

AN EVALUATION OF THE BANGLADESH AGRO-BASED INDUSTRIES AND TECHNOLOGY DEVELOPMENT PROJECT (ATDP II)

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Evaluation team members:

**Joseph Lieberman, *Team Leader*
David Gisselquist
Shaikh Abdus Sabur
Muhammad Rowshan Kamal**



Subr

**Development Associates, Inc.
1730 N. Lynn St.
Arlington, VA 22209**

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ACRONYMS

ATDP	Agro-based Industries and Technology Development Project ADTP I, 1996-2000 ADTP II, 2001-2005
BRAC	Bangladesh Rural Advancement Committee (an NGO)
GDP	Gross Domestic Product; a country's total domestic production
GOB	Government of Bangladesh
HACCP	Hazard Analysis at Critical Control Points
NGO	Non-governmental Organization
PCR	Polymerase chain reaction; a process used to test for the presence of shrimp white spot syndrome virus
SO	A USAID Strategic Objective
SSOQ	Shrimp Seal of Quality
Taka	Bangladesh monetary unit. One U.S. dollar equals approximately 62 Taka
USAID	U.S. Agency for International Development
WSSV	White Spot Syndrome Virus

EXECUTIVE SUMMARY

USAID and other donors worked successfully with the Government of Bangladesh to improve agricultural productivity as a way to raise the welfare of low-income subsistence farmers. While poverty is still widespread, Bangladesh is nearly food self-sufficient. With food needs met, demand for basic food crops is growing only slowly. But, with a rising middle-class and rapid growth in urban areas, people want more variety and higher quality foods along with processed foods. This creates great potential for farmers to earn higher incomes by producing more meat, fish, fruits, vegetables, dairy products, new grains and cooking oils for local consumption and more exotic products for export markets. For the process to be successful, agribusinesses need to work with farmers and traders to encourage new crops that can be processed for the market. That has been the task of the USAID Agro-based Industries and Technology Development Projects --- ATDP I and now ATDP II.

Some 35 years ago Bangladesh's agriculture sector was in dismal shape with a large food deficit and only massive donor food aid prevented a disaster. That is now in the distant past. From the late-1980s the government eliminated key agriculture sector controls and regulations and privatized trade in agriculture inputs such as fertilizer. The policy changes propelled the transformation of Bangladeshi agriculture. ATDP I (1996-2000) worked mainly on agribusiness inputs such as new seed and fertilizer along with market and technology information. ATDP II (2001-2005) built on the success of ATDP I by shifting the emphasis to support of private sector agribusinesses. It concentrated on business support services and improved technology to encourage new product development, improved market linkages, better food quality and development of business support institutions. This evaluation analyzes the impact of ADTP II, possible ways it might improve its impact before the project ends in December 2005, and then examines future programming choices for USAID's agribusiness strategy.

ATDP II focused its efforts on five agribusiness sub-sectors: Poultry, aquaculture (finfish and shrimp), horticulture, grains and dairy/livestock. In addition it developed policy reforms; market research; export promotion; and an agribusiness MBA program. There was also an agribusiness credit fund. The project was highly successful with its poultry and horticulture programs, though horticulture exports were limited by a lack of airfreight capacity. Aquaculture is strong but a lack of agreement among stake holders has made it difficult to build support for the Shrimp Seal of Quality program. Dairy/livestock has been hampered by inappropriate government regulations and the grain sector also faces similar regulatory problems. The project includes specific end of project result targets for agribusiness job growth, increased domestic sales and increased exports.

ATDP II emphasized business development services which were successful. By concentrating at the firm level, problems were identified, solutions devised and good results achieved. Since firms had to bear part of the cost of assistance through cost-sharing, it encouraged firms that were serious about adopting new approaches. While the benefits were important for each firm that received support, only some 300 firms and several hundred farmers and farmer groups received assistance. It was a "retail" approach that can only have a limited impact in a country with 140 million people and several hundred thousand agribusiness entities. Agribusiness

faces market impediments, distortions and market failures. In addition, government regulatory controls make it difficult to increase production for some crops. These can be viewed as “wholesale” problems affecting a large number of firms and farmers throughout the country.

