

AGRICULTURAL POLICY ANALYSIS PROJECT, PHASE II

Under contract to the Agency for International Development, Bureau for Science and Technology, Office of Agriculture
Project Office Hampden Square, 4800 Montgomery Lane, Suite 500, Bethesda, MD 20814 • Telephone (301) 913-0500
Telex: 312636 • Fax: (301) 652-7530 • Fax: (301) 652-7791

PN-AB3-933
74692

THE FAILURE TO INSTITUTIONALIZE PUBLIC AGRICULTURAL POLICY ANALYSIS UNITS

July, 1991

**APAP II
Collaborative Research
Report No. 318**

Prepared for

**Agricultural Policy Analysis Project, Phase II (APAP II)
AID Contract No. DAN-4084-Z-00-8034-00**

Author: Dr. A. J. Coutu, North Carolina State University

Prime Contractor: Abi Associates Inc., 55 Wheeler Street, Cambridge, MA 02138 • (617) 492-7100

Subcontractors: Harvard Institute for International Development, Harvard University, One Eliot Street, Cambridge, MA 02138 • (617) 495-2164

Food Research Institute, Stanford University, Stanford, CA 94305-6084 • (415) 723-3941

North Carolina State University, Department of Economics and Business, Box 7645, Raleigh, NC 27695-7645 • (919) 733-7187

Abel, Daft & Earley, 1410 King Street, Alexandria, VA 22314 • (703) 739-9090

International Science and Technology Institute, 1129 20th Street, NW, Suite 800, Washington, D.C. 20036 • (202) 735-7831

International Food Policy Research Institute, 1776 Massachusetts Avenue, NW, Washington, D.C. 20036 • (202) 862-6600

TABLE OF CONTENTS

EXECUTIVE SUMMARY	iii
1. INTRODUCTION	1
2. OBJECTIVES	1
3. OUTPUTS OF AGRICULTURAL POLICY ANALYSIS PROJECTS	2
4. RATIONALE FOR DONOR INTERVENTION	3
5. DEMAND FOR POLICY ANALYSIS	4
6. POOR MANAGEMENT	5
7. AUSTERITY AND POLICY UNITS	7
8. RESEARCH AGENDAS AND SECTORAL POLICIES	7
9. FAILURE TO INSTITUTIONALIZE	8
10. DONOR SUPPORT FOR AGRICULTURAL POLICY ANALYSIS	9
11. CONCLUDING COMMENTS	11

REFERENCES

EXECUTIVE SUMMARY

This paper explores a number of reasons why donor-supported public agricultural policy analysis units have not been institutionalized. Five major areas are explored that may explain the lack of institutionalization. These five areas are: 1) donor involvement challenging governmental intervention, 2) limited demand for agricultural policy analysis, 3) poor management, 4) austerity and sustainability, and 5) a lack of balance in agricultural policy research agendas.

It is most likely that structural adjustment and agricultural sector policy thrusts challenged prevailing governmental policies. As such studies exposed limitations on existing policies, many public decision makers were not supportive of such policy units.

Further, the demand for policy analyses is related to who and how the policy analysis research agenda is specified. In the worst-case scenario, public policy research agendas are structured by advocates of continuing governmental intervention or benefactors of continuing interventions. An equally ineffective agenda-setting scenario is one established by external donors typically advocating a more market driven set of policies.

The failure to institutionalize public policy units may be related to poor management. These administrative failures relate to the lack of leadership, lack of specificity, absence of relevant personnel policies and procedures, absence of a competitive environment, the short-term time frame of policy decision maker, and the failure to disseminate/discuss policy issues with the general public.

Clearly, the austerity conditions on public expenditures imposed by structural adjustment policies negatively impacted institutionalization.

The failure to have balanced research agendas in public units on sectoral and inter-sectoral policy issues may have had two important consequences. One is that macro inter-sectoral policy changes, impacted by policy analysis units in non-agriculturally related public entities, may have been primarily responsible for bringing about a more market-oriented set of policies impacting the agricultural sector. Host country priorities, given austerity conditions, were to continue support for policy units other than those directly tied to agricultural ministries.

