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AGRICULTURAL POLICY ANALYSIS PROJECT

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PERU:

EVALUATION OF THE
AGRICULTURAL POLICY AND
INSTITUTIONAL DEVELOPMENT
PROJECT (APID-PAI)

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Introduction

The U.S. Presidential Agricultural Mission to Peru recognized that sound agricultural policy-making is essential to sector performance and in their recommendations attached high priority to the need for solid analysis of policy alternatives and the formulation of policy in a clear and consistent fashion. AID, in formulating the Agricultural Planning and Institutional Development Project (Number: 521-0238), identified five principal constraints to sound agricultural policy making:

1. Limited capacity to analyze policy alternatives and to formulate coherent policy directions;
2. A virtual absence of reliable information to guide decision making in both the public and private agricultural sectors;
3. Public sector management systems inadequate to identify problems, determine causes, and suggest remedies;
4. A shortage of well trained and experienced administrative and technical management talent in the agricultural sector; and
5. Lack of effective dialogue between the public and private agricultural sectors.

The purpose of the Project was to strengthen the Government of Peru's (GOP) capacity to formulate sound agricultural sector policies and effectively manage the implementation of those policies. Project design took an integrated, holistic approach to policy formulation and management, and rightly so. As the Project Paper showed, the problems were pervasive and the capacity to analyze policy alternatives extremely limited. Furthermore, the government of Peru was in transition from the public sector-oriented policy direction of the military government prior to 1980 to the more market oriented private sector approach of the Belaunde

government. The need to reestablish agricultural data systems, train personnel, and reorient policy thinking was critical for the democratically formed government. Hence, a diverse set of some 13 Project activities were designed for implementation of which 11 were funded. USAID was to contribute \$11,000,000 loan funds and \$6,000,000 grant funds to the Project and the GOP was to contribute counterpart funds of \$8,500,000 for a total Project funding of \$25,500,000.

Although the Mid-Course Evaluation recognized the project design as audacious in intent, complex in concept, and temporally fated, the evaluation recommended few changes in limiting scope, reducing complexity, or delaying project implementation for a more opportune time. After approximately 19 more months of continued project implementation, the steady-on-course decision was undoubtedly the right one. In point-of-fact, the political benefits from the broad base of the Agricultural Planning and Institutional Development Project (APID or PADI in its Spanish acronym) probably contributed to its continuation through the transition from the Belaunde to the García administration. However, the objectivity and responsiveness of the Agricultural Policy Analysis Group (GAPA) during the transition should also be recognized as an important input to the continuation of PADI.

The above argument for a politically expedient broadbased APID Project to continue through this administration and in preparation for the following administration, would suggest that AID consider a three, rather than two, year extension beyond the Project completion date of December 31, 1988. However, as an alternative, the Mission may wish to consider a two-year extension followed by a three year new project proposal. We argue for a reorientation of the Project into two distinct and separately funded and managed components: (1) support for increasing the capacity in agricultural planning and policy analysis through PADI

and (2) support for technical human resource development in agriculture through the National Agrarian University. We recommend a reduced and more focused Project in PADI but with a broader base of individuals and institutions involved in policy analysis and implementation. We recommend a strategy for institutionalizing the process of policy analysis rather than institutionalizing policy analysis in GAPA or any other public or private agency. We recommend a more competitive mode for implementing selected components and activities in the strategy for institutionalizing the process of policy analysis. We recommend a reduced role for the PADI Coordinating Office, but an increased emphasis on coordinating Project activities. Finally, we recommend phase-out of the management support component of PADI, resolution of the salary maintenance program in the GOP, streamlining of Project management by AID and the PADI Coordinating Office, and evaluation of the technical assistance components of the Project. Specific means for carrying out these recommendations and other more specific activity recommendations are discussed in the main body of the report.

Emphasis of this evaluation is on Project accomplishments, issues, and recommendations for continued implementation. Project inputs are treated only briefly and with emphasis on input requirements for Project continuation.

Project Inputs

The Project Agreement shows financial inputs from AID loan, AID grant, and GOP public treasury. All AID grant funds were for technical assistance and these funds do not appear in any of the PADI Coordination Office financial data made available to us. Project Implementation Letter No. 25 dated April 14, 1987 provides a reformulated budget currently used by the PADI Coordination Office in their financial presentations. This reformulated budget was included in the Project

Agreement via Amendment No. 4 dated June 30, 1987. A comparison of the Project Agreement financial data with the reformulated budget is presented in Table 1. The major changes are the following:

- (1) Increased AID loan funding for the creation of GAPA, for support of MEF, and support of OSPA.
- (2) Marginal increases in AID loan funding for the information support activities and improved management support.
- (3) Reduced AID loan funding for salary support equal to \$400,000.
- (4) Reduced AID loan funding for advanced training in MOA.
- (5) AID loan funding for Project Coordination of \$124,000.
- (6) Reduced AID loan funding for inflation and contingencies.

The GOP funding categories were not changed.

The PADI Coordination Office provided a financial analysis as of February 9, 1988. The data are presented as expenditures to December 31, 1987, budget for 1988, and remaining budget as of January 1, 1989. These data are summarized in Table 2 and are reproduced in detail in the Annex. The major implications of the data are the following:

- (1) Approximately 36 percent of the total budget will be available after Project completion date of December 31, 1988. However, only 25.5 percent of AID loan funding will be available at that date.
- (2) The human resource development support component represents 52.5 percent of the budget remaining at the Project completion date and the support to UNA represents 54.5 percent of that total.
- (3) Activities of agroclimatic assessments, improved management support, and Project coordination are all over budget by December 31, 1988.

TABLE 1

**AGRICULTURAL PLANNING AND INSTITUTIONAL DEVELOPMENT
PROJECT FINANCIAL DATA FROM PROJECT AGREEMENT
AND REFORMULATED BUDGET FROM
AMENDMENT NO. 4 (\$1000)**

Component/Activity	Project Agreement 8-24-83			Reformulated Budget Amendment No. 4, 6-30-87		
	AID Loan	GOP	Total	AID Loan	GOP	Total
I. Agricultural Policy Support						
Creation of GAPA	1011	1495	2506	1628	1495	3123
Support of MEF	51	168	219	95	168	263
Support of OSPA	145	425	570	178	425	603
Total	1207	2088	3295	1901	2088	3989
II. Information Support						
Household Survey	608	208	816	662	208	870
Production Statistics	1253	759	2012	1301	759	2060
Agroclimatic	411	454	865	751	454	1205
Total	2272	1421	3693	2714	1421	4135
III. Management Support						
Improved Management	450	740	1190	470	740	1210
Salary Support	450	1050	1500	50	1050	1100
Total	900	1790	2690	520	1790	2310
IV. Human Resources Dev. Sup.						
Advanced Training	2203	1072	3275	1648	1072	2720
Support for UNA	3573	1282	4855	3573	1282	4855
Total	5776	2354	8130	5221	2354	7575
V. Coordination						
	-	-	-	124	-	124
Sub-Total	10155	7653	17808	10480	7653	18133
Inflation and Contingencies	845	847	1692	520	847	1367
GRAND TOTAL	11000	8500	19500	11000	8500	19500

TABLE 2
FINANCIAL DATA FOR THE AGRICULTURAL PLANNING AND
INSTITUTIONAL DEVELOPMENT PROJECT (\$1000)

Component/Activity	Expenditures Through 12/31/87			1988 Budget			Remaining Budget January 1, 1989		
	AID Loan	GOP	Total	AID Loan	GOP	Total	AID LOAN	GOP	Total
I. Agricultural Policy Support									
Creation of GAPA	1261	333	1594	157	149	306	209	1013	1222
Support of MEF	61	36	97	31	6	37	3	126	129
Support of OSPA	127	184	311	71	82	153	(19)	159	140
Total	1449	553	2002	259	237	496	193	1298	1491
II. Information Support									
Household Survey	625	92	717	-	-	-	37	116	153
Production Statistics	725	290	1015	201	151	352	376	318	694
Agroclimatic	525	409	934	274	180	454	(48)	(135)	(183)
Total	1875	791	2666	475	331	806	365	299	664
III. Management Support									
Improved Management	308	771	1079	305	94	399	(143)	(125)	(268)
Salary Support	48	499	547	-	-	-	2	551	553
Total	356	1270	1626	305	94	399	(141)	426	285
IV. Human Resources Dev. Sup.									
Advanced Training	687	66	753	242	46	288	720	960	1680
Support for UNA	2144	413	2557	257	30	287	1172	839	2011
Total	2831	479	3310	499	76	575	1892	1799	3691
V. Coordination									
Sub-Total	50	210	260	93	243	336	(19)	(452)	(471)
Inflation and Contingencies	-	-	-	-	-	-	520	847	1367
GRAND TOTAL	5561	3303	9864	1631	931	2612	2810	4217	7027

SOURCE: PADI Coordination Office, February 9, 1988.

(4) Activities of agricultural policy support and continuous production statistics will have about \$2,185,000 budget available for Project continuation.

(5) Activities of rural household survey, salary support, and inflation and contingencies represent \$2,073,000 of funds available for reprogramming for Project continuation.

AID, in conjunction with the Project Coordination Office, is in the process of determining what funding levels will be available for a Project continuation.

Project Outputs

A. Agricultural Policy Analysis Support

The purpose of this section is to assess the progress of the three activities included in the APID Project component on agricultural policy analysis support, address the issues identified in the terms of reference for this evaluation as well as those issues raised in further discussions, and make recommendations specific to this component. The three activities included in this component are:

Activity 1: Creation of Agricultural Policy Analysis Group (GAPA)

Activity 2: Support to the Division of Economic Studies at MEF

Activity 3: Support of the Agricultural Sector Planning Office (OSPA)

The Mid-Course Evaluation (May, 1986) stated that all activities (approved) were in progress, creation of GAPA was completed, and support to MEF was just beginning.¹ It was also indicated that the staff put in charge in 1984 was rapidly

¹ Brown, A. L., A. J. Coutu, and A. Ormasa. A Mid-Course Evaluation of Agricultural Policy and Institutional Development (APID) Project. Coopers and Lybrand, May 1986.

progressing in the preparation of medium term reports and was gaining credibility within the Ministry of Agriculture. Interestingly, it was pointed out (p. III-2) that the immediate fire-fighting issue was initially related to the general thrust of reducing governmental intervention in the agricultural sector. As it was recognized (p. III-2), "the unfortunate timing of GAPA's initiation in the midst of a national presidential campaign made it difficult to establish a work plan of medium term policy studies."¹ However, a series of such studies were defined and some were completed (see Annex 1).

The establishment of a new government in July of 1985 posited some uncertainty about the future of GAPA and it was only in January, 1986, when Minister Morales Bermudez took office, that the group again was granted important responsibilities. In fact, not only GAPA as a unit but most of its staff were retained by the incoming administration. This is a most important fact revealing that if a Minister wants and recognizes sound policy advice, he can provide the support needed by such a group regardless of its political affiliation.

At the time of the Mid-Course Evaluation, one of the major issues was the uncertain future of GAPA and particularly the aspect of institutionalization. It was thought "not feasible -- or desirable -- that the entire GAPA be institutionalized within the Ministry." The core staff of a senior policy advisor (who may change from Minister to Minister) and one or two assistants should be attached to the office of the Minister. The rest of the group should not be incorporated into the Ministry but should be extended de facto by developing a corps of university professors and other policy analysis professionals who can provide advisory work and analytical studies under contract. For the purpose of institutionalizing part of the GAPA outside the Ministry the following options were suggested for an umbrella organization: (1) linkage with an international organization like IICA or FAO; (2)

linkage with an existing national foundation; or (3) developing a new policy-focused foundation.

In a closely related matter, it was indicated in the Mid-Course Evaluation that in some sense by default, OSPA has assumed with some success the responsibilities for budget planning and the monitoring and evaluation of physical agricultural development programs in Peru. Nevertheless, there is some skepticism regarding OSPA's objective job of monitoring the economic impact and ultimate utility of investments, or the execution of policy through instruments chosen through its internal processes. By implication it was suggested that responsibilities for economic and policy evaluation be performed elsewhere than in OSPA (P. III-9).

These issues remain and ought to receive attention in establishing a system for "research - policy analysis and advice - implementation - evaluation" that is sustainable and effective. Suggestions regarding the institutionalization and the GAPA/OSPA relations are offered later.

ACTIVITY 1. Creation of the Agricultural Policy Analysis Group

1. Accomplishments

a. Major Policy Alternatives Formulated by GAPA and Their Impact

The work of GAPA has a dual purpose: policy analysis and proposal of policy options for consideration by the Minister of Agriculture and for discussion between him and other high ranking officials in the government. Given these purposes, the outputs have been of two types: first, information for policy reform and adjustment; and second, analysis and dialogue with decision makers to prevent policy decisions that at first glance appear desirable, yet, once analyzed in depth, may be found inadequate.

These tasks have been performed by GAPA through maintaining close communication with the Minister. It is difficult to separate those policy proposals in

which GAPA bears full responsibility for analysis and formulation because it has worked in close cooperation with other institutions of the public agricultural sector including ECASA, ENCI, INIPA, Dirección General de Agroindustria y Comercialización, Dirección de Reforma Agraria, and others such as with the MEF, Central Bank, and Ministry of Planning. However, it must be recognized that in all cases referred to below, GAPA played a leading role.

The most important Legislation in which GAPA staff had a significant input since its creation in 1984 includes the following:¹

- Strategic Plan for Agriculture (Causa Agraria)²
- Medium-Term Plan (1986-90) for Agriculture³
- Water Use Law
- Campesino Communities Law
- Program for the Reactivation of Agriculture (PRESA)
- Fund for the Reactivation of Agriculture (FRASA)
- Creation of the National Corporation of Food Marketing (CONAA)
- 1987 New Law of the Agricultural Sector
- The Highlands Development Plan (Plan Sierra).

In addition, the results of several studies have provided the basic analysis for Ministerial decisions on:

- Creation of the Agricultural Price Administration System
- Annual Plans for Food Imports
- Titling of Land for Communities in the Sierra.

¹ A list of documents generated by GAPA in the period 1984/87 is presented in Annex 1; and those produced with the collaboration of MIAC are presented in Annex II.