ATDP II and another USAID project, that supports small businesses and exports, will soon be coming to an end. Both projects provided marketing, technology and business development services to firms. USAID Bangladesh will be developing its new long-term agribusiness assistance strategy so this is the perfect time to consider new approaches. While one option is to continue support for individual firms, it might be time to shift the emphasis to policy issues, including market impediments and government regulations which hold back overall agriculture and agribusiness development. While the World Bank and the Asian Development Bank are dealing with high-level macro and sector policy issues and building physical infrastructure, USAID could focus on an industry or sub-sector niche with analysis and research. It could work to support institutions that service agribusiness such as commodity and trade associations, private sector business service firms, private testing laboratories and finally, analytical research needed to encourage government policy and regulatory reforms.

SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

- ▶ ATDP II has been effective and has a good chance of reaching its overall targets for increased jobs, domestic sales and exports. The project provided useful services to companies and worked with supporting associations as envisaged in the project contract. Many clients expressed appreciation for the project, and the project has helped develop a number of industry associations. The project concentrated on key agribusiness sub-sectors and other activities. Future prospects are summarized below:
 - The poultry sub-sector is a winner and ready to graduate from USAID assistance. ATDP II-supported firms are producing quality products for a domestic market that has rising incomes and strong demand for poultry and eggs. The poultry firms are financially strong, their operations are sustainable after ATDP II assistance ends and assistance after 2005 should be directed toward other sub-sectors.
 - In the shrimp sub-sector technology transfer could boost shrimp yields and exports and USAID might want to support some activities beyond 2005. PCR testing of shrimp larva for White Spot Virus and improved pond management could have a huge potential impact and USAID assistance could enhance impact and sustainability. The PCR laboratory should be maintained within the project as long as possible, and then transferred to a private organization. USAID assistance should be continued after 2005.
 - The Shrimp Seal of Quality (SSOQ), which is proposed as a private and voluntary certification, has a questionable market demand, is widely misunderstood, and has diverted energy into argument. To help everyone move forward, the project should as soon as possible transfer ownership of SSOQ to an independent private organization. Then, the project could assist interested shrimp producers to meet certification standards and to pay for certification to the end of the project. USAID support for exports beyond 2005 should focus on value added and assistance with private testing, leaving private certification and SSOQ to develop in response to

- market demand. Other issues such as labor and environment should be addressed as opportunities arise.
- The dairy/livestock sub-sector faces inappropriate government regulatory controls which sharply limit future prospects. Through the end of 2005 the project could work on the regulatory problems. Beyond 2005 attention should concentrate on policy and regulatory research, policy papers and policy dialogue with the government.
 - Horticulture (fruits, vegetables and spices) has been a successful project area. The project helped a number of firms to expand production and introduce new products, mainly for the domestic market. Future efforts beyond 2005 could continue helping firms meet the rapidly growing domestic demand and work to tap into export markets.
 - Grains have had some success but future growth faces regulatory obstacles. Beyond 2005 efforts should concentrate on changing inappropriate government restrictions on the varieties of grains that can be grown in-country.
- ▶ The project successfully supported the development of an Agribusiness MBA program. MBA graduates will, in 5 to 10 years, become senior agribusiness managers. No one questions the importance of graduate level management training. There are, of course, a wide range of problems facing agribusiness in Bangladesh. USAID usually takes a hard analytical look at problems and then designs a program that will work in a coherent manner to solve key problems. The MBA program was not in the original ATDP II design. When ATDP II was at the mid-point of implementation, a decision was made to create an MBA program. There is nothing wrong with flexibility, but long-term management training does not fit neatly within a project approach that concentrates on short-term business services to individual firms. It does not contribute to the achievement of the jobs, sales and export project results over the life of ATDP II. A future USAID program might concentrate on Business Development Services, policy reform or other strategies. Alternative approaches require different activities. The MBA program would fit well with some approaches but not with others.

When a future USAID agribusiness program is designed that is the time to decide which elements are needed to achieve project success. A decision has not been made on program approach so it is not possible to make a recommendation about the MBA program now.

- ▶ The Agribusiness Credit Fund provided \$20 million to commercial banks for loans to agribusiness firms. But only 200 firms received assistance and only 3,000 jobs were created. Out of the 200 firms, 25 large firms received 83 percent of the funds and 175 smaller firms received 17 percent. Smaller firms and farmers received assistance but the bulk of the money went to large firms.

