

PD-ABL-026  
14/11/97

USAID/BANGLADESH  
PROJECT ASSISTANCE COMPLETION REPORT (PACR)

I. SUMMARY DATA SHEET

Project Title : Bangladesh Food Policy sub-Project (BFPP)

Elements : (A) IFPRI Contracts (B) FPMU PIL

Project Number : 388-0027 & 388-0074 (TRP I & II)

1. Authorization Dates: IFPRI Contract 12/01/88, FPMU PIL 02/28/89
2. a. ProAg No. : N/A; No. of ProAg Amendments: N/A  
b. IFPRI Contract Nos.: 388-0027-C-00-9026 and DAN-4111-B-00-9112/DO-7  
Number of Contract Amendments: 6  
c. FPMU PIL Nos.: 6 (TRP-II); Number of PIL Amendments: 3
3. Grantee : Bangladesh Government (BDG)
4. Implementing Agency: Food Planning and Monitoring Unit (FPMU),  
Ministry of Food (MOF)
5. a. TA Contractor: International Food Policy Research Institute (IFPRI):  
b. Obl. amount: \$4,730,997 (AID/D Cont \$3,804,822; AID/W Cont \$926,175)
6. Final Evaluation (Date): October 1992.
7. PACD: Original: IFPRI-03/31/92; FPMU-06/30/92 Final: 06/30/94 (both)
8. Financial Status:  
(As of 12/01/94)

	(A) IFPRI TA Contracts			(B) FPMU	BFPP
	AID/D	AID/W	Total	PIL #38	Total (A+B)
Authorized:	\$ 3,807,596	930,000	4,737,596	270,000	5,007,596
Obligated:	\$ 3,804,822	926,175	4,730,997	250,664	4,981,661
Disbursed:	\$ 3,492,324	903,127	4,395,451	250,664	4,646,115
Unliquidated:	\$ -	-	-	-	na
Deobligated:	\$ -	-	-	-	na
9. BDG Contribution:  
A. Planned \$23,870  
B. Actual \$21,948
10. Other (including Donor) Contributions:  
A. Planned \$ Nil  
B. Actual \$ N/A
11. Planned USAID Inputs:

	IFPRI	FPMU
A. Training and Study Tours	\$N/A*	\$ 25,000
B. Technical Assistance, etc.	\$4,737,596	\$245,000

  
Actual USAID Inputs:

	IFPRI	FPMU
A. Training and Study Tours	\$N/A*	\$ 24,258
B. Technical Assistance, etc.	\$4,395,451	\$226,406

\* Not separately shown in the contract; included in the "TA, etc." item.

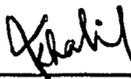
12. **Planned and Actual Outputs (Nos.):**

<u>Targeted Project Output (Research reports, persons trained, etc.)</u>	<u>No. of Planned Outputs</u>	<u>No. of Outputs Accomplished</u>
1. IFPRI-FPMU Publications:		
1.a Summary and Synthesis of all research publications	1	2
1.b. Research reports/papers prepared and disseminated widely	28	67
1.c. Food Policy briefs prepared and disseminated to policy makers	5	5
1.d. IFPRI Working papers prepared and disseminated	14	7
1.e. Special studies conducted by MOF and FPMU	4	3
1.f. Monthly Food Situation Report prepared and disseminated	60	62
2. Formal Seminar/workshops conducted on research and policy issues	10	21
3. Persons trained through Training, Study Tours and Collab. Research		
3.a. Local Training	75	158
3.b. Short-term U.S.	6	12
3.c. Study Tours in U.S. and TCs	3	13
3.d. Collaborative Research and Rapid Appraisal training/studies	50	68
4. Establishment of a fully functional Situation Room at FPMU for supplying timely market information	1	1
5. IFPRI's assistance to MOF and BDG on ad hoc requests	0	46

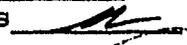
13. Checklist

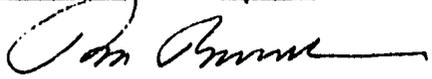
- A. The contract close-out actions to be completed separately.
- B. The financial close-out actions to be completed separately.
- C. Official project files have been cleaned up and organized; those no longer required for implementation, evaluation and monitoring have been retired to storage.

