AID [illegible] (7-71) (FACE SHEET)
[illegible] PROJECT PAPER [illegible] PD-AAB-333-A1 5260103- (4) PAGE [illegible]

## [illegible] IDENTIFICATION

1. PROJECT TITLE

MARKETING SERVICES FOR SMALL FARMERS

APPENDIX ATTACHED: [X] YES [ ] NO

2. PROJECT NO. (M.O. 1005.3) 526-15-110-050.7

3. RECIPIENT (specify)
[X] COUNTRY PARAGUAY
[ ] REGIONAL _____ [ ] INTERREGIONAL _____

4. LIFE OF PROJECT
BEGINS FY 1975
ENDS FY 1977

5. SUBMISSION
[X] ORIGINAL 2/4/75 DATE
[ ] REV. NO. _____ DATE
CONTR./PASA NO. _____

## H. FUNDING [illegible] AND MAN MONTHS (MM) REQUIREMENTS

| A. FUNDING BY FISCAL YEAR | B. TOTAL $ | C. PERSONNEL (1) $ | C. PERSONNEL (2) MM | D. PARTICIPANTS (1) $ | D. PARTICIPANTS (2) MM | E. COMMODITIES $ | F. OTHER COSTS $ | G. PASA/CONTR. (1) $ | G. PASA/CONTR. (2) MM | H. LOCAL EXCHANGE CURRENCY RATE: $ US ____ (U.S. OWNED) (1) U.S. GRANT LOAN | (2) COOP COUNTRY (A) JOINT | (2) COOP COUNTRY (B) BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. PRIOR THRU ACTUAL FY | | | | | | | | | | | | |
| 2. OPRN FY 75 | 156 | 78 | 21 | 64 | 81 | 9 | 5 | 78 | 21 | | | |
| 3. BUDGET FY 76 | 156 | 85 | 23 | 58 | 85 | 8 | 5 | 85 | 23 | | | |
| 4. BUDGET +1 FY 77 | 109 | 75 | 20 | 22 | 33 | 7 | 5 | 75 | 20 | | | |
| 5. BUDGET +2 FY | | | | | | | | | | | | |
| 6. BUDGET +3 FY | | | | | | | | | | | | |
| 7. ALL SUBQ. FY | | | | | | | | | | | | |
| 8. GRAND TOTAL | 421 | 238 | 64 | 144 | 199 | 24 | 15 | 238 | 64 | | | |

9. OTHER DONOR CONTRIBUTIONS

| (A) NAME OF DONOR | (B) KIND OF GOODS/SERVICES | (C) AMOUNT |
|---|---|---|
| | | |

## III. ORIGINATING OFFICE CLEARANCE

| | TITLE | DATE |
|---|---|---|
| 1. DRAFTER: RGHenning/L Twentyman/MNovins | USDA/PASA-IDI-DRDO | 2/4/75 |
| 2. CLEARANCE OFFICER: SWWhite JHClary OLSause | RDO-APO-DIR | 2/4/75 |

## IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

Note: Copy of this in 5260 [illegible] fiche.

SA Falbo
3/23/78

2. CLEARANCES

| DUR/OFF. | SIGNATURE | DATE | DUR/OFF | SIGNATURE | DATE |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

3. APPROVAL AAB OR OFFICE DIRECTORS
SIGNATURE _____ DATE _____
TITLE _____

4. APPROVAL A/AID (See M.O. 1025.1 VI C)
SIGNATURE _____ DATE _____
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

## A. PROJECT DESCRIPTION AND HISTORY

The Dirección de Comercialización y Economía Agrícola (DCEA) (Division of Marketing and Agricultural Economics, see Annex A) was established on December 1, 1971, reporting directly to the office of the Minister of Agriculture to respond to Paraguay's marketing needs within the Ministry of Agriculture (MAG). Recognition by the GOP of the need for the DCEA resulted from work with a marketing adviser funded by USAID under the Institutional Development Project 526-15-110-050.1, which terminated in FY 1974. Previous to the establishment of the DCEA marketing activities were performed on an ad hoc basis by a small section within the MAG consisting of six people. Now, as a Division, there are 39 MAG budgeted positions within the DCEA, which has the capability to carry out the general marketing functions for the major grains and livestock.

The DCEA's first priority was marketing of livestock and grains which represent the most important foreign exchange earners for Paraguay. This priority however did little for the small farmer (Annex B, An Economic Profile of Small Farmers), even though he produces both livestock and grains, since it does not focus on the specific marketing problems or the much more diverse crop mix he produces. The MAG, in order to deal directly with the small farmer's marketing problems, has established a section within the DCEA (Marketing Studies and Analysis). It is this additional section and its activities with which this project is concerned, not the DCEA as a whole.

The IDB financed FIDAP (Programa Integrado de Desarrollo Agropecuario) has a sub-project which supports part of the marketing division. The emphasis of the FIDAP marketing sub-project is on developing facilities, capability, and services for marketing of grains, of which the rapidly expanding soybean crop has been of primary importance. First, several idle facilities were renovated and put into use and construction of new facilities was initiated concurrently with a program of assistance and training of MAG personnel in grain handling, storage, grading, inspection, and marketing. During this period (1971-73) USAID provided the major advisory assistance in marketing to the MAG; an FAO marketing advisor who was also on board during most of this period worked principally on livestock marketing.