Rather than using targeting credit to agribusinesses, it would be more effective and more firms could be reached if USAID undertook capital market research and analysis to identify impediments and problems that restrict capital from flowing to its most

effective uses. It could then work with the GOB to remove those problems. Another area USAID might want to consider would be helping commercial banks to better understand agribusiness production and business plans so as to better assess requests for agribusiness loans. USAID supported workshops and training could help commercial banks make better agribusiness loans. USAID might also work with NGOs who are active in agribusiness programs. USAID should adopt an approach that deals with both the technical and policy problems in capital markets.

- ▶ Loan repayments under the Agribusiness Credit Fund (ACF) generated approximately \$1 million a year for the ACF Development Fund, which supported ATDP II activities. The funds were generally used to match project funds. For example, if ATDP II was planning a \$50,000 technical assistance effort an additional \$50,000 from the Development Fund would make it possible to double the effort. While the benefit of additional funding is clear there is also a need to cooperate and work closely with the government to identify and gain agreement on activities. The project and USAID also need to track and account for the funds. Joint government/USAID/project management of a flexible budget can be difficult. A future USAID project should develop a budget with specific allocation criteria for the ACF Development Fund.
- ▶ The present ATDP II approach concentrates on Business Development Services. Over the last four years it helped over 300 firms and hundreds of farmers to improve their productivity and profits. Client firms expressed appreciation for a number of interventions, especially assistance with international tours to learn about new technology used in regional countries, assistance to identify and bring in foreign experts, and assistance with local training. Clients also appreciated the project's business plan competitions. There are a number of associations that support industry and trade interests. Some association are mature and helpful, and others less cooperative. The evaluation heard complaints from businessmen that many associations were dominated by one or two people who were interested in their own commercial gain or personal political benefits, not the good of the industry group. Just as USAID is working on "governance" issues throughout the country, it will need to do the same with any future support of trade associations.

In most cases ATDP II dealt with 5, 10 or 20 firms in a sub-sector. That is a manageable number. If a future project includes business support services, one of the difficulties is how to have an impact on sectors where small businesses dominate. In sectors dominated by farmers and small businesses, one option to reach more clients is to work with NGO partners, as the project is doing with Danida to reach shrimp farmers in Noakhali and with BRAC to reach vegetable farmers. Another option is to work with input companies which sell inputs with embedded technology, much as the project has worked with producers of poultry and fish food. Other input companies to consider might be fertilizer, seed and tool companies. A third option to consider is contract farming, but this should be approached with caution; post-harvest market opportunities often conflict with contract obligations, undermining contracts.

- ▶ While it had good results, the ATDP II Business Development Services approach only reached 300 agribusiness firms. If a new project takes the same approach it will reach a similar number of firms. Since replication has been limited, it is difficult to cover a

country with a million agribusiness firms. An approach that deals with regulatory and policy reform and the encouragement of business and trade associations along with private sector business service firms is a more effective way to proceed.

- ▶ It is important to involve the government in policy reform analysis. A follow-on agribusiness project in any form – whether emphasizing government policy and economic analyses or services to individual firms --- would be promoting private sector agribusiness development. There is no question about whether to support private sector agribusiness; the question is how best to do so given other donor activities, deficiencies in government policies and the need to improve agribusiness skills and technology. If a follow-on project chooses to work on policies, the project might seek a counterpart arrangement with some part of the government to improve sustainability of an analytical approach to policy options. There is a need for a committee to link the project with government ministries (Finance, Commerce, and Agriculture) that influence agribusiness success. But it is also important to encourage government participation in the analysis of policies and regulations. For example, the Bangladesh Agricultural Research Council could assist policy analysis by sub-contracting policy studies to various institutions.

AN EVALUATION OF THE BANGLADESH AGRO-BASED INDUSTRIES AND TECHNOLOGY DEVELOPMENT PROJECT (ATDP II)

1. WHY AN AGRIBUSINESS EVALUATION?

PURPOSE OF THE EVALUATION

The evaluation will assist USAID Bangladesh by:

- Providing an assessment of the project's impact in relation to the project's purpose and expected results.
- Recommending possible ways, if any, the project might improve its impact before it ends in 2005.
- Helping USAID as it devises future agribusiness programming strategies.

EVALUATION METHODOLOGY

USAID Bangladesh provided the evaluators with an extensive collection of documents on ATDP I and II and reports on agribusiness issues. The team collected further documentation from ATDP II and the institutions and firms that received assistance. The documents were analyzed by the evaluators to identify significant issues and relationships and key stakeholders were interviewed (see Interview Contacts in Appendix E and Questionnaire Guides in Appendix F of this paper).

