

PD. HBL-207  
95234

QUARTERLY REPORT

October 1 - December 31, 1991

Economic and Policy Analysis Project

Economic Wing

Ministry of Food, Agriculture and Cooperatives

Islamabad, Pakistan

Chemonics International Consulting Division

USAID Contract No. 391-0492-C-00-0831-00

EPA Deliverable

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## Table of Contents

1.0: Highlights . . . . .	1
2.0 Progress During the Quarter: . . . . .	3
2.1 The Agricultural Information Management System (AMIS): . . . . .	4
2.2 Input/Output Analysis: . . . . .	5
2.3 Aggregate Measures of Government's Support (AMS) to Agriculture - DP-03: . . . . .	6
2.4 Computer Plan - EW-07: . . . . .	6
2.5 Wheat & Cotton Situation Reports - DR-01 & DR-02: .	7
3.0: Basic Problems: . . . . .	7
4.0 Dealing With Basic Problems: Quarter I, 1992: . . . . .	9
5.0 Major Work Efforts - I Quarter, 1992: . . . . .	9
APPENDIX A: TRAINING . . . . .	11
APPENDIX B: DELIVERABLES . . . . .	13

## EPA Quarterly Report

(1 October - 31 December, 1991)

### 1.0: Highlights

Progress: During the fourth quarter of 1991, substantial progress was made on some specific Work Plan Activities which involved EPA participation: AMIS - DS-01, Input Output Analysis - DP-01, AMS - DP-03, Computer Plan - EW-07, Wheat Situation - DR-01 and Cotton Situation - DR-02. There was also major Economic Wing staff work done on Policy Implementation - DP-07, but this involved no direct EPA participation. Work also continued on a series of other Work Plan Activities. In addition, the Economic Wing staff prepared for and made a presentation summarizing EW/EPA work to the USAID Mission Director, Dr. James Norris. The process of preparation for the presentation was very beneficial to the Economic Wing staff as they gained a much better understanding of basic nature of their job responsibilities and how those responsibilities related to other Work Plan Activities.

Problems: Little progress was made on basic problems discussed in the previous Quarterly Report: 1) staff resources & Economic Wing (EW) responsibilities, 2) staff resource needs for special studies, 3) lack of organizational definition, 4) the need for middle level management development and 5) greater initiative on the part of individual staff. Given the nature of these problems, the limited progress during the quarter is disappointing,

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but not surprising and it became clearer that more effective tactics for dealing with such problems must be developed. There were several instances where individual EW staff showed considerable individual initiative on professional matters and this problem may be a reflection of general organizational problems. If those problems are dealt with, the initiative issue will probably either take care of itself or best be dealt with as problems of specific research officers.

Momentum - A Change In Tactics: During the Quarter, EPA staff realized that EPA will need to use different tactics for dealing with the issue of Economic Wing momentum; tactics that will require much more direct involvement of EPA staff in selected EW affairs. For example, in order to get the computer inventory completed, EPA staff were given the assignment of completing the collection and entry of inventory information into the computer system as we were not successful in getting this job completed in a timely fashion by the EW. Greater direct involvement by EPA staff which involves pushing EW staff to complete specified tasks is yet to be fully accepted by the EW. One of the principle tasks of the next quarter will be to develop a new method of operation for EPA that is both effective and acceptable to EW/MINFA as well as USAID. Unless this kind of involvement is handled carefully, it could backfire. Given the objective that the EW is to be sustainable in both professional and organizational terms after June, 1993, viable methods and systems for operation of the EW will have to be in place by June, 1992. EPA's principle task during the last year of the project

will be to make certain that those methods of and systems for operation are sustainable.

## **2.0 Progress During the Quarter:**

Progress was made on a considerable number of Work Plan Activities during the Quarter, but the major emphasis was on Work Plan activities 2.1 - AMIS - DS-01, 2.2 - Input Output Analysis - DP-01, 2.3 - AMS - DP-03, 2.4 - Computer Plan - EW-07, 2.5 - Wheat Situation - DR-01 and Cotton Situation - DR-02. In addition, the effective Economic Wing staff presentation to the USAID Mission Director was the first effort to make a comprehensive presentation of the capabilities of the Economic Wing staff.

