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INSTITUTIONALIZING THE AGRICULTURAL POLICY PROCESS IN THE
THE GOVERNMENT OF PAKISTAN

A REPORT PREPARED FOR
CHEMONICS INTERNATIONAL CONSULTING DIVISION

BY

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LIST OF ACRONYMS

ACPAA	Advisory Committee on Policy Analysis in Agriculture
APComm	Agricultural Prices Commission
ARD	Office of Agriculture & Rural Development/USAID
DAF	Directorate of Agricultural Policy
EAN	Economic Analysis Network
EMPA	Economic, Marketing & Policy Analysis Division/ARD
EPA	Economic and Policy Analysis
FSMP	Food Security Management Project
GOP	Government of Pakistan
MINFA	Ministry of Food, Agriculture and Cooperatives
NWFP	North-West Frontier Province
PARC	Pakistan Agriculture Research Council
TOR	Terms of Reference
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

As part of the Economic Policy Analysis Component of the Food Security Management Project, EAN, working with its GOP counterpart, DAP, has established an effective and efficient agricultural policy analysis process whose results have been used by the GOP, USAID, other foreign donor agencies, and individual scholars and researchers in Pakistan. USAID's analysis of EAN/DAP through an interim evaluation in February 1988 and a performance audit in February 1989 indicated that this project has been very successful in meeting its substantive goals. However, its GOP counterpart has not been institutionalized in the GOP. This study recommends the following:

1. DAP should be Merged/Integrated with the Planning Unit, Ministry of Food, Agriculture and Cooperatives;
2. The Merged/Integrated Unit should be designated as the Directorate of Policy Analysis;
3. A Reorganization Plan which merges/integrates the DAP Project with the Planning Unit should be developed immediately; and
4. The submission of the Reorganization Plan to the Ministry of Finance & Economics and the Management Services Division (Cabinet Secretariat) should be accompanied by a request from the Secretary/MINFA that high priority be given to the vetting of this Plan.

All of the above should take place before March 31, 1989 so that it will be part of the GOP budget for FY 1989-90.

I. INTRODUCTION

A. BACKGROUND TO MANAGEMENT STUDY

The purpose of the Pakistan Food Support Management (FSM) Project is:

To improve the analytical and policy formulation framework, the managerial capabilities, and the physical capacity of the Government of Pakistan (GOP) to manage the national food security system efficiently and effectively through three related components: (1) Economic and Policy Analysis (EPA); (2) Agricultural Data Collection (ADC); and (3) Post-Harvest Management (PHM).¹

According to the Project Paper, the EPA component "will assist the GOP to establish and institutionalize an Economic Analysis Network (EAN) composed of public and private institutions in Pakistan that produce or utilize agricultural analysis."²

As originally designed, the Planning Unit in the Ministry of Food, Agriculture and Cooperatives (MINFA) was to exercise a leadership role in coordinating "[a]n expansion of analytic activities and capabilities within the network."³ However, this role never materialized and the relationship between EAN and the Planning Unit has never been close. The Economic Analysis Network Group (EANG) would be "directed by a Steering Committee composed of senior decision-makers who will identify priority issues to be addressed" and "the EANG will translate these priorities into an operational agenda for research and analysis and coordinate efforts to address these issues, carried out by analysts in member institutions of the EAN."⁴ A steering committee was established (the Advisory Committee on Policy Analysis in Agriculture or ACPAA) but over the four year period of the project, ACPAA has met only three times due to the inability of its members to schedule times when they could meet. To assist in the institutional development of the analytic capability of institutions who participate in EAN, USAID was to secure the services of a U.S. contractor. By Project

¹Agency for International Development, Pakistan Food Security Management Project Paper, Washington, DC, February 1984, p. 2.

²Ibid.

³Ibid.

⁴Ibid.

Year Five (May 1988-June 1989), the institutionalization of the EAN- developed policy analysis process was to be completed.⁵

As is the case with almost all projects, the schedule proposed in the Project Paper could not be met and it was not until July 1985 that USAID contracted with Chemonics International Consulting Division in collaboration with Colorado State University to undertake the technical assistance in policy analysis called for in the Project Paper. In September 1985, the EAN Chief of Party (COP) arrived in Pakistan.⁶

Virtually from the beginning, the EAN subcomponent of the FSM Project encountered difficulties with the MINFA. The Economic Consultant which headed the Planning Unit designated a Deputy Agricultural Commissioner (Economic Research) within the Planning Unit as Director of the Directorate of Agricultural Policy (DAP).⁷ However, this official could only spend a fraction of his time in this role due to other responsibilities within the Planning Unit. As a consequence, a full time GOP counterpart to the EAN Chief of Party did not come into being until the appointment of the present Director/DAP in June 1986, almost nine months after the arrival of the EAN Chief of Party.

The EAN subcomponent also encountered resistance on the part of MINFA to institutionalize the policy analysis process as developed over the course of the project. After almost three and one-half years, the subcomponent is still in a project status and has not been integrated into the MINFA as a regular GOP unit. This is readily seen when examining the staffing, planning and management of EAN/DAP operations.

The professional staff members of the EAN (a total of six) were appointed between April 1986 and March 1987. They are direct hires of Chemonics and their work is planned and supervised in a collaborative fashion by the EAN Chief of Party. DAP professional staff (a total of ten) are also direct hires of Chemonics and are paid by Chemonics--only the Director, Deputy Director and immediate staff (secretaries and drivers) are Government of Pakistan personnel. However, the Director/DAP plans and supervises the work of the ten professionals in DAP. In implementing policy analysis studies, supervising contract research, developing and maintaining

⁵Ibid., p. 64.

⁶For additional milestones in the Economic Analysis Component of the FSM Project, see Annex 2.

⁷The DAP was incorporated into the Project Implementation Order/Technical (PIO/T) after the Project Paper was completed at the suggestion of the then Minister of State for Agriculture. The DAP was a project and not a regular unit of the MINFA.

the EAN, transferring computer technology, and conducting workshops and seminars, EAN and DAP professional staff work together. Although each have their own sphere of responsibility, the EAN Chief of Party, the Director/DAP, and the DAP Advisor (an expatriate Agricultural Economist from Colorado State hired by Chemonics) share the overall responsibility of planning and supervising the activities of EAN/DAP.

In discussions with Ministry of Finance & Economics and Establishment Division officials, comments were made on the unusual arrangement of paying not only EAN but DAP personnel directly from USAID funds. Normally, they maintain, it is the GOP that pays sanctioned GOP personnel with funds received from donor agencies. In this regard, an observation by the USAID Evaluation Team is important:

In a real sense, the EPA/EAN Project and the Directorate of Agricultural Policy (DAP) has been installed within MINFA, with the appointment of a Project Director and a Deputy Director, who also act as Director and Deputy Director, respectively, of DAP and whose salaries are paid by GOP. However, . . . this falls short of formal and full-fledged institutionalization.⁸

The Evaluation Team referred to the de facto existence of the EAN/DAP organization and recommended that "every effort has to be made to ensure that DAP is formally 'institutionalized'."⁹ It should be noted that despite "full-fledged institutionalization," the EAN/DAP Project has established a considerable track record of producing high quality policy analysis studies important to policy makers, conducted well-received and attended workshops, established an elaborate communications network with professionals and generalist administrators concerned with agricultural policy, and has been highly successful in transferring computer technology for policy analysis purposes. However, the policy analysis process has not been institutionalized in the Government of Pakistan.

The study which follows attempts to:

- (1) analyze MINFA's economic and policy analysis needs and prepare a statement of goals for economic and

⁸Evaluation of Food Security Management Project in Pakistan: A Report Prepared for USAID-Pakistan, Evaluation Team fielded by Robert R. Nathan Associates, Washington, D.C., February 1988, p. 6.

⁹Ibid., pp. 19-20.

policy analysis that supports MINFA's objectives of improved food security management;

- (2) develop a set of key economic and policy analysis tasks that are most conducive to being effectively managed by MINFA;
- (3) develop an organizational chart that incorporates the required functional areas of economic and policy analysis (from 2) in an institutional setting compatible with GOP establishment rules and operating procedures, including an analysis of DAP's current institutional status, and the suitability of the DAP or alternative MINFA agencies to implement the required economic and policy analysis functions;
- (4) describe the major technical positions necessary for the organization described above in (3) to operate effectively;
- (5) define the role of the EAN Project in supporting regularization of the functions and organizational structure developed above as a formal GOP agency with the necessary sanctioned positions and a regular annual GOP-funded budget;¹⁰ and
- (6) explore possible institutional "homes" for DAP outside MINFA.¹¹

B. APPROACH USED AND METHODOLOGY EMPLOYED

The approach used is similar to a strategic planning exercise that organizations engage in for the purpose of clarifying their goals and objectives within perceived environmental opportunities and constraints and charting out organizational changes necessary to achieve their goals and objectives.

The consultant reviewed pertinent documents, reports and memoranda from EAN, DAP, USAID, MINFA, Ministry of Finance & Economics, Establishment Division and Management Services

¹⁰From "Terms of Reference: A Study on the Feasibility of Reorganizing the Ministry of Agriculture's Policy Formulation and Analysis Process." See Annex 1.

¹¹This task was added to the Terms of Reference after the consultant arrived in country.

Division.¹² In addition, interviews were conducted with officials of USAID, EAN and DAP, MINFA, Ministry of Finance & Economics, Establishment Division, Management Services Division, Planning & Development Division, Pakistan Agriculture Research Council, Agricultural Prices Commission, the Planning Unit/MINFA, the North-West Frontier Province and the Punjab Province.¹³ Interview notes compiled by EAN staff were also reviewed. The question asked most often was "where should DAP be placed in the GOP administrative system?" For those interviewed whose units were candidates for DAP, a related question was "would you welcome this unit?" and if the response was "yes," the following question was "under what circumstances and/or conditions?"

¹²See Annex 7 for the list of documents and reports consulted.

¹³See Annex 6 for the list of persons interviewed.

II. POLICY FORMULATION AND ANALYSIS IN MINFA

A. GOALS AND OBJECTIVES OF MINFA

According to Pakistan's National Agricultural Policy, the goals of the GOP in the agriculture sector are to:

- (a) increase agricultural production for self-sufficiency and export;
- (b) provide opportunities to the people to engage in gainful employment to enhance their income for their social progress and contribute to national prosperity;
- (c) give to the people equitable access to the natural resources of agricultural production, i.e. land and water;
- (d) provide basic amenities in the rural areas such as potable water, sanitation, primary education, basic health care and village to market roads; and
- (e) ensure preservation of natural environment side by side with agricultural production through rational measures in such matters as pest control, forest exploitation, control on grazing, wildlife management, salinity and flood control, etc.¹⁴

B. ROLE OF EXISTING MINFA UNITS

1. Planning Unit

The Planning Unit was created in 1968 to collect agricultural statistics and conduct economic studies "in various fields of agriculture in order to meet the requirements of policy

¹⁴These goals come from the policy measures enunciated in Government of Pakistan, Ministry of Food, Agriculture and Cooperatives (Food and Agriculture Division) National Agricultural Policy, February 1980, p. 1. Of course, MINFA is not responsible for all of these policies but it plays a role in all of them.

makers and planners at the federal level."¹⁵ The Planning Unit was established by a reorganization and redesignation of the Directorate of Agricultural Economics & Statistics following the recommendation of a special committee commissioned by the Finance Division.

At present, the Planning Unit is headed by the Economic Consultant (grade B-20). The Economic Consultant has three Deputy Agricultural Commissioners (grade B-19) reporting to him. There are five Deputy Directors (grade B-18) who report to the Deputy Agricultural Commissioners. Under the Deputy Directors, there are seven sections. These include: (1) Economic Studies; (2) Farm Management; 3) Agricultural Economics & Statistics; (4) Research & Crop Forecasting; (5) Computer; (6) Credit; and (7) Examination of Agricultural Projects. There are 36 grades B-17 to B-20 officers and a total of 131 employees in this unit. Three vacancies exist in Research Officer IV and V (B-17) levels and a vacancy in the Survey Officer (B-17) position. Currently, three grade B-17 officers are attending training courses.

According to the Project Paper, the Planning Unit

. . .has little involvement in and responsibility for coordinating data collection. It is currently primarily a user of the available data at the federal level, provided by the Provincial Departments of Food and Agriculture and/or the Federal Bureau of Statistics.¹⁶

It does produce the Annual Agricultural Statistics report but this document is based on data collected by other units at the federal and provincial levels. Other products from the Planning Unit appear not to involve policy analysis and do not influence agricultural decision making.

In 1985, the then Economic Consultant proposed a reorganization of the Planning Unit which recommended three new directorates under the supervision of a Director General (with a proposed grade of B-21). These included the (1) Directorate of Agricultural Policy, (2) Directorate of Agricultural Statistics, and (3) Directorate of Projects. The directors incharge of the three directorates would hold the grade of B-20. There was no recommendation to expand personnel beyond the existing sanctioned positions of 131. One of the justifications for the reorganization

¹⁵Reorganization of the Planning Unit of the Ministry of Food, Agriculture and Cooperatives, proposal prepared by Dr. Masuda Akhtar, Economic Consultant, Planning Unit, MINFA, 1985. The descriptive material which follows comes from this document.