OFA, Project Officer/CAnderson  Date 4/20/94

14. Drafted by: OFA, Project Manager/IKhalil  Date 10/31/94

15. Clearances:

- A. OFA/KMullally(draft) Date: 2/12/95 B. CON/TWalsh(draft) Date: 3/23/95
- C. RLA/ANewton(draft) Date: 2/13/95 D. PDE/JDefler(draft) Date: 2/14/95
- E. PRO/EMcPhie(draft) Date: 2/15/95 F. OFA/JSwanson(draft) Date: 4/20/95
- G. DDIR/LChiles  Date 4/20/95

16. Approved:  Date: 4/20/95  
Mission Director/Richard M. Brown

Distribution: OFA: BFPP File; AID/Dhaka: All Clearing Offices; ~~AID/W: YFC/CDI~~, ANE/SA/B, ANE/SA/IRM.

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### **III. EXECUTIVE SUMMARY**

IFPRI and FPMU elements of the Mission's TRP funded Bangladesh Food Policy Sub-project (BFPP) ended on June 30, 1994. The contractor delivered all planned outputs on time, and closed down its project office in Dhaka by July 31, 1994. Before repatriation of the Chief of Party (COP), all project commodities were transferred to the Ministry of Food aiming to sustain project achievements and technology transfer.

BFPP-induced policy changes in food sector have increased real income and nutrient intake, which in turn reduced the poverty of all net foodgrain buyers (rural poor, urban poor and middle class), altogether 85% of Bangladesh's 115 million people.

Approximately \$100 million BDG savings per year have already been effected as the result of policy reform decisions already undertaken by BDG, where BFPP inputs contributed a significant basis for such decisions. BDG's current policy of maintaining a lower security stock level, as recommended by BFPP, is likely to generate additional savings starting this year, which will allow Ministry of Finance to allocate more resources for other development activities.

The BDG has been promoting education for children of poor households through introduction of Food For Education (FFE) program, as suggested by BFPP. In total, 700,000 students out of 1.48 million Bangladeshi primary school students are currently covered under this program, which is planned to increase to up to 1 million students in 1995. This BFPP-induced program has increased primary school enrollment and attendance for girls and boys by 28.1% and 14.3% respectively, and reduced the drop-out rate by 8% this year. Improvement in child nutrition is also expected from FFE, but yet to be evaluated. Other targeted assistance programs recommended by BFPP (e.g. cash for work) are also being considered by BDG.

In addition, BFPP generated the following results:

- i) effecting food policy reforms and generating public cost savings,
- ii) changing the conventional wisdom in food management system, and
- iii) creating a policy environment in which foodgrain markets and relevant policies can evolve.

#### IV. PROJECT PURPOSE/DESCRIPTION

IFPRI and FPMU activities were designed to carry out effective food system management and to provide input into the process and effect food policy changes.

The BFPP had two elements: (A) IFPRI's Technical Assistance to MOF, and (B) AID's direct support to FPMU. Element (A) was implemented under a USAID/Dhaka direct contract with IFPRI for 12/88-6/93, and a bye-in to an AID/Washington Basic Ordering Agreement (BOA) with IFPRI from 10/93-6/94. Under these contracts, IFPRI extended its technical assistance to BDG through resident advisors, local and expatriate consultants, in-country and overseas training, and limited commodity support. Element (B) was implemented under TRP-II Project Implementation Letter (PIL) Nos. 6 and 38. These PILs authorized a budget for FPMU to meet its costs under five line items, which are: in-house research, study tours, BBS survey logistics, project staff, and in-country support.

#### V. END OF PROJECT STATUS

##### a. Current Project Status

The BFPP ended on June 30, 1994. The AID/W Project Officer for the BOA Contract authorized IFPRI to complete closeout actions by July 31, 1994. IFPRI formally closed-out its Food Policy Project Office in Dhaka on 7/31/94. Two long-term expatriate TA/resident advisors and their family members departed Bangladesh on 7/15/94 and 7/27/94. After settling personnel and financial obligations, all local TA/consultants and support-staff were released before 7/31/94. All project commodities (equipment, vehicles and furniture) were properly disposed of to the BDG implementing agency in accordance with USAID procedures. All planned training/study tours under the project were also completed before the closing date.