ATDP II provided business services to approximately 330 businesses and supporting institutions (through September 30, 2004) as well as several hundred farmers and other clients. There were also approximately 21 other projects, donors and institutions that had an interest in agribusiness, but were not directly involved with ATDP II. Using the list of agribusiness and association clients, which included both active and inactive clients, the evaluation methodology used a combination of random (every fourth firm or client) and targeted methods to select clients for interviews. This sample approach meant that a cross section of small, large, new, old, successful and less successful firms and associations were included. The evaluation visited ATDP regional offices and selected firms in Bogra, Chittagong and Khulna. Since the number of individual farmer clients was large, small, ad hoc samples were done during field trips to Khulna, Mymensingh and Noakhali regions. Other donors and NGOs were contacted to get their perspective on ATDP II.

The project concentrated its attention on five priority sectors along with several other activities. Agribusiness improvements were to be achieved by a number of interventions, and the most important were: business development services provided to firms; efforts to improve the policy and regulatory environment; support to agribusiness associations and supporting institutions, and credit. For this evaluation the inputs and sectors were viewed as a matrix where the impact of each input on the sectors could be assessed.

Model Matrix of Sectors and Assistance Approaches

	Finance and Credit	Associations and Supporting Institutions	Policy and Regulatory Reforms	Business Services provided to Firms
Poultry				
Grains				
Aquaculture				
Horticulture				
Dairy, Livestock				
MBA Program				

Both key-informant interviews and group interviews were used. There was a process of “triangulation,” with the same questions posed to project staff, service institutions and several beneficiaries. In most cases similar patterns and experiences were identified. When the same experiences, program results or problems are reported from a large enough sample, the correlation among respondents is strong and it will generate valid findings. In other cases, without a strong pattern, the evaluation was unable to make findings. The findings were analyzed and the most important issues developed into recommendations. The evaluation then presented the pros and cons for each recommendation and described alternative approaches. The recommendations are specific as to what can be done over the next 10 months (to the end of the project period) and what might be considered for future agribusiness programs and for USAID’s SO-5 --- Growth of Agribusiness and Small Business.

2. AGRICULTURE, AGRIBUSINESS AND THE ATDP II PROGRAM

THE TRANSFORMATION OF BANGLADESH’S AGRICULTURAL SECTOR

Agriculture Production

Some 30 to 35 years ago Bangladesh’s agriculture sector was in dismal shape. In most years the country was in food deficit by 10 percent and in a bad year by 20 percent or more. In spite of donor and government efforts, agricultural productivity was not increasing. With 70 million people and a population growth rate of 2.7 percent, the future looked bleak since there clearly was not enough land to feed the people. Massive U.S. PL 480 food aid was all that was preventing disaster.

Now it is hard to find anyone who remembers the dire predictions of disaster. The population has doubled, the land area has not increased but farmers are much more productive, and the country is nearly food self-sufficient. Much of the change in agricultural productivity took place in just the last 16 years. The big change was the elimination of most of the government’s agriculture sector controls and regulations and privatization of inputs and trade in key inputs such as fertilizer. Taking advantage of years of agricultural research and technology transfer, farmers responded to price incentives by improving their technology, equipment and inputs.

Liberalization of agricultural machinery imports (diesel engines and power tillers) started in 1989. By 1990 regulatory obstacles to the introduction of new crop varieties had been removed for all but five crops (rice, wheat, potatoes, jute and sugar cane). These policy changes propelled the transformation of Bangladeshi agriculture. Now, in 2005, the majority of land preparation is by power tiller --- in contrast, in 1989 one could travel for days throughout rural Bangladesh and not see one power tiller. Similarly oxcarts have become rare. Bangladesh has extensive surface water and groundwater can be pumped from shallow tubewells throughout most of the country. Irrigation by shallow tubewells has continued to expand (at about 8 percent a year from 1995-2002), with many farmers choosing smaller portable diesel engines (4 horsepower), and lay-flat hose allowing efficient water delivery to specific plots.

Removing government restriction on the introduction of new vegetable seeds allowed more variety as well as longer seasons for fresh vegetables in markets throughout the country. In recent years, the introduction of maize hybrids from Thailand and India have increased maize production (maize hybrid seed sales reportedly doubled from 2003-2004). Farmers recognize that maize yields higher returns than wheat, and production seems poised for a rapid expansion to serve the growing demand for poultry feed.