¹⁶Project Paper, p. 13.

was that the ". . .research and analytical work undertaken [by the Planning Unit]. . .is not closely geared to the main policy issues. . ." and that there ". . .is no clear evidence that most of the studies undertaken by the Unit have influenced or contributed to policy formulation in a substantial way."¹⁷ After review, only the Directorate of Agricultural Policy (DAP) was established, but it was given a project status and not the status of a regular GOP unit with a sanctioned staff. Since the 1985 proposal, no further attempts have been made to reorganize the Planning Unit, although the Management Services Division of the Cabinet Secretariat has undertaken a study of planning units in all ministries and is about to issue its recommendations.¹⁸

2. Agricultural Prices Commission

The Agricultural Prices Commission (APComm) was established in 1981 by a Resolution issued by the Ministry of Food, Agricultural and Cooperatives. It is an autonomous unit within the MINFA whose leadership is a three member commission headed by a chairman. Recommendations on prices made by the Commission are directly submitted into the Economic Coordination Committee of the Cabinet without clearance of the Minister/MINFA. According to Vice Admiral (Retd.) Fazil Janjua, who was Minister when APComm was created, the establishment of this unit as an autonomous body would ensure that its recommendations regarding price supports would not become bogged down and delayed in the Ministry's hierarchy.¹⁹

In its Terms of Reference, the APComm is instructed to examine:

the impact of the price policy on other sectors of the national economy, particularly on the cost of living, wage levels, industrial cost structure, competitiveness of our agriculture based exports, etc.²⁰

¹⁷Reorganization of the Planning Unit of the Ministry of Food, Agriculture and Cooperatives, op. cit., p. 4.

¹⁸Interview with Management Services officials, January 31, 1989.

¹⁹Interview with Vice Admiral, Retd. Fazil Janjua, January 23, 1989.

²⁰Government of Pakistan, Ministry of Food, Agriculture and Cooperatives, "Resolution," 10th March, 1981, p. 2.

it is also instructed to "promote, carry out and review: studies relating to price policy."²¹ According to the current Chairman, this is a broad mandate to conduct agricultural policy analysis since prices are affected by supply, demand, agricultural inputs, production, and international markets and trade.²² In fact, it appears that the APComm does not engage in macro agricultural policy analysis and the work that it does do is limited to recommendations on prices. According to other sources, these recommendations are not based on systematic analysis of the potential impact of its price recommendations.

In addition to the Chairman, the Commission has a Member, Economics and a Member, Agronomy. There are five Divisions (Administration, Farm Production Economics, Agricultural Products, Agricultural Inputs and Agronomy, and Statistics) with Divisional Chiefs heading four of the Divisions and an Executive Officer heading the Administrative Division. The APComm has 36 sanctioned professional positions, of which 13 are vacant due to the Chairman's insistence on quality personnel.²³

According to several GOP officials, APComm has a direct pipeline into policy making because of its authority to recommend prices for wheat, rice, maize, cotton, sugarcane, oilseeds, potatoes, and onions.

C. ROLE OF UNITS OUTSIDE MINFA

1. Role of Social Sciences Division of Pakistan Agriculture Research Council

The Pakistan Agriculture Research Council is an autonomous body outside the hierarchy of the MINFA. Its head is a chairman. The Social Sciences Division of PARC is headed by the Member, Social Sciences. He is assisted by a Director. One of PARC's functions is "to undertake, aid, promote and coordinate agricultural research."²⁴ One of the major functions of the Social Sciences Division is:

²¹Ibid, p. 3.

²²Interview with Shafi Niaz, Chairman, Agricultural Prices Commission, January 28, 1989. It should be noted that Mr. Niaz will be leaving this post in April 1989.

²³Interview with Shafi Niaz, op. cit.

²⁴"Functions of PARC," no date.

to identify national priority research areas, plan, coordinate and conduct research in agricultural social sciences in collaboration with agricultural research institutes and universities.²⁵

The Member, Social Sciences, position was vacant from May 1987 to December 1988. This division of PARC continues to be deficient in agricultural economists. It engages in or supervises studies in rural sociology and anthropology but its input regarding policy analysis and agricultural economics has been limited to date.

2. Agriculture and Food Section of Planning and Development Division, Ministry of Planning and Development.

This unit does not do agricultural policy analysis. It looks at the technical aspects of agricultural development plans.

D. ROLE OF PROVINCIAL GOVERNMENT UNITS IN AGRICULTURAL POLICY FORMULATION AND ANALYSIS

Although agriculture is a provincial subject, the provinces tend to be involved in agricultural policy formulation only after they have a clear idea of policy constraints imposed by the GOP. One province, Punjab, has an economic research institute (the Punjab Economic Research Institute). The extent to which the provinces engage in agricultural policy analysis is unclear. The suspicion is that they do not.

1. Provincial Planning & Development Departments

These departments are charged with the responsibility of preparing the provincial Annual Development Programme. In discharging this responsibility, P & D departments have to secure and coordinate inputs from all provincial units, review and evaluate these inputs and develop the ADP. P & D departments also coordinate their activities with the GOP Planning & Development Division.

My interviews with the Secretary, P & D Department, Government of NWFP, and the Chairman, P & D Department, Government of the Punjab, revealed that they were unaware of the activities of EAN/DAP. These are important officials in the provinces and should receive information on EAN/DAP.

²⁵"Social Sciences," no date.

2. Provincial Departments of Agriculture

It appears that the provincial departments of agriculture are aware of what EAN/DAP has produced and officials of these departments have participated through the ECONOGRAM in EAN activities. However, it appears that they are not sharing their experiences with planning and development officials.

E. CONCLUSIONS

Within existing, sanctioned GOP units, no policy analysis is conducted which contributes to agricultural policy making at the federal level. Existing units are not oriented to policy analysis and the personnel of these units are not trained to undertake such analysis. In the interviews conducted for this study, it was clear that agricultural policy analysis is a felt need. Policy is currently being made often without the results of systematic analysis.

III. ROLE OF ECONOMIC ANALYSIS NETWORK (EAN) AND THE
 DIRECTORATE OF AGRICULTURAL POLICY (DAP) IN
 THE POLICY ANALYSIS PROCESS

For the users of the products of EAN/DAP, no distinction is made between the two organizations. They are both part of the same project. Organizationally speaking, however, the policy analysis process encompasses the work of two distinct organizations both funded by USAID. The EAN has a professional staff of four Staff Economists, one Technical Editor, and one Data Processing Specialist. The DAP has a professional staff of two Senior Research Officers (grade 18), one Legal Advisor (grade 18), one Budget & Accounts Officer (grade 18), two Research Officers (grade 17) one Liaison Officer (grade 17) and one Programming Officer (grade 16). Four posts are vacant--Research Coordinator (grade 19), Editor (grade 18), and two Research Officers (grade 17). As was mentioned earlier, all of these individuals are paid directly by Chemonics. In addition, Chemonics also pays for an Administrative Officer (grade 16) and an Assistant A/C Officer (grade 16)--both of whom are in DAP. The only GOP officials and employees in DAP are the Director (grade 20), Deputy Director (grade 18), a Stenographer (grade 15), a Stenotypist (grade 12), Office Assistant (grade 11), two L.D.C.s (grade 5), two Drivers (grade 4) and three staff at the grade one level. For the most part, the DAP professional personnel are under training on-the-job and the training process involves the EAN professional staff as the trainers for DAP's objectives.

A. GOALS AND OBJECTIVES

Both EAN and DAP share a common goal:

To develop and enlarge the use of farm and agricultural business policy analysis by the Ministry of Food, Agriculture and Cooperatives, the agribusiness industry, the National Assembly and the Economic Analysis Network.

The goal may be factored into several objectives which include:

- o the design and completion of major analyses of of important subsectors and other of aspects of agriculture sector;
- o the design and completion of short-term analyses important to policy makers in MINFA;

- o the development of reports and briefing papers on major agricultural topics resulting from both long-term and short-term analyses;
- o the commissioning of analyses to public institutions (the agricultural universities) and private consulting firms and the monitoring of these contracts;
- o the organization and implementation of workshops on agricultural policy topics;
- o the organization and implementation of seminars on agricultural policy;
- o the maintenance of the Economic Analysis Network (developed by EAN) through the distribution of the ECONOGRAM and other publications of EAN/DAP; and
- o the transfer of computer technology which is "user friendly" to analysts within the MINFA and the Economic Analysis Network.

B. ROLE AND MAJOR ACTIVITIES OF EAN

During the first three years of the project, EAN played the lead role in the activities which led to the attainment of the objectives. This was out of necessity since the DAP professional staff was not appointed until June 1987 and the better part of 1988 was spent in training this staff.

EAN professional staff has served as on-the-job instructors for the DAP professional staff. Both professional groups work together on policy analysis assignments. Credit for accomplishments are shared by those who participate in the assignment.

C. ROLE AND MAJOR ACTIVITIES OF DAP

In conjunction with EAN, DAP monitors research contracted out to universities and private consultants. Currently, there are eight such contracts. In addition, the economists on the DAP staff have undertaken independent and joint (with EAN economists) policy analysis studies, participate in the planning and implementation of workshops and seminars, and maintain the Economic Analysis

Network. The DAP also handles the legal affairs of both organizations and manages the Personal Ledger Account. DAP's Programme Officer works with EAN's Data Processing Specialist in the transfer of computer technology and the dissemination of information to both staffs on the use of personal computer software. Finally, DAP's Liaison Officer deals with DAP's relations with GOP units and organizations outside the government and, in collaboration with the EAN Chief of Party, coordinates all EAN project local training.

D. ANALYSIS OF CURRENT ORGANIZATION AND MANAGEMENT OF EAN AND DAP

As both of these units have a large number of professionals, the organizational structures of EAN and DAP are relatively simple and not overly bureaucratic. This is apparent in the organizational charts of both organizations (see Annex 3).

The Chief of Party/EAN plans the work of the EAN professional staff in a collaborative fashion. The contracts of each professional staff member indicate, in general terms, duties and responsibilities. The Chief of Party also works directly with the EAN Editor. Quarterly work plans are used as means to record accomplishments and to chart out assignments. Annual evaluations of each professional staff member are made by the Chief of Party and the DAP Advisor. The DAP Advisor supervises the EAN Staff Economists. The EAN Chief of Party supervises the Editor and the Data Processing Specialist.

The Director/DAP plans the work of his professional staff members. He also develops a Terms of Reference (TOR) for each. The work of the professional staff is incorporated into EAN quarterly work plans. The Director/DAP is developing a scheme to evaluate the performance of his staff members.

The role of the Advisor/DAP, is collaborator, teacher and supervisor. He works directly with the EAN Staff Economists and the DAP Senior Research Officers and Research Officers. He implements and monitors DAP contract studies in priority policy areas. He is also involved in implementing the DAP research program by providing assistance in developing and clarifying terms of reference, methodologies and scopes of work for both contract and in-house studies. His scope of work also includes assisting in identifying priority research and policy areas and implementing an information program which consists of briefing papers, articles for the ECONOGRAM, briefings for the Secretariat, and seminars on priority topics of interest for senior level government and industry officials.

Each organization has its own financial officer. In the case of the EAN, these responsibilities rest with the EAN Administrative Officer. DAP's finances are managed by its Budget and Accounts Officer.

Personnel management is different in each organization. In the case of EAN, there is no attempt to follow existing GOP rules and regulations regarding salaries and benefits. Pay and benefits are similar to those which exist in USAID. On the other hand, DAP professionals receive salaries and benefits that are almost equivalent to those of the grade levels²⁶ they occupy.

E. CONCLUSIONS

Every external reviewer (the USAID Evaluation Team and the USAID Inspector-General's Audit Team) and almost every GOP official within and outside the MINFA interviewed for this study strongly endorsed the policy analysis conducted by EAN/DAP. Even those GOP officials who are hostile to the project did not criticize the quality of the products produced by the project. In fact, one official labeled the project the "jewel in the crown" of USAID's efforts to assist in the improvement of agricultural policy and decision making. Given its scope of operations, it is a cost-effective project producing tangible, high quality products for the GOP. It is managed in a low cost fashion. It has been successful in linking together, through its communications network, agricultural economists, planners, development managers and generalist administrators involved in agriculture--individuals who often operate in a policy analysis vacuum. In other words, it is a project which is in the best interests of both the GOP and USAID and should be continued.

The problem is that DAP has no permanent, institutional home in the Government of Pakistan. USAID cannot continue to fund virtually the entire policy analysis effort ad infinitum. If the GOP wishes to continue to benefit from the work accomplished to date, arrangements must be made within less than two months to make DAP a permanent organization with sanctioned positions.

²⁶Grades 16 through 18. Since they do not occupy GOP sanctioned positions, and due to the fact that their employer is actually Chemonics and not the GOP, they receive cash in lieu of benefits such as housing, as approved by USAID.

