as part of the Project's broad policy education efforts.

No papers have been published under the "Invited Paper Series" because of EAN members' general reluctance to write. The series was intended to allow economists to gain wider recognition for their research results. However, most researchers are only required to write annual one- or two-page abstracts of their results and feel no obligation to do any further marketing of their studies.

F. Special Commissioned Economic Studies

Special commissioned studies were conducted on: water resource productivity (investments in irrigation O&M); agricultural supply response; agricultural price statistics; input-output modeling; farm management; and sugar industry sector analysis.

Additional work was begun on the development of regional and national linear programming models to analyze supply response, water productivity, and other major production-based policy issues. Supplementary work was also begun on agricultural enterprise budget generators to supply technical coefficients for the LP models.

Assistance was provided to a USAID-funded study of agricultural production constraints.

An agricultural sector evaluation study was planned at the request of the National Commission on Agriculture. The study was not implemented by the Project because the Commission decided to use World Bank funding.

G. EAN Membership Database and Directory

A **dBASEIII** program was developed to implement a user-friendly EAN membership database. Biodata on 315 members were published in a 1987 membership directory. The directory lists members' current titles and employers, education, and their three strongest economic research interests. The directory was designed as a resource tool for forming sub-networks of EAN members interested in such specialized areas as farm management, marketing, agribusiness management, agricultural trade, resource economics, agricultural finance, and agricultural price, income and policy analysis.

The database program includes options for: updating member biodata and a "VIP" mailing list; printing member and "VIP" mailing lists; and generating a membership directory report. The membership database is intended to be updated and republished annually.

H. Additional Expatriate Long Term Advisor Assigned to the DAP

In May 1987, the Chemonics contract was amended to supply the services of Dr. Forrest Walters, Professor of Agricultural Economics at Colorado State University, as DAP advisor for project years three and four. Dr. Walters will supervise the Chemonics staff economist group and coordinate their collaborations with the DAP research staff in conducting special commissioned studies, monitoring EAN contracted studies, and preparing DAP staff briefing papers on key agricultural policy issues.

III. Summary of the Third Project Year, July 1987-June 1988

The Third Work Plan Emphasized the following project needs:

- More GOP Funds for the PLA
- Implementation of Dap Research Program
- Institutionalization of Workshops
- Implementation of EAN Research Projects
- Institutionalization of the Advisory Committee on Policy Analysis in Agriculture (ACPAA)
- Redesign Roles of the Technical Sub-Committee and Steering Groups
- Commissioned Economic Studies
- Institutionalization of EAN Publications Program
- Transfer of Microcomputer Technology to EAN Cooperating Institutions
- FSM/EPA Training Plan
- Institutionalization of Industry Studies
- Maintenance of EAN Membership Database and Directory
- DAP Deputy Director Required

These perceived project needs were incorporated in a two-pronged strategy for institutionalizing the DAP and strengthening the DAP's main source of policy research, the Economic Analysis Network.

A. Institutionalization of the DAP

1. Expanded PLA

The PLA remained funded by the GOP at the level of Rs 1,239,000. It had been pointed out that the scope of the contract research program will require at least Rs 2,000,000 to maintain reasonable cash flow. At the end of June 1988, the PLA had a balance of Rs 4,921. A month later, the balance fell to Rs 421. This drastic fall in the monthly cash flow prohibited the DAP from reimbursing any research contracts. Six publications and one issue of the project newsletter could not be mailed because of insufficient PLA funds to purchase stamps.

2. Implementation of DAP Research Program

The Third Project Year began with one Senior Research Economist and three Research Economists. During the year, one Senior Research Economist and one Economist (Legal-Contract Monitoring) were added and the first Senior Research Economist resigned to take a position with a GOP agency. A total of 10 DAP positions are funded by Chemonics as an interim measure until MINFAC can arrange to regularize the positions or fund them with the Personal Ledger Account. Their Chemonics employment contracts were renewed on June 1, 1988 for one year, with no further extensions allowed by USAID under the Chemonics contract.