² "Por una Causa Agraria." Book edited by former Minister of Agriculture Juan Carlos Hurtado in 1985 and published by the Universidad del Pacífico in 1986.

³ Under the administration of Minister Morales Bermudez.

In general, GAPA has offered analysis and advice for policy decisions of a multiple nature. GAPA has been the responsible unit for preparations and presentations by the Minister to the Congress and to the President.

The impact of each policy individually is hard, if not impossible, to assess. Nevertheless, these policies have contributed to the growth of agriculture over the past five years since the 1983 climatic disasters as shown by the following data:

<u>Year</u>	<u>Agricultural GNP</u> <u>I/. 1979</u> <u>(Millones)</u>
1983	481.03
1984	533.99
1985	544.59
1986	566.47
1987	594.47

Source: OSE

b. Participation of GAPA in Policy Dialogue and in Interministerial Policy Committees

Policy dialogue takes place among invited members of a system. The system includes public agricultural sector entities responsible for policy decisions at the highest level; public sector levels responsible for policy execution; private sector entities affected by public policy decisions; and private/academic organizations who do research with a longer term perspective. Within this system the following is a fair description of GAPA's participation in the policy dialogue since its creation.

(1) Its relation with the Minister has been constant, with the purpose of debating long term policy issues and strategies and decisions to solve immediate problems. There were times when it was perceived by the GAPA staff that insufficient research information limited the extent of GAPA's opinion; however, it was in its relations with the Minister that GAPA gained credibility. The President himself has recognized GAPA's quality of contribution to the agricultural policy dialogue.

(2) In preparation for Ministerial committee meetings, GAPA maintains cooperation and dialogue with ENCI, ECASA, Dirección General de Reforma Agraria, Dirección General de Agroindustria y Comercialización, INIPA (now INIAA), OSE, OSPA, and other public and private sector entities.

(3) Dialogue with the MEF is receptive, yet not always harmonious, as the issues of resources for agriculture, support prices, consumer food prices and inflation management, tariffs, exchange rates, and deficit management are discussed. The absence of a long-term perspective for management of the economy and long-term strategy for agriculture prevented GAPA and MEF from considering long-term solutions. MEF has also indicated that macro policies affecting agriculture could be better analyzed if MEF had more knowledge of the whole policy package for agriculture.

(4) Dialogue with agricultural sector organizations and producer groups, industry subsectors of agricultural inputs, food processing, and manufacturing subsectors was much less intense than desirable. However, opinions of these groups were obtained when completing policy studies. More specifically, two policy impact studies carried out jointly by GAPA and MIAC captured important information on the opinions of producers. It is anticipated by the GAPA staff that this type of information is a valuable contribution for proposals of policy adjustments.

(5) Dialogue with private economic and social research organizations and professional associations was sporadic yet constructive. All of the GAPA staff played a valuable role in the discussions held in mid-1984 during the three-day Seminar on Agricultural Policy and in mid-1987 during the First National Congress of the Peruvian Agricultural Economics Association (APEA). At one time (mid-1986) representatives from the most qualified economic research groups met with the current Minister and all of the GAPA staff. Here, expectations flourished about a longer-term effort to undertake joint research activities to enrich the policy dialogue. Unfortunately this initiative has not progressed.

c. GAPA's Role and Effectiveness in Fire Fighting vs. Contributions to Long-term Policies

Fire-fighting assistance to solve critical problems has been an important role for GAPA at all times, and it has been done effectively as evidenced by Ministerial decisions.¹ It should be recalled, however, that this role of GAPA is not dissociated from its longer-term work. In fact, thanks to the studies under execution and those already completed, it is possible to offer educated opinions for high level decisions.

Furthermore, it is required that GAPA has a research agenda or annual work plan. GAPA has completed an annual plan every year, yet it was revised when the emergence of a critical situation gave rise to new, and often very relevant issues that required more in-depth research. Some of this research was completed rapidly by GAPA staff and other research was subcontracted. In both cases it has become quite evident that these issues need further research and should be part of

¹ No judgements are offered here on the quality of the decisions to solve the problems because that is not the purpose of this report.

a longer-term effort of GAPA in association with the agroeconomic research community at the national and international level. As evidenced by the available materials, GAPA has focused its work on domestic policies with less concern for the international scenario which in so many ways affect the agriculture and food sectors of Peru.

The chief of GAPA has assigned a larger proportion of his time to short-term analysis and has spent a major proportion of his time in an advisory dialogue with the Minister. One of GAPA's staff estimated that the unit's chief may allocate around 60 percent of his time to this work and the remaining to direct the work of the unit, longer-term analysis, and administrative matters. Senior staff, on the average, have allocated around 40 percent of their time to fire-fighting efforts.

The use by the Minister of GAPA's senior staff is evidenced by his continued seeking of their opinion, but also, in charging them with responsibility for leading Commissions, Committees, and working groups to address specific issues. Even though this is an important exposure of GAPA's staff to more factual problems, somehow, if excessive, it could be distracting from their policy analysis responsibility.

A concern has been indicated that the frequency of meetings with the Minister and working groups has increased over time. However, such meetings show importance of the need to maintain growth of agricultural production as an important contributor to overall economic growth and to the evolution of food prices and their impact on inflation.

d. Quantity, Quality, and Utility of GAPA Medium-Term Studies and Sub-Contracted Research

Annex I lists the studies completed by GAPA staff alone and in collaboration with short-term consultants. The analysis is not presented separately for reports of GAPA staff and for consultants as they interacted throughout the work, for if we view

GAPA as a nucleus of core staff but augmented at times with some close contributors, it is hard to define when a professional has become part of GAPA or when he is still acting as a consultant. Evidently some professionals have completed only one or two studies for GAPA and they should be considered as consultants. Others may work with GAPA during relatively longer periods of time, take another job, and return again when needed because of their expertise.

GAPA has completed most of its work with direct involvement of its staff, with participation of MIAC's short and long-term technical assistance, and with contributions from consultants. The degree of involvement of GAPA staff in the work contracted with consultants varied depending on the nature of the study. Only in one case did GAPA subcontract a whole set of studies (for grains, legumes, and input production and marketing) with the UNA La Molina. This work is considered by the GAPA staff to be of good quality, and it was used to formulate policy alternatives; yet it was indicated that it took longer than anticipated.

GAPA staff and consultants have been a prolific policy-oriented research unit. However, their reports have not been published in a series and have not received wide distribution. This has limited the outreach of published GAPA work to public sector officials and other professionals and has even given rise to the criticism that the impact of GAPA studies is lessened due to the lack of an organized publishing program. Some studies, because of the issues analyzed, may not need to be published, and others, because of their brevity, may not justify a publication. Nevertheless it is important that GAPA makes an effort to publish at least brief reports on its work to let others, besides the Minister and close aides, know of the quality of their work.

Regarding quality of the work, it varies when measured in terms of contributing information for immediate policy decisions. Yet even when not used immediately, the analyses become a reference source. In terms of analytical

quality, few of the studies use sophisticated econometric methods, yet this does not invalidate their utility. However, it may be desirable that, at least for some issues, more quantitative and model-based methodologies could be used. The studies on water pricing, resource allocation, demand analysis, and macroimpacts on agriculture which relied on quantitative techniques proved to be of high utility. Others like the studies of the Milk Production and Processing Industry, Land Parceling, Community Land Titling, and other non-quantitative, yet sufficiently analytical studies, also provided the required information for policy decisions.

Regarding the utility of the studies performed a caveat is important. The studies provide information on alternative courses of action. The political decision on a particular issue does not necessarily imply that it was the best decision based on the opinions, analyses, and conclusions of the researchers. Political considerations have been and will continue to be, in Peru as in any country, the framework of reference for the analysis of policy options and ultimate decisions.

e. Sharing of GAPA Policy Analysis and Recommendations within MOA

GAPA's policy analysis work was the basis for frequent discussions at the level of the Minister's Office and Committees where most units of the Public Agricultural Sector were represented by high ranking officials. Debate of GAPA proposals has been common, particularly when GAPA staff has defended a technical argument not passing the test of political viability in the eyes of other participants in the discussion groups. However, the discussions have been most fruitful in arriving at a policy decision.

Because many of the proposals of GAPA are based on informal documents, and sometimes only through verbal communications, it is difficult to assess what proportion of Ministerial decisions were actually the recommended alternative proposed by GAPA. But in any event, many of the decisions taken have considered GAPA's opinion. As referred to in the previous section, because GAPA

has not always published the results of its work, it is not known within other levels of the public agricultural sector what GAPA's original opinion may have been. Yet it is well recognized that a great majority of Ministerial decisions and dialogue with other Ministers was founded on GAPA contributions.

f. Ratio Between Studies Performed to Support Policy Formulation and Change as Compared to Studies Performed to Support Existing Policies

During the last two and a half years, policy guidelines given at the highest level of the incoming Government strongly emphasized agriculture and particularly rural poverty. At the Ministerial level, once the PRESA was designed, the specific policies were geared in different directions as needed but all with the objective of increasing the profitability of agriculture. On this basis, then, the effort of GAPA was oriented towards the design of policy instruments within the framework of PRESA and a very strong emphasis on supply oriented policies, i.e., price guarantees, government purchases of agricultural products, larger amounts and cheaper credit, and input subsidies.

During the Belaunde administration, a strong effort was placed on agricultural research and extension as a policy that would allow more meaningful supply responses to economic incentives. The incoming administration in 1986 supported that policy, yet it emphasized more the extension effort to reach a larger number of farmers and to expand governmental programs such as fertilizer distribution through ENCI.

In brief, as it could be expected with a new government, GAPA's efforts during 1986 and 1987 have been focused on studies to support new policy formulation following the incoming government guidelines.

2. Issues and Recommendations

a. Prioritization of Policy Analysis

The Agricultural Policy Seminar held in July, 1984 provided the first priority agenda for GAPA's research work and served in this capacity until July, 1985. During this period, short-term fire-fighting activities were not a major part of GAPA's workload. GAPA's early agenda for research included the following:

- Production, Marketing, and Consumption Systems
- Pricing Policy
- Analysis of Rural Household Survey (ENHR)
- Demand and Impact Needs of Products and Factors
- Incidence of Macroeconomic Policies on Agriculture
- Water Use
- Land Tenure
- Occasional Studies (Coyuntura).

Beginning in January, 1986, the urgent need of a proposal to reactivate agriculture, to transfer resources to the sector, and to make it a profitable activity and thus increase production and farmers' incomes led to the Program for the Reactivation of Agriculture (PRESA). This was the second stage of setting priorities for GAPA's work.

As time has evolved, and given the nature of the PRESA, higher priority has been given to the pricing policy studies and more recently to the incidence of macroeconomic policies on agriculture.

Regarding the priorities for GAPA's work it is evident that the more serious the overall economic problems and the stronger the battle against inflation, the greater the pressure will be to do more work on pricing policy and impact of macropolicies, thus bearing the risk of making GAPA strictly a short-run economic policy analysis unit. To maintain a development perspective and to foster policies for long-run

sustained growth of agriculture, care must be taken to continue the research and products in other areas, particularly those relating to land and water use, land titling, technology generation and transfer, mobilization of financial resources for agricultural investments, and others. Of course it is recognized that "if prices are not right, little can be gained by promoting other initiatives."

One area referred to later in the relation between GAPA and OSPA is the absence of research oriented to setting priorities for public investment in agriculture. This is, considering fiscal constraints, a priority area of work, yet not currently being addressed. Another closely related area is that of interest rate policies and the amount of credit for agricultural purposes.

The work initiated with the updating and expansion of the input-output table is also a promising area of research identifying intersectoral forward and backward linkages and the need for coordinating agricultural, industrial, and macroeconomic policies. Little work has been done so far in this area and it should be given higher priority.

Recommendation. Analysis and formulation of short-run policies will continue to receive high priority in GAPA because of critical short-run problems faced by the government. But the cycle of always moving from one crisis problem to another crisis problem must be broken if Peru is to invest in long-term policies with potentially high pay-offs. The base for doing policy analysis and formulation must be broadened beyond that of GAPA to permit a more continual focus on longer term policies. Although GAPA has been able to treat some important longer-term policy issues (land tenure, water prices and distribution), it will be increasingly difficult for the group to dedicate sufficient time to these areas, given the immediacy of many current policy problems and GAPA's track record in successfully dealing with them. A later recommendation will deal with a mechanism for broadening out the base for doing policy analysis and formulation.

b. GAPA's Current Institutional Role Within the Framework of the Ministry of Agriculture

The nature of the problems of society in the 1980's in Peru and in the forthcoming years calls for a definition of national strategies that define the key potential role of the modernization of agriculture as a source of growth through existing and anticipated linkages with other sectors of the economy and with the rest of the world. In the first case, the linkage with industry and commerce ought to be clearly appreciated; in the second case, it is important to participate competitively in the international markets for technological knowledge, genetic materials, financial resources, and agricultural products and factors. To actively participate and benefit in these domestic and international scenarios, agricultural, industrial, commercial, and macroeconomic policies must be clearly articulated, managed, and adjusted over time within a development perspective and a horizon for growth.

Can all the above be done by a single unit? Furthermore, can it be accomplished strictly by a public sector entity? Most probably the answer to these questions is, it cannot! Thus, the role of GAPA should be seen as one entity within a system where dialogue leads to governmental policies providing economic incentives to set priorities for strategic public investment and to induce the mobilization of financial resources for private investment. All of the above will, in turn, contribute to the development of agriculture, to employment creation in rural and urban areas, and to increased welfare.