Contrary to the widespread perception, agricultural production in Bangladesh is arguably less constrained by land than in many other Asian countries. The ratio of arable land to population compares favorably to Korea, China, Taiwan and Java. Moreover, weather allows most land to be farmed throughout the year, by using well-controlled irrigation through small privately-owned pumps lifting ground or surface water. With controlled water application, crop yields have increased dramatically, and new crops are being planted. Nevertheless, significant opportunities exist to boost production and incomes --- yields of major crops remain lower in Bangladesh than in other land-short Asian countries, and cropping intensities are below what could be attained with more crop diversification.

Markets

The size and growth of the market for agribusiness products may be roughly estimated from available data on exports, imports, and GDP. Retail and export value of all agricultural goods may be estimated at roughly 50 percent of GDP (see Table 1). Setting aside home consumption of agricultural goods (estimated at less than half of agricultural value added), agribusiness sales (the value of marketed agricultural products at retail and export level) are roughly 40 percent of GDP.

From these calculations, exports account for roughly 5 percent of agribusiness sales. Hence, most agribusiness sales are to domestic markets, including a range from less processed products for local markets to more highly processed products for urban and national markets. Agricultural imports – demonstrating the potential for import substitution – are equivalent to approximately 8 percent of agribusiness sales.

Domestic demand is growing rapidly, based on overall economic growth (Bangladesh's annual economic growth in constant prices averaged 5.3 percent during 1996/7-2002/3), urban growth, and changes in tastes and agricultural technology. Recent expansion of the poultry industry, with output increasing 10-15 percent a year reflects what is occurring and what is possible for a wide range of agribusiness products for domestic markets, including fresh fruits and vegetables, fish,

and processed products. With increased urbanization as well as some changes in agricultural technology (such as more efficient poultry production), larger agribusiness firms are taking a larger share of agriculture processing and marketing, particularly for urban markets. With backward linkages, rapid increases in demand for poultry and fish cascade into increased demand for maize and soybeans for poultry and fish feed and, high gluten flour for baked goods, etc. On the other hand, growth of demand for rice and other traditional staples are more closely tied to population growth at about two percent a year.

TABLE 1
Agriculture in the Economy

Item	Year(s)	% of GDP	Source
Exports	2000/1-2002/3	13.3-15.4	Statistical Pocketbook, p 203
Imports	2000/1-2002/3	18.8-21.5	Statistical Pocketbook, p 203
Agricultural exports	2000/1	~2% ¹	Estimated from total exports
Agricultural imports	2000/1	~3% ²	Estimated from total imports
Value added in agriculture	2000/1-2002/3	23.5-25	Statistical Pocketbook, p 286.
Retail and export value of agricultural goods	Current	~50%	Estimated from value added in agriculture ³

The Future

While policy changes allowing private introduction of new technology have been key to the transformation of Bangladesh's agricultural sector, there is room for more such changes to support further development. The government clearly has a role in research and development and protecting health and the environment. But, there is little need for the government to tell farmers what is in their best interest and which crops, technologies and inputs they should use. Success so far has resulted from decisions made by millions of small farmers who are willing to try new approaches. Continuing government regulations limits the introduction of some production technologies, including for example, semen straws that could boost dairy and beef production, new varieties of potatoes and wheat, and new hybrid rice varieties.

ATDP I took place over 1996 to 2000 and laid the groundwork for ATDP II. ATDP I promoted market-friendly government policies, improved market and business information, encouraged bank lending to agribusinesses and provided market and technology information to entrepreneurs. ATDP I worked not only with agribusiness product sectors but also to disseminate improved inputs and technology. It has been characterized as mainly a production oriented approach that used improved fertilizer and seeds to generate an increase in output and

¹ Exports of shrimp, tea, leather, jute and jute goods, spices, and hides account for roughly 15 percent of total exports (Statistical Pocketbook, p 266).

² Imports of animals and animal products, vegetable products, animal and vegetable fats and oils, and prepared foods account for roughly 17% of imports (Statistical Pocketbook, p 267).

³ The final (retail and export) market value of agricultural goods includes – along with value added in agriculture – the cost of agricultural inputs plus transport, processing, and marketing of agricultural goods. Services account for roughly half of GDP; these include transport and marketing. Industrial value added is roughly 27% of GDP; this includes, inter alia, production of agricultural inputs and agricultural processing.

incomes. More than 250,000 farmers adopted improved technology and more than 50,000 new jobs were created.