The paper concludes with a section on factors that donors might consider in a realignment of donor support for agricultural policy. At least six factors are briefly reviewed; they include a concern for identifying and linking with prime public policy decision-makers, a private sector policy research component, a linkage with individual university policy researchers, a matching grant funding mechanism for both recurring and long-term sustainability, a concern for the form and process associated with establishing agricultural policy research agendas, and a suggestion that agricultural policy research be supported in existing agricultural research institutions.

1. INTRODUCTION

This paper explores a number of reasons why donor-supported public agricultural policy analysis units have not been institutionalized. More specifically, the paper looks at why such policy analysis units wither away when donor support is discontinued.

Agricultural policy analysis projects involving public agricultural policy analysis units have been collaboratively designed by host-country and donor professionals. The public policy analysis units were structured for multiple purposes. One of the primary objective was to produce knowledge of the consequences of continuing or changing inter-sectoral and agricultural sector policies. Another goal was to enhance information systems and necessary data bases. A third purpose was to enhance human capacities (degree and non-degree training) to serve as policy analysts and policy researchers. The final objective was to institutionalize and/or sustain with host-country financial resources these policy units.

The United States Agency for International Development (USAID) has been the major donor supporting agricultural policy projects in Africa, Asia, and Latin and Central America. With few exceptions the public agricultural policy units, of which the majority are located in ministries of agriculture, have not been sustained or continued after termination of a policy analysis project.

There are many reasons for the failure to realize institutionalization. This paper explores five major areas which may account for this failure. These five areas are: 1) donor involvement challenging governmental intervention, 2) limited demand for agricultural policy analysis, 3) poor management, 4) austerity and sustainability, 5) and a lack of balance in agricultural policy research agendas.

Prior to assessing each area there is a brief restatement of the paper's objectives and a section on the output of agricultural policy projects. The paper concludes with a section on the consequences of failure to institutionalize and one on donor consideration for a realignment of agricultural policy projects.

2. OBJECTIVES

As indicated above, the general objective is to assess the reasons for the lack of institutionalization of donor-supported public agricultural policy analysis units in developing countries. The more specific objectives are:

- To describe the outputs of agricultural policy analysis projects;
- To assess the role of outsiders challenging governmental intervention in the agricultural sector;

- To assess the demand for policy analysis by indigenous decision makers;
- To assess the management issues associated with agricultural policy projects;
- To assess the issue of austerity conditions on sustainability;
- To assess the research agenda and its emphasis on sectoral policy options;
- To assess the consequences of the failure to institutionalize public efforts in agricultural policy analysis; and
- To assess some alternatives for continuing donor support for quality and sustainable agricultural policy analyses.

3. OUTPUTS OF AGRICULTURAL POLICY ANALYSIS PROJECTS

Over the last decade, USAID has chosen to prioritize support of agricultural development in four areas. These have included privatization, technology development and transfer, export promotion and agricultural policy adjustments. In pursuit of the latter area, an array of agricultural policy oriented projects associated with policy reform, sector planning, policy analysis and institution building have been implemented.

A 1988 paper from the Agricultural Policy Analysis Project, Phase I (APAP I, Tilney and others) reported that between 1970 and 1984, USAID supported at least 129 agricultural policy and planning projects. These projects were developed in the Caribbean, Latin America, Africa, Asia and the Near East. For this period, almost \$500 million was allocated for these projects.

In evaluating the project titles and some in-depth assessment of selected projects, it is clear that a small percentage, perhaps less than ten percent, were predominantly focused on agricultural policy analysis. A majority of the projects focused on sector assessment, agricultural planning, general institutional development, and agricultural economic research (crops, livestock, resource conservation, etc.).

