

AGRICULTURAL POLICY ANALYSIS PROJECT
CONTRACT NO. DAN-4084-C-00-3087-00

Proposal

Advisory Support for the Economics Study Unit,
National Agricultural Council, The Dominican Republic

Submitted to:
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ADVISORY SUPPORT FOR THE ECONOMICS STUDY UNIT,
NATIONAL AGRICULTURAL COUNCIL, THE DOMINICAN REPUBLIC

I. Terms of Reference

The Agricultural Policy Analysis Project (APAP) has had a continuing relationship with the Economics Study Unit (Unidad de Estudios Agropecuarios, or UEA) of the Dominican National Agricultural Council (Consejo Nacional de Agricultura). Dr. Roger Norton visited the Dominican Republic in December, 1984 to review a proposal for the development of a Policy Workshop sponsored jointly by the UEA, the USAID Mission and the APAP. The Workshop was held April 1-3, 1985 at the Instituto Superior Agrícola, in the City of Santiago. About 70 persons attended, including officials from the Ministry of Agriculture and other ministries, private sector representatives, faculty and students of ISA, and AID representatives.

There were ten presentations, of which six were by outside speakers. The latter were Celso Cartas from the Ministry of Programming and Budgeting in Mexico, Carlos Pomareda from the North Carolina State Mission to Peru, Per Pinstруп-Anderson from IFPRI, Rafael Celis from the University of Costa Rica and the University of New Mexico, Carlos Benito from the University of California at Berkeley, and Roger Norton of the University of New Mexico and a core staff member of the APAP. At the request of the UEA, all presentations and discussions were in Spanish. A copy of the agenda is attached.

It was evident that, among other things, the workshop helped raise the visibility of the UEA within the economic circles of the Dominican Republic. The next stage in APAP's participation was to assist the UEA in defining an eighteen-month work program, and correspondingly to define the role of external advisors in that program.

Norton and Pomareda participated in an informal workshop on the program of policy analysis of the UEA during August, 1985. The objectives of the workshop were to review the studies done to date by the UEA, to review its work program for the coming months, to make suggestions regarding the completed studies and the forthcoming studies, and to assist in designing a joint program involving external advisors. In addition, some discussions were held regarding the status of the UEA within the Dominican government, and suggestions were made regarding steps to further the institutionalization of its work.

General terms of reference for the external advisors and preliminary outlines of studies in which they can participate fruitfully have been developed and reviewed in the Dominican Republic. It is these terms of reference that form the basis of this proposal and the proposed plan of work.

II. Policy Setting

The responsibility of the UEA is to conduct policy analyses for the National Agricultural Council. The Council is headed by the Minister of Agriculture and its membership includes other cabinet ministers. Under the current administration, the President of the Republic attends meetings of the Council and places great emphasis on agricultural policy issues. Thus the UEA is well placed to provide analysis which has direct bearing on policy decisions.

The UEA has completed several studies now which has given the staff more confidence and more stature within the government. The UEA staff has established good working relationships horizontally with other government agencies and has excellent access to government-generated data in pre-publication form.

At this point, the most important factor in the agenda for the UEA is to continue to carry out its studies and to focus on quality and relevance. One conclusion to emerge, however, is that it is unrealistic to expect Dominican consulting firms and universities to be able to produce immediately policy-relevant reports of the requisite quality. There will have to be a period in which the UEA trains these groups in methods of policy analysis, via jointly implemented studies, gradually passing more responsibility to them. In turn, external advisors will be needed to strengthen the capacity of the UEA.

III. Proposed Plan of Work

A. Overall Objective

The overall objective is to strengthen the capacity of the UEA to conduct policy studies relevant to issues faced by the National Agricultural Council. The purpose of this proposed activity of the APAP is to provide external advisors for assisting the UEA in obtaining the overall objective. A second objective is to conduct a policy workshop for purposes of presenting and discussing the completed studies, and assessing their relevance to policy formulation. The APAP external advisors will assist in conducting this workshop.

B. Program of Advisory Support

1. The program of support would extend over the next eighteen months (from November of 1985). The assignments for the next ten months can be sketched out now, and the work program for the remaining eight months would have to be developed by April of 1986.

