

PD-ABE-781

U N C L A S S I F I E D

79377

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20523

PROJECT PAPER

ASIA REGIONAL  
REGIONAL AGRIBUSINESS PROJECT  
499-0009

U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

**PROJECT DATA SHEET**

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY  
ASIA Regional

3. PROJECT NUMBER

499-0009

4. BUREAU/OFFICE

ASIA

5. PROJECT TITLE (maximum 40 characters)

Regional Agribusiness Project

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
08 31 97

7. ESTIMATED DATE OF OBLIGATION  
(Under 'B' below, enter 1, 2, 3, or 4)

A. Initial FY 92

B. Quarter 4

C. Final FY 97

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 1,275 )	( )	( 1,275 )	( 8,500 )	( )	( 8,500 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1.						
2.						
Host Country						
Other Donor(s)						
<b>TOTALS</b>	1,275		1,275	8,500		8,500

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)	ARDN	AGAB				8,500		8,500	
(2)									
(3)									
(4)									
<b>TOTALS</b>						8,500		8,500	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To increase the effectiveness of existing and new Bureau agribusiness projects and programs in promoting market efficiencies and increased trade and investment in an environmentally sustainable manner.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
06 95 06 97

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY

Signature

Henrietta Holzman Gore

Title

Assistant Administrator/ASIA

Date Signed

MM DD YY  
08 17 92

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

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U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA**

**FROM:** ASIA/DR(acting), Frank Miller *Frank Miller*

**SUBJECT:** Asia Regional - Regional Agribusiness Project  
(499-0009) - Project Authorization

**Action:** Your signature is necessary to authorize the subject project.

**Background:** The Regional Agribusiness Project (RAP) represents a five year, \$13.5 million project designed to expand and enhance Asia Bureau agribusiness capabilities and influence future directions of Bureau agribusiness assistance. The purpose of the project is to increase the effectiveness of existing and new Bureau agribusiness projects and programs in promoting market efficiencies and increased trade and investment in an environmentally sustainable manner. RAP will emphasize: improving regional market transparency and defining product quality standards for market entry; identifying solutions to agribusiness development environmental concerns; serving as a regional liaison with the U.S. private sector; and addressing key regional agribusiness development issues which transcend individual country programs.

RAP will be financed with a core budget of \$8.5 million, supplemented by an estimated \$5.0 million in field Mission buy-ins and add-ons to implementing contracts and grants. Estimated funding by component is as follows:

**Illustrative Budget (US\$ 000)**

Component	Core	Buy-ins/ Add-ons	Total
1. Market Information	3,040	2,100	5,140
2. Environmental Services	2,080	1,500	3,580
3. Trade & Inv. Services	1,130	515	1,645
4. Analytical Support	1,590	885	2,475
5. Project Manager	400	-	400
6. Evaluation	200	-	200
7. Audit	60	-	60
<b>Total</b>	<b>8,500</b>	<b>5,000</b>	<b>13,500</b>

*a*

The project was developed by ASIA/DR/TR, which will be responsible for overseeing its implementation. The New Project Description was reviewed and approved by the Bureau on June 27, 1991. The Bureau reviewed and approved the Project Identification Document on November 22, 1991. The Project Paper (PP) was reviewed on June 25, 1992. At the PP review, chaired by the DAA/ASIA, a number of issues were raised and discussed among representatives from ASIA/DR, ASIA/DR/TR, ASIA/DR/PD, ASIA/EA, ASIA/FPM, R&D/EID, R&D/AGR and FA/OP/B/AEP. There surfaced two major issues, both of which have now been resolved.

The first major PP review issue had to do with the apparent heavy management burden the project would place on ASIA/DR/TR staff, particularly given the large number of participating organizations. This issue was resolved via subsequent discussions between ASIA/DR/TR, ASIA/DR/PD and FA/OP/B/AEP. The agreed-upon role modifications have been recorded in the revised PP, Section II, Implementation Plan, which now shows the role of each implementing organization within a more clearly depicted overall management structure. The second PP review issue had to do with the need for ASIA/DR to review the recently completed CDIE analysis entitled "Export and Investment Promotion" to determine if the RAP project design is consistent with the key findings of the CDIE analysis. ASIA/DR has now reviewed the CDIE analysis and determined that the design is indeed consistent with the findings of the analysis.

The PP document, as revised, has now been found to represent a project which is technically, administratively, institutionally, financially, economically, socially and environmentally sound.

A Congressional Notification (CN) was cleared through the appropriate Bureau and Agency channels and submitted to Congress on July 28, 1992. The statutory CN waiting period will expire and obligations may be incurred on August 11, 1992.

The appropriate Bureau and Agency divisions and offices have reviewed and cleared the attached Project Authorization and it is now ready for your signature.

**Recommendation:** That you sign the attached Project Authorization (Attachment A) and the PP facesheet (Attachment B).

APPROVED: \_\_\_\_\_



DISAPPROVED: \_\_\_\_\_

DATE: \_\_\_\_\_

8-17-92

**Attachments:**

- A. RAP Project Authorization
- B. RAP Project Paper

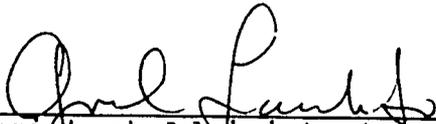
PROJECT AUTHORIZATION

NAME OF COUNTRY: Asia Regional  
NAME OF PROJECT: Regional Agribusiness Project  
NUMBER OF PROJECT: 499-0009  
NAME OF GRANTEE(S): Various

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Regional Agribusiness Project (the "Project") for the Asia Bureau involving planned obligations of an amount not to exceed Thirteen Million Five Hundred Thousand United States Dollars (\$13,500,000) in grant funds over a five-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allocation process. The planned life-of-project (LOP) is five years from the date of initial obligation.
2. The project consists of technical and other assistance to increase the effectiveness of existing and new Asia Bureau agribusiness projects and programs in promoting market efficiencies and increased trade and investment in an environmentally sustainable manner. The project will provide various information, services and support, including but not necessarily limited to: market information, environmental services, trade and investment services and analytical support. The project will be implemented through contracts, grants and transfers of funds to and from other U.S. government agencies. In addition, the project contemplates A.I.D. field Mission buy-ins and add-ons to such contracts and grants.
3. The agreements and contracts necessary to implement the Project may be negotiated by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, together with such other terms and conditions as A.I.D. may deem appropriate.
4. Source and Origin of Commodities and Nationality of Services. Except as A.I.D. may otherwise agree in writing, or as otherwise provided below, commodities financed by A.I.D. under the Project shall have their source and origin in the United States. Except as A.I.D. may otherwise agree in writing, or as otherwise provided below supplies of commodities and supplies of services, other than ocean shipping, financed by A.I.D. under the Project shall have the United States as their place of nationality. Except as A.I.D. may otherwise agree in writing, ocean shipping financed by A.I.D. under the Project shall be only on flag vessels of the United States. Except as provided below, all locally financed procurement in Asian countries assisted under the Project must be covered by a source/nationality waiver under Handbook 1B, Chapter 5, with the following exceptions:

Locally financed procurement is authorized without waiver for:

- (a) locally available commodities of U.S. origin, which are otherwise eligible for financing, if the value of the transaction is estimated not to exceed the local currency equivalent of \$100,000 (exclusive of transportation costs);
- (b) commodities of Geographic Code 935 origin if the value of the transaction does not exceed \$5,000;
- (c) professional services contracts estimated not to exceed \$250,000;
- (d) construction services contracts estimated not to exceed \$5,000,000; and
- (e) the following commodities and services which are available only locally:
  - (i) utilities, including fuel for heating and cooking, waste disposal and trash collection;
  - (ii) communications -- telephone, telex, fax, postal and courier services;
  - (iii) rental costs for housing and office space;
  - (iv) petroleum, oils and lubricants for operating vehicles and equipment;
  - (v) newspapers, periodicals and books published in the cooperating countries; and
  - (vi) other commodities and services (and related expenses) that, by their nature or as a practical matter, can only be acquired, performed or incurred in the cooperating countries, e.g. vehicle maintenance, hotel accommodations, etc.

  
Assistant Administrator  
Bureau for Asia

8-17-92  
Date \_\_\_\_\_

*d.*

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**LIST OF ACRONYMS**

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AID	United States Agency for International Development
AMIS	Agricultural Marketing Improvement Strategies Project
AMS	Agricultural Marketing Service (USDA)
ANE	Asia Near East Region
APAP	Agriculture Policy Analysis Project
APHIS	Animal and Plant Health Inspection Service (USDA)
ASIA/DR/TR	Development Resources/Technical Resources of Asia Bureau
ASAC	American Society of Agricultural Consultants
ASEAN	Association of Southeast Asian Nations
CEO	Chief Executive Officer
CES	Cooperative Extension Service (USDA)
CTIS	Center for Trade and Investment Services (AID)
DOC	Department of Commerce
ENE	Bureau for Europe and the Near East (AID)
EPA	Environmental Protection Agency
ERS	Economic Research Service (USDA)
FAS	Foreign Agricultural Service (USDA)
FDA	Food and Drug Administration
FSIS	Food Safety Inspection Service (USDA)
HHS	Department of Health and Human Services
IPM	Integrated Pest Management
IQC	Indefinite Quantity Contract
LDC	Less Developed Country
M&E	Monitoring and Evaluation
MIS	Market Information Services
MNS	Market News Service (USDA)
MTAP	Market Technology Access Project
NGO	Nongovernmental Organization
OIA	Office of International Activities (EPA)
OICD	Office of International Cooperation and Development (USDA)
OPIC	Overseas Private Investment Corporation
OPTS	Office of Pesticides and Toxic Substances (EPA)
PASA	Participatory Agency Services Agreement
PID	Project Identification Document
PIO/T	Project Implementation Order/Technical
PITO	Private Investment and Trade Opportunities Project
PPIC	Pollution Prevention Information Clearinghouse (EPA)
PPQ	Plant Protection and Quarantine (APHIS)
PRE	Private Enterprise Bureau (AID)
PVO	Private Voluntary Organization

R&D	Research and Development Bureau (AID)
RAP	Regional Agribusiness Project
RASP	Regional Agribusiness Support Project (AID/ENE)
RFP	Request for Proposal
RSSA	Reciprocal Support Services Agreement
STAG	Senior Technical Advisory Group
TA	Technical Assistance
T&I	Trade and Investment
TIC	U.S. Department of Commerce Trade and Investment Center
TIP	Technical Information Packages (TIPs)
TIS	PRE Trade and Investment Services (AID)
US-AEP	U.S.-Asia Environmental Partnership
USDA	United States Department of Agriculture

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## EXECUTIVE SUMMARY

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### I. Background

Agribusiness in ASIA provides expanding opportunities for increased trade, employment and national income growth. The emerging importance of agribusiness is a result of overall economic growth in the region and a shift in the source of agricultural sector growth away from field production to food processing, marketing and other value-added services such as post-harvest handling, packaging, storage, transport and food wholesaling and retailing. These functions and services will continue to expand rapidly as overall economic growth continues, domestic consumer preferences become more sophisticated, and trade opportunities in new markets for agricultural products are accessed.

Recognizing the importance of agribusiness in the economies of Asia, all Asia missions (with the exception of Cambodia, Mongolia, Pakistan and Thailand) have begun implementation of, or are designing, an agribusiness project(s) in FY 1991 and 1992. However, agribusiness represents a relatively new technical focus for the Bureau. As the Mission agricultural portfolios shift from a production emphasis to a systems approach for achieving private sector-led market integration for key agricultural products the Regional Agribusiness Project (RAP) will support their first generation agribusiness projects by filling gaps. RAP will also provide leadership for the development of agribusiness activities in new Missions.

Overall, the Regional Agribusiness Project (RAP) will: provide an expanded range of technical support and assistance to USAIDs just embarked in agribusiness projects; and serve as a vehicle for technical support and assistance to new USAID programs in Mongolia, Indo-China, the Central Asian Republics should they join the Asia Bureau, as well as smaller missions without agribusiness projects. As a vehicle for expanded services RAP will emphasize: improving regional market transparency, creating a better understanding of regional market support infrastructure, and defining product quality standards for market entry; identifying solutions to agribusiness development environmental concerns; serving as a regional liaison with the U.S. private sector; and addressing key regional agribusiness development issues which transcend individual country programs. As a support mechanism for new or less than fully delegated USAIDs, RAP will explore the potential for agribusiness investments, provide analytical support for sectoral assessments and assistance with agribusiness project designs.

The dynamics of the Asia market and USAID demands for timely agribusiness services and specialized environmental information were reviewed to determine if technical support and assistance

could be provided through a central bureau project. An ASIA focused regional agribusiness project offers comparative advantages and economies of scale for: accessing and interacting with the U.S. private sector for involvement in mission programs; analysis of key intraregional and international marketing issues; disseminating state-of-the-art knowledge and lessons learned; addressing specific technical concerns such as environmentally sustainable agroprocessing, high value crop production and market enterability requirements; and expanding the range of services offered through existing and new Asia agribusiness programs. At this time no central project exists with the scope of services to be provided under RAP. A planned R&D/EID agribusiness start with no coincidence with RAP components will not be ready for obligation until FY 93 and will require geographic bureau OYB transfers to maintain a sufficient core budget.

The services included under RAP represent a widespread sharing of market, trade, investment and technical information among agribusinesses in Asia. These agribusiness support services can potentially have a powerful impact on the agribusiness subsector and can accelerate and expand agribusiness growth. The RAP emphasis on providing agribusiness support services for improving market transparency, understanding market support infrastructure, and establishing linkages to foreign buyers/sellers and investors builds on key lessons learned and is consistent with the recent CDIE analysis "Export and Investment Promotion: Findings and Management Implications From A Recent Assessment," (McKean, Cressida, 1992).

## **II. Project Goal and Purpose**

The Regional Agribusiness Project (RAP), 499-0009, is a five year, \$13.5 million (\$8.5 million core and \$5.0 million buy-in) project designed to expand and enhance ASIA Bureau agribusiness project capabilities and influence future directions of Bureau agribusiness assistance. The goal of RAP is to improve private sector agribusiness performance and participation resulting in increased employment and income.

The purpose of the project is to increase the effectiveness of existing and new Bureau agribusiness projects and programs in promoting market efficiencies and increased trade and investment in an environmentally sustainable manner. RAP will serve the technical and information needs of ASIA missions and will provide mechanisms for accessing complementary support services for improving the transparency of regional and international markets, addressing key agribusiness development environmental concerns, facilitating U.S. private sector involvement in mission programs, and addressing regional-level agribusiness development issues.

## **III. Project Components**

### **1. Market Information Services (MIS)**

The MIS component will consist of three subactivities: 1) a Bimonthly Newsletter; 2) market information coverage of selected import markets in Asia; and 3) training in market news reporting.

In FY 1991 and 1992, seven new agribusiness project starts will provide assistance to local trade associations and other business organizations to strengthen their capacities for providing various business support services to their membership. Key among these services is market information management and dissemination. RAP will strengthen these bilateral efforts by increasing the access of agribusinesses to sources of market information on key commodities of interest across the region (fresh fruits, vegetables, flowers, aquacultural products, spices and oils).

MIS will develop low cost delivery of high quality market information and intelligence of a broader intraregional market perspective than is available to or from the individual agribusiness projects currently in the region. The RAP focus will insure that basic market information needs are maintained and available in the region, that market information management skills are fostered, and that the relevant flow of information to the region is facilitated and is responsive to specific client needs.

**Bimonthly Newsletter:** RAP will support publication of a bimonthly newsletter, Asia Agribusiness News (AAN). The Asia Agribusiness News will target a range of readers from policy makers to shippers and receivers of agribusiness products. The newsletter's content will be highly relevant and include commentary, trade data, and market analysis.

Over the life of RAP, the Asia Agribusiness News will evolve into a self supporting trade publication supported by advertising and subscription fees and user fees for on-line access to information. Subscriptions will be sold through private sector news organizations to cover reproduction and distribution costs. Mechanisms for raising revenues for production costs will be introduced over the life of project to insure the Asia Agribusiness News' sustainability.

**Coverage of Selected Import Markets in Asia:** While U.S. and Western European markets for perishable products are readily transparent, the major import markets in Asia generally are not, except perhaps from a domestic perspective. RAP will collect and disseminate market price, quantity and quality information and intelligence on the leading import markets for fruits and vegetables in Asia to help alleviate problems associated with language difficulties, protectionist sentiments, and thinly traded markets for niche products. RAP will identify public and private sources of market information on key export commodities and will establish mechanisms to access it on a regular basis. Market reports will be prepared two days a week on selected crops. Monthly, bimonthly, seasonal and yearly product market

summaries will also be prepared. These market reports will also be published by AAN.

As with the the Asia Agribusiness News, RAP market reports will be sold on a commercial basis, and mechanisms will be introduced during implementation to insure the coverage is financially sustainable.

**Training in Market News Reporting:** Market news reporting is an essential private sector support service, usually carried out through public sector institutions in Asia. For most agribusiness markets in Asia, domestic markets represent a much larger and rapidly growing source of demand than export markets. The importance of the domestic market is not recognized in most mission projects. Market reporting helps to establish grades and standards, and thus fosters improved market transparency and performance. This increases domestic market efficiencies and orients producers to quality concerns, a basic prerequisite for entering export markets. Through RAP, missions will have access to USDA's Agricultural Marketing Service to train Asians in market news reporting. Training will be provided through RAP core funding and mission buy-ins.

## **2. Environmental Services (ES)**

RAP will address two major areas of environmental concern related to agribusiness development: 1) quality-related regulatory issues concerning high-value crops; and 2) agroprocessing pollution.

Mission investment in agribusiness development will result in significant increases in the use of water, pesticides, herbicides and fertilizers for the production of high value crops. Agribusiness development will also produce significant quantities of wastes and effluent through agroprocessing industries. Crop production methods which insure acceptable levels of pesticide residue and phytosanitary standards are fundamental for entering export markets and for promoting domestic food safety.

While sources of environmental information for addressing the effects of high-value crop production and agroprocessing exist, mechanisms for obtaining and interpreting this information are not included in the current portfolio of mission agribusiness projects. Also, there remains major data gaps on food quality standards and quarantine regulations for the key export markets in the region, and there is no single comprehensive reference source for obtaining this information.

RAP will establish mechanisms to access existing information sources to increase the country-specific knowledge and understanding of these problems, provide technical assistance and training on data interpretation, and support additional data collection to fill gaps in targeted crops and market areas.

Cooperating U.S. agencies implementing this subactivity will be the USDA's Animal and Plant Inspection Service (APHIS) for assistance in food quarantine issues; Environmental Protection Service (EPA) for assistance in dealing with agroprocessing pollution and pesticide concerns; and the Oregon State Department of Agriculture's Export Service Center for gathering and providing data on food quality and import regulations.

RAP's environmental objective is to transfer skills and information gathering and interpretation to cooperating trade associations in each country. These associations will be provided guidance on appropriate fees for information so that by the time the project has ended, fees and resource credibility will be well established. Services to provide regulatory information will be sustainable insofar as entry requirements effect a country's export potential and company profits. With regard to pollution control, the EPA is planning to eventually establish a regional office in Singapore, and then in each country's environmental agency by request.

### **3. Trade and Investment Services (TIS)**

All mission agribusiness projects emphasize the promotion of agricultural exports and technology imports as key elements of their agribusiness growth strategy. The identification of new markets and the strengthening of external market linkages will be key factors for success. Therefore the TIS component will: broaden mission access to the U.S. private sector; and identify business opportunities and facilitate transactions between Asian and U.S. agribusinesses. There are three subactivities: 1) Senior Technical Advisory Group; 2) referral service; and 3) transaction support.

**A Senior Technical Advisory Group** made up of U.S. agribusiness representatives was initially conceived as the Agribusiness Leaders' Seminar held in June 1991. The Agribusiness Leaders' Seminar was a forum for senior AID leadership and representatives of the U.S. private sector to discuss collaboration in support of mission programs and to gain an industry perspective on international agribusiness investments and joint ventures. RAP will formalize this interaction with leading U.S. agribusinesses via the Senior Technical Advisory Group which will meet annually.

**The referral service** will screen investment (business) leads referrals from individual country projects to identify trade and investment opportunities. These will be listed in RAP's electronic clearing house and the USDA's on-line program for business leads. This subactivity will be implemented in cooperation with the USDA's Going Global Initiative which is a USDA program to assist small- and medium-scale U.S. agribusinesses in becoming more internationally competitive. The Going Global Initiative will arrange for face-to-face meetings of visiting trade delegations or individual Asian business people

with pre-selected interested U.S. investors, usually in conjunction with a major industry trade show.

**Transaction support** will involve the preparation of detailed investor/supplier profiles leading to better identification of potential business partners. RAP will provide limited transaction support costs to both Asian and U.S. businesses to buy down the risk associated with pursuing new investments in Asia.

RAP will support trade and investment components of mission projects through technical assistance, training and establishing linkages with U.S. organizations and businesses. The resources and skills in U.S. and Asian private sector trade organizations will, by the end of project, be developed sufficiently to continue the trade and investment services provided by RAP.

#### **4. Analytical Support (AS)**

The AS component has four subactivities: 1) regional analysis; 2) export market analysis; 3) monitoring and evaluation; and 4) agribusiness financing and project design in privatization.

Selected analytical services will be provided to support mission agribusiness project design, implementation, monitoring and evaluation, and to investigate agribusiness development issues of common interest across the region. There will be economies of scale addressing these issues at the regional level. RAP will identify and analyze issues such as agribusiness finance and privatization which have a regional impact and are outside the scopes of individual country projects. The AS component will provide sectoral assessments and other preliminary project development analyses, particularly for missions without agribusiness projects.

**Regional Analysis:** Certain trade and investment issues transcend individual mission agribusiness development efforts. These issues involve an understanding of intraregional and international markets, market enterability requirements, and external market infrastructure. Most existing mission projects do not have the detailed information required for entering key regional markets such as commodity grades, standards, phytosanitary control and other regulatory issues and transportation availability and cost. As projects move towards export markets, this information will become more important. RAP will facilitate mission export promotion efforts by assembling data on the regulatory regimes of major Asian markets and conducting analyses of these regional concerns which will be summarized in the Asia Agribusiness Newsletter. The regional analyses and regulatory information will be provided initially through core funding. As missions become more specific as to their priority markets, buy-ins will be utilized.

**Export Market Analysis:** Closely associated with the analysis of

regional issues will be RAP assistance for the development of market penetration strategies. RAP will provide assistance to mission clients to determine market characteristics that need to be addressed such as primary sources of competition, identification of comparative advantages in terms of quality, alternative varieties, seasonality and market infrastructure. RAP will make available a roster of buyers, wholesalers, distributors, and retailers to facilitate commercial transactions. Most specific export analyses will be initiated through mission buy-ins. However, in certain cases RAP will be proactive in directing mission programs toward promising trade opportunities.

**Monitoring and Evaluation:** RAP will provide leadership in developing a monitoring and evaluation approach for agribusiness development across the region. RAP will focus on the development of a monitoring and evaluation methodology, the identification of key indicators, and data sources to quantify them.

**Agribusiness Financing and Project Design in Privatization:** The design of complementary activities in agribusiness financing and privatization constitutes a target for RAP to provide analytical leadership in areas important for further agribusiness growth. Agribusiness financing is important for continued industry growth and sustainability. RAP will investigate the economic and institutional issues affecting agribusiness finance across the region and provide guidance to mission projects. Also, RAP will support an investigation of key issues related to privatization to assist missions develop policy agendas and promote the privatization of key agribusiness enterprises. Other issues requiring regional analysis will be identified.

#### **IV. Implementation**

The management structure of RAP places a limited management burden on ASIA/DR/TR. RAP will be managed from the Agriculture Enterprise and Access Unit of ASIA/DR/TR. A USDH project officer will provide guidance, overall coordination and will initiate the start-up procurement actions. Project management will be the primary responsibility of a USDA Project Manager who will be hired under a RSSA/PASA. The Project Manager will have full project management responsibilities and authorities as would a USDH.

The USDA Project Manager will supervise the prime technical assistance contractor (\$6,490,000) and manage the USDA RSSA for specialized short-term assistance from APHIS and AMS (\$750,000). The USDA Project Manager will monitor a grant to the Oregon State Department of Agriculture's Export Service Center (\$335,000) to expand its data base on international food standards for Pacific Rim markets, and a buy-in to EPA services to address agricultural processing pollution issues.

The R&D Bureau's Office of Energy and Natural Resources (R&D/ENR)

will manage the EPA buy-in through its Environmental Pollution Prevention Project (EP3) Funding will be provided by an OYB transfer (\$450,000).

The prime contractor will be selected via competitive procurement using the RFP process for the implementation of all components of the project. The principal contractor will prepare detailed annual implementation plans which integrate the services to be provided by the other participating organizations in the project.