However, for the limited number of projects that were specific to objective agricultural policy analyses, there were four areas of focus. These included the development of policy knowledge, formation of human capital, enhancement of information systems, and efforts to institutionalize public policy analysis entities.

In many of these more specific policy projects, a small cadre of qualified economic researchers were assembled and produced very creditable and objective analyses of the consequences of agricultural sector policy options with a very limited number of analyses of

inter-sectoral agricultural issues. In addition, the human capital component provided for extensive in-service training and for scholarship support to increase the number of academically trained economists.

In selected locations, information systems and the enhancement of necessary data bases were positively impacted. Illustrative of such efforts are the development of sampling frames, the enhancement of agro-climatic data systems, conducting of national household surveys, improvements in crop and livestock statistics, and the computerization of information systems.

Again in selected locations (Ecuador, Peru, Honduras, and Pakistan), efforts were made to sustain or institutionalize analysis and information units. Conditions precedent or contractual agreements were structured to assure host country financial support, the assignment of qualified personnel, and bureaucratic restructuring of policy units for direct linkages with ministerial decision makers. In most locations and for many reasons, a majority of these contractual agreements were not implemented.

4. RATIONALE FOR DONOR INTERVENTION

Throughout the 1980's major donor programs had strong policy orientations. A principal policy thrust focused on structural adjustments and inter-sectoral issues, with an emphasis on monetary and fiscal policy changes to resolve severe debt, high inflation, negative balance of payment and related problems. At the same time another policy thrust focused on agricultural sector policy issues. This latter focus was to minimize governmental interventions in the agricultural sector. Donor preference was for a private, agricultural, market-led focus to establish relative prices, guide capital formation, and impact distributional issues.

To implement both types of policy efforts, an array of policy projects were designed and implemented. It is reasonable to suggest that a primary purpose for such policy projects was to improve the leverage that a donor agency would have toward furthering policy dialogue and implementing policy changes. Clearly, the research agenda of policy analysts and policy researchers within the public analytical units was substantially impacted by the policy interests of major donors.

It is also most likely that both types of policy thrusts challenged prevailing governmental policies. When such efforts led to or helped expose limitations of existing policies, it is quite likely that many governmental leaders were not supportive of such policy units.

There are two other aspects of these policy thrusts that appear to be related to the failure to institutionalize the public agricultural analysis units. One relates to the fact that changes in macroeconomic policies forced by default a series of changes in agricultural sector policies. A major cause of this change by default was associated with public budget austerity as a major component in an array of structural adjustment actions. Many governments were unable to

continue product price supports, selected input subsidies, and other policies because of budget austerity. In many cases, reductions in governmental intervention were quite consistent with donor preferences.

Another probable aspect of these structural adjustment policy thrusts was that donor enthusiasm declined for direct involvement in agricultural sector policy support. As the direction of policy changes, largely impacted by macroeconomic and inter-sectoral policy units, began to occur in agricultural sector policies, donors began evaluating other non-policy project options.

5. DEMAND FOR POLICY ANALYSIS

On the issue of the demand for policy analysis, there are two immediate questions. The first is demand for what types of analyses and secondly, demand by whom?

It is helpful to distinguish at least two types of policy analyses. The first type can be classed as positive or substantive, that analyzes the consequence of policy changes on specified objectives and participants in the economic system. Positive analyses focus on the consequences of changes in prices, taxes, exchange rate, etc. on agricultural output, agricultural employment, environmental impacts, regional competitiveness, agricultural incomes, etc. Similarly, such analyses commonly focus on the consequences of policy changes for consumers, producers (domestic and export), governments, the agri-business sector, etc. Such analyses are non-advocacy in nature. A common focus relates to the forms and level of governmental policy intervention in the agricultural sector.

The second type of policy analyses can be defined as advocacy for a particular policy position. In many cases, the research objective is in support of continuing governmental intervention on guaranteed prices, input subsidies, reduced taxes, etc. To a lesser degree other advocacy type studies have focused on minimizing governmental intervention and more free market conditions.