There are limitations in the public agricultural sector bureaucracy that, in spite of apparent good will, reduce the scope of responsibility and action. These limitations include the loss of managerial capacity; underestimation on the magnitude of the development task; insufficient appreciation of the potential benefits of science, technology, and management; perception of a "public sector

view" on the way of doing agriculture as a source of firms and families' income; and administrative capabilities. All the above make the development of agriculture a very difficult task if one expects to rely only on the public sector's initiative to conceive, design, and manage the appropriate policies. Therefore, it is mandatory that representatives of the public sector carry on a dialogue with research groups, private organizations, and, most importantly, farmers and other members of society involved in agriculture and related activities. Removal of these limitations is an enormous job and would be difficult for a single project, like PADI, to resolve all of the problems in a 5-year time frame, especially when the whole public sector remains in a difficult position because of low salaries, insufficient motivation, and very limited funds for operation. Thus, the institutional role of GAPA should continue within the following framework:

First, the policy analysis and advising process is just one step in a sequence of activities that includes problem identification, research, analysis of policy alternatives, policy formulation, policy decisions, and policy implementation, including adjustment and evaluation. It would be difficult for GAPA to fulfill its role in carrying out this process if it did not work within a system as referred to earlier.

Second, GAPA should, continue developing strong relations with the rest of the public sector entities involved in the policy system, but not to the point of cancelling out any expected positive results of its own policy analysis and formulation work.

Third, beneficial policy implementation requires not only well articulated and germane policies but also a managerial capacity within the implementing agencies. Given the size of the public agricultural sector, and the limited managerial capacity, there should be a limited number of high priority policies selected for implementation at any one time until managerial capacity has been improved.

c. Prospects for Continuance of Current Institutional Arrangements After Project Termination and Feasibility of Private Sector Organism for Agricultural Policy Analysis in Cooperation with GAPA

The likelihood of continuation of the current GAPA structured as a small highly qualified nucleus of professionals to play the role of policy-oriented research and advisory service is conditioned by the following factors:

First, the willingness of the Minister of Agriculture (whoever he may be) to accept advice from highly-qualified technical staff and resist the temptation to have such a group dedicated to developing arguments in pro of preconceived political decisions. If this were to occur, the danger would exist of not attracting qualified, serious, and respected professionals as policy analysts, but, rather the need would be for experienced political advisors. It should be expected, however, that the policy analysis group would play an important role in the analysis of political initiatives for policy formulation and adjustment.

Second, availability of funds to pay such professionals who are exposed to "bearing the cost of wrong advice" and who have a high opportunity cost.

Third, the existence of a mechanism to allow the functioning of GAPA "close to the Minister," but not within the administrative structure of the public sector unless the salary constraints and administrative limitations were solved.

Fourth, not directly related to the above but equally important, the acceptance of GAPA within the bureaucracy particularly among the long-term career professionals of the Ministry (some of whom are highly qualified and receive low salaries) and see GAPA as "outsiders."

Recommendation. The Minister of Agriculture, GAPA, and USAID should support and develop an immediate strategy leading to the sustainability of the process of policy analysis and planning.

Recommendation. Extension of this agricultural policy analysis component of the APID Project should be of sufficient time to attract complementary funding and allow development of a procedure to institutionalize the process of agricultural planning and policy analysis. This length of time will undoubtedly be longer than the two or three-year current proposed extension. The current extension should be used to set in motion a mechanism for assuring broadening of the base for agricultural policy analysis and its long-term financial survival.

Recommendation. The GAPA activity of this new mechanism to institutionalize the process of agricultural planning and policy analysis should be kept as a small team. This is considered necessary to guarantee a highly effective yet rather informal group of professionals who play a key role in policy formulations and advice to the Minister, but who also bear the risk of being changed when the minister changes. This small group should, as it does now, have the capabilities to absorb information from research findings and transform it into policy information. In turn, they should orient the research of other groups in the system through a research institute or group of research centers with different capabilities.

Recommendation. The highest priority of the APID Project during the proposed period of extension should be creation of an Agricultural Policy Research Institute or similar mechanism to assure institutionalization of the process of agricultural planning and policy analysis. Its task should be the performance of research and analysis on key issues that lead to a sustained strategy for agricultural development and the policy instruments to be used to manage adjustments in policy. The mechanism (institute) should be characterized by the following:

- It should be a private or quasi-public organization created with domestic, public, and private resources and with external donor contributions.

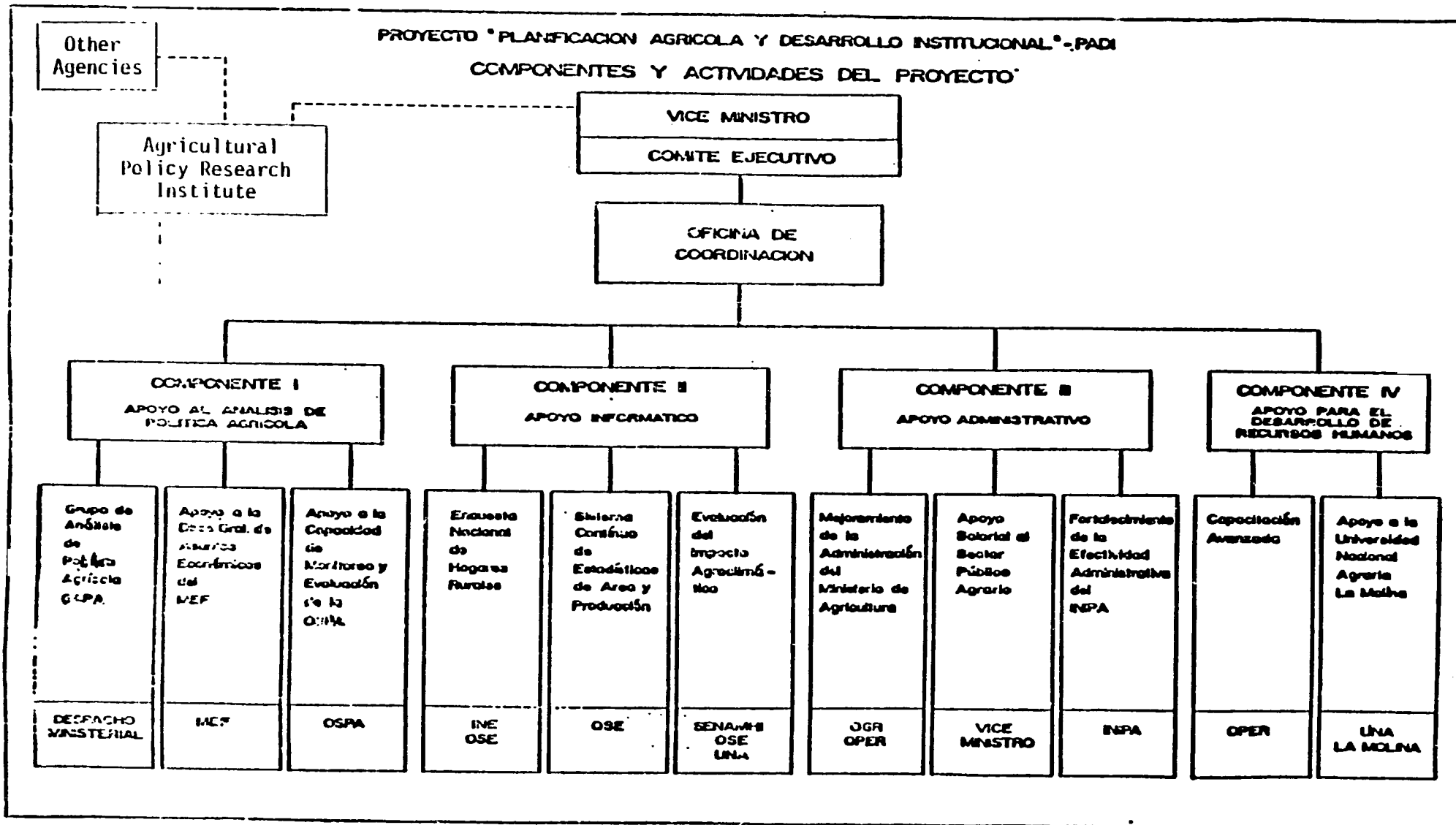
- Its commitment should be with the nation rather than with specific interest groups.
- To guarantee its pluralism, its Board should be broadly based and include distinguished and highly respected professionals regardless of their political affiliations or inclinations. The Board should be representative and chosen by officials and institutions such as the Minister of Agriculture, the Minister of Economics and Finance, the Rector of the Agrarian University, the rectors of the other private universities (at least two outside Lima), the President of ONA, the President of ADEX, the President of CONFIEP, and the President of the SNI. In this latter case, the interest is to identify and promote means of strengthening relations between agriculture and industry.
- It should also consider engaging in short-term training workshops and seminars.
- It should be close to the policy-making scene and for this it could provide GAPA with some of its senior policy staff on a rotation basis at the request of the Minister of Agriculture and upon approval of the Board.
- The institute should have an aggressive strategy for fund raising on the basis of research proposals that show evidence of its national interest.
- Its research program should be designed and executed in close collaboration with universities and other research groups nationwide, public sector entities, and international organizations working in areas of common interest.
- It should be kept as a small, but highly visible organization, respected nationally and internationally, and with capacity for evoking dialogue leading to strategic planning as well as to policy actions during moments of crisis.

Recommendation. This recommendation deals with a specific plan of action USAID should follow in creating the proposed new mechanism for institutionalizing a broadly-based process for agricultural planning and policy analysis. The objective is to have this new mechanism in place and functioning by the end of the proposed two year Project extension. The expectation is not that the new mechanism will be financially self-sustaining at the end of two years. It will require longer term financial funding (at least three to five years) from the international development assistance community to assure its longevity and relevancy for long-term as well as short-term analysis of agricultural policy issues. Specific funding recommendations are given later in this report.

The primary functions of this new mechanism should include the following:

- (1) Identification of policy issues requiring analysis.
- (2) Development of a prioritized agenda for policy research and analysis and writing of the specifications for proposals and scopes of services.
- (3) Solicitation and organization of people, institutions, and agencies for conducting priority policy analyses and studies.
- (4) Informal coordination of policy analysis, information, and management support services among people, institutions, and agencies.
- (5) Publication and extension of policy results for use by the relevant decision makers and institutions.

The new mechanism is not viewed as a replacement for any current activity in the APID Project. The proposed organizational linkage to the current APID Project is shown in Figure 1. As suggested in the previous recommendation, the new mechanism will be guided by a Board appointed by a broad representation of the public and private agricultural policy community. Therefore, the Minister of Agriculture is but one level of representation in the formation and implementation of the proposed new mechanism.



A primary forward linkage of the new mechanism is with the agricultural policy analysis support component of the APID Project. The primary users of output from the new mechanism will be the APID activities of GAPA, MEF, and OSPA.

The specific plan of action recommended for AID at this time is to jointly with the Vice-Minister of Agriculture appoint and fund a small team (four to five members) of professionals to give structure, content, and organization to the proposed new mechanism. Representation of the appointed team should include the following:

- Director of GAPA, Chairman
- Interministerial Representative
- Private Sector Representative
- MIAC Representative
- International Agricultural Policy Community (IFPRI, FAO, or IICA) Representative

The specific charge given to the team should be a report covering the following:

- 1) Long-term purpose and functions of the new mechanism for broadening the base of agricultural planning and policy analysis and a realistic appraisal of what can be achieved during the proposed two-year extension of the APID Project.
- 2) Description and legal basis for formal organization of the new mechanism.
- 3) Proposed staffing for the first two years and for the long term.
- 4) Level of funding for the first two years and for the long term including sources of funds.

The plan of action proposed above requires immediate input and cooperation from the GOP. The report should be completed within the next four to six months

and the formal organization of the new mechanism completed by the end of 1988 so that the 1989 budget for the APID Project can include the proposed funding.

An alternative to the above plan of action is to utilize the current MIAC contract to organize the Phase I of a new mechanism for broadening the base of agricultural planning and policy analysis. An Advisory Council could be established with similar representation as that proposed for the Board of the new mechanism. A Peruvian Director for the Phase I could be named, and MIAC could be used as the contracting mechanism for funding the prioritized agenda of policy research and analysis studies. High priority should then be given to forming Phase II of the new mechanism, and by the end of the two-year extension of the APID Project, the formal organization of the new mechanism should be completed including its legal basis and the proposed sources of funding for its continuation. Care must be taken to assure that Phase I is perceived as the first stage in creating a completely Peruvian institution for agricultural policy analysis.

ACTIVITY 2. Support to the Division of Economic Studies of MEF

1. Accomplishments

The external technical assistance in support to this activity was available in Peru since June of 1986. However, a more direct support to MEF was established beginning in January, 1987. Dialogue between GAPA and MEF has taken place since the early stages of the APID Project.

The main outputs of the support to MEF are four: (1) socioeconomic reports; (2) construction and utilization of a production-imports model; (3) expansion and update of the input-output model including more activities for the agricultural sector; and lately, (4) support for the construction of a macroeconometric model (ECCPOL) where the agricultural sector is highly disaggregated with linkages being built to analyze macroeconomic and fiscal policy impacts on agriculture. Of these

intermediate products the socioeconomic reports and the production-imports model are providing information for a more constructive dialogue between the MOA and the MEF. Yet the issues at which GAPA and MEF technical staff could devote their time are not limited to the narrow scope of the results of these two instruments.

2. Issues and Recommendations

As progress and applications are made in macroeconomic modeling and use of the input-output table, the number of issues for permanent dialogue between GAPA and MEF will increase. MEF will increasingly play a major role in the orientation of macroeconomic policies that lead to a joint strategy of the Ministries of Agriculture and Industry favoring a synergistic development of the agriculture-industry complex. This will be of great importance for the production of industrial products used by agriculture, agricultural products used by industry, and plans for the industrialization of agriculture, particularly small agroindustries located in rural areas. The data limitations could be gradually solved if the sectorial statistical offices (Agriculture, Industry, and others) were to produce the relevant data for sector and macroeconomic policy analysis. The efforts made at early stages of the Project with support of a PADI consultant were very fruitful in organizing sectorial data used by MEF in its policy analysis effort.

The MEF has suggested that they would benefit considerably if they knew in more detail the broad problems of agriculture and the package of agricultural policies. Their view is that this will help them to acquire an appreciation of how macroeconomic policy impacts on agriculture and, in turn, how the performance of agriculture influences the pressure for particular macroeconomic decisions. Thus, once again, dialogue within the policy analysis system is a key element for better policies.

Recommendation. Advisory services from GAPA, the Ministry of Industry and Commerce, and MIAC should be provided to MEF to guarantee proper modeling

formulation, otherwise the MEF Macro-Economists may err due to insufficient knowledge of the agricultural and industry productive sectors and their interrelations.