#### V. Financial Summary

RAP has a five year life of project with a \$13.5 million budget. The budget is \$8.5 million core with an estimated \$5.0 million in field mission buy-ins. The budget summary follows:

##### Illustrative Budget (US\$ 000)

Component	CORE	BUY-IN	TOTAL
1. Market Information	3,040	2,100	5,140
2. Environmental Services	2,080	1,500	3,580
3. Trade and Investment	1,130	515	1,645
4. Analytical Support	1,590	885	2,475
5. Project Manager	400	-	400
6. Evaluation	200	-	200
7. Audit	<u>60</u>	<u>-</u>	<u>60</u>
<b>TOTAL</b>	<b>8,500</b>	<b>5,000</b>	<b>13,500</b>

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**SECTION I**  
**PROJECT DESCRIPTION**

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**A. Background**

The agribusiness<sup>1</sup> sector in Asia represents a key area of focus for development programs in the 1990s. Development of agribusiness is essential to provide goods and services enabling commercially oriented farmers to increase agricultural output. Agribusiness adds value to agricultural products and provides new opportunities for international trade, rural employment, and national income growth.

Asian economies are growing rapidly through industrialization and increased trade. Nonfarm incomes are increasing with economic progress. Urban populations are growing more rapidly than total population. Consequently, demand is rising for processed and packed food distributed through formally organized wholesale and retail distribution channels. With increasing incomes, consumer demand is shifting to a more varied diet including more high-value-added products. There is need for increased exports to generate foreign exchange.

Growth in the farm-level value of agricultural commodities is not keeping pace with overall economic growth in many of the countries in Asia. Farm incomes are declining as a proportion of national incomes. This result is not surprising. It is an expected consequence of the transition from less developed toward more developed, higher-income economies.

Indeed, the proportion of value added from agribusiness rises dramatically as an economy grows. The agricultural sector becomes more productive and farmers are able to buy larger quantities of consumer goods and services. Labor from the agricultural sector is attracted by higher wages in trade and industry. Poor countries such as Nepal and Bangladesh still have approximately 60 percent of total GDP contributed by farmers. In developed economies, the vast

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<sup>1</sup>Agribusiness refers to enterprises that provide inputs to the agricultural sector and enterprises that process, elaborate, store, or market products produced by the agricultural sector.

majority of agricultural GDP comes from pre- and post-farm activities: input supply, financing, processing, marketing, postharvest handling, packaging, storage, transportation, and distribution. As the economies of Asia grow, these agribusinesses increase in importance. In fact, the continued growth of the agricultural sector throughout Asia will depend heavily on the successful growth of private agribusinesses. The agricultural sector still has potential for contributing much more to the national economies in Asia, provided it is adequately supported by agribusiness goods and services.

The private sector is in the best position to make the substantial investments that will be required to develop agribusiness enterprises in Asia. Private firms that take their signals from the market can provide effective management, apply efficient technology, and organize and train a productive work force. In some cases this means establishing vertically integrated enterprises to utilize the productive capacity of smallholders. The probability of success is increased when the investor assumes the risk of profit or loss and contributes equity capital.

Agribusiness growth is occurring relatively quickly in the more rapidly growing economies of Asia. But in other countries, the development of essential agribusiness services is slow, and interventions are needed to allow trade and investment to occur. Necessary interventions include improvements in physical infrastructure and strengthening of agribusiness support services.

The public sector can contribute to the growth of agribusiness by adopting supportive commercial policies and eliminating regulations that discourage trade and investment. Many nations in the region still maintain remnants of production and marketing policies and trade barriers that inhibit investment in agribusiness enterprises and the development of export capability.

A number of services are needed that are beyond the capacity of many investors, especially small and medium firms, to provide for themselves. Some of these are public goods that can best be provided by the public sector. When demand warrants, many can be provided more effectively by private enterprises or trade associations.

Agribusinesses considering investment in Asia require market intelligence to identify marketing opportunities and develop marketing strategies. This includes information on market prices and quantities for selected products in domestic markets, and in foreign markets that are likely destinations for exports. Reliable information is needed concerning product enterability requirements for imports into foreign countries, so new entrants can

participate. Investors require knowledge of environmental standards such as those for agro-industrial pollution. Services are needed to help establish buyer-seller linkages and support international trade and investment transactions.

Viable agribusiness systems in Asia will need to be built on solid, market-oriented foundations. These should include improved national commercial policies; vertically integrated private agribusiness firms operating in open, competitive markets; high levels of investment in agribusiness; and sustained, market-driven technology transfer. Key infrastructure, business support services, and market regulations are required. Also, there is pressing need to solve regional problems related to transportation, natural resource management, phytosanitary control, and market barriers. Without these foundations, it is likely that growth in the agricultural sectors of many Asian countries will slow, and a major opportunity for increased rural income will be missed.

## **B. Project Rationale**

Recognizing the importance of agribusiness in the economies of Asia, all Asia missions, with the exception of Cambodia, Mongolia, Pakistan and Thailand, have begun implementation of, or will be designing, an agribusiness project(s) in FY 1991 and 1992 with an overall life-of-project value of \$280 million. The investment in these projects is programmed to run well into the 1990s. Additionally, the value of the Bureau's investment attributable to agribusiness components of other ongoing projects is significant. Table I summarizes the Bureau's current portfolio of agribusiness activities. The role of the agribusiness subsector in the development of individual country economies varies across the region. This diversity is reflected in the different strategic approaches and configurations of mission agribusiness projects.

The Regional Agribusiness Project (RAP) will respond to missions' expressed technical support requirements for the implementation of their agribusiness projects. Agribusiness represents a new technical focus for the ASIA Bureau which cuts across several diverse areas. Moving to a systems approach for achieving private sector-led, post-farm vertical market integration for key agricultural products requires a much broader perspective than that of the traditional production emphasis.

The marginal return to a relatively small central investment in agribusiness will be considerable in terms of increased project and program implementation efficiencies. A regional agribusiness support project can provide leadership in diverse technical areas comprising the agribusiness subsector such as promoting a better understanding of regional markets and market enterability, options

for dealing with the environmental consequences of agribusiness development, and effective approaches for accessing the U.S. private sector for involvement in country programs. A regional project can focus on key agribusiness development issues in the Asia region which transcend individual country programs such as agribusiness finance and privatization. A regional approach serves as a mechanism for linking missions' efforts and experiences in agribusiness development to each other and individual missions to the widest number of agribusiness connections worldwide.

ASIA/DR/TR in collaboration with Bureau missions embarked on a review of the Bureau's agribusiness portfolio in February 1991 to determine how best to provide technical support to the field. A review of the scope of bilateral projects was undertaken to determine the needs of the field. Missions provided feedback and identified required support services. Based on this review, ASIA/DR/TR and the field concluded that several types of implementation efficiencies could be gained through a central project. A review of existing central (R&D and PRE) projects was conducted to determine if the services offered were sufficient to support the Bureau's substantial investment in agribusiness. Although there are a number of excellent central projects that deal with some elements of agribusiness, it was concluded that a regional agribusiness support project was required for the following reasons:

**No One Central Project:**

--A regional project can maintain a more consistent and stronger focus on agribusiness issues which are Asia-specific.

--Several projects have elements of agribusiness support services, but no one project has an integrated set of services.

--A regional project presents an opportunity for achieving more efficient modes for accessing a range of technical assistance.

**Divergent/Alternative Approaches;**

--A regional project offers alternative approaches for accessing the U.S. agribusiness community, particularly small- and medium-scale enterprises, e.g., USDA's Going Global.

**TABLE I: Asia Bureau Agribusiness Projects**

Country	FY 1991	FY 1992	Other Projects
Bangladesh	-	Agribusiness and Technology Development, \$80 m	Fertilizer Distribution Improvement II, \$65 m
India	Agriculture Commercialization and Enterprise, \$20 m	-	-
Indonesia	Agribusiness Development, \$20 m	Privatizing Agricultural Research and Development, \$9 m	Agriculture and Rural Sector Support, \$66 m
Nepal	Agroenterprise and Technology Development, \$12 m	-	-
Pakistan	-	-	Agriculture Sector Support, \$310 m
Philippines	Agribusiness Systems Assistance, \$85 m	-	-
South Pacific	Market Access and Regional Competitiveness, \$15 m	Commercial Agriculture Development, \$10 m	-
Sri Lanka	-	Agroenterprise Development, \$30.6	Diversified Agricultural Research, \$14 m
<b>LOP TOTALS</b>	<b>\$ 152 m</b>	<b>\$ 129.6 m</b>	<b>\$ 455 m</b>

Nine new project starts in FY 1991 and 1992 with life-of-project total of \$281.6 million. Note: exact amount attributable to agribusiness within the overall LOP of Other Projects cannot be isolated.

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**High Anticipated Demand:**

--A regional project will be able to respond to the additional new buy-in demands for agribusiness-specific support services.

**Technical Support Areas Not Addressed By Other Projects:**

--A regional project can deal with concerns not addressed elsewhere, e.g., environmental focus on agroprocessing (waste management, use of toxic processing chemicals, etc.) and sustainable high-value crop production technologies, regional-level analyses, agribusiness-specific monitoring and evaluation systems, USDA's Going Global Initiative, market enterability from an Asian agribusiness perspective, market information coverage of key regional markets, and training in market news reporting.

The implementation efficiencies that could be gained through a regional project include:

**Comparative Advantage:**

--A regional project is better positioned to access and interact with the U.S. private sector and to advocate U.S. business involvement in mission programs, including the identification of specific business opportunities and Asian business partners.

--A regional approach is better able to develop consistent indicators and assess/analyze regional issues of common concern, e.g., finance, transportation, privatization; and advocate the findings among missions.

--A regional project can provide service to small missions without agribusiness projects and to new missions.

**Economies of Scale:**

--A regional project can promote increased transparency and facilitate linkages to regional and international markets more cost-effectively than through duplicative bilateral efforts, e.g., market information coverage, residue and phytosanitary market enterability requirements.

**Complementarities:**

--A regional project can expand the range of services provided by a mission project and maximize response capabilities for dealing with constraints/opportunities unanticipated during project design.

--A regional project can facilitate missions achieving their objectives more effectively by building supporting linkages to international markets.

**Coordination and Linkages:**

--A regional project is better placed to coordinate mission linkages to other AID projects and activities as well as to non-AID activities.

**State-of-the-Art Technologies and Information:**

--A regional project is better positioned to gather focused information on new environmental technologies in sustainable agriculture and agroprocessing and disseminate them in a more cost-effective manner.

--A regional project can catalog and test public and private U.S. market information systems for application in Asia.

--A regional project can monitor and disseminate lessons learned.

**ASIA Bureau Leadership:**

--A regional project can provide leadership in new and diverse technical areas and resources to ensure effective project implementation.

--A regional project can provide missions and agribusinesses with options that minimize negative environmental consequences of a successful agribusiness program.

As part of the PID exercise, missions were requested to complete a detailed survey of agribusiness support services which could potentially enhance the implementation of their bilateral projects. Based on this input, a draft PID was presented at the Bureau's Environment and Agricultural Officers' Conference in Colombo, Sri Lanka in September 1991. The Conference was followed by an agribusiness workshop to allow a more thorough review of the draft PID by mission, ASIA/DR/TR, and PRE Bureau representatives, and representatives of technical assistance teams who were implementing agribusiness activities in the field. The RAP PID was reviewed and approved by the Bureau in November 1991. It included four components: (1) Market Information Services; (2) Environmental Services; (3) Trade and Investment Services; and (4) Analytical Support.

The PID review recommended additional analysis during the project paper design to form a more accurate estimate of buy-in levels for RAP services. Members of the design team visited the field<sup>2</sup> to conduct analysis, interact with missions, and interview Asian agribusinesses and business/trade associations to refine the service components.

The project development process indicated that mission agribusiness projects could meet their objectives more effectively if they were

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<sup>2</sup>Countries visited were Philippines, Indonesia, Bangladesh and Nepal.

complimented by activities that build linkages to intraregional and international markets. The **Market Information Services** component will promote increased transparency and knowledge of these markets by providing information on market price, quantity and quality; market structure; and market enterability requirements. The **Environmental Services** component will provide options to allow exporters to adhere to strict phytosanitary and chemical residue standards which are important for entering new markets. The **Trade and Investment Services** component will assist in identifying business opportunities, industry contacts and promote transactions between Asian and U.S. businesses. The **Analytical Support** component will provide leadership in identifying and analyzing agribusiness issues which have a regional impact and assist in developing market entry strategies.

Additionally, many sources of environmental information for addressing the effects of high-value crop production and agroprocessing exist, but mechanisms for obtaining and interpreting this information are not included in the current portfolio of agribusiness projects. Also, there remains major data gaps on food quality standards and quarantine regulations for the key regional markets, and there is no single comprehensive reference source for obtaining this information. The **Environmental Services** component will establish mechanisms to access existing information sources to increase the knowledge base and understanding of the environmental problems related to high-value crop production and agroprocessing, provide technical assistance and training on data interpretation, and support additional data to fill gaps on these environmental concerns.

## **C. Program Considerations**

### **1. Country Strategies**

Across the Asia region, there is increasing recognition by national governments and planners that the production-led, grain-based, and publically managed strategies of the past are not sufficient to achieve productivity, production, and income growth. There is clearly a need to shift the focus of agricultural programs beyond the production stage with an emphasis on increased private sector involvement in market-oriented agribusiness industries, services, and infrastructure. Recognizing this growth potential, Asian countries are beginning to establish a basis for agribusiness development by promoting:

- Establishment of private firms in input and post-farm service industries
- Creation of essential infrastructure, including roads, ports, airports, and cargo handling facilities
- Establishment of market-driven support services, such as trade associations, market information, financial, and technology transfer services

- Establishment of a regulatory framework that protects private property, promotes concern for quality, and stimulates competition

Other common goals are: privatization of parastatal industries, liberalization and expansion of international trade, export promotion, and regional economic integration. Finally, the private sector in Asian countries has a common interest in increased exposure to U.S. technology, equipment, technical assistance, and markets.

## 2. Relationship to AID Country Development Strategies

Agribusiness development has become a major programmatic theme in the agricultural portfolios of ASIA Bureau missions. Bangladesh, India, Nepal, Sri Lanka, Philippines, Indonesia, and South Pacific have agribusiness projects or programs that will be implemented well into the 1990s. Agribusiness plays a key role in achieving several important mission objectives:

- Growth of employment and income
- Building foundations for national food security
- Supporting privatization
- Promoting trade and investment
- Transferring technology
- Encouraging policy reform and economic liberalization

Agribusiness cuts across several broad technical areas: enterprise development, financial and information services, farming systems, international trade and investment, technical training, and economic and policy analysis. RAP is intended to expand and strengthen missions' implementation capabilities in these areas.

## 3. ASIA Bureau Food Systems Strategy

The ASIA Bureau's *Food Systems Strategy for Growth in the 1990s* identifies agribusiness development as a key component of sustainable economic growth. Asian economies are growing rapidly, experiencing rising personal incomes, changing diets as people eat more and better food, and the transformation of small-farm enterprises from subsistence to diversified commercial producers. The strategy argues for a broader Bureau perspective, moving from a farm production focus to a systems approach to agricultural production, processing, and marketing. In particular, the strategy highlights the critical role of agribusiness in the growth process. Agribusiness adds value to agricultural products, provides employment and income to sustain growth, and creates opportunities for foreign exchange earnings.

#### **4. U.S.-Asia Environmental Partnership Initiative**

The U.S.-Asia Environmental Partnership is a Presidential Initiative to bring together the U.S. business community, government agencies, and nongovernmental organizations in partnership with Asian counterparts to address serious environmental problems. The Partnership is based on the premise that Asia's continued economic and social progress and increased environmental protection are beneficial to both the region and the United States. The provision of U.S. environmental expertise, goods, and services should result in improved environmental quality in Asia, while providing stronger private sector linkages and enhanced market opportunities for U.S. business.

The United States is well placed to assist in this effort because of its strong environmental technologies and programs. RAP will support several of the objectives of the Partnership: demonstrating that agribusiness sector growth and protecting the environment can be mutually supporting, and that business participation is vital to the process; and promoting the participation of U.S. businesses in the environmental sector in Asia.

#### **5. Administrators' Business and Development Partnerships Initiative**

The Administrators' Business and Development Partnerships Initiative calls for the creation of a Business and Development Network. The network will include a trade and investment information service to match U.S. and developing-country entrepreneurs in profitable, development-oriented ventures.

One result of the initiative thus far has been to instigate meetings with U.S. agribusinesses to identify how AID can build linkages to private agribusinesses. Major suggestions from the private sector include: (1) increase the availability of financial resources in LDCs; (2) involve U.S. agribusiness in both business opportunities and technical assistance efforts related to AID programs; (3) improve local training programs related to agribusiness, particularly extension and business management programs; and (4) assist infrastructure development in host countries.

RAP's trade and investment component supports these efforts to match private agribusiness resources with mission programs. RAP will provide a focal point for agribusiness trade opportunities in AID-assisted countries and will help U.S. firms access Asian resources and partners.

#### **D. Project Goal and Purpose**

##### **1. Project Goal**

The goal of the Asia Regional Agribusiness Project (RAP) is to improve private-sector agribusiness performance and

participation in Asia, resulting in increased employment and income. Business performance here refers to increase revenues, profits, and investment. Agribusiness participation refers to increased access to business opportunities and support services for small, medium and women-owned businesses to broaden agribusiness participation. The result will be increases in both employment and income in Asian host countries, and increased U.S. agribusiness trade and investment.

Subsector targets will be determined by mission projects. Generally, however, they will include nontraditional crops for export, aquaculture, feed-animal products, seeds and genetic materials, agrochemicals, postharvest handling, packaging and packing, transport, storage, equipment and machinery, processing, marketing, information and financial services.

For RAP to achieve its goal, the project must focus on privately owned firms and development of a regulatory and economic framework that encourages private investment in and competition among agriculture enterprises.

## **2. Project Purpose**

The purpose of the project is to increase and continue the effectiveness of ASIA mission agribusiness projects and programs in promoting market efficiency and trade and investment in an environmentally sustainable manner. RAP will serve the information and technical needs of ASIA missions and their clients, and will provide a mechanism for coordinating mission, Bureau, and other AID and U.S. private and government agribusiness development efforts in Asia. RAP will fill gaps that other AID projects cannot, such as information systems design, environmentally sound agribusiness technology promotion, and support for international cooperation on regional agribusiness problems in Asia. The continuation of effectiveness of mission projects enhanced by RAP will be done primarily through private sector arrangements.

## **E. Expected Achievements**

The Regional Agribusiness Project is designed to achieve the following:

- **Improved market information services.** The project will establish an agribusiness information system for collecting, analyzing, and disseminating marketing, technical, trade, and investment information to missions and their clients. The information will be delivered in a newsletter in hard copy and electronic form, and on request through a RAP information clearing house. Information services will be demand-driven, and will conform in content and format to the needs of missions

and their clients. The newsletter is expected to continue after the project as a commercial venture supported by subscriptions, advertising and fees for electronic access.

- **Sustainable linkages between U.S. and host-country agribusinesses and support organizations.** With assistance from a senior technical advisory group of U.S. agribusiness executives, RAP will identify business opportunities and provide referrals and transaction support. These services will link U.S. agribusinesses with buyers, suppliers, and investors in host countries, and U.S. business associations with counterparts in Asia.
- **Increased capacity of agribusiness to deal with environmental issues.** Agribusinesses operating in Asia will have enhanced capacity to meet standards for food safety and quality, particularly in qualifying products for entry in export markets. They will have the ability to conduct production, processing, and other postharvest operations to minimize pollution and other adverse environmental impacts.
- **Improved project design and agribusiness monitoring and evaluation systems in missions.** RAP will assist missions in designing financial markets, environmental, information service, and trade and investment activities to complement its ongoing projects. In addition, the project will assist in establishing agribusiness monitoring and evaluation systems.
- **Improved coordination with other technical assistance and business support resources for mission programs.** Because agribusiness development involves a variety of disciplines, it is essential to coordinate resources from several AID and non-AID sources. RAP staff will work closely with other projects to focus resources on agribusiness development.

## **F. Project Description**

The RAP design process entailed extensive review of ASIA Bureau agribusiness projects and close collaboration with Bureau missions. As a result, an array of integrated services were identified, offering alternative approaches and expanded support for agribusiness development in the region. RAP will provide certain services directly through core funding and facilitate access to a variety of other information and support services. The project's principal components will be:

- **Market information services**

- Environmental services
- Trade and investment
- Analytical support

Under each component an example of an actual agribusiness development situation is presented to illustrate the type of support that RAP can provide. These country specific examples or similar situations will be addressed based on Mission demand.

**1. Market Information Services (MIS): Component One**

**a. Objective**

The objective of MIS is to address ASIA Bureau and mission needs for an information clearing house on agribusiness products, markets, and services. This component includes establishing the basic framework for the clearing house; fostering market information management skills; and facilitating the flow of relevant information to the Asia region. The result will be low-cost delivery of a broader range of market intelligence than is currently available. The MIS component will focus on three activities: 1) a bimonthly newsletter; 2) informational coverage of selected Asian import markets; and 3) training in market news reporting through USDA buy-ins.

**Snow Peas, Organic Coffee and Tea, and Asparagus Prices for Nepali Producers**

Under the Nepal Agroenterprise and Technology Systems Project, several private agribusiness and producer associations have requested help in obtaining information on prices in selected high income markets for niche products. These include snow peas for the Japanese market, organic coffee and tea for the US natural foods markets, and asparagus for the European market. RAP could provide price information on these markets by establishing relationships with market information services and firms.

**b. Bimonthly Newsletter**

Two key elements of agribusiness project implementation are timely access to market information and sharing of project experiences. As a cost-effective way to meet these needs, RAP will support publication of a bimonthly newsletter, *Asia Agribusiness News (AAN)*. The *Asia Agribusiness News* will target a range of readers from policy makers to shippers and receivers of

agribusiness products. To maximize its appeal, the newsletter will be appropriately packaged and effectively distributed; its content will be highly relevant, including commentary, trade data, and market analysis.

**Commentary.** The *Asia Agribusiness News* will provide regular, indicative price and quantity information for selected high-value crops such as grapes or mangoes in targeted regional markets, e.g., Singapore or Tokyo. Recurring information will be supplemented by feature articles on products of high current interest to clients of ASIA missions. Articles will assess demand prospects in target markets, the status of competition in these markets, and relevant technical information. Information on prices and quantities in producing countries will be included. This information is intended to help clients identify potential marketing opportunities, assess their comparative advantage, develop marketing strategies, and identify market windows by analyzing time series data. Clients who require specific information for investment decisions or business deals will be assisted by RAP through its trade and investment services, described below.

The *Asia Agribusiness News* will also provide a medium for sharing experiences among AID staff working in Asia in the agribusiness field. Contributors will include AID personnel, contractors, and other leaders in the public and private agribusiness community. The *Asia Agribusiness News* will publish articles addressing topical agribusiness development issues: policy, marketing, phytosanitary requirements, the role of trade associations, and the like.

The *Asia Agribusiness News* will provide a mechanism for communicating information generated by the RAP project, including the output of other components. It will give expression to AID's concern with environmental issues related to agribusiness development. It will also be an important vehicle for improving the transparency of information for buyers and suppliers to and from Asian markets, by distributing the newsletter outside Asia through private-sector sales agents.

In addition to data culled from RAP's own activities, the *Asia Agribusiness News* will collect information from varied sources, as listed in annex F. It will compile data on selected import markets, as described below, and will monitor major world markets of interest to Asian agribusinesses. It also will tap into information sources used by other ASIA Bureau agribusiness projects. Finally, the *Asia Agribusiness News* will develop and maintain master directories of buyers, sellers, and input vendors.

The *Asia Agribusiness News* will be distributed by mail by trade associations, chambers of commerce, and other regional or subregional organizations that are involved in AID agribusiness projects. These organizations will use subscriptions to cover distribution costs.

The contents of the newsletter will be made available for electronic interrogation. RAP's data files will provide a resource for conducting market and product profiles, historical price analysis of imports and exports, wholesale price and volume movements on major markets, searches on buyers and sellers in world markets, and other areas of inquiry.

**Trade data:** Each issue of the *Asia Agribusiness News* will contain statistical tables detailing prices and trade volumes of important agribusiness products across the region. A major focus will be agribusiness exports, but the newsletter will also address the import trade in services, equipment, and agricultural inputs such as seed and fertilizer.

The *Asia Agribusiness News* will contribute to the dialogue on agribusiness trade and its impact on development by publishing market news on municipal wholesale markets in ASIA Bureau countries. If price and volume data for selected products is available through local newspapers and other regional sources, the *Asia Agribusiness News* will carry the information to help Asian countries stay abreast of prices and supply in competing nations. Also included will be air and sea transport rates between ports in Asia and major world markets.