In many Latin American (Peru, Ecuador, Guatemala) and Asian countries (Pakistan, India), an import substitution (industrialization) growth strategy has prevailed for many years. Such a policy stance has usually had negative impacts on many producers in the agricultural sector. Policy analyses related to this overall strategy have been very limited in number and advocative in nature. The benefactors from such a policy stance have retained advocacy type policy analysts, not positive type policy researchers.

For those advocating substantive market-driven policy changes, there is a very limited demand for knowledge on policy choices. Typically these policy change advocates include a few courageous ministers, policy analysts advising monetary boards, and USAID participants in policy dialogues.

Unfortunately, the demand by these policy decision makers has focused on advocacy research as compared with positive or substantive policy studies.

Because of the advocacy type nature of most policy studies, there has not been extensive dissemination of research results to the general public. Also there have been limited opportunities for the general public to discuss policy changes. This lack of dissemination and discussion has severely limited the demand by the general public for positive and substantive policy studies. There may be a large latent demand for substantive policy analyses but this demand will remain inactive until the general public has greater opportunities to participate in the policy choice process.

The demand for policy analyses is related to who and how the policy analysis research agenda is specified. In the worst case scenario, public policy research agendas are structured by advocates of continuing governmental intervention or benefactors of continuing interventions. An equally ineffective agenda-setting scenario is one established by external donors typically advocating a more market-driven set of policies.

Both processes for agenda establishment are advocative in nature; one seeks to preserve the status quo, and the other, usually led by external forces, that challenges existing policy. The increased demand for substantive policy research must be driven by indigenous professionals and concerned benefactors as well as potential losers from policy changes. Clearly, the agenda setting process must involve representatives of those concerned consumer and producer groups.

6. POOR MANAGEMENT

The failure to institutionalize public policy units may be related to poor management. These administrative failures relate to the lack of leadership, lack of specificity, absence of relevant personnel policies and procedures, absence of a competitive environment, the short-term time frame of policy decision makers, and the failure to disseminate/discuss policy issues with the general public. Given such an administrative structure, policy analysts as well as policy researchers see no career opportunities and become very short-term participants.

The leadership for most public agricultural policy analysis units has been selected on political rather than professional grounds. Effective participation in the economic analyses of inter-sectoral as well as sectoral policy issues requires trained economists. Further, effective leadership requires persons who can attract and motivate professional colleagues. Another requisite is leaders who can effectively present the results of economic policy studies to decision makers who are non-economists and one who can debate economic concepts and methods of analysis with colleagues in other ministries and members of the monetary boards (and other top level policy decision entities).

The lack of specificity or mandate has been impacted by the vested interests of public officials and external donors. Because of the lack of communication, many qualified policy analysts and policy researchers have been diverted to sector planning, sector assessments, defense of present policies, the preparation of advocacy-type position papers on governmental efforts to correct actual or perceived market failures, and in support of donor's interests in sub-sector activities, very evident in Ecuador, Pakistan, Peru, and Honduras. In the design of most public policy units, there has not been a determined effort to make the case for positive (substantive and professional) policy analyses in support of improved policy choice making.

The major personnel issue concerns the attraction and retention of qualified analysts and researchers. Salary schedules and reward systems must be competitive with other public entities such as the Central Bank, the Ministry of Finance, and other responsible public research units. In many cases these latter public entities are able to compete with private sector opportunities for qualified professionals.

The reward system must incorporate instruments to assess the quality and quantity of published reports. Reports must be widely disseminated to peer groups (university professors, private sector professionals, etc.) as well as to the general public.

The effective pricing of the services of public professional economists is restrained by the absence of competition. In many developing country situations the pricing signals may have to come from external entities. However, in many locations intensive assessment should be conducted on personnel policies required to attract and retain indigenous economic professionals. Some obvious competitors are private universities; banks, other financial institutions; private marketing, financial and production associations; and the emerging private economic "think tanks."

