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Abt Associates Inc.
55 Wheeler Street, Cambridge, Massachusetts 02138-1168
Telephone • 617 492-7100
TWX: 710-3201382

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FORMULATING AGRICULTURAL
POLICY IN A COMPLEX
INSTITUTIONAL ENVIRONMENT:

THE CASE OF THE
DOMINICAN REPUBLIC

APAP Staff Paper No. 16

By:

Phillip E. Church, AID
Roberto Castro, AID

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Submitted to:

Dr. William Goodwin
U.S. Agency for International Development
S&T/AGR, SA-18
Room 403
Washington, D.C. 20523

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FOREWORD

This publication is one of a series of staff papers that are part of the continuing effort of the Agricultural Policy Analysis Project (APAP), sponsored by the Office of Agriculture in AID's Bureau of Science and Technology, to disseminate experiences and lessons learned in the area of agricultural policy analysis. Through interaction with policy makers and policy analysts in Africa, Latin America, the Near East, and Asia, APAP has identified and concentrated its technical resources in the following themes:

- Developing agendas for an informed mission-host country dialogue on economic policies constraining progress in agriculture.
- Defining food aid strategies and programs that foster and support economic policy reform measures.
- Identifying input and output price reform programs that stimulate agricultural production and productivity.
- Fostering private sector participation in input supply and product marketing and redefining the role of parastatal institutions.
- Developing the indigenous capacity of host country institutions to provide the information needed to analyze, formulate, and implement policies conducive to agricultural development.

In the present case study, the authors illustrate how a process was set in motion to foster systematic examination of national agricultural policies to improve the government's perceptions of the role of analysis in the formation and execution of policy and, perhaps more importantly to institutionalize the capacity for policy analysis. Given the dynamic nature of institution building in developing countries, any account such as this represents a point in time, snapshot of a short period of development in a longer run trend. Nevertheless, this interim assessment shows that notable progress was attained for a relatively small amount of money and within a reasonable time-frame. The lessons gained from this experience offer promise in countries where similar conditions may exist.

Both Phillip Church and Roberto Castro are agricultural economists in AID in Washington, D.C. At the time of this study, Dr. Church was the Agency Manager for the Agricultural Policy Analysis Project (APAP) through which technical assistance was provided to the Government of the Dominican Republic, and Dr. Castro was stationed in Santo Domingo where he had the main

responsibility for the development and management of the Dominican Agricultural Analysis Project until July 1986.

The evaluation is based upon experience on the project through the fall of 1986. Any subsequent changes in the project are not reflected in this case study.

The authors would like to extend a special thanks to the following individuals who contributed to this report and to the policy analysis work in the Dominican Republic: Dr. James Riordan, former APAP Project Director who assisted the USAID/DR in setting the framework for the Dominican Project; Dr. Dean Schreiner, professor at Oklahoma State University and leader of the APAP advisory team to the Dominican Republic; Dwight Steen and Erhardt Ruprecht from USAID/Dominican Republic, and to Santiago Tejada and Teofilo Suriel, Coordinator and Deputy Coordinator for UEA at the time of this study.

We hope this and other APAP Staff Papers in the series will provide useful information and analysis to all those involved in the continuing agricultural policy dialogue between AID and host country governments. We welcome comments, criticism, questions and suggestions from our readers.

ABSTRACT

In 1983, the Government of the Dominican Republic (GODR) established a special agricultural policy studies unit that served as a technical secretariate to a presidential level national consultative body comprised of government, private sector, and university representatives who convened periodically to make recommendations on policy options affecting agriculture. In 1984, AID provided grant funding to build the capacity of this small unit to undertake timely, accurate, and relevant policy analysis. During an interim review of this experience, the GODR found that sound policy analysis is indeed feasible under this arrangement. However, certain measures must be taken to assure the effective performance and viability of a free-standing unit charged with conducting and coordinating the analysis of national agricultural policies. There must also exist a pool of domestic talent outside the public sector and a means to tap those resources in a timely fashion to supplement the policy analysis unit's own staff capacity. Equally important, an institutional setting must exist that is sufficiently resilient to withstand inevitable changes in political control of the government apparatus.

1. INTRODUCTION

Because policies affecting agriculture are influenced, formulated and carried out by a range of institutions, there are trade-offs in deciding where to build capacity for policy analysis so that it can effectively support the policy process. To build such capacity in a single institution, such as a line ministry, planning office or central bank, may assure access to adequate logistical support, but the resulting analysis may be too heavily influenced by the sponsoring agency and constrain the objectivity of the output. To build such capacity in a free standing unit linked to a multi-agency consultative body may improve the chances for objectivity and scope of the analysis, but at the same time the unit is left without an institutional "home" that can give a sense of permanency and security to its professional staff.