**Market Analysis:** The *Asia Agribusiness News* will provide narrative and statistical summaries of markets for which trade data is generated. Each issue will profile a product or market of potential interest to exporters in the Asia region. For example, the *Asia Agribusiness News* may address transport issues, or the world market for shrimp, bird seed, or fruit juices. These analyses may borrow from other RAP activities, especially the analytical services component.

In addition to these topics, each issue of the *Asia Agribusiness News* will carry information on agribusiness trade and investment services, including:

- **Transportation:** updates on fleet capacities, routes, rates, port developments, and other issues of interest to shippers and receivers.
- **Technology:** news pertaining to production technologies (high-yielding seed varieties, disease-resistant shrimp hatchlings), processing and packaging technologies, and equipment.
- **Investments:** news on major investments in agribusiness production and handling, including potential opportunities, planned investments, and the status of enterprises already established.

- **Policy:** news concerning significant policy/regulatory changes affecting Asian agribusiness and its major markets.
- **Updates:** news on other AID Central projects of relevance to the region.
- **Conferences:** information on conferences, workshops, trade fairs, and other industry events.
- **Literature review:** a description of reports pertaining to markets, investments, technology, and the cost and availability of these reports.
- **Technical assistance:** Domestic market information services exist to some degree in all Asian countries, at least for the most important crops. The *Asia Agribusiness News* will include articles on sources of agribusiness information, information service vendors, developments in hardware and software, and the availability of technical assistance for collecting, analyzing, organizing, and disseminating agribusiness information.
- **Commodity coverage:** coverage in the *Asia Agribusiness News* will highlight products and inputs that are being promoted by ASIA Bureau and mission agribusiness projects. Initially, these will include selected products in regionally targeted markets in the following groups:
  - fresh and processed fruits and vegetables
  - cut flowers and ornamental plants
  - nuts, spices, and essential oils
  - aquacultural products
  - seeds and fertilizers
  - feed grains
  - miscellaneous goods

### c. Coverage of Selected Import Markets In Asia

As its second major activity, the MIS component will collect and disseminate intelligence on the leading import markets for fruits and vegetables in Asia. One of the key issues to be addressed is the transparency of local, regional, and world markets. Transparent markets are characterized by timely, reliable, and unbiased information on supply, demand, and price at different points in the marketing chain. The more transparent the market, the lower the business risk, and the greater the market's efficiency. Indeed, both margins and prices

are more stable in transparent markets. Transparency benefits growers because their returns are not discounted by brokers dealing with uncertain demand. Similarly, consumers benefit from market transparency because their purchases are not subject to unnecessary price premiums arising from uncertainties on the supply side. In addition, consumers are increasingly demanding detailed information on nutrition and pesticide use. This type of information is part and parcel of a transparent market, and will also be addressed by RAP.

Where U.S. and Western European markets for perishable products are readily transparent, the major import markets in Asia generally are not, except perhaps from a domestic perspective. Language difficulties, protectionist sentiments, and thinly traded markets for niche products contribute to Asian market opacity. RAP's news coverage of selected Asian import markets will help to alleviate this situation.

When the RAP project begins, the market information services advisor will travel to Japan, Hong Kong, Singapore, Taiwan, and Korea to identify public and private sources of market intelligence. During this mission, the advisor will determine methods and costs of accessing data on a regular basis. Where objective sources of information are not readily available, the advisor will arrange consultant services to collect it.

Market reports will be prepared two days a week for selected crops. Monthly, bimonthly, seasonal, and yearly product market summaries will also be prepared, as well as wholesale and FOB/CIF reports for major markets. All reporting will be done in English.

Past experience with market reports suggests that user demand will be widespread, not only in Asia but also the United States and other countries that trade with Asia. In Asia, RAP will price its reports to cover distribution costs. Outside Asia, subscription prices will be competitive with those of commercial vendors. Distribution will be by telecopier (fax), electronic mail, and regular mail. By the end of the project the reports will be included in regular special issues of the newsletter and available electronically. This will be supported by subscriptions, advertising and fees for on-line access.

#### **d. Training in Market News Reporting**

For most agribusiness export products in Asia, domestic markets represent a much larger and rapidly growing source of demand than export markets themselves. The export market for fresh horticultural product, for example, absorbs only a small fraction of total production, with the remainder consumed domestically. Off-farm demand in Asian countries accounts for much of the increase, thereby creating the need for basic infrastructure investments to move perishable product to market. Information is an important component of this infrastructure, since rural producers base their marketing decisions on knowledge of prices prevailing on municipal markets.

Most, if not all, countries in Asia provide some daily coverage of commodity prices. But coverage is limited to a few products, partially because market grades and standards are not uniform. Market reporting helps to establish grades and standards, and thus fosters commercialization. It also helps to establish producer confidence that competitive prices are being paid. Given the dynamics of trade in Asia, improving domestic market transparency by improving market reporting appears to be a productive area for development assistance.

The USDA Market News Service offers training in six commodity groups: fresh fruits and vegetables, poultry, livestock and grains, dairy, cotton, and tobacco. As the third activity in the MIS component, RAP will access these programs via a RSSA to train Asian public officials in market news reporting. After the project, USDA training services are expected to be provided on a fee for service basis.

## **2. Environmental Services: Component Two**

### **a. Objective**

The objective of RAP's environmental services component is to provide technical and informational support to AID missions in the Asia region vis-à-vis existing agribusiness projects; new agribusiness projects involving environmental issues and regulations; and the environmental sustainability of overall project portfolios. The environmental services component is also closely tied to the goals of the U.S.-Asia Environmental Partnership (US-AEP). Thus, an additional project objective is to create a mechanism to help carry out this initiative.

In response to ASIA mission surveys and field interviews, the environmental services component will address: (1) regulatory issues, generally related to international trade, and (2) agroindustry pollution, whose ramifications are largely domestic. Regulatory issues will undoubtedly arise on a case-by-case basis. Agroindustrial pollution, on the other hand, may not be a priority for some countries and businesses because of more pressing economic concerns. It has nevertheless been identified by AID, and the U.S. Government in general, as of utmost concern for sustained economic growth.

RAP's environmental objectives will be achieved through data collection, generation, and dissemination; training; and technical assistance. Dissemination will be carried out in conjunction with the MIS component, as will training in market information and environmental and regulatory issues. Technical assistance will be provided directly under the environmental services component.

## ENVIRONMENTAL SERVICES

A fruit marketing cooperative in Fiji has successfully exported mangoes to Canada using Air Canada. This has worked successfully until such time as Air Canada scheduling changes require that the mangos be tranship between airplanes in Hawaii. Due to the possibility of fruit fly contamination of the mangos, the U.S. APHIS has forbidden their transshipment in Hawaii. This has deprived the Fiji cooperative of a significant export opportunity. RAP could provide to the Fiji cooperative technical assistance from APHIS to devise ways of limiting fruit fly contamination of the mangos to allow transshipment in Hawaii to be acceptable.

An asparagus exporter in Pakistan had arranged for a shipment of 15 tons to the U.K. On arrival at port, the importer/marketer refused delivery of the asparagus due to a phytosanitary problem identified by the British food inspection service. APHIS services could have assisted this exporter as well as the Pakistani horticultural export industry in general in addressing these types of quality control problems.

### **b. Information**

Many sources of environmental information already exist in the form of data banks, texts, directories, and listings of regulations. RAP will add an important dimension to this work by providing technical expertise in data interpretation and data collection to fill in the gaps in targeted crop and market areas.

#### **(1) Information on Regulatory Issues**

Regulations can be a formidable trade barrier for export industries. With rapid increases occurring in production and export in much of Asia, regulatory issues can be particularly significant. Many problems can be avoided, however, simply through greater understanding of the regulations.

As stated above under the MIS component, RAP will provide information on pesticide, quarantine, and food safety regulations for high-value food crops and processed goods that are entering

major foreign markets (i.e., the United States, Europe, Japan, and Singapore) and neighboring Asian markets. Other environmental and technical regulations that affect the entry of product into a foreign country will also be handled through the MIS component.

## **(2) Compiling Additional Information**

RAP will compile data on regulations in participating countries in conjunction with local AID missions and the Oregon State Department of Agriculture's Export Service Center. The latter specializes in food processing regulations in the Pacific Rim/Asian countries. This information will be added to data banks on larger markets (Japan, the United States, the EC) to facilitate intraregional trade and provide a basis for evaluation of government support for environmental issues in agriculture. This ground work and inquiries from the field will help identify problems at foreign ports of entry.

The collection of previously inaccessible data on market entry and domestic production and processing regulations will fulfill informational needs for investors who want to investigate projects in Asian countries. RAP will also provide information on changing regulations in European markets in light of EC standardization.

## **(3) Information Access Through RAP Headquarters**

A principal activity in RAP's first three years will be responding to ad hoc information requests. In the fourth year, however, this work could evolve into monitoring and backstopping services provided by local trade associations. In the meantime, all requests for information concerning regulations or the environment will be handled exclusively through the AID mission or designated trade association of a given country. This work will help develop a body of knowledge and a library of case studies for each country.

By the time the project ends it is expected that environmental information from publicly available sources will have been much better organized for access, particularly by electronic means. This and the experience in accessing information sources during the project will enable designated trade associations to continue these services.

Important trade information of a nonglobal dimension will be available in the RAP headquarters library. Topics might include national laws and international agreements on trade in endangered species; the international ban on using drift nets for commercial fishing (which will take effect in December 1992); selective bans on wood products from rainforest countries; new requirements for recycled packaging materials for the German market; and other trade issues with an environmental component. Consideration will be given to wider dissemination of these issues in the *Asia Agribusiness News*.

If an issue is unique to one country and is likely to demand greater resources, it can be covered under a buy-in from the individual AID mission or handled in conjunction with Central AID projects in R&D.

#### **(4) Information on Agroindustrial Pollution**

The RAP library and an interagency agreement with the Environmental Protection Agency will provide information on pollution control measures that affect specific industries in the United States and elsewhere. (The EPA responded to a similar need in the United States at the time of the agency's inception.)

#### **(5) EPA Clearing House on the Environment**

RAP will subscribe to the new EPA Clearing House on the Environment and Energy Efficiency, which allows rapid access to documents and studies on pollution issues, descriptions of technologies, research and information centers, a catalog of new U.S. products in the field, and a listing of U.S. companies that provide environmental services and equipment. The Clearing House, an on-line system developed with EPA funding, will also provide rapid access to the names of technical assistance providers. A complete description of this information tool appears in annex G.

It is anticipated that services in pollution control and monitoring will require technical assistance and training as well as informational access. Information is a good place to start, however, and is expected to be in great demand.

### **c. Training**

#### **(1) Interpretation**

Correct interpretation of information is every bit as important as access. Environmental training will help participants interpret regulations, find resources to better comply, and for countries more advanced in international trade, to challenge regulations that are unnecessarily restrictive or scientifically unsound. Early networking with regional professionals (from government or academic research centers) will facilitate regulatory reform and address the reality that most trade remains intraregional.

#### **(2) Ongoing Training**

Early in the project, there will be numerous informal and formal training opportunities for (1) AID personnel and (2) trade associations and national government offices, often in the form of trade fairs or annual meetings. Issues will include the related areas of postharvest quality, handling, shipping, quarantine, pesticide use and residues, and pollution from agroprocessing (primarily water quality issues).

To begin with, RAP will rely on existing training

materials and courses. Feedback from each mission will later result in more tailored training programs. For example, several inquiries coming out of the region would tend to argue for a one-time regional meeting on commodity treatments to meet quarantine requirements in targeted markets (e.g., vapor treatment for tropical fruits entering Japan, and irradiation). Other topics might be packing-house procedures and design, considering both regulatory and quality issues; sustainable methods for farming selected crops (e.g., rice); and new equipment in refrigeration, processing, and waste recycling. Training would include both information and demonstration components.

Some existing training materials, courses, and resource organizations are described in annex G.

To fulfill the demands of the RAP project, a liaison will be selected within EPA, FDA, and USDA/APHIS. (FSIS will be added if meat industry issues appear important.) A full-time coordinator in EPA will be paid from the RAP budget to ensure that RAP has priority in offices already overwhelmed with new geographic demands. The full time coordinator role will be fulfilled during the course of the project. Substantially increased availability of environmental information from all over the world is expected by that time, much of it accessible from electronic data banks. The intent is that by that time missions, trade groups and individual enterprises having benefitted from the services provided by RAP will be able to access the information without the services of the EPA coordinator seen as essential during the life of the project.

Similarly, approximately one-quarter staff time will be contracted from APHIS to facilitate support from that agency. Funds for travel and other operational costs will also be available to these government resources.

#### **d. Technical Assistance**

RAP will coordinate with the ASIA Bureau Environmental Office and provide personnel to work with AID staff on environmental analyses of AID projects. RAP can also provide support in initial environmental evaluations (IEEs) and in strategy meetings concerning each mission's project portfolio.

More specific analysis for agribusiness proposals or operating sites would require buy-ins from the mission, or reimbursement by the beneficiary. Missions may wish to consider tying analysis to a loan program or trade promotion role for a given company. Also, local environmental engineers and chemists interested in carrying out environmental studies should be invited to work with visiting experts to learn their methodology while contributing insight into local conditions.

Technical assistance in many environmental fields will take place through referrals, although basic knowledge of environmental issues is necessary to offer appropriate referral

services. For technical assistance and vendor contacts, RAP will focus on screened rosters and professional organizations such as the Air and Waste Management Association. For the most part, these groups are listed in directories, but valuable additions will be made by the RAP team. Additions will include the Society for Risk Analysis, which has expanded rapidly in its international programs and has information on environmental risk analysis software and publications, as well as a member roster.

Examples of technical assistance that could be provided through EPA, APHIS, and other U.S. Government agencies include pesticide registration; establishment or improvement of residue and food safety laboratories; food sampling and inspection; and other government activities. Specific programs for each country can be designed through buy-ins. For example, a course on inspection and field methods for reducing pests in cut flowers could be carried out by APHIS personnel. Technical assistance could be offered on monitoring and trapping khapra beetle, a quarantined pest found not only in shipments of perishables but also in handicrafts such as brass containers from India.

Short-term consultancies from private sources (universities, private firms, and U.S. agribusinesses) will also help fill technical assistance needs.

### **3. Trade and Investment Services: Component Three**

#### **a. Objective**

The objectives of RAP's trade and investment component are to provide services to increase the international market participation of Asian agribusinesses, and to develop commercial linkages with U.S. agribusinesses interested in accessing Asian markets.

Most AID mission agribusiness projects emphasize agricultural exports and technology imports as key elements of agribusiness growth. The identification of new markets and the strengthening of external market linkages will be important factors in the success of this strategy. The myriad information needs of Asian agribusinesses will also need to be addressed to help them access trade opportunities in the Asia region and major international markets. U.S. business partnerships are of vital importance in this regard, particularly for sourcing environmentally safe technologies, encouraging increased investment, and accessing the U.S. market. RAP will enhance the effectiveness of mission agribusiness programs as a whole by strengthening business linkages to serve shared agribusiness needs.

The trade and investment component is designed to identify business opportunities and facilitate transactions between Asian and U.S. agribusinesses. It will include the support of a senior technical advisory group made up of U.S. agribusiness representatives, and will be implemented in cooperation with the USDA Going Global Initiative. Going Global is an attempt by USDA

to assist small- and medium-scale U.S. agribusinesses in becoming more internationally competitive.

While RAP will establish regional-level operations to identify trade and investment opportunities, it will use the USDA network to disseminate this information to U.S. businesses. It will also utilize the facilities of the Going Global Initiative, usually an agricultural trade fair, as a venue for bringing interested investors together. This mechanism will give RAP a comparative advantage in leveraging trade and investment opportunities to a broader audience than would be possible through individual country projects. Also, by centralizing information for trade and investment, RAP will help projects concentrate on identifying such opportunities in-country.

The trade and investment services component has two core activities: (1) the referral service and (2) transaction support. These will be linked with the private sector with the help of the senior technical advisory group.

### Toxic Tannery Waste Recovery Equipment & Engineering Sales throughout Asia

An example of possible equipment sales that could be supported by RAP is treatment of heavy metal wastes from the tanning industry. Several US firms design and install heavy metal waste recovery systems for tanning plants. They would be interested in selling their equipment and services to tanneries in developing countries. Some of them would like to hear about sales opportunities and would like to conduct marketing tours to identify potential customers for their toxic waste recovery systems. RAP could provide reimbursable travel grants through trade associations for sourcing out sales opportunities and conducting marketing tours. This example is also related to the Environmental Services component.

### Modified Transport Equipment in Southeast Asia

There is rapidly increasing demand for cold and modified transport equipment for fresh products in the NICs. Several smaller to mid sized US firms are producing new generations of transport equipment that is very appropriate for the growing high value fresh commodity industries. Many of these firms would like some small amount of support for market research tours to investigate sales opportunities, distributors, or joint venture partners. Small, possibly reimbursable, travel grants would be important incentives to get these firms started in aggressive export marketing programs.

#### **b. Referral Services**

A catchment referral service will be established to help RAP identify trade and investment opportunities. It will provide three basic services: opportunity screening, opportunity listing, and opportunity profiles.

Opportunity screening is the first level of interaction

between RAP and the potential buyer/seller/investor. The screening service will operate on a referral basis, with the referrals coming from representatives of AID agribusiness projects in Asia.

**Opportunity listing.** Once screened, trade and investment opportunities will be listed in the *Asia Agribusiness News* in hard copy, in the RAP electronic clearing house, and in Intellibank, the on-line program for business leads used by USDA's Going Global Initiative. Trade and investment opportunities will be carried for up to one year, after which they will be deleted from on-line RAP files.

**Opportunity profiles** will be prepared by the RAP trade and investment advisor on request. Profiles will provide industry, market, and enterprise analyses. For example, the Asian Agribusiness Advisory Council may recommend that RAP analyze the overseas investment pattern of a given industry or firm. Similarly, American businesses may call on RAP to identify suppliers of a particular agroindustrial product. Opportunity profiles will be filed in the RAP clearing house. As they accumulate over the course of the project, they will become an authoritative source of market intelligence.

#### **c. Transaction Support**

Transaction support will involve the preparation of detailed investor/supplier profiles leading to better identification of potential business partners. Custom advisory services will be provided, whereby the RAP trade and investment advisor will serve as broker to financial, accounting, and legal intermediaries as required. A detailed database of consultants will be maintained. In addition to identifying U.S. expertise, the database will include the names of consultants who might facilitate trade and investment for Asian agribusinesses in other regions, especially Europe, the Far East, and the Middle East.

A key feature of transaction support will be collaboration with the Going Global Initiative. Once a trade opportunity has been identified, RAP will publicize it to the U.S. agribusiness community via the Going Global network. Going Global will solicit and screen U.S. businesses and arrange direct communications between interested parties. As the USDA program is currently structured, communication takes place at industry trade fairs where visiting delegations can have face-to-face meetings with U.S. businesses. RAP's role will be to more accurately identify promising ventures, leading to more effective brokering of trade opportunities.

No cost is involved in RAP's interaction with the Going Global Initiative. RAP will provide resources to bring interested Asian businesses to the appropriate venue to interact directly with their U.S. counterparts. In most cases, resources will be provided through cost-sharing arrangements with an AID mission project or

the business itself.

**d. Senior Technical Advisory Group**

**(1) Purpose**

To enlarge the scope of RAP's trade and investment activities, and to introduce an industry perspective, RAP will form a senior technical advisory group. The group will consist of about 20 representatives from key agribusiness sectors and will effectively supplement the expertise of RAP team members. Some of the sectors represented by the group will be: produce, meat, spices, flowers and ornamentals, shipping, packaging, distribution/logistics, frozen foods, agrochemical, finance, product testing and quality control, and equipment manufacture.

**(2) Functions**

Group members would carry out the following functions:

- Provide timely advice on the feasibility of proposed trade and investment opportunities.
- Provide guidance and direction on issues in their business sector.
- Assist in identifying potential investors and trade partners from screened proposals from Asian businesses.
- Identify important technologies, facilities, and trade contacts for industry tours.

For its Asian counterparts, the advisory group would:

- Play the role of liaison for Asian business people attending industry and trade events for the first time, particularly in the United States.
- Participate in trade missions to visit counterpart businesses, as appropriate.

**(3) Rationale**

The advisory group represents a formalized relationship that will add depth to RAP trade and investment linkages, and give private business a more substantial role to justify the time spent on pro bono technical support. Besides the public service nature of CEO involvement in the advisory group, companies will be gaining insight into the status of corresponding businesses in an important trade region.

The RAP core budget would finance the participation of

group members in annual meetings, at least until other activities require their time, and the value of their interaction has decreased. While many agribusinesses factor some public service and market exploration time into CEO salaries, simple line items for travel are less easily justified. Through active participation in the advisory group, with some financial support for costs, members of the group can benefit as much from this association as RAP.

This arrangement for pro bono private sector support is focussed on the project scope and is intended to expedite progress in agribusiness development during the life of the project. It is not expected to continue as such when the project is completed. However, the relationships established during RAP are expected lead to continue linkages and information exchanges directly between enterprises or through other voluntary mechanisms, such as programs of U.S. trade associations and state or municipal trade and investment promotion entities.

#### **(4) Mechanisms**

The advisory group should be started early in the project. Its membership should not be static, since field requests may indicate the need for collaboration in new fields. A flexible approach will also allow the natural attrition of members whose business has proved less relevant or who have not been active.

Membership will be at the CEO level. A roster of suggestions will be prepared by the RAP team over the first semester, with approval by the ASIA Bureau chief. Subsequent additions will be handled through similar procedures. This first group will meet by the end of the third quarter of the first year.

Advisory group members will receive copies of the *Asia Agribusiness News* and other publications to keep them abreast of project events. Financial support for travel to annual meetings or trade missions would be covered by the RAP core budget, as stated.

#### **(5) Relationship to Other AID Programs**

The advisory group would complement other linkages in the trade and investment area. Links with U.S. trade associations, for example, would help associations in Asia learn about association operations and programs, but would not take the place of business contacts. RAP would rely on proposed access to trade associations as described in the draft PID for AMIS II, rather than creating a similar network. Agribusiness buy-ins to AMIS II grants might also be appropriate for technology transfer, since technology transfer would not be one of the functions of the senior technical advisory group. Finally, the use of bulletin board trade services, such as Going Global, would be enhanced by the screening services the advisory group can perform.

#### 4. Analytical Services: Component Four

##### a. Objective

The objective of component four is to provide selected analytical services to support mission agribusiness project design, implementation, monitoring and evaluation, and to investigate agribusiness development issues of common interest across the region.

The area of highest priority for ASIA missions is the analysis of region-wide issues. Monitoring and evaluation of agribusiness development efforts is also significant, because it will enable ASIA missions and the Bureau to learn from experience and report on results. Finally, the design of complementary activities, particularly agribusiness financing and privatization, constitutes a unique target of opportunity, in that the U.S. business community has already identified the lack of local financing as a critical constraint for the development of the agribusiness sector in Asia.

The analytical services component involves the following four areas: (1) regional analysis (special studies); (2) export market analysis; (3) monitoring and evaluation; and (4) agribusiness financing and project design in privatization.

##### Market Entry Requirements Information: Equipment Procurement Planning

A large agroindustrial company in India wants to begin exporting fresh mangos to Japan. The Mitsubishi Trading Company has told them that they must buy a Japanese hot vapor treatment machine. The machine costs several hundred thousand dollars, and the Indian company is having a very difficult time determining what alternative technologies exist for heat treatment and what treatment is required for other high income markets. They would like advice on market entry in selected high income markets, and on alternative heat treatment equipment and processes. RAP could supply information on entry requirements in selected markets, and could provide information on technology standards for heat treatment and US suppliers of this type of equipment.

**b. Regional Analysis (Special Studies)**

Certain trade and investment issues transcend individual missions. If these issues are addressed from a regional perspective, economies of scale may be achieved. For the most part, these issues involve an understanding of intraregional and international markets, what is required to penetrate them, and the characteristics of regional market infrastructure to support external trade. Some of the priority concerns identified by the missions include: commodity grades, standards, phytosanitary control, and other regulatory issues; transportation availability, regulations, and costs; technology development and transfer; and in some cases, intellectual property rights.

Although all Bureau agribusiness projects have an export promotion objective, most project designs do not address market enterability and international market support infrastructure. These issues are usually of limited interest in the early stages of implementation, but they become a fundamental concern as project implementation matures, as external market opportunities are identified, and efforts are devoted to developing specific export strategies. Market enterability requirements are very commodity-specific. They also differ depending on the country of export, although information on individual country regulatory regimes is not available from any central source, be it Asia or the United States. Likewise, knowledge of international trade infrastructure is a fundamental factor in developing strategies to compete in international markets.