### 2.1 The Agricultural Information Management System (AMIS):

The UNDP/FAO project working with the Directorate of Agricultural Statistics (DAS) was scheduled to close out in October, 1991 and EPA adjusted its work assignments during the Third Quarter of 1991 to facilitate the institutionalization of AMIS into the DAS. AMIS is a computer based data system for agricultural statistics and economic information. During the Fourth Quarter, UNDP/FAO gave a limited extension to this project. The extension complemented the cooperative nature of the work of EPA on AMIS and significant progress on AMIS development and use was made during this Quarter. The AMIS LAN system was extended to the computer of EPA's Statistical Consultant whose office is in Shaheed i Millat. Major progress in the development of AMIS occurred when AMIS/LAN was

installed on a computer in 33 Blue (the EPA/DER office space) and a limited LAN was established. At the beginning of the Quarter, it was thought that this type of installation could not be activated until May or June, 1992. We now know that AMIS can be established on a stand alone basis and we know it is technically feasible to make AMIS accessible to a wide variety of sites such as PARC, B Block, agricultural universities and provincial organizations. In addition, EPA began to use two world wide agricultural data bases, PS&D (USDA) and Agrostat (FAO). These two systems have the potential of being of significant value to Pakistani users of AMIS and attempts will be made to pair PS&D and Agrostat with AMIS for Pakistani users. Increasing accessibility to AMIS, PS&D and Agrostat will be one of the objectives of EPA and the achievement of this objective

2.2 Input/Output Analysis: Estimating and then demonstrating the economic interaction between agribusiness and production agriculture in Pakistan's food and fiber system is crucial if effective development policies are to be generated for both production agriculture and agribusiness. The process of updating the 1984/85 version of the Pakistan Agricultural Input/Output (PAI/O) model was well underway during the early part of the Quarter with the TDY of Garth Taylor, who worked closely with Rao Shafiq and Sabri Shakoor. The updating was completed using sectors consistent with national income accounts; a step that was required to validate the accuracy of the update. The process of

disaggregation of this model in terms of explicit agribusiness sectors was begun and good progress was made. The FBS update of technical coefficients in a large Pakistan I/O model will be available in January or February of 1992 and it is hoped that updating the preliminary version of the Pakistan Agricultural Input/Output model with more recently developed technical coefficients will be initiated during the 1st Quarter of 1992. Use of this updated model in policy analysis will begin in May/June, 1992 with the TDY of R. K. Sampath.

2.3 Aggregate Measures of Government's Support (AMS) to Agriculture - DP-03: Muhammed Ibrar of DAP completed the update of AMSs for seven Pakistani agricultural commodities through the year 1989/90. This represents a significant step in the development of a sustainable Economic Wing. Calculation of AMS updates is a complex process requiring careful documentation, economic judgement and professional maturity. Ibrar first worked on AMSs a year ago and he has now demonstrated his ability to update the AMSs on his own. On the basis of Ibrar's work, in early 1992 he prepared MINTRA files for the Ministry of Commerce for use by the Pakistani GATT team and a brief for the Secretary on Pakistani sugar policy. This activity, DP-03, represents an early success in terms of achieving EPA objectives.

2.4 Computer Plan - EW-07: The written computer plan for the Economic Wing was completed, an initial inventory of computers and

associated equipment for the Economic Wing was completed. The Directors, meeting with the Director General and EPA staff agreed, after some modifications, to accept the plan as their own. After nearly nine months of frustrations, this is regarded as a significant accomplishment. However, the problem is that implementation of the plan in an operational and sustainable manner has not been accomplished. While some progress has been made, this battle will probably not be able to be completed much before June, 1992. The plan is well enough defined so that in some situations, the Economic Wing could take charge of implementation at this time. However, it seems that achieving the June, 1992 goal will require a great deal of direct EPA staff involvement.