IV. INSTITUTIONALIZING THE NEW POLICY ANALYSIS CAPABILITY

The Economic and Policy Analysis (EPA) component of the Food Security Management Project, as envisioned in the Project Paper, has produced a new agricultural policy analysis capability for the Government of Pakistan. EAN and DAP are functioning and producing high quality policy analysis studies for the agriculture sector. In order to implant this process in the Government of Pakistan, the following will examine (1) the present status of EAN and DAP and (2) the institutionalization process.

A. PRESENT STATUS OF EAN AND DAP

1. Legal Status

EAN holds project status with USAID. DAP holds project status with the GOP. DAP does not appear in the organization chart of the MINFA but is listed under the Food Security Management Project as the Directorate of Agricultural Policy under the MINFA in the Islamabad-Rawalpindi Government Connections section of the Islamabad Telephone Directory. The GOP commitment of officers to the DAP in this Directory includes a Project Director and Deputy Director. DAP's project status means that the GOP has loaned to the project two GOP officers. They can be taken back by the GOP and reassigned to other government posts. If USAID were to terminate the EPA component of the FSM project before institutionalization, the DAP would disappear. DAP has no legal status in the GOP.

2. Organizational Structure and Relationships

The EAN is part of FSM project which is administered by the Office of Agriculture and Rural Development (ARD) in USAID. The Chief of Party/EAN reports to the Head of the Economic, Marketing & Policy Analysis Division (EMPA) in ARD on project issues and other USAID offices on contract, finance and personnel issues. On certain issues affecting EAN, the Chief/ARD becomes involved. In addition, EAN has worked with other USAID offices and other donor agencies on issues relating to agriculture in Pakistan. The EAN is also subject to USAID evaluation and audit by the USAID Inspector-General's office. Both an interim evaluation and an audit has been conducted.

DAP is EAN's GOP counterpart. The Director/DAP reports to the Additional Secretary for Food and Agriculture/MINFA. On certain issues affecting DAP, the Secretary/MINFA and the

Minister/MINFA become involved.

EAN/DAP maintain informal (i.e., not legally mandated) relationships with the Social Sciences Division of PARC, the Agricultural Prices Commission and the Planning and Development Division of the Ministry of Planning and Development. In addition, through the Economic Analysis Network, the dissemination of its policy analysis products, the contracting of policy analysis studies, its workshops and seminars, and its transfer of computer technology, EAN/DAP maintains relations with both individuals and government organizations outside the MINFA and private firms. On the whole, these informal relationships have been positive for and important to the work accomplished by EAN/DAP.

EAN/DAP has had to continuously educate both USAID and the GOP regarding what it has done and can do to improve the agricultural policy formulation process. This is necessary because of changes in personnel in both USAID and the GOP. Since the beginning of the EPA component of the FSM project, there have been two USAID Mission Directors, one Deputy Director, two ARD Chiefs, and two EMPA Division Heads. On the GOP side, there have been four Ministers/MINFA, one Minister of State for Agriculture, one Special Assistant (Agriculture) to the Prime Minister, four Secretaries/MINFA, one Joint Secretary/MINFA, one Additional Secretary/MINFA, three Economic Consultants/Planning Unit, and two DAP Directors. Establishing and maintaining good working relationships and communication channels are critical to this project but has involved a considerable amount of time and effort on the part of the Chief of Party/EAN and EAN and DAP personnel.

3. Budgeting and Finance

With the exception of the pay and benefits of Director and Deputy Director of DAP and 13 personnel below grade 16, the total cost of EAN/DAP has been borne by USAID through its contractor, Chemonics. The salaries and benefits of all professional staff and other staff of EAN, the salaries and benefits of ten DAP professional staff, office space for both EAN and DAP, communications, supplies, equipment, and vehicles have been financed through the Chemonics contract with USAID and have been subject to USAID rules and regulations.

4. Personnel Management

An examination of personnel management in EAN and DAP was made earlier in this report. However, it bears repeating that the DAP staff paid by Chemonics are paid salaries and benefits at grade levels equivalent to those of regular GOP employees in sanctioned positions. This was done to ease the transfer of these individuals into the GOP personnel management system.

5. Operations, Products and Clients

Although lines of authority and responsibility and chains of command are separate in EAN and DAP, at the operational level, the two organizations collaborate in conducting long and short term policy analysis studies, workshops and seminars, the monitoring of contract research, the transfer of micro-computer technology, the maintenance of the Economic Analysis Network, and the publication and dissemination of EAN/DAP products.

The products of EAN/DAP include: reports, briefing papers, workshops and seminars, the bi-monthly ECONOGRAM, Talks with Economic Experts Series, and the Economic Analysis Network Directory. The impact of these products has been substantial. They have influenced policy making in the GOP, USAID and other donor agencies and the work of individual researchers.

Although the principal client of the EAN/DAP is the Ministry of Food, Agricultural and Cooperatives, other clients have included other GOP agencies, USAID, the World Bank and other donor agencies. However, a source of some disappointment has been that the MINFA has not used the resources and capabilities of EAN/DAP to the fullest extent. Hopefully, this will be rectified with the institutionalization of DAP.

B. THE INSTITUTIONALIZATION PROCESS

The FSM Project Paper clearly indicated that the Project was "to improve the analytical and policy formulation framework, the managerial capabilities, and the physical capacity of the Government of Pakistan to manage the national food security system efficiently and effectively."²⁷ By design, a leadership role was given to the Planning Unit of MINFA in reference to the Project's EPA component. As was mentioned earlier, this role never materialized. However, the MINFA did create DAP as a project within the Ministry to serve as the counterpart organization for EAN.

In searching for possible locations for EAN/DAP, however, inquiries were made of officials who head GOP units both within and outside MINFA. The logic of this inquiry was based on the facts that (a) the MINFA may not want this capability and (b) the agricultural policy analysis process as established over the past several years is of value to units outside MINFA. What follows is an exploration of all identifiable potential locations. It begins with units within MINFA itself.

²⁷FSM Project Paper, op. cit., p. 2.

1. Possible Locations for EAN/DAP

a. MINFA

i. Merger/Integration with Planning Unit:
Benefits and Costs

On the cost side, the Planning Unit, which was established in 1968 has been in a decline for the last several years.²⁸ Housed on the ninth floor of a government building in the Blue Area of Islamabad, it has an officer corps of 36 and a support staff of 95. Over the past seven years, it has had three Economic Consultants heading it and until recently, this post laid vacant as a signal that all was not well with this agency. The only major products which it produces are the Annual Agricultural Statistics report and the Annual Development Programme for the MINFA (with regard to this latter product, it is produced by a Deputy Secretary/Economic Coordination and a Section Officer/Plan). No policy analysis in support of either two documents are produced by the Planning Unit. Finally, according to individuals interviewed for this study, the Planning Unit has been targeted for reorganization.

On the benefit side, it is a target of opportunity for new, dynamic leadership that might be able to change the status quo and efficiently and effectively manage the resources it has at its command.

ii. Merger/Integration with APComm: Benefits
and Costs

On the benefit side, APComm is an established autonomous body within the MINFA with a direct pipeline to policy making.

On the cost side, its mandate is narrow. Although making recommendations on agricultural prices is very important to the economic well being of the agriculture sector, the mission of EAN/DAP (agricultural policy analysis) spans demand, agribusiness and supply--the entire agriculture sector and its effects on other economic sectors and visa versa. In addition, although the present Chairman of APComm indicated that APComm would welcome EAN/DAP into the Commission, he will be leaving his post in three months. Would the new Chairman share the out-going Chairman's sentiments?

²⁸Almost all officials interviewed indicated that this was the case.

b. Pakistan Agriculture Research Council

i. Merger/Integration with Social Sciences
Division: Benefits and Costs

On the benefit side, PARC is an autonomous body with the potential, if not already achieved, to directly and separately supply economic research inputs into the policy making process in agriculture. PARC's Chairman has the reputation of being very dynamic. The Member/Social Sciences also has this reputation.

On the cost side, the mission of the Social Sciences Division tends to be too broad, encompassing all of the social sciences, with no clear distinction between social science disciplines and their respective capabilities and responsibilities for support of PARC's agricultural technology transfer mandate. The Member/Social Sciences is the only agricultural economist associated with the Division.

c. Planning and Development Division

i. Merger/Integration with Agriculture and
Food Section: Benefits and Costs

Since the late 1950s, the Planning and Development Division (and its predecessor, the Planning Commission) has been the paramount economic planning institution in the country.²⁹ It has a direct pipeline to policy making and exercises considerable influence through its five year planning responsibilities. The Planning and Development Division has been able to attract the most talented economists and other technicians. It has also attracted foreign assistance. Its status, therefore, would be a benefit to DAP.

The cost side is that the Agriculture and Food Section is dominated not by economists but by other technicians. Its mission is to vet proposals for agricultural development submitted from other agencies from a non-economic standpoint. The extent to which agricultural economists engaged in policy analysis would fit into such an environment is questionable. It should be noted that other units within Planning and Development were not investigated.

2. Administrative Reorganization of Merged Units

Any merger and integration of the DAP with an existing GOP unit should take into account the missions of both units and attempt to preserve the best of the existing unit. As one American

²⁹ Except for the Bhutto period (1971-77) when economic planning was located in the Prime Minister's office.

politician once said, "If it ain't broke, don't fix it." Or another way of stating the same principle, "If there is no problem, there is no solution." In the analysis of possible locations for the DAP, the one that emerges with the most promise because it has problems which require solutions is the Planning Unit in the MINFA. The consultant kept this in mind as he prepared the following examination of organization and structure, budgeting and finance, and the transfer and sanctioning of existing DAP personnel.

a. Organization and Structure

A tendency of almost all organizations, public or private, is to complicate what should be a simple structure. In analyzing the Planning Unit, it appears that this organization was a victim of this organizational malaise. In contrast, the DAP structure is simple and streamlined. Bureaucratic layers are kept to a minimum which permits the Director/DAP to be fully informed of what his operations and logistics and administrative support staff are accomplishing. The simplicity of organization and structure is a characteristic that should be part of the merger/integration plan.

Annex 4 is a Proposed Organizational Structure for a Reorganized Unit. Annex 8 is a functional analysis of this organization. In developing this organization chart, the merger/integration involved the DAP Project and the Planning Unit of the MINFA. The Planning Unit has 132 employees (see Table 1 on the following page). None of the existing Planning Unit positions should be abolished; however, the Terms of Reference for these positions should be modified. From the DAP Project, five DAP staff should be hired by MINFA and placed in the new Directorate of Agricultural Policy. These five include two Senior Research Officers (equivalent grade 18), one Law Officer (equivalent grade 18) and two Research Officers (equivalent grade 17). Currently, the Planning Unit has three vacancies at the grade 17 level. DAP's two grade 17 Research Officers could complete for two of these vacancies. The other grade 17 vacancy could be upgraded to grade 18 and one of DAP's grade 18 Senior Research Officers could complete for this position. To accommodate DAP's two other grade 18 officers, MINFA should request the creation of two new grade 18 level posts. DAP's two grade 18 officers could then complete for these positions. Table 2 shows the Proposed Sanctioned Staff of the Directorate of Policy Analysis.

The justification for the reorganization is simple: MINFA needs the policy analysis capability already developed in DAP and the Planning Unit needs to be reorganized to improve its performance. DAP has already demonstrated its effectiveness and efficiency. The reorganization of the Planning Unit would improve its effectiveness and efficiency.

