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A.I.D.
Reference Center
Room 1656 NS

GENERAL TECHNICAL SERVICES (on-going)
NON-CAPITAL PROJECT PAPER (PROP)

9p

Country: Worldwide

Project Number: 931-11-150-886

Submission Date: 2/10/71

Original:
Revision No.

Project Title: Technical Assistance in Food Marketing

U.S. Obligation Span: FY 1970 through FY 74

Physical Implementation Span: FY 1970 through FY 74

Gross life-of-project financial requirements:

U.S. dollars:	FY 70	$ 16,000
	FY 71	75,000
	FY 72	200,000
	FY 73	200,000
	FY 74	200,000
U.S. owned local currency:		Unknown
Cooperating country cash contribution:		Unknown
Other donor: None		
TOTALS		$691,000

I. Summary

This project will finance a program of technical assistance aimed at improving the marketing of food in developing countries, using the services of the U.S. Department of Agriculture through a PASA contract. Technical assistance will be provided in : analyses of market systems; identification of critical marketing problems that constrain sustained agricultural growth; recommendations on courses of action that may mitigate such obstacles; and TDY technical assistance as requested to improve marketing. The personnel will first review and evaluate past technical assistance operations, and develop a procedure by which missions, host governments or international organizations can more accurately identify their current technical assistance needs. In carrying out this portion of its work, a seminar will be initiated in Washington to include AID and participating country personnel, along with specialists from universities, agribusiness firms and international organizations. Another major input will be the review of AID sponsored marketing studies, and such other studies as time and resources permit. Discussions with personnel in AID/W will be utilized to pinpoint more closely the perceived problems in the LDCs. The experience in this first phase of the

project will be incorporated into a conceptual and methodological base for providing technical assistance in agricultural marketing.

After a review of these products the second phase of this project will be defined more specifically for implementation. It is anticipated that one type of activity will be diagnostic, similar to the contribution the Michigan State LAMP center has made in the LA region - and this in turn may lead either to some problem related research activities, or to specific types of technical assistance requests. Another type of activity will be the direct implementation of technical assistance requests, no diagnosis being needed or having already been accomplished. In some cases a regional workshop geared to a particular objective will be a useful beginning for either diagnostic efforts or to specific technical assistance operations.

Thus the first stage is concerned with a general upgrading of knowledge on how to do effective technical assistance work, and the second phase would involve performing at this more effective level, in response to requests.

II. Setting and Environment

It is becoming evident that if increased crop production is to be sustained, and if agriculture is to contribute its full potential to overall development, more expertise and resources must be devoted to improving the marketing system of food in developing countries. An effective marketing system facilitiates optimum allocation of resources in agriculture production as well as distribution, and contributes to the total product as it increases place, time and form utility of agricultural commodities.

The marketing system is a critical factor in countries where production technology is undergoing rapid change, or where urbanization is taking place rapidly, or where the domestic demand (and perhaps foreign demand as well) is expanding rapidly. In such cases the expanding demand for marketing services requires a rapid rise in the performance of certain services and offers opportunities for added specialization and division of labor - many times including an opportunity to introduce new concepts and procedures:

(1) Expanded production stemming from improved technology requires that the marketing system expand its capability to handle, process, transport, and sell the product. So long as the country has a deficit in that commodity, this process requires an expansion in the physical types of marketing services while imported supplies are displaced. Once self-sufficiency is reached, then other problems such as the creation of internal demand, programs to export, or a price policy that leads to production shifts come into prominence.

(2) Increased urbanization requires that larger quantities be marketed, move a longer distance, be handled in ways that maintain quality for a longer period of time, and that communication be improved between producing and consuming areas.

(3) An expansion in income leads to a higher domestic demand and for final products which incorporate a larger body of marketing services, such as packaging, higher quality, or more advanced levels of processing.

Three other issues warrant attention. First, a greater concern with improving human nutrition leads to a need to consider ways in which more nutritious food can be provided, particularly to lower income consumers. Second, the increasing concern with income distribution, that is, for a more equitable distribution, leads to questions on how marketing may support programs to broaden income distribution, or at least to make food less costly for those who are poor. Finally, and related to the above, employment can be created or destroyed by changes in marketing practices. Thus, due consideration must be given to the impact of improvements in marketing upon employment and underemployment.

Obviously, marketing activities and improvements can be structured in ways that contribute to the growth of the economy and to the improved well being of a broad sector of the population. It also is possible to have developments which benefit only a few. Careful analysis is required to maximize the former and minimize the latter.

III. Strategy, Planned Activities and Outputs

This project will be concerned primarily with major food crops in selected countries where increased production, urbanization or income increases have led to a rapid expansion in demand for marketing services and consequent new problems and opportunities. Following the review and analysis of the first phase of this project, the technical assistance will be organized and staffed to deal with those emergent situations where market problems signal the failure of marketing systems to adjust to changes in the country's agricultural and economic structure. These may be in: distribution facilities, procurement or processing shortcomings, or price and supply aberrations. Where such problems are found to exist, efforts will be made to determine whether the marketing system in the selected countries is serving as an effective allocative instrument, and is channeling resources as needed to agricultural production and distribution functions; or whether incorrect policies have generated useless, unmarketable surpluses. The aim of the technical assistance in this respect is to provide information and insights for making decisions on development strategy.