An effective public policy research unit, similar to an effective biological research unit, cannot be a strictly fire-fighting operation. There must be recognition of a balance with more substantive medium-term components of the research agenda. The search for such a balanced agenda is hindered by the short time horizon of most political decision makers.

Perhaps the most important forces for a balanced agenda include effective leadership and a research agenda setting process that is not wholly internalized.

Many of the elements discussed under poor management are related to a failure of public policy units to disseminate/discuss reports and other products of the agricultural policy analysis units with the general public. There is a continuous need to have the general public participate in the appraisal of what constitutes a good or an improved policy environment.

Another aspect of poor project management may relate to the donor's management system. In Peru, Ecuador, and Pakistan, the author observed a persistent relaxation of conditions precedent and continuous intervention in agenda setting. The latter issue was compounded with requests for specific studies of particular value to the donor.

7. AUSTERITY AND POLICY UNITS

Throughout the 1980's many developing countries have responded to the need for structural adjustments. The general scenario has been important fiscal and monetary policy changes and recessionary conditions in response to over-valued exchange rates, high levels of external debt, negative balance of payment accounts, high rates of inflation, high rates of deficit financing, etc. With few exceptions, fiscal policy actions have imposed severe restraints on government expenditures. Agricultural research, biological and economic; along with technology transfer, regulatory, subsidization, and related public agricultural programs have been drastically impacted by budget austerity. Many public agricultural programs have been restructured, some deleted, but most all operate on a survival strategy. Major efforts are made to continue salaries that are continually declining in real value and were at low levels to begin with. Levels of non-salary budget items are non-existent or at NCAR inoperative levels.

With few exceptions, the necessity of severe macroeconomic adjustments, may explain the demise of public agricultural policy analysis units when donors exit. Survival of such units has required that donors devise schemes to provide the counterpart investment.

Given such severe austerity conditions, there is little opportunity to pursue agricultural policy analyses that attempt to overcome market failures, enhance agricultural sector growth rates, enhance income distributional concerns or to enhance public policies relating to environmental concerns. In reality most governments have had no choice but to let non-governmental or market forces determine relative prices as well as overall capital forming investments.

However, the consequences of severe structural adjustment actions have been responsible for achieving many major agricultural policy changes desired by donors. The implementation of many structural adjustments, rather than donor leverage achieved by supporting agricultural policy analysis units, have moved many countries towards more free market policies.

8. RESEARCH AGENDAS AND SECTORAL POLICIES

Throughout the late 1970's and most of the 1980's structural adjustments dominated the policy agenda of many developing countries. In most countries the focus was on macroeconomic policies directed at enhanced monetary and fiscal policies to address problems of external debt, deficit financing, over-valued exchange rates, negative real interest rates, etc.

In contrast to this focus on macroeconomic policy choices by governmental entities (central banks, ministries of finance and economics, monetary boards, etc.) the agricultural policy analysis units emphasized sectoral policy options. The research agenda for a very limited

number of agricultural policy analysis units included evaluations of inter-sectoral relationships involving macro policy options and agricultural growth rates.

Another indicator of this sectoral focus is that few agricultural policy analysis units had linkages with public researchers working on macroeconomic relationships. Most agricultural policy analysis units were located in ministries of agricultural and natural resources.

The failure to have research agendas that were more balanced with regard to sectoral and inter-sectoral policy issues may have had two important consequences. One result appears to be that macro inter-sectoral policy changes, impacted by policy analysis units in non-agriculturally related public entities, were primarily responsible for bringing about a more market oriented set of policies impacting the agricultural sector. Host country priorities, given austerity conditions, were to continue support for policy units other than those directly tied to agricultural ministries.

Another possible consequence of the lack of agriculturally specific inter-sectoral policy analyses was that agricultural leadership participating on the important monetary or economic policy boards were poorly prepared. Such agricultural representation was better prepared for agricultural sectoral policy analyses but these were of lesser priority to monetary boards. The low level of involvement by agricultural leaders on monetary boards may explain why agricultural leaders failed to support the continuation of agricultural policy analysis units.