All activities under the FPMU support component of the BFPP ended on June 30, 1994. The local contractor for the two studies (i.e. the private sector wheat imports study, and the storage and transit losses study) has submitted its final reports in accordance with the terms of the two local contracts. Planned study tours were also completed before the closing date. All project-funded FPMU employees were paid their final salaries and separation benefits in full. Procurement actions under 'BBS logistics' and 'In-country support' elements were also completed by the closing date.

##### b. Progress toward achievement of project purpose

Under the umbrella of the Mission's Technical Resources Project (TRP), IFPRI and FPMU activities were designed to carry out effective food system management, and to provide inputs into the process and effect food policy changes. This purpose fits in USAID/Bangladesh Strategic Objectives. In the final year of the BFPP implementation, four purpose-level indicators were set by the Mission for this sub-project, all of which would directly

contribute to the achievement of Mission Strategic Objectives. The indicators are:

1. Strengthen capacity of two BDG institutions (FPMU and MOF) through training and collaborative research, for supporting effective food system management.
2. Reduction in public foodgrain distributed through monetized/non-targeted channels.
3. Increase in public foodgrain distributed through targeted channels for the poor.
- 4.. Increase in BDG foodgrain trade (procurement and selling) through the Open Tendering System (OTS).

The BFPP was successful in achieving its LOP targets for 1-3 above. A reasonable success was also attained in achieving the LOP target for No. 4.

First, the technical and analytical capacities of 6 local institutions were strengthened through local and overseas training and study tours, and by working with the contractor in collaborative research and rapid appraisal training. The MOF, FPMU, Directorate of Food (DGF), Directorate of Agricultural Marketing (DAM), Bangladesh Institute of Development Studies (BIDS) and Institute of Nutrition and Food Science (INFS) were the institutions involved in that process.

Second, in FY87-88 (prior to BFPP), the share of non-targeted food distribution channels in the annual Public Food Distribution System (PFDS) was 43%; with the rest (57%) shared by targeted channels. In FY94-95 (after PACD) the share of PFDS is estimated at 32% and 68% for non-targeted and targeted channels, respectively.

Third, LOP targets for public procurement and sales through the Open Tendering System (OTS) was set at 50% and 5%, respectively. Initial attempts for running the program have failed to yield positive results, because of procedural problems. Absence of further attempts and required measures by BDG has slowed down the tendering process. Therefore, targets under this aspect of the project were partially achieved.

BFPP was successful in: (1) effecting food policy reforms and generating public cost savings, (2) changing the conventional wisdom in food management, and (3) creating a policy environment in which foodgrain markets and relevant policies can evolve. Its research findings and recommended actions resulted in the following direct impacts in the growing economy of Bangladesh:

1. BDG savings of approximately \$60 million per year as a result of its decision to abolish certain ineffective and inefficient rationing channels, as recommended by IFPRI. For example, leakage in the Rural Rationing channel alone was found to be as high as 70-90%.