The Government of the Dominican Republic (GODR) in 1983 chose the second option, and established a special agricultural policy analysis unit that served a national consultative body composed of government, private sector and university representatives who convened periodically to make recommendations directly to the President of the Republic on policy options affecting agriculture. An AID grant in 1984 provided funding to build the capacity of this small unit to undertake timely, accurate and relevant policy analyses.

After three years of experience, the GODR found that sound policy analysis is indeed feasible under this arrangement. However, certain measures must be taken to assure the effective performance and long-run viability of such a free-standing unit charged with conducting and coordinating the analysis of national agricultural policies. There must exist, for example, a pool of domestic talent outside the public sector and a means to tap those resources in a timely fashion to supplement the policy analysis unit's own staff capacity. Equally important, an institutional setting must exist that is sufficiently resilient to withstand inevitable changes in political control of the government apparatus. This paper examines the interim experience of the Dominican Republic's agricultural policy formulation process and identifies some of the lessons learned from GODR's approach to this process.

2. BACKGROUND

2.1 Recent Performance of the Agricultural Sector

The 1970s and early 1980s were difficult years for agriculture in the Dominican Republic. During this period, agriculture not only grew slower than the economy as a whole,

but, since 1976, it virtually stagnated. To a certain extent, international forces contributed to the poor economic performance of the sector: energy crisis, international recession, and a decline in global world market prices for Dominican commodities certainly did not help.

The Dominican Republic had been more than a passive victim of forces outside its own control. Although the government attempted to stimulate economic growth, its policies, particularly toward the agricultural sector, often lacked coherence and did not have marked success. Domestic inflation and a widening import-export gap, for example, were indications of malaise, not only for the economy as a whole, for agriculture as well.

2.2 The Institutional Context

On paper, the GODR had ample institutional infrastructure to deal with a broad array of policy issues associated with agricultural development. The government's organizational structure for agricultural planning dated back to 1965, when responsibilities were divided between the National Planning Office (ONAPLAN) of the Technical Secretariat of the Presidency (STP) and sectoral secretariats, including the Secretariat of State for Agriculture (SEA) and its Subsecretariat for Planning (SEAPLAN).

At the time of this study, a variety of public institutions formulated and implemented national agricultural policies and programs. Examples included much of the Secretariat for Agriculture itself, ONAPLAN, as well as the National Agricultural Bank (BAGRICOLA), the Agrarian Reform Institute (IAD), and the National Price Stabilization Institute (INESPRE). If anything, there was a plethora of agricultural sector institutions, with effective coordination among them extremely limited.

In addition to developing a multifaceted institutional framework for the sector, the GODR had engaged in a number of programs to expand its human resource capacity for agricultural development. Interestingly, although most of this capacity remained within the Dominican Republic, relatively little had remained within the public agricultural sector. While the country as a whole had clearly benefited, it was somewhat ironic that the government found itself strapped by limited technical capacity to formulate coherent agricultural policies and translate them into effective action.

Compounding the limited public agricultural sector technical capacity were recent developments in agricultural policy making -- developments that placed a high premium on the need for policy

to have sound analytical underpinnings. Until recently, the appropriateness of direct government intervention in the agricultural sector -- the government's agrarian reform program, for example -- was an issue much more of political than of economic debate. As the GODR struggled to cope with recent financial crises, however, the inefficiencies of state intervention became more apparent. As agricultural production continued stagnating, price, foreign exchange and interest rate policies that militate against buoyant agricultural growth became increasingly unable to withstand hard scrutiny.

The GODR was then, committed to revitalizing agriculture in its efforts to restore economic growth. As the government went about assessing the advisability of different policy measures, it became increasingly aware of the need to build firm analytical underpinnings for agricultural policy-making.

2.3 Constraints to Effective Agricultural Policy Making

Key constraints facing agricultural policy making in the Dominican Republic were as follows:

- Agricultural policy making was heavily influenced by partisan politics. Little decision-making was guided by hard analytical evidence. In the absence of solid analysis of policy alternatives, policy discussions often turned into political forums.
- The public agricultural sector suffered from a severe shortage of technical capacity. Recent years had witnessed a flight of technical talent and little incentive existed, for either monetary or prestige reasons, for highly qualified analytical personnel to enter public service.
- National economic policies received little analysis before enactment. The focus of the limited analytical capacity that did exist in the public agricultural sector was on agricultural sector programs and projects, not on the overall policy environment of which they are a part.
- There was a multiplicity of public sector institutions concerned with different instruments of agricultural policy. The division of responsibilities among institutions was often poorly defined and policy coordination was weak.