The first phase of the program will be concerned with developing an analytical framework for determining which if any of the above shortcomings is in evidence. After a review in AID/W and communication with the field,

two or three countries will be selected for an application of the proposed new technical assistance approach. Selection will be made, deliberately, of countries with substantively different marketing problems and characteristics, but in each case with a concern that marketing needs to be improved. This experience will be used to revise and check the validity of the approach.

This deliberate approach is intended to modify substantially the way in which ad hoc technical assistance in marketing has been conducted. As such it should have significance for work in marketing being performed by multilateral institutions, and influence the activities of agri-business firms whether by U.S. or host country organizations.

Certainly officials and specialists in the host countries should gain new insights into the analysis of and appropriate actions to deal more effectively with their marketing problems.

Following this development, implementation and evaluation of this new approach in marketing technical assistance by the FEDS/USDA during the latter part of FY 72 and during FY 73 and FY 74, about 36 man months of technical assistance will be supplied, annually.

While this will be an actual operational program, procedures will be set up for a final evaluational report towards the end of FY 74.

IV. Course of Action

The program will be divided into two stages with some overlap between each stage. The first stage will take about 18 months; the second stage about 32 months, with this stage dependent on the needs identified, interest shown, and the situation existing at that time.

Stage I. The first step in this work will be a review of previous studies and experiences in agricultural marketing among AID-recipient countries to ascertain the "state of the arts" in problem identification. AID-financed studies by Michigan State University in Latin America and Stanford Research Institute studies in Africa will be especially valuable. Also, other studies and experiences of specialists on TDY marketing assignments will be fully utilized. Workshops will be conducted with leading specialists in marketing research and food distribution. Other studies by FAO, OECD and in host countries will be utilized to the extent that they are available and time and resources permit.

Two reports will be prepared from this work. The first will be an annotated bibliography on the AID sponsored marketing studies, and such other reports as are important and can be assembled. The second will be a report on the state of knowledge on the marketing of food crops, the gaps that persist, the appropriate procedures for problem identification, and the ways in which to define better the technical assistance needs in a country or region. These

reports will be made available by FEDS/USDA to TAB, PPC and the regional bureaus of AID, in sufficient numbers for transmission to the field. Following this, FEDS will hold briefing sessions with the bureaus to review these two reports and to discuss their implications.

Another step in this process, assuming the second of the above reports does break some new ground (or adapts and develops for other regions concepts such as LAMP - MSU has done for L.A.), will be to test the methodology in two or three countries, where interest has been indicated, according to the following criteria, but having different marketing problems.

(1) they have moved from an agriculture that was largely subsistence to one that is largely market oriented;

(2) their production of cereals and other food crops have reached or are nearing self-sufficiency; and

(3) the size of their economy and the state of their agricultural technology gives them a significant role in the economic region of which they are a part.

In developing countries, where there has been rapid growth in food production, there has also been a marked increase in marketing problems. But, public and private agencies have been unable to clearly identify the key market constraints or to formulate the projects which, if given appropriate attention, would help make the marketing system a factor for growth rather than a constraint, inhibiting it.

Hence, the first stage, while basically analytic in nature, will include an important educational and training component. The program will aim to not only utilize the best U.S. talents in this stage, but will also involve government and private marketing officials in the developing countries as well. A series of AID/W and AID regional briefings will be held on the identification of problems and projects for the improvement of marketing in developing countries. A report will be written on methodology and on experience in the two test countries, or areas.

The work in Stage I is preparatory to the final stage of this technical assistance project, Stage II. The experience and findings of Stage I will be evaluated by AID and, if conclusive of needs and interest of continued technical assistance at that time, will be used for plan of action for Stage II.

Stage II. This is the "pay-off" stage and will entail in-country identification of specific marketing problems which need to be remedied if growth in basic food crops is to be sustained and overall agricultural development stimulated. During this period, the FEDS/USDA will respond to specific country requests for assistance, to the extent that the task

defined is consistent with the procedures set forth and discussed with AID, TAB, PPC and the Regional Bureaus, at the end of Stage I. In other words, this project is designed to provide a more thoughtful sophisticated type of program assistance in agricultural marketing.

Thus, in identifying critical marketing problems, efforts will be made to establish the best approach for AID assistance which can be of greatest use to host governments and private enterprises in resolving problems. The form of subsequent assistance in this stage, as determined by need and interest, may be through:

(1) providing technical assistance within the framework of the ongoing program, using USDA technicians or joint teams with ad hoc consultants;

(2) identifying research and the indigenous or external agency competent to conduct the research which will provide better clues to appropriate actions;

(3) aiding host governments to provide an appropriate environment or policy framework for needed actions by public agencies and private enterprises;

(4) recommendations for resident technical assistance personnel to provide continuing counsel and assistance to host institutions needing such aid. Resident technical personnel might be supplied by USDA or other organizations under ad hoc arrangements. Recommendations would be made in concert with host country, AID Missions, and AID/W.