In collaboration with Bureau field missions, RAP will facilitate export promotion efforts by conducting analyses of these regional concerns. In most cases, RAP core funding will be used to initiate the analyses. In addition, RAP will assemble data on the regulatory regimes of major Asian markets on a commodity-specific basis, to the extent such information exists, and make it available via the RAP clearing house. As missions become more specific as to their priority markets, buy-ins will be used to access analytical assistance and/or special information.

**c. Export Market Analysis**

Closely associated with the analysis of regional issues is RAP assistance to individual countries for the development of market penetration strategies. The development of such strategies begins with detailed information on a particular target market, including regulatory requirements for entering the importing country; commodity price, volume, and seasonality; and the importing country's particular market characteristics.

While most of this information will be available in hard copy or electronic form via the *Asia Agribusiness News*, the importing country's market characteristics may require additional analysis. To this end, RAP will provide assistance to mission

clients to determine market characteristics that need to be addressed, i.e., primary sources of competition, identification of comparative advantages such as quality, alternative varieties, seasonality, and market support infrastructure. Also, RAP will make available a roster of importing country buyers, wholesalers, distributors, and retailers to facilitate commercial transactions.

It is anticipated that most specific export analyses will be initiated through mission buy-ins to RAP. In certain cases, RAP will be proactive in directing mission programs toward promising trade opportunities. An essential output of this activity will be to identify these export market opportunities through review and analysis of data on countries' production, consumption, and trade flows.

#### **d. Monitoring and Evaluation**

A fundamental AID programming concern worldwide is the establishment of monitoring and evaluation systems to measure development impacts. The ability to demonstrate results of development assistance programs is becoming an increasingly important factor in determining future funding levels. Since agribusiness development represents a fairly recent program focus, and since the Bureau's investments in agribusiness are substantial, RAP is in a position to provide leadership in developing a monitoring and evaluation approach across the region. Thus RAP will focus on the development of a monitoring and evaluation methodology, the identification of key indicators, and data sources to quantify them.

RAP will focus on two types of assistance in monitoring and evaluation. First, as a technical reference for the ASIA missions, the project will develop a framework for the development of monitoring and evaluation systems. This document will be prepared under the core budget at the beginning of the project. Assistance from the Center for Development Documentation and Evaluation (CDIE) will be solicited to insure a standardized format.

Second, RAP will provide short-term technical assistance to the missions to design their monitoring and evaluation systems, as well as to conduct actual evaluations. The aim is to provide common criteria for tracking Bureau agribusiness activities, recording lessons learned, and sharing experiences from across the region, to be applied to new design efforts.

A preliminary list of indicators for Bureau agribusiness efforts includes: industry-specific market share, gross increases in private investment in project-supported activities, gender disaggregated employment and real wages in particular industries, private industrial capacity, public infrastructure capacity, and the availability and quality of selected support services such as market information. Indicators of RAP sustainability will include transition of RAPNEWS to a commercially supported industry newsletter, continuation of selected informational, environmental,

trade and investment services on a fee for service basis or continued on a voluntary basis by private sector enterprises or associations.

The RAP technical assistance team will include a monitoring and evaluation specialist to lead the analytical effort. He/she will visit the field periodically to observe progress, provide quality control, and contribute technical assistance as needed.

**e. Agribusiness Financing and Project Design in Privatization**

During the PID exercise for RAP, two regional activities were identified where RAP could provide analytical leadership: agribusiness financing and the design of privatization projects.

Credit for agribusiness enterprises from private commercial sources is extremely limited in most Asian countries. This constraint was identified by internationally active U.S. agribusinesses in the course of the Agribusiness Leaders' Seminar<sup>3</sup> and is considered a fundamental impediment to indigenous agribusiness growth. This constraint is also apparent in mission projects, and various efforts are being made to address the problem through extra-market lines of credit and financial sector policy reform. Nonetheless, agribusiness finance remains a key issue across the entire region. Finding a workable solution is fundamental for future agribusiness growth and the sustainability of agribusiness investments.

The privatization of parastatal enterprises represents another area of RAP assistance. Asian governments are realizing the importance of the private sector in providing essential support services in agricultural development; yet vast resources and financial assets are tied up in failed state-run companies. An investigation of the key issues related to parastatal privatization will help missions develop their policy agendas and promote the privatization of key agribusiness enterprises.

For these two activities--agribusiness finance and privatization of parastatal enterprises in Asia--RAP will provide buy-ins to other central projects for analysis and, in some cases, design services. The results will be discussed and brokered with missions, possibly through regional workshops, in an effort to keep these issues on the agenda in ASIA Bureau countries.

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<sup>3</sup>The Agribusiness Leaders' Seminar was held in June 1991 and provided a forum for AID and U.S. agribusinesses to discuss agribusiness collaboration in AID country programs.

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**SECTION II  
IMPLEMENTATION PLAN**

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**A. Project Implementation Plan**

**1. Project Management**

ASIA/DR/TR The management structure for RAP places a limited management burden on ASIA/DR/TR. RAP will be managed from the Agriculture Enterprise and Access Unit of ASIA/DR/TR. A USDH project officer will provide guidance, overall coordination and will initiate the startup procurement actions. Project management will be the primary responsibility of a USDA Project Manager who will be hired under a RSSA/PSSA. The Project Manager will have full project management responsibilities and authorities as would a USDH.

USDA Project Manager The USDA Project Manager will supervise the prime technical assistance contractor (\$6,490,000) and manage the USDA RSSA for specialized short term assistance from APHIS, AMS (\$725,000). The USDA Project Manager will monitor a grant to the Oregon State Department of Agriculture's Export Service Center (\$335,000) and a buy in to EPA services to address agroprocessing pollution issues.

R&D Bureau R&D's Office of Energy and Natural Resources will manage the EPA buy-in through their Environmental Pollution Prevention Project. Funding will be provided by an OYB transfer (\$450,000).

The initiation of RAP implementation will require four procurement actions:

1. USDA RSSA/PASA for the provision of: a.) long-term Project Manager; b.) APHIS services; and c.) Agricultural Marketing Service (AMS). Total value of this procurement is \$1,255,000 representing 15% of core budget resources. The PIO/T is prepared and ready for clearances.

2. Grant to the Oregon State Department of Agriculture's Export Service Center (OSESC) to expand its data base on international food standards for Pacific Rim markets. Total value of this procurement is \$335,000 representing 4% of core budget resources. The PIO/T is prepared and ready for clearances.

3. OYB transfer from the ASIA Bureau to the R&D Bureau's Office of Environment and Natural Resources (R&D/ENR) to address concerns relating to agroprocessing pollution under its Environmental Pollution Prevention 3 project (EP3). Total value of this action is \$450,000 representing 5% of core budget resources.

R&D/ENR has prepared the PIO/T for the EPA RSSA which includes the scope of work for RAP activities.

4. Procurement of a prime technical assistance contract for the implementation of all other activities, i.e., market information, trade and investment, and analytical support; and to coordinate the activities of other organizations' involvement in the project. Total value of this procurement is \$6,490,000 representing 76% of core budget resources.

The establishment of the RSSA/PASA will be an immediate procurement action and will provide management support to ASIA/DR/TR for the development of the RFP for the prime contract and lead the evaluation of proposals. His/her main tasks will be to provide project management and monitoring to the eventual contractor. These activities will present the largest management unit for the project. Until such time as the prime contractor is in place, the the Project Manager will be the focal point for the submission of work order requests from field missions for the other USDA service and other project concerns. The technical requirements, i.e., preparing and/or reviewing scopes of work for short-term assistance coming from the field, will be subsequently included under the prime contractor's scope of work. However, the administrative/management liaison function with the USDA will remain the purview of the Project Manager.

Missions can contribute to the PASA for specified country activities. Mission provided funding will be reserved for mission activities provided they fall within the sow of the PASA. For the purposes of this PASA, mission contributions for the services of APHIS will be set at .5-3 person months per task. Likewise, contributions for AMS assistance from the AMS will be 1.5-3 person months per task.

ASIA/DR/TR has had experience in collaborating with the USDA/OICD under a previous RSSA, and has found the OICD to be effective in delivering quality technical assistance in a timely manner. It is not anticipated that the management of the APHIS and AMS portions of the RSSA/PASA will present any major difficulties.

The grant to the OSESC is intended to enhance its capabilities for expanding its data base on international food standards in the Pacific Rim markets. This procurement action and OSESC's participation in the project will require minimum management oversight by virtue of its involvement under a grant mechanism. The grant will not change its methodological approach in developing the data base. Reporting requirements and periodic participation in project coordination meetings will be included as conditions of the grant. The Project Manager will have minimum management requirements for monitoring this activity.

The EPA's involvement in RAP will be through its RSSA with R&D/ENR for the implementation of its EP3 project to address agroprocessing pollution concerns. This will be done via an ASIA

Bureau OYB transfer to R&D/ENR. All project management responsibility for this activity will rest with R&D/ENR. A Memorandum of Understanding will be established between ASIA/DR/TR and R&D/ENR delineating expected outputs and other types of collaboration between EP3 and RAP, i.e., participation on Project Committee and reporting requirements. This activity, likewise, represents minimum management oversight by the RAP Project Manager.

The prime contractor will have responsibility for the implementation of all other project activities as well as a coordination role for the other organizations in the project. This will include referrals from missions to the appropriate service provider. The Project Manager will have full implementation and oversight authority over the contractor's work under RAP. This will represent by far the largest management load under the project.

Buy-in requests from missions for the services to be provided by the prime contractor will have an upper limit of 4 person months of assistance per request. The buy-in requests must be accompanied by a specific scope of work which is consistent with the components of RAP. The Project Manager will review each request to determine if the scopes of work conform to the services provided under RAP.

A key element to overall project coordination will be the convening of a RAP Project Management Committee on a periodic basis. Members of the Committee will include all participating organizations and observers from the private sector as appropriate. The Project Committee will serve as a forum to discuss implementation progress/problems and serve to focus all participants on project objectives.

The prime contractor will be selected and will have principal project implementation responsibilities for RAP, including coordination of project activities with participating U.S. Government agencies and the private sector. The RFP will require offerors to prepare a project work plan as an integrated presentation of project activities. The project work plan will delineate responsibilities and give time projections for completion of project activities. It will serve as the basis for annual work plans as well as for monitoring progress and performance. Work plans will include a component on sustainability that describes progress and proposes changes indicated by evaluation of the results to date. Annual work plans will be reviewed and approved by ASIA/DR/TR and will serve as a structured flexibility for implementation. The activities of the USDA, EPA, and OSESC will be integrated into the contractor's overall workplan. The first year's work plan will be prepared no later than three months after the signing of the contract.

The contractor will be required to submit administrative and financial reports on a quarterly basis. Quarterly reports will cover project accomplishments and problems, planning for the next quarter, and a financial summary. Annual

reports will include a summary of project activity, financial expenditures, expenditure projections for the following year, and estimated buy-in activities. The annual report will serve as the basis for the following year's work plan.

RAP's initial activities will center on information gathering and dissemination across all components of the project, to familiarize missions and their clients with RAP services. For the **market information services** component, a principal activity over the first six months will be establishing coverage of leading export markets in Asia. The market information specialist will undertake a six-week mission to Japan, Korea, Hong Kong, Singapore, and Taiwan to identify public and private sources of market intelligence. The methods and costs of accessing this information will be determined. Where reliable sources are not readily available, the specialist will arrange for a consultant to prepare information on a regular basis. Market reports will be prepared two days a week. Monthly, bimonthly, seasonal, and yearly product and market summaries will also be prepared. The project will cover a range of crops of potential interest to exporters in the region. Wholesale and FOB/CIF reports will be prepared for major markets.

Market reports should begin within three months of the visit, allowing sufficient time to devise a consistent reporting format, arrange for translation services, etc. The first issue of the *Asia Agribusiness News* will be distributed six months after the start of the project.

For the **environmental services** component, in the first six months of project implementation, RAP will collect information on resources for pollution control, and regulations affecting market entry for both intraregional trade and exports to the United States, Japan, and the EC. A regional workshop will be planned to share these resources, introduce resource people, and share the needs and goals of each mission.

Also in the first year, and in conjunction with the AID missions, RAP will conduct a survey of entry regulations for participating countries to facilitate intraregional trade. The survey will also provide a basis for evaluating government support and enforcement of environmental issues, and will lay the foundation for resolving problems at foreign ports of entry.

The environmental services component will also provide data collection and responses to inquiries for the first three years, but will evolve into backstopping trade associations by the fourth year, to prepare for the end of the project. Data collection and response will focus on pesticide issues, quarantine and phytosanitary regulations, food additives for processed goods, processing requirements for food safety, and other environmental and technical regulations affecting entry of a product into a foreign country.

The **trade and investment** component will begin by assessing mission agribusiness clients to identify participants for the USDA Going Global program. A major food processing trade show is scheduled for November 1992, and RAP will attempt to coordinate with USDA to match their interests with U.S. firms, and facilitate the attendance of mission-identified Asian businesses.

The **analytical support** component will develop an evaluation framework for Bureau agribusiness projects and conduct regional analyses of agribusiness finance. The establishment of monitoring systems for mission projects will also be an important activity, particularly for projects being designed for 1992. This component will devote considerable effort in the first year to regional market analysis and strategy development for enterability.

With regard to regional analyses, once they are completed, key findings will be disseminated to Bureau missions, and follow-up activities will be identified, including auxiliary analysis, project design work, policy reform negotiations, and a regional workshop to discuss findings.

#### **B. Illustrative Implementation Schedule**

3rd Quarter FY 92:	PP approved; project authorized; RFP prepared.
4th Quarter FY 92:	Offerors proposals evaluated and contractor selected; RSSAs with the USDA, interagency agreement with the EPA, and grant to OSESC executed; buy-in information requested by cable from the field; Regional Workshop held to initiate project activities.
1st Quarter FY 93:	Implementation begins; FY 93 annual work plan approved.
2nd-3rd Quarter FY 93:	Implementation ongoing; quarterly reports submitted and reviewed.
4th Quarter FY 93:	Contractor's annual report submitted, FY 94; annual work plan approved.
1st-3rd Quarter FY 94:	Implementation ongoing; quarterly reports submitted and reviewed.
4th Quarter FY 94:	Contractor's annual report submitted, FY 95; annual work plan approved.
1st-3rd Quarter FY 95:	Midterm evaluation conducted; implementation ongoing; quarterly reports submitted and reviewed.
4th Quarter FY 95:	PES prepared; contractor's FY 96 annual report submitted; FY 96 work plan approved.
1st-3rd Quarter FY 96:	Implementation ongoing; quarterly reports submitted and reviewed.
4th Quarter FY 96:	Contractor's annual report submitted; FY 97 annual work plan approved.
1st-3rd Quarter FY 97:	Quarterly reports submitted and reviewed; final evaluation conducted; PES prepared;

contractor's annual report submitted;  
financial close out; end-of-project  
report prepared.

**C. Regional Workshops**

Regional workshops for agribusinesses, mission staff, and trade associations will focus on subjects of mutual interest such as market, trade, investment, and environmental topics. Workshops will be designed to provide information and training and a forum for exchanging experiences. They will also provide feedback to the ASIA Bureau on the status of agribusiness projects. Workshops will be held at least annually, and will meet at various locations in Asia or the United States. When possible, they will be scheduled to coincide with a trade fair or other significant industry event. The output of these workshops will contribute to the development of RAP project work plans.

One of the earliest workshops will be a regional meeting to initiate RAP's environmental services component. The meeting will be organized by RAP and will provide input to the project work plan. The meeting will include RAP, the EPA liaison, other resource people, the ASIA Bureau environmental director, the R&D environmental project director, mission staff including environmental officers, agribusiness contractors, and others who will work closely with this component. Topics will include support for environmental assessments, new ASIA Bureau and worldwide services, and a demonstration of the EPA clearing house for the benefit of field staff. The primary purpose of the meeting, however, will be for mission personnel to clarify what kind of support is most urgently needed. Possible follow-up to this meeting could be the preparation of guidelines on how to fulfill AID environmental requirements in agroprocessing to complement existing guidelines on pesticides, and vector control programs.

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### **SECTION III SUSTAINABILITY PLAN**

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#### **A. General Approach**

The RAP design provides for sustaining most agribusiness services initiated under the project after the life of the project without extending the project or creating a new public sector entity. The intent is continue those benefit flows that will contribute to the long term development of agribusiness in the region. The general approach of the project is sustaining the impact of those RAP services in various ways depending on the characteristics of the services. Services planned to be temporary or found unsuitable for handing over will be discontinued. Services that prove worthwhile will be continued by private organizations or public sector institutions, U.S. or Asian as appropriate. Those services that are private goods will delivered through the private sector. Services in the nature of public goods will be delivered primarily through the public sector. However, there will be cases where services for public benefit will attract private sponsorship. For example distribution of market price information to media accessible by the general public can be a constructive form of public relations for a trade association. Temporary services will be dropped by end of the project.

#### **B. Marketing Information Services**

The *Asia Agribusiness News*, the bimonthly newsletter, has been designed to evolve into a self supporting trade publication. Upon project completion, it is anticipated that the *Asia Agribusiness News* will become a commercial trade publication supported by advertising and subscription fees and user fees for on-line access to information. Subscriptions to the newsletter will be sold through private sector news organizations in Asian countries from the beginning, covering at least reproduction and distribution costs. However, advertising revenue is essential to cover production costs, i.e. for information collection, analysis and editorial work. The newsletter will be issued by an entity capable of accepting commercial advertising. Sale of advertising and on-line access services will be introduced during the life of the project.

The clearing house functions that provide market, trade, investment, and technical information have commercial potential for the publishers of the *Asia Agribusiness News* or another information company. The collection and translation of market news from sources in Japan and other Far Eastern markets will be continued by the publishers of the *Asia Agribusiness News* as warranted. Gathering and analyzing such information is a basic part of generating editorial content for the newsletter.

### **C. Training**

The sustainability of MIS and other training for public sector employees is perhaps an issue. It will be noted, however, that previous training of this type in developing countries is often sustained in a very real way, in that trainees are hired away from government by private sector companies. Both the public and private sectors benefit as a result of training. Thus, it is intended that such training be continued in future by mutual agreement between Asian governments and the USDA, EPA or other relevant U.S. government agencies.

The training of market news reporters in Asia is not an activity exclusive to the RAP project. It was introduced to boost the skill levels of existing reporters and better qualify Asian staff to act as trainers. It was also aimed at increasing the number of trained reporters capable of providing information on the markets target

### **D. Trade and Investment Services**

The trade and investment services component of the RAP project is designed to support the trade and investment components of the Asia mission projects that directly interface with the agribusinesses in each country. The RAP contribution is technical assistance, training, and establishment of linkages with U.S. organizations and businesses. That will be sustained by the individuals and organizations participating and benefiting from the services and linkages established through RAP.

RAP is not the only public or private entity providing referral and transaction support for trade and investment. It is unique, however, in serving those who are interested in trading and investing with business persons in developing countries. When traders and investors have more experience in these countries and agribusiness opportunities become more visible, RAP services will no longer be needed. The resources and skills in U.S. and Asian private sector trade organizations will, by the end of the project, be developed sufficiently to continue these trade and investment services provided by RAP. Support services will then be performed by private firms and trade associations, and, to the extent the U.S. public sector is involved, by appropriate federal or state agencies.

### **E. Environmental Services**

RAP established environmental services are partly public goods and partly private goods. It is expected that the private sector trade organizations and companies will continue to access the sources of market enterability, engineering and information and product testing services introduced by RAP. The enhancement of knowledge and skills regarding grades, standards, phytosanitary controls and other regulatory issues will help to sustain the capacity of the public sector to deal with these issues and provide

appropriate services. Agribusiness interest in these environmental issues is part of a broader concern for business and public policy. These must be dealt by the respective business organizations and governments individually and through cooperative efforts of associations or countries. RAP services that are temporary in nature, such as environmental awareness training, will be phased out when completed.

RAP's environmental objectives involve the gradual transfer of skills in information gathering and interpretation to cooperating trade associations in each country. These associations would be given guidance on appropriate fees for information so that by the time the project has ended, fees and resource credibility are well established. Each mission would have to determine if this is an appropriate step for their clients. If a country is not yet at this stage, it would perhaps require further outside support.

Services to provide regulatory information will be sustainable insofar as entry requirements affect a country's export potential and company profits. Countries without diversified exports will probably not have sufficient market demand to maintain the service. One option for these countries is to access data from neighboring country associations. This approach has been used by several countries in Latin America that use information services from Chile.

With regard to pollution control, the EPA clearing house will eventually be in a regional office in Singapore, and then in each country's environmental agency by request. Although not in place for a few years, by the end of RAP, this particular service should be available directly and therefore sustainable.

Specific environmental training opportunities will not be sustainable unless other donors or country sources can finance participation. Training is always passed on, however, via the information learned by training participants, even if they end up leaving the government and working for a private company.

The ability to access environmental technical assistance will be sustained via the directories and contacts made by AID personnel and trade associations, and through use of the EPA clearing house. Ties with specific consultants or specialists can, of course, be maintained beyond the life of the project.

#### **F. Monitoring and Evaluation Services**

The RAP monitoring evaluation system includes indicators that assess sustainability as well as economic impact from interventions in selected agribusiness subsectors. For private sector activities, survival or profitability are the ultimate indicators. The sales and profitability of the *Asia Agribusiness News* is one such indicator. This and other RAP services that have profit potential will be sustained by the private sector as long as

their is adequate incentives.

**G. Analytical Services**

The specific analytical services provided under RAP are aimed at helping speed up the development of agribusiness in Asia during the period of the project. Similar issues will need to be addressed in the future, but it is not the intention of RAP to continue them under a single successor level analyses. Under the analytical services component, a buy-in is planned either to the Financial Markets Development Project implemented through the PRE Bureau, or the Financial Resources Management (FIRM) Project implemented by R&D/EID, for the analysis of regional agribusiness finance. Other buy-ins are anticipated for similar analyses. These will be initiated through PIO/Ts prepared by the RAP project officer.

ASIA Bureau field missions will identify their needs for RAP core-funded activities and buy-ins. For the buy-ins, the requesting mission will prepare the scope of work. Missions will be responsible for backstopping the RAP consultancy and for coordination and implementation. The field missions will channel RAP assistance requests to the RAP project officer who will, in turn, pass them on to the contractor.

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**SECTION IV**  
**ADMINISTRATIVE ANALYSIS**

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**A. ASIA/DR/TR**

ASIA/DR/TR Agriculture Enterprise and Access Unit will provide the required AID management and oversight for project implementation. The project officer will be the incumbent staff member who is backstopping agribusiness development activities. He/she will be responsible for supervision of project implementation, and initiate all pre-obligation actions such as developing the Request for Proposal (RFP) for a direct AID contract, preparing the RSSA/PASA scope of work, and the grant to the OSESC. A Project Manager will be hired under the USDA RSSA/PASA. His/her main tasks will be to provide project management and monitoring support. He/she will have the same project management authorities as a USDH.

**B. Contractor and Other U.S. Government Agencies**

Four procurements are anticipated for the implementation of RAP: (1) a direct AID contract; (2) a RSSA with the USDA Office of International Cooperation and Development (OICD) to access technical assistance from the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and a Project Manager to be responsible for the day-to-day project management; (3) an interagency agreement with the EPA; and (4) a grant to the Oregon State Department of Agriculture Export Service Center (OSESC).

**1. Contractor**

A direct level-of-effort contract will be let in full and open competition for implementation of the four project components. Contracting will be done in collaboration with FA/OP/W/R. The RFP will encourage the use of subcontracts to meet Gray Amendment concerns and to include private sector agribusinesses in project implementation. The contract will be for five years. The prime contract will include the provision of four long-term advisors: (1) market information specialist; (2) trade and investment specialist; (3) environmental specialist; and (4) agribusiness specialist. The chief of party will be the most experienced and senior member of the team. Approximately 200 person months of short-term technical assistance will be provided by the contractor over the life of project. The contractor will also provide certain types of training and the procurement of necessary supplies and materials.

**2. USDA**

One RSSA will be executed with the USDA's OICD to secure short-term technical assistance from APHIS and AMS, and long-term technical assistance for a Project Manager. Under this arrangement, approximately one-quarter staff time will be contracted with APHIS to coordinate and provide information on quarantine issues, such as commodity treatments for targeted markets under the environmental services component. The Agricultural Marketing Service will provide market news training under the market information services component. The Agricultural Marketing Service provides training in six commodity groups: fresh fruits and vegetables, poultry, livestock and grains, dairy, cotton, and tobacco. In the initial years of the project, RAP will focus on market news training in fresh fruits and vegetables.

Given the highly specialized technical areas included under RAP which require a number of implementing organizations, a Project Manager with a strong agribusiness background will be included under the RSSA with the OICD. He/she will have day-to-day implementation for the project, including technical oversight, overall coordination of project activities and participating organizations, and contractor monitoring and financial review.