Recommendation. It would be useful for GAPA to take a lead role in the identification of macroeconomic policies that impact upon the agricultural sector. One way would be to promote joint efforts in the development of a strategy that focuses on the role of agriculture as a source of growth and identifies a consistent set of macroeconomic policies that promote growth of agriculture and agriculture-related industries, thus exploiting forward and backward linkages.

ACTIVITY 3. Support to OSPA in Monitoring and Evaluation Capability

1. Accomplishments

a. Introduction of the Project Management System (PMS) to Peru. The PMS, consisting of four management instruments: the Logical Framework, Performance Networks, Monitoring Reports, and Evaluation Reports, was unknown in the Public Sector of Peru until introduced in October, 1984. Since then, through training and application, the System has become widely-known and accepted, not only in the Agricultural Public Sector of Peru, but in other Sectors as well. Numerous written requests from Public Sector Officials for PMS training give testimony of its enthusiastic acceptance in Peru during the past two years.

b. Training in the Theory and Applications of the PMS. Approximately 1,300 executives, professionals, and technicians representing 180 institutional participants have attended 45 PMS training events. A computer-made record of the institutions as well as the individuals attending the events was kept and is available in OSPA.

c. Institutionalization of the PMS in PADI. It became necessary to establish an effective but still easy-to-use management system in PADI to assist

executives, managers, and project workers in project planning, implementation, and evaluation. PADI adopted the PMS in 1984, and, up to the current 1988 Operational Plan, the Coordinating Office as well as the Activity Managers have made extensive use of it in their planning, implementation, monitoring, and budget formulations.

d. Application of the PMS in Project Implementation. More than 200 plans, programs, and projects were put in the Logical Framework format. As a result of this work, changes in the design of projects were made, making them more apt for successful implementation. The application of the PMS in real situations provided the executives and professionals of the Agricultural Public Sector new and better ways to design, implement, and evaluate plans, programs, and projects.

e. Institutionalization of the Use of the PMS in the Agricultural Public Sector. The PMS has been widely accepted in the Agricultural Public Sector. Its value as a better management instrument for program/project planning, implementation, monitoring, and evaluation has been fully recognized and demonstrated in practice. As a result, OSPA saw the need to establish its use throughout the Sector. To this end, OSPA prepared a "Resolución Ministerial" to institutionalize the use of the PMS in the Agricultural Public Sector.

f. Institutionalization of the Use of the PMS in PROINDE and PRONADE. The Office of "Rationalization" (OGR) of the Ministry of Agriculture adopted the PMS to assist it in carrying out its "Programa de Desburocratización" (PROINDE). This came about as a result of the positive experience OGR acquired in the use of the PMS in prior works. Also, INAP, the National Institute of Public Administration, adopted the PMS to carry out its "Programa Nacional de Desburocratización" of the Public Sector (PRONADE). INAP has not only adopted the PMS, but has been training people to continue using the System throughout the Public Sector.

g. Development of a Computer Program to Process and Produce Reports for Budget Implementation Control. To monitor and control expenditure of PADI funds for Activity 03, OSPA produced a Report showing how the Activity spent its funds directly and how OGA spent funds on behalf of Activity 03. The report, named "Informe de Ejecución Presupuestal de la Actividad 03" contains information processed by computer using a program developed by OSPA specifically for such purposes. The report is of great value not only to know how the funds were spent, but also to provide the information for planning future budgets for the Activity.

2. Issues and Recommendations

a. Role and Capacity of OSPA

The achievements in this activity are meaningful and they represent the first step for a more orderly system of project design and management. However, the current limitations of OSPA including availability of qualified staff, a clear recognition of their function by higher levels in the Public Agricultural Sector, and provisions of operating resources as well as technical assistance to fulfill their role continue to restrict effective use of the products provided by the Project.

Strengthening of OSPA and the GAPA relations with OSPA are very important. This is required for a more permanent dialogue leading to more viable policy decisions, more effective policy implementation, and design of consistent agricultural investment programs and public projects with high multiplier effects induced through private sector investment. The latter, investment programming, is a task that OSPA should have the capacity to implement in close collaboration with the Development Corporations. In this way, OSPA not only prioritizes investments managed by the MOA, but also orients the investments of other institutions like the Corporations for the maximum benefit of agriculture and the rural population.

Recommendation. Resources from the PADI project should be used to strengthen the capabilities of OSPA at headquarters and in the Unidades Agrarias for long-term planning, the prioritization of public investment projects, and follow-up and evaluation of policies. In the coming years, the process of Regionalization through the Corporaciones de Desarrollo represents a valuable means of designing and implementing programs and projects that respond to regional needs, but which must also contribute to national goals. OSPA must have the capacity to evaluate and formulate appropriate policies for balancing regional objectives with national goals.

The MOA/IICA Agreement to provide highly qualified personnel to the APID Project includes four consultants assigned to OSPA. Two persons directly support the Project, one in the PMS activity and another in the formulation of a medium-term agricultural sector plan. The remaining two persons provide more general support in the areas of international agreements to provide agricultural machinery for the sector and for the promotion of agricultural sector investments.

Despite this heavy commitment of consultants to OSPA, the perception is a lack of capacity within OSPA to carry out this important function of investment programming for the public sector and creating the appropriate inducements for private investments. An evaluation of the outputs from the consulting resources should reveal whether the efforts are directed toward completion of Project objectives and the building of capacity within OSPA.

Recommendation. OSPA needs to carry the PMS to the level of evaluation of agricultural projects and programs including evaluation of the impact of changes in agricultural policies on these projects and programs. At the present time, OSPA does not have the time to develop the procedures including the microcomputer programs to make these evaluations. However, once the

procedures are worked out, OSPA will integrate the methods into their normal routines. The PADI Project should provide OSPA with the consulting services to complete the PMS program through the evaluation process including documentation of the procedures for using a sample of public sector projects and programs in the agricultural sector.

b. Quality of OSPA Staff

It has been widely acclaimed that availability of qualified staff is a major limitation of OSPA in fulfilling its functions of planning, monitoring, and evaluation of agricultural projects and programs. Yet as seen by the discussion under accomplishments, OSPA has put into place one of the most extensive Project Management Systems (PMS) to be found in any country.

The evaluation team met with several staff of OSPA including the following:

Ing. Gonzalo Silva Santisteban, Director

Eco. Jose Bejorano, Deputy Director

Ing. Jaime Paredes, Advisor

Ing. Timoteo Mitta, Activity Manager

It was our impression that this is a very dedicated and well qualified staff. It was also apparent that this staff did not have the time to develop new programs or methods, but that once programs were developed to help them carry out their functions they were most receptive and capable of integrating those programs into their normal routines and duties. This was how the PMS was developed and now is a major part of their normal work.

Summary and Further Recommendations

1. Summary

GAPA has played an important role in policy analysis and advice to the Minister of Agriculture and in the policy decisions reached in favor of agriculture.

This is evidenced in the quality of their analytical work, their participation in ministerial and interministerial policy committees, and recognition of the GAPA members' professional quality among many people. Their work has contributed to important short-term policy adjustments and to long-term impact legislation and programs including the strategic plan for Agriculture (Causa Agraria), Medium Term Plan for Agriculture (1986-90), Water Use Law, Campesino Communities Law, Program for the Reactivation of Agriculture (PRESA), Fund for the Reactivation of Agriculture (FRASA), Creation of the National Corporation of Food Marketing (CONAA), the 1987 New Law of the Agricultural Sector, and the Highlands Development Plan (Plan Sierra). Other contributions that were of immediate impact were the price administration system, Annual Plan for Food Imports, and Titling of Community Lands in the Sierra.

The three activities included in the APID Project component of agricultural policy analysis support are recommended for continuation under the proposed two year extension. In fact, this component of the APID Project will take on increased importance with establishment of the proposed Agricultural Policy Research Institute. Specific recommendations for the three existing activities and the proposed new activity were discussed in previous sections. Further recommendations on financial and technical assistance support are presented below.

2. Further Recommendations

a. Financial Support

Financial data from the Project Agreement and the Reformulated Budget are given below:

	Project Agreement (\$1000)			Reformulated Budget (\$1000)		
	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>
Creation of GAPA	1011	1495	2506	1628	1495	3123
Support to MEF	51	168	219	95	168	263
Support to OSPA	<u>145</u>	<u>425</u>	<u>570</u>	<u>178</u>	<u>425</u>	<u>603</u>
Total	1207	2088	3295	1901	2088	3989

Financial data from the PADI Coordinating Office as of February 9, 1988 shows the following expenditures, 1988 budget, and remaining budget for 1/1/89:

	Expenditures through 12/31/87 (\$1000)			1988 Budget (\$1000)			Remaining Budget 1/1/89 (\$1000)		
	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>
GAPA	1261	333	1594	157	149	306	209	1013	1222
MEF	61	36	97	31	6	37	3	126	129
OSPA	<u>127</u>	<u>184</u>	<u>311</u>	<u>71</u>	<u>82</u>	<u>153</u>	<u>(19)</u>	<u>159</u>	<u>140</u>
Total	1449	553	2002	259	237	496	193	1298	1491

The financial data indicate that about 37 percent of the total budget remains after December 31, 1988. However, a major part of the remaining funds is from the GOP public treasury. Less than 10 percent of the AID loan funds will be available for the proposed two-year extension. A large amount of the AID loan fund expenditures through 12/31/87 have gone into Activity 1 for the Creation of GAPA. Almost half of the 1988 Budget for GAPA comes from GOP funds which is a substantial increase over GOP expenditures through 12/31/87. This only suggests that a major part of the funding for GAPA during the proposed two-year extension will need to come from the GOP.

The rate of total annual expenditure for the three activities has been about \$500,000 per year. This is also the level for the 1988 budget. At this annual

rate of expenditure, there would be sufficient funds for the proposed two year extension. However, the major part of these remaining funds are from the GOP public treasury. Less than \$200,000 will be available from AID loan funds.

Recommendation. AID should pursue how firm the availability of GOP funds are for these activities during the proposed extension. The following would appear to be the normal rate of expenditure for the proposed two year extension:

	<u>1989 Budget (\$)</u>	<u>1990 Budget (\$)</u>
GAPA	380,000	380,000
MEF	27,000	27,000
OSPA	<u>93,000</u>	<u>93,000</u>
Total	500,000	500,000

This would leave about \$245,000 per year available for creation of the Agricultural Policy Research Institute.

b. Technical Assistance

Technical assistance will be required in three areas during the proposed Project extension: (1) to assist in creation of the Agricultural Policy Research Institute, (2) to assist the MEF in making operational the quantitative models for analysis of the impact of macroeconomic policies on agriculture, and (3) to assist OSPA in developing PMS procedures for evaluating the effects of agricultural policies on sector projects and programs.

Recommendation. AID grant funds should be made available over the two-year extension for one long-term advisory position to assist in creation of the Agricultural Policy Research Institute and for three-person months per year of short-term technical assistance to advise the MEF and OSPA. This is a total of 30 person

months of long and short-term technical assistance over the two-year extension. This would require about \$225,000 grant funds per year for the two-year extension.

B. Information Support

Reliable information to guide decision making in both the public and private agricultural sectors was identified as a principal constraint in the justification for the APID Project. It is fair to say that less was known about agricultural production and the characteristics of production and producers at the beginning of the 1980's than was known during the 1960's. At least two factors have contributed to this phenomena. One, agriculture as a production system has become more complex with more producers, more commodities, more technology options, and more marketing alternatives. The agrarian reform itself contributed to this complexity with more producers and management and organizational systems. The second factor is that agricultural statistical reporting systems were disrupted and ceased to exist for a period of time. The APID Project rightly identified the need to reestablish agricultural statistical data series and to introduce new statistical methodologies in the data processes.

The information support component of the APID Project established three activities for implementation and funding:

Activity 4: National Rural Household Survey

Activity 5: Continuous System of Area and Production Statistics

Activity 6: Agroclimatic Impact Assessments

The activities have been implemented with varying degrees of success. Accomplishments and recommendations are discussed for the individual activities.

ACTIVITY 4. National Rural Household Survey

1. Accomplishments

This activity is widely recognized as a major success story for the APID Project. The survey itself was completed early in the Project period. A series of studies were commissioned using the survey data base. The studies are completed and the galley proofs of the manuscripts are in GAPA awaiting final editing and publication in book form.

This activity is a good example of the type of cross-product interaction that is possible with the APID Project. Results of this rural household survey and the studies completed were used by GAPA in formulation of the Highlands Development Plan (Plan Sierra). Results of the survey have been widely used in describing income conditions and other socioeconomic characteristics of rural households. This is also a good example of expediency in completing the survey, processing of the data, and publishing of the survey results.

2. Issues and Recommendations

a. Continuing Usage

The Mid-Course Evaluation of the APID Project identified the limited human resource base within GAPA as a constraint to analyze the important data contained in the survey. A technical committee was established within GAPA to identify research themes, commission studies, and coordinate publication and distribution. Now that this has been accomplished, there appears to be no further follow-up on usage of the survey data. GAPA has not included usage of survey results in any subactivities proposed in their 1988 work plan. Neither has any other activity in the APID Project identified usage of the survey data.

Recommendation. The technical committee within GAPA should determine if additional analyses of the survey data would assist in the broad

perspective of policy analysis and formulation. If so, an additional set of studies should be considered for implementation during the proposed Project extension. The proposed Agricultural Policy Research Institute should also consider usage of this survey data in basic research projects.

b. Availability of Data Tapes

In discussions with GAPA staff it was unclear whether the data tapes were, or were not, available from the National Statistics Institute (INE). Once it was mentioned that different runs of the data could be requested but that no one had requested any. Most (if not all) of the analyses of the data that have been done used the published tables from hard copy. It was not clear whether microcomputer access to data was available or not.

Recommendation. The PADI Coordination Office should determine the availability of data and data tapes for the rural household survey. The parameters of usage should be defined, manuals of data description and access published, and marginal funding made available for further data access and analysis.