In September 1973, the MAG, with funds of the IDB FIDAP sub-project, contracted with IDF (International Development Foundation), a private consulting firm, for advisory assistance on grain marketing. Three full-time consultants under this contract have been on board for about a year, and four additional short term consultants (1-3 months each) have provided advisory input to date.

The A.I.D. marketing advisor worked with MAG officials responsible for coordinating the work of the IDF team of advisors with other marketing activities of MAG as well as other entities such as UNIPACO, CREDICOOP, etc. The advisor also provided information, materials and advisory inputs from USAID and USDA not available through IDB, IDF or MAG. The major part of the marketing adviser's assistance for grains is now being carried by the IDF advisors, so that the A.I.D. marketing advisor can now devote full time and attention to the marketing problems of the small producer.

The objective of the project is to assemble information in a form most useful to meet small farmer marketing problems. Information developed by the DCEA will be funnelled through the existing extension service (SEAG) to benefit the small farmer. The project also fills a key gap in the Mission's strategy of using an integrated approach to assist

the small producers. Other components of this integrated approach include the two cooperative programs--CREDICOOP and UNIPACO, the Farm Management Services to Small Farmers Project as well as the projected COMDESA loan (IRR to be presented mid Feb), of two million dollars to develop industries specifically devoted to small farmer needs, both for inputs and for processing of his products.

SEAG extension agents will work with the community leaders and cooperatives in order to insure a high multiplier effect in the information transfer process. The Mission is confident that a multiplier ratio of 4:1 is both achievable and conservative based on statistical analysis of the A.I.D. funded CPES I Small Farmer Survey. For example, statistical analysis on how a farmer learns to use insecticides shows conclusively that out of every 6 farmers surveyed, only one received his information as a result of technical assistance from either SEAG or his cooperative, the other five use insecticides as a result of contact with friends, neighbors, and/or relatives. SEAG will reach 1,500 small farmers directly, with a 4:1 transfer ratio an additional 6,000 small farmers will be reached. The number of farmers that will benefit will be greater than just those reached by SEAG, both directly and indirectly, since the marketing information will be channelled through the cooperative systems, as well as through SEAG. In addition this project will operate in close cooperation with the farm management project by identifying new products with good market potential which can be included in small farm production plans, and by assisting in marketing new or increased production resulting from improved farm management. The DCEA will also work with the management technicians in the MAG's Research and Extension Directorate to identify small farm problems and develop mutual strategies for solution.

The two main inputs of the project are: 1) a USDA/PASA marketing specialist (job description Annex C) who is currently on board; and 2) a long term participant training program in Agricultural Economics with a major in Agricultural Marketing at the Master of Science level.

B. 1. GOAL STATEMENT

The goal of this project is small farmer utilization of improved marketing practices on 8,000 small farms.

2. MEASURES OF GOAL ACHIEVEMENT

Progress will be indicated by the number of farmers adopting at least one improved practice attributable to the project. Improved practices include use of an improved variety, a recommended marketing plan, a recommended change in planting or harvest time, or adopting an improved practice in marketing farm products. It is expected that by the end of FY 1977:

a. 1,500 progressive small farmers who can serve as catalysts will have been reached by the extension service (SEAG) and have adopted a new marketing practice.

b. 6,500 additional small farmers will have adopted improved marketing practices as a result of contact with those farmers reached by SEAG or as a result of membership in a cooperative which adopts a new practice.

The MAG presently has 58 extension agents working in the field, each capable of working closely with 60-70 farmers per year as well as meetings for small groups. Selection of the target of 1,500 farmers for direct contact is a conservative estimate of the extension agents' outreach and is sufficient size to be significant in that the figure represents slightly more than 1% of the total number of Paraguay's small farmers. As previously discussed, with the multiplier effect the project should reach an additional 6,500 farmers for a total of 8,000 farmers representing 6% of the target group.

3. MEANS OF VERIFICATION

a. MAG extension service records submitted by local extension agents.

b. (1) Membership in informal marketing committees.

(2) Improvements in marketing adopted by existing cooperatives.

4. ASSUMPTI S FOR ACHIEVING GOAL TARGETS

a. Continued political stability.

b. Commercial relations with Argentina and Brazil will continue the same or improve to permit movement of Paraguayan products to and through these countries.

c. Extension agents will actively cooperate in encouraging farmers to attend meetings and field demonstrations and collaborate in conducting them.

C. 1. PURPOSE STATEMENT

The purpose of this project is to establish within the MAG the research and extension activities in marketing specifically adapted to small farmer marketing problems.1/

The project emphasizes an integrated approach to identify and evaluate market improvement or expansion possibilities for agricultural products coordinated with efforts for improvement in organization of farm production of these same products. (Farm Management Services to Small Farmers # 526-15-110-050.6). The principal

1/ In the development, discussion and execution of this project it is understood that "marketing" includes the activities, functions, regulations, procedures, facilities, entities and institutions and services involving or affecting the harvest, assembly, sale, purchase, transportation, handling, storage and distribution (including export) of agricultural commodities. Marketing also extends into areas normally considered a function of production when the physical or economic marketability of the commodity is affected. For example, selection of the variety of tomatoes grown and the degree of maturity when harvested are both production decisions which vitally affect the marketability of the final product. Also, the production decision of when to plant determines the date of maturity, which may mean the difference between a good income or a disastrous loss when the crop is harvested and sold.

contribution of this project will be to provide assistance by means of market analysis and marketing research, information and marketing know-how, by identifying or developing market alternatives, and by assisting in planning for preparation and movement to market of agricultural products produced by small farmers. The project will be closely coordinated with the extension service to translate research findings and other market information into practical application by small farmers.