- Policy implementation was fragmented. Public agriculture sector agencies often execute programs in virtual independence of each other. There was practically no central coordination to assure that the left hand was aware of what the right hand was doing.
- There was little on-going monitoring or evaluation of policies, programs, and projects, and no systematized attempt to learn from past experience and to take corrective action when needed.
- Few mechanisms had been set up to involve the reservoir of analytical talent in the Dominican private firms and academic institutions in the process of agricultural policy-making.

3. POLICY-MAKING INSTITUTIONS AND THEIR COORDINATION

To address these constraints the GODR revitalized a set of policy-making agencies and set about coordinating their activities.

3.1 The National Agricultural Council (CNA)

At the head of the public sector agencies was the National Agricultural Council (CNA) which had become the place where agricultural policy was formulated. Chaired in person by the President of the Republic, the CNA had broad intersectoral representation within the public sector and included private sector representatives as well.

3.1.1 The Agricultural Policy Analysis Committee (CAPA)

Within the CNA, an Agricultural Policy Analysis Committee (CAPA) had recently been instituted. CAPA consisted of seven members of CNA, three from the public sector and four from the private sector. The CAPA was chaired by the Technical Secretary of the Presidency (STP) or his designated representative. It included the Secretary of Agriculture or his representative and the Executive Secretary of CNA or his representative. The private sector representatives came from producers associations and the agribusiness and academic sectors.

The CAPA met regularly to perform the following functions:

- Define in detail the scope of agricultural policy issues for study;
- Instruct the Agricultural Studies Unit, (UEA) to arrange for studies of agricultural policy issues;
- Approve or reject studies proposed by parties other than CNA -- the private sector, for example;
- Arrange for CNA deliberation of recommendations and findings of UEA studies.

3.2 The Agriculture Studies Unit (UEA)

The UEA was a free-standing institution which reported to CAPA. It was the UEA which provided the administrative and technical support to the CNA and CAPA, and it was the UEA where the "core" policy analysis brainpower was housed. It was the UEA that was the focus of AID financial and technical support for policy analysis in the Dominican Republic. The UEA consisted of five individuals: a coordinator (trained at the Ph.D. level), an agricultural policy analyst (Ph.D. agricultural economist), a technical agriculturalist (MS agricultural economist), a research assistant (MS financial specialist) and a secretary/administrator officer. UEA was conceived to be small to avoid a temptation to grow abnormally and become another bureaucratic office attempting to take over some of the roles assigned to other planning public offices. UEA's additional task was to provide support to these planning offices in their policy making roles. With this task, and as the executive and technical arm of CAPA, UEA drew on support, as needed, from ONAPLAN, BAGRICOLA, IAD, INESPRE, and from SEA. UEA's functions included the following:

- As directed by the CAPA, arranged for studies of agricultural policies to be conducted. These arrangements took one of two forms: (a) if in-house resources permitted and were appropriate -- particularly in cases in which rapid turn-around was called for -- it conducted the studies itself; or (b) it contracted analytical expertise from private Dominican universities, Dominican firms or, if necessary, from expatriate sources;
- Evaluated the technical quality of studies performed under its auspices prior to delivery to the CAPA for its deliberations or release for general public consumption;

- Drafted action memoranda outlining policy alternatives for CNA and CAPA deliberations;
- Documented actions (or lack of action) taken by CNA in reaction to studies;
- Monitored CNA decisions for consistency in actions taken, and document inconsistencies for either further study or consideration by the CNA.

In addition to the administrative direction received from CAPA, the UEA was intended to receive technical guidance from an Advisory Group (Grupo Assessor) made up of policy analysis experts from the Dominican private sector. Among its likely members were representatives of the Dominican Association of University Rectors (ADRU) and the Fund for the Advancement of Social Sciences (FACS). This Advisory Group was assigned the following functions:

- Guide the UEA on the advisability of conducting studies in-house or contracting them out;
- Offer guidance, as needed, on drafting terms of reference in cases in which studies are contracted out;
- Make recommendations on the most appropriate sources of expertise for specific studies;
- Furnish the UEA with overall policy guidance in developing the capacity of private firms, academic institutions and other government agencies to conduct high quality policy analysis.

Because this advisory group was not operational, CAPA included two members of the Dominican universities among its members and played the advisory role itself.

3.3 The Fund for the Advancement of Social Sciences (FACS)

As a means of stimulating informed public debate on agricultural policy issues, UEA was authorized to allocate a portion of the Agricultural Policy Analysis Project resources to contract with FACS for dissemination of information and analysis related to agricultural policy. FACS, an established and widely respected non-profit private institution, had the potential and the resources for helping UEA by:

- Disseminating information and analysis broadly through seminars, workshops, and panel discussions

and through book publications and other print media;

- Serving as a library for all studies produced by the UEA and others, and as such, a focal reference center.