The DAP research staff have had strong involvement in the implementation of the Dairy Study, input/output analysis, and preparation of a special background study on Pakistan's agricultural strategy. The DAP staff participated in a special dairy seminar, but have not written any staff economic briefing papers.

3. Implementation of EAN Research Studies

Eight research contracts have been implemented on six research topics: crop response to fertilizer, farm mechanization, constraints to cooperatives, export potential of perishable commodities, agricultural marketing margins, and farm productivity. Two-person monitoring teams, each composed of a DAP research economist and an EAN staff economist, were assigned to each contracted study to ensure satisfactory performance and identify problems that require additional training or institutional changes through the project.

The private sector contractors were found to have limited economic research capabilities. The monitoring requirements were much more time consuming than was envisioned in the design and early implementation of the Project. An important reason for weak performance is the lack of quality control checks by the contractors' usual clients, donor organizations and GOP agencies. Regular reviews by the DAP/EAN monitoring teams have shown the contractors to be particularly weak in the following areas: conceptualization of economic research methodology; design and implementation of primary data surveys; economic analysis methods; and applications of economic analysis results to relevant agricultural policy issues. Most of the contractors have insufficient permanent staff to properly implement economic studies. The permanent staff are generally untrained in economics and have weak project management skills. The studies on crop response to fertilizer, farm mechanization and constraints to cooperatives were contracted to end in July 1988, but are not expected to be completed by the end of 1988.

Early experience with the contractors' research weaknesses highlighted the need to strengthen the contract monitoring process. The DAP Advisor and DAP research economists addressed the problem by preparing a contract monitoring handbook. The handbook is being published and distributed to all cooperating EAN institutions to familiarize all interested researchers and project managers with the 5-step contract monitoring process the DAP is using to ensure adequate research quality and professional standards.

4. Redesign Technical Subcommittee and Steering Group Concepts

No progress was made in streamlining the technical subcommittee's role because the ACPAA only met once since the project began and did not have time to consider this issue during that meeting.

5. Use of DAP in Defining the Annual Economic Research Agenda

No progress was made in gaining MINFAC confidence and interest in using the DAP staff to assist in defining the Annual Economic Research Agenda. Part of the problem was due to the inability to implement a regular, semiannual meeting of the ACPAA, which could direct the DAP to provide direct assistance on defining emerging new economic policy research needs.

6. Institutionalization of EAN Publications Program

A major effort was made to transfer major responsibility for the publications program from the Chemonics staff to the DAP staff. The prime objective of this action was to have one or more DAP staff assume editorial responsibility by June 1988. This was not accomplished because the staff were unable to spare any time from their monitoring and research responsibilities, and the DAP was unable to hire an editor with PLA funds.

It was also envisioned that the entire cost of the publication program would be borne by the EAN PLA. This policy proved to be unworkable. The procurement of all publications costing more than Rs 5,000 has been assumed by Chemonics because: (1) the DAP has great difficulty in gaining GOP clearance for any expenditure over Rs 5,000; (2) GOP rules require that the DAP submit all large printing jobs to the Government Press, which is slow and generally of lower quality than private printing firms; and (3) USAID will not reimburse the DAP for PLA expenditures made to government corporations (the Government Printing Corporation).

7. DAP Deputy Director Assigned

The GOP assigned a full-time DAP Deputy Director in December 1987. His arrival greatly improved the administrative operations of the DAP, by allowing the Director to spend more time on strategic matters.

B. Strengthening the EAN

1. Institutionalization of Advisory Committee

The ACPAA met on April 13, 1988 for the first time since the EAN Project began. The meeting reviewed the progress of studies initiated by both the EAN and SSP components of the FSM Project. The committee did not have time to undertake decisions on revising the annual economic research agenda, nor the specific question of bringing the DAP into MINFAC as a regularized agency with a full staff. Throughout the first three years of the project, the committee has not been able to provide effective agricultural policy research leadership to the DAP. The present configuration of the committee is too large to be an effective executive advisor. A five-person executive committee would be more effective than the current 20+ members of the committee. There is no indication of when the committee will meet again.