ACTIVITY 5. Continuous System of Area and Production Statistics

1. Accomplishments

The Project Agreement has identified outputs for this activity as the following:

- Primary output includes periodic bulletins of objective, accurate data on national crop and livestock production, areas planted, expected yields, crop projections, areas harvested, yield obtained, livestock inventories, and marketings.
- Special surveys on specific issues such as costs of production, farm income, farm capital, and labor usage.
- Annual statistical abstract for agriculture.

- Secondary outputs including (a) construction of an area sampling frame; (b) design of crop and livestock survey questionnaires; (c) instruction manuals for survey enumerators; (d) training courses for enumerators; (e) instruction manuals for editing, summarizing, and publishing data; (f) operating plans for statistical data gathering in each Agrarian Region; and (g) software programs for editing and summarization of incoming data.
- Distribution of bulletins and statistical abstracts to relevant offices and institutions.
- Memorandum to the Minister of Agriculture describing significant changes in production estimates and identifying other matters of policy significance.

The Montie and Josephine Wallace end-of-tour report through July 22, 1987 lists the accomplishments, problems, conclusions, and recommendations pertaining essentially to the area sample frame.

To our knowledge, no bulletins on national crop and livestock production data have been turned out; no survey data have been released on cost of production, farm income, farm capital, and labor usage; no annual statistical abstract has been published; and no bulletins or statistical abstracts have been distributed. However, a number of secondary outputs have been or are in the process of completion including construction of area sampling frames, survey questionnaires, survey procedural manuals, trained enumerators, and computer software programs. Perhaps Memorandums have been prepared for the Minister of Agriculture on significant changes in production estimates, but these are based on unpublished data.

The 1988 Work Plan identifies as the three highest priority areas those of continuing with construction of sampling frames, sample design, and sample

surveys for specific Departments. The fourth priority is improving the traditional system for data collection and the fifth priority is revising, making consistency checks, and publishing the Annual Statistical Abstracts from 1976 to 1986.

This activity of PADI has suffered the most from misdirection, implementation delays, and lack of any significant end-product output.

2. Issues and Recommendations

a. Reassessment and Reorientation

Apparent lack of consensus among experts during original project design should have given sufficient warning in approaching implementation of Activity 5. Complete immersion into area sample frame methodology as the highest priority subactivity in reestablishing a continuous system of area and production statistics was a mistake. It is time for a reassessment and reorientation for this activity.

Recommendation. The problems in this activity require professional assessment by an experienced statistical reporting field statistician with no preconceived bias toward one methodology over another and no vested interests in a particular outcome. AID should contract such a statistician to make recommendations for both the short run and the long run in developing an appropriate statistical reporting system for Peruvian agriculture. This should have the highest priority for the information support component of the APID Project.

b. 1988 Work Plan Priority

Recommendation. Priorities for the 1988 Work Plan should be revised even before the assessment recommended above is completed. The priority of products should be reversed. Products four and five on improving traditional data systems and publishing the annual statistical abstracts should have priority over products one, two, and three in expanding the area sample frame and taking additional sample surveys. It would be most useful if OSE were to publish existing

data and thus assist in providing information useful to the policy formulation process.

c. Analysis of Existing Sample Surveys

A number of sample frames have been completed for different Departments and a number of surveys have been taken. However, there is no evidence that survey results have been used in any analyses. Much experience could be gained by young researchers if a program were designed to identify researchable problems using available survey data or existing area sample frames.

Recommendation. A small research grants program should be designed by the PADI Coordination Office to encourage use of the OSE area sample survey results or the area sample frame for specific regions in the country. Such small research projects could utilize the area sample survey results (when available) for analysis of production systems, farm input use, and policy-related analyses of farm income. Existing area sample frames could be used for original surveys of researchers desiring information not contained in existing survey questionnaires and results. One of the main benefits to be derived from this recommendation is the experience to be gained by young research scientists in data analysis, development and application of research procedures, and the interaction of research personnel and producers.

The Data Users Committee established under the PADI Project could be used to establish the competitive small research grants program including formulation of priority research areas, developing project selection criteria, and assisting young professionals in carrying out their research programs.

ACTIVITY 6. Agroclimatic Impact Assessment

Variations in weather -- drought, frosts, and flooding -- can damage crops, decrease farm income, and have ripple effects throughout the economy. Above-average growing conditions can bring about bumper crops, decreased prices, and strained storage capacity. Such conditions often require changes in marketing strategies and government policies. As a result of Activity 6, the Ministry of Agriculture has a much improved capacity to anticipate the impacts of weather variability on the sector. A well-managed joint effort between the Oficina Sectorial de Estadística (OSE) of the Ministry of Agriculture and the Servicio Nacional de Meteorología e Hidrología (SENAMHI) of the Ministry of Defense is responsible for much of this increased capacity.

1. Accomplishments

Accomplishments of Activity 6 were detailed in a report prepared for the Evaluation Team by Dr. Walter A. Sanchez A. titled "Evaluación del Impacto Agroclimático: Avances y Logros de la Actividad" and dated February, 1988. In addition, the team was given a detailed briefing by the Activity Managers and staff from OSE and SENAMHI.

The activity has seven outputs, and each is represented by a document(s) for distribution to potential users. These outputs are

- (1) National Agroclimatic Evaluation Alert Bulletin issued every 10 days,
- (2) Monthly Agroclimatic Evaluation Alert Bulletin issued at the Departmental level,
- (3) Monthly Agroclimatic Evaluation Alert Bulletin issued for selected valleys,
- (4) Monthly Alert Bulletin on (Expected) Agroclimatic Impacts on Production (by crop) at the National level,

- (5) Alert Bulletins on Evaluation of Current (Unexpected) Agroclimatic Conditions on Agriculture at the National and Department levels,
- (6) Detailed Agroclimatic Bulletin for Peru, and
- (7) Calendar for Crops Plantings and Harvestings.

Users of these agroclimatic evaluations vary widely and include producers, producer associations, marketing agencies, public agencies and officials, researchers, and news reporters. Number of copies distributed varies from a few hundred to over a thousand.

Emphasis during the first two years on training programs, making weather reporting stations operational, and compiling basic data and information allowed the activity to start reporting on agroclimatic evaluations very early in the Project. This also freed up resources that were then used for evaluation and analysis, report writing, and improving the content of each succeeding reporting document. For example, the National Alert Bulletin produced every 10 days started in November 1985; the Department Alert Bulletin for some departments started in August, 1986; the Monthly Alert Bulletins for selected valleys started in November, 1986; and the Monthly Alert Bulletins on expected agroclimatic impacts on crop production started in November, 1987. It is interesting to see the improvements in bulletins (new maps, new charts, better copy) as more resources have been devoted to the final products and less to training and compiling the basic data and information base.

2. Issues and Recommendations

a. Institutional Balance

Results of this activity have been far superior to previous work and what exists in other linking agencies. There could be a danger of this activity getting too far ahead of other linking agencies in technologies, methodologies, and utilization of results. The activity already serves as a model for other countries and an

increasing amount of time is being used for giving descriptions and discussions of the activity to international and national groups. One danger of being too far ahead of other groups is the tendency to be drawn into activities not related to agroclimatic evaluations because of technological and methodological superiority.

Recommendation. It is important that this activity stay in sync with other linking agencies. Therefore it is recommended that the activity hold seminars and workshops explaining methodologies, results, and potential problems. The activity should also work with linking agencies to identify sources of funding and technical assistance.

b. Utilization of Results

There are many indications of high levels of utilization of activity results. Public officials make reference to activity results in speeches and news releases. They also request information on specific regions and crops before making visits to regions and making announcements on government crop programs and policies. Regions have recognized the importance of agroclimatic evaluations by supporting and issuing their own Alert Bulletins.

Recommendation. It is important that this activity maintain visibility and high utilization of its products. Therefore the activity should hold seminars and make presentations at meetings of producer and marketing organizations, town meetings, and government extension and planning meetings.

c. Forward Planning for Food Imports and Exports

Recommendation. References have been made to utilization of Alert Bulletins for evaluating expected crop shortages and the need for food imports. Much of the evaluation is of a qualitative nature with little basis for establishing quantitative results. The activity should begin to move into areas of conceptualizing a quantitative modeling framework, relating more closely agroclimatic evaluations to policy decisions, and identifying control mechanisms for

tempering impacts of adverse agroclimatic conditions. This should be viewed as a long-run objective and not as a replacement for the timely Alert Bulletins.

d. Benefit Distribution

Recommendation. The major beneficiaries of this activity are commercial agricultural producers and consumers of food crops who benefit from better policy decisions during times of crop shortages and excesses. Subsistence agriculture benefits to a much lesser extent. However, low resource producers could benefit if more were known about the linkages of agroclimatic impacts to technology adaptations by these groups. The activity should begin to conceptualize these linkages but, again, not at the loss of issuing the timely Alert Bulletins.

e. Appropriate Mechanisms for Transmission of Data and Information

Recommendation. Reference was made to lack of agreement between AID and the activity on the appropriate mechanisms for transmission of data and information between central and field offices and reporting stations. This Evaluation Team is not qualified to assess the specific mechanisms and processes. If AID feels uncomfortable with the activity request they should seek a qualified expert to make a timely assessment. However, it would appear that the activity's own specialists have the ability to assess what is most appropriate.

f. Other Funding Sources

Recommendation. This activity is closely linked to other international programs such as disaster relief and worldwide agroclimatic conditions. The activity should seek out these other programs, build linkages, and request supplementary resources as they pertain to their objectives of agroclimatic evaluation.

Summary and Further Recommendations

1. Summary

Three activities were defined for providing information support to the Project purpose: (1) conducting a National Rural Household Survey, (2) establishing a Continuous System of Area and Production Statistics, and (3) a system for making Agroclimatic Impact Assessments. The National Rural Household Survey has been completed and a series of studies were commissioned using the survey data base. The studies are completed and the manuscripts are awaiting final editing and publication in book form. The data tape should be made available for use by the professional community at large.

Progress has been made on establishing the area sample frame for collecting area and production statistics. However, little progress has been made on releasing data results even though a number of surveys have been conducted. In part, the lack of data results is due to a need to readjust sampling systems to decrease sample variance. Emphasis should be placed on verifying and publishing data already in existence and on improving traditional methods of reporting area and production statistics.

A series of seven products is currently being turned out under the agroclimatic impact assessment activity. A wide distribution is being made on each of the products. The system is functioning very well, but a source of funding is needed to continue current operations. The activity is ready to move more strongly into a second phase of operation that analytically associates agroclimatic information to policy objectives, quantitative assessments, and policy decision making.

2. Further Recommendations

a. Financial Support

Financial data from the Project Agreement and the Reformulated Budget are given below:

	Project Agreement (\$1000)			Reformulated Budget (\$1000)		
	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>
Nat. Rural Household Survey	608	208	816	662	208	870
System of Area Prod. Statist.	1253	759	2012	1301	759	2060
Agroclimatic Impact Assessment	<u>411</u>	<u>454</u>	<u>865</u>	<u>751</u>	<u>454</u>	<u>1205</u>
Total	2272	1421	3693	2714	1421	4135

Financial data from the PADI Coordinating Office as of February 9, 1988 shows the following expenditures, 1988 budget, and remaining budget for 1/1/89:

	Expenditures through 12/31/87 (\$1000)			1988 Budget (\$1000)			Remaining Budget 1/1/89 (\$1000)		
	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>	<u>AID Loan</u>	<u>GOP</u>	<u>Total</u>
Household Survey	625	92	717	0	0	0	37	116	153
Prod. Statist.	725	290	1015	201	151	352	376	318	694
Agroclimatic	<u>525</u>	<u>409</u>	<u>934</u>	<u>274</u>	<u>180</u>	<u>454</u>	<u>(48)</u>	<u>(135)</u>	<u>(183)</u>
Total	1875	791	2666	475	331	806	365	299	664

In the aggregate, only about 16 percent of the reformulated budget will be available for the proposed two-year Project extension. The Agroclimatic Impact Assessment will have a negative balance at the end of 1988 if expenditures equal the budgeted amount. With completion of the National Rural Household Survey, there remains \$153,000 in the activity budget available for reprogramming. The

annual rate of expenditure through 1987 for the two remaining activities is the following:

<u>Activity</u>	<u>Annual Rate of Expenditure (\$) through 12/31/87</u>
Production Statistics	254,000
Agroclimatic Assessment	<u>234,000</u>
Total	488,000

It would appear that the 1988 Budget is significantly larger for both of these activities than existed in previous years, particularly for the Agroclimatic Impact Assessment Activity.

Recommendation. If the rate of expenditure remained the same as existed through 12/31/87 the 1988 Budget and Remaining Budget from 1/1/89 would be the following:

	<u>1988 Budget (\$1000)</u>	<u>Remaining Budget from 1/1/89 (\$1000)</u>
Household Survey	0	153
Prod. Statist.	254	791
Agroclimatic	<u>234</u>	<u>37</u>
Total	488	981

The Remaining Budget from 1/1/89 would be \$981,000 which would be sufficient to cover the proposed two year Project extension at the previous rate of expenditure. However, the 1988 Budget for Production Statistics and Agroclimatic Assessments is \$318,000 more than the annual rate of expenditure through 12/31/87. This may be due to slow start-up during the beginning of the Project and thus a lower annual rate of expenditure. It may also be to an over estimation of budget for 1988 and if

expenditures are not at this higher rate there would be more funds available for the period of extension.

b. Technical Assistance

Recommendation. AID should use Evaluation funds to contract a statistician to make recommendations on the reassessment and reorientation of Activity 5: Continuous System of Area and Production Statistics. An additional two months of short-term technical assistance should be made available during Project extension to assist Activity 5 in getting their statistical reporting series back on track.

C. Management Support

The Project Agreement identified three activities under the management support component of the APID Project and the first activity had two subactivities:

Activity 7: Improving Management of Ministry of Agriculture

- a) Policy and Program Management Improvement
- b) Personnel Management Strategy

Activity 8: Salary Support for the Public Agricultural Sector

Activity 9: Strengthening Managerial Effectiveness of National Institute for Agricultural Research and Extension (INIPA)

Implementation of this component has not followed an easily tractable path. Activity 7 was subject to considerable interpretation by the Project Coordination Office. This was due basically to project design goals that were really unattainable given the narrowness of the targets specified and the amount of resources allocated. Activity 8 was revised because of a change in AID policy and Activity 9 was implemented with AID grant funding and INIP's own resources. The following discussion is centered mainly around Activity 7 and in terms of how it was actually implemented.