The project is designed to be complementary to on-going MAG, USAID/MAG, and other donor/MAG projects, and also to offer assistance to the small farmer who is not presently included in these other projects. As previously discussed, adoption of improved marketing practices is, alone, sufficient to increase small farmer income. Income can be further increased with improved credit, by marketing through cooperatives, and with other types of MAG technical assistance, but this project also provides benefits independent of other existing projects.

2. Conditions Expected at End of Project

Evidence of achievement of the purpose of this project will be indicated by:

a. MAG marketing unit performing marketing research for small farmer produce with sufficient copies of written reports and findings distributed for use by SEAG agents and cooperatives to extend information on current market prices, supplies, and conditions (including production estimates). The numbers of studies and publications are planned to be as follows:

| FYs | 1975 | 1976 | 1977 |
|---|---|---|---|
| Studies performed | 2 | 5 | 5 |
| Copies distributed | 200 | 500 | 500 |

b. Marketing information bulletins and leaflets completed, published and distributed to farmers. The number of titles to be published and the number of copies to be distributed will be as follows:

| FYs | 1975 | 1976 | 1977 |
|---|---|---|---|
| Published | 2 | 15 | 15 |
| Distributed | 1,000 | 7,500 | 7,500 |

c. Extension agents organize meetings of groups of small farmers on marketing as follows:

| FYs | 1975 | 1976 | 1977 |
|---|---|---|---|
| Number of meetings | 25 | 75 | 150 |
| Total attendance | 300 | 1,500 | 3,000 |

d. Marketing specialists with extension agents perform field demonstrations or assistance in actual marketing of a sales lot of an agricultural product.

| FYs | 1975 | 1976 | 1977 |
|---|---|---|---|
| Number of meetings | 20 | 100 | 150 |
| Total attendance | 250 | 1,000 | 2,500 |

e. Multiplier effect in the transfer of technology of at least 4 to 1.

3. Means of Verification

a-d. The achievement of project purpose will be verified from MAG reports and records.

e. 10% sample survey (800 farmers) of the target group, to be performed by summer interns.

4. Assumptions

a. MAG will devote necessary budget resources for printing and distribution of research reports and extension bulletins.

b. MAG budget will be adequate for salaries and travel expenses of Marketing/Extension specialists and extension agents.

D. PROJECT OUTPUTS

1. Statement of Project Outputs

a. At the termination of this project, there will be a group of seven marketing specialists (including the unit head) trained at the M.S. level, each concentrating on a limited number of products to provide the necessary research and analysis of marketing conditions as they affect the small farmer. In addition to the head of the department of agricultural economics, one specialist will concentrate on each of the following product groups: a) fruits; b) vegetables and root crops: c) grains; d) vegetable oils and essential oils; e) animal products; and f) industrial crops.

b. Extension Seminars and Short Courses. A total of 15 courses prepared fo. extension service agents for the delivery of marketing concepts to small farmers.

c. Courses for extension agents on the twelve marketing studies performed by this project.

2. Means of Verification

The achievement of outputs will be verified from the MAG personnel records and budgets and through MAG extension service records on extension agent training programs.

3. **Assumptions**

a. Capable personnel can be hired and trained and will remain in their jobs with the MAG Extension and Marketing Services.

b. That MAG will devote necessary budget resources to pay salaries, travel expenses and supplies to support the proposed marketing groups.

E. PROJECT INPUTS

1. U.S.

a. A major U.S. resource input will be the technical services of a long term USDA/PASA advisor in the field of marketing, and a total of 20 man months of short term consultants specialized in specific sub-areas of marketing. The USDA/PASA Marketing Advisor is currently on board and is experienced with Paraguayan small farmer marketing problems.

b. Participant funds will be used for the training of MAG technicians in marketing principles in the following manner:

| | FY 1975 | | | FY 1976 | | | FY 1977 | | |
|---|---|---|---|---|---|---|---|---|---|
| | No. | MM | $ 1000 | No. | MM | $ 1000 | No. | MM | $ 1000 |
| Long term - U.S. | | | | | | | | | |
| Continuing | 1 | 12 | 10 | 2 | 24 | 20 | | | |
| New | 2 | 24 | 24 | | | | | | |
| Long term - 3rd country | | | | | | | | | |
| Continuing | | | | 2 | 24 | 12 | 1 | 12 | 6 |
| New | 2 | 24 | 14 | 1 | 12 | 7 | | | |
| Short term | | | | | | | | | |
| U.S. | 3 | 15 | 12 | 4 | 16 | 13 | 3 | 15 | 12 |
| 3rd country | 2 | 6 | 4 | 3 | 9 | 6 | 2 | 6 | 4 |
| Totals | 10 | 81 | 64 | 12 | 85 | 58 | 6 | 33 | 22 |

Seven long term and fourteen short term participants were funded by the Institutional Development Project in Agricultural Economics and related fields. Five of the long term participants were trained for the MAG's Planning Division. Three have returned and two will return in CY 1975. Currently there are two DCEA personnel away on long term training for M.S. degrees in Agricultural Marketing, one is at Castelar in Argentina (ETA May 1975) and the other is at New Mexico University (ETA Sept. 1976). These two participants will be the first M.S. level personnel trained in marketing and will work in the DCEA. The DCEA has already benefited from eleven short term participants who have returned and are working in technical areas such as storage, handling and classification of grains.

c. Commodity funds include the purchase of equipment such as a vehicle and spare parts, office machines, audiovisual aids, demonstration supplies, reference books, and local travel costs.