2. Implementation of Workshops

Workshops were held on microcomputer training (September 13-17, 1987), input-output analysis (January 31-February 18, 1988), and econometrics (July 3-21, 1988). Seven seminars of one day duration, or less, were also conducted during the past year.

3. Transfer of Microcomputer Technology to Cooperating Institutions

At the end of the second project year, USAID provided 15 microcomputer systems to the EAN. At the end of the third project year, USAID provided another 26 microcomputers to the project. The project has offered microcomputer training to representatives of all cooperating EAN institutions receiving computers from the project. The institutions are generally making effective use of the computers for word processing and data analysis with spreadsheets, database management programs and statistical programs. The major future institutional development issue that will require MINFAC/USAID attention is funding of recurrent costs for microcomputer maintenance contracts. Each cooperating institution agreed to finance the recurrent cost requirements for computers received from the project. At present, only one of the cooperating institutions has purchased a contract to insure regular preventative maintenance and repairs of all computer hardware. If other institutions' computers fail, and this is increasingly likely because they are not conducting effective preventative maintenance such as regular cleaning, there is no provision in the project to pay for the repairs.

4. Implementation of Commissioned Economic Studies

In addition to the studies contracted to private firms and cooperating public research agencies, special commissioned studies have been conducted by Chemonics/EAN staff economists in collaboration with DAP research economists, and with expatriate technical assistance under the Chemonics/EAN contract. An sugar industry sector study was initiated in April 1987 and revised during the third project year. The study will be published during September 1988. A dairy industry sector study was initiated in October 1987 and will be published during November 1988. An economic analysis of the privatization of SCARP fresh groundwater tubewells was initiated in October 1988.

5. Development of FSM/EAN Training Plan

At the end of 1987, training needs assessment questionnaires were sent to all current EAN members (individual assessments) and the public sector collaborating EAN institutions (employer assessments). A total of 139 responses (about a 50% response rate) were received from EAN members. Only five public sector institutions responded (less than a 25% response rate). The data were entered in a database to be summarized as an economics training needs assessment report.

Local training has generally been successful, although it is largely supply-driven by the project. Overseas training has been far less successful. The Chemonics contract was written, at the request of the USAID Office of Human Resources and Training, to exclude logistical support for overseas training. There continues to be considerable duplication of efforts and delays in coordinating overseas training between GOP Agencies (MINFAC and EAD), the USAID offices of agriculture and training, and Chemonics.

6. Institutionalization of Industry Studies

This effort has been unsuccessful. There are currently no cooperative commitments between MINFAC and industry groups to maintain and update the poultry, dairy, sugar or tubewell studies. The interest groups appreciate the studies, but they have shown no interest in offering research resources for collaboration with MINFAC/DAP to update the respective databases and policy situation reports on a regular basis.

7. Update of Annual EAN Membership Directory

Membership directory was updated to 478 members at the end of 1987 and published in May 1988. The computer database currently contains about 500 members. It is anticipated that another 50 members will be added by the end of 1988. The directory has become an important personnel recruitment tool for private firms conducting economic studies. The directory is also an important record of the evolution of the EAN membership, but it has not been exploited by the network to form sub-networks of disciplinary specialists, such as farm managers and marketing analysts.

C. Results of the USAID Evaluation of the FSM Project

All components of the Food Security Management Project were evaluated by a three-person team in January-February 1988. The final evaluation report has not been issued as of this date, but the preliminary results should be addressed in the Fourth Year Work Plan.

An evaluation matrix was used to address seven key issues in the Economic Policy Analysis (EPA) Component (EAN and SSP Sub-Components):

- EAN Installation
- "Institutionalization" of EAN
- Role of EPA in Influencing Policy Reform
- Future Role of EPA
- CP's and Covenants "
- AID and DAP Responsibilities
- Comparison of Project Paper "Log Frame" With Actual Outcome

The preliminary evaluation results on these issues generally acknowledge satisfactory progress on implementation. Findings and conclusions on seven specific sub-issues did not warrant recommendations. Recommendations made on the findings and conclusions on 18 other sub-issues should be addressed in the current work plan. The recommendations are listed as follows:

1. EAN Installation

- EAN/DAP should intensively monitor the three contract studies due in mid-1988, so as to ensure their high quality. EAN/DAP should strengthen its monitoring capability in order to reduce the preparation time of the next three studies without sacrificing their quality.
- EAN/DAP should reduce the preparation time of its commissioned studies without prejudice to their quality.
- EAN/DAP should update the policy briefing papers and other staff studies undertaken at its own initiative and should initiate new studies in line with GOP policy needs.
- EAN/DAP should undertake some "quick and dirty" policy analysis for the the GOP.
- EAN/DAP should continue its workshop and seminar program on a more diversified basis.
- EAN/DAP should persist in its efforts to use the PLA funds for printing its studies at private printing presses.
- EAN/DAP should convene an EAN Conference, which may, if successful, be made an annual event.
- EAN/DAP should make more diligent efforts to increase the representation of women in both professional and support roles.

2. "Institutionalization" of EAN

- GOP should urgently take the following steps for formal "institutionalization" of DAP:
 - Make DAP formally a part of MINFAC, (to be shown in its organization chart) with recurring annual budgetary provision.
 - DAP should be headed by a Director General (BPS-20) and a Deputy Director General (BPS-19).
 - The budgetary provision should provide funds not only for the Director General and the Deputy Director General, but for all the Pakistani professional and sup-

port staff in the EAN/DAP organization, including EAN Staff Economists and the DAP Research Economists.

- The new Director General should report directly to the Additional Secretary, MINFAC, without having to go through an intermediate level of authority.
- A meeting of the ACPAA should be convened urgently:
 - There should be a meeting of ACPAA once a year henceforth.
 - The agenda for the ACPAA should be broadened to include: review of the work of the EAN/DAP organization; assessment of the policy analysis needs of the public agricultural sector; and issuance of policy guidelines.
- The TOR of the Technical Sub-Committee should include the making of specific recommendations to implement the policy guidelines issued by ACPAA.
- The Technical Sub-Committee should meet at least twice a year.
- EAN/DAP should persist in its efforts to improve communication and collaboration with "cooperating institutions".

3. Future Role of EPA

- In order to earn GOP confidence, EAN/DAP must make every effort to produce studies of high quality, to be responsive to GOP needs, and to be prompt in meeting these needs.
- GOP should show its confidence in EAN/DAP by according it formal "institutionalization" and by giving it exacting policy assignments.
- In order to gain full acceptance within MINFAC and attract high-quality staff, EAN/DAP must work hard to establish a solid reputation in less than two years [from Feb. 1988] before Chemonics leaves the scene.
- If budgetary austerity makes it impossible for GOP to provide adequate funding to a fully "institutionalized" DAP, AID should make provisions in ASSP to finance a certain percentage, say 40 percent of DAP's ordinary recurring annual expenditures, plus certain big-ticket imported items, which would decrease by, say, 10 percent each year.

4. AID and DAP Responsibilities

- GOP should ensure that avoidable delays in project implementation do not occur during the life of the project in the future.

5. Comparison of Project Paper "Log Frame" With Actual Outcome

- EAN/DAP should pay more attention to the training activity, so as to bring the achievement up to the target.

IV. Summary of the Fourth Project Year, July 1988-June 1989

The fourth project year was devoted to maintaining the research program, local training and institutionalization of the DAP. In December the Chemonics contract was extended through June 1990, with the provision for Forrest Walters to succeed Larry Morgan as the Chief of Party and sole long term advisor after mid-1989.

A. Research Program

1. Monitoring Ongoing Contract Studies

Much of the professional staff's time was spent on problems with the contracted studies. The fertilizer response study with Chemical Consultants was non-performing during most of the year. In May 1989, USAID terminated further financial assistance to the study, after 70 percent of the contract costs had been reimbursed without reasonable evidence that the study would be completed.

The cooperative constraints study with Research Associated was submitted to MINFAC for approval without first being reviewed by the monitoring team. This action is contrary to the established responsibilities of the monitoring teams and raises serious doubts about whether MINFAC is serious about contract monitoring.