ACTIVITY 7. Improving Management of Ministry of Agriculture

The activity design projected two subactivities for the improvement of Ministry management of the agricultural public sector.

One (APID Activity 7.a.) was to create a focal point where managerial constraints could be identified and where prioritizing could take place for those susceptible to improvement. This focal point was the creation of a Committee for Management Improvement (CMI). This Committee would be chaired by the Vice Minister as a permanent function of his office. The Vice Minister was to be supported in his role by a "permanent assistant for management improvement." Members were to be "the heads of the Agricultural Sector Planning Office, the Office of Administration, the Office of Rationalization, the Directorate of Commercialization, and others which the committee may decide to include." The broad mandate was to improve the Ministry's management and to enhance the Ministry's capacity to respond to crises. The Committee was to "identify important management problems, focus attention at the highest levels of the Ministry on the resolution of those problems, and coordinate efforts to resolve them." The products of these Committee assessments were to be coordinated by the Management Assistant to the Vice Minister and his office was to be charged with the responsibility to develop solutions to the problems. This was to be the Office of Rationalization (OGR) with the responsibilities for the development of a Management Information System (MIS), emergency preparedness plans, and management of resources to solve these problems. In short, the OGR would be the primary mechanism for directing resources, whether in-house or from outside entities, to improve MOA management practices.

The second subactivity (APID Activity 7.b.) was the "Development of a Long-term Personnel Management Strategy." This was to be done through assistance to the Ministry's Office of Personnel.

The CMI was never able to function as the project visualized. The success of such a concept depends too much on personalities and personal convictions. Also, the tenure of Vice Ministers in Agriculture is usually too short to have the impact needed for such radical changes as management improvement implies. By the end of 1986 the CMI retreated into nonexistence and the role since then has been basically played by the Project Coordination Office. As a result there has been a gradual erosion of the original focus intended and the outputs appear more targets of opportunity than policy and strategy formulation.

The following discussion of each subactivity presents the track originally conceived and an assessment of what is of value to be considered for approval in 1988 and carried forward into 1989/90.

ACTIVITY 7.a. Policy and Program Management Improvement

1. Accomplishments

While there has been a considerable number of undertakings attributed to this activity none have realized a cogent system or policy change. Lack of achievement of goals is primarily due to the very nature of the Office of Rationalization. In administrative systems and policy development they have a task that is beyond their human and physical resources. However, more of the paucity of successes achieved by the Office of Rationalization is due to the lack of direction from top management than to inadequate skills of the office personnel. To be the leader of change was never a real possibility and would have been doubtful even had the "Committee for Management Improvement" existed and been effective in convincing top management of the needed changes.

The only output that has cohesiveness and could influence policy decisions is the Institutional Operations Plan (Plan Operativo Institucional - POI), which was first published in early 1987. The first report is a quantitative accumulation of all

Ministry of Agriculture Sector activities. The quarterly reports following each issue are to show accomplishments against the established targets. Yet to be developed is the final part of the report which will qualitatively treat each activity line grouping. Due to its infancy, the report has not yet gained a clientele. To do this there must be a demonstration of continuity of production and development of data. Additionally, the utility of the reporting system must be actively promoted by the new Technical Director for Administration.

2. Issues and Recommendations

In our opinion the POI is the only initiative in the Activity 7.a. Budget Proposal for 1988 that should continue after December 31, 1988. However, the USAID must review the acceptance gained by the POI at the end of this current year before considering continuation into 1989. No assistance should be needed for 1990 if the Ministry finds the POI of real value in their decision making.

Action Training Programs have been more targets-of-opportunity than concerted training efforts. There has been no centralized theme for follow-up to measure effectiveness. The programs for 1988 are basically reflective of the needs to propagandize and promote the decentralization policy promulgated by the recent Organic Law of the Ministry of Agriculture as published in the official newspaper on June 29, 1987. The USAID should seriously examine the implications of being associated, through financing, with the policies being implanted. Once committed, future withdrawal will be very politically sensitive.

Recommendation. Continuation of the POI for 1988 as projected in the current Budget Proposal is recommended (\$23,500 approximately). Continuation for 1989 should be only upon proven utility and acceptance of the product. Association with the "Action Training" should be discontinued beginning with the operational year 1988. An accommodation could be made by having this activity supported only through GOP Public Treasury funds (Counterpart).

ACTIVITY 7.b. Personnel Management Strategy

1. Accomplishments

The task of the Office of Personnel (OP) was to "Carry out studies to examine the MOA's personnel recruitment, promotion, assignment, and human resources development practices." The outputs were referenced as "strategy" and were to include: "(1) establishment and implementation of effective policies for recruiting, transferring, and promoting individuals in order to enhance compatibility between job requirements and employee qualifications; (2) job specifications for job positions; (3) design, testing, and implementation of guidelines for providing non-monetary and low-cost incentives for better performance, motivation, and retention of employees; (4) action-training workshops, courses, briefings, and orientations that change attitudes, help create and test simplified new support procedures, and extend the scope of the effective use of proven procedures; and (5) coordinated plans for rationalizing personnel and meeting skill and occupational requirements."

The first three strategy outputs and the last have not been realized. The annual work plans show that some part of each output was programmed for execution but none was completed and installed. For example, the preliminary study of the personnel organization referenced in the Mid-Course Evaluation remains incomplete. According to those interviewed in the Ministry Administrative Office (OGA) the attempts at computerizing personnel data have been temporarily abandoned pending the Wang installation. The installation has been more than two years delayed. A study was made to determine what might be done in nonmonetary or low-cost incentives but the recommendations were rejected as impractical. There have been attempts at developing general employee relations activities, but nothing has been done to reward excellence of performance or stimulate quantity increases in work effort.

The fourth strategy output, Action Training, has been largely directed towards the administration of programs. The need for this type of training is manifest but does not really address the intended target of this activity. The MOA Administrative Office (OGA) recently published a resumé of their training efforts. None of the actions or events undertaken to date in this strategy have had an effect on the achievement of the project's goals.

2. Issues and Recommendations

The activity plan presented by the PADI Coordinating Office for 1988 has focused on four products or budget categories: (1) the design and installation of an information system for the Ministry; (2) an Action Training program; (3) installation of an accounting system (related to the first item); and (4) the definition of the administrative process stemming from the new Sector Organic Law.

The first budget category, installation of an information system for the Ministry, was submitted to the USAID for approval in mid-1987. At that time it was not presented for funding by any specific Project category. An on-site evaluation of the request was made by the Deputy Director of M/SER/IRM who recommended no action be taken until a requirements analysis is received and evaluated. The proposal is for 10 work areas to be computerized: one relating to the Office of Administration where the Personnel function resides with accounting, rationalization, legal, engineering, and communications and public relations; two are in areas of PADI (GAPA and Coordination); and the remaining seven are not directly project related (offices of the Minister, three Vice Ministers, etc.)

This proposal is, as presented, beyond the scope and time frame of the project. Also, the "product" is not part of the original goal of Activity 7.b. However, the goal of 7.b. was not attainable without a mechanized information system in place and operational. The proposal is of extreme importance when separated into two phases: first, the area of Administration (includes budget and accounting,

personnel, inventories, and flow of documents control) and PADI (GAPA and Coordination); and second, the integration of the Offices of the Minister and Vice Ministers, etc., into the system.

The design and installation of well-developed computerized information systems in the area of Ministry Administration (OGA) would have an impact greater than previously envisaged and actually executed. The importance of this impact would perhaps rival that of GAPA and would have a superior survival opportunity. An installed financial information system will completely alter the present position of an inability to respond to timely budget presentations and present analysis of current accounting data. Policy information must have current and reliable financial data to be relevant. An accredited information systems source (e.g., Price Waterhouse, Haskins & Sells) should be contracted to give dimension to the task and assure systems integration between each administrative unit and to provide for interface considered in Phase Two. This source would define hardware and software requirements plus manpower technical training.

The computer access installation that the OSE plans to provide will severely restrict OGA as they would be completely dependent upon OSE for time availability, a real constraint for everyone when payrolls must be prepared. OGA needs direct access to an "intelligent" computer center within the Ministry of Agriculture.

Recommendation. It is recommended that the scope of Management Support be modified to accept this initiative and provide adequate funding for needs assessment, systems design, hardware/software purchase, personnel training, and subsequent loading to complete the implementation. Phase One (Administration, GAPA, and Coordination) should be considered for 1988 and Phase Two (all other) should follow in 1989 if Phase One demonstrates viability. This modification would

automatically incorporate product three into Phase One. Our estimate is that Phase One would cost approximately \$25,000 Phase Two would be under \$100,000.

The second product or budget category (Action Training) is not activity related as the training does not address Project outputs as originally defined.

The fourth product or budget category is for the definition of the administrative process for implementing the Sectorial Organic Law in the Ministry. This category is also misplaced. Further, we question the advisability of using project funds for implementation of the Organic Law.

Recommendation. It is recommended that the USAID advise the PADI Coordinating Office of the basic incompatibility of products two and four with Activity 7.b. and that they are not approved for loan funding in 1988. Possible continuation from GOP Public Treasury counterpart funds for 1988 should be accepted.

ACTIVITY 9. Strengthening Management Effectiveness of INIPA

Our objective in evaluation of this activity was to observe the effectiveness of the outputs 15 months after their apparent implementation. While the development of systems and procedures progressed further than any of the 7.a. and 7.b. initiatives, there was no apparent lasting results. This was due to the technical assistance being an external initiative without the accompanying resources necessary for implanting management changes. Also, the technical assistance was attached to the Office of Rationalization which was lowly regarded throughout INIPA.

D. Human Resource Development Support

Two activities were identified for implementation in the APID Project component on human resource development support:

Activity 10: Advanced Training Program Administered through a Technical Training Division in MOA and managed by UNA

Activity 11: Support of the National Agrarian University

Materials used in the evaluation of these activities included:

- (1) Report submitted by the Activity 10 Manager, "Resumen de Actividades 1986-1987," Programa de Capacitación Avanzada.
- (2) Final Report of Jonathan E. Smith, Deputy Chief of Party, MIAC, dated 12/29/86.
- (3) USAID/Peru Project Review, Semi-Annual Report, APID, dated 9/30/87.
- (4) Meetings with both Activity Managers.
- (5) Meetings at UNA.

ACTIVITY 10. Advanced Training

1. Accomplishments

The Project Agreement defined the following set of outputs for this activity.

- (1) Establishment of a Technical Training Division in the MOA.
- (2) U.S. graduate training for four Ph.D.'s and 11 M.S.'s.
- (3) Full-time graduate training in Peru for 15 M.S. degrees and further graduate credits for 10 additional students.
- (4) Part-time technical graduate training for regional personnel - 400 professionals completing 2,600 credit hours and 10 earning M.S. degrees.

The list of accomplishments after four years of implementation are significant but the activity will not be able to bring to closure many of the programs started. Some of the accomplishments include the following:

(1) The Division of Technical Training was created within the Office of Personnel by Vice Ministerial Resolution of May 23, 1985.

(2) The Office of Personnel contracted with UNA to provide technical assistance in establishing an advanced training program for the MOA.

(3) An analysis of advanced training needs in the MOA was conducted. Results of the analysis indicated a large need, interest, and demand for advanced training but there were also several limitations identified. Limitations included identification of potential trainees with unacceptable academic qualifications for entering graduate programs, lack of knowledge of English, out of the targeted age bracket, and insufficient years of public service. It was also determined that it would not be possible during the period of the PADI Project to complete 15 degree programs outside the country as called for in the log frame.

(4) Six students are enrolled in M.S. graduate programs at Chapingo, Mexico.

(5) Seventy-one students started M.S. programs in Peru with eight discontinuing their program after a time, nine completing the course work by the end of 1987, and one completing the thesis.

(6) Two MOA staff were in special advanced training programs.

(7) Two MOA staff were approved for degree completion programs.

(8) Numerous staff have been enrolled in short courses, seminars, and other training programs.

2. Issues and Recommendations

a. Management of the MOA Training Program

A training division was to be created within the MOA by the PADI Project. The National Agrarian University was to manage the training division for the MOA on a contract basis. The arrangement appears to be very open-ended with little

substantive input from the University except by the Activity Manager and little substantive input from technical divisions of the MOA. It would appear that training programs should arise out of felt needs within the MOA. On the basis of these felt needs very specific training programs could be identified. At this point, with training programs identified by the MOA itself, a specific contractual agreement could be arranged to implement the programs.

Recommendation. The Training Division within the MOA should be strengthened sufficiently to identify training needs within the MOA and to develop its own contractual arrangements to implement needed training programs.

b. Bringing to Closure Training Programs Started Under the PADI Project

The MOA advanced training program started under the PADI Project is substantial. Close monitoring will be required to assure that M.S. level participants complete their thesis requirements. Of the nine persons who completed M.S. course work in 1987, only one has completed the thesis.

However, 40 participants are scheduled to begin the thesis program during 1988. All course work for M.S. programs currently underway is scheduled for completion by December 31, 1989.

Recommendation. The specific requirements to bring each individual training program to closure needs to be identified and appropriate assistance provided. This is particularly important for identifying thesis research topics, potential research projects, and advisors for guiding the student research efforts. This should receive the highest priority under Activity 10.

Recommendation. The financial resources needed to bring to closure all training programs started under Activity 10 of the PADI Project should be estimated and presented to the PADI Executive Committee for review and budget

approval. PADI Project funds should be reserved for completion of all training programs started by the Project.

c. Continuing Assistance to the MOA Training Division and Training Programs

Recommendation. As part of the proposed Project extension, an assessment should be made on the resource requirements for continued strengthening of the MOA Training Division and training programs. An assessment should be made on how much of these training needs will be met through the ATT Project and how much will remain for funding and implementation under other projects.