2. Potential BDG savings of approximately \$25 million per year, through open tendering for domestic foodgrain procurement, as opposed to millgate contracting. This was also recommended by IFPRI. IFPRI's close monitoring and timely reporting on the tendering procurement process influenced the BDG policy makers to take appropriate decisions in a timely fashion.
3. In 1992, BDG saved approximately \$12 million by its decision to adjust (lower) the procurement price in 7/92, as recommended by IFPRI. IFPRI's procurement studies and training, and special reports on the subject, had influenced the BDG policy makers to undertake such a difficult but necessary decision.
4. As recommended by IFPRI, recently implemented downward adjustment of food security stocks has resulted in more funds available to the Ministry of Finance for investment in other development projects. BDG is now capable of managing abnormal demand-supply situations by maintaining an optimum security food stock, timely scheduling of procurement and distribution, and greater reliance on private sector storage and marketing.
5. BDG (Ministry of Food) can reduce its operational cost through reduction of a large number of DG/Food staff, as recommended by FAO and analyzed and seconded by IFPRI. Because of significant reductions in foodgrain marketing, even more cost reductions are possible in MOF and DG/Food operations.
6. School attendance by poor children has improved (27% for boys and 31% for girls) from implementation of a Food for Education (FFE) program, as recommended by the working group for targeted food interventions under IFPRI's leadership. Improvement of nutritional status is also expected, but that impact is yet to be studied.
7. As envisioned in our 1987 PL480 Title-III agreement, research findings of the BFPP effectively supplemented USAID food aid program implementation and subsequent negotiations. For example, results of IFPRI's preliminary assessment of the effectiveness of Food for Education (FFE) program has convinced the Mission to permit BDG to use FY95 Title III resources for this activity.
8. BFPP trained public sector professionals are now capable of effectively conducting smaller size research and rapid appraisals, regularly reporting on the domestic and international market situation, and quickly responding to critical inquiries of BDG policy/decision makers.
9. A fully equipped situation room is now functional at the FPMU. A regular food situation report containing production, market, price and stock information comes out of that room every month. In addition, anyone from public or private sector can get the recent market information (domestic or international) from this unit on any working day.

VI. ACCOMPLISHMENTS VERSUS PLANNED OUTPUTS

Targeted Project Output (Research reports, persons trained, etc.)	No. of Planned Outputs	No. of Outputs Accomplished
1. IFPRI-FPMU Publications:		
1.a Summary and Synthesis of all research publications	1	2
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## VII. NON-U.S. CONTRIBUTIONS (BDG/DONORS)

Total BDG contribution to this project, planned at \$23,870 in local currency, was actually \$21,948. This amount was spent to meet the cost of salaries and other expenses of the FPMU's project implementation related personnel, as planned. MOF/FPMU also paid \$72,727 to the National Board of Revenue (NBR) as CD-VAT for the imported project commodities and vehicles, although this does not meet the USAID requirement for host government contribution needed by the project.

No other donor was involved in funding this project.

## VIII. SUSTAINABILITY/POST PROJECT MONITORING

Since a completed set of BFPP research output is now available to BDG, the future need will be to concentrate its attention on implementation of the remaining BFPP recommendations. With that end in mind, MOF plans to have some additional technical assistance in near future to successfully implement its major programs in three distinct operational areas. Those are: (i) targeted assistance programs operation, (ii) foodgrain supply, management and market development, and (iii) strategic food sector choices. In addition, some supplemental research will also be needed to fill in the information gaps from time to time. MOF's proposal for a 4-year long TA project (Title: Food Management and Research Support Project, i.e., FMRSP) is currently under active consideration of the BDG project approving authority. USAID has also expressed its willingness to fund the proposed FMRSP from its Integrated Food for Development (IFFD) Project, if the project gets an approval.

## IX. LESSONS LEARNED

- a. The BFPP has clearly demonstrated that solid policy oriented research on program impacts can be an effective tool for stimulating policy reforms in Bangladesh, when policy results are presented in a timely and effective way.
- b. Project results also indicate that the private sector can, and will, readily step in to fill the void when Government withdraws from activities that can as easily be performed by private interests.
- c. Effective policy research takes time, and must be built on a solid empirical base. The final two years of effective dialogue, reporting, and impact were in part the result of the first three years' food policy data collection.

A mid-term evaluation of the project took place in Sep-Oct, 1992. Initially, AID declined to accept the evaluation report due to the low quality of reporting by the contractor. That evaluation report contained few insights on lessons, and none of sufficient utility to include in this report.

## **X. CONCLUSION AND RECOMMENDATIONS**

The BFPP was successful in achieving its planned output, and contributed significantly toward the attainment of Mission's strategic objectives. The magnitude of BFPP's success in influencing BDG's sectoral policy reform process has proved that a relatively small investment in technical assistance can yield dramatic results, if designed and managed properly.

As envisioned in the 1987 PL480 Title-III agreement, research findings of the BFPP have effectively supplemented USAID food aid program implementation and subsequent negotiations. For example, results of IFPRI's recent preliminary assessment of the effectiveness of Food for Education (FFE) program has led the Mission to allow BDG to use Title III resources for this activity.