TABLE 1. EXISTING SANCTIONED STAFF OF THE PLANNING UNIT

Section	Post	Grade	Number	Totals
1. Economic Studies	Economic Consultant	20	1	1
	Deputy Ag. Commissioner (ER)	19	1	25
	Deputy Director	18	1	
	Research Officer	17	8	
	Survey Officer	17	1	
	Statistical Assistant	11	2	
2. Farm Management	Field Investigator	11	12	
	Deputy Director	18	1	15
	Research Officer	17	8	
	Statistical Assistant	11	1	
3. Agricultural Economics and Statistics	Field Investigator	11	5	
	Deputy Director	18	1	20
	Statistical Officer	17	2	
4. Research and Crop Forecasting	Research Investigator	16	6	
	Statistical Assistant	11	8	
5. Credit Monitoring Cell	Statistical Officer	17	2	
	Statistical Assistant	11	1	
6. Administration	Deputy Ag. Commissioner (Ag Credit)	19	1	5
	Deputy Director	18	2	
	Field Investigator	11	2	
	Administrative Officer	16	1	66
	Assistant Incharge	15	1	
	Stenographer	15	6	
	Accountant	13	1	
	Stenotypist	12	9	
	Assistant	11	4	
	Draftsman	11	2	
	Storekeeper	7	1	
	Cashier	7	1	
	LDC	5	6	
Driver	4	3		
DMO	4	1		
Daftry	1	2		
Naib Qasid	1	23		
Farash	1	2		
Mali	1	1		
Sweeper	1	2		

SUMMARY OF PROFESSIONAL POSTS:		TOTAL:	132
GRADE	NUMBER		
20	1		
19	3 (INCLUDES 1 DEPUTY SECRETARY FOR ECON. COORD.)		
18	5		
17	21		
TOTAL	30		

TABLE 2. PROPOSED SANCTIONED STAFF OF THE DIRECTORATE OF AGRICULTURAL POLICY

Section	Post	Grade	Number	Totals	
	Director General	20	1	1	
OPERATIONS					
1. ANALYSIS	Director	19	1	26	
a. DEMAND	Deputy Director	18	1		
	Research Officer	17	5		
b. AGRIBUSINESS	Deputy Director	18	1		
	Research Officer	17	9		
c. SUPPLY	Deputy Director	18	1		
	Research Officer	17	8		
2. PLANNING					
a. STATISTICS	Director	19	1	15	
	Deputy Director	18	1		
	Research Officer	17	6		
b. PROJECTS	Deputy Director	18	1		
	Research Officer	17	6		
LOGISTICS & ADMIN SUPPORT					
a. PUBLICATIONS	Deputy Secretary (Econ. Coord.)	19	1	73	
	Deputy Director	18	1		
	Technical Editor	17	2		
b. DATA PROCESSING	Deputy Director	18	1		
	D.P. Specialist	17	1		
c. PLANS	Section Officer	18	1		
d. ADMINISTRATION	Administrative Officer	16	1		
	Assistant Incharge	15	1		
	Stenographer	15	6		
	Accountant	13	1		
	Stenotypist	12	9		
	Assistant	11	4		
	Draftsman	11	2		
	Storekeeper	7	1		
	Cashier	7	1		
	LDC	5	6		
	Driver	4	3		
	DHO	4	1		
	Daftry	1	2		
	Naib Qasid	1	23		
	Farash	1	2		
	Mali	1	1		
	Sweeper	1	2		
SUMMARY OF PROFESSIONAL POSTS:				TOTAL:	115
GRADE:	NUMBER				
20	1				
19	3				
18	8				
17	37				
TOTAL	49				

b. Budgeting and Finance

At present, USAID through Chemonics bears almost all the costs of the DAP. Because of its project status and its experimental nature, this was acceptable in the beginning of the project. However, the experiment has been very successful and now is the time to alter the status of DAP and incorporate it into the GOP as a regular GOP unit. This will have some budget and financial impact immediately and more in the long term. However, according to several sources, if DAP is institutionalized within the next two months, USAID support for its activities will not be terminated. What USAID is asking the GOP to do is to share the costs of an analytical capability which benefits the GOP.

c. Transfer and Sanctioning of Existing DAP Personnel.

Of the eight grade 17 and 18 personnel in DAP, five would be transferred into the new unit. Their present pay and benefits match those provided by the Government of Pakistan to personnel in sanctioned positions at their grade levels. From discussions with GOP officials, the Ministry can use existing personnel rules to hire these individuals on an ad hoc basis for a six month period (renewable). At the same time, once new positions are sanctioned, advertisements can be placed for these positions and existing DAP personnel can compete with others through the Federal Public Service Commission process. According to GOP officials, to make permanent (or regularize) ad hoc personnel requires approximately one year.

3. Consultations/Clearance Required

a. Ministry of Finance & Economics

Any plan which has financial implications must be vetted by the Ministry of Finance & Economics. The process begins with discussions between the Secretary/MINFA and the Financial Advisor/Agriculture (the latter is an officer of the Ministry of Finance & Economics). Once agreement is reached, the Secretary/MINFA sends the plan to Ministry of Finance & Economics to be vetted by the Additional Secretary/Expenditures.

b. Establishment Division and Management Services
Division, Cabinet Secretariat

Although approval of new sanctioned positions can be made by Ministry of Finance & Economics before vetting by Management Services Division, it is sound management to have Management Services clear the reorganization plan to insure that it does not conflict with established procedures. Establishment Division, in the case of the reorganization proposed, does not have to vet the plan. When the Secretary/MINFA sends the reorganization plan to the Ministry of Finance & Economics, he can inform MINFIN that he has concurrently sent the plan to Management Services.

Given the fact that the merger/integration of DAP is a very high priority issue with USAID, the Secretary/MINFA should ask both Ministry of Finance & Economics and Management Services Division to give the plan high priority. This can be done in the communications accompanying the plan to both Ministry of Finance & Economics and Management Services Division.

c. Federal Public Services Commission

Once the plan has been vetted by Ministry of Finance & Economics and Management Services Division and has been incorporated into the budget for FY 1989-90, the Federal Public Service Commission should be notified of the positions that should be advertised so that the regularization of personnel can commence.

V. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS

In every technical aspect, the Economic and Policy Analysis Component of the Food Security Management Project designed and developed by EAN/DAP has been successful. A highly effective and efficient agricultural policy analysis capability has been developed. The USAID Interim Evaluation Team which examined the FSM Project in February 1988 and the USAID Inspector-General's auditors which conducted a performance audit of the FSM Project February 1989 reached this conclusion. So have GOP officials, officials of the Government of the North West Frontier Province, officials of the Government of the Punjab, and USAID officials who were interviewed by the consultant. The problem which remains, however, is the institutionalization of the agricultural policy analysis process.

B. RECOMMENDATIONS

Based on the analysis completed in the body of this study, the following is recommended:

1. DAP should be Merged/Integrated with the Planning Unit, Ministry of Food, Agriculture and Cooperatives

A combined policy analysis and planning unit would be capable of advising policy makers in the MINFA regarding policy options/alternatives based on systematic analysis of reliable and valid data/statistics already collected by other GOP agencies. A common complaint of GOP officials was the decline in the capability of the GOP to analyze the statistics it already collects. Further, with the exception of the DAP Project, no GOP agency has the capability to translate analysis into policy options useful to policy makers in agriculture;

2. The Merged/Integrated Unit should be designated as the Directorate of Policy Analysis

This title would emphasize the mission of this merged/integrated unit, namely to "develop and enlarge the use of farm and agricultural policy analysis by the Ministry of Food, Agriculture and Cooperatives, the agribusiness industry and the Economic Analysis

Network." By adding a strong agricultural policy analysis capability to a restructured and reinvigorated planning function, the GOP would solve two problems with one solution. The kind of planning accomplished by the Planning Unit naturally feeds into agricultural policy analysis;

3. A Reorganization Plan which merges/integrates the DAP Project with the Planning Unit should be developed immediately³⁰

In order to institutionalize the DAP Project, as agreed to by the GOP and USAID in 1985, and to avoid the strong possibility of deobligation of funds for this Project, a reorganization plan must be vetted by Ministry of Finance & Economics and the Management Services Division of the Cabinet Secretariat by 31 March 1989.

4. The submission of Reorganization Plan to the Ministry of Finance & Economics and the Management Services Division (Cabinet Secretariat) should be accompanied by a request from the Secretary/MINFA that high priority be given to the vetting of this Plan

Evidence indicates there is very little time before the next budget cycle begins for a "routine" submission of an agency reorganization plan. Unless the Secretary/MINFA personally intervenes to press DAP's case, there is little chance of GOP approval by 31 March 1989. If the Reorganization Plan is not implemented by the next budget cycle, there is genuine doubt about the viability of the EAN Project in providing further assistance to MINFA.

³⁰See Annex 4 for the Proposed Organizational Structure for the Reorganized Unit and Annex 5 for Important Features of the Organization Plan for the Directorate of Agricultural Policy.

ANNEX 1

CONSULTANT'S TERMS OF REFERENCE

A special study will be implemented with short-term expatriate technical assistance from Chemonics to include, but not be limited to the following tasks:

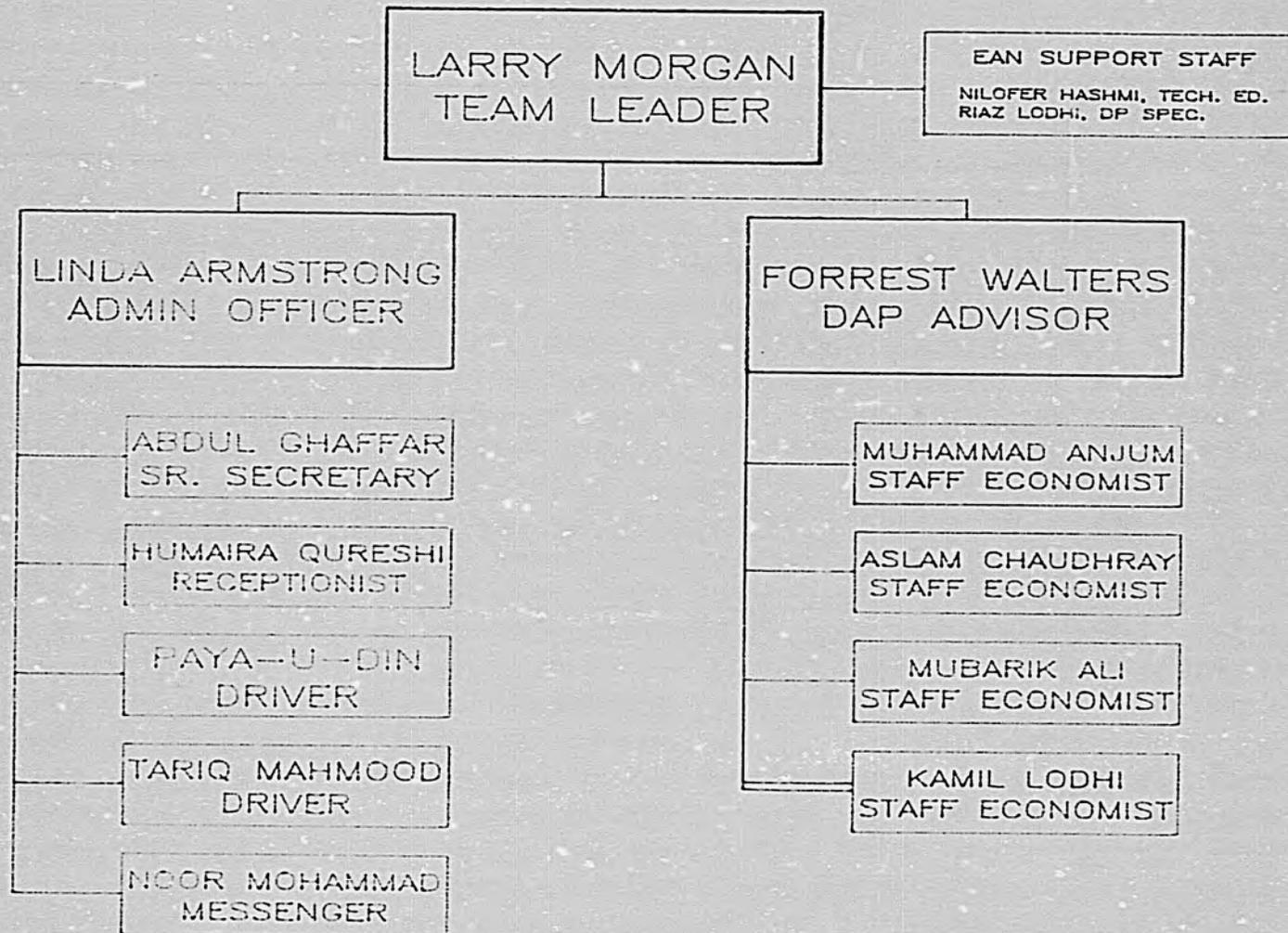
- a. Analyze MINFAC's economic and policy analysis needs and prepare a statement of goals for economic and policy analysis that support MINFAC's objectives of improved food security management;
- b. Develop a set of economic and policy analysis tasks and annual outputs that can be effectively managed by MINFAC;
- c. Describe an organizational chart that incorporates the required functional areas of economic and policy analysis from (b.) in an institutional setting compatible with GOP establishment rules and operating procedures, including an analysis of the DAP's current institutional status, and the role of the DAP implementing the required economic and policy analysis functions;
- d. Describe the major technical positions necessary for the organization designed above in c., to operate effectively, taking into consideration existing positions which may need to be changed; and
- e. Prepare an implementation plan and define the role of the EAN Project in supporting the regularization of the functions and organizational structure developed above as a formal GOP agency with the necessary sanctioned positions and a regular annual GOP-funded budget.