2. GOP

The GOP contribution to this project will include the salaries and related costs of the MAG marketing specialists who will be working full time on the project, and equivalent of the MAG's extension service agents' salaries who are expected to devote 15% of their time on marketing extension. In addition, the MAG will finance support services to project personnel, travel and per diem of research and extension personnel, and the printing of extension bulletins and research reports. Therefore, we estimate that the Host Government's contribution will exceed 25% of the total project costs over the life of the project. A written assurance to this effect will be received as part of the annual project agreements.

F. RATIONALE

The MAG's marketing directorate has concentrated on the problems associated with a few selected major crops (i.e. wheat, soybeans, cotton and tobacco). Although these programs have helped to increase the income of many small farm producers, they do not include a large number of other crop and livestock products associated with the target group. The potential for improving his welfare must come from a much broader variety of products in order to optimize the utilization of resources available to Paraguay's small farmers.

Most crop production in Paraguay is found on small and medium size farms except for the grains (i.e. wheat, soybeans) which are produced on farms of all size. Large Paraguayan farmers nearly always are beef cattle producers, a few also have large areas planted to wheat, rice and soybeans. The Mission is confident that a marketing project working with other crops will reach the small producers simply because they are the ones who produce the vast majority of Paraguay's output of these crops.

The Mission's strategy is to work directly with the Marketing Studies and Analysis Section, which was recently created by the MAG within the Marketing Directorate to work on small farmer marketing problems. The project aims, with additional training and advisory inputs, to move the existing marketing research ability within the MAG to address marketing alternatives for small farmers. Importantly, the project will enhance the ability of three other small farmer projects (the Cooperative Services of UNIPACO and CREDICOOP, and Farm Management Services to Small Farmers), to meet combined long run goals, i.e. improving the net income of the target group.

The marketing problem faced by the small farmer can be generalized into two categories:

a. The prices usually received by these farmers for the limited amounts of products offered for sale are too low because of inefficient marketing and weak market power. Weak market power results from the small volume that individual farmers produce, which also contributes to making the marketing process inefficient.

b. The alternatives are limited primarily due to a lack of information, marketing infrastructure, and lack of an institution that is capable of carrying the marketing information to the field and able to assist small farmers, individually or in groups, to sell their products effectively.

The absence of an efficient marketing system (cooperatives, wholesalers or others) results in high marketing costs and low prices to producers. The lack of planning for market demand results in the bulk of competing or similar farm products usually being harvested and marketed during a short time period. The obvious result is depressed prices during the period small farmers have products to sell. The lack of current, reliable information on market prices and conditions, and limited alternatives, including storage, together with low unit volume leaves the small farmer in a position of weak market power. It is to these basic aspects that this project is oriented. For example, establishing a guide for staggered crop planting would lengthen the period of time over which a particular crop is brought to market. This would first have the desired impact of a better average price for the small farmer as well as providing the consumer with supplies of the product at a reasonable price over a longer period of time. It also seems reasonable to assume certain nutritional benefits to consumers as a result of a more stable price structure.

There are 141,216 farm units in eastern Paraguay with less than 21 hectares of land, according to 1969 data utilized by the Ministry of Agriculture in its annual production survey. These units represent 87.4 percent of all farm units.1/ Within this group 10,173 farms have less than one hectare and, thus can hardly be considered as viable units. In other small-farm size ranges, 56,693 farms had one to five hectares of land, 31,266 had five to ten hectares of land, and 41,203 farms had 10 to 21 hectares of land, a total of 129,162 farm units. Thus 79.9 percent of all farm units in eastern Paraguay ranged from 1 to 21 hectares in size and, while the number of farms of this size range in that area has undoubtedly increased since 1969 the total is probably not more than 140,000.

An A.I.D. financed survey in eastern Paraguay indicated that in the 1972-73 crop year, 249 farms with less than 20 hectares of land realized net farm income of $632. Assuming an average of 6 members per farm family, this would indicate a net income of $105 per family member from the farm operation, clearly too low to provide a satisfactory level of living.

The unique contribution offered by this project is the low cost/high economic benefit it offers. Many improved marketing practices require little or no additional cash outlay for the farmer. For example, the selection of crops that have the best potential market prices may not represent any additional cost to the farmer over his traditional practices. Similarly, improved harvesting, and marketing techniques can often be accomplished without additional cost to the farmer, but provide increased income.