The RSSA will be managed by OICD. ASIA/DR/TR and OICD have collaborated on a previous RSSA that provided an array of agricultural assistance to the ASIA and Near East Bureaus. The OICD proved effective for accessing high-quality technical assistance and performed efficiently in the administration of AID funding.

**3. EPA**

The coordination of technical assistance and information on pollution control and pesticides will be provided through an interagency agreement with the EPA Office of International Activities, the Office of Pollution Prevention. RAP will access EPA services through an OYB transfer to R&D/ENR's Environmental Pollution Prevention Project implemented in collaboration with the EPA. A full-time coordinator will be provided to concentrate on agroprocessing pollution issues. RAP will also subscribe to the new EPA Clearing House on Environment and Energy Efficiency, which allows rapid inquiry on pollution issues, technologies, research and information centers, new products in the field, and a listing of U.S. companies that provide services and equipment.

**4. Oregon State Department of Agriculture Export Service Center**

The OSESC will be accessed using a grant mechanism to compile data on food import regulations for the major Pacific Rim markets; to provide this information through RAP to ASIA mission companies; and to expand the information base to other

**Asian markets.**

**C. Other AID Projects and ASIA Bureau Missions**

RAP will support buy-ins to other AID Central projects to conduct certain regional-level analyses. Under the analytical services component, a buy-in is planned either to the Financial Markets Development Project implemented through the PRE Bureau, or the Financial Resources Management (FIRM) Project implemented by R&D/EID, for the analysis of regional agribusiness finance. Other buy-ins are anticipated for similar analyses. These will be initiated through PIO/Ts prepared by the RAP project officer.

ASIA Bureau field missions will identify their needs for RAP core-funded activities and buy-ins. For the buy-ins, the requesting mission will prepare the scope of work. Missions will be responsible for backstopping the RAP consultancy and for coordination and implementation. The field missions will channel RAP assistance requests to the RAP project officer who will, in turn, pass them on to the contractor.

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## **SECTION V MONITORING PLAN**

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RAP will develop a framework for monitoring RAP inputs, outputs, and purpose-level indicators, by organizing data from mission and Bureau reports and RAP operations. Baseline studies will establish economic and institutional indicators. Data will be recorded continually and analyzed periodically over the life of the project.

### **A. Purpose Level Indicators**

As an ASIA mission support project, RAP outputs will contribute to the project purpose indirectly by enhancing the impact of mission agribusiness projects. Indicators measure achievement at the micro (firm or subsector) level for selected agribusinesses. Indicators pertain to (1) economic data for sales, exports, investments, etc., and (2) the availability and quality of public and private agribusiness support services.

#### **1. Economic Indicators**

The principal economic indicators for agribusiness subsectors are gross private investment, gender-disaggregated employment and wages adjusted for inflation, subsector contribution to gross product value, and levels of international trade and investment. The measures are components of national income accounts and are derived from census data and information from agriculture, trade, and industry sources. Such data are available from secondary sources for the economy as a whole or major subsectors.

There is no classification for agribusiness, however, in standard census, national accounts, or agricultural data sets. Agribusiness includes activities in several agricultural, trade, and industry categories, and these categories include data pertaining to other businesses as well. Thus, it is not a question of simply aggregating existing data. Data must be adjusted to fit the concept of agribusiness before they are relevant to RAP. Consequently, RAP will devote some effort to identifying proxy indicators for agribusiness trade and investment levels: for example, the number of export food containers shipped as an indicator of trade volume, or food machinery sales as an approximate measure of the levels of investment in food processing.

Agribusiness projects thus far designed by ASIA missions focus on nontraditional and specialty crops, the feed-livestock subsector, and functional areas such as export, postharvest, processing, and transport. Staple food or retail distribution subsectors are not addressed. Therefore, while the commodity and

functional emphasis is not yet fully defined, subsectors will be both diverse and narrow in scope.

The monitoring plan for RAP will provide baseline estimates of purpose-level economic indicators in the first six months of the project. Commodity and functional subsectors will be determined by review of mission and Bureau reports and consultation with missions at the time of project start-up. They will become part of the life-of-project monitoring plan for RAP. This plan will be the basis for a data classification framework containing benchmarks to measure economic impact. The components in the framework will be aggregated to show the combined effects of agribusiness interventions on the agribusiness sector and national economies as a whole.

Data for the framework will be collected periodically over the life of the RAP project. It will be collected from several sources and adapted to the subsector and functional concepts defined by the missions. Approximations will be necessary in some cases. Professional judgment will be applied to allocate sector data to subsectors when data do not conform precisely to the concept. Data sources will be official statistical agencies, mission and bureau reports, RAP operational records, and data accumulated while operating the RAP clearing house.

RAP will separate the net effects of ASIA agribusiness interventions from other factors, to the extent possible, by applying statistical methods, e.g., eliminating the effects of trend and inflation. Conclusions will be supplemented by anecdotal information to interpret results.

## **2. Institutional Data**

Private-sector performance will also be influenced by infrastructure and support services. An institutional capacity assessment will be conducted in parallel with the economic baseline study. The assessment will describe the elements of infrastructure and support services necessary for development of targeted agribusiness subsectors. On the basis of mission and Bureau monitoring and evaluation reports, RAP will record infrastructure investments and service improvements that have taken place, such as improvements in dock and air transport facilities. Market information services will also be described at the beginning of the project and monitored as the project progresses.

## **B. Output Indicators**

Monitoring will be accomplished on the basis of RAP monitoring records, surveys, and spot checks. The services provided under the four RAP components differ in scope and character, however. Methods for assessing their impact vary accordingly.

**1. MIS Component**

**a. The Asia Agribusiness News**

The *Asia Agribusiness News* (both hard copy and electronic form) is the principal medium for disseminating RAP information. Wide distribution, reader application, and satisfaction will demonstrate that marketing, trade, investment, and environmental information is being appropriately communicated.

RAP monitoring records will note the number and size of issues, keep track of the number of copies distributed, and the number of electronic queries. There will be continuing review by RAP management of the quality, relevance, and apparent impact of the *Asia Agribusiness News*. Formal and informal reactions from missions, agribusinesses and other readers will be sought and evaluated. In other words, there will be a continuing effort to assess the *Asia Agribusiness News* performance and adapt its contents to client needs.

**b. Asian Market News**

Readers of the *Asia Agribusiness News* will be surveyed to determine the usefulness of the information. A log will be maintained recording the number of requests for current prices and historical data sets.

**c. Market News Training**

The number of trainees who successfully complete the three-month program will be an indication of capacity to provide market news services. There will be end-of-program evaluations of trainees, supplemented by assessments of post-training performance by trainee supervisors.

**2. Environmental Services**

**a. Information**

RAP will keep records showing the amount of information on regulatory and pollution issues delivered to missions and mission clients. A log will record the number of inquiries received and answered. A narrative description will be maintained indicating the character and extent of interpretive information provided. The records will separate information services from questions related to market entry requirements in Asian, Middle Eastern, European and U.S. markets. RAP records will note when referrals to EPA, USDA, or the State of Oregon are involved. The records will also show written reports, such as those in the *Asia Agribusiness News*, participation in workshops, and information provided during field visits.

**b. Training**

RAP environmental training outputs will be better interpretation of environmental issues, especially the interpretation of regulations affecting product enterability in export markets, and pollution issues related to processing and other postharvest activities. Understanding will be demonstrated by the successful entry of host-country products in export markets, and investments in environmentally friendly enterprises. RAP will ascertain these developments from mission and Bureau monitoring and evaluation reports.

### **c. Technical Assistance**

RAP will maintain records of the outputs and impact of technical assistance consultancies.

#### **3. Trade and Investment Services**

The desired output is increased trade and investment and establishment of lasting business linkages, as evidenced by completed transactions and business linkages. RAP will monitor the outcomes of opportunity identification, referral, and transaction support, by evaluating the actions of clients following referrals, and the number, scale of investments, or value of trade, from completed transactions. RAP will also describe linkages that have been established between private firms or trade associations and Asian agribusinesses as a result of RAP support.

#### **4. Analytical Services**

RAP will monitor mission projects to ascertain the impact of studies on the availability and use of information, trade and investment transactions, environmental awareness, improved project designs, and monitoring and evaluation systems. For example, RAP will assess whether or not new export market enterprises are established or expanded following the preparation of export market analyses of enterability requirements, demand estimates, etc. This information will be gleaned from mission and Bureau reports and interviews during RAP field visits.

### **C. Project Inputs**

#### **1. Resources**

RAP will record the resources, technical assistance, commodities, and training allocated to each of the four components.

#### **2. Services Delivered**

RAP will systematically maintain records describing services delivered, their quantity, and when applicable, qualitative assessments of their magnitude and value. Services are considered to be inputs.

Review and analysis of ASIA agribusiness project papers, the RAP PID, and statements of mission staff and agribusiness representatives have established the current level of services as well as future needs. These sources will be reviewed again at project start-up and updated with new information, such as plans for new projects or progress on existing ones. A baseline document will be prepared summarizing the status of agribusiness information availability, to be used for comparison over the life of the project.

The RAP implementation plan calls for a visit to major Asian markets immediately after start-up so that plans to gather market news from Japan and other key Asian markets can be fully developed in the first six months. Upon conclusion of this effort, the means of sourcing price and quantity data, plans for publication, and distribution targets will be set. RAP will maintain production and sales records of the *Asia Agribusiness News* containing price and quantity information and related market intelligence disseminated from the market news reports collected in Asia.

The input of the RAP clearing house will be measured by records kept under the RAP monitoring system. Logs, memoranda, reports, and other material will be generated by all members of the team in the course of their work. It is recommended that these records be consolidated by a clerical member of the contractor's staff under the supervision of the COP. The records will include:

- Number of market and business information requests received and answered
- Summaries of contacts, interviews and observations during RAP team member field trips
- Number of training participants in RAP environmental programs, market news programs, observation tours, and trade events
- Complete, commercial-type records of sales, costs, distribution, and the financial viability of the *Asia Agribusiness News*
- Frequency of use and validity of information in market, trade, and investment data bases accessed by RAP
- Number of business opportunities identified, referrals, and transaction support activities
- Short-term LOE and impacts from these activities
- Number of design assistance efforts
- Number of mission M&E support efforts

- Number of RAP workshops and workshop participants

#### **D. Sustainability Indicators**

The RAP monitoring evaluation system includes indicators that assess sustainability as well as economic impact from interventions in selected agribusiness subsectors. For private sector activities, survival or profitability are the ultimate indicators. The sales and profitability of the *Asia Agribusiness News* is one such indicator. This and other RAP services that have profit potential will be sustained by the private sector as long as there is adequate incentives.

The sustainability plan for the project provides that vital agribusiness services will be sustained after RAP without extending the project or creating a new public sector entity. Therefore, the monitoring and evaluation system will track indicators of progress toward sustainability. Marketing Information Services will be continued as the *Asia Agribusiness News*, the bimonthly newsletter, evolves into a self supporting trade publication financed by advertising, subscriptions and user fees for on-line access to information. Clearing house functions that provide market, trade, investment, and technical information will be continued in part as basic part of generating editorial content for the newsletter and in part as collateral services offered in association with the newsletter. The primary measure of sustainability will be survival and growth of the *Asia Agribusiness News* and related activities. The indicators will be increased subscriptions, expanded scope of information and sufficient revenue to sustain the services.

Indicators monitoring of the sustainability of training initiated under the project will include increased number of trainees supported by fees from private companies, NGOs or governments. The indicators of sustainability of environmental, trade and investment transaction support and linkages will be increased numbers of individuals and organizations participating and benefiting and paying an increasing share of the costs.

#### **F. Analytical Services**

The specific analytical services provided under RAP are aimed at helping speed up the development of agribusiness in Asia during the period of the project. Similar issues will need to be addressed in the future, but it is not the intention of RAP to continue them under a single successor entity. Those services seen as necessary will be continued by private sector organizations or governments. RAP's sustainable contribution is enhancing the capacity of AID missions, host country government agencies and private organizations to perform similar analytical services as a result of experience and training received under RAP. Design, monitoring, and evaluation services for mission agribusiness

projects will continue to be supported by AID, however, as long as AID continues to support such projects.

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**SECTION VI**  
**SUMMARY OF ANALYSES**

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**A. Technical Analysis**

The RAP project is intended to provide highly focused information for planning, establishing, and operating agribusinesses facilitated by mission projects, but not to subsidize collection and analysis of information for general purposes. The idea is to provide very specific information for agribusiness development in the Asia region as needed, and only when needed.

Information requirements were identified by an assessment taking into account the needs expressed by AID missions and their clients, the results of a review of project documents, interviews with Central project staff and trade associations, and ASIA Bureau and AID priorities. The services included under RAP represent a widespread sharing of market, trade, investment, and technical information among implementors of the large ASIA agribusiness program. Moreover, they are services that can be provided more efficiently on a regional basis.

Regional priorities were determined from mission responses to questionnaires completed in August 1991 and summarized in the PID. Information categories were prioritized by respondents from a sample of agribusinesses and trade associations. Conclusions were then reviewed by the PP design team. The review was based on AID documents concerning agribusiness projects in the region, findings from the interviews cited above with trade associations and government units, and findings from field visits to five missions in the region. Four missions, the Philippines, Indonesia, Bangladesh and Nepal, were visited by two members of the team from January 24 to February 9, 1992. The Sri Lanka mission was visited by another member of the team in the latter part of February.

RAP agribusiness information services focus on common regional themes:

- Commodity focus on high-value nontraditional crops for export
- Delivery of information, policy analysis and advocacy work, and promotion of agribusiness trade and investment through private-sector institutions, typically chambers of commerce, agribusiness subcommittees of chambers, and other agribusiness trade associations

- Reform of policies inhibiting the development of agribusiness
- Reliance on vertical integration for extension of farm production technology and stimulation of smallholder production
- Encouragement of external agribusiness investment and trade, including exports and imports, particularly with the U.S. private sector

The reviews conducted by the PP team revealed the need for information on market prices and quantities in export markets, entry requirements, price and technical information in competitor countries, and leads for investors, buyers, and suppliers to match up with local trade and investment opportunities.

Export-led or vertically integrated agribusiness strategies require linkages between local agribusiness persons and foreign buyers or investors. The RAP team examined a number of alternatives for promoting linkages. Several, such as widespread installation of on-line computerized information systems, preparation of a large number of general trade and investor profiles, and descriptive hard copy information packets, were found to be not cost efficient or not needed at this stage of agribusiness development in Asia. The team concluded that feasible means of distributing agribusiness information were: a bimonthly newsletter, the *Asia Agribusiness News*; and a trade and investment clearing house offering referral, transaction support, and responses to specific market and technical questions.

Serious trade interests demand market transparency. As greater volumes of produce enter trade, the demand for market information increases. The need for transparency increases in proportion to the volume of produce on a given market. Also, high value-low, volume-high differentiation export strategies such as those pursued with AID's assistance across Asia require a tremendous amount of ongoing market research.

Current market news enables exporters and related trade interests to define their windows of opportunity in export markets. Elsewhere in developing countries, market information on key export markets has been a key competitive tool for export diversification strategies.

The PID proposed obtaining current market news from Tokyo by sharing costs with USDA market news services and expanding the coverage to other Pacific Rim markets. This approach is not feasible at this time. Instead, RAP will acquire market news generated for Tokyo and other markets through arrangements with private sources in these markets. The plan is to collect regular price and quantity information from these markets and translate them into English in a consistent format. The scope will be limited to specific products of interest to AID project

participants in the region, usually niche products that are not generally quoted in international commodity reports. During the first six months of RAP, the marketing information specialist will establish contacts with private vendors in principal Asian markets to obtain information in a cost-effective manner.

During team visits to the field, agribusiness persons, mission staff, and contractor employees indicated that on-line real-time access to international market news services is not necessary at this time; however, they considered the availability of current price and quantity information to be vital for guiding marketing tactics, identifying business opportunities, and developing market access strategies. This service can be provided through the clearing house library of references, on-line electronic databases, and access to marketing and technical people.

An analysis of trade data for the region showed that Japan, Korea, Taiwan, Singapore, Hong Kong are likely major markets for nontraditional export commodities from Southeast Asian countries; and India, the Middle East and Europe are likely major markets for South Asia countries. This conclusion was reinforced by the information provided in interviews during the Asian field trip. However, U.S. markets are likely to be significant for very high-value commodities, such as essential oils or spices; for specialties such as Filipino ethnic foods; and for exports of countries in the South Pacific.

Acquiring U.S.-based electronic databases and installing them in trade associations or other institutions in the region, as envisioned in the PID, is too ambitious. This conclusion was based on statements of interviewees during the field trip, and on observations of the state of readiness of local associations.

The principal medium for delivery of market information is the proposed newsletter, the *Asia Agribusiness News*. The newsletter is a comparatively inexpensive way of delivering quantitative data. It can be accessed on-line in an electronic data base; it can be used to exchange information among project participants and convey textual market or production information, ultimately to a large audience. The publication will be of use to a broad readership, from policy makers to shippers and receivers of agribusiness products, in Asia and elsewhere. As with any publishing idea, the appeal of the *Asia Agribusiness News* will reside in its packaging of information, its analytical content, and its distribution within the community whose interests it serves.

The *Asia Agribusiness News* will provide a mechanism for communicating the information generated by RAP at large, for example, information produced by RAP's analytical services component. AID's concern with agroprocessing environmental issues will also find expression in the *Asia Agribusiness News*.

## **B. Location of the RAP Office**

The decision of the PID team to locate the RAP office in Washington, D.C. was reviewed by the PP team. Other locations had been considered by the PID team, including Hong Kong, Singapore, and Bangkok. An alternative was suggested by some members of mission agribusiness staffs to utilize the part-time services of one or more employees of mission contractors in a regional rover capacity.

Establishing an office at any of three Asian locations would provide a regional presence for the project and an opportunity to acquire market information. There would be some time and cost advantages in traveling among missions. The suggested locations would also provide direct contact with one important market for the region, at least for countries in Southeast Asia. The regional rover option would provide someone immersed in a mission project and would be of mutual benefit to the rover and the project.

Location in Asia would not necessarily be superior for accessing data from Tokyo and other important markets, however, most of which do not have AID-assisted agribusiness projects. A regional location would in all likelihood cost considerably more than a Washington-based operation. It would provide contact with only one market of major importance, to only one part of the region, Southeast Asia. Finally, agribusiness advisors employed under mission contracts are relatively few in number, and in projects currently underway, they are heavily burdened with country-level work.

A Washington location provides easy access to U.S.-based data and excellent communications facilities. RAP will provide essential interface between the ASIA Bureau and the missions, as well as among missions, and this activity will be fostered best from a Washington location. RAP will be able to coordinate interactions between Asian agribusinesses and the U.S. private sector from Washington, D.C., since virtually all major U.S. trade associations are located in the Washington area.

The overall conclusion is that RAP should be headquartered in Washington as originally proposed, because the ratio of benefits to costs is better than at other potential locations. However, the PP team strongly recommends that members of the RAP team travel extensively, one-quarter to one-third of their time in Asia, to bring about the informational exchange and coordination that are envisioned.

## **C. Economic Analysis**

RAP's economic impact will be indirect, increasing the effectiveness of mission projects and programs through their clients. RAP's net economic benefit will be a factor of the net benefits of the mission agribusiness projects themselves.

The strategy implicit in these mission projects is that economic development requires labor specialization and application of capital and technology, including management. This, in turn, requires increased trade and investment. Mission projects principally provide technical assistance and training. RAP strategy is to support mission projects by providing agribusiness information services, referrals, and transaction support to promote increased trade and investment. In other words, trade and investment, motivated by a response to market signals, will lead to economic growth in the agribusiness sector.

The economic impact of RAP will be very large in relation to cost. Based on PID estimates, its cost exclusive of buy-ins will represent about 0.75 percent of the cost of agribusiness projects in the region in the next half-decade. RAP's expected economic benefit will be multiplied by the economic impact of about \$950 million in AID agribusiness assistance in Asia. RAP services consist primarily of assembling, adding value, and disseminating agribusiness information. This approach can have a powerful impact by influencing the decisions of many agribusiness persons. It will result in additional revenues, profits, jobs, and income in Asian host-countries, and additional sales and investment by U.S. firms.

RAP will be successful in raising levels of trade, investment, and income by supporting mission projects. The results of these activities will positively affect value added, employment, economic opportunities for women, export earnings, firm profits, and net farm income. Potentially, RAP expenditures can have tremendous leverage on these economic variables.

It is not appropriate to estimate an economic rate of return for RAP. However, only a small positive impact on regional agribusiness projects will produce a very large incremental return on investment.

The design provides highly focused collection and dissemination of agribusiness information. As a result, there will be significant cost savings for ASIA Bureau's agribusiness program. Significant savings will also be realized by conducting analyses of transport, market entry, environmental, monitoring, evaluation, financing, and other issues of regional interest, thereby avoiding duplication and realizing economies of scale.

#### **D. Social Soundness**

The project region encompasses thirteen countries, diverse cultures, and many different languages. There is also great diversity in terms of political stability and religious traditions, which represent a powerful dynamic in the region. However, there is a high level of familiarity with U.S. business and government institutions among beneficiary organizations, and English is commonly spoken by professionals in these institutions.

The region is characterized by a wide range of economic development, agricultural sophistication, and free enterprise. As RAP will work through AID missions and their projects, it will be influenced by the same social impacts as the mission projects themselves.

Project beneficiaries will participate in RAP by taking advantage of information and technical assistance, and becoming more effective in promoting agribusiness development. AID missions will benefit directly from the project, by improving the effectiveness of their programs. Agribusinesses will benefit from RAP indirectly, through the information and services provided to AID-sponsored organizations.

Risk will be low for most project beneficiaries, i.e., AID-sponsored organizations, since RAP activities do not jeopardize their viability. There is a greater risk for agribusinesses that deal with RAP target organizations. Agribusinesses will make business decisions based on information coming indirectly from the project. RAP risks and benefits to agribusinesses will be difficult to analyze, since they are filtered through other organizations; but the project should not involve risks significantly greater than those normally found in a free market. In fact, the reverse should be true: greater availability of information and business opportunities will present more options and a better base for informed decisions.

RAP is feasible within the diversity of the Asia region because it will operate through the structure of AID-sponsored organizations. These organizations are familiar with AID and are designed to achieve objectives acceptable to AID, within the framework of local social and cultural circumstances. On the one hand, they provide a reasonably uniform basis for interaction with RAP; on the other hand, they are designed to be compatible with the local social and cultural reality. The socio-cultural feasibility of RAP in each country is fundamentally the same as that of the AID-approved organizations through which it works.

RAP will stimulate agribusiness activity in the region including production, processing, packaging, transport, and marketing, and thus will increase employment opportunities. Since a common characteristic of the region is low-cost labor, employment generation can be expected to occur largely in labor-intensive production and processing of high-value horticultural crops. In both instances, employment opportunities tend to favor women,<sup>4</sup> and both the quality and quantity of employment opportunities should increase. RAP should contribute to broadly based economic activity in the agricultural sector, with concomitant increases in incomes and standards of living for rural populations.

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<sup>4</sup> Alberti, Amalia M., *Impact of Participation in Non-Traditional Agricultural Export Production on the Employment, Income, and Quality of Life of Women in Guatemala, Honduras, and Costa Rica*. Research report submitted to Regional Office for Central American Programs (ROCAP) of USAID, April 1991.

## **E. Women in Development**

As is the case for economic impact, RAP impact on gender depends on the outputs of the various mission agribusiness projects. However, it can be said that agribusiness is an important subsector for considering gender issues. Women own a significant percentage of small and medium-sized agribusinesses, they are a high percentage of the food and fiber processing and produce sorting and packing labor force, and they provide a significant portion of both management and labor for crop and livestock production. Although in most cases, RAP affects individual agribusinesses only indirectly, the project will contribute to the expansion of women's productive capacity in Asian agribusinesses. RAP will also encourage missions to factor gender policy concerns into their monitoring systems and project designs.

**SECTION VII  
COST ESTIMATE AND FINANCIAL PLAN**

The total cost of RAP is \$13,500,000. This consists of \$8,500,000 of RAP core funding and an estimated \$5,000,000 in mission buy-ins. Methods of implementation and financing are given in Table I. Cost estimates are summarized in Table II. The project will be funded over a five-year period.

ASIA Bureau expects to obligate \$1,275,000 in FY 1992. Subsequent obligations will follow incrementally by fiscal year as required, subject to the availability of funds. The obligation schedule for the RAP core budget is given in Table III. Sufficient funds will be obligated each year to cover anticipated expenditures.

The project will finance project components in four ways: direct AID contract (\$6,750,000); RSSA with the USDA (\$180,000 with the AMS, \$125,000 with APHIS and \$400,000 with OICD); Inter-Agency Agreement with the EPA (\$450,000); and grant to the Oregon State Department of Agriculture's Export Service Center (\$335,000). Project costs will be directly paid by AID. Evaluation (\$200,000) and audit services (\$60,000) will be procured by means of an IQC.