ANNEX 2

MILESTONES OF THE ECONOMIC ANALYSIS COMPONENT OF THE PAKISTAN FOOD SECURITY MANAGEMENT PROJECT (391-0491)

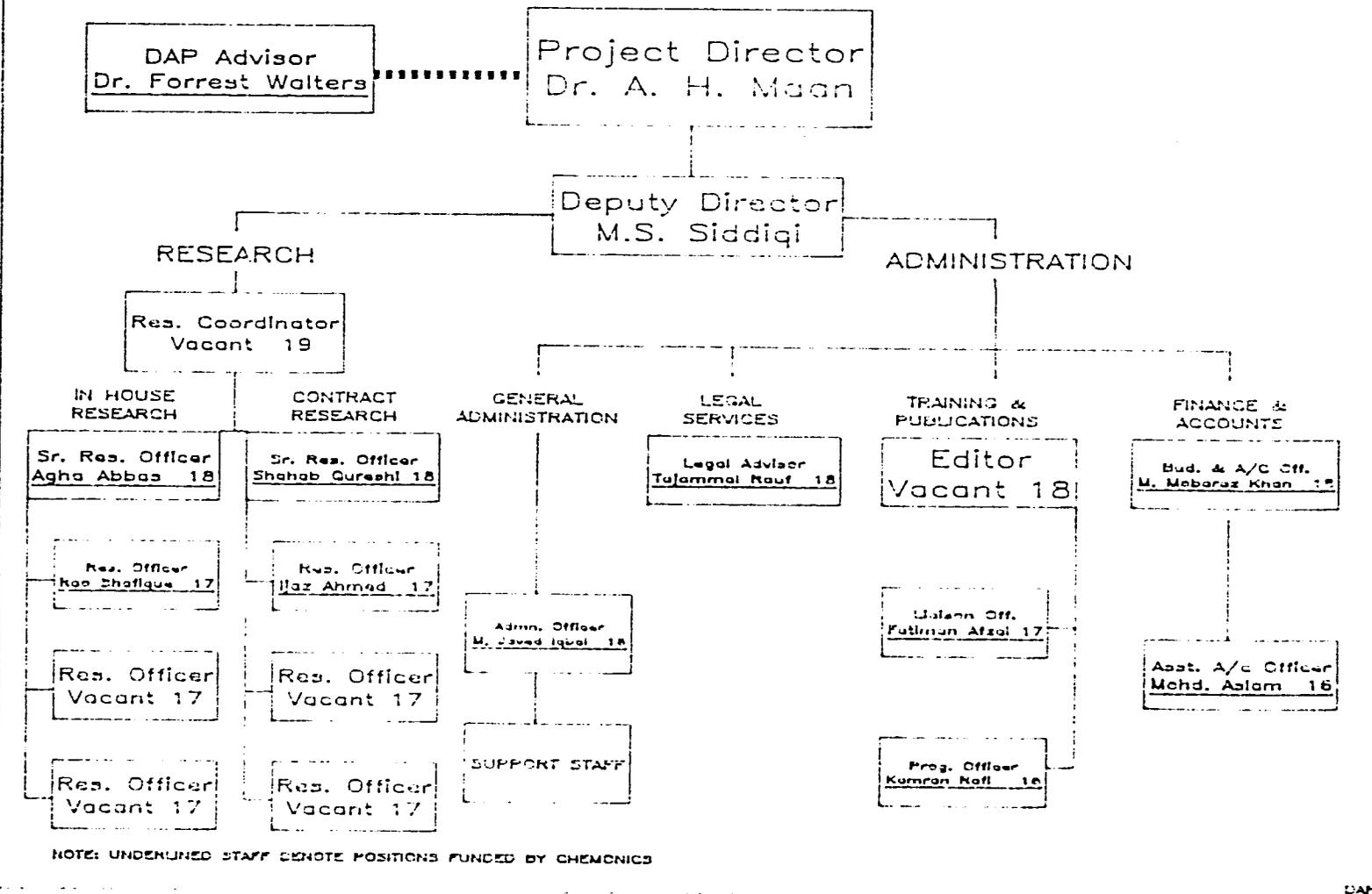
<u>Milestone</u>	<u>Date</u>
1. Completion of Food Security Management Project Paper	February 1984
2. Issuance of Request for Proposal	Feb. 15, 1985
3. Submission of Proposal by Chemonics International Consulting Division and Colorado State University	April 2, 1985
4. Chemonics/Colorado State Awarded Contract	July 1985
5. EAN Chief of Party Fielded in Pakistan	September 1985
6. Grade 20 DAP Director Installed	June 1986
7. Chemonics hires 6 EAN Professionals	April 1986 - March 1987
8. Chemonics hires 10 DAP Professionals	June 1987
9. EAN Policy Advisor to DAP Fielded in Pakistan	July 1987
10. Grade 18 DAP Deputy Director Installed	December 1987
11. USAID Interim Evaluation of Food Security Management Project Completed	February 1988
12. USAID Audit of Food Security Management Project Completed	January 1989
13. Organization Development Consultant Fielded by Chemonics Completes Work	February 1989

ANNEX 3-A. CHEMONICS/EAN PROJECT ORGANIZATION



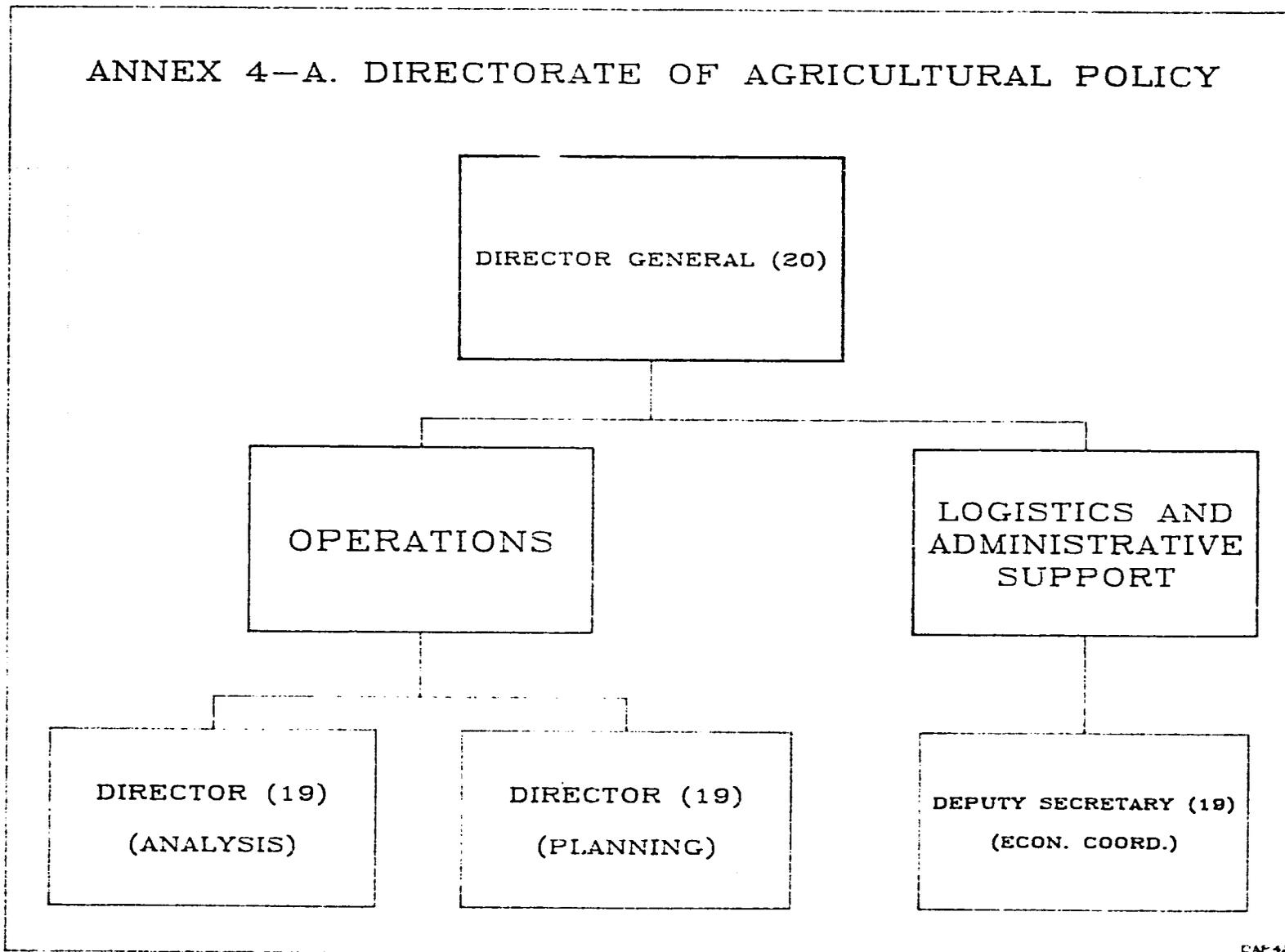
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ANNEX 3-B. DIRECTORATE OF AGRICULTURAL POLICY
(JAN 89, PRIOR TO REORGANIZATION)