2. Between now and June of 1986, external advisors would participate in six specific studies, and some of the advisors

would be called to comment on other studies as well. In addition, approximately in May or June of 1986 there would be a joint workshop which brings together many Dominican participants and several outside advisors at one time, for the purpose of presenting and discussing the studies completed to date, and assessing their relevance to policy formulation.

3. The six studies are as follows: the rice sector; export promotion for non-traditional products; techniques for applying computer packages with micro computers; methods of managing and/or privatizing various types of agricultural cooperatives; evaluating trends in relative price, sources of growth, and rates of protection by crop; and construction of quantitative accounting framework for evaluating proposed policies.

4. For the rice sector, the main objectives of the study would be to assess the current and potential competitiveness of Dominican rice production under different production technologies, to evaluate the adequacy of the marketing and processing system for rice, to assess eventual export prospects, and to make policy recommendations for encouraging rice production, if that policy is appropriate.

5. In the export promotion study, the main objectives are to assess the Dominican Republic's potential for exporting non-traditional crops and livestock products, in light of both world market limitations and domestic cost factors, and to make recommendations for promoting such exports. The recommendations should be as specific as possible, including particular foreign markets and, in some cases, particular marketing firms or channels for export. Non-traditional products are all except sugar, coffee, cocoa, and tobacco. Beef, pork, poultry, and eggs should be included in the study, along with crops. In each case, a description of the majority of the producers involved in export production should be provided, including typical farm size, region, and agricultural regime (irrigation, rainfed, valley, mountain, etc.)

6. The project on computer packages would consist of a course about four weeks (part-time each day) for the UEA staff on the use of LOTUS, a data base package, BLPX88 (linear programming), a statistical package, and a word processing package. Sample applications to Dominican issues should be carried out as part of the course. At the end of the course, at least two members of the UEA staff should be fully functional in the use of each package.

7. Agricultural cooperatives in the Dominican Republic are quite diverse in their organizational structure and manner of functioning. The purpose of the proposed study would be to evaluate different forms of the cooperatives with the aim of finding the most effective ones for each set of circumstances,

and to recommend structural changes accordingly. The forms to be evaluated should allow for different methods of privatizing the organizations.

8. The study on relative prices, sources of growth, and rates of protection is aimed at documentation of the main structural trends and features of the agricultural economy. It should clearly bring out trends in the intersectoral terms of trade, trends in relative prices at the level of individual crops, the decomposition of the sources of growth in terms of main crops and also in terms of the trichotomy yield increases-land expansion-changes in crop composition, and the current status of protection rates in the sector, both nominal and effective rates. The point of departure of the study is the fact that pricing policy is the net effect of trade policy, exchange rate policy, and fiscal policy in the sector, and not just announced levels of price supports. Often the price levels in relative terms, and protection rates, turn out to be different from what policy intended to promote, so they must be evaluated carefully.

9. The purpose of the study on a quantitative accounting framework is to develop an instrument of analysis that can be applied to a variety of issues as they arise. The framework should be comprehensive in including all major crops and livestock products, and also it should include the linkages between agriculture and the rest of the economy. One of the main linkages is the set of relations in the chain agricultural export levels - exchange rate - domestic prices - agricultural production and income. The framework should be based largely on economic accounting relationships and it also should include some key structural equations. It should be manageable on a micro computer, and the UEA staff should be trained in updating and using it.

C. Terms of Reference for External Advisors

1. The external advisor will be assigned to a specific study in the work program of the Unidad de Estudios Agropecuarios (UEA) of the Consejo Nacional de Agricultura of the Dominican Republic. The advisor's general terms of reference will be to assist in developing the methodological framework for the study, to provide guidance on specific procedures and practical aspects of the work, and to review the draft report on the study before it reaches its final form.

2. The advisor will be expected to travel to the Dominican Republic during the course of the study, typically one or two times. Preferably he or she would visit at the beginning of the study and again at a later date to review the draft report.

3. While the advisor will carry considerable responsibility for the methodological rigor of the study, he or she also must endeavor to ensure its relevance to policy. In addition, the advisor will be expected to bear in mind the limitations on the duration of the study, and to advise on ways to expedite the completion of the project. Finally, the advisor is expected to comment on the clarity and readability of the report on the study.