The project, while worldwide in scope, probably will provide somewhat more specific technical assistance in Latin America than in other areas, due to the existing efforts and expertise of Michigan State and Kansas State Universities. Depending on the amount and kind of requests from Missions in relation to the time here budgeted, there may be a concentration in some countries where both the problems and priorities give emphasis to the approach developed during Stage I.

During this period of consultation and technical assistance at country levels, there will also be periodic reviews and the accumulation of evidence on the contribution that this assistance has made to actual marketing technical assistance operations. These ideas and information will be used for a final evaluation of the work in this project. Consideration will be given to an appropriate vehicle to present these findings, possibly in a Spring Review, in one or more regional workshops, or in a Washington based conference.

V. Organization, Operation and Estimated Budget

The project will cover an 18-month period of developmental work, followed by three years of field operations, if interest and need are indicated and the situation at the time warrants such continuation. Plans are made for approximately 2.6 professional man years during the first 18 months and at the rate of 2.5 professional man-years per year for the following three years. On-call technical assistance also will be provided in the second stage. The man-years will be divided as follows:

(1) a senior USDA program director and associate/research worker to develop the program and to participate in its implementation by TDY's and to do program analysis and liaison with AID.

(2) the remaining man-years of assistance will be drawn from among specialized agricultural scientists, economists and marketing specialists in USDA These technicians will be available for TDYs in Washington and the field for up to three months in duration to render specialized assistance. The program also provides for outside consultants - particularly during the first stage of the work - as indicated below. Technicians will be selected by USDA, subject to AID approval, and as may be recommended by AID.

The project will draw on the full resources of the USDA; hence a number of people in different disciplines will be involved during the year. The project will be administered through USDA/FEDS. If requests for technical assistance in marketing exceed the 36 man-months per year indicated; it will be necessary to establish priorities to those requests which more effectively utilize the resources of this project, and to accept these other requests as the AID Missions or regional bureaus are prepared to defray the additional costs. If the demand for these services becomes large, the USDA/FEDS may, with AID approval, allocate some of the 36 man months of program personnel to plan programs and to recruit personnel for the specific operation. It is not intended that all requests for marketing technical assistance to the USDA necessarily be channeled through this project.

Estimated Budget

	FY 1970 (6 weeks)	FY 1971	FY 1972 FY 1974 (Annually
Salaries and Benefits:			
Director and Assoc. Director	$6,410	$28,095	$45,000
TDY Marketing Specialists Scientists, Economists	2,310	7,340	90,000
Secretarial Support	1,250	13,545	15,300
Consultants	1,800	3,000	7,000
Travel	1,000	1,700	10,000
Other Object Classes	1,025	10,900	10,000
	$13,795	$64,580	$117,300
Overhead (15%)	2,070	9,687	26,500
TOTAL	$15,865	$74,267	$203,800

AID 1020-24 (10-69)

AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I

Proj. 9310886
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PROJECT AUTHORIZATION

1. PROJECT NUMBER	3. COUNTRY	4. AUTHORIZATION NUMBER
931-11-150-886	Worldwide	0119

2. PROJECT TITLE

Technical Assistance in Food Marketing

5. AUTHORIZATION DATE: April 23, 1971

6. PROP DATED: Feb. 10, 1971

7. LIFE OF PROJECT

a. Number of Years of Funding: 4.2
Starting FY 19 70 Terminal FY 19 74

b. Estimated Duration of Physical Work After Last Year of Funding (in Months): --

8.

FUNDING BY FISCAL YEAR (in U.S. $ or $ equivalent)	DOLLARS		P.L. 480	LOCAL CURRENCY Exchange Rate: $1 =			
				U.S. OWNED		HOST COUNTRY	
	GRANT	LOAN	CCC + FREIGHT	GRANT	LOAN	JOINTLY PROGRAMMED	OTHER
Prior through Actual FY 70	16,000						
Operational FY 71	75,000						
Budget FY 72	200,000						
B + 1 FY 73	200,000						
B + 2 FY 74	200,000						
B + 3 FY							
All Subsequent FY's							
TOTAL	691,000						

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

This project is approved subject to the conduct of an internal AID evaluation of Stage I work to be completed by January 31, 1972 to determine whether further work under this project is to be continued. The FY 72 PASA should permit no expansion in the level of expenditure above that of FY 71 until after it is determined by AA/TA not later than January 31, 1972 whether the project is to be continued.

10. CONDITIONS OF APPROVAL OF PROJECT

Clearances:

AFR/TAC: M.Belcher (memo dated 3/23)
EA/TECH: F.J. Lebeau (memo dated 3/2)
LA/DR: DL Peacock (4/5/71)
NESA/TECH: OL Mimms (telephone 3/17)
VN/ND: LW Doran (telephone 2/25)

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	DATE
[signature]	TA/AGF, Omer J. Kelley MB for	
SIGNATURE	TA/PM, John H. Kean [signature]	4/26/71
AA/TA Deputy Asst. Administrator 4/26/71	TA/PM, Kenneth S. Levick [signature]	4/27
TITLE DATE	A/CONT	