Buy-in figures to RAP were estimated based on response to cables sent to the field and a visit to the field by two members of the Design Team. Commitments and expressions of interest were not as high as the level anticipated at the PID stage, but ASIA/DR/TR feels that interest will increase during project implementation.

**TABLE I**

<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Amount (\$ 000)</u>	
		<u>Core</u>	<u>Buy-in</u>
1. Direct AID contract	Direct payment	6,750	3,880
2. RSSA with USDA			
AMS	Direct payment	180	450
APHIS	Direct payment	125	100
3. EPA Inter-Agency Agreement	Direct payment	450	350
4. Grant to OSESC	Direct payment	335	220
5. RSSA Project Mgr.	Direct Payment	400	-
6. Evaluation (2)	Direct payment	200	-
7. Audit (1)	Direct payment	60	-
<b>TOTAL</b>		<b>8,500</b>	<b>5,000</b>

**TABLE II**  
**Summary Cost Estimates (US\$ 000)**

	<u>CORE</u>		<u>BUY-IN</u>		<u>TOTAL</u>	
	<u>unit</u>	<u>amt</u>	<u>unit</u>	<u>amt</u>	<u>unit</u>	<u>amt</u>
<b>1. <u>Market Information:</u></b>						
Technical Assistance:						
Long-term (pm) <sup>1</sup>	60	780	-	-	60	780
Short-term (pm) <sup>2</sup>	22	240	25	270	47	510
Travel:						
Intl. trips <sup>3</sup>	20	200	5	50	25	250
Domestic trips <sup>4</sup>	20	25	-	-	20	25
Asian Market News:						
Japan <sup>5</sup>	5	125	-	-	5	125
Other countries <sup>6</sup>	20	500	-	-	20	500
Dissemination <sup>7</sup>	.25	235	.75	715	100	950
Subscriptions U.S. <sup>8</sup>	5	85	-	715	100	950
Subscriptions Asia and Europe	5	55	-	-	5	55
Training (AMS):	.30	180	.70	450	1	630
Project Support: <sup>9</sup>	<u>.50</u>	<u>615</u>	<u>.50</u>	<u>615</u>	<u>1</u>	<u>1,230</u>
	<u>SUBTOTAL</u>	<u>3,040</u>		<u>2,100</u>		<u>5,140</u>
<b>2. <u>Environmental Services:</u></b>						
Technical Assistance:						
Long-term	60	780	-	-	60	780
Short-term	18	195	40	430	58	625
Travel:						
Intl. trips	18	180	40	400	58	580
Domestic trips	10	15	-	-	10	15
USDA (APHIS RSSA): <sup>10</sup>	-	125	-	100	-	225
EPA:	-	450	-	350	-	800
Oregon State Export Service Center:	<u>-</u>	<u>335</u>	<u>-</u>	<u>220</u>	<u>-</u>	<u>555</u>
	<u>SUBTOTAL</u>	<u>2,080</u>		<u>1,500</u>		<u>3,580</u>

3. Trade and Investment:

Technical Assistance:

Long-term (pm)	60	780	-	-	60	780
Short-term (pm)	8	85	15	165	23	250

Travel:

Intl. trips	8	85	-	150	23	230
Advisory Group: <sup>11</sup>	5	85	-	-	5	85
Other travel: <sup>12</sup>	<u>10</u>	<u>100</u>	<u>20</u>	<u>200</u>	<u>20</u>	<u>300</u>
<b><u>SUBTOTAL</u></b>		<b><u>1,130</u></b>		<b><u>515</u></b>	<b><u>20</u></b>	<b><u>1,645</u></b>

4. Analytical Services:

Technical Assistance:

Long-term	60	780	-	-	60	780
Short-term	21	225	56	605	77	830

Travel:

Intl. trips	17	170	18	180	35	350
Domestic trips	10	15	-	-	10	15
Regional Analyses:	<u>4</u>	<u>400</u>	<u>1</u>	<u>100</u>	<u>5</u>	<u>500</u>
<b><u>SUBTOTAL</u></b>		<b><u>1,590</u></b>		<b><u>885</u></b>		<b><u>2,475</u></b>

5. Other:

Project Manager (pm):	60	400	-	-	60	400
Evaluations:	2	200	-	-	2	200
Audit:	<u>1</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>60</u>
<b><u>SUBTOTAL</u></b>		<b><u>660</u></b>				<b><u>660</u></b>

<b><u>GRAND TOTAL</u></b>		<b><u>8,500</u></b>		<b><u>5,000</u></b>		<b><u>13,500</u></b>
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1. Salary calculation is based on FS-1 level. Contractor's costs for fringe benefits such as annual leave, health insurance, workers compensation, etc. were estimated at 20%. An overhead rate of 100% of direct costs for salaries and fringe benefits is also included.
2. Costs for consultants were estimated the same as salaries, but no fringe benefits were applied.
3. Each international trip is calculated for an average of 30 days with an average per diem rate of \$125. Roundtrip airfare estimated at \$4,000 per trip. Total calculation is rounded to \$10,000 per trip.
4. Each domestic trip is calculated for an average of 5 days each with average per diem at \$125. Roundtrip airfare estimated at \$600. Total cost per trip is \$1,225.
5. Collection and translation of market news information is estimated to be \$25,000 per country per year.
6. Korea, Taiwan, Singapore, and Hong Kong.
7. Dissemination costs for 27 issues of Asia Agribusiness newsletter are estimated to be: 27 issues x 35,000 copies x \$1.00 per copy = \$945,000.
8. Subscriptions to data bases and other information sources renewable each year.
9. Includes personnel, miscellaneous office equipment and computers, and the costs associated for conducting workshops and holding other meetings.
10. Quarter time personnel (3months salary/benefits) = \$17,500. Travel to one regional workshop = \$5,000. Training materials and communication = \$1,000. USDA OICD overhead rate = 34%.
11. Five meetings over LOP with 20 participants per meeting. Round trip travel to meeting included.
12. Costs associated with transaction support.

**TABLE III**

**CORE BUDGET**  
**Regional Agribusiness Project**  
**Obligation Schedule**  
**(US\$ 000)**

<u>Componet</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>TOTAL</u>
1. Mkt. Info.	293	620	640	640	847	-	3,040
2. Environment	532	740	240	240	328	-	2,080
3. T & I	136	235	235	215	309	-	1,130
4. Analytical	234	330	330	340	356	-	1,590
5. Other	<u>80</u>	<u>80</u>	<u>180</u>	<u>140</u>	<u>180</u>	<u>-</u>	<u>660</u>
<u>TOTAL</u>	<u>1,275</u>	<u>2,005</u>	<u>1,625</u>	<u>1,575</u>	<u>2,020</u>	<u>-</u>	<u>8,500</u>

**TABLE IV**

**Application of Funds By Input**  
(US\$ 000)

	<u>unit</u>	<u>Core</u> <u>amt</u>	<u>unit</u>	<u>Buy-in</u> <u>amt</u>	<u>unit</u>	<u>TOTAL</u> <u>amt</u>
<b>1. <u>Tech. Assist.</u></b>						
Long-term (pm)	240	3,120	-	-	240	3,120
Short-term (pm)	69	745	136	1,470	205	2,215
<b>2. <u>Travel</u></b>						
Intl. trips	63	630	78	780	141	1,410
Domestic trips	40	55	-	-	40	55
Other	-	-	20	200	20	200
<b>3. <u>Mkt. News</u></b>						
	.6	1,000	.4	715	1	1,715
<b>4. <u>Training</u></b>						
	.3	180	.7	450	1	630
<b>5. <u>Project Support</u></b>						
	.5	615	.5	615	1	1,230
<b>6. <u>Other Agencies</u></b>						
USDA APHIS	.55	125	.45	100	1	225
OICD	1	400	-	-	1	400
EPA	.55	450	.45	350	1	800
OSESC	.60	335	.40	220	1	555
<b>7. <u>Advisory Group</u></b>						
	5	85	-	-	1	85
<b>8. <u>Transactions</u></b>						
	5	100	-	-	5	100
<b>9. <u>Regional Analyses</u></b>						
	4	400	1	100	4	500
<b>10. <u>Evaluation</u></b>						
	2	200	-	-	2	200
<b>11. <u>Audit</u></b>						
	<u>1</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>60</u>
<b><u>GRAND TOTAL</u></b>		<b><u>8,500</u></b>		<b><u>5,000</u></b>		<b><u>13,500</u></b>

**ANNEX A  
LOGICAL FRAMEWORK FOR  
ASIA REGIONAL AGRIBUSINESS PROJECT**

<b>NARRATIVE SUMMARY</b>	<b>OBJECTIVELY VERIFIABLE INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p style="text-align: center;"><b>PROJECT GOAL</b></p> <p>Improve private sector agribusiness performance and participation, resulting in increased employment and income in ASIA.</p> <p style="text-align: center;"><b>PROJECT PURPOSE</b></p> <p>Increase the effectiveness of mission agribusiness projects and programs in promoting market efficiency and increased trade and investment in an environmentally sustainable manner.</p> <p style="text-align: center;"><b>PROJECT OUTPUTS</b></p> <p>1 Improved market information services for agribusiness in Asia</p>	<ol style="list-style-type: none"> <li>1. Gross private investment in selected subsectors increased</li> <li>2. Male/Female employment and real wages in selected subsectors</li> <li>3. Private industrial capacity in selected subsectors increased</li> <li>4. Public infrastructure capacity enhanced</li> <li>5. Availability of selected fee-based support services</li> <li>6. International trade in agribusiness products, capital goods and other agribusiness inputs increased</li> </ol> <p>1a Price and quantity information available for major high value crops.</p> <p>1b Transport, regulatory, services and industry events information services established</p>	<p>Mission and Bureau monitoring and evaluation reports</p> <p>RAP monitoring reports</p>	<p>Host countries continue deregulation and privatization</p> <p>Missions establish monitoring and evaluation systems</p> <p>Host countries invest in essential infrastructure</p> <p>U.S. private sector interested in agribusiness trade and investment opportunities in Asia</p> <p>Local institutions collaborate on market information systems</p>

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**ANNEX A  
LOGICAL FRAMEWORK FOR  
ASIA REGIONAL AGRIBUSINESS PROJECT**

<b>NARRATIVE SUMMARY</b>	<b>OBJECTIVELY VERIFIABLE INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p>2. Sustainable linkages between U.S. and host country agribusiness and support organizations</p> <p>3. Improved agribusiness project designs, monitoring systems and evaluations in missions</p>	<p>2a U.S. firms linked to agribusiness opportunities in ASIA through RAP referral and transaction support services</p> <p>2b U.S. firms provided technical transactions support services</p> <p>2c U.S. firms participate in sales or investment activities with local firms</p> <p>3a Asia mission designs include:            - Emphasis on private sector investment            - TA for sustainable information systems            - Targeting for womens' employment and ownership            - Complementary policy dialogue, environment and privatization            - Links to U.S. businesses</p> <p>3b Monitoring and Evaluation systems installed in missions</p>	<p>RAP monitoring reports</p> <p>Review of mission project papers</p>	<p>U.S. and local business NGOs are willing to establish sustainable linkages</p> <p>Local Business NGOs continue to grow stronger U.S. private sector willing to assist with market, technical information and business contacts</p> <p>U.S. businesses interested in agribusiness trade and investment opportunities</p> <p>Bureau continues to design new agribusiness projects</p> <p>Major trade and investment initiatives in A.I.D. continue to be supported and progress</p> <p>Missions commit resources to monitoring and evaluation systems</p>

**ANNEX A  
LOGICAL FRAMEWORK FOR  
ASIA REGIONAL AGRIBUSINESS PROJECT**

<b>NARRATIVE SUMMARY</b>	<b>OBJECTIVELY VERIFIABLE INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p>4. Improved coordination with other TA and business support resources for mission programs</p> <p align="center"><b>INPUTS: ACTIVITIES AND RESOURCES</b></p> <p align="center"><b>Market Information Services</b></p> <p>1a Collect, analyze and disseminate marketing, trade, investment, technical and environmental information through Asia Agribusiness News (AAN)</p> <p>1b Provide electronic access to AAN agribusiness information</p> <p>1c Train clients in the collection analysis and dissemination of market news</p> <p>1e Arrange collection and translation of MNS coverage in Japan</p> <p>1e Arrange collection and translation of MNS coverage in Hong Kong, Singapore, Korea, Other markets</p> <p>1f Respond to information requests through RAP clearing house</p>	<p>4. Buylins, grants, RSSA or other resource sharing arrangements established and implemented with AMIS, USDA Going Global, USDA MNS, A.I.D. PRE, A.I.D. R&amp;D</p> <p>1a Circulation of Asia Agribusiness News (AAN) Extent of editorial content Number of paid subscribers, Reader feedback AAN becomes profitable, self sustaining</p> <p>1b Systems installed, Number of times accessed Agribusiness organizations sustain operations</p> <p>1c Number graduates of 3 month training program Asian governments, agribusiness organizations sponsor</p> <p>1d Data collection established AAN continues to support the activities</p> <p>1e Data collection established AAN continues to support the activities</p> <p>1f Number of responses served AAN establishes fees for services</p>	<p>RAP monitoring records</p> <p>RAP monitoring reports Reader surveys</p> <p>RAP monitoring reports</p> <p>Rap monitoring reports</p> <p>RAP monitoring reports</p> <p>Information request logbook</p>	<p>Other A.I.D. projects are willing to collaborate with RAP</p> <p>Missions and clients cooperate in providing information and distributing RAPNEWS</p> <p>Sufficient demand exists</p> <p>Mission clients maintain market news services</p> <p>Japanese sources cooperate</p> <p>Local sources cooperate</p> <p>High level of demand</p>

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**ANNEX A  
LOGICAL FRAMEWORK FOR  
ASIA REGIONAL AGRIBUSINESS PROJECT**

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Environmental Services			
2a Information on regulations affecting product enterability	2a Number of requests answered	Information request logbook	High level of demand, U.S. and Asian firms
2b Provide environmental analysis TA	2b LOE and expenditures		Sufficient demand for analyses
2c Conduct seminars and workshops	2c Number of seminars and participants	RAP monitoring reports	Sufficient demand for analyses
2d Environmental technical promotion	2d Promotional materials prepared	RAP monitoring reports	U.S. technology is appropriate
2e Information on Pollution	2e Number of requests answered	Information request logbook	
Trade and Investment Services			
3a Provide export market information	3a Number of markets covered Number of requests answered Number of AAN articles	RAP monitoring records	High level of demand
3b Provide information about Asian inputs, regulations and products identifying opportunities	3b Number of requests answered Number of topics covered Number of AAN articles Number of opportunities listed Agribusiness organizations, other public agencies sustain	Information request logbook  RAP monitoring records	High level of demand
3c Provide trade and investment referral services	3c Number of referrals Agribusiness organizations initiate services	RAP monitoring records Case study followup	Sufficient interest Going Global cooperation
3d Support transactions and other business exchanges	3d Number of transactions supported Average deal value Number of firm and trade association contacts facilitated	RAP monitoring records Case study followup	Going Global cooperation Business NGO participation

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**ANNEX A  
LOGICAL FRAMEWORK FOR  
ASIA REGIONAL AGRIBUSINESS PROJECT**

<b>NARRATIVE SUMMARY</b>	<b>OBJECTIVELY VERIFIABLE INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p style="text-align: center;">Analytical Support Services</p> <p>4a Regional Analyses (Special Studies) 4b Export Market Analyses 4c Design and install M&amp;E systems 4d Agribusiness financing 4e Project design assistance</p>	<p>4a LOE and number of special studies 4b LOE and number of export analyses 4c LOE and number of M&amp;E systems established 4d LOE on equity and loan financing 4e Total expenditures on design work</p>	<p>4. Bureau, mission reports RAP monitoring records</p>	<p>Not duplicated elsewhere High level of demand A.I.D priority for effective M&amp;E  Critical need for finance including equity Missions design new agribusiness projects</p>

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**ANNEX B**  
**TECHNICAL ANALYSIS**

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RAP is primarily a technical assistance project focused on agribusiness growth and development in Asia. The project provides market information services, trade and investment linkages, referrals and transaction support, environmental services, and analytical services.

Services were selected on the basis of the concept of RAP as a mission support project, regionally focused to provide specific information for more effective project implementation in the Asia region. This concept guided the design of market information services as well as the other project components.

**A. Regional Priorities**

Regional priorities were determined initially from ASIA mission responses to questionnaires completed in August 1991 and summarized in the PID. Information categories were identified and prioritized by respondents from a sample of agribusinesses and trade associations during the same period. These conclusions were reviewed by the PP design team. The review was based on AID documents concerning the country agribusiness projects in the region, findings from the interview cited above with trade associations and government units, and findings from interviews conducted during field visits to five missions in the region. Four missions, Philippines, Indonesia, Bangladesh and Nepal, were visited by two members of the team during the period January 24-February 9, 1992. The Sri Lanka mission was visited by another member of the team in the latter part of February.

The agribusiness information topics proposed were reviewed by the PP design team for relevance in support of ASIA Bureau objectives:

- Growth of employment and income
- Building foundations for national food security
- Supporting privatization
- Promoting trade and investment
- Transferring technology
- Encouraging policy reforms and liberalization.

Other topics addressing issues with high priority for AID were also considered:

- Improved project monitoring and evaluation
- Project design
- Intellectual property rights

The results of the project reviews based on the documents and field visits revealed a number of themes found, with varying degrees of emphasis, in all of the agribusiness projects in the region. This central core includes the following:

- Commodity focus on high-value nontraditional crops for export
- Delivery of information, conduct of policy analysis and advocacy, and promotion of agribusiness trade and investment through private sector institutions, typically a chamber of commerce, an agribusiness subcommittee of a chamber and other agribusiness trade associations
- Reform of policies inhibiting the development of agribusiness
- Reliance on vertical integration for extension of farm production technology and stimulation of smallholder production
- Encouragement of external agribusiness investment and trade including output exports and input imports, particularly with the U.S. private sector

#### **B. Market Information Services**

The agribusiness information services envisioned for RAP focus on support of the common themes identified above. This means concentrating mainly on economic, technical and regulatory information originating in the U.S. or elsewhere outside the host country. However, it also includes sharing of information generated within the region on prices, technology, methods of approach or lessons learned.

The reviews conducted by the PP team revealed the need for information concerning market prices and quantities in export markets, entry requirements, price and technical information in competitor countries, leads for investors, buyers or suppliers to match with local trade or investment opportunities.

For the export-led strategies to work, linkages must be established between local agribusiness persons and foreign buyers or investors. Meeting requirements of the export markets will often require linkages with foreign suppliers of technology, capital goods or specialized inputs. RAP is designed, through its trade and investment services clearinghouse function, to supply these services.

However, RAP is not intended to be the exclusive purveyor of trade and investment linkage services. Some of these services can and will be established through the efforts of contractors on mission projects, through the efforts of other government agencies in the U.S., trade associations or private firms.

The PID proposed obtaining current news from the Tokyo market by sharing costs with USDA market news services. At the time the PID was prepared it was expected that USDA would obtain financing to establish such a service covering commodities of particular interest to U.S. exporters such as apples, citrus or iceberg lettuce. The idea was to expand the coverage to include commodities in the Japanese market of interest to agribusinesses assisted by AID projects in the region. Further, it was expected that with adequate buy-in funding the service could be expanded to Korea, Hong Kong, Taiwan, Singapore or other markets. USDA has not yet obtained authorization or funding even for the news service proposed for covering the Japanese market. So the PID proposed plan for acquiring this market information cannot be activated at this time.

Nonetheless, the PP design team has included the coverage of Far East markets as one of the major market information activities for RAP. This market news service was the only new primary data source identified in the PID. It was, and remains a cornerstone for the market information component of the project.

That is why the PP proposes that objective market information be collected from these markets regularly and in English periodically for the specific products of interest to AID project participants in the region. These are usually niche products that are not generally quoted in international commodity reports.

During the first six months of RAP, the marketing information specialist will establish contacts with private vendors in the principal Asian markets to obtain the needed information in a cost effective manner. This design for acquiring relevant market news information is consistent with the RAP approach that is tailored to the specific needs of ASIA projects. It is considerably less costly than underwriting a USDA service that would also collect information on commodities of interest to U.S. exporters and of little interest to exporters in Asian countries.

### **C. International Trade Analysis**

An analysis of trade data for the region showed that primary markets for most likely nontraditional export commodities produced in the region are: Japan, Korea, Taiwan, Singapore, Hong Kong as likely major markets for products from Southeast Asian countries; and India, the Middle East and Europe as likely major markets for South Asia countries. This conclusion was reinforced by the information provided in interviews during the Asian field trip.

## 1. Leading Exports and Top Markets

Country	Leading Ag Exports	Top 3 Export Markets
Bangladesh	Fish, textiles	Mid-East, OECD, Japan
Nepal	Textile, oil seeds, food	OECD, N. America, India
Pakistan	Textiles, fish, vegetables	India, Mid-East, OECD
India	Textiles, food, fish	OECD, E. Europe, Japan
Sri Lanka	Live animals, tea	OECD, East Asia, India
Philippines	Vegetable oils, wood	U.S., Japan, OECD
Indonesia	Rubber, wood, coffee, tea	OECD, East Asia, N. America
Thailand	Food, fish, vegetables	N. America, OECD, E. Asia

## 2. Trade Patterns

### a. Nepal

India's share of Nepalese exports declined from 50 percent in 1985, to 26 percent in 1988. In 1988, Europe received 42 percent of Nepal's agricultural exports, and N. America, 30 percent. Europe is Nepal's fastest growing export market. All fruit and vegetable exports from Nepal are to India. Vegetable exports were US \$ 2.3 million and preserved fruits, \$ 1.8 million in 1988.

### b. Bangladesh

Over the 1985-'88 period, exports both to Europe and the U.S. increased by an average of 24 percent per annum. Fruit and vegetable exports were 16 percent of total agricultural exports. Food exports to the U.S. doubled, from 8 percent to 16 percent of total agricultural exports. Food's share of total agricultural exports to Europe declined from 22 percent to 16 percent. Food exports to Japan increased by 5 percent. In the area of horticultural products, Bangladesh exports mainly fresh vegetables.

### c. Pakistan

Over the 1985-'88 period, exports to OECD increased by 21 percent; to the U.S., 17 percent; to Japan, 14 percent. India accounts for one-third of total agricultural exports. Growth in export to the Indian market was about 16 percent per annum. Pakistan's leading horticultural exports are preserved fruits (85 percent of total).

**d. India**

Agricultural exports to Europe were up by 20 percent per annum over the 1985-'88 period; to North America, 12.5 percent; and to Japan, 12.5 percent. Eighty-six percent of India's agricultural exports are to other developing countries. India's main horticultural exports are fresh fruits and nuts (86 percent of total), followed by preserved fruits (7 percent), and vegetables (6 percent).

**e. Sri Lanka**

Agricultural exports increased by 5.7 percent over the 1985-1988 period. Western Europe and the U.S. each accounted for 29 percent of total exports, Japan, 8 percent. About 20 percent of agricultural exports are "Food and Live Animals". Sri Lanka's main horticultural exports are processed fruits.

**f. Thailand**

Total agricultural exports were up 20 percent per annum, 1985-'88. Japan's share of these exports was 17 percent in 1985, and 21 percent in 1988. OECD and N. America each take about one-third of total exports. Fruits and vegetables account for about 8 percent of total agricultural exports; about 85 percent of these exports are in processed form. Pineapple exports are a major share of this figure. Thailand accounted in 1988 for close to 90 percent of Asia vegetable exports, and 25 percent of Asia's processed fruit exports.

**g. Philippines**

Exports to ECD countries are growing most rapidly, at 13 percent, followed by Japan, 12.7 percent, and the U.S. 11 percent. "Food and Live Animal" exports accounted for 30 percent of the value of agricultural export in 1988. In the area of horticultural exports, 71 percent of the countries exports are in the form of fresh fruits and nuts, and the remainder in preserved fruits.

**h. Indonesia**

Growth in agricultural exports was flat over the 1985-'88 period. A highly diversified producer of agricultural products, Indonesia's growth markets are domestic and regional. As regards horticultural products, about 67 percent were fresh vegetables, 15 percent processed vegetables, and 18 percent

preserved fruits in 1988.

New U.S. markets for nontraditional commodities are likely to be significant for very high value commodities, such as essential oils or spices; for specialties, such as Filipino ethnic foods; and for the exports of the countries in the South Pacific.

#### **D. On-Line Databases**

Agribusiness persons, mission staff and contractor employees indicated that on-line real-time access to international market news services is not necessary at this time. However, they considered price and quantity information vital on a relatively current basis for guiding marketing tactics. They also said there are times when time series data are essential for enterprise identification and for developing market access strategies.