#### 2.5 Wheat and Cotton Situation Reports - DR-01 & DR-02:

During a October, 1991 TDY, Bill Spencer of CSU worked with the Commodity Situation Section (CSS). It was decided that efforts of this TDY would concentrate on wheat (a major import crop) and cotton (a major export crop). Wheat had been the subject of an earlier TDY and it was hoped that a final format and data base for wheat could be agreed upon during this TDY. That was not to be. The data problem of assembling components of the wheat balance sheet from various official sources resulted in commodity accounts that would not balance. Data from the PS&D and Agrostat data bases helped, but it was realized that major problems existed with regards to stocks of wheat and plans for Ist Quarter of 1992 were developed to use IFPRI and Grain Storage Project data to improve

estimates of wheat stocks. The first version of a situation report for cotton was developed and once again there appear to be major problems in reconciling data from different official sources.

### **3.0: Basic Problems:**

The basic organizational problems are essentially the same as reported in the last Quarterly Report, but some progress has been made in that a plan for short term training programs for the Directorate of Economic Research staff and for management development are in the planning stage and tentatively scheduled for June, 1992. Greater direct involvement of EPA staff in dealing with EW organizational problems, a change in tactics mentioned above, appear to be yielding some results, but this tactic will have to be pushed even harder in the future. The challenge is to push while at the same time developing the will on the part of the Economic Wing to take charge of these problem areas on their own. It's clear for example that the efforts to develop an effective Economic Wing computer system will require a continued effort on the part of EPA for at least the next two Quarters. This effort will not only require that EPA staff complete certain tasks such as the computer inventory, but it also requires that EPA staff push some Economic Wing staff to perform tasks on a regular basis that some of them do not appear anxious to perform. It is also clear that solutions for some of the bothersome problems must be linked together. For example, the enforcement of computer operating and maintenance discipline needs to be imbedded in the organizational

structure of the Economic and this will in part help with the problem of organizational definition. As an example, Deputy Directors must be responsible for the effective use of computers of the staff who report to them. It appears that it would be more popular with EW middle management if responsibility for effective use of computers were external to rather than imbedded in the organizational structure of the Economic Wing. However, such an approach would not deal with the problems of either increasing organizational definition within the Economic Wing or generating an effective Economic Wing computer system.

#### **4.0 Dealing With Basic Problems: Quarter I, 1992:**

The Report for Quarter III, 1991 listed the problems of: 1) staff resources & Economic Wing (EW) responsibilities, 2) staff resource needs for special studies, 3) lack of organizational definition, 4) the need for middle level management development and 5) greater initiative on the part of individual staff. These problems still exist, but will not be dealt with at great length in this report. Efforts to deal with these problems will continue. There seems to be little basis for expecting an increase in EW staffing level because of general problems and policies with both the GOP and MINFA. If this expectation continues during the next Quarter, there will have to be a new look at priorities of EPA work and plans would probably need to be made to deal with a smaller set of EW Work Plan activities.

## **5.0 Major Work Efforts - I Quarter, 1992:**

We will continue to work on a wide range of Work Plan Activities during the Ist Quarter of 1992 (January to March, 1992), but major effort will involve Farm Income Estimates (DR-04), Marketing Margins and Marketing Bill Estimates (DR-07), preparing background information for the April, 1992 wheat situation report and PASM (DP-05). In addition, plans call for considerable progress on the implementation for the EW Computer Plan (EW-07). A proposal for added funding for EPA will also be developed. The proposal will stress the need of added EPA funds if the objectives of EPA are to be achieved by June, 1993.

## APPENDIX A: TRAINING

Table A1 summarizes the status of the EPA Economic Wing training activity as of December 31, 1991. EPA training is predominantly on-the-job training, of an applied research and analysis nature, designed to complement longer term academic and technical training provided by USAID, FAO/UNDP and other donors.