3.4 Academic Institutions and Private Firms

The GODR worked to involve the private sector in the policy process at two levels:

- at the policy-making level, representatives from the country's academic institutions and private producer associations and agribusiness sectors participated on the CNA and the CAPA and had a voice in government policy deliberations;
- at the policy analysis level, academic institutions and private consulting firms had been contracted to undertake analysis of policies beyond the capacity of the small UEA staff.

Private sector involvement was beneficial in both instances. The CNA and CAPA forums demonstrated GODR interest in taking private sector interests into account and getting feedback from those effected by its policy decisions. Privately contracted policy studies lent a degree of credibility and objectivity to the reports on which GODR deliberations were based and gained broader popular support sooner by alleviating suspicions of government motives.

The use of policy contractors also helped to keep government staff costs down. Rather than build a large analytical staff within the UEA, the GODR, with AID support, chose to supplement the unit's capacity through contractual arrangements with a range of domestic academic institutions and private firms. The mechanism developed was a screened short list of qualified firms, institutions and individuals from which the UEA selected candidates for contract studies. Where several sources had the expertise to qualify, they were short-listed and then selected randomly.

4. RECENT POLICY ANALYSIS PERFORMANCE

4.1 AID Technical and Financial Assistance

An AID funded Agricultural Policy Analysis Project supported the development of the GODR's institutional framework by providing funds to underwrite the initial costs of conducting studies into agricultural policy issues and of assessing the feasibility, soundness, and advisability of policy alternatives. AID provided a \$500,000 grant under the project (matched by \$700,000 in GODR counterpart local currency funding) to be used over three years for:

- Hiring and equipping a professional analysis staff for the UEA;
- Long and short-term technical advisory help and short-term training for building analytical skills and undertaking policy studies;
- Sub-contracting private firms, individuals and academic institutions for preparing short-term analytical studies.

AID experienced some of the typical difficulties associated with the implementation of development projects. In the case of the Agriculture Policy Project those difficulties most affecting its capacity building goals were:

- Timing and type of long-term advisory help. The project was into its 15th month before a long-term advisor was recruited and selected. Changes in contracting procedures during the selection process introduced delays. The long-term advisor who was finally recruited was less equipped than desired for the type of hands-on policy analysis assistance that the UEA staff needed. It is worth noting that during the project design process the USAID mission contemplated the services of a senior policy advisor. The experience showed that the Unit could have benefited more from a junior advisor experienced in policy analysis with microcomputers and prepared to work side by side with UEA staff. This decision could have reduced considerably the timing for the recruitment process since there were few senior policy analysts willing to accept long term assignments.
- Scheduling problems for short-term advisory help. The lead-time to obtain short-term assistance was

greater than expected given their other commitments and the Project Coordinator's request for short-term advisors to submit an outline of their reports prior to their visit to the Dominican Republic. This latter requirement became a serious constraint for advisors not familiar with Dominican Republic agriculture.

- Slow disbursement of funds for contracting studies. Processing of local currency funds took longer than planned. This introduced delays in contract negotiation and completion of studies and reduced the usefulness of the analysis.

Despite these difficulties, a highly motivated and qualified Dominican staff was recruited and established, in an adequate environment for fulfilling their tasks, i.e. comfortable offices independent from other operational offices but close enough to them to access their services and maintain adequate communication with key decision makers. The UEA received needed microcomputer equipment and necessary logistic support, including furniture and vehicles, on a timely schedule and early enough for short-term advisory help to be able to launch an ambitious agenda of policy analysis studies (see Appendix A).

4.2 Policy Study and Analysis Activities

During its first two years of operation under the AID project, the UEA produced nine staff reports and an additional six contractor studies for CAPA and CNA deliberations. An additional eight staff and six contract reports were also underway at the time of this study (see Appendix A). The UEA staff could certainly be commended for the volume of reports that they prepared themselves or that they contracted to be performed in support of the Unit's analysis agenda.

Particularly noteworthy was the role that UEA staff played in preparing materials used by the GODR in support of its requests for World Bank funding for the agriculture sector. Many of these materials addressed policy issues of concern to the IBRD and GODR. A study of milk production costs contributed to the upward adjustment of milk prices to producers and to the molasses price increase -- a key ingredient in dairy cattle feed, and cattle beef prices were adjusted to world market levels. A study of agriculture credit delinquency helped develop a program to extend government credit risk coverage to local banks. A UEA study showed that pork/swine producers faced serious market price disruptions as a result of adjustments in the exchange rate. This led to a government refinance program for that sector and later to the elimination of price controls on

pork/swine products and sub-products. This action helped to strengthen the swine repopulation program which was in jeopardy after a desirable positive trend in its initial years (by 1952 the African Swine Fever had completely wiped out the pork/swine population in the D.R.). A corn study justified upward adjustments of guaranteed prices to producers, which was reflected in significant increases in corn production without additional government intervention in the provision of support services, i.e. extension, credit, improved seed and other inputs.