ATDP I expanded USAID long-term efforts to promote more productive agricultural technology. Whereas previous USAID efforts to promote technology change in agriculture had focused on public sector research and extensions, ATDP I assisted private companies to identify and introduce new input-embodied technologies. It promoted private technology in a number of sub-sectors:

- **Seed:** new varieties and hybrids for vegetables, maize, and other crops.
- **Fertilizer:** urea super granules and blended fertilizer.
- **Agro-machinery:** power tillers, threshers, sprayers, corn shellers, urea briquette machines, straw choppers and hydro tillers.
- **Horticulture:** propagation of high value fruits, hormone treatment, fruit and forestry nurseries and summer tomatoes.
- **Livestock:** balanced feeding, non-traditional feed, fodder production, improved sanitation, selective breeding, beef fattening and bio-security.
- **Poultry:** rearing exotic broilers and layers, confinement and staff feeding, balanced feeding, improved parent stock, improved hatchery, rearing day-old chicks and improved sanitation.
- **Agro-processing:** juice, paste, jam, jelly, ketchup, pickles, marmalade, pasteurization, baking, potato chips, shrimp processing and squash.
- **Fishery:** hatchery, improved brood stocks and fry quality, fry management, polyculture and paddy-fish culture
- **Shrimp:** hatchery and freshwater and marine shrimp culture

Direct aid to individual firms was a relative minor part of the project. Firms and individuals who received assistance did not have to co-finance a portion of the costs of ATDP's services. ATDP I has been praised for successfully promoting improved technology and inputs to increase agribusiness output. It has also been criticized for focusing too much attention on fertilizer, concentrating too many staff in Dhaka and putting an over-emphasis on technology rather than other components needed for agribusiness success.

ATDP II built on the success of ATDP I but shifted its emphasis to agribusiness support. In contrast to the emphasis on inputs (fertilizer and seed) and technology, the objective of ATDP II is much broader --- to promote the growth of private sector agribusinesses that can compete in an open and competitive environment. It encourages increased agribusiness sales, exports and job creation through improved technology and business support services for both the domestic and export markets. In comparing ATDP II with ATDP I the project identified these differences:

- The ATDP II focus is on agriculture processing, not agricultural production.
- Concentrate on food quality improvement, not on increasing food quantity.
- ATDP II is concerned with grain dryers not single super phosphate fertilizer technology.
- Review quality control labs in bakeries to determine gluten and protein values rather than introducing new varieties of wheat.
- Focus on new horticulture preservation technologies, not the introduction of new potato varieties.

- Discuss the emerging blue revolution versus past green revolution.
- Doing business plan analyses versus macroeconomic analyses.

ATDP II covers the 5-year period 2001 to 2005 and focuses on five agribusiness sub-sectors: aquaculture, poultry, dairy and livestock, grains and horticulture. Agribusiness interventions in the five sub-sectors include: new product development, marketing linkages to local and export markets, material sourcing, production and processing, quality improvements, integration of information technology, quality control enhancements, human resource development and association development and strengthening. In addition to the five sub-sectors, the project has cross-cutting activities: policy reform, market research, export promotion, agribusiness MBA program, business plan competitions and Krishi Quest, an agribusiness data base and search engine. The project has focused considerable efforts on product quality and reputation, including steps toward introduction of a Bangladesh Shrimp Seal of Quality (SSOQ). It also established an initiative to demonstrate improved shrimp production technology to farmers.

As of September 30, 2004 it had provided business services to over 300 clients and hundreds of farmers and farmer groups. The project has three results-targets that are to be achieved by the end of 2005: \$154 million in domestic sales, a \$59 million increase in exports and an increase of 85,000 jobs. As of September 30, 2004 the project had achieved 71 percent of the domestic sales target, 70 percent of export sales and 95 percent of the jobs target. With one year to go the jobs target will be reached and the other targets may also be achieved.

3. PROJECT RESULTS, EFFECTIVENESS, EFFICIENCY AND SUSTAINABILITY

As noted in section two above, the project is on track to reach its overall targets for increases in domestic sales, exports and jobs. The project is dealing with five agribusiness sub-sectors and several support activities --- results are better in some and lag in others. Listed below is a brief synopsis of evaluation findings for each sub-sector. More detailed information is contained in Appendix 1.