ACTIVITY11. Support of National Agrarian University (UNA)

This activity in many ways is viewed as an appendage to the APID Project for the following reasons. (1) The scope of the activity does not fit neatly into the stated Project purpose to increase the GOP capacity to formulate sound, coherent agricultural sector policies, and to manage implementation of these policies effectively. The activity very broadly supported faculty stabilization (salary support) and development; infrastructure components of library reference materials, English language laboratory, and instrument repair and maintenance; graduate teaching and research fellowships; and international institutional linkages. (2) The UNA is an autonomous institution implementing a component of the PADI project that is only peripherally related to the Project purpose through institutional development but is being tightly managed by PADI through the Ministry of Agriculture. This means that not only the budget and administrative procedures of UNA must be followed but also those of the MOA. (3) This is the only project component where technical assistance is loan funded. Furthermore, the technical assistance is under a separate contract from the other PADI technical assistance.

What is even more interesting is that this Activity's budget represents the largest amount of AID loan funds and the second largest amount of GOP funds. And if the contractual amount of training funds coming from Activity 10 and going to UNA were included, UNA would be budgeted for over 30 percent of total Project (GOP and AID loan) funds. It is also worrisome to UNA that about 41 percent of their budgeted funds will remain unused by the stated Project completion date (December 31, 1988). On-going research projects financed by the Project will not be completed by PACD. However, advanced training programs will be eligible for financing until December 31, 1989 as stipulated in PIL No. 22.

1. Accomplishments

This activity was slow in getting started, has had problems getting through the maze of bureaucracy (both at the UNA and in the MOA), had a change in activity managers, had problems with the recruitment of one of the long-term TA positions, and has had considerable loss of faith by faculty in the ability of PADI to deliver what was promised. In spite of these various difficulties, the PADI Project came through with salary support at a very critical time, accounts for a large proportion of the total graduate student count at the UNA (at least 25 percent), is one of the few projects providing any kind of University research support services, has provided infrastructure support for a language training laboratory and for the National Agricultural Library, and has provided critical TA services for strengthening one of the major departments and for assisting in project coordination. A major deficiency and cause for loss of faith by faculty in PADI was the inability to provide international linkages, impact training, and long-term degree program training.

The evaluation team met with several people at the UNA including the following:

Ing. Alberto Fujimori, Rector

Dr. Alfonso Zerrate, Vice Rector, Academic Affairs

Ing. Agustin Pallete, Activity Manager

Ing. Antonio Manrique, Director of Graduate College

Ing. Luis Maezono, Dean of Engineering College

Ing. Juan Sevilla G., Head of the Soil and Water Resources Department

Ing. Otto Flores, Dean of the College of Economics

Ing. Julio Echeverria, Head of the Economics Department

Carmen Castro, Administrative Coordinator of the English Laboratory

Dr. David Hansen, MIAC Advisor/UNA

Dr. Raymond Beneke, MIAC Coordinator

In addition, the team met with several AID staff on linkages with the ATT Project including Fred Mann, Timothy Miller, and Erhardt Rupprecht.

a. Faculty Stabilization

Salary supplements were provided for one year through a University Foundation but were suspended as of June 24, 1987 in keeping with AID policy on this issue. Fortunately, the GOP came through with a salary program for higher education that in part reduced the need for salary supplements. However, with the high rate of inflation, faculty salaries are once again eroding away and faculty must search for alternative sources for maintaining family income levels.

b. Faculty Development

The Project Agreement called for UNA faculty Graduate Research Fellowships that would allow 75 second-year M.S.-level faculty to complete their degree program. This program also includes a provision for 8 Ph.D. completions. It further called for short-term impact training and development of international linkages. However, the extreme scarcity of foreign exchange has limited the ability to use loan funds for sending staff out of the country for impact training and degree programs. Even with the proposed two year Project extension it is doubtful that this

subactivity can complete the stated objectives. However, even partial completion of this subactivity would increase faculty morale and restore credibility with PADI.

Other innovative programs requiring mainly local currency could be proposed such as sabbatical programs for those requesting time to complete thesis requirements. For some, this could be combined with a PADI-funded research project and thus provide funds for field work, research assistants, and/or travel support. Others could combine sabbatical or research programs with impact training and thus have access to people and institutions outside the country. To develop these innovative faculty development programs requires an experienced, authoritative person at the Graduate College Dean's level to work with faculty in putting together appropriate programs involving research, impact training, and international linkages. The person put in charge of such a program must want to do it for the benefit of the faculty member as well as that of the University.

c. Graduate School Infrastructure

This subactivity has moved forward on several fronts but needs continual management to assure that lapses do not occur in obtaining reference materials, maintaining scientific equipment, maintaining support and materials services for the English Language Laboratory, and publication of the Scientific Journal.

Delays in obtaining reference materials for the National Agricultural Library have occurred. This, in part, stems from bureaucratic delays in ordering materials from outside the country. Alternatives to the procedures currently being used exist for getting materials from international sources and should be checked with the AID Project Manager. The joint technical committee identified in the Mid-Course Evaluation provides the policy management inputs to this subactivity. However, academic departments and operational units of the National Agricultural Research System should be made aware of the subactivity and the level of funding.

While the joint technical committee continues to explore the full range of alternatives for library development, the research and analysis units of UNA, MOA, INIPA, and CIP should be requested to furnish prioritized lists of materials so the more urgent requests can be met in the most expeditious manner possible.

The English Language Laboratory is still not operational 19 months after the Mid-Course Evaluation. April, 1988 is the scheduled opening, pending the completion of electrical wiring installation. Plans call for requesting additional laboratory equipment to expand the laboratory's capacity. Incentives for language training are frequently not strong unless they are tied to anticipated travel to the country(s) for which the language applies. English language training for scientific reading is taken on a pass/fail basis and appears to take lower priority to other degree requirements such as course work and research. With good results in terms of improved test scores from use of the new Language Laboratory, students and professors should gain a new perspective of language training and be better able to capitalize on the impact and degree training programs.

Publication of Volumes 17, 19, and 20 of the Scientific Annals are completed as well as Annals for the Agricultural Engineering and Economics and Planning Departments for the period 1981-1985. The review and editorial processes should continually be improved. A brief review of the UNA Scientific Annals showed that much of the material presented was highly technical and detailed and would be more appropriate as appendix material in department or college research bulletins. If all Departments or Colleges had their own research bulletins, the Scientific Annals could emphasize results and implications for producers, agents of technology transfer, and policy analysts.

d. Graduate Training

The PADI Project has had a phenomenal impact on the number of students and credit hours taught in the Graduate College. There are at least four

components to this subactivity: (1) M.S. degree training through Activity 10 which involves personnel from the MOA and associated Agencies, (2) M.S. degree training of teaching and research staff from the Regional Universities, (3) Short-course training at UNA and regional locations, and (4) Degree completion programs (thesis completion). Activity 10 shows that 49 students are or have been enrolled in M.S. degree programs at UNA as of December, 1987. A Resolución from the UNA dated May 21, 1987 lists 52 names of fellowship students accepted at UNA for graduate study from the Regional Universities. Activity 10 shows 2 professionals were granted 9 month scholarships to complete the thesis requirements for the M.S. To our knowledge only one student from the PADI Project has completed the M.S. degree including the thesis. The following thesis was given to one team member for review:

Huber Arnaldo Porteira V., "Contribución al Análisis para la Planificación de la Seguridad Alimentaria en el Departamento de Lambayeque", 1987 Magister Scientisae, Universidad Nacional Agraria "La Molina", Escuela de Post Grado, Especialidad de Economía Agrícola.

The proportion of the total graduate student body accounted for by the PADI Project is large, estimated at about 25 percent by one administrator. One Department Head estimated that 60 percent of their graduate students were funded under the PADI Project. The impact of this Project on the Graduate College has been large and the potential for turning out a cadre of trained agricultural scientists in a relatively brief period of time is significant. But if this activity is not well managed during the current year and for the proposed two year Project extension, this window of opportunity may be lost. From one list of 77 scholarship students from the PADI Project, eight had either abandoned their studies or never showed up after being admitted and another six were not enrolled during 1987. When

asked to compare the quality of students coming from the MOA program, the Regional Universities, and the remaining more or less traditional students, one Department Head did not think there were any discernable differences.

Even though the PADI Project has brought about more than a marginal increase in student numbers and student credit hours taught in some Departments, it is not apparent that any additional resources have been made available at the Department or College levels. In fact, the Regional University staff training program was negotiated with no tuition payment to the UNA. The MOA training program did include a tuition payment but to our knowledge this remained at the overall University administrative level. According to the Activity Manager, the University budget is not influenced directly by the number of graduate student semester hours taught. Therefore, the PADI Project has contributed to the teaching budget only through Activity 10 and it is not apparent that Departments share directly in this budget.

While the UNA has taken a noble position in not charging tuition for the Regional University staff training program, and by all counts has created a great deal of good will with the Universities, it has created a large demand on resources at the Department level. Teaching materials are scarce and the time required to advise graduate students including the completion of thesis research can be large. If faculty have no incentive to see that students complete their degree programs, the window of opportunity provided by the PADI Project will be lost.

e. Faculty Research Projects

In 1986 a request for research proposals funded by the PADI Project was issued. By September, 1987 a total of 27 proposals were approved for a funding level of \$3,769,053. At the end of 1987 about 81 percent of the budgeted amount had been committed and PADI had paid about \$1,223,000. As of this date, several of the principal investigators have changed and some projects are in an

inactive state. Five of the 27 approved projects have spent less than 20 percent of their budgeted amount whereas 12 have spent all of their budgeted amount. A review and reporting of research results is scheduled for March, 1988.

Administration of the research projects was very poor in 1986 and the first part of 1987 and left a bad impression on the faculty. Although UNA had retained a 1986 cash balance of approximately \$45,000 - \$50,000, none of this amount was made available to carry on research work during the first three months of 1987, a period when faculty are free from teaching responsibilities and can work on research. The funding snafu appears to have been resolved for 1988. Then the faculty said the rules of the game kept changing. Research assistants were not to be included in the budget and then they were to be included. The usual delays in getting materials and reimbursements for expenditures were part of the problem.

Innovative ways of providing incentives for faculty to participate in the research program must be discovered and implemented. This becomes more acute as faculty salaries become eroded through inflation. Because salary supplements are no longer permitted there should be a substantial savings in Project funding. One innovative way to increase faculty incentives is to use the salary supplement savings to buy equipment for the Departments involved in research projects. In fact, individual faculty could be provided microcomputers and software packages. Departments could be compensated through purchases of word processors, projectors, Xerox machines, and paper supplies. Departments and Colleges could be funded to start or continue a research publication series.

f. Strengthening Priority Departments

The Departments of Agricultural Economics and Irrigation/Drainage were identified as priority Departments for strengthening. Long-term advisors have been assigned to these Departments but the Department of Agriculture Economics

was unique in staffing earlier than Irrigation/Drainage, finding a good fit, and maintaining continuity over a longer period of time.

The Department of Agricultural Economics is now considered one of the stronger Post Graduate Departments and has more PADI scholars than any other. The one PADI scholar completing the degree is also from this Department.

2. Issues and Recommendations

a. Activity Implementation

This activity has had major problems of implementation not the least of which is the relation between UNA and the PADI/MOA management. A major recommendation on Project reorganization and management is discussed later in the section on Project Coordination and Implementation. Discussed here are the implementation problems centered at UNA and involving the source of funding.

The source of funding for UNA support is 100 percent AID loan and GOP public treasury. Yet a large number of the subactivities require foreign exchange including:

- (1) Impact training requiring international travel
- (2) Long-term degree training out-of-country
- (3) Reference materials and laboratory equipment
- (4) International Linkages
- (5) Technical assistance

Because of limited foreign exchange and an austere national budget, the GOP has virtually ceased approving all international travel and training. Approval for imported materials and equipment is a lengthy process.

A large number of the subactivities deal with graduate training and the Graduate Program. An exception are the individual research projects but most of these also would be implemented by graduate faculty. The UNA activity, like all other PADI activities, is managed through an Activity Manager designated by the

corresponding institution. This arrangement does not appear appropriate for the University. The current Activity Manager is a very capable and respected individual but he is able to operate only at the level of other faculty and staff. He does not have the authority nor the inclination to suggest or utilize innovative methods for creating faculty incentive and gaining faculty support.

Recommendation. AID should do everything possible to change the loan funding to grant funding, especially for those subactivities requiring foreign exchange.

Recommendation. The UNA should raise the level of administration from that of an Activity Manager to the level of the Graduate College. The primary spokesperson for the activity should be the Dean of the Graduate College or some person at an equivalent level. Much of the day-to-day operations could still be handled by an Activity Manager.

b. Department and College Incentives

Recommendation. The Dean of the Graduate College should develop a plan for compensating Colleges and Departments based on their participation in graduate teaching and advising of those students sponsored in some way by the PADI Project.

c. Faculty Incentives

Recommendation. Given that AID can no longer fund salary support for University staff, salary support savings should be used in some other ways to create faculty incentives to participate in PADI activities. These other ways could include funding for microcomputers, word processors, Xerox equipment, materials and supplies, and development of publication outlets. The Dean of the Graduate College along with an advisory council should develop a plan for creating faculty incentive.

d. Bringing Training Programs to Closure

Recommendation. A plan should be developed to show how all degree training programs started in previous years and in 1988 are to be brought to closure. An estimate of resource requirements including funds to complete thesis research should be estimated and programmed out. AID should have a firm figure on what the resource requirements are to bring all training programs to closure and should reserve this as a minimum for funding during Project extension.

e. Bringing All Activities to Closure and Linking New Activity Initiatives to PADI Project Purpose

Recommendation. A careful analysis should be undertaken to identify what activities are appropriately PADI, what activities are appropriately ATT, and what activities should be funded from other sources. A priority in funding should be established for the remainder of 1988 and for the proposed Project extension. A suggested priority is the following:

- (1) Closure of all training programs started prior to mid-1988.
- (2) Closure of all supporting infrastructure projects started prior to mid-1988.
- (3) Technical assistance needed to bring existing training programs and infrastructure projects to closure.
- (4) Closure of all research activities started prior to mid-1988 and identified as appropriately PADI related.
- (5) Closure of all research activities started prior to mid-1988 and identified as appropriately ATT-related but for which funds are not yet available.
- (6) Closure of all research activities started prior to mid-1988 and identified as not appropriately related to PADI or ATT but for which other funding sources are not available.