A practical example might illustrate more clearly how activities under this project could benefit small farmers. Tomatoes are produced in Paraguay both for local consumption and export. In 1974, as frequently occurs, a large acreage of tomatoes came into production at the same time, and prices which had been at ₲30 to 35 per kilogram dropped to ₲5 per kilogram.2/ With information available on the volume

1/ See MAG, Encuesta Agropecuaria por Muestreo, 1972, p. 24
2/ $1.00 US = ₲126

the available market can absorb as well as the elasticity of demand for tomatoes, extension agents could work with producers (in group meetings, for example) in spreading the planting season more evenly to take advantage of the entire anticipated marketing season, avoiding a price-breaking glut of too many tomatoes in the market place at any one time.

G. COURSE OF ACTION

1. Participant Training

The first technician to complete his Master's level training in Agricultural Economics, with specialization in marketing, will assume duties as head of the Agricultural Economics Department of MAG's Marketing Division during the second quarter of CY 1975. In addition to beginning development of a plan of action for the Department he will handle urgent requests for marketing information, analyses and assistance which are now being handled by the Director of the DCEA.

The second technician now being trained will return in CY 1976, and will concentrate on research and assistance in the marketing of fruits, vegetables, and root crops. He will also work in the marketing of potatoes produced under the national potato program, garlic, citrus, export of tomatoes, peppers and pineapples, and the rapidly expanding strawberry production.

The first of the five additional technicians to be trained under this project will, upon his return in CY 1977, handle marketing information, analyses and assistance for grains, which are presently being carried by the IDF advisory team. A second will concentrate on marketing of vegetable oil crops, especially coco palm nuts, castor beans and tung nuts, and essential oils; the third will study and assist marketing of vegetables and root crops, permitting the specialist who returned in CY 1976 to concentrate on fruits to permit adequate attention to this large product group of primary importance to small farmers. The fourth technician will study and assist the marketing of animal products (pork, poultry and eggs, dairy products, honey, etc.) and the fifth will study and assist in marketing of industrial products, especially sugar cane, mate and palmito.

The long term training will be complemented by short term training to give the participants practical experience and specialized training in specific product groups.

2. Advisory Input

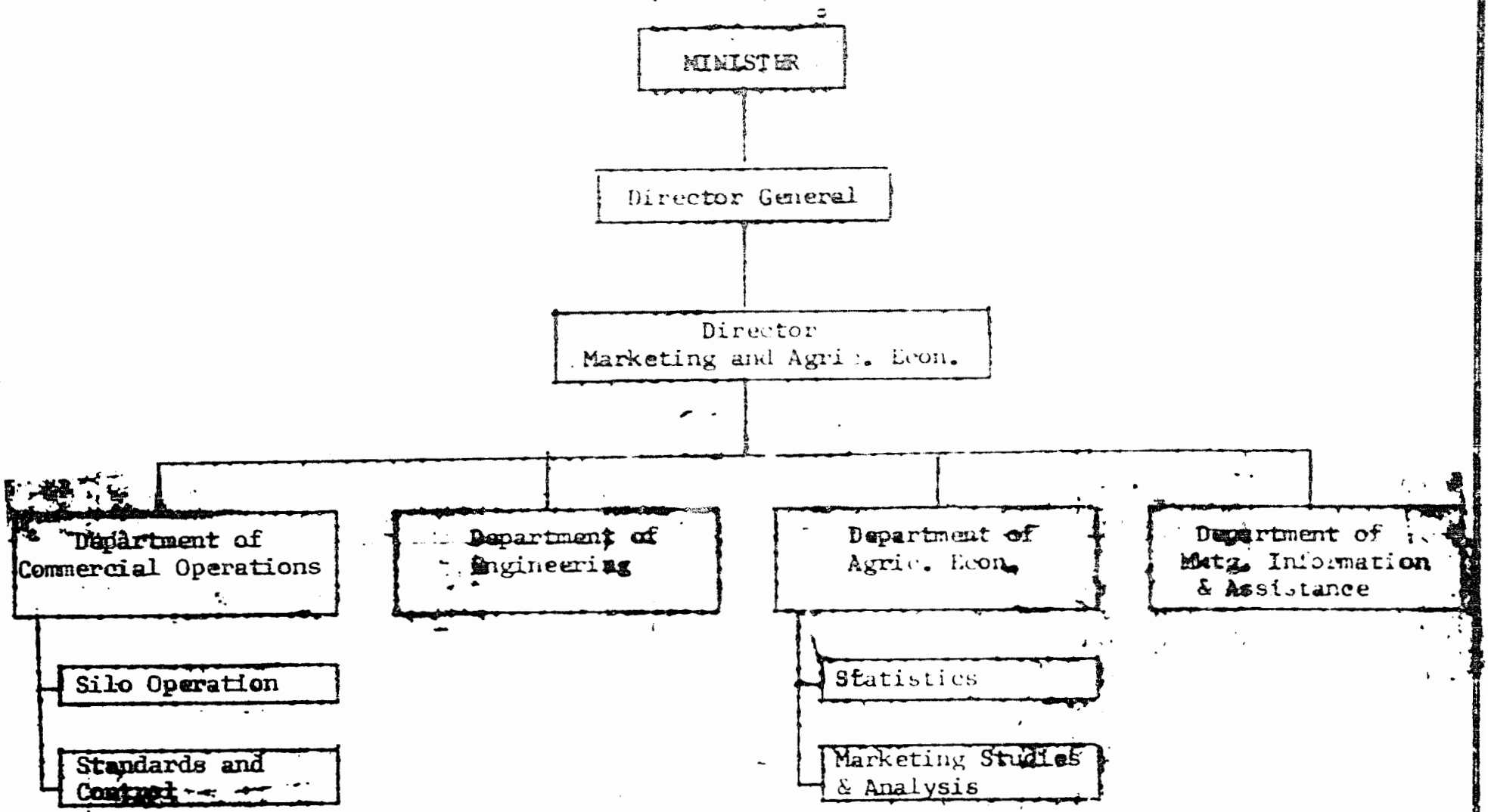
A resident USAID (USDA/PASA) marketing advisor, now on board, will continue throughout the duration of the project to assist in selection of candidates, planning their training programs, and in providing supervision and advice in framing the programs of research and assistance. Short term advisors will provide technical assistance in resolving specific marketing problems, such as development of a cold storage program, or a program of grading and packing a product--such as garlic or tomatoes--to meet the requirements of export markets.