Poultry is the most successful sub-sector with domestic consumption rising over 10 percent a year and future prospects strong. ATDP II worked with 3 associations and 18 poultry businesses on feed, mills, hatcheries and farms. Based on the evaluation sample survey, the firms have put in place technically sound programs, they are careful with the health and feeding of their birds and processing and marketing are both sound. Several firms have developed forward and backward linkages into contract farming, feed, day-old chicks and marketing while others have branched out into other agribusiness fields. The firms are producing a quality product for a domestic market that has rising incomes and strong demand for poultry and eggs. The firms are financially strong and their operations are sustainable after ATDP II assistance ends.

For fin fish and fresh water shrimp, ATDP II generated large job growth (64,000), strong domestic sales growth (\$18.7 million) and increased exports (\$7 million). The sector has been growing rapidly for many years to meet strong domestic demand. Freshwater (golda) shrimp production is increasing throughout the country, with some assistance from project clients; for example, a client in Bogra began to produce golda shrimp larva in early 2005. In addition,

ATDP clients have increased non-traditional exports (fins, bladders, bones). The project worked with 11 businesses and 8 associations. It concentrated on increasing production with some attention to processing, transportation and marketing. In general, the marketing chain in Bangladesh is weak, with fish and shrimp often not refrigerated (in a very hot climate) and transported in unsanitary baskets, harming product quality. Some sun-dried fish have pesticide residue, a problem which the project has addressed with advice to adopt improved technology to dry without pesticides. Quality fish food and quality fish and shrimp fry are often not available. The project has called attention to the problem of in-breeding in hatcheries.

For saltwater (bagda) shrimp. the project emphasized the introduction of production technology to manage white spot syndrome virus (WSSV) and improvements in industry and product standards. The project has worked with 77 clients, hundreds of farmers and farmer committees, 3 associations, and a foundation. Bangladesh saltwater shrimp production per hectare is significantly lower than in India and Thailand. Project assistance introduced virus free larva and improved pond management. It aims to narrow productivity differentials between Bangladesh and other regional countries.

Introduction of PCR tests and procedures to produce virus free larva appear to be sustainable. When tests are commercially available we expect that hatchery owners will be willing to pay the full cost of tests and will be able to recoup those costs when they sell the larva. Introduction of pond management practices and improved feed may be sustainable after the third year of demonstrations in 2005, but several more years of demonstration could accelerate uptake and ensure sustainability.

Project efforts to improve shrimp quality began with training and the Hazard Analysis at Critical Control Point (HACCP) program. Donors, processors, and importers have cooperated in this program since 1998. Starting in 2002 the project concentrated its efforts on the Shrimp Seal of Quality (SSOQ), which includes not only production standards but also standards for environmental sustainability, human rights and fair labor standards. The evaluation team heard accounts of continuing difficulties with shrimp exports, including rejection of some shipments reaching U.S. ports in December 2004. Many in the industry noted that Bangladesh shrimp has a bad international reputation and sells at a discount to shrimp from other countries. However, without data to compare rates of rejection for Bangladesh shrimp and shrimp exported by other countries it is hard to compare Bangladesh shrimp export problems to those of other countries.

There is wide agreement about the importance of ensuring quality and the need to develop standards for other products---but less agreement on how best to do it. In this case, implementation of the Shrimp Seal of Quality has not gone smoothly, despite initial high-level political support. A meeting chaired by the Prime Minister on April 24, 2003 endorsed the Shrimp Seal of Quality, and in May 2003 a government Committee on the Seal of Quality was established, chaired by the Ministry of Commerce. Despite this political support, the commercial viability of the concept is questionable. The Seal has not yet been used, and there is a lack of support for the program among key stakeholders. Shrimp processors and exporters have their own relationships with buyers and question the need for the Seal of Quality. The Government Department of Fisheries has not been a supporter of the SSOQ concept.

The development of the SSOQ concept has stimulated much debate and shed light on many issues. Involvement of many parties in the debate --- and some different messages from ATDP

II staff over time --- has led to multiple views of what SSOQ means or might mean. Currently the project describes SSOQ as a voluntary certification to be offered by a private organization that is independent of the industry (the nature of that organization is not clear). The Ministry of Commerce, SSOQ Committee, is currently reviewing the list of criteria to be certified (traceability of shrimp from point of origin through processing, product quality, environmental impact and labor conditions). Some of the criteria proposed for SSOQ repeat what is required for entry of shrimp into the EU and US, while other criteria such as traceability, labor, and environment go beyond what importing countries or buyers require. The value to importers of the SSOQ label is not at all clear. Hence, in the near future it is unlikely that SSOQ certification will be sustainable as a private service --- to certify processors who are willing to pay for optional and voluntary SSOQ certification. On the other hand, support from the Ministry of Commerce may sustain the SSOQ name as well as discussion about what it might mean and how it might be applied.