In addition to specific policy study outputs, the UEA built a statistical and computational base to respond more rapidly with more focused policy reports. An internally managed data base and soon-to-be operational social and economic accounting framework offered promise for more prompt and thorough examination of policy issues. This built-in statistical and computational capability allowed UEA to become the center for coordinating donors' interests in policy issues. IBRD, other donors and private consultants sought out the unit as a focal point for initiating and discussing agricultural policy issues. In addition to the interaction with UEA's staff, visiting and local consultants benefited from UEA's data bank, library, micro-computer and other support services.

But these successes were not without difficulty. Some problems with which the GODR had to deal were the following:

- Setting the policy analysis agenda. On paper the CAPA was to provide the Agriculture Studies Unit (UEA) with its agenda for policy studies and analysis. In practice this agenda was never systematically developed; either CAPA's requests came in a sporadic ad hoc fashion with limited response time or the Unit was left to speculate about up-coming needs. As time evolved, UEA's staff learned to take a more active role in proposing policy issues to CAPA. At the same time they learned to stand-by and be ready for unpredictable requests. An innovative process introduced by the coordinator, which was not contemplated in the project paper, was to conduct brainstorming sessions involving key local policy makers and experts. These sessions served as a vehicle for identifying key policy issues, outlining the scope of the required studies, and identifying the best local talent for the job. This process forced CAPA to participate more directly in their recommendations for undertaking

studies that do not come directly from CNA but have enough relevance to be brought to the attention of its members.

- GODR and contractor staffs had little policy analysis experience. While well trained as economic and agricultural analysts, the UEA staff did not have previous exposure to the process of policy analysis. Early "policy" studies were more in the form of broad sub-sectoral diagnosis of problems and lacked clear assessments of the probable impact of alternative policy scenarios. A major draw-back of this lack of policy analysis experience was difficulty in dealing with contracting institutions and firms who also lacked experience. Early contract study scopes-of-work were too vague to assure use of private sector resources.
- Slow release of funds delayed policy study initiation. The UEA staff discovered that AID and GODR processing required about six months for the release of funds to begin contract studies. Study contracts could not be signed until funds were available, causing delays in responsiveness when contractors were used. To compensate, UEA staff overcommitted themselves to doing more work than they could reasonably handle. This decision also impacted in a somewhat slow initial response to CNA requests. The number of studies during the initial months of UEA's operation were less than the expected minimum of two per month.
- Contractor training worked best after contracts were signed. To address the limited analytical experience in the country, the UEA arranged for special short-term on-the-job training for its staff and invited participation from the staffs of potential contractors. Few contractors showed interest in such training as an investment that might lead to future contract work. Their time appeared too valuable for such activities. Consequently, contractors had to learn "on the run" after they had secured contracts for the work. The UEA found that a more effective way of exposing contractors to the policy analysis skills they would need was to build several days of paid "work orientation" into the contractors schedule. By doing so, UEA had assurance that contractors would take time to master the skills needed to produce the final policy analysis studies and reports. An alternative for enhancing the analytical capability

of local contractors, not yet implemented as planned, was to make available the services of expatriate advisors to local contractors. The reasoning for this alternative was to build the capability for policy analysis of talent outside the public sector while ensuring a high quality of technical reports.

4.3 The Evolving Role of Policy Analysis in the Dominican Republic

Toward the end of the third year of UEA policy analysis activities, the Dominican Republic experienced a change of elected government. The new president appeared less disposed toward using the CNA and CAPA for policy deliberation and was inclined somewhat more toward his line ministries and ministers for policy guidance. However, the new Secretary of Agriculture, himself a trained Ph.D. level agricultural economist, did turn directly to the UEA for guidance and analytical support.

By directly seeking out the UEA for help, the Secretary of Agriculture at the same time fanned the flames of interagency and interpersonal rivalries. The agricultural economic analysis arm of the agriculture ministry became less willing to share its data and staff time in support of the UEA which enjoyed the spotlight and much credit for policy analysis so far. The higher salaries, desirable working conditions and "perks" of UEA staff also made the Unit an attractive target for employment by those with less skills but more political contacts in the government.