9. FAILURE TO INSTITUTIONALIZE

The failure to institutionalize public agricultural policy analysis units can severely limit the public policy decision process. This is particularly true when there are not private sector policy analysis capabilities on relevant issues.

Even when you assume that more market type forces rather than governmental interventions will be primarily responsible for structuring relative prices, guiding capital formation, and resolving distributional issues; there is a continuing need for public policy knowledge. Beyond the need to monitor the consequences of market-led conditions, there are both sectoral and inter-sectoral policy options that continually impact agricultural sector growth rates and distributional levels. Inter-sectorally, agricultural trade is impacted by policy decisions made in importing and exporting countries that impact prices, exchange rates, fair and free trade practices, interest rates, etc.; an excellent example is the case of oil as it relates to the agricultural sector for both importing and exporting countries.

Similarly there are sectoral issues related to public, agriculturally related investments, to the capacity to respond to market failures, to be responsive to externalities that are beyond free market capabilities, to be knowledgeable of food security issues and options, to be responsive to price instability and, among others, to address distributional issues. Particularly

critical are sectoral actions relating to factor and product prices that do not reflect scarcity values which may be due to inefficient marketing practices or monopolistic structures. Another important set of sector policies relate to externalities involving water allocations, environmental problems, and, among others, the over-utilization of common properties. Yet another example of sectoral policy concern relates to issues of food security.

Many inter-sectoral agriculture policy issues may be addressed by structuring effective linkages between agricultural policy researchers and research personnel in the central bank and ministries of economics and finance. In most developing countries, however, the research units in the central banks and economic ministries have very limited capacities to focus on sectoral options.

Clearly, a need exists to have public agricultural policy analysis capabilities. The preferred pattern would be to have both public and private agricultural policy research capabilities.

10. DONOR SUPPORT FOR AGRICULTURAL POLICY ANALYSIS

The almost complete failure to institutionalize public agricultural policy analysis units in over thirty countries strongly suggests the need for realignment of donor support for agricultural policy analyses. When considering the restructuring of donor support for agricultural policy analysis, at least the following six factors should be carefully assessed.

The first factor should be a focus on what public entity has the prime authority in setting agricultural policies. Typically, the critical inter-sectoral policy choices are the responsibility of monetary boards which are usually supported by research units in the central bank. Similarly, some central bank research units have a small but operative agricultural sector division.

In addition to the monetary board/central bank authority relationship, another consideration is the personnel policies (career opportunities, salaries, reward system, etc.) of the central bank. Typically, central banks attract and retain qualified economic research personnel on terms that are quite competitive with the private sector.

Serious consideration should be given to enhancing inter-sectoral and sectoral agricultural policy research within the central banks, especially if agricultural products are major sources of foreign exchange. A second-best alternative would be consideration of strong linkages between the research arm of the central bank and a policy unit within the agricultural ministry.

A second factor to consider is the presence of, or potential availability, of objective and non-advocacy type agricultural policy analysis capability in the private sector. The critical issue is the capacity for substantive policy research which typically implies that well qualified professional economists are involved.

Identification of such private sector entities requires a careful assessment of private sector consulting firms. Consideration should be given to the philosophy of the founders, source of financial support, staff qualifications, publication history, policies on disseminating research results, and political alignments. In some cases the private firms are structured as foundations, are linked with university professionals, and have developed linkages with public information and data sources. In Ecuador, a private research foundation has been given for structuring a private non-profit policy analysis foundation.

A third factor focuses on identifying individuals, usually within universities, trained and experienced in agricultural policy analysis. The emphasis on individuals as distinct from a university is important; most university departments of economics or agricultural economics have faculty members with varying interests and capabilities. The critical concern is to identify university professionals who have demonstrated a capacity to do applied policy research in an objective and professional manner, can attract students, and have demonstrated capacities to operate as a non-advocate advisor on policy issues.