- (7) Technical assistance to help define new activities (research projects and training programs) related to the specific PADI Project purpose of agricultural planning and policy analysis.
- (8) New research activities related to the specific PADI Project purpose and can be completed during the extension period.
- (9) New training programs related to specific PADI Project purpose and can be completed during the extension period.
- (10) Technical assistance needed to carry out new initiatives in research and training.

f. Financing

Recommendation. It is difficult to estimate the needed funding for UNA support until the budgets and priorities are determined as recommended above. It is recommended that AID work directly with UNA in developing the budgets and priorities and what it will take to complete the PADI/UNA component.

g. Technical Assistance

Recommendation. Technical assistance to UNA in developing micromanagement policy systems is second in priority to TA needed to establish the Agricultural Policy Research Institute. The proposed Project extension should be used to orient UNA to the new direction of PADI and to strengthen the capacity of UNA to develop micromanagement policy systems.

Project Coordination and Implementation

A. Project Coordination

The APID Project is highly structured and well defined in terms of a hierarchical ordering. The Project has generally always been fully staffed and with qualified people. In this respect the Project has been fortunate in having the people available to keep activities going in a continuous manner. Much of this is the result of having a strong Coordination Office in PADI.

Project coordination was not identified as a separate activity in the original Project Paper but rather it was designed to be a unit within the Agricultural Sector Planning Office (OSPA) and the Project Coordination was to report to the Director of OSPA. This was changed early in the Project (PIL 4) to allow the Project Coordinator (now called Project Executive Director) to report directly to the Vice Minister of Agriculture rather than to the Director of OSPA. The Project Coordination Unit is not to be institutionalized but it is to see that Project activities are carried out in an expeditious manner and that the Project activities themselves are to be institutionalized within their respective agencies. As this process occurs the need for a Project Coordination Unit decreases.

Reporting to the Project Coordination Unit occurs in several ways including quarterly and annual reports, annual work plans, and annual budgets. Reporting of and coordination of Project activities does not occur in a satisfactory way. The Technical Committee defined in the Project Agreement is not operational. Activity managers are not fully aware of what other activities are doing. The Project Executive Director does not play a leadership role in forming the linkages and identifying the supporting services that activities need. Much of the synergistic value of an integrated, holistic planning and policy analysis project is lost. A few

examples of how coordination could bring about this synergistic effect are the following:

(1) After the rural household survey was finished a set of studies were identified and commissioned. The studies are now finished and a book is in the process of editing and publication. Little else has been identified for further work and analysis with the data. None of the APID activities show direct use of the survey in their 1988 work plans. Uncertainty exists as to whether the data tapes are, or are not, available to the professional community for further analysis.

(2) The Sectorial Statistics Office of the MOA has developed area sample frames for several Departments and have completed several surveys. Results of these surveys have not been released even though there are other activities in PADI that are doing planning and analysis for some of the same Departments and could utilize the survey data.

(3) The National Agrarian University is training many agricultural technicians at the graduate level through the PADI Project. These students are, or will be, completing thesis research requirements for the degree. There is little effort at the coordinating level to guide research effort into priority areas of PADI in completing the Project purpose.

Recommendation. More emphasis should be placed on coordination of the content of agricultural planning and policy analysis for the remainder of 1988 and during the proposed Project extension. The Technical Committee should be reestablished and used in such a way that outputs and inputs of activities are better integrated.

Recommendation. The MIAC technical assistance needs to identify problems and opportunities of coordination, structure forums and formats for coordination, and utilize means of pressure and incentive to bring about more coordination.

B. Project Implementation

The APID Project has turned out to be a very complex project requiring a great deal of management and coordination. This is very apparent when comparing the original Project Paper (PP) design and the present status of the PADI Coordination Office. The original PP called for a Project Coordinator to be officed in the OSPA and funded with \$110,000 from AID loan funds. The reformulated budget increased the AID loan funds to \$124,000. Expenditures to December 31, 1987 are shown at \$50,022 of AID loan funds and \$209,688 of GOP contribution. The 1988 budget shows an additional \$92,596 AID loan funds and \$242,700 of GOP contribution for an expected expenditure at the end-of-project (December 31, 1988) of \$595,006 compared to the original PP amount of \$110,000.

The expected expenditures, however, are not the issue. The issue is the underestimation of the need for Project management and coordination in the original PP design and the inability of the current Project management system to resolve the implementation problems, particularly at the National Agrarian University but also in activities of agricultural statistical systems, advanced training in the MOA, and improved management systems in the MOA.

There may also exist a bias in efforts to implement various components of the PADI Project. The issue was raised earlier that the support to UNA was not as well defined in contributing to the Project purpose of increasing capacity to formulate sound coherent agricultural sector policies, and to manage implementation of these policies. The PADI Project is administered by the MOA and the Coordination Office reports to the Vice Minister of the MOA. Since the National Agrarian University is an autonomous institution there may be a stronger incentive for the Coordination Office to facilitate implementation of those activities reporting to the MOA over those activities reporting to other ministries (i.e., UNA, SENAMHI, INE).

There may also be a tendency to want to reduce funding for those activities not directly reporting to the MOA.

Recommendation. The Evaluation Team proposes two recommendations to facilitate implementation of all PADI activities, reduce the potential for bias in implementation, and reduce the management load on AID.

1. Separate the Support of National Agrarian University from other PADI Activities

The Evaluation Team has considered three alternative ways to separate the UNA activity from the other PADI activities:

(1) Amend the ProAg to have a direct reporting of the UNA to AID. To reduce the amount of internal UNA bureaucracy the activity could be implemented through the University Foundation. The best way to make this more palatable to the GOP is to change the funding from loan to grant.

(2) Deobligate funding for the UNA activity from PADI and reobligate under the ATT Project. Since the ATT Project is all grant funding, unless the PADI funding can be changed from loan to grant this alternative may not be feasible.

(3) Leave the UNA activity where it is in the PADI Project but have as much direct flow through of funds as possible. Autonomy for the Activity could be increased by having the UNA report to an independent review committee and not to the PADI Coordinating Office and the PADI/MOA Executive Committee.

The Evaluation Team recommends the first alternative even though it may increase the amount of AID management time. However, the following recommendation should alleviate some of the concern for increased AID management time.

2. Expand Technical Assistance to UNA for Assisting in Activity Implementation and Management

Long-term technical assistance should be provided by MIAC for the duration of the Project extension for purposes of assisting UNA in activity implementation and in assisting AID with project management. The long-term TA should be at the level of the Graduate College and should advise the Dean on ways to create College, Department, and Faculty incentives for participation in Project activities. The long-term TA should assist the Graduate College in developing plans to bring the training and research programs to closure.

C. Attracting and Retaining Professional Talent

The success of the PADI Project is directly attributable to the high quality staff engaged in implementing key components. The high quality of the GAPA staff has been universally recognized. The Project design identified the problem of low government salaries and required the GOP to formulate a salary plan that would attract and retain high quality professionals in key areas of the Project. So far the GOP and AID management have been ingenious in divising new ways to meet the Project requirement, enlist superior staff, and maintain high levels of productivity. But the permanent solution to a recognized and compensated superior professional corps of analysts/researchers/administrators continues to be elusive.

Currently the GOP is using an IICA Agreement to contract professionals at competitive international salary levels. This can only be viewed as a short run solution. Individuals so contracted have no government tenure. They have no assurance of continued employment and the government has no assurance it is investing in a resource that will continue providing professional leadership. Furthermore, the mechanism can create the appearance of having "outsiders" involved in the policy process if the contract personnel are not well integrated or accepted institutionally. There may also be the appearance of gross inequities in

compensation if some qualified professionals chose government employment and tenure over the more lucrative short-term contracts.

Recommendation. The Evaluation Team has no simple solution to the problem of attracting and retaining professional talent in the institutions involved in the processes of policy analysis and implementation. In the short run, mechanisms such as the IICA Agreement must be used to provide continuity and the ability to pay the opportunity cost of professional talent. At the same time AID should continue to press the GOP to work within the government structure on ways to recognize and compensate superior performance.

The long-term solution should also include training and the creation of a pluralistic and competitive process of policy research, formulation, and implementation. The public agricultural sector is not limited on agencies and personnel that could be used in the processes of policy analysis, formulation, and implementation. It is limited by the effectiveness of such agencies and personnel. The long-term solution is changing effectiveness by improving the resources through training and education. The Project Activity on MOA Advanced Training should continually pursue opportunities to improve resources through training. Specific training goals should be established that contribute to the specific Project purpose of strengthening the GOP capacity to formulate sound agricultural sector policies and effectively manage the implementation of those policies.

The highest paying and best managed institution will attract and retain the best professional talent. The process is competitive and government agencies should be able to compete with Universities and with private institutions. The proposed Policy Research Institute will propose policy studies, policy evaluations, and policy training programs that can be competitively bid and the institution with the best professional talent because it has higher salaries and is better managed will win the bid.

Project Continuation

By Project completion date of December 31, 1988, several activities will not have been completed. Potential exists for high pay-off in advancing or completing some of the activities. The main body of this report has discussed these activities and recommended changes. With the remaining Project funds, as reported in Table 2, the Project could be extended for an additional two years.

Recommendation. The Evaluation Team recommends Project extension for two years, restructured as discussed in the report, and with funding according to the exemplary budget given in Table 3. The exemplary budget is based upon the following assumptions:

- (1) Past annual rate of expenditure for the following activities:
 - Support of GAPA
 - Support of MEF
 - Support of OSPA
 - Production Statistics
 - Agroclimatic Assessment
 - Advanced NOA Training
- (2) The Management Support Component of the PADI Project eliminated.
- (3) The amount of \$500,000 per year is budgeted for Creation of the Policy Research Institute.
- (4) Project Coordination for the "New" PADI Project is budgeted for \$100,000 per year which is more than the annual rate of expenditure through 12/31/87 but significantly less than the budgeted amount for 1988.
- (5) Support to UNA plus technical assistance to UNA is about equal to annual rate of expenditure as given in the Project Agreement.

TABLE 3
EXEMPLARY BUDGET FOR PROPOSED TWO-YEAR EXTENSION OF
AGRICULTURAL PLANNING AND INSTITUTIONAL
DEVELOPMENT PROJECT (\$1000)

Component/Activity	1989 Budget	1990 Budget	Total Project Extension
<u>Project 1 - "New" PADI</u>			
I. Agricultural Policy Support			
Support of GAPA	380	380	760
Support of MEF	27	27	54
Support of OSPA	93	93	186
Creation of Policy Institute	<u>500</u>	<u>500</u>	<u>1,000</u>
Sub-Total	1,000	1,000	2,000
II. Information Support			
Production Statistics	254	254	508
Agroclimatic	<u>234</u>	<u>234</u>	<u>468</u>
Sub-Total	488	488	976
III. Human Resource Development			
MOA Training	260	260	520
IV. Coordination	<u>100</u>	<u>100</u>	<u>200</u>
Total Project 1	1,848	1,848	3,696
<u>Project 2 - National Agrarian University</u>			
V. Support for UNA	520	520	1,040
<u>Technical Assistance - MIAC</u>			
VI. Project 1			
30 months (24 months long-term and 6 months short-term)	450	450	900
VII. Project 2			
30 months (24 months long-term and 6 months short-term)	450	450	900
Total T.A.	900	900	1,800
VIII. Contingencies	<u>246</u>	<u>245</u>	<u>491</u>
TOTAL	3,514	3,513	7,027

- (6) The total budget is equal to the amount of estimated budget remaining as of January 1, 1989 (see Table 2).

Under the above assumptions there is sufficient budget to cover all activities and leave an annual contingency of almost \$250,000. If there should be less than \$7,027,000 available by December 31, 1988, additional funding would be necessary to cover the budgeted amounts.

A comparison of the "Remaining Budget" with the Exemplary Budget by Project components is presented in Table 4. The Project components of (a) Agricultural Policy Support, (b) Information Support, (c) Coordination and (d) Technical Assistance have less in the "Remaining Budget" than needed for Project Extension. Project components of (a) Human Resource Development and (b) Other Categories have excess "Remaining Budget" when compared to Project Extension Exemplary Budget. The component of Support to UNA about breaks even when the TA component is added back in as in the original budget of the Project Agreement.

The Exemplary Budget is shown by source of funds in Table 5. The totals add up to the amounts shown in the "Remaining Budget" of Table 2. The AID contribution is all shown as grant funding.

TABLE 4

COMPARISON OF REMAINING BUDGET (1/1/89) WITH EXEMPLARY
BUDGET FOR PROPOSED TWO-YEAR EXTENSION OF
AGRICULTURAL PLANNING AND INSTITUTIONAL
DEVELOPMENT PROJECT (\$1000)

Project/Component	Remaining Budget (1/1/89) (See Table 2)			Proposed Project Extension
	AID Loan	GOP	Total	Exemplary Budget
Project 1 - "New" PADI				
I. Agricultural Policy Support	193	1,298	1,491	2,000
II. Information Support	365	299	664	976
III. Human Res. Dev.	720	960	1,680	520
IV. Coordination	(19)	(452)	(471)	200
Project 2 - National Agrarian University				
V. Support to UNA	1,172	839	2,011	1,040
Technical Assistance	-	-	-	1,800
Other Categories including Contingencies	379	1,273	1,652	491
Total	2,810	4,217	7,027	7,027

TABLE 5

SUMMARY EXEMPLARY BUDGET BY SOURCE OF FUNDS FOR PROPOSED
TWO-YEAR EXTENSION OF AGRICULTURAL PLANNING AND
INSTITUTIONAL DEVELOPMENT PROJECT (\$1000)

Project	AID		Total	GOP	Grand Total
	Grant	Loan			
Project 1 - "New" PADI	451	-	451	3,245	3,696
Project 2 - UNA	450	-	450	590	1,040
Technical Assistance	1,800	-	1,800	-	1,800
Contingencies	<u>109</u>	<u> </u>	<u>109</u>	<u>382</u>	<u>491</u>
Total	2,810	-	2,810	4,217	7,027