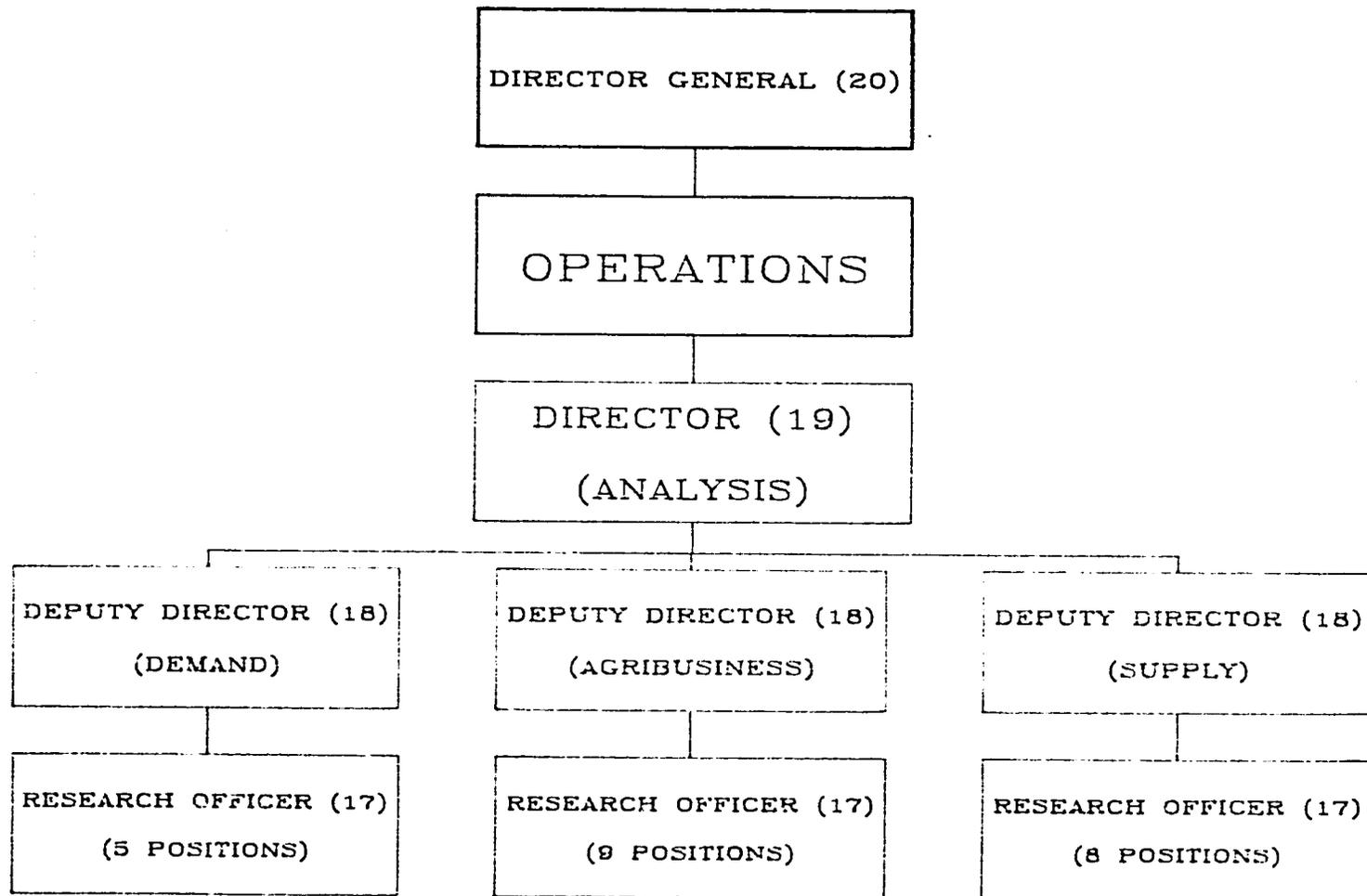
DAP

ANNEX 4-A. DIRECTORATE OF AGRICULTURAL POLICY



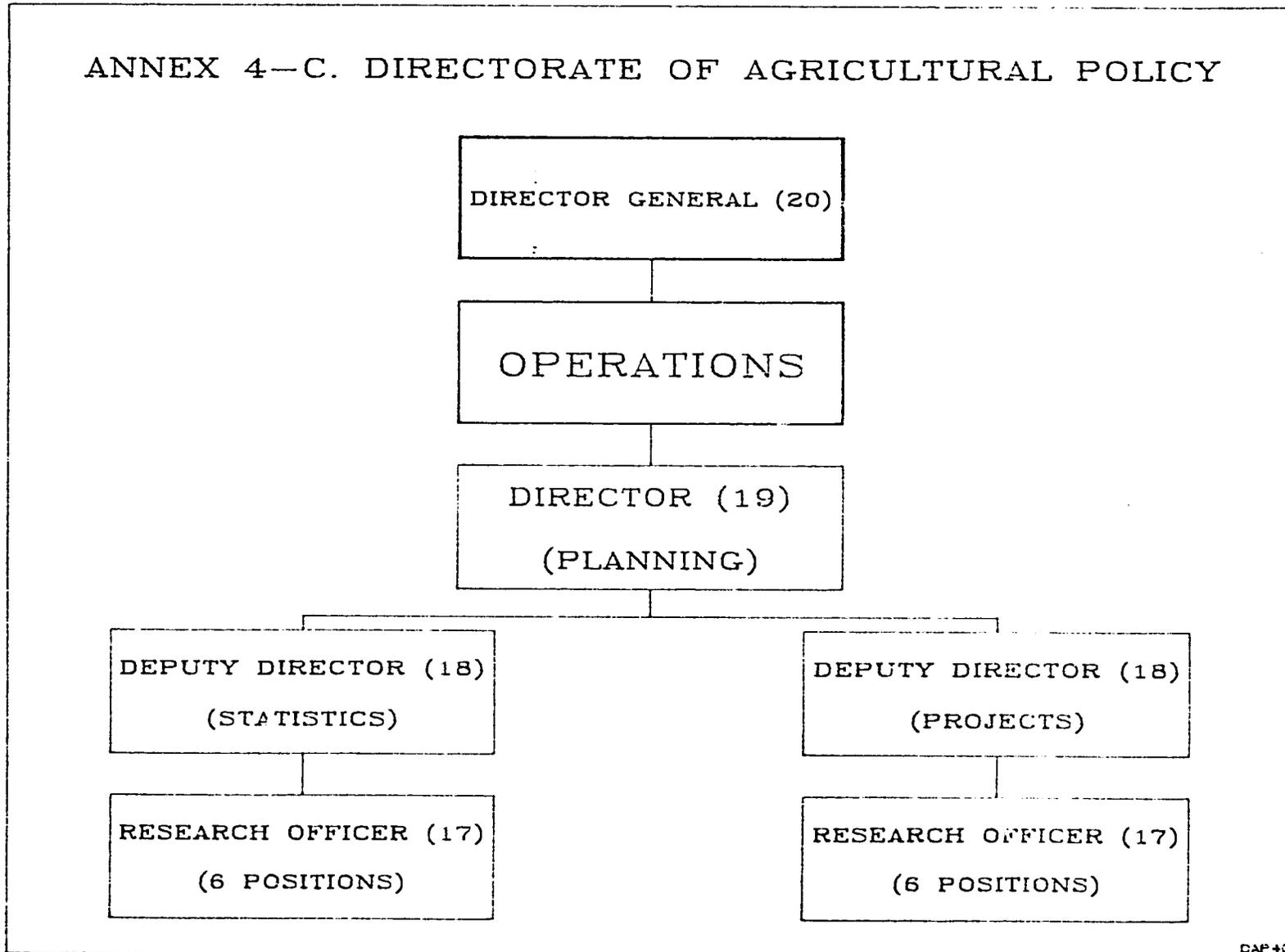
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ANNEX 4-B. DIRECTORATE OF AGRICULTURAL POLICY



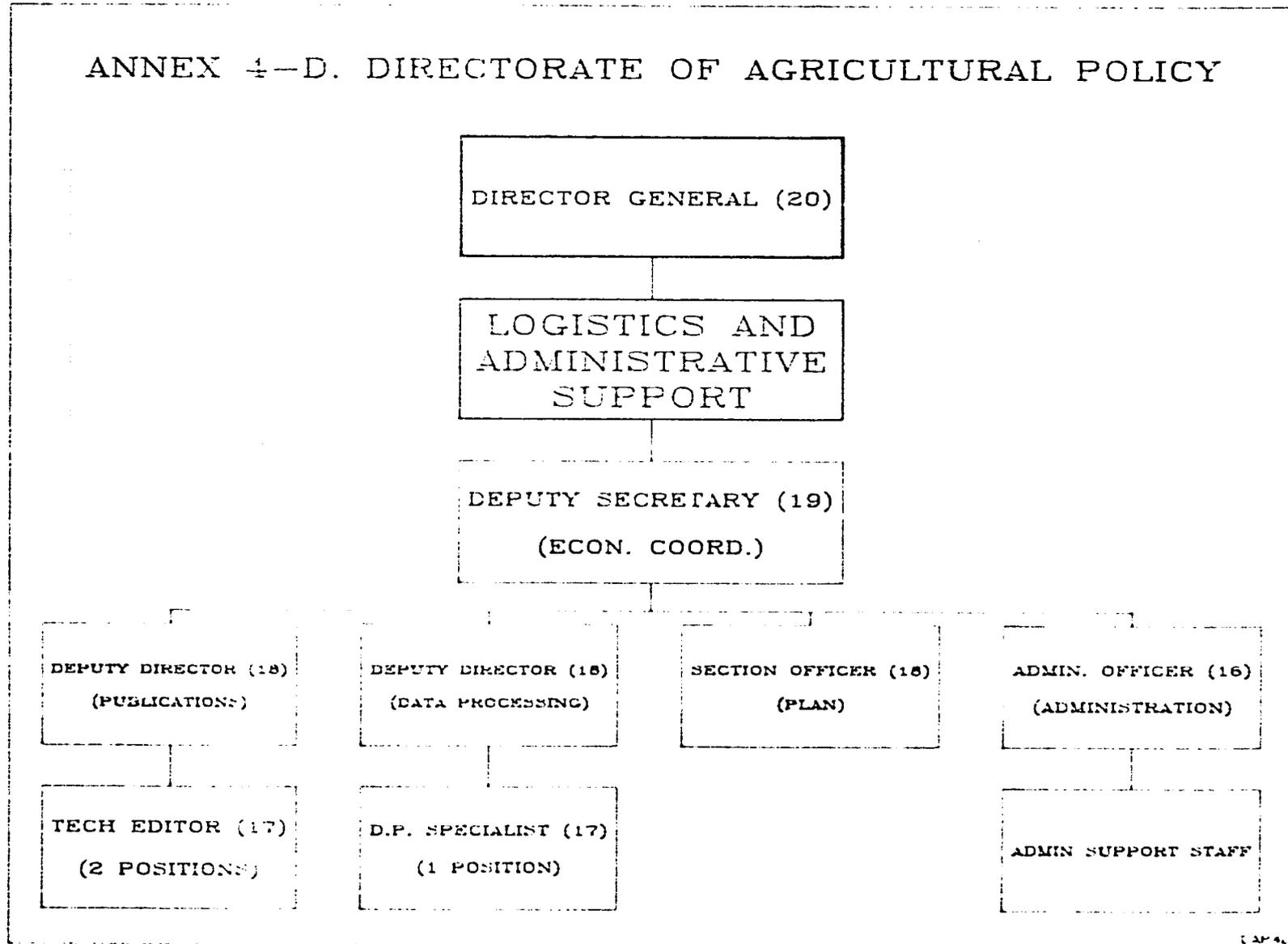
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ANNEX 4-C. DIRECTORATE OF AGRICULTURAL POLICY



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ANNEX 4-D. DIRECTORATE OF AGRICULTURAL POLICY



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ANNEX 5

IMPORTANT FEATURES OF THE ORGANIZATION PLAN FOR THE DIRECTORATE OF AGRICULTURAL POLICY

- o This is a plan for the institutionalization of the existing Directorate of Agricultural Policy (which currently hold project status in MINFA) into the GOP and a reorganization of the existing Planning Unit/MINFA.
- o The goal of the new organization is:
 - To develop and enlarge the use of farm and agricultural policy analysis by the Ministry of Food, Agriculture and Cooperatives, the agribusiness industry and the Economic Analysis Network.
- o The basic organizational structure is contained on the organization chart attached.
- o None of the existing Planning Unit positions are being abolished; however, the Terms of Reference for these positions will be modified.
- o Five DAP staff will be hired by the MINFA on an ad hoc basis until they can complete the Federal Public Service Commission hiring process.¹
- o Dr. A. H. Maan (currently Economic Consultant and Director/DAP Project) will serve as Director-General for the Directorate of Agricultural Policy (at grade 20).
- o S. M. Aslam Jafri (currently Deputy Agricultural Commissioner/ER) will serve as Director, Policy Planning (at grade 19).
- o This plan will be vetted by the Ministry of Finance and the Management Services Division before 31 March 1989 so that it will be part of the new budget for FY 1989-90.

¹These individuals do not hold GOP sanctioned positions. They are paid directly by Chemonics. Their pay and benefits are equivalent to GOP sanctioned employees. They include two Senior Research Officers (equivalent grade 18), one Law Officer (equivalent grade 18) and two Research Officers (equivalent grade 17).

ANNEX 6

LIST OF PERSONS INTERVIEWED/CONSULTED

GOVERNMENT OF PAKISTAN

Cabinet Secretariat

Muhammad Lutfullah, Additional Secretary, Establishment Division

M. A. Chaudhry, Director-General, Assignment Wing, Management Services Division

Dr. Rashid Ahmed Khan, Director-General, Assignment Wing, Management Services Division

Ministry of Finance and Economics

Mian Tayyab Hussain, Additional Secretary

Ministry of Food, Agriculture and Cooperatives

Captain (Retd.) A. U. G. Ihsani, Secretary

Shafi Niaz, Chairman, Agricultural Prices Commission

Abdul Rauf Sheikh, Additional Secretary (Food and Agriculture)

Ministry of Interior

S. K. Mahmood, Secretary

Ministry of Planning & Development

Dr. Meekel Aziz Ahmed, Chief, International Economics Section

Dr. A. H. Maan, Director, Directorate of Agricultural Policy Project and Economic Consultant, Planning Unit, Ministry of Food, Agriculture and Cooperatives

Pakistan Agricultural Research Council

Dr. Agha Sajjad Haider, Member, Social Sciences

GOVERNMENT OF NORTH WEST FRONTIER PROVINCE

Suliman Ghani, Secretary, Planning and Development Department

GOVERNMENT OF PUNJAB PROVINCE

USAID/ISLAMABAD

James A. Norris, Director

J. Paul Guedet, Deputy Director

Robert W. Nachtrieb, Chief, Office of Project Development
and Monitoring

Richard H. Goldman, Deputy Chief, Office of Agriculture and
Rural Development

Thomas M. Olson, Head, Economic, Marketin, Policy Analysis
Section, Office of Agriculture and Rural Development

David Sprague, Chief, Office of Human Resources Development

Andra J. Herriott, Deputy Chief, Office of Human Resources
Development

Robert M. Traister, Regional Affairs Officer, Karachi

ARD FOOD SECURITY MANAGEMENT PROJECT EAN COMPONENT

Larry C. Morgan, Chief of Party

Forrest Walters, DAP Advisor

Muhammad Anjum, Staff Economist

Aslam Chaudry, Staff Economist

Mubarik Ali, Staff Economist

Kamil Lodhi, Staff Economist

Neelofer Hashmi, Technical Editor

Riaz Lodhi, Data Processing Specialist

USAID OFFICE OF THE INSPECTOR GENERAL

James Bonnell, Auditor

Donald Rider, Auditor

OTHERS

Vice Admiral (Retd.) Fazal Janjua, Former Minister of Food,
Agriculture and Cooperatives

ANNEX 7

LIST OF DOCUMENTS AND REPORTS CONSULTED

In addition to the documents produced by the EAN/DAP Project and the files of the EAN, the following are important documents consulted for this study.

Evaluation of Food Security Management Project, A Report Prepared for USAID-Pakistan by Evaluation Team fielded by Robert R. Nathan Associates, Washington, DC, February 1988.

Office of Agriculture and Rural Development, USAID/Islamabad, USAID/Islamabad Agriculture Development Strategies for the Early 1990's, Draft, February 1989.

Government of Pakistan, Ministry of Food, Agriculture and Co-Operatives, Food and Agriculture Division (Planning Unit), Food Security Management Project-Economic and Policy Analysis, Revised PC-1 Form (no date).

Government of Pakistan, Ministry of Food, Agriculture and Cooperatives, Food and Agriculture Division, National Agriculture Policy, February 1980.

Government of Pakistan, Ministry of Food, Agriculture and Cooperatives, Food and Agriculture Division (Planning Unit), Reorganization of the Planning Unit of the Ministry of Food, Agriculture and Cooperatives, 1985.

ANNEX 8

A FUNCTIONAL ANALYSIS OF THE DIRECTORATE OF
AGRICULTURAL POLICY

by

Larry C. Morgan, Ph.D.
Chief of Party
Economic Analysis Network Project
Chemonics International Consulting Division

A FUNCTIONAL ANALYSIS OF THE DIRECTORATE OF AGRICULTURAL POLICY

The purpose of this paper is to suggest a functional perspective for revising the Ministry of Food, Agriculture and Cooperatives' agricultural policy analysis operations in view of the objectives of the Economic Analysis Network Project and the Ministry's intentions to strengthen its economic and policy analysis capabilities.

ORGANIZATION OBJECTIVE:

The primary mission of the Directorate of Agricultural Policy is to provide relevant and timely information and analyses appropriate for supporting the Ministry of Food, Agriculture and Cooperatives's efforts to improve Pakistan's food security.