3. Coordination

As the marketing project develops information on potential markets and the absorptive capacity of present markets for small farmer livestock and crop production, this information will be passed to the farmer through ongoing Mission/MAG projects. Special emphasis will be placed in the dissemination of marketing information through the livestock extension program to assist the small farmer with livestock.

ANNEX A

DIRECTORATE OF MARKETING AND AGRICULTURAL ECONOMICS



## ANNEX B

## AN ECONOMIC PROFILE OF SMALL FARMERS

According to 1969 baseline data used by the Ministry of Agriculture in its annual surveys of production, there are 141,216 farm units in eastern Paraguay with less than 21 hectares of land. These units represent 87.4 percent of all farm units. If one excludes the 10,173 farm units having less than one hectare of land (which cannot be considered as viable), there are 129,162 farm units with one to twenty-one hectares of land. Within this group of small farms 56,693 farms had one to five hectares of land, 31,266 had five to ten hectares of land, and 41,203 farms had 10 to 21 hectares of land. Thus, 51 percent of smaller farms in eastern Paraguay have from five to twenty-one hectares of land. However, the spatial distribution of small farms in eastern Paraguay is quite uneven.

In the four departments adjacent to Asunción, over 43 percent of all farm units are in the one to five hectare size category. These farms are in the so-called central minifundia zone. In six other departments of eastern Paraguay, between 20 and 41 percent of all farm units are one to five hectares in size. In the three remaining departments of eastern Paraguay, farms in this size category constitute less than 15 percent of all farm units. In all departments of eastern Paraguay except one, farms with less than 21 hectares of land constitute over seventy percent of all farm units.

Farms of less than 21 hectares produce over two-thirds of eastern Paraguay's cotton, peas, sweet potatoes, mandioca, peanuts, dry beans and tobacco, over half of the sugar cane, onions, lima beans, corn and potatoes.

According to survey responses to a detailed questionnaire on farm production administered in the central zone, average net farm income for farms with less than five hectares of land was $625 in the 1972/73 crop year and $976 for farms of five to twenty hectares.

The subsistence character of small farms is indicated by the ratio of on-farm consumption to gross farm income. For farm families with less than five hectares, the ratio of consumption is 54 percent. This ratio declines to 37 percent for farms in the five to twenty hectare size category and to 10 percent for farms larger than 20 hectares.

Survey responses also indicate a number of important and expected income-production characteristics: (1) decreasing proportion of off-farm income in net farm income as size of farm increases (off-farm income accounts for 38 percent of family income on farms with less than five hectares); (2) an increasing proportion of cash off-farm sales and decreasing proportion of on-farm consumption as farm becomes larger (46 percent of gross farm income arises from off-farm sales for farms of less than five hectares; 61 percent for farms with five to twenty hectares and 87 percent for farms with over twenty hectares); (3) an increasing proportion of gross farm income absorbed by cash expenses as farms become larger (15.5 percent for farms with less than five hectares, 16.2 percent for farms with five to twenty hectares and 22.6 percent for farms with more than twenty hectares.

Survey data also indicate an inverse relationship between net farm income per hectare and size of farm; $165 per hectare on farms of less than five hectares, $102 per hectare on farms of five to twenty hectares, and $31 per hectare on farms with over twenty hectares. An inverse relationship also exists between gross capital per hectare and size of farm; $489 per hectare on farms of less than five hectares, $350 per hectare on farms of five to twenty hectares, and $254 on farms of twenty hectares and over. Available evidence also indicates a strong inverse relationship between size of farm and productivity of capital. Net farm income amounts to 33.8 percent of gross capital on farms smaller than five hectares, 29.3 percent on farms of five to twenty hectares and 12.2 percent on farms larger than twenty hectares.

Available data suggest that operators of farms with over twenty hectares of land are by no means poor (a value judgement) and have little difficulty in securing marketing services on favorable terms. As a practical matter, relatively few farmers in this category are engaged in crop production. Selection of the limits of target group of farm families involves both value judgements and practical considerations. The major question here is whether the limit for size of farm should be five or twenty hectares. It is obvious that families on farms with less than five hectares have lower incomes than farm families on farms with five to twenty hectares. Average net family incomes of the latter group are 56 percent higher than that of the former group.