The agricultural mechanization study with United Consultants Limited was submitted in draft form. The monitoring team repeatedly told both MINFAC and the contractor that the draft did not address the TOR. However, MINFAC proceeded to pay the contractor 15 percent of the contract cost, which was scheduled to be based on submission of an acceptable draft report. The final report was submitted to MINFAC without being reviewed by the monitoring team.

The marketing margin study with United Consultants Group fell behind its implementation schedule, but no major problems arose on the survey and analysis.

The perishable products marketing study with ESESJAY failed to make progress until the contractor appointed a qualified principal investigator in January 1989, 11 months after the contract was signed. The study is not likely to be completed by the end of 1989.

The farm productivity studies with AREC, University of Agriculture at Faisalabad and CAPES have had less problems than the private firms, but have also fallen behind in their implementation schedules. AERC is the only contractor who has made a reasonable effort to keep the monitoring team advised on progress of the study.

2. Finalizing Special Commissioned Studies

Studies were completed by the project staff on the sugar industry, a supply response model, investment in canal operation and maintenance costs, privatization of SCARP tubewells, an input-output analysis of the agribusiness sector, and the dairy industry.

3. Preparation of Special DAP Studies

Special studies by DAP research economists were planned on development of an international commodity price series, agricultural tax impact analysis and development of an agricultural chartbook. Due to pressing time demands for completion of the commissioned studies and monitoring contracted studies work on the commodity price series and tax analysis was postponed. A preliminary draft of the agricultural chartbook was prepared.

4. Preparation of Special Policy Briefing Papers

Plans were made to publish eleven special policy briefing papers. The papers were to be based on published EAN commissioned studies or completed contracted studies. However, because of delays in finishing the commissioned and contracted studies only two briefing paper were published: one on the sugar industry and one on canal irrigation O&M investment.

B. Training

1. Local Workshops

Two workshops on primary data collection methods were conducted in collaboration with the FSM Agricultural Data Collection Component to give special training to private firms prequalified for EAN studies. A special microcomputer training workshop was conducted at the University of Agriculture, Faisalabad for microcomputer trainers. An introductory microcomputer workshop was conducted for Planning Unit staff assigned to the new food marketing cost program.

2. Local Seminars

Two seminars were conducted by Dr. Gary Ender of the USDA Economic Research Service on measurement of producer subsidy equivalents (PSE's) in Pakistan.

National policy seminars on sugar, dairy, inputs and agricultural policy issues were planned. Extensive preparations were made for a sugar seminar. However, the seminar was postponed indefinitely after MINFAC referred the matter to the provinces before giving approval. The other seminars were not held due to lack of staff time and lack of interest by MINFAC.

3. Overseas Training

Plans were made to send four DAP staff to a research methods course at Colorado State University. However, because of scheduling difficulties, five DAP/Planning Unit staff were sent to CSU for six weeks of special training.

4. Training Manuals

Plans were made to publish six training manuals. None of the manuals has been completed because of insufficient staff.

5. Training Needs Assessment

Data from a training needs survey were entered in a database program, but the final report has not been prepared because of a lack of staff time.

C. Institutionalization of the DAP

Extensive plans were made to support the institutionalization of the DAP by: streamlining operation of the PLA, developing a MINFAC policy analysis workplan, developing a schedule for regularizing the DAP, hiring a DAP editor with PLA funds, conducting an ACPAA meeting on the research agenda, and hiring two additional DAP research officers with PLA funds. The PLA was streamlined to allow more timely processing of USAID reimbursements. MINFAC has been unable to hire an editor or additional staff with PLA funds.

To expedite action on development of a MINFAC policy analysis workplan and a schedule for regularizing the DAP, Chemonics fielded Dr. Robert LaPorte as a short-term consultant to prepare a report on the feasibility of merging the Planning Unit and the Directorate of Agricultural Policy into a new Economic Wing. His report was submitted in February 1989. In March, MINFAC submitted a proposal for creation of the Economic Wing, based on Dr. LaPorte's report. The proposal was sent to the Management Services Division in early April. Management Services issued an evaluation of the proposal in mid-June. Since mid-June, the Finance Division has been waiting for MINFAC's response to the Management Services report.