4. Depending on the nature of the study, it may be appropriate for the advisor to work on some aspects of it at his or her home base, and to report on the findings by correspondence or by visit. Any findings developed outside the Dominican Republic should be thoroughly integrated into the overall report on the project, and the staff of the UEA should be trained in the associated procedures of analysis.

5. The specific duties for each study will be defined by the UEA, in consultation with the advisor and/or AID/Santo Domingo, if appropriate. In carrying out those duties, the advisor will be responsible to the head of the UEA.

D. Implementation Plan

1. Management of the proposed activity rests primarily with the UEA but with the assistance of Roger Norton in coordinating use of the external advisors. Priority in initiating each of the six studies is established by the UEA. Norton will assist the UEA in writing the specific terms of reference for the external advisor and formulating a time schedule for advisory services and study completion.

2. The proposed implementation plan is presented in Table 1 by study activity, proposed resource people, tentative study period and approximate number of days of advisory services. The order of listing of studies does not necessarily reflect order of priority of study. Priority will be established by the UEA.

3. Outputs of the proposed activity will be in several forms. Each of the study areas will result in a policy paper that will be prepared and distributed for review. The proposed policy workshop for June 1986 is a major output of the activity and presents a forum for discussion of policy alternatives as a result of the current studies and other issues identified by the UEA. Activity reports from each country visit by an external advisor and a proceedings of the policy workshop are additional outputs of the proposed activity.

Table 1. Implementational Plan for Activities of the Economics Study Unit Utilizing APAP Advisory Support Services.

Study Activity	Proposed Resource People	Tentative Study Period	Approximate No. of Days of Advisory Service
1. Overall Activity Management	UEA: Director APAP: Roger Norton Dean Schreiner	November 1985 to September 1986	10
2. Rice Sector	UEA: to be assigned APAP: Richard King	November 1985 to January 1986	18
3. Export promotion	UEA: to be assigned APAP: Richard Simmons	November 1985 to January 1986	18
4. Micro Computer Packages	UEA: to be assigned APAP: Luis Qunitanilla Rolando Piskuldi	November 1985 to December 1985	24
5. Agricultural Cooperatives	UEA: to be assigned APAP: Ivan Thays Dean Schreiner	December 1985 to March 1986	18
6. Prices, Growth, and Protection	APAP: to be assigned APAP: Roger Norton	December 1985 to March 1986	24
7. Quantitative Accounting Framework	UEA: to be assigned APAP: Roger Norton Carlos Pomareda	November 1985 to March 1986	60
8. Policy Workshop	UEA: Various APAP: Norton, King, Simmons, Thays, Pomareda	June 1986	<u>30</u>
Total			202

IV. Budget

The budget for advisory support services to the UEA for the period November, 1985 to September, 1986 is estimated at \$110,101 (Table 2). This is for an estimated 202 person days of advisory services, 14 international trips and 150 days of per diem.

Salary and fringe benefit rates per person month for APAP staff and overhead rates are from the Oklahoma State University final and best estimate for the S&T Agricultural Policy Analysis Project. The AAI Handling Charge and Fee is from the Abt Associates total project final and best estimate. The consultant rate per day and international travel costs are based on estimates of past activities.

The budget reflects only the cost of the advisory support services provided through the APAP. The budget does not show the in-country costs associated with the UEA for organizing and conducting the proposed policy workshop.

Cost sharing is proposed between USAID Dominican Republic and the APAP since there are mutually beneficial aspects of the total activity. The proposed division of funding between USAID/DR and the APAP is shown in Table 2 with the APAP sharing in payment of \$55,320 and the USAID/DR sharing in payment of \$54,781. The budget and cost sharing as proposed in Table 2 must receive approval of USAID/DR, USAID/S&T, Abt Associates and Oklahoma State University.

Table 2. Budget for Advisory Support Services to the Economics Study Unit, Dominican National Agricultural Council November, 1985 - September, 1986.