The DAP will supply policy information to support the Ministry's implementation of the following agricultural policy process, which is described in more detail in Annex A:

- Identify policy goals
- Identify interest groups
- Identify policy problems
- Evaluate current policies and research results
- Identify potential new research topics
- Set economic research agenda and priorities
- Implement policy research program
- Evaluate research results
- Design implementation plans for modified policies

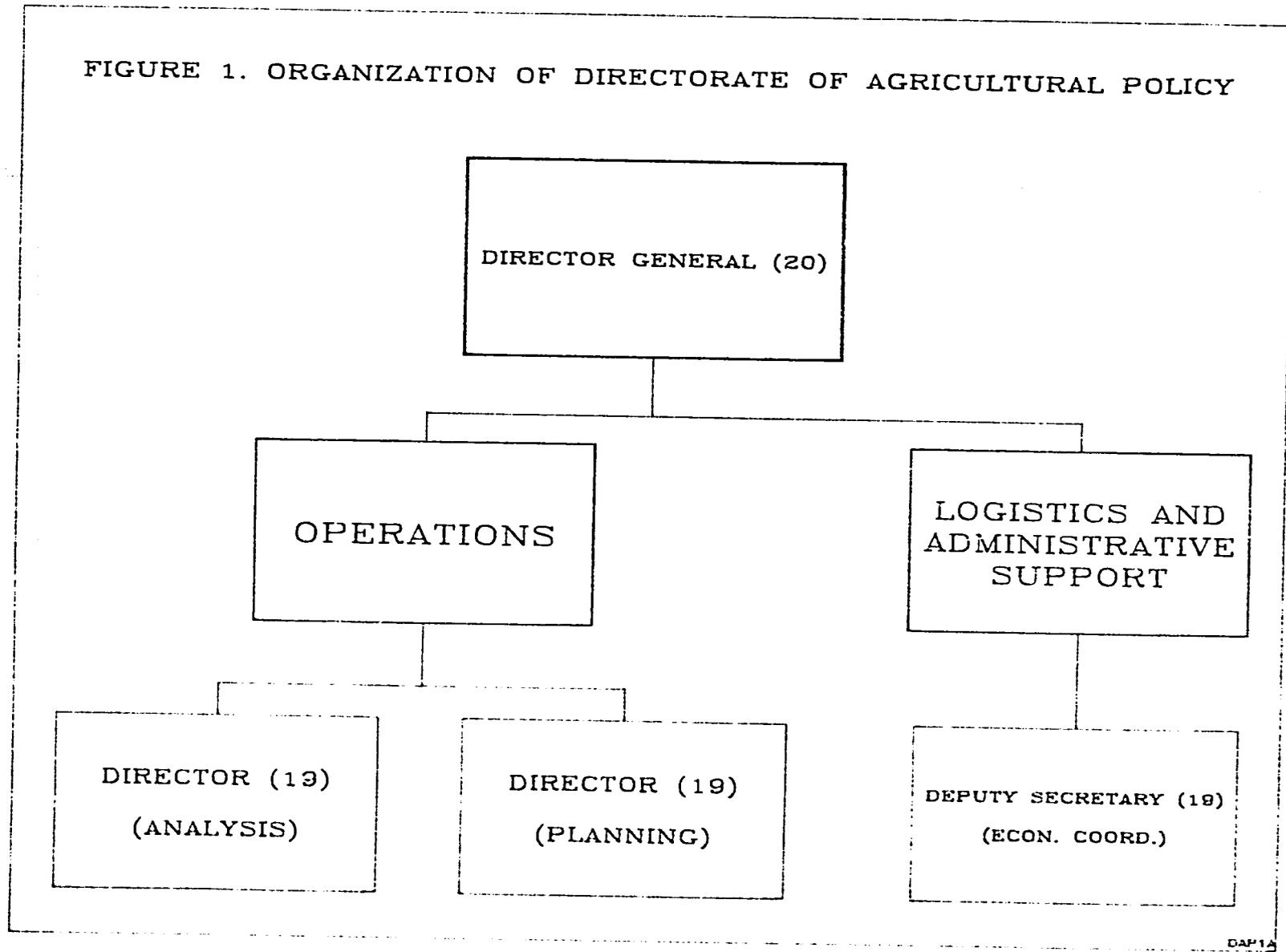
OPERATIONAL AREAS:

The DAP will achieve its mission through three operational areas: policy analysis and policy planning, and logistical and administrative support. The broad organizational framework is presented in Figure 1.

ANALYSIS OPERATIONS:

Policy analysis will be supervised by a Grade 19 Deputy Director and implemented through three sections: demand, agribusiness and supply. Each section will be headed by a Grade 18 Deputy Director. The primary functions of this group will be to review research results, summarize secondary data and prepare policy options briefing papers on the implications of current and alternative policies on Pakistan's food security. The organization of analysis operations is based on an EAN Project

FIGURE 1. ORGANIZATION OF DIRECTORATE OF AGRICULTURAL POLICY



DAP15

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Study by Nobe and Skold¹ and a discussion of the DAP research program in Annex A. Key operational features of Analysis operations are as follows:

1. No major primary data collection operations will be mounted by the staff;
2. All research studies requiring more than three calendar months to complete will be contracted to firms or economic research institutions prequalified under the framework established by the EAN Project;
3. All studies contracted by DAP will be completed in no more than 12 calendar months after the contracts are signed, with most studies being finished within four to six calendar months; and
4. The Analysis staff will serve most MINFAC policy support needs by preparing timely policy options briefing papers based on a distillation of research reports from the Economic Analysis Network and special short-term, internal studies conducted by Analysis staff on urgent policy issues;

DEMAND:

The demand section will analyze available secondary data and research results to assess trends in food and fiber demand, by commodity and income group. Specific tasks will include:

- Summarizing and comparing data from the FBS Household Income and Expenditure Surveys,
- Comparing FBS survey results with results implied by demand parameters estimated by other studies,
- Forecast intermediate (3-10 year period) demand for food and fiber,
- Prepare short studies of urgent food and fiber demand policy issues, and
- Maintain current briefing papers on major food and fiber demand policy issues, including descriptions of the policy problems, status of current policies and implications of alternative policies.

1. Skold, Melvin D., and Kenneth C. Nobe. *Agricultural Policy Research and Analysis: Implications for the Pakistan Economic Analysis Network Project*. Special Report No. 4. Islamabad: Directorate of Agricultural Policy, Ministry of Food, Agriculture and Cooperatives, Government of Pakistan, May 1988.

AGRIBUSINESS:

The agribusiness section will analyze available secondary data and research results to assess market trends in the transportation, storage, processing and merchandising of important agricultural inputs and food and fiber products. Specific tasks will include:

- Summarizing and comparing data from the FBS Monthly Statistical Bulletins on wholesale and retail prices of agricultural inputs and products,
- Comparing FBS market price differentials with market margins estimated in other studies,
- Forecast intermediate (3-10 year period) prices of important agricultural inputs and food and fiber products ,
- Prepare short studies of urgent agribusiness policy issues, and
- Maintain current briefing papers on major agribusiness policy issues, including descriptions of the policy problems, status of current policies and implications of alternative policies.

SUPPLY:

The supply section will analyze available secondary data and research results to assess trends in farm production, aggregate supply of food and fiber products, and demand for agricultural inputs. Specific tasks will include:

- Summarizing and comparing published data on agricultural production,
- Summarizing research studies on farm management, costs of production and agricultural production functions and assessing the implications for policies on pricing, technology transfer and input supply,
- Forecast intermediate (3-10 year period) supply prices of important food and fiber products,
- Summarize the supply response effects of typical product and input price changes in available agricultural supply models,
- Prepare short studies of urgent supply policy issues, and
- Maintain current briefing papers on major supply policy issues, including descriptions of the policy problems, status of current policies and implications of alternative policies.

PLANNING OPERATIONS:

Agricultural planning will be supervised by a Grade 19 Deputy Director and implemented through two sections: statistics and projects. The primary functions of this group will be to: assemble and prepare summaries of secondary data on agricultural production for publication; maintain a computerized database of relevant agricultural statistics required for policy research; evaluate all MINFAC projects; and review the need for new projects to address key policy issues. The Planning staff will maintain a timely, relevant statistical database in support of policy analysis operations. The Planning staff will also review all agricultural projects in view of GOP agricultural development policies and recommend changes needed to strengthen project support for improved food security.

STATISTICS:

The statistics section will assemble available secondary data for publication and entry in a user-friendly computer database. Specific tasks will include:

- Collecting crop production data and agricultural price data from the FBS and Provincial Crop Reporting Services,
- Publishing crop production and agricultural price data in standard statistical and chart formats,
- Prepare short studies of urgent agricultural statistics issues affecting the production of relevant agricultural policy analyses, and
- Maintain current briefing papers on major agricultural statistics issues, including descriptions of the problems, status of current statistics policies and implications of alternative statistical policies.

PROJECTS:

The projects section will evaluate ongoing MINFAC projects and analyze the need for alternative projects to address key agricultural policy issues. Specific tasks will include:

- Collecting data on the performance of current MINFAC projects,
- Evaluating the progress of MINFAC projects with respect to project objectives and external measures of economic progress,
- In cooperation with the Analysis Group, prepare short studies of urgent agricultural project needs, and

- Maintain current briefing papers on major agricultural projects issues, including descriptions of the problems, status of current projects and implications of alternative project policies.

LOGISTICAL AND ADMINISTRATIVE SUPPORT OPERATIONS:

Logistical and administrative support will be supervised by a Grade 19 Deputy Secretary for Economic Coordination and implemented through four sections: publications, data processing, plans, and administration. The primary functions of this group will be to: edit, publish and distribute all DAP research reports, statistics reports and policy options briefing papers to key clients of the DAP; provide computer maintenance and training support for the DAP data processing equipment and software; preparation of MINFAC's input for the Annual Development Plan and the Five Year Plan; and general administrative support of all DAP operations.

PUBLICATIONS:

The publications section will edit, publish and distribute all DAP documents destined for external distribution. Specific tasks will include:

- Advising all research officers on proper writing styles for research and statistical reports and policy options briefing papers,
- Completing final editing of all DAP publications,
- Arranging, in cooperation with the Administrative Officer, the procurement of timely, reliable printing services for all DAP publications, and
- Arranging the distribution of all DAP publications to key clients according to mailing lists maintained by the data processing section.

DATA PROCESSING:

The data processing section will arrange continual maintenance services for all DAP computer equipment and assist the operations group in creating appropriate databases and computer-generated graphics for DAP publications. The data processing section will not engage in program development in BASIC, FORTRAN, COBOL, APL, PL1, ADA, PASCAL, or other similar languages. Specific tasks will include:

- Advising all research officers on applications of existing analytical, database and graphics programs,

- Providing training to all professional and support staff as needed on refresher courses in existing software and introductions to new software packages, and
- Arranging, in collaboration with the Administrative Officer, for the procurement of upgrades of existing software and new software as needed for efficient data processing operations.

DEVELOPMENT PLANS:

The development plans section will prepare all MINFAC reports required for the Annual Development Plan and the Five Year Plan. Specific tasks will include:

- Preparation of analyses, plans and budgets required for MINFAC reports for the Annual Development Plan, and
- Preparation of analyses, plans and budgets required for MINFAC reports for the Five Year Plan.

ADMINISTRATION:

The administration section will provide stenographic, clerical and financial support for all DAP analysis and logistics support operations. Specific tasks will include:

- In cooperation with the Data Processing Section, provide timely training in word processing and spreadsheet operations for all stenographic and clerical staff,
- Maintain all DAP administrative records and reports required by MINFAC, and
- Provide financial services required for all analysis and logistical support operations.

ANNEX A

Developing a Research Program for the Directorate of Agricultural Policy²

The Directorate of Agricultural Policy (DAP) is in the process of developing a comprehensive economic research program to facilitate the implementation of a unified agricultural policy process and provide a framework for organizing and revising the EAN Project's annual economic research agenda. The process of agricultural policy analysis is a continuing cycle of at least nine distinct activities. Figure A-1 illustrates the agricultural policy process. A brief description of these activities is given below.

1. Identification of Broad Agricultural Policy Goals

One of the most important goals of Pakistan's agricultural policy is improved food security. Other goals, as stated by decisionmakers and published in annual economic reports and five-year plans, include full employment of domestic resources; an improved trade balance; improved nutritional status for low-income households; and improved incomes for small farmers.