The Issue of Sustainability. How viable is a free-standing policy analysis unit under this changing political climate? What measures can it take to solidify its survivability and sustain the objectivity and usefulness of its policy analysis role? Three observations are noteworthy here:

- First, the UEA began to take steps to involve staff members of related agencies in its activities. For example, there was a program underway to train a group of agricultural commodity analysts within the SEAPLAN agricultural economics division and to equip them with micro-computer capability to track the performance of the countries leading agricultural crop and livestock products. UEA was responsible for coordinating this training exercise. The sharing of data for analysis was to be integrated into this program as would the opportunity for SEAPLAN personnel to work as "visiting staff" at the UEA on policy studies of mutual interest.

- Second, while the higher salaries and better benefits of the UEA made it an attractive target for political patronage positions, the uncertainty of the Unit's future mitigated this attraction. In short, less qualified but better connected government employees from other agencies appeared to feel they were better off in lower-paying but more secure jobs where they were. Moreover, the restaffing of the UEA with less-than qualified technicians would probably hasten the Unit's demise. The recruitment of young, well-trained and highly motivated technicians with a "missionary zeal" that supercedes concerns over long-term security was probably one of the UEA's major strengths.
- Finally, the UEA's contractual arrangements with independent academic institutions and private consulting firms helped cultivate a constituency in support of its continuation. While original policy analysis contracting had mixed success, recent improvements in tapping academic and private sector capacity further strengthened the case for continuing the present institutional framework for policy studies.

The Role of Donor Support. The above conditions may help but other measures could further be taken to sustain the policy analysis process in the Dominican Republic. There are three steps that AID, the World Bank and other aid donors could take in this process:

- First, donor recognition of the UEA's efforts could enhance its prestige. World Bank project design and program loan missions to the Dominican Republic already sought out the Unit for help in addressing their analysis needs. The UEA, in fact, was in a position to serve as a domestic analysis coordinating body for donor's working with the GODR. A small amount of donor support to the UEA might produce greater and more prompt returns than would much larger sums used to contract outside consultants.

Second, donors may play a very important role in addressing the sustainability issue of the Unit. The establishment of an endowment fund should be a feasible option given the relatively small financial requirements for maintaining the current core staff. The USAID Mission has used this approach for addressing the sustainability issue of a Center for Rural Management and Administration.

If applied to UEA at the end of its three year life, this initiative might be the catalyst for attracting resources from other donors.

- Third, donors could support continued periodic advisory help to enable the UEA staff to remain current in policy analysis skills. The current shift from medium term policy studies to include more short "overnight" assessments of policy issues offers scope for short-term collaborative help by analysts experienced in quick-response studies. The most effective external advisory help under the AID project has come from U.S. technicians able to pitch in as co-partners in policy studies and sharing their skills in a learn-as-you-go mode.
- Finally, donors could also contribute to bringing the UEA into networks of policy analysts in other countries and exposing UEA staff to examples of relevant work conducted elsewhere. The International Food Policy Research Institute (IFPRI) is one such international organization. Contacts within the Economic Research Service of the U.S. Department of Agriculture as well as policy analysis units in other governments can also enhance UEA capacity. Encouragement of contacts with analysts in U.S. universities should not be overlooked by donors either. Some benefits to the UEA are already notable through this kind of international networking; recent Unit studies of rice and corn policy reflect techniques used in similar work done on rice policy in Liberia where one of the major universities advising the UEA had previously worked. Through these types of external networks the UEA can serve as the GODR's "eyes and ears" for identifying new approaches to policy analysis that might have transferability to the Dominican Republic.

The UEA had not yet used FACS as the channel for publishing and disseminating its reports. This need was not seen as essential under the past government when CNA was the setting for policy discussions. Under the current government, there was a compelling urgency for accessing the services of an apolitical and technically recognized institution. The USAID Mission had successfully used this approach for disseminating relevant reports in the financial area by using a similar professionally recognized institution -- the Center for Monetary Studies -- which is composed of former governors of the Central Bank and leading figures in the financial sector. Those reports are influencing the country's financial and monetary policies beyond the objectives of the USAID sponsored project. They became basic

reference documents for policy research studies and a forced peer group reading for policy makers.

5. SUMMARY OF LESSONS LEARNED

The experience of the GODR and AID at building policy analysis capacity in the Dominican Republic suggests a workable model that can be considered in other countries with similar conditions. The most important of these conditions is the presence of enough talent in national academic institutions and private firms to complement a "core" public staff. Favorable collaborative relationships between public officials and private agencies is a requisite. Government mechanisms for contracting private sector talent must be in place and be understandable and manageable. Given a political environment disposed to comprehensive assessment of pressing policy issues, there is substantial scope for achieving high returns from investments in a small policy analysis unit with outside collaborators.