The fourth factor relates to modes of financial support. Consideration on the scope of support involves attracting and retaining highly qualified professionals, in provisions for training future professionals, on support for data development, and on support for disseminating the results of policy research.

Another consideration on modes of support relates to the form of financial assistance. A critical issue is to achieve financial commitment from host governments, private firms, or university professionals.

To achieve such financial commitments, consideration should be given to matching grants for short and long-term sustainability. Preferably, the matching grants would involve varying ratios of donor-to-host institution levels according to local conditions, would allow for a small proportion of in-kind matching but predominately in local currency, and would be for both recurring costs and the development of endowments or trusts to sustain the indigenous institution.

The fifth factor to be considered relates to the form and process for setting the agricultural policy research agenda. On the form of the agenda there must be a reasonable balance between inter-sectoral and sector policy issues and on short-term versus medium-term research topics, as well as ensuring that careful attention be given to establishing research priorities.

The process for establishing the research agenda setting is critical. The process must allow for participation by public and private professionals; by concerned consumers and special action groups; and by representatives of agricultural producers, input suppliers and product marketers. Such participation might involve open meetings, submission of papers on priorities, development of survey instruments and, among others, the use of objective research procedures to rank and weigh researchable options.

The mode for establishing the research agenda and priorities should be considered as a continuing process. At a minimum there should be consideration for assessing priorities every three to four years.

These ideas on participation and the process as a continuing one require that some structure be established to implement such efforts. One mode would be to assign this set of responsibilities to the indigenous professional association of economists or agricultural economists. Another option would be to form a group of agricultural policy researchers comprised of public and private professionals who would implement the agenda setting process.

A final or sixth factor relates to why public agricultural policy research is treated as a special case. Many donors support public agricultural research in the biological and physical sciences. Why not support social science research, including policy analysis in such public institutional support programs? The prospects for institutionalization of policy analysis is likely to be much greater if such research is considered as a component of on-going agricultural research activities.

11. CONCLUDING COMMENTS

Agricultural policy analysis projects have been in vogue throughout the 1980's. Many of these agricultural policy projects made progress on three of the four general objectives. There has been progress in completing applied research on sectoral policy issues (less so on inter-sectoral issues), training host country professionals, and enhancing information (data base) systems.

However, the issue in this paper is why the fourth purpose of institutionalization has not been realized. Among the probable reasons, the paper focuses on the rationale for donor participation, the demand for agricultural policy research, management, the impact of host government's austerity budgets related to structural adjustments, and the bias of research agendas toward sectoral issues.

Among these probable explanations for the lack of institutionalization, two rationale appear dominant. The agricultural policy interests of donors conflicted with many agricultural sector policies preferred by host country agricultural policy leaders. Related to this conflict theme was the fact that many governments responded to structural adjustment policies of an inter-sectoral nature. Perhaps by default many agricultural policies changes preferred by donors were implemented at policy levels where agricultural leaders were not influential.

A second rationale relates to the focus on inter-sectoral or macroeconomic orientation of policy changes throughout the 1980's. Most public agricultural policy units, operating in agricultural ministries, had a sectoral rather than an inter-sectoral agenda.

One concludes that donors backed away from the pursuit of institutionalizing agricultural policy units because other entities influenced the implementation of preferred policy changes. Furthermore, host country agricultural leadership operating under austerity conditions, did not support institutionalization because their policy units were not major contributors to critical policy changes.

Even though agricultural policy units were not institutionalized, there is a continuing need for economic knowledge relating to the agricultural sector. In addition to a monitoring function, knowledge is required on issues of inter-sectoral and sectoral policy. Agricultural trade dominates the inter-sectoral area while issues of public agricultural investments, market failures, externalities and distributional concerns dominate sectoral policies.