The acquisition of U.S.-based electronic databases for installation in trade associations or other institutions in the region is less ambitious than the proposal envisioned in the PID. This was based on statements of interviewees during the field trip, and on observations of the state of readiness of associations for applying the information generated by such sophisticated services.

Both U.S. and international database information was said to be essential for the country projects from time to time: for example, monitoring prices, commodity flows, areas planted, and technologies used by agribusinesses in competing countries. Another application is monitoring prices and supplies for highly popular new crops such as baby corn to avoid potential gluts. While historical data series may not be of burning interest when contemplating tomorrow's deals, they are highly valuable in selecting enterprises and planning market access strategies. The current level of demand in the field does not justify widespread installation of electronic databases. Therefore, the RAP design provides for establishment and maintenance of agribusiness information databases in the RAP office in Washington. The idea in keeping with the RAP approach is for RAP to have the capacity to provide data for analysis and quick response to field inquiries, but only as and when the data are needed.

#### **E. ASIA AGRIBUSINESS NEWS**

The principal medium for delivery of market information is seen to be the proposed newsletter, the *Asia Agribusiness News*. The newsletter is a comparatively inexpensive way of delivering the quantitative data that might be accessed on-line in an electronic database as well as a means of exchanging information among project participants and conveying textual market or production information, ultimately to a very large audience. The publication will be of use to a broad universe of readers, from policy makers to shippers and receivers of agribusiness products and services, in Asia and elsewhere around the world.

As with any publishing idea, the appeal of the *Asia Agribusiness News* will reside in its packaging of information, its analytical content, and its distribution within the community whose interests it intends to serve. The newsletter format is an inexpensive and yet highly flexible way to communicate, especially in a regional context.

The *Asia Agribusiness News* will provide a mechanism for communicating all the information generated by RAP at large, for example, information produced under RAP's analytical services component. Also, AID's concern with environmental issues related to agribusiness development in Asia will find expression in the *Asia Agribusiness News*.

Some the *Asia Agribusiness News* activities are justifications for the publication in their own right. For example, the *Asia Agribusiness News* will develop, maintain, and continuously add names to master directories of buyers and sellers and input vendors. The power of these services will be augmented by the regional scale of the publication.

A key focus of the *Asia Agribusiness News* will be on getting information out of the Asia region in order to improve its transparency among buyers and suppliers from/to the regional market. This will be accomplished by distribution of the *Asia Agribusiness News* outside Asia. RAP will identify sales agents for this purpose.

#### **F. Senior Technical Advisory Committee**

The T&I component needs a means of establishing ongoing contact with private firms in the U.S. agribusiness sector to involve them in RAP trade and investment activities. The design for RAP is based on perceived need for quick indications of the state of markets and available technology when screening potential opportunities; and for very specific information during the subsequent process of providing referral and transaction support services.

What is envisioned is a mechanism for two-way communication and direct interaction through RAP between the U.S. and Asian agribusiness communities without excessive cost or formality. RAP will benefit from this process by quickly obtaining reliable, state-of-the art information. It will help RAP identify interested traders and investors. It is a means of finding contacts for additional information. RAP is not looking for large contributions of time or cost for this assistance. It would not be a substitute for prefeasibility or feasibility studies requiring paid technical assistance. It certainly would not go to the level of detail of technical assistance provided by a supplier of processing machinery to an Asian firm or a marketer participating in a joint venture. Private firm representatives will gain valuable contacts with other business persons in agribusiness fields and information about trade and investment opportunities in Asia.

The design team considered a number of possibilities to achieve the desired linkage:

- Existing U.S. trade associations
- A new U.S. agribusiness entity comprised of representatives of existing U.S. trade associations
- An access group
- A U.S.-Asia agribusiness council
- A RAP project steering committee
- A senior technical advisory group

Agribusiness in Asia includes a wide variety of products and functions. There is no single U.S. trade association that covers the broad scope of agribusiness activities in ASIA mission projects. There are strong associations dealing with particular commodities, such as fresh produce and inputs such as food machinery and equipment. Many U.S. trade associations are principally concerned with domestic agribusiness. However, there are associations primarily focussed on international trade, but not primarily on agribusiness or U.S. exports of certain commodities.

The RAP design team considered the idea of creating an APEX-type new private sector trade entity to serve as the mechanism for desired linkages. Such an entity would have consisted of persons interested in Asia and in the range of products and investments envisioned for ASIA mission projects. It would have been composed of representatives of strong U.S. trade associations representing the principal areas of agribusiness in Asia. This approach was not adopted. It was not considered cost effective, nor was it certain that the needs expressed for RAP could have been effectively fulfilled.

An access group was then considered. It would have consisted of people representing private companies, trade and industry associations, selected universities and public agencies, and would have operated along the lines of a steering committee for RAP with RAP, staff providing a secretariat. The team thought that access for RAP should be to private firms. Moreover, the group was considered too cumbersome and not cost effective.

The idea of an agribusiness advisory council was reviewed by the team. This council would have been comprised of individuals who are active in entities that serve as counterpart organizations for AID missions and agribusiness projects in Asia. RAP's trade and investment services advisor would have served as the permanent secretary for the council. The advisor would have served as liaison between U.S. trade and industry associations and the council. Members of the council would have separately and collectively served as advisors to RAP. This approach was not

adopted by the design team. It was considered unwieldy and not cost effective.

The concept of a senior technical advisory group of 20 members was adopted to formalize relationships with the agribusiness community to carry out the trade and investment activities of RAP. The designation of an executive group of agribusiness executives, CEOs or other high-level executives, meets the needs of RAP for breadth of interest. RAP would identify private business people willing to spend some time on pro bono technical support. However, the companies represented will be gaining substantial insight into agribusiness in Asia, an important region for future growth. RAP's core budget would finance participation in initial meetings. Annual meetings would be scheduled during the life of RAP. Business linkages created as a result of the activities of the senior technical advisory group are expected to continue. But it is not intended to create an entity to continue the functions of RAP as such. Such functions will be needed only as long as ASIA mission agribusiness interventions are justified.

#### **G. Location of the RAP Office**

The decision of the PID team to locate the RAP office in Washington, D.C. was reviewed by the PP team. Other options had been considered by the PID team, i.e., Hong Kong, Singapore or Bangkok. Another option suggested by some members of mission agribusiness staffs was also considered. It was to utilize the part-time services of one or more employees of mission contractors to serve in a regional rover capacity.

Setting up the office at any of the three locations suggested in the PID would provide a visible presence for the project in the region and an opportunity to acquire market information. There would be some advantages in time and cost for travel among the missions in the region. The suggested locations would provide direct contact with one of the markets important for the region, at least for the countries in Southeast Asia. The second option would have provided someone immersed in a mission project and would be of mutual benefit to the rover and the project.

The regional location would in all likelihood cost considerably more than the Washington-based operation. It would have provided contact with only one market of major importance to only one part of the region, Southeast Asia. The agribusiness advisors employed under mission contracts are relatively few in number and in projects currently underway, already loaded heavily with country-level work. A Washington location provides easy access to U.S.-based data with excellent communications facilities. Location in one of the suggested Asian locations would not necessarily be superior for accessing the data needed from Tokyo and other important markets in the region, most of which do not have AID-assisted agribusiness projects. RAP in its overall information function will provide essential interface between the Asia Bureau and the missions as well as among missions. This will

be fostered best from a Washington location.

The overall conclusion is that RAP should be headquartered in Washington because the ratio of benefits to costs is better there than at other potential locations. However, the PP team strongly recommends that the members of the RAP team travel extensively, 1/4 to 1/3 of their time in Asia to bring about the information exchange and coordination benefits envisioned from RAP.

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**ANNEX C**  
**ECONOMIC ANALYSIS**

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**A. Indirect Nature of Benefits**

RAP's economic impact will be indirect, through increased effectiveness of ASIA mission agribusiness projects and programs. Its direct economic impact will be on mission activities. As a mission support project, RAP will affect the performance of the mission projects and their direct clients such as trade associations and government agencies. Because it does not directly impact on the well being of the ultimate beneficiaries, the net benefit of RAP will be a factor of the net benefits of the mission agribusiness projects it supports.

By providing additional resources, particularly information, referrals, and technical assistance, the economic and financial impact of RAP will be to improve the impact of APRE Bureau's \$950 million in agribusiness assistance. This will result in additional revenues, profits, jobs and income in Asian host countries, and additional sales and investment by U.S. firms.

**B. Economic Leverage of RAP**

RAP will be successful to the degree that mission projects are successful. It will affect value added, employment, economic opportunities for women, export earnings, firm profits and net farm income.

Potentially, expenditures on RAP can have tremendous leverage on these economic variables. Its cost exclusive of buy-ins will represent about 3/4 of one percent of the cost of the agribusiness projects in the region during the next half-decade.

RAP services consist primarily of assembling, adding value and disseminating agribusiness information. This can have an extremely powerful economic impact by reaching and influencing the decisions of many agribusiness persons.

It is not appropriate to estimate an economic rate of return for RAP as such. However, only a small positive impact of RAP on the benefits of the agribusiness projects for the region will produce a very large incremental return on the investment attributable to RAP.

The information network enabled by RAP will improve the execution of projects as a result of the sharing of market and technical data, i.e. market intelligence. This will meet the need expressed by many interviewed on the RAP field trip for market intelligence to improve business decisions. Exchange of

information on lessons learned will assist in improved design of new or amended projects and implementation of existing agribusiness projects.

#### **B. Significant Cost Savings**

There will be significant cost efficiencies in avoiding duplication of effort in acquiring and interpreting data of common interest. The RAP staff will be able to sort through the multitude of information to provide and identify sources for the very specific information business persons need to plan and operate their agribusinesses.

Significant savings will be realized in conducting analyses of regional issues identified in the process of RAP design development. They will result from avoiding duplication of effort and realizing economies of scale. Moreover, the studies are confined to important topics not addressed by the designs of individual missions. Many study topics were originally considered in the design process, but most were omitted from RAP because of low priority or duplication. The surviving topics (transportation systems, food safety, food quality and administrative requirements necessary for export market access) will require extensive research outside the host countries and will have widespread application in the region.

#### **C. Improved Utilization of Existing Resources**

RAP services will link mission projects to existing resources and will promote economies of scale in specialized services such as information systems and environmental awareness programs. Improved coordination and focus of existing AID resources on agribusiness activities should have a large economic impact by promoting efficiency and avoiding duplication of effort. To succeed, RAP must reduce duplication of AID efforts and facilitate access to existing resources. RAP will channel demands from missions to existing programs and projects.

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**ANNEX D**  
**SOCIAL SOUNDNESS ANALYSIS**

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The project region includes thirteen countries encompassing diverse cultures and many different languages. There is also great diversity in terms of political stability and religious traditions, which represent a powerful dynamic of the region. However, there is a high level of familiarity with U.S. business and government institutions among the beneficiary organizations, and English is commonly spoken by professionals in these organizations.

The region is characterized by a wide range of economic development, agricultural sophistication, and the extent of free enterprise. As RAP will work through AID missions and their projects, it will be influenced by the same social impacts as those considered in the design of the mission projects themselves.

Project beneficiaries will participate in RAP by taking advantage of information and technical assistance intended to make them more effective in promoting agribusiness development. AID missions will benefit directly from the project, improving the effectiveness of their programs. Agribusinesses will generally benefit from RAP indirectly, through the information and services provided to AID-sponsored organizations with which the businesses affiliate.

Risk generally will be low for project beneficiaries (AID-sponsored organizations), since RAP activities do not jeopardize their viability. A greater risk is faced by agribusinesses that deal with RAP target organizations. Agribusinesses will make business decisions based on information coming indirectly from the project. RAP risks and benefits to agribusinesses will be difficult to analyze, since they are filtered through other organizations. But the project's concentration on facilitation should not involve risks significantly greater than those normally found in a free market. In fact, the reverse should be true: the greater availability of information and business opportunities will present more options and a better base for informed decisions.

RAP is feasible within the diversity of the Asia region because it operates through the structure of AID-sponsored organizations. These organizations are familiar with AID and are designed to achieve objectives acceptable to AID, within the framework of local social and cultural circumstances. On the one hand, they provide a reasonably uniform basis for interaction with RAP; on the other hand, they are designed to be compatible with the local social and cultural reality. The socio-cultural feasibility of RAP in each country is fundamentally the same as that of the AID-approved organizations through which it works.

RAP will stimulate the agribusiness activity of the region including production, processing, packaging, transport and marketing, and thus will increase employment opportunities. Since a common characteristic of the region is availability of low-cost labor, much of the employment generation can be expected to occur in labor-intensive processing and the production of high-value horticultural crops. In both instances the employment opportunities tend to favor women<sup>1</sup>, and both the quality and quantity of employment opportunities should increase. RAP should contribute to broadly based economic activity in the agricultural sector, with concomitant increases in incomes and standards of living for rural populations.

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<sup>1</sup> Alberti, Amalia M., *Impact of Participation in Non-Traditional Agricultural Export Production on the Employment, Income, and Quality of Life of Women in Guatemala, Honduras, and Costa Rica*. Research report submitted to Regional Office for Central American Programs (ROCAP) of USAID, April 1991.

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**ANNEX E**  
**WOMEN IN DEVELOPMENT**

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As is the case for economic impact, the impact of RAP on gender depends on the outputs of the mission agribusiness projects supported by RAP. However, it can be said that agribusiness is an important subsector for considering gender issues. Women own a significant percentage of small and medium agribusinesses, they are a high percentage of the food and fiber processing and produce sorting and packing labor force, and they provide a significant portion of both management and labor in the production of crops and livestock. Although in most cases RAP affects individual agribusinesses only indirectly, the project will contribute to women's productive capacity in Asian agribusiness.

This section of the analysis will identify some of the most important gender policy concerns related to agribusiness development across Asia. RAP will advocate these concerns to missions and help them factor gender questions into monitoring systems and project designs.

Support for agroprocessing and related industries offers opportunities for increasing employment and incomes, especially in transitional Asian economies where demand for higher protein foods and processed commodities is growing. Decentralized processing holds considerable promise in rural areas if the investment strategy favors small- and medium-scale enterprises with the appropriate ratio of labor to capital. As women engage in processing activities in all areas, especially where cereal crop production carries postharvest labor requirements, the expansion and upgrading of such activities by skill level and scale into economically viable rural industries provide important opportunities for female employment.

As a group, small-scale rural enterprises have been found to utilize capital (usually the scarcest factor) more efficiently than large-scale enterprises. Small-scale food processing, transport and marketing forms a significant segment of agribusiness in Asia. In general, the smaller and less formal the enterprise, and the less restrictive the entry requirements in terms of capital, equipment education, and skills, the easier it is for women to become entrepreneurs. Thus, policy questions of enterprise location, scale, organizational structure, financing sources, and product and market development are all "gendered" in the sense that men and women are affected differently by policy decisions, whether as entrepreneurs, managers or potential employees.

Policy considerations for agribusiness development and the promotion of female entrepreneurship include:

- Working to reduce price subsidies and reform other policies such as preferential interest rates and export promotion schemes that favor large enterprises and disadvantage smaller, women-owned ones.
- Simplifying or eliminating regulations concerning permits, location, pricing, investment reporting, and other labor policies that impede small-scale business development.
- Emphasizing vocational, technical and management skills training in the formal education system, adapting adult literacy training to the needs of entrepreneurs, and eliminating discrimination in training programs against women.
- Strengthening small business advisory services, especially in rural areas, and stimulating the flow of information between firms in market networks.

Each of these areas of analysis has a gender component in which constraints facing women entrepreneurs and employees need to be identified for each country setting. The extent to which women are incorporated as wage earners into new processing businesses or have access to technical and financial support for their own enterprises is a critical issue. Appropriately organized and consistent technical assistance, credit and standardized production methods and markets for women-owned small-scale agribusinesses can bring about upgrades in scale, quality and returns to labor.

In the design of specific agribusiness development projects, a number of general questions need to be raised if project strategies are to be successful and women are to benefit:

- How will women be affected by the expansion of private-sector processing and marketing systems for agricultural exports? Many sectors where female labor predominates have high growth potential but do not receive adequate policy and program support. What are these sectors and how can they be most effectively promoted?
- How might possible negative impacts such as female unemployment or the loss of traditional income opportunities be avoided? If there is indeed a greater consumption of processed food, for example, are these supplied by small-scale female producers, or do large enterprises frequently displace traditional suppliers?
- How can workers in the nonformal sector, and particularly female producers and service providers, be supported through agribusiness policy and program design? Can female entrepreneurs be identified and encouraged to participate? What is the most effective form of intervention in each setting, and what incentives and

supports are most effective?

- As agroprocessing and secondary support facilities expand, what type of regulatory changes may be necessary to ensure that women have a fair share of such jobs under adequate working conditions?

The existing pattern of land tenure is an important consideration in setting up an agribusiness activity. Where land ownership is skewed, agribusinesses may favor production contracts with larger growers. By contracting out to a limited number of large land owners, existing inequalities can be reinforced. On the other hand, agribusiness activities can offer the landless or near landless (many of whom are women) new employment prospects as wage laborers in the fields and processing plants.

The potential for increasing farmer income through agribusiness development is significant. To the extent that farmers, including women, are given the necessary agronomic information, they will have a greater chance of realizing optimum yields and increasing their incomes. The seasonality of agricultural employment can mean unpredictability of work and income for women. Seasonal fluctuations are particularly significant in fruit and vegetable processing, an area that employs a large proportion of women.

Agribusiness projects should have a clear understanding of its beneficiary group. To the extent that agribusiness interventions attempt to benefit women, a system of monitoring and evaluation should be included in the project design to measure the project's impact on women. This system should contain accurate, sex-disaggregated data and socioeconomic analyses. Data should be collected on the sex of the household head, sex-based division of labor, income streams of household members, and access to production resources.

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**ANNEX F**  
**TRADE DATABASES AND MARKET INFORMATION SERVICES**

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**A. Overview**

An analysis was conducted for the PID based on the responses to a questionnaire that was sent to missions in the region asking what priority they would give to different products and services for a regional project. On a scale of 1 to 4, with 4 the highest, the overall average for agribusiness information systems was about 3.

Members of the project design team who visited the region were able to corroborate and further refine regional mission needs for information. In the wake of the field visit, RAP has been tooled to support information needs at three levels of trade and marketing: national, regional, and international. For data collection at the national and regional levels, RAP is supporting the collection of local and major regional import market news and is providing training in market news reporting.

The needs for information on export markets vary widely in the region depending on trade patterns. Some countries are interested primarily in trade and related data on the European markets, others in U.S. data, others with data on the Middle East, and so on.

As a clearinghouse, RAP will be a repository of information obtained by agribusiness projects working in the region. To the extent that information may be useful to regional agribusiness, it will be on file at RAP.

RAP also is a creator of information needed by missions and their agribusiness projects. Thus it will support the collection and dissemination of available market news on regional markets in Asia, and it will provide market news coverage of key import markets in the Far East. This coverage adds tremendous depth and power to RAP. Not only does it enable the project to respond to regional mission needs, but such an approach will enable RAP to facilitate transactions at all levels of trade. Also, for many years trade interests around the world have longed for coverage of the Asian import markets for fresh and processed agribusiness goods. RAP's coverage of these markets will prove to be of high value to regional, and world, trade and will launch the project on the path of sustainability.

Many developing countries attempt to control the business sector, and one of USAID's strategies is to loosen that control and allow businesses to operate more freely. The assumption is that the element of competition provides a passive control system

that keeps economic activity in balance, and a key to that assumption is the free flow of information. If a businessman knows what the options are for the goods and services he needs and the opportunities for selling his products, he will make informed decisions. The aggregate of these informed decisions results in a balanced, active business environment that increases the general economic well being of the country. The free flow of information does not happen automatically, but the tools exist to provide the agribusiness person with more timely and accurate information than ever before.

International trade is becoming increasingly important and trade information is likewise more important. Efficiency is enhanced by organizing and supporting a market information system that serves the needs of the region rather than duplicating development efforts in each country of the region. RAP proposes to focus on market information systems for which there is regional efficiency.

In its broadest sense, market information can be thought of as all the information an agribusiness might need on accessing resources, and producing and selling its product. RAP will concentrate on developing a few components of market information that serve programs and businesses engaged in international trade:

- Access to current commodity prices in international markets
- Access to price histories
- Access to commodity volumes in international markets
- Logistical market information
- Databases of regulatory information
- Directories of buyers and sellers
- Directories of input vendors
- Calendars of industry events
- Market preferences
- Increased flow of agribusiness information
- Computerized document management

#### **B. Trade Databases**

RAP will access a wide range of trade databases. (The term 'database' is used in its broadest sense and refers to magazines, newspapers, electronic media, and any other information organized for a particular purpose.)

The selection of databases reflects the high-value agro-export strategy being pursued by AID missions across the region. The PID identified a range of databases related largely (but not exclusively) to U.S. sources of trade information, as presented by the table on the following page.

The project contractor will have to deepen RAP's knowledge of non-U.S. databases so as to service the broader economic

development needs of the region. Of course, through RAP, vital information on key import markets across Asia will be available for the first time. That information, however, will be limited largely to data on trade in fresh fruits and vegetables. The contractor will have to identify and access the same range of information appearing on the next page for the other major import markets, including not only the U.S., but Europe, the Far East, the Middle East, and other export markets of interest to Asia.

In obtaining information on these markets, RAP will be a bridge builder to AID missions and their agribusiness projects working in countries outside Asia.

Given the wide range of subscriptions to be taken by RAP, it is expected that RAP will appoint a subscription firm to manage this function on behalf of the project.

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**ANNEX G**  
**ENVIRONMENTAL AND REGULATORY ISSUES IN AGRIBUSINESS**

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**A. Introduction**

The scope of the term "agribusiness" is very broad and involves industries ranging from production of raw materials (horticultural, grains, livestock, marine resources, etc.) to processing, shipping and marketing. It is estimated that the United States Agency for International Development (AID) will invest over \$950 million in ASIAN agribusiness projects through the mid-1990s. This effort, in conjunction with the ASIA Regional Agribusiness Project (RAP) and non-AID programs, will lead to considerable expansion of agribusiness-related activities within the next five years, especially in high-value crop production for export and agroprocessing.

Development of both these subsectors is desirable for generating foreign exchange and increasing rural income levels. However, a new emphasis on exports inevitably runs up against trade regulations in the targeted markets where higher income goes hand-in-hand with more stringent consumer and environmental protection.

Increased industrialization and intensified cropping can also contribute to the degradation of Asia's natural resources. Higher value crops, for example, are generally more input intensive, requiring higher levels of pesticides, fertilizers, and water in order to satisfy the size and quality demands of export markets. They also tend to become more abusive of soil and water resources, since monocropping is encouraged and conservation tillage is discouraged. The challenge is to enable the farmer to shift to higher value crops while keeping farming practices as environmentally sound and sustainable as possible.

**B. Rationale**

The goal of RAP is to improve private sector agribusiness performance and participation in Asia by supporting Mission projects in this area.

This component of RAP addresses both regulations affecting international trade and domestic pollution concerns, which may or may not be regulated depending on the sophistication of the host-country government. The former will generally be a market-driven need which increases with increased trade in the major markets (U.S., EC, Middle East, Japan, Singapore, etc.). The latter, domestic pollution from increased pesticide applications or agroprocessing wastes, usually has such long-term consequences that the market-driven approach is more of a cause than a

solution. As long as pollution is not penalized by the host-country government or "internalized" in business expenses through international pressure at trade negotiations, environmental concerns of this nature will probably be perceived as a luxury in LDCs. Both issues are of priority to AID, however, as the connection between economic sustainability and environmental sustainability has become more apparent.<sup>1</sup>

## 1. Regulations

Focusing first on the international trade regulations, there are several categories to deal with:

- International agreements to which either/or both the producing country or/and the market country subscribe (e.g., the ban on drift net fishing, prohibitions on trade in endangered species, CFC reduction goals)
- National or state/regional laws and regulations of the market country affecting product entry (e.g., pesticide residue tolerances, other food safety regulations, quarantine regulations, labeling, and extensive trade rules not covered in the environmental section—quotas, customs tariffs, trade status or embargoes, etc.)
- Non-binding standards that should be met for market reasons or to prepare for anticipated changes in regulations (e.g., grades and standards that are usually voluntary, avoidance of chemicals slated for prohibition by EPA, such as methyl bromide fumigation, or which are considered safe but are not registered in the target market of the U.S. and therefore limit market options)

The latter two categories vary from country to country. Although RAP will be primarily an information project, distinctions among countries and even agencies will help RAP clients to better interpret and access the information provided through the project.

In the United States, there are several regulating bodies to be considered by agribusinesses wishing to export to that important market. The Environmental Protection Agency (EPA) is an independent agency and formulates pesticide tolerance levels based on extensive research and risk analysis policy. Though not important for agribusiness products as an enforcement agency, EPA will be heavily involved in RAP for its pool of experts in pesticide and industrial waste issues.