Compared to the 34.4 percent completion level reported in the previous quarterly report, the EPA training approached the 44.6 percent completion rate last quarter and many training activities have reached the 50 to 75 percent completion level. And as reported for the previous quarter, some areas, such as those relating to policy and computer skills, will accelerate as more of the necessary statistical and economic research activities are completed and short term expatriate advisors are brought to Islamabad.

The draft EPA training plan, which is somewhat late in its formal completion, has, never-the-less, provided the framework for the EPA training activities, and, except for the usual problems of obtaining approval and clearances for study tours planned for the summer quarter, 1992, no serious problems are anticipated in completing the EPA training activities. The formal EPA Training Plan should be completed next quarter.

Table A.1. Status of EPA Economic Wing Training Program

Act.	Description	Completed			Total Planned	Completed as a Percent of Planned
		Prior to This Quarter	This Quarter	Total		
		(-----Participant-----)			(-----Months-----)	
DP01	Input/Output Analysis	3.0	.0	3.0	4.0	75.0
DP02	Agricultural Review and Policy Implications	1.3	.3	1.6	6.0	26.7
DP03	Aggregate Measures of Government's Support to Agriculture	1.5	.5	2.0	3.0	66.7
DP04	Wheat Policy Study	.5	1.0	1.5	12.0	12.5
DP05	Pakistan Agricultural Sector Model (PASM)	7.0	1.0	8.0	14.0	57.1
DP07	Implementation of NAP	1.0	.5	1.5	4.0	37.5
DR01	Wheat Situation and Outlook	4.0	.5	4.5	6.0	75.0
DR02	Situation Reports for other Major Crops	2.0	1.0	3.0	7.0	42.9
DR03	Situation and Outlook for Minor Crops	2.3	1.0	3.3	4.0	82.5
DR04	Farm Income	5.0	.5	5.5	10.0	55.0
DR05	Farm Budgets	3.0	1.0	4.0	5.0	80.0
DR07	Margins and Marketing Bill Estimates	4.0	1.0	5.0	6.0	83.3
DR08	Farm and Agribusiness Inputs, Production and Productivity index Updates	1.5	.2	1.7	2.0	85.0
DR11	Agricultural Pricing Policy	.5	1.0	1.5	4.0	37.5

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Table A.1. Status of EPA Economic Wing Training Program (Continued)

Act.	Description	Completed			Total Planned	Completed as a Percent of Planned
		Prior to This Quarter	This Quarter	Participant Months		
DS01	Agricultural Data System	3.0	2.0	5.0	12.0	41.7
DS02	Monthly Fertilizer Sales	.0	.0	.0	2.0	0.0
DS03	Agricultural Prices Briefing Paper	.0	.0	.0	2.0	0.0
DS04	Weather and Crop Conditions Data	1.0	.0	1.0	2.0	50.0
DS05	Agricultural Statistics of Pakistan	1.3	.3	1.6	3.0	53.3
DS09	Agricultural Chart Book	1.0	.5	1.5	2.	75.0
DS10	Trade Data	1.2	.3	1.5	3.0	50.0
DS11	Crop Forecasting	.7	.3	1.0	2.0	50.0
EW01	Annual Work Plan	3.0	.5	3.5	4.0	87.5
EW02	Research and Organizational Capacity	1.8	.2	2.0	3.0	66.7
EW03	Purpose Statements	2.0	.0	2.0	2.0	100.0
EW04	Job Descriptions	1.5	.5	2.0	2.0	100.0
EW06	Computer Plan	10.5	1.0	11.5	43.0	26.7
EW08	Seminars	1.2	1.0	2.2	3.0	73.3
EW09	Policy Log	.7	.3	1.0	2.0	50.0
EW10	Pakistan Agriculture	.0	.0	.0	6.0	0.0
Total:		65.5	16.4	81.9	180.0	44.6

## APPENDIX B: DELIVERABLES

EPA Project deliverables planned to be completed on or before December 30, 1991 are listed below with a summary of their current status.