The paper concludes with a section on factors that donors might consider in a realignment of donor support for agricultural policy. At least six factors are briefly reviewed; they include a concern for identifying and linking with prime public policy decision-makers, a private sector policy research component, linkages with individual university policy researchers, matching grant funding mechanisms for both recurring and long-term sustainability, a concern for the form and process associated with establishing agricultural policy research agendas, and a suggestion that donor support for agricultural research (biological, physical, and some in the social sciences), within established institutes include agricultural policy research.

REFERENCES

- Brown, A. L., A. J. Coutu and A. Ormasa. 1986. A Mid-course Evaluation of the Agricultural Policy and Institutional Development (APID-PADD). Prepared for USAID by Coopers & Lybrand.
- Church, P. E. and R. Castro. 1988. Formulating Agricultural Policy in a Complex Institutional Environment: The Case of the Dominican Republic. Staff Paper No. 16, Agricultural Policy Analysis Project (APAP I), Abt Associates Inc., Washington, D.C.
- Commander, S. (ed.). 1989. Structural Adjustment and Agriculture: Theory and Practice in Africa and Latin America. Overseas Development Institute, London.
- Coutu, A. J. and others. 1989. Evaluation of the Agricultural Sector Reorientation Project in Ecuador. Technical Report No. 1, Agricultural Policy Analysis Project (APAP II), Abt Associates Inc., Washington, D.C.
- Coutu, A. J. and J. O'Donnell. 1989. Concept Paper: Agricultural Policy Analysis in Guatemala. Agricultural Policy Analysis Project (APAP II), Abt Associates Inc., Washington, D.C.
- Easter, K. W., S. Bisaliah and J. O. Dunbar. 1989. "After Twenty-Five Years of Institution Building, The State Agricultural Universities in India Face New Challenges," AJAE, Vol. 71, No. 5, 1200-1205.
- Fulginiti, L. E. and R. K. Perrin. 1990. "Argentine Agricultural Policy in a Multiple-Input, Multiple Output Framework," AJAE, Vol. 72, No. 2, 279-288.
- Jiron, R. J. and J. S. Tilney, Jr. 1986. Formulating Agricultural Policy in a Complex Institutional Environment: The Case of Sri Lanka. Staff Paper No. 2, Agricultural Policy Analysis Project (APAP I), Abt Associates Inc., Washington, D.C.
- Minke, E. A. and S. R. Pearson. 1989. The Policy Analysis Matrix for Agricultural Development. Cornell University Press, Ithaca, N.Y.
- North, D., 1987. "Institutions, Transaction Costs and Economic Growth," Economic Inquiry 25, 419-428.
- Schreiner, D. and J. B. Martin. 1988. Agricultural Planning and Institutional Development in Peru, Staff Paper No. 16, Agricultural Policy Analysis Project (APAP I), Abt Associates Inc., Washington, D.C.
- Scobie, G. M. and V. Jardine. 1988. Macroeconomic Policy and Agriculture in Ecuador: An Overview. Report EMT.WP.02, Sigma One Corp., Research Triangle Park, NC.
- Scobie, G. M. and V. Jardine. 1988. Macroeconomic Policy, the Real Exchange Rate and Agricultural Growth in Ecuador. Report EMT.WP.04, Sigma One Corp., Research Triangle Park, NC.
- Tilney, J. S. and others. 1984. An Evaluation of Agricultural Planning Projects in Africa, Asia and the Near East, (Volumes I and II). Interim Reports, Agricultural Policy Analysis Project (APAP I), Abt Associates Inc., Washington, D.C.

Tilney, J. S. and J. T. Riordan. 1986. Agricultural Policy Analysis and Planning: A Summary of Two Recent Analyses. Staff Paper No. 1, Agricultural Policy Analysis Project (APAP I), Abt Associates Inc., Washington, D.C.

Tilney, J. S. and S. Block. 1988. An Evaluation of AID-Sponsored Agricultural Planning Projects. Report No. 6, Agricultural Policy Analysis Project (APAP I), Abt Associates, Inc., Washington, D.C.

Williamson, O. E. 1985. The Economic Institutions of Capitalism. Free Press, New York N.Y.: Free Press.