In current times when governments are looking for ways to control budgets, a small high-output analytical unit has a better chance of sustained support than a larger more costly organization. When the greater ease with which a small unit can respond to a range of demands by accessing a range of outside talent in national academic institutions and private firms -- and in some cases in international agencies -- is added to the cost savings, the case becomes very compelling for this type of arrangement to meet the needs for sound policy analysis.

Several lessons emerge from this three-year investment at building and using a "free-standing" analytical capacity:

- Size need not be a constraint. A small unit with no more than five or six qualified professionals and two or three efficient and well-trained clerical staff can produce effective work in environments where it can arrange with private firms, universities and other public agencies with the skills and talent to supplement its own when additional capacity for policy analysis is needed.
- Smallness will increase probability of political support. Public planning offices with policy making roles are more likely to see a small unit as a complement and support to their tasks. A continuously growing unit has the risk of becoming an additional bureaucratic body competing for scarce resources with existing offices with similar mandates.

- A free-standing unit must be flexible in the work it takes on and be prepared to respond on occasion to requests not always directly within its mandate; yet cautious not to undertake assignments beyond its capacity. Emphasis on quick-response assessments of policy issues is as essential as building a data base and analytical capability to conduct longer term analysis.
- Subcontracting of analytical work requires that unit staff be trained in how to prepare scopes of work, procure services competitively and negotiate and monitor contracts to assure they get the product they seek in the form and within the period of time they need it. Training and assistance in procurement and contract management -- in addition to technical areas of economic analysis -- should be included in projects designed to assist policy analysis units which are expected or encouraged to contract for outside help.
- Consultants in local academic institutions and private firms need training and retraining as much as their colleagues in public agencies. Few are familiar with the range of techniques for policy analysis currently being used today. Such skills development also occurs most effectively when built into the contractor's scope of work as, say, time used for "task orientation," than when such skills development is expected to take place at the contractor's own time and/or expense before work begins. Introducing flexibility in the contracting procedures for allowing local contractors to access expatriate expertise can enhance the analytical capability of local universities and private firms.
- Policy analysis subcontracting requires responsive and efficient financial management by donor and recipient government agencies since in many developing country settings, where cash resources and independent financing are limited, contractors will not sign contracts, deliver services or deliver products until funds are assured.
- A small unit enhances sustainability. The relatively small financial requirements for maintaining a reduced core staff are more likely to be addressed effectively. The alternative of establishing an endowment fund for that purpose should warrant more attention from donors.

- Small independent ad hoc policy analysis units are less attractive as employment targets for empire building or job-security seeking bureaucrats who are generally less responsive and objective in their orientation to policy analysis. Rather such units tend to interest more highly motivated and qualified technical specialists with the skills and perspectives for the task.
- Small independent units come under less pressure to take on routine tasks unrelated to policy analysis, i.e. financial analysis, program planning, and project monitoring, which take time and resources away from the needs for sound policy analysis.

APPENDIX A: LIST OF UEA TECHNICAL REPORTS

Consejo Nacional De Agricultura
Unidad de Estudios Agropecuarios

(National Council of Agriculture:)
(Agricultural Studies Unit)

Relacion Documentos Elaborados Internamente Y
Contratados Por La UEA

(Documentation of Reports Developed In-house and)
(Contracted by the UEA)

A. ESTUDIOS REALIZADOS INTERNAMENTE
(STUDIES UNDERTAKEN IN-HOUSE)

1. El Financiamiento Agropecuario: El Déficit de la Oferta y Alternativas Viables.
(Agricultural Financing: (Supply Shortage (of) and Viable Alternatives.)
2. Algunas Consideraciones acerca de la Problemática Tabacalera.
(Some Considerations Surrounding Tobacco Industry Issues.)
3. Situación y Perspectivas de la Producción Porcina en la Rep. Dominicana.
(Pork Production Situation and Prospects in the Dominican Republic.)
4. La Industria Avícola: Su Evolución, Estructura y Viabilidad Económica.
(The Poultry Industry: It's Evolution, Structure, and Economic Viability.)
5. Situación y Perspectivas de la Producción Lechera en la Rep. Dominicana: Implicaciones de Política.
(Milk Production Situation and Prospects in the Dominican Republic: Policy Implications.)
6. La Política de Precios Agrícolas: Costos y Beneficios Sociales con Aplicación al Caso del Maíz.
(Farm Price Policy: Social Costs and Benefits, with Application to Corn.)
7. Posibles Efectos en el Sector Agropecuario del Programa de Ajustes "Stand-By" y Algunas Recomendaciones de Política (Co-autor con el Depto. Economía Agropecuaria de la SEA).