No progress was made on convening the ACPAA to review EAN research program and revise the research agenda.

APPENDIX B

Review of Consultant Scope of Work

1. In close collaboration with the MINFAC Secretary and the EAN coordinator, assist in filling network leadership and operational positions with appropriate candidates.
Accomplishments: All key positions in the DAP have been filled, except the Research Coordinator. The GOP Deputy Project Director Position was filled in December 1987. Extensive recruitment has not identified an interested, qualified candidate for the Research Coordinator Position. The pending merger of the Planning Unit and DAP into the Economic Wing does not include a Research Coordinator Position.
2. Assist the DAP Technical Sub-Committee to develop a long-range evaluation strategy for agricultural economic and policy analysis priorities.
Accomplishments: This activity has not been accomplished. Few meetings of the Technical Sub-Committee have been convened and those meetings concentrated on evaluation of the 64 proposals submitted in 1986. No members of the Chemonics/EAN staff were invited to these meetings. After the 64 proposals were evaluated, the Sub-Committee was not convened again. A comprehensive review of the EAN Research Program has been prepared by Larry Morgan. This report concludes that the Technical Sub-Committee and the Advisory Committee on Policy Analysis of Agriculture have been ineffective in providing leadership to the EAN Project and recommends that they be abolished and replaced by a three or five-person Executive Committee.
3. As required by the EAN Coordinator, assist with tasks described in the Coordinator's scope of work.
Accomplishments: This activity has been accomplished on a routine basis.
4. Personally conduct limited scope research projects, with the prior approval of the MINFAC Secretary and the USAID Project Officer.
Accomplishments: Two papers were prepared for the Edible Oils Stock and Trade Management Seminar in November 1985. A feed analysis section was prepared for the Poultry Industry study. A special wheat policy study was conducted. A revised analysis of the edible oils industry was begun, but was not completed due to heavy project supervisory requirements.
5. Design and implement evaluation procedures for EAN research proposals and other manuscripts.
Accomplishments: Since the EAN contract studies were funded by the GOP, the evaluation protocols established by the Planning Division were adopted. When the 64 proposals were set for evaluation, the Chemonics EAN Coordinator and Chief of Party recommended that a three or five-person evaluation team be assembled to evaluate all proposals. This would have had the advantages of reducing the time required, improve the consistency of individual evaluators, and allow a more uniform

evaluation within and across research topics. MINFAC chose to select 13 evaluators, one for each research topic. About 8 of the evaluators finished their work within two months. The remaining evaluations required 2-3 more months. The evaluation results showed inconsistencies between evaluators. One evaluator decided that his assigned research topic did not merit any additional work and did not recommend any proposals for funding. Because the studies are funded by the GOP and Chemonics has no contractual control of the funding process, the Chemonics Chief of Party is in no position to modify the present system. All manuscripts submitted for publication are evaluated according to procedures established by the Chief of Party with the Technical Editor, namely a peer review for technical accuracy, followed by a grammatical and style review by the Technical Editor.

6. Assist the MINFAC in selecting participants for long and short-term training outside Pakistan and short-term training in-country.

Accomplishments: Regular assistance has been provided on training, although the training outside Pakistan has been far below expectations due to low TOFEL scores and poor coordination among the GOP agencies nominating and processing nominees. There was never a serious problem in soliciting nominees for short-term in-country training.

7. Design and implement short-term economic and policy analysis training courses in-country.

Accomplishments: Short-term in-country training was based on a 15-course syllabus prepared in February 1986. Under this syllabus, 241 participants have attended 14 local workshops for a total of 153 participant-months of training.

8. Design and initiate the implementation of an EAN Seminar program for key policy-makers and EAN members.

Accomplishments: A total of 14 seminars were conducted for 348 participants for a total of 9 participant-months of local training.