The target group should include farm families on farms of up to twenty hectares for the following reasons: (1) The income difference between the smallest farms (up to five hectares) and farms from five to twenty hectares is not excessive (a value judgement). (2) The absolute number of farms with five to twenty hectares is absolutely larger than the farms with less than five hectares. (3) A significant portion of farmers with less than five hectares of land resort to off-farm employment, and for this reason increasing their income depends upon acquisition of more land and increasing employment opportunities. (4) Available evidence suggests that farmers with five to twenty hectares do not presently have access to marketing services on terms as favorable as large farmers and only marginally better than the smallest farmers.

# ANNEX C

## JOB DESCRIPTION OF PROJECT ADVISOR

**Position Title:** AGRICULTURAL MARKETING ECONOMICS ADVISOR

The Agricultural Marketing Advisor provides advisory guidance and assistance to the GOP/Ministry of Agriculture and related agencies on improvement of marketing institutions, services and practices for agricultural and livestock products.

**Nature and Scope of Work**

The work performed in this position is concerned with investigation and recommendations for improvements in existing market conditions, practices, institutions, services, facilities, prices and costs of marketing fresh and processed agricultural commodities. This will involve identification and development of improved practices for handling, grading, packaging, distributing and selling the host country's principal agriculture and livestock crops, in processed and in fresh or unprocessed form.

Further, the position includes advising and training host country government officials in carrying out investigations of marketing conditions and problems, analysis of the results to identify and resolve key problems areas, promotion among farmers of the application of improved marketing principles and practices, and analysis and use of market information.

## ANNEX D

## EVALUATION PLAN

Per instructions contained in AIDTO CIRCULAR A-603, dated 28 August 1974, Subject: Improved Program Design and Evaluation, the following plan is submitted:

1. "Specific provisions, consistent with the magnitude and importance of the project, for collection and recording of baseline and progress data relating to stated progress indicators as well as to design assumptions."

A. Baseline Data

Baseline data on the economic characteristics of the small farmer are contained in Annex B of this PROP. Economic data and sources are self explanatory. Other Mission and MAG reports and studies cited in the PROP provide additional data on the present situation.

B. Progress Data

The principal source of progress data will be regular annual reports on staff and extension agent activities. Also quarterly reports will be prepared by the PASA staff on project progress. Information on small farmer income will be provided through surveys of records maintained on selected small farms.

C. Design of Assumptions

Assumptions are as relevant and realistic as can be determined, based on the considered judgments of GOP counterparts and Mission personnel.

2. "Periodic evaluation by senior management including a description of the scope, depth, methodology, timing, participants, and necessary resources for the evaluation."

A. As required by Mission and AID/W policy, the project will have yearly PAR evaluation, in compliance with the series of M.O.'s and policy statements which outline evaluation methodology and participation. The Mission Director takes personal interest in the PAR process and participates both in the review itself and in follow-up and closing of recommendations.

B. On-going evaluation will be provided by the FDO and his staff, including PASA technicians contracted by the project.

C. The project will be subject to periodic review by AAG personnel and by AID/W. While the timing of such evaluations cannot be determined by the Mission, we welcome the assistance which these sources can provide.

3. "A review of prior experience with similar projects elsewhere."

The Mission awaits the subsequent message to follow AIDTO CIRC A-603 and will re-shape its evaluation plan as required.

## ANNEX E

Integration of Women into the National Economy, as required by AIDTO CIRC A-532, dated 25 July 1974, Subject - The Percy Amendment.

The marketing research and extension activities to be undertaken by this project will benefit both rural and urban women.

Membership in producer cooperatives is open to women, as is the opportunity to seek office. Rural women are involved in the production of crops on the small farm and play an active role in marketing farm produce. We expect that rural women who participate in improved marketing practices will enjoy higher incomes, thus increasing their degree of participation in the economy and their status will be improved accordingly.

Urban women will benefit from a better supply of food at reasonable prices, and less affected by seasonal abundance and scarcity.

AID 1020-[illegible]
SUPPLEMENT

# PROJECT DESIGN SUMMARY
## LOGICAL FRAMEWORK

[illegible]

Project Title & Number: MARKETING SERVICES FOR SMALL FARMERS [illegible]

| NARRATIVE SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | IMPORTANT ASSUMPTIONS |
|---|---|---|---|
| Program or Sector Goal: The broader objective to which this project contributes: | Measures of Goal Achievement: | | Assumptions for achieving goal targets: |
| Small farmer utilization of improved marketing practices on 8,000 small farms. | The goal will be considered met if at the end of the project:<br><br>1. 1,500 progressive small farmers who can serve as catalysts have been reached by the extension service (SFAG) and have adopted a new marketing practice.<br><br>2. 6,500 additional small farmers have adopted improved marketing practices as a result of contact with those farmers reached by SFAG or as a result of membership in a cooperative which adopts a new practice. | 1. MAG extension service reports submitted by local extension agents.<br><br>2. a. Membership in informal marketing committees.<br><br>b. Improvements in marketing adopted by existing cooperatives and their membership. | 1. Continued political stability.<br><br>2. Commercial relations with Argentina and Brazil continue the same or improve to permit movement of Paraguayan products to and through these countries.<br><br>3. Extension agents will actively cooperate in encouraging farmers to attend meetings and demonstrations and collaborate in conducting them.<br><br>4. Farmers will be receptive to lectures and watch and listen to audiovisual presentations. |