Act.	Description	Deliverables	Status of Deliverables
DP03	Aggregate Measures of Government's Support to Agriculture	91.DP03.01: A prototype report "Aggregate Measures of Government's Support to Agriculture" (11/30/91).	Mr. Ibrar has updated the PSE's and CSE's to 1989 and the report is in an advanced stage. Hopefully, the report will be completed next quarter.
DR01	Wheat Situation and Outlook	91.DR01.02: Prototype Situation and Outlook Report for Wheat: 1991- 92 Marketing Year Outlook (10/30/91).	The wheat situation report has been finalized but not yet submitted to USAID.
DR02	Situation Reports for other Major Crops	29.DR02.01: Prototype Rice Situation and Outlook Report For Pakistan (10/30/91).	The Economic Wing decided to develop a Situation and Outlook Report for cotton instead of rice. The Cotton Situation and Outlook Report was drafted but not completed during Bill Spencer's last TDY mission to Islamabad. When Bill returns in March, 1992, the EW Situation and Outlook program will be reviewed to determine what is the best use of limited EPA project resources available to this activity for the remained of the EPA project.
DR07	Margins and Marketing Bill Estimates	91.DR07.01: 1990 National Food Marketing Costs and Agribusiness Index Numbers (08/30/91).	This report was completed in draft form as scheduled but will not be submitted until the Short Term Advisor, Forrest Walters, returns to Islamabad in January, 1992.
DR08	Farm and Agribusiness Inputs, Production and Productivity Index Updates	91.DR08.01: A prototype report "Changes in Food and Agricultural Inputs, Production and Efficiency" (8/30/91).	This report was completed in draft form as scheduled but will not be submitted until the Short Term Advisor, Forrest Walters, returns to Islamabad in January, 1992.
DS02	Monthly Fertilizer Sales	91.DS02.01 Prototype Monthly Fertilizer Sales Report (10/30/91).	The Economic Wing does this report on an informal basis. We have not yet started on the EPA Deliverable.
DS04	Weather and Crop Conditions Data	91.DS04.01: Prototype Quarterly Weather and Crop Bulletin (12/30/91).	The Economic Wing has an operational capability to generate this report. The EPA long term advisor has reviewed and returned comments on one issue of the report. However, work has not been initiated on an EPA deliverable. It is questionable as to whether an EPA deliverable is necessary since the report already represents and EW operational capability.

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Act.	Description	Deliverables	Status of Deliverables
EP01	Technical Assistance Plan	91.EP01.01: EPA Technical Assistance Plan (12/30/91).	Standard USAID/Islamabad TOR formats have been modified to enable an initial and subsequent TORs for a set of related EW/EPA tasks, usually within a single AWP activity, to cover the related technical assistance missions. The full complement of TDY assistance is planned and updated in each subsequent AWP, technical assistance is progressing according to schedule except for delays in recruiting a suitable candidate for computer training. Thus a separate EPA deliverable on a technical assistance plan may be redundant.
EP02	EPA Quarterly Report	91.EP02.04, 91.52.04, 92.52.01, and 92.52.02.: EPA Quarterly Reports (01/15/92).	The EPA Quarterly Report for July 1 - September 30, 1991 (EPA Deliverable EP02.91.03) was submitted as scheduled.
EW05	Training Plan	91.EW05.01: Training Plan (9/30/91)	The EPA training activity has been planned and is being implemented pretty much on schedule. The Training Plan report should be completed next quarter.
EW06	Computer Plan	91.EW06.02: EW Computer Plan (Revised) (12/30/91) WQ91 submitted to USAID on December 23, 1991.	The EW Computer Plan (Revised) was
EW07	Procurement Plan (PLA Account)	91.EW07.01: An EPA deliverables report containing a suggested procurement plan for the EW (09/30/91).	It has not been determined whether the EW procurement plan will be handled as an EPA report or by Dr. Maan's office without a formal EPA deliverable.