9. Collaborate on selected EAN research projects and provide technical assistance on complex analytical procedures.

Accomplishments: This activity has been accomplished on a routine basis through collaboration with the EAN contract research monitoring teams, special commissioned studies by Chemonics staff economists, and review of manuscripts of technical reports submitted for publication by the Project.

10. Design and initiate a microcomputer training and support program for the DAP and the EAN.

Accomplishments: This activity has been fully accomplished. Riaz Lodhi was hired by Chemonics as a Data Processing Specialist. He has conducted 5 microcomputer training workshops for 49 participants. He has also trained Kamran Rifi, DAP Programmer, in microcomputer training techniques. A computer maintenance

program has been implemented for all computers procured by Chemonics and all EAN institutions receiving computers from the EAN project have been advised on computer operations and maintenance procedures.

11. Assist the MINFAC and USAIDS to identify short-term technical assistance needs in economic and policy analysis.

Accomplishments: This has been done on a routine basis with approximately 57 person-months of short-term technical assistance provided for such tasks as: the poultry study, the farm management review, assessment of the EAN research program, privatization of SCARP tubewells, evaluation of EAN research proposals, constraints to agricultural production, sugar industry study, dairy industry study, evaluation of agricultural price statistics, preparation of a agricultural policy model, agricultural supply response, and feasibility of merging the Planning Unit and DAP to form the MINFAC Economic Wing.

12. Monitor and evaluate the progress of the DAP and EAN concept towards strengthening Pakistan's capability to conduct economic and policy analysis of major agricultural issues.

Accomplishments: This activity has been accomplished on a routine basis through quarterly reports, annual work plans, memos on research opportunities and papers on the development of an economic research program for MINFAC.

13. Identify and supervise professional support staff in the EAN Coordinator's office and train them in modern administrative and managerial methods.

Accomplishments: This activity has been fully accomplished. During June 1987-May 1989, 10 DAP staff have been employed and trained by Chemonics for transfer to MINFAC for economic and policy research.

14. Develop and update a prioritized economic research agenda based on the identified needs of the MINFAC Secretary and the Advisory Committee on Policy Analysis in Agriculture (ACPAA).

Accomplishments: The current economic research agenda was established by the ACPAA in February 1985, before the EAN Project was implemented. The ACPAA met only once during the Project Life (April 13, 1988) but has never scrutinized the relevance of the original research agenda to MINFAC's current policy analysis needs. Larry Morgan has circulated papers on development of an economic research program, including description of the agricultural policy process and a proposed policy analysis framework. There has never been any reaction to these papers by MINFAC. A comprehensive review of the EAN Research Program has been prepared by Larry Morgan. The report summarizes studies completed under the EAN project and studies proposed by EAN cooperating institutions and recommends that MINFAC appoint a special three or five-person Executive Committee to revise the research agenda in view of the current agricultural policy environment.

15. Develop agendas and make arrangements for and obtain economists from other countries as guest speakers for periodic national and regional economic conferences to review EAN work to date and/or present the results of other notable economic research studies.

Accomplishments: This activity has been accomplished under Item 8. above. A series of EAN Seminars have hosted internationally recognized economists to discuss relevant economic policy issues. The FSM Project Paper calls for a series of annual EAN Conferences, however, MINFAC has not endorsed this concept.

16. Train a MINFAC official, selected by the MINFAC, to assume EAN Coordinator Duties.

Accomplishments: This activity has been fully accomplished with the training of Kamran Rifi (computer operations), Tajammal Rauf (monitoring EAN research contracts), Sahab Qureshi (monitoring EAN research contracts), and the appointment of Mr. M.S. Siddiqi in December 1987 as EAN Deputy Project Director.

17. In close collaboration with the USAID Training Officer and the economic advisors on the team, ensure appropriate arrangements are made for in-country economic and policy analysis training and long and short-term economic and policy training outside of Pakistan.

Accomplishments: With respect to in-country, short-term training, this activity has been fully accomplished. Training outside of Pakistan has been hampered by many factors beyond the contractual obligations of Chemonics, including low TOFEL scores, lack of coordination among GOP nominating and processing agencies, and lack of coordination between the USAID training contractor and the EAN Project.