AID 1020-28 (7-71)
SUPPLEMENT 1

# PROJECT DESIGN SUMMARY
## LOGICAL FRAMEWORK

Life of Project:
From FY 1975 to 1977
Total U.S. Funding $471,000
Date Prepared: February 4, 1975

Project Title & Number: MARKETING SERVICES FOR SMALL FARMERS 526-15-110-050.7

| NARRATIVE SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | IMPORTANT ASSUMPTIONS |
|---|---|---|---|
| Project Purpose: | Conditions that will indicate purpose has been achieved: End of project status | | Assumptions for achieving purpose: |
| To establish within the Ministry of Agriculture (MAG) the capacity to carry out research and extension activities in marketing specifically adapted to small farmer marketing problems. | 1. MAG marketing unit performing marketing studies, with copies distributed to extension agents<br>FYs 1975 1976 1977<br>No. of studies 2 5 5<br>No. distributed 200 500 500 | 1-4. MAG reports and records. | 1. MAG will devote necessary budget resources for printing and distributing research reports and extension bulletins. |
| | 2. Marketing information bulletins and leaflets completed, published and distributed to farmers.<br>Published 2 15 15<br>Distributed 1000 7500 7500 | | 2. MAG budget will be adequate for salaries and travel expenses of extension agents. |
| | 3. Meetings of groups of small farmers on marketing.<br>No. of meetings 25 75 150<br>Total attendance 300 1500 3000 | | |
| | 4. Field demonstrations on marketing.<br>No. of meetings 20 100 150<br>Total attendance 250 1000 2500 | | |
| | 5. Multiplier effect in the transfer of technology of at least 4:1. | 5. 10% sample survey (800 farmers) of the target group, to be performed by summer interns. | |

AID 1020-23 (7-71)
SUPPLEMENT I

# PROJECT DESIGN SUMMARY
## LOGICAL FRAMEWORK

Life of Project:
From FY 1975 to FY 1977
Total U.S. Funding $471,000
Date Prepared: February 4, 1975

Project Title & Number: MARKETING SERVICES FOR SMALL FARMERS 526-15-110-050.7



| NARRATIVE SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | IMPORTANT ASSUMPTIONS |
|---|---|---|---|
| **Outputs:** | **Magnitude of Outputs:** | | **Assumptions for achieving outputs:** |
| 1. MAG Marketing Research Unit, capable of producing research, improving the small farmer marketing position. | 1. A farm marketing group, supported by MAG, comprised of 7 qualified personnel (M.S.level Agricultural Economists trained in marketing principles). | 1. MAG personnel records and budget. | 1. Capable personnel can be hired and trained and will remain in their jobs with the MAG Extension and Marketing Services. |
| 2. Courses for extension agents in delivering marketing concepts to small farmers. | 2. 15 courses prepared and given for extension service agents in delivery of marketing concepts to small farmers. | 2. MAG extension service records on extension agent training programs. | 2. MAG will devote necessary budget resources to pay salaries, travel expenses and supplies to support the proposed Marketing group. |
| 3. Courses for extension agents on the twelve marketing studies performed by this project. | 3. Twelve courses prepared and given for extension service agents on the new information resulting from research projects. | 3. Same as 2. | |

AID 1020-28 (7-71)
SUPPLEMENT 1

# PROJECT DESIGN SUMMARY
## LOGICAL FRAMEWORK

Life of Project:
From FY 1975 to FY 1977
Total U.S. Funding $471,000
Date Prepared: February 4, 1975

Project Title & Number: MARKETING SERVICES FOR SMALL FARMERS 526-15-110-050.7



| NARRATIVE SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | | | MEANS OF VERIFICATION | IMPORTANT ASSUMPTIONS |
|---|---|---|---|---|---|
| Inputs: | Implementation Target (Type and Quantity) | | | | Assumptions for providing inputs: |
| | FY 1975 | FY 1976 | FY 1977 | | |
| **1. USAID/P** | | | | 1. USAID/P records and reports. | |
| **a. Personnel Services** | | | | 2. MAG records. | |
| 1 Marketing Advisor | 12 MM | 12 MM | 12 MM | | |
| Short term Consultants specialized in specific sub area of marketing | 9 MM | 11 MM | 8 MM | | |
| | 21 MM | 23 MM | 20 MM | | |
| | $ 78,000 | $ 85,000 | $ 75,000 | | |
| **b. Participants** | | | | | |
| US Academic | 36 MM | 24 MM | | | |
| US Non Academic | 15 " | 16 " | 15 MM | | |
| Third country | 30 " | 45 " | 18 " | | |
| | 81 MM | 85 MM | 33 MM | | |
| | $64,000 | $ 58,000 | $ 22,000 | | |
| **c. Commodities** | | | | | |
| Vehicle, office machines, audio-visual aids, demonstration supplies, etc. | $ 9,000 | $ 8,000 | $ 7,000 | | |
| **d. Other Costs** | | | | | |
| Local travel, local training, summer intern program, etc. | $ 5,000 | $ 5,000 | $ 5,000 | | |
| Total USAID/P | $156,000 | $156,000 | $109,000 | | |
| **2. GOP** | | | | | |
| Research-extension specialists | 5 MAG full time specialists | | | | |
| Extension personnel | All MAG extension agents devoting 15% of their time on marketing extension | | | | |
| Support services | | | | | |
| Travel and per-diem | | | | | |
| Printing services | | | | | |