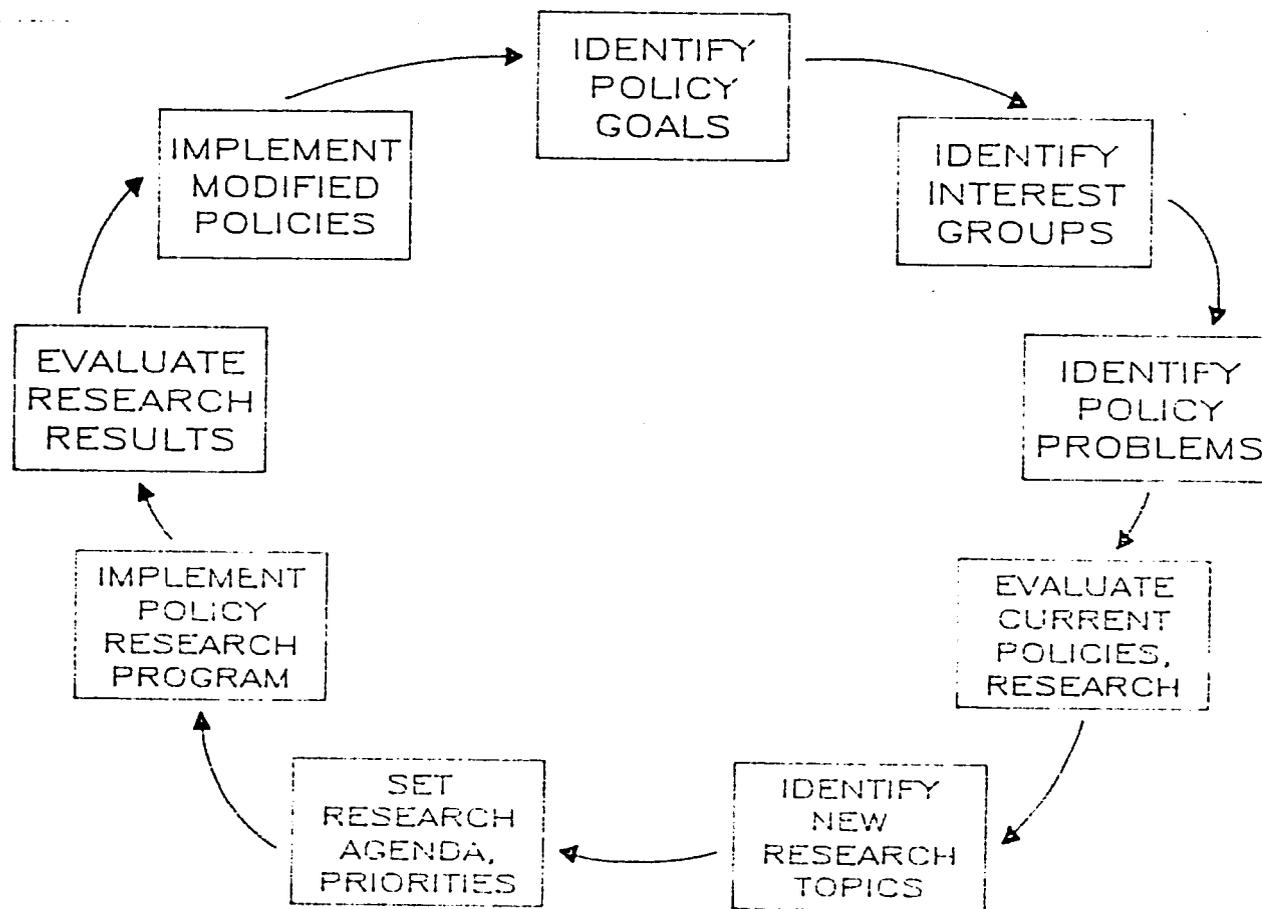
2. Identification of Major Interest Groups Contributing to and/or Affected by Policy Goals

There are at least five important groups with vital interests in the formulation of agricultural policies. These are: (a) household consumers of food; (b) agribusinesses providing services to link inputs to farmers and agricultural commodities to household consumers; (c) farmers producing food for subsistence and sale; (d) suppliers of such agricultural inputs as land, labor, capital, water, chemicals, and improved technologies; and (e) government policymakers, who are responsible for promoting improved national economic welfare.

2. An earlier version of this section appeared in:

Morgan, Larry C. "Developing A Research Program for the Directorate of Agricultural Policy," *The Econogram* (The EAN Project Newsletter), Vol. 4, No. 1, February 1988, pp. 3-4.

FIGURE A-1. THE AGRICULTURAL POLICY PROCESS



3. Identification of Major Policy Problems Shared by Some or All Interest Groups

Problems related to current economic policies are identified by interaction of interest groups with government decisionmakers and independent studies by policy analysts. The problems are usually stated in terms of shortcomings in meeting agreed national economic policy goals.

4. Evaluation of Current Policies and Research Results Relating to Policy Problems

As new policy problems are identified, government decisionmakers may request policy analysts to assess the economic effects of current policies and relevant economic research results to identify new policy research needs.

5. Identification of New Research Topics Needed to Resolve Policy problems

New policy research needs are usually transformed into specific research topics that should yield the information required to develop and implement more effective economic policies.

6. Establishment of a Policy Research Agenda and Priorities for Managing Research Resources

The economic research program supporting the policy process is unlikely to have sufficient resources to study thoroughly each proposed policy research topic. The EAN Project has implemented a research program based on an agenda of 13 topics. However, the program can be managed more effectively by classifying all proposed research topics into a research agenda based on the establishment of priorities across broad areas of agricultural policy concerns, and priorities for all studies supporting a particular policy concern.

7. Implementation of the Policy Research Program

DAP has implemented a program of economic research in conjunction with EAN, cooperating public sector institutions, and private research firms. Supplemental research support has been provided through special commissioned studies conducted by the Chemonics and DAP professional staff.

8. Evaluation of Results of the Policy Research Program

As research studies are completed, the government's policy analysis agencies are responsible for evaluating the studies for their compliance with the terms of reference and their value to decisionmakers in formulating improved policies. DAP has been

organized to monitor EAN research contracts and prepare summary briefs of research results that are relevant to decisionmakers' agricultural policy information needs.

9. Implementation of Modified Policies to Address Current Policy Problems

After reviewing the results of studies that were initiated to produce information on the economic consequences of a particular policy problem and of alternative policies to address the problem, the decisionmakers must review the findings and adopt a policy that appears most promising in meeting policy goals. The decisionmakers' new policy choice may not necessarily reflect the course of action suggested by economic research because of social, political and administrative impracticalities in implementing the "best" economic solution.

Continuation of the Policy Process

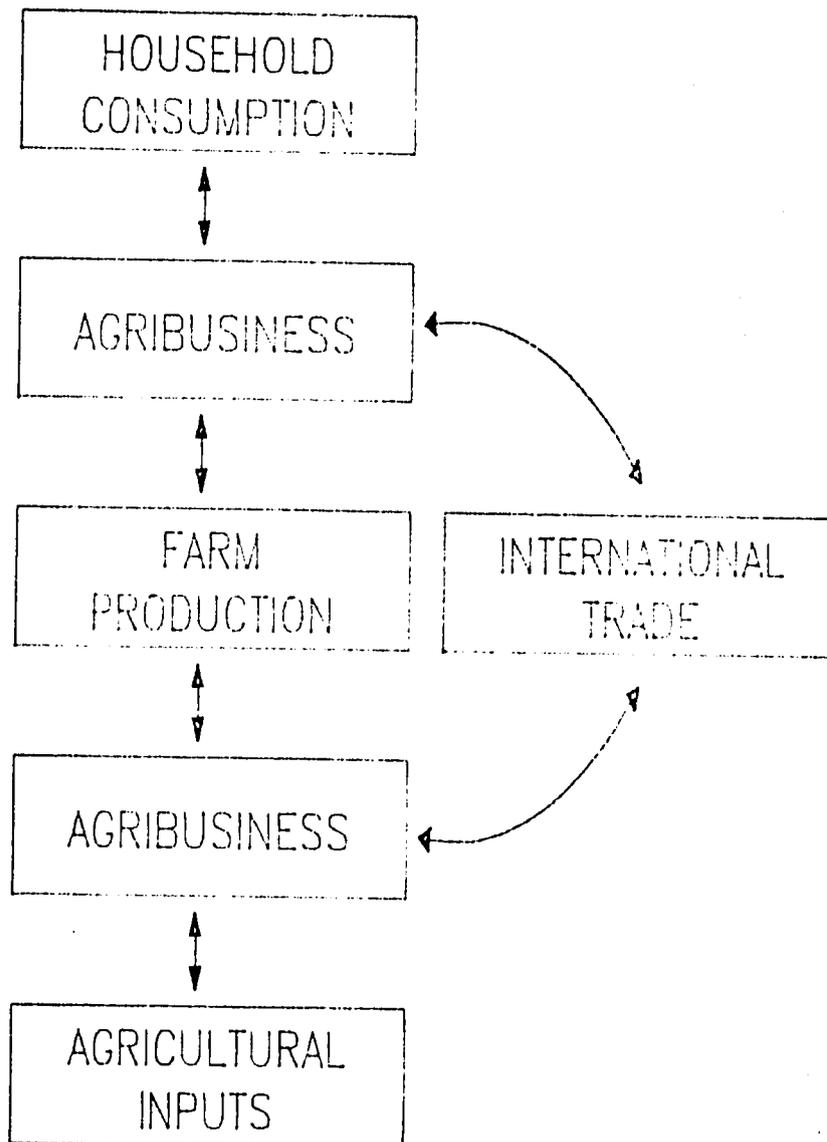
Once a new policy choice has been implemented, the policy process continues through the nine-step cycle as interest groups (a) reappraise policy goals and the effectiveness of the new policy in attaining those goals, and (b) identify needed new policies and policy research.

An Agricultural Policy Analysis Framework

As research topics are scheduled for implementation, special care must be taken to place each study in a research management framework that considers the relevant policy interest groups, the availability of researchers with appropriate subject matter skills, and the relevant functional market activity. In the agricultural policy analysis framework shown in the Figure A-2 below, household consumption has two-way interaction with agribusiness in the marketing of food and fiber products in response to consumer demand. Farm production interacts with agribusiness marketing functions in demanding agricultural inputs and supplying agricultural products. The owners and suppliers of agricultural inputs interact with agribusiness marketing in meeting farm input demands. Finally, agribusiness in the input-farm production linkage and the farm-household consumption linkage also simultaneously interacts with international trade functions to adjust national food and fiber market imbalances with international input and product markets.

The five major areas of agricultural policy emphasis are described below in terms of major interest groups and policy research objectives.

FIGURE A-2. AN AGRICULTURAL POLICY ANALYSIS FRAMEWORK



POLFRWA2

5

Household Consumption of Food and Fiber

The major interest groups here are all households which, as final consumers, have vital interests in attaining a reliable supply of food and fiber at reasonable prices. Households are also interested in attaining sufficient nutrition to assure sound health and labor productivity. The general welfare of households, in particular food security, is one of the most important responsibilities of government decisionmakers.

The major policy research objectives in this area are to estimate the effects of changes in price policy and disposable income on household demand for food and fiber products; to estimate the effects of alternative price and agricultural supply policies on household nutritional status; and to identify the nature of shifts in household food budget shares over time.

Agribusiness

Agribusiness interest groups include all public and private businesses organized to supply inputs to farmers or which transport, store, process, and merchandise agricultural commodities, from farmgate to consumer. Government decisionmakers have important interests in this sector to insure timely marketing of agricultural inputs and products at reasonable costs.

The estimation of marketing margins of major agricultural products between the farmgate and the retail consumer, potential net economic benefits from the adoption of alternative transport, storage, processing, and merchandising technologies, and the net economic benefits of alternative arrangements to avoid marketing risks, are some major policy research objectives in the area of agribusiness. Estimation of the net social benefits of current subsidies and price support policies is another important area of research.

Farm Production

All farmers are the primary element of the government's food security strategy. Subsistence farmers require special consideration because they are among the nation's poorest households and depend on food production to survive, while farmers who market surplus production are of vital interest to decisionmakers because their productivity directly affects the supply of food to urban consumers and also the nation's agricultural trade balance.

Some important policy research objectives here are estimation of the physical inputoutput relationships, the aggregation of supply response models, and the estimation of enterprise budgets, for all major agricultural products.

Agricultural Inputs

The main groups with interests in agricultural inputs are the owners of natural resource inputs such as land and irrigation water; the owners of human resources, such as hired farm labor; owners of agricultural durable and financial capital; the suppliers of such purchased farm inputs as feed, seed, fertilizer, pesticides, and fuel; and the suppliers of agricultural technology, such as PARC.

In this area, researchers will give their particular attention to estimation of: (1) demand for major inputs by agricultural product in response to changes in input and product prices and technology; (2) estimation of supply of major inputs according to changes in prices and opportunity costs; (3) implications of reduced supplies of critical inputs; and (4) potential savings on current input costs by adoption of alternative technologies.

International Trade

The main groups interested in international agricultural trade include agribusinesses marketing agricultural inputs and products, and government agencies concerned with international trade regulations and balance of trade payments.

Estimation of long-run trends in border prices of agricultural products and inputs and their implications for Pakistan's food security is a major policy research objective. Other objectives include estimation of: (1) Pakistan's comparative advantage in major agricultural commodities; (2) the effects of increased agricultural production on the demand for imported inputs; and (3) the effects of exchange rate policies on the agricultural trade balance.

A Revised Research Agenda

A new EAN research agenda should be formulated by the Advisory Committee on Policy Analysis in Agriculture (ACPAA), or a new streamlined 3-5 person Executive Advisory Committee. To effectively utilize DAP research resources, address priority policy problems on a timely basis, and give DAP guidance on long-term policy research planning, the Advisor Committee should set priorities for the five general policy research areas discussed earlier. Within each general policy research area, priorities should be set for each topic to allow more effective use of research resources on a particular policy research area.

The identification of new research priorities by the Advisory Committee will help the Directorate of Agricultural Policy strengthen the economic and policy analysis capability of the Ministry of Food, Agriculture and Cooperatives through the development of an effective program of economic research.