(Possible Effects on the Agricultural Sector of the "Stand-by" Adjustments Program and Some Policy Recommendations. Co-authored by the Agricultural Economics Department of the SEA).

8. Alternativas de Tarifas para el Servicio de Mecanización Agrícola del SEA.
(Alternative Fees for the Farm Mecanization Service of the SEA.)
9. Racionalidad de la Autosuficiencia Arrocera con Referencia a los Subsidios en los Medios de Producción y Alternativas de Precios.
(The Rationale for Rice Self-Sufficiency with Reference to Production Input Subsidies and Pricing Alternatives.)
10. Análisis de la Cartera de Recuperaciones del Crédito Agropecuario.
(Analysis of Farm Credit Repayment Portfolios)

B. ESTUDIOS CONTRATADOS CON CONSULTORES
(STUDIES CONTRACTED WITH CONSULTANTS)

11. Estudio sobre Modelos Alternativos de Organización de Proyectos Agrarios Estatales.
(Survey of Alternative Models of Organization of State Agriculture Projects.)
12. Sistema Nacional de Comercialización y sus Alternativas: El Caso del Frijol.
(The National Marketing System and It's Alternatives: The Case of Beans.)
13. Análisis de las Recuperaciones del Sector Formal de Financiamiento.
(Analysis of the Repayments to the Formal Finance Sector.)
14. Estudio de Base para la Reorganización del Sistema de Inspección y Análisis de Laboratorio de Carne de Res para Exportación.
(Feasibility Study for the Reorganization of the Inspection and Laboratory Analysis System for Export of Beef.)
15. La Industria de Fertilizantes.
(The Fertilizer Industry.)
16. Política de Titulación en las Tierras de la Reforma Agraria.
(Land Title Policy Under Agrarian Reform.)

17. Acciones Prioritarias para el Sector Forestal.
(Priorities for Action in the Forestry Sector.)
18. Reorganización Institucional Sector Público Agroforestal.
(Institutional Reorganization for Public Agroforestry Sector.)
19. Alternativas para una Política de Mecanización Agrícola en la Rep. Dominicana.
(Alternative Farm Mechanization Policies in the Dominican Republic.)
20. La Situación Actual y Perspectivas Futuras del Proyecto: "La Cruz de Manzanillo."
(The Situation and Prospects of the "La Cruz de Manzanillo Project.")
21. Alternativa una Nueva Política de Intervención en los Precios: El Caso de INESPRES.
(A New Alternative for Price Policy Intervention: The Case of INESPRES.)
22. Estudio Uso de Aguas Subterráneas - Región Sur -
Estudio Uso de Aguas Subterráneas - Región Este.
(Study of the Use of Underground Water - Southern Region and Eastern Region.)

APPENDIX B: LIST OF ACRONYMS

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| ADRU: | Dominican Association of University Rectors |
| BAGRICOLA: | National Agricultural Bank |
| BID: | Banco Interamericano de Desarrollo (Interamerican Development Bank) |
| CAPA: | Comité de Análisis de Políticas Agrícolas (Agricultural Policy Analysis Committee) |
| CNA: | Consejo Nacional de Agricultura (National Agriculture Council) |
| FACS: | Fund for the Advancement of Social Sciences |
| FAO: | Food & Agriculture Organization of the United Nations |
| GODR: | Gobierno de la República Dominicana (Government of the Dominican Republic) |
| IAD: | Instituto Agrario Dominicano (Dominican Agrarian Reform Institute) |
| IDECOOP: | Instituto de Desarrollo de Cooperativas (Cooperative Development Institute) |
| INESPRE: | Instituto de Establización de Precios (Price Stabilization Institute) |
| INTEC: | Instituto Tecnológico de Santo Domingo |
| ODC: | Oficina de Desarrollo de la Comunidad (Community Development Office) |
| ONAPLAN: | Oficina Nacional de Planificación (National Planning Office) |
| PR: | Partido Reformista |
| PRD: | Partido Revolucionario Dominicano |
| SEA: | Secretaría de Estado de Agricultura (Secretariate of State for Agriculture) |
| SEAPLAN: | Subsecretaría de Estado de Planificación Agrícola (Subsecretariat of State for Agr. Sector Planning) |
| STP: | Secretariado Técnico de la Presidencia (Technical Secretariat of the Presidency) |

UASD: Universidad Autónoma de Santo Domingo
UCAMAYMA: Universidad Católica Madre y Maestra
UEA: Unidad de Estudios Agropecuarios
(Agricultural Studies Unit)
UNPHU: Universidad Nacional Pedro Henríquez Ureña