	No.	Rate	APAP Funding	USAID/DR Funding	Total
Salaries					
APAP Staff (Norton and Schreiner)	69 days	\$4,730/mo.	14,835	--	14,835
Consultants	133 days	\$ 250/day	16,625	16,625	33,250
Total	202		31,460	16,625	48,085
Fringe Benefits					
APAP Staff		23% of Salaries	3,412	--	3,412
Travel					
International Airfare	14 trips	\$750/trip	--	10,500	10,500
Per Diem	150 days	\$63/day	--	9,450	9,450
Other Expenses	14 trips	\$100/trip	--	1,400	1,400
Total				21,350	21,350
Other Direct Costs					
Communications, Etc.	14 trips	\$162/trip	--	2,268	2,268
Publication, Supplies, etc.	14 trips	\$150/trip	2,100	--	2,100
Total			2,100	2,268	4,368
Overhead (Okla. State)					
Domestic ^a		34%	8,139	771	8,910
International ^b		17%	2,826	6,456	9,282
Total			10,965	7,227	18,192
Subtotal					
			47,937	47,470	95,407
AAI Handling Charge and Fee		0.15401	7,383	7,311	14,694
Grand Total					
			55,320	54,781	110,101

a/APAP staff salaries and fringe benefits; other direct costs.
b/Consultants; travel.



REPUBLICA DOMINICANA

CONSEJO NACIONAL DE AGRICULTURA

TALLER

ANALISIS DE POLITICA AGROPECUARIA

1-3 ABRIL, 1985

A G E N D A

LUNES - ABRIL 1:

- 9:00 a.m. Discurso Inaugural, Ing. Agrón. Carlos Federico Cruz Dominguez, Secretario de Estado de Agricultura. (Could not attend.)
- 9:30 a.m. El Proyecto Análisis de Política Agropecuaria en el Contexto de la Estrategia de Asistencia AID en la República Dominicana.
- Graig Buck, Subdirector USAID/RD.
- 10:00 a.m. Receso - Café.
- 10:30 a.m. La Institucionalización del Consejo Nacional de Agricultura.
- Luis B. Crouch.
- 11:00 a.m. Respuesta Previsible de la Producción Agropecuaria ante el Reordenamiento Económico del País.
- José E. Lois Malkún.
- 12:00 m. Almuerzo.
- 2:00 p.m. La Política de Precios Agropecuarios: Implicaciones de la Experiencia Mexicana para la Rep. Dom.
- Celso Cartas C.
Discusión: Rubén Núñez.
- 3:30 p.m. Enfoques Metodológicos para el Análisis de Política de Precios y de Comercio Exterior.
- Roger D. Norton.
Discusión: Norberto Quezada.
- Cena.

MARTES, ABRIL 2:

- 8:30 a.m. Vínculos entre Divulgación Agrícola y el Análisis de Política.
- Carlos F. Pomareda.
Discusión:
- 10:00 a.m. Receso - Café.

- 10:30 a.m. La Innovación Tecnológica y la Distribución del Ingreso en el Sector Agrícola.
- Carlos A. Benito.
Discusión: Domingo Marte.
- 12:15 p.m. Almuerzo.
- 2:00 p.m. Aspectos Macro y Micro de la Política Alimentaria.
- Pinstrup-Anderson.
Discusión: Luis E. Pérez Cuevas.
- 3:30 p.m. Interrelación entre los Sectores de Agricultura y Energía: El Caso de la Caña de Azúcar en Costa Rica.
- Rafael Celis U.
Discusión: Ramón Alburquerque.
- Cena.

MIERCOLES, ABRIL 3:

- 8:30 a.m. Resumen y Discusión de Puntos Sobresalientes de las Ponencias de los Días Anteriores.
- José E. Loir Malkún/ Santiago Tejada.
- 10:00 a.m. Café.
- 10:30 a.m. Sugerencia y Discusión para Seminarios y Cursos Futuros.
- Teófilo Suriel/ Francisco Pérez Luna.
- 11:30 a.m. Observaciones Finales de los Participantes y Clausura.
- 12:15 p.m. Almuerzo.

NOTA: Los participantes se hospedarán en el Hotel Santiago Camino Real, Santiago, República Dominicana.