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<sup>1</sup> Not only does environmental sustainability contribute to economic growth, but the reverse is true. A 1991 Princeton study showed that pollution diminishes as a country's economy grows beyond a certain level of prosperity. This point seemed to be a \$5000 per person economic output, which was correlated to the worst levels of pollution.

Most important for market entry is the Food and Drug Administration (FDA), of the Department of Health and Human Services (HHS), and the U.S. Department of Agriculture. FDA is the enforcement agency for pesticide residues, microbiological problems, and improper labeling or handling of food products which could affect the health and safety of the U.S. consumer. This agency polices all types of food (fresh and processed) for pesticide residues and food safety, except for seafood, which is currently not inspected, and meat, which is inspected by USDA.

USDA's Food Safety Inspection Service (FSIS) also plays a role in protecting the U.S. consumer by conducting mandatory inspections of slaughter houses for meat products destined for the U.S. market and inspecting domestic supplies in the United States.

The Animal and Plant Health Inspection Service (APHIS) has the slightly different mandate of protecting U.S. agriculture. For this reason, that agency is more concerned with live animals or animal products which may carry disease (e.g., foot and mouth disease) and all fresh vegetable products. Any product that may carry exotic pests, however, can be controlled by APHIS to fulfill their mandate. For example, handicrafts from Asia, particularly brass out of India, is a known carrier for the khapra beetle which does not occur in the U.S. and is of economic concern, and therefore quarantined. When a fruit or vegetable is a potential host to a quarantined pest that occurs in the country of origin, options still exist for shipping to the U.S. For example, a treatment could be developed or adapted to control the pest (e.g., fumigation of cut flowers when found to have a pest problem, or temperature treatment of tropical fruits to treat for fruit flies prior to shipment to the United States). Treatments are developed by the Agricultural Research Service (ARS) in USDA in conjunction with APHIS.

Some marketing orders exist which require specific grades and standards or other conditions in order to protect the U.S. suppliers from dumping situations or unstable pricing. These orders are created and enforced by the Agricultural Marketing Service (AMS) in conjunction with state and private sector industry groups. Grades and standards are voluntary marketing tools in most situations, however, and essentially consist of description of characteristics such as color/ripeness, size, and other appearance factors such as shape.

Obviously, trade in illegal substances such as drugs is policed by yet another agency (generally DEA), as is trade through third countries in order to circumvent quotas or political barriers. (Customs, or the Treasury Department, enforces boycotts on Iranian pistachios, Brazilian orange juice over quota, and previously, Nicaraguan shrimp, which would enter through other countries.)

Finally, marketing claims related to health or the environment can be regulated by FDA or by the Federal Trade Commission under truth-in-advertising laws.

This complex maze is repeated in each market country. Japan also has pesticide tolerances which are set by both the Ministry of Agriculture, Forestry, and Fisheries (MAFF) and the Ministry of Health. The division between the ministries of laws and enforcement actions influences the outcome of individual company cases when trying to enter a product in that market. The MAFF quarantine division serves a function similar to APHIS in the United States, but the rules outline what is not allowed to enter rather than what is allowed to enter (the latter being the style of the U.S. admissibles lists).

The European Economic Community is actively working on new regional regulations which will reflect many of the standards already set in individual countries. At this time, Europe tends to be less strict in quarantine matters than the United States or Japan, but more cautious in other areas. Countries also vary considerably. The most restrictive countries are the UK which is known for stringent food additive laws, Germany, which has more of an ecological focus in their agribusiness regulations, and France, which is the most protectionist towards foreign products. Much trade passes through countries, primarily the Netherlands and Germany, because of the port structure, so that both the bridge country and the final market country rules must be fulfilled. By the start of the RAP project, Europe will be much closer to establishing regional regulations and will hopefully have formed the regional environmental and agricultural agencies that will serve in roles similar to EPA, FDA and USDA.

## 2. Pollution Control

Stimulation of the agribusiness sector will involve increased activities in the area of agroprocessing. These processing activities are very diverse (canning, freezing, packaging, tanning, grain enrichment, oil extraction, etc.) and some, if mismanaged, could lead to degradation of the environment.

For agroprocessing, the principal areas of concern are: (1) escape of toxic processing chemicals into the environment; (2) air, water, and soil pollution generated from industrial processing equipment; (3) increased energy requirements of processing plants; and (4) management of solid wastes from processing operations.

Intensified production can also lead to environmental problems. Many of the Asian countries have extensive croplands in tropical zones which are not conducive to intensive agricultural practices. Fertilizer efficiency is reduced in the tropics due to rapid leaching of nitrogen and higher rates of nitrogen fixation. Many tropical soils are fragile in nature and

are highly susceptible to erosion under intense, continuous cropping. The trend toward monoculture concentrates pest and disease problems in the high-value crops, leading to even higher pesticide rates. These high rates then encourage the outbreak of resistant strains of pests and diseases which eventually overwhelm the high-value crops and destroy any chances for sustainable production. Additionally, the tropical environment discourages the use of protective clothing and equipment often leading to pesticide-related health and safety hazards.

### **C. Primary Linkage Groups**

The following section provides brief descriptions of some of the primary linkage groups which will form part of the RAP response system for requests in technical assistance, training, and information on environmental and regulatory concerns.

#### **1. Government Linkage**

##### **a. ASIA Bureau Environmental Division Contact: Molly Kux (202-663-2196)**

The environmental component of RAP will be fully compatible with the wider objectives of the ASIA Bureau. It will also coordinate with and contribute to the wider services available from other sections of AID, such as the Research and Development Bureau. ASIA has designated environment, natural resources, and energy as a core program area. The Bureau recognizes that environmental degradation is on the increase in the Asia region and is a constraint on social and economic progress. Environmental protection and sustainable economic growth are considered to be interdependent, and ASIA seeks to promote both private and public-sector accountability for actions that will affect the environment. The Bureau has identified four key environmental concerns which permeate the diverse conditions of the Asia region:

- Degradation and mismanagement of water and soil resources.
- Energy shortages, inefficiencies, and environmental impacts of energy production, conversion, and use.
- Urban and industrial pollution.
- Destruction of tropical forests and biological diversity.

ASIA is calling for the strengthening of private-sector linkages as a vital solution to these regional environmental problems. More private sector involvement is anticipated in: (1) the strengthening of managerial and technical capacities of environmental institutions; (2) development decisions in natural resource management; (3) market-oriented technology development and transfer; and (4) mission analytical and program efforts to solve environmental problems.

This linkage will be particularly important for supporting missions in their requirements for environmental assessments (EA) and initial environmental evaluations (IEE). This office will provide existing resources, such as the booklet "How to prepare Environmental Assessments of Pesticide Use in AID Agricultural Projects" and a similar document for vector control projects. RAP will work with AID to develop other guide books on topics such as water quality in agroprocessing, if needed.

In short, ASIA is supporting efforts at the mission level to develop the private sector as a partner in environmental protection and natural resource management. A representative from the Environmental Division will work closely with RAP to ensure coordination with other projects related to the environment, and with government-wide initiatives, particularly the U.S.-Asia Partnership for the Environment.

**b. Environmental Protection Agency (EPA) Central Contact: Office of International Activities (OIA), Mark Kasman (202) 475-7424**

A number of training, technical assistance and information support services from EPA have been mentioned in the text of this project paper. A more complete description of each follows:

**(1) Technical Information Packages (TIPs)**

These are packages of information (mini-libraries) on 15 key environmental issues that EPA is distributing to selected international locations. Each TIP explains the issue, related environmental and health effects, standards and regulations, technologies for addressing the issue, etc. Bibliographies are provided as well as lists of EPA experts and training opportunities in the United States.

- Environmental management
- Pollution prevention
- Ensuring safe drinking water
- Industrial and hazardous waste management
- Air quality
- Water quality
- Mining waste management
- Environmental impact assessments
- Safe disposal of pesticides
- Solid waste disposal
- Risk assessment
- Regulating pesticides
- Access EPA

**(2) EPA Training Modules**

The international office of EPA has developed training materials to be used by staff giving short

courses, which are called modules. Although the modules were initially designed for the Regional Training Center in Budapest, Hungary, in response to their requests, they are appropriate for adaptation to Asian examples. The costs would be: travel, per diem and possibly staff time for giving the modules on location; and staff time for adapting materials if changes are extensive.

### **(3) U.S. Environmental Training Institute**

**(ETI)**

The ETI is a new non-profit organization which will be funded by private and public funds and run by experts from both private companies and EPA. Programs will generally consist of one week of orientation in EPA and a second week of training in another section of the government or EPA (e.g., a laboratory or specialized topic), or in a private company, university or similar setting. Some programs will run for four weeks. Courses will be based on topics of interest, such as solid waste disposal, and will accept participants from throughout the world. Certain countries such as Indonesia, Thailand, and the Philippines will be given priority. Candidates should be government or private representatives who will be able to affect change in their country's situation. The courses will be conducted in English.

A catalog of courses will be developed after staff begins work in February 1992. The first course is in May 1992. Cost for travel and per diem (suggested government rate for Washington, D.C., or site of training) is all that is currently anticipated.

### **(4) Technical Training in Pesticide Use, Disposal, Registration and Other Specialty Areas**

The above activities are through the EPA/OIA which has limited staff time and funding available due to the incredible increase in demands from Mexico, Eastern Europe, and the President's Asia Initiative. Another division of EPA, the Office of Pesticides and Toxic Substances, has expressed interest in working through RAP to provide complementary training on pesticide issues. The OPTS has developed a pilot program in Central America and responded to numerous requests elsewhere, which consists of coordination with the AID regional office (ROCAP) to develop regional conferences on urgent issues such as the effective loss of pesticides due to reregistration in the U.S. Longer term and more technical training in topics such as creating or improving institutional mechanisms for registration of pesticides in Asian countries can be designed. (Some countries are far beyond this, while others need assistance.) Training of government counterparts is common. Involving the private sector in training programs can be explored as the need arises.

Other EPA divisions are also available for consultation, for example, the Division on Industrial Pollution has extensive materials on standards in agroprocessing which have been developed in the United States over a number of years.

Anticipated costs would cover travel, per diem and expenses for the participation of staff.

**(5) Environmental and Energy Efficient  
Technology Transfer Clearinghouse  
Database**

This information service includes technical publications citations; access to related government databases; rosters of experts from both the private sector (screened by the private company that created the system) and from EPA; and a roster of vendors of pollution control, renewable energy, and environmentally efficient technology equipment and services. Summaries and descriptions of these technologies, new U.S. Government products (training, seminars, databases) and information centers for environmental data are also in the clearing house. Because this system is linked to a larger network (Teltech, Inc.) inquiries can go deeper, for example, requesting resumes of each expert listed or Dun & Bradstreet review of a company.

There would be a \$25,000 estimated annual cost for one central system.

**(6) Mechanism for Coordination between RAP  
and EPA**

Because of the anticipated volume of requests in the areas best covered by EPA resources and staff, a full-time staff position in EPA/OIA will be financed by the RAP core budget through an interagency agreement already established. Although located in EPA, this liaison will be in close contact with the RAP team and attend relevant meetings. The liaison will not only access requested information and work on training materials, but also make the arrangements within EPA for specialists from outside the Office of International Affairs.

**c. Food and Drug Administration (FDA),  
Department of Health and Human Services (HHS)**

Some training may be required from the FDA, which, as explained earlier in the technical annex, is the agency in charge of enforcing regulations on pesticide residues in food products, improper labelling, microbiological and other contamination problems. For example, FDA has traditionally provided training for a limited number of government officials involved in the laboratories that should be checking food safety (pesticide residues, microbiological status, heavy metals, etc.) domestically in their country, and can be adapted to test export

products as well. Training can range from sampling techniques to laboratory analysis to running a lab in terms of administration, record keeping, and quality control. Training is normally done in the United States. For Asia, the high-volume FDA center in Los Angeles would be a probable site. Private laboratories are generally not accepted in this program, unless representing a government for some reason (contractor of the government). Although this is a government training opportunity, the private sector suffers the consequences if a credible facility does not exist in that country and a food safety issue arises with their export product.

In rare cases, a team of FDA officials have traveled to a region to evaluate facilities and needs for personnel training prior to embarking on a multi-year training program, which might cover several aspects and individuals and follow-up or refresher visits. Recommendations on equipment procurement can also be made by the FDA team.

Cost would normally be for payment of all travel, per diem and expenses. An extensive program could require payment of some FDA staff time as well. Unless demand for this service is greater than anticipated, costs could be handled through a PASA with USDA, despite the fact that it is a different department.

**d. U.S. Department of Agriculture (USDA)**

Several agencies within the USDA will participate in RAP in accordance with the demand from the missions and the core plan of the project. Services by the Agricultural Marketing Service (AMS) under the MIS component and the Going Global network which appears under the trade and investment section, will be covered through the same PASA as other USDA services. Some possible support in the area of environmental and regulatory services are outlined below. Others can be considered at initiation of the project.

**(1) Training in Inspection, Quarantine Programs, Pest Control during Packaging and Transport, and other Phytosanitary Issues**

**Existing quarantine courses.** The Animal and Plant Health Inspection Service (APHIS) of USDA offers annual courses for management-level quarantine officials throughout the world. Training begins at the Frederick, Maryland training center and continues at real port and field situations in the Washington, D.C. area. This excellent course runs two months and includes opportunities for participants to carry out individual study to apply the new knowledge to situations in their own country, under the guidance of staff. Participants must be fluent in English.

**Long-term training.** Alternative internship-type programs can be arranged for a limited number of government officials with specific interests in areas such as biological assessment, technology (fumigation, heat or cold treatments), administration, etc. The private sector will not be accepted in such a program. This might range from a week to six months. The cost would normally be the cost of living and travel.

**Tailored training** can also be provided by APHIS with prior arrangement, for example, APHIS staff recently trained quarantine officials from India in inspection and regulation of the germ plasm trade.

**Regional sources for training in quarantine.** RAP will also design training opportunities in similar topics in research centers and governments within the region, since countries such as Thailand and Malaysia are fairly advanced in international quarantine. The feeling expressed in recent consultations is that intraregional regulations need to be tightened because pests are rapidly spreading among Asian countries, even though trade to Japan and the United States is more carefully monitored. RAP will remain informed of such changes and will liaise when necessary with U.S. information services. This information will also be added to the databanks developed by RAP for use by U.S. investors and trade partners as they evaluate the potential for their product in each country.

Cooperation with quarantine services of New Zealand, Australia, and others already working with their Asian counterparts will provide RAP clients with a broader scope of information and skills. An understanding of the differences among countries' procedures, criteria, risk assessments, and policies on pests will strengthen developing countries' chances of complying with requirements as exports increase.

## **(2) Technical Support in Meat and Poultry Industries**

Both APHIS, which handles concerns related to live animals and animal products that can carry disease, and the Food Safety Inspection Service (FSIS), which is responsible for consumer health issues in the livestock and poultry industries, have traditionally offered support to foreign government counterparts in improving inspection and regulatory systems. Such services would also be accessed through the USDA PASA.

## **(3) Sector Studies, Special Topics**

The Office of International Cooperation and Development (OICD) can perform studies and project support on a variety of issues in natural resources, nutrition, processing, and trade missions. This is also the agency responsible for administration of the Participatory Agency Services Agreement (PASA) or RSSA, whichever will be most appropriate upon review of the scope of work.

### **2. State Government Programs**

Another source of environmental services unique to both the government and private sectors are the excellent state government programs that have developed in several locations in response first to that state's constituency needs, and later in response to national and international requests.

#### **a. Packaged Food Product Review for Entry to Major Asian Markets**

The Oregon State Department of Agriculture has a unique information and certification service aimed primarily at processed food products marketed in the Pacific Rim countries. The Center focuses on technical questions on food law and regulations. The Center's laboratories and databanks cover regulations on food additives, microbiological sanitation and pesticide residues. (Fresh produce trade is not often handled at the Center, although pesticide residues could be measured.)

The Center is a recognized food inspection laboratory for processed and packaged items for Japan and can certify a product using JAS standards (Japan's official quality seal). A similar program is offered for entry to Taiwan and Korea. The Center hopes to strengthen its work for markets in Thailand, Singapore, Hong Kong and Indonesia. These and other intraregional markets could be explored in conjunction with RAP and the country missions. The methodology, technical knowledge and government status of the Center would provide a vehicle for compiling and applying regulations for entry into each project country.

For example, in addition to the initial collection of information, the Center establishes ongoing agreements for notification of changes in regulations. Equally important, staff visit the countries covered to learn of details and trends that affect interpretation and completeness of the data. Centralization of this information would facilitate trade for participating countries, and would also provide a valuable resource.

The services are available for \$90/hour of running time in consultation and \$70/hour in analytical laboratory work. Complete review of most products averages \$300. Financing through the core budget is recommended, however, in the sum of \$124,000 per year, which are the projected costs for the Center to expand to include other markets of interest to RAP countries (one country would be added to the system per year).

The established interest in information on Thailand, Singapore, Malaysia, etc. and the reputation of the Center, which is already serving around 600 companies, would almost guarantee sustainability of the service after the end of the RAP project. The usefulness of the activity to the U.S. private sector would also increase its value.

The contact at the Center is Mike Wehr, administrator, (503) 229-6557.

**b. Appropriate Technology for Waste Reduction in Agroprocessing**

The North Carolina State Office of Waste Reduction has a very successful pollution prevention program that addresses industrial and agroprocessing wastes as well as municipal waste reduction. The state has chosen to emphasize low-technology, cleaner production, and people management rather than higher technology, which often is not sustainable in any setting. The economic base for North Carolina is heavily agricultural, with furniture and textiles the predominant industrial sectors.

Staff work closely with the United Nations Environment Program in Paris (contact Kristen Oldenberg, 33-1-4058-8850) and has received UN and AID funding in the past to carry out training in food processing waste reduction in Indonesia, textile industry pollution prevention in Thailand, and industrial pollution control in Mexico.

To date, costs charged have been restricted to travel/per diem, document costs, and other expenses. Salaries are covered by the N.C. state government. The N.C. program has exchanged information and participated in training with numerous other state programs as well, and could direct one to other programs if there is a required specialty that fits a different state's experience more closely.

The contact in North Carolina is Mr. Gary Hunt, director, Office of Waste Reduction, (919) 571-4100.

### **3. NGOs Offering Valuable Services in the Environment**

Some of the more notable programs and organizations that may be called upon as resources once regional and mission priorities have been established are:

- Southeast Waste Exchange—a service for connecting producers of waste to potential users of this same material—could serve as a model for countries with large agroprocessing sectors
- Winrock International has several programs on relevant topics
- UN Environment Program/Industry and Environment Programs
- World Bank Asia Environment Program (contact Gloria Davis, 202-477-1234)
- International Fund for Renewable Energy and the Environment (IFREE)

RAP will also maintain information and contacts with private training groups such as university programs on pesticide use, CACP for quarantine and IPM, or CAB International for strengthening regulatory systems in general. Private consulting services in these areas will be evaluated to the extent possible to provide an additional referral service if not covered by automated rosters.

#### **D. Information Resources and Materials**

Following is a list of some of the resources and materials that would be available through RAP as part of the environmental aspect of information services:

##### **Phytosanitary Regulations:**

- Silver Plate, an on-line system through Purdue University and PRC on U.S. regulations regarding both pesticide and food safety, and quarantine (useful but must be supplemented with technical interpretation and case experience).
- CAB International, more of a clearing house on the concepts and technical basis for regulations than the regulations themselves, offers CD ROM summaries of entire journals and texts, particularly in plant protection. Also provides consulting services in this sector.

- ITC, the Geneva office routinely keeps records of EC regulations (although without the interpretation aspect).
- Ag Canada, Health Canada and Environment Canada offer good databases for regulations from around the world including the Codex Alimentarius rules.

**Pesticide and Food Safety:**

- Pesticide Regulation Compendium (pub. Editions Agrochimie, 1261 Chéserey, Switzerland) a listing all regulations in registering pesticides in 150 countries [does not include Mongolia]. Includes topics such as required language for each country on the informed-prior consent rules that EPA has U.S. manufacturers carry out. Cost is around \$400.
- Catalog of Food Colors, an ILSI book on coloring additives in food covering EC and Color Index numbers, legal status, toxicology, usage, etc. Updated occasionally. Cost of a three volume set is \$400 plus shipping. ILSI also offers publications or monographs on food microbiology, antioxidants, beverage emulsion stabilizers, etc.
- National Food Processors Association (NFPA) offers materials and services in food microbiology, integrity and safety issues.

**Industrial Safety Aspects:**

- ILSI publications on industrial safety and health, such as "Occupational Diseases Due to Exposure of Food Allergens" can be purchased by the RAP team for the region as needs arise.
- Food Marketing Institute provides videos and brochures on warehouse, supermarket, and transport safety measures to prevent accidents and food contamination.

**Environmental Resource and Technical Assistance Guides:**

- Directory of Environmental Sources, Infoterra/U.S.A. (1991).
- Lists of all government offices dealing with environmental issues and a number of private associations, universities, and companies. A description of the organization and its purpose, as well as contact information, is provided.
- Guide to UN Information Sources on the Environment, UN Publications (1987), at a cost of \$15.

- The Environmental Buyer's Guide, published by the American Chemical Society, at an estimated cost of \$65.
- World Environmental Buyer's Guide, available through DOC, but a private publication, at an estimated cost of \$160.

The Department of Commerce has a mailing list of around 900 U.S. companies and individuals that have participated in environmentally related trade missions or contacted the DOC Environmental Division. This will be one resource for RAP to attract suppliers, technical experts and potential joint venture candidates. (Note: this listing is not in great shape; it needs some updating and has some duplication.)

Missions and/or trade associations could be made familiar with these existing, printed sources for direct use.

#### **E. Summary**

For certain priority issues concerning agribusiness effects upon the environment, RAP will become a knowledge center. Certain base data will be kept on file, continuously updated, and made ready for on-demand access. For referrals, a list of contacts in the U.S. Government, NGOs, PVOs, and academia will be maintained so that missions and their clients can be quickly referred to expert bases. In some cases, the information service will have to customize requests for its clients, drawing upon both its in-house knowledge base and an extensive network of contacts.

RAP will provide on-demand analysis of priority environmental issues to missions and their clients. RAP should take the lead on several key regional issues such as phytosanitary regulations; pesticide consumption; agroprocessing chemicals use; and private-sector inducements to manage wastes.

RAP will provide a limited number of regional workshops at trade events for Asian agribusinesses on topics such as safe handling of toxins; pesticide reduction through IPM; solid waste management; and U.S. environmental technologies. RAP should also organize a limited number of study tours for Asian agribusinesses within Asia or to facilities in the United States.

RAP will promote the adoption of U.S. technologies in priority areas such as pollution control, solid waste management, and IPM. RAP can perform market research to determine the level of demand, inform U.S. companies of the opportunities, facilitate business ventures between Asian buyers of technology and U.S. sellers through technical exchanges, plant visits, etc. Intraregional technology transfer should also be encouraged if market-driven.

The challenge of RAP is to provide environmental services that: (1) enhance, not duplicate, the activities of AID mission-level agribusiness projects; (2) are compatible with the ASIA Bureau's overall environmental strategies; (3) have some degree of regional comparative advantage; and (4) fill in knowledge and support gaps in a unique fashion.

## INITIAL ENVIRONMENTAL EXAMINATION (IEE)

**Project Title:** Regional Agribusiness Project  
**Project Number:** 499-0009  
**Project Country:** Regional  
**Funding:** \$8,500,000  
**Life of Project:** Initial FY 1992  
 Final FY 1997  
 PACD August 1, 1997  
**Recommended Action:** Grant categorical exclusion under 22 C.F.R.  
 216.2(c)

**Environmental Examination:** The objectives of the Asia Regional Agribusiness Project (RAP) are designed to enhance the effectiveness of mission-level agribusiness projects and programs. RAP outputs consist primarily of agribusiness support services such as regional technical assistance, training, trade and reverse trade missions, trade association strengthening, and access to databases. This assistance, in and of itself, should not pose a direct threat to the environment. Thus, in accordance with AID Handbook 3, Appendix 2D, paragraph 216.2 (c) (2), a categorical exclusion from environmental impact is requested for this project. However, to the extent these activities are successful in promoting an expanded, more dynamic Asian agribusiness sector, increased pressures on the region's natural resource base and environment may occur from intensified activities in areas such as agroindustrial processing and high-value crop production.

To address these concerns, the RAP will provide a considerable amount of technical assistance, training, and other resources in the areas of toxic waste reduction, waste and pollution prevention and control, and sustainable agricultural practices. Those environmental issues most likely to be indirectly affected by the outputs of RAP are treated in a detailed annex attached to the project paper. Recommendations for beneficial RAP interventions and services to promote sustainable environmental practices in Asia are proposed.

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 ASIA/DR/TR  
**Approved:** Molly Kux MK, Date: 8-7-92  
 ASIA Bureau Environmental Officer