Dairy and livestock are the smallest of ATDP's focus areas with only three clients; two had mixed performance and one has been successful. Livestock and dairy have limited potential due to poor quality cattle and lack of improved feed technologies. The government has not allowed the import of high quality semen for artificial insemination, which makes it extremely difficult to improve productivity --- average per cow milk production is substantially below rates in other developing countries. Faced with domestic quality and quantity problems, larger processing firms rely on imported milk powder. The financial sustainability of project clients is low. As a result, ATDP II decided to provide only limited support to this sub-sector. Given very low productivity, the biggest impact on incomes and welfare may be expected from a future focus on production issues, including feed and genetics along with efforts to reform government policies.

Horticulture (fruits, vegetables and spices) has been a successful project area. ATDP II worked with 13 businesses and 4 associations generating \$7.3 million of export sales, (more exports than in any other project sector) along with \$16 million of domestic sales and 1900 new jobs. Processed horticulture products have been limited in the export market but are important in the domestic market. The project has assisted several clients to enter new domestic and export markets. The entry of large firms, with money, marketing ability, and commitment to quality is a good indicator of possible future sector growth

The project emphasized airfreight exports and processing but also included efforts to improve production. With moderate temperatures throughout the year and new technology, fresh fruits and vegetables have great potential for domestic markets, but export markets face other constraints. For decades Bangladesh has exported fresh fruits and vegetables to expatriate Bangladeshis in the Middle East and Europe by air freight. The project worked with several clients to break out of ethnic markets. For example, the project assisted BRAC to achieve EUREGAP certification --- including traceability to farms with approved pest management practices --- which is required for fresh vegetables and fruit exports to major EU buyers. Lack of airfreight capacity places a serious limitation on fresh vegetable and fruit exports. The project joined long-term efforts to overcome limits on airfreight capacity; whether these can be overcome without massive subsidies or administrative controls is unclear.

For grains ATDP II has provided business development services to a variety of enterprises, including assistance for maize traders to establish contract growers, advice to identify

appropriate maize drying equipment, advice to bakeries on which equipment to buy and to introduce new products and training on wheat and flour quality. The project has also assisted in the establishment of the Maize Association of Bangladesh (MAB).

Companies are able to access most of the technology they need for maize and wheat processing and product packaging through local and foreign companies selling machinery. Market patterns for these products are well established in regional countries, so that market information is available. Large companies introducing new retail products may go to market research firms already available in the private sector. Expansion of bakeries and maize drying and processing create opportunities for backward linkages to expanded farm production of high-gluten wheat and maize. While maize production has increased significantly, notably in the current year, domestic production of high gluten wheat is not possible with wheat varieties currently available in Bangladesh.

OTHER PROJECT ACTIVITIES

Government of Bangladesh policy reforms have boosted agriculture and agribusiness productivity and output. But it wasn't always that way. Twenty five years ago the government had an elaborate set of regulations, quotas, rules and procedures designed to guide development and to protect the small farmer. But the opposite was the case. Agriculture production was growing slowly and new technology and innovations were not being adopted. Starting in the mid-1980s a series of major reforms established a market economy with farmers deciding what to grow and how to grow it. The private sector was eager to provide new seeds, fertilizer, tubewells, pumps and other equipment and technology.

As of September 30, 2004 ADTP II reports progress on 13 policy issues (against a target of 30 policy issues listed on page 30 of the ATDP II project contract). The project has identified some important issues such as government regulations blocking private import of semen straws for dairy artificial insemination. However, the project's list of policy issues also includes some activities which are better classified not as policies, but as support for associations (for example establishing the Bangladesh Shrimp Foundation). The project has not recognized and addressed some regulatory barriers to agribusiness development, including for example, government controls on the varieties of potatoes allowed for seed import and hence production. This not only blocks farm production, but also potato processing for french-fries and other products that depend on unlisted and hence illegal varieties.

The project contract (page 18) envisioned "constraint analyses and baseline studies" to identify issues. An early project initiative followed this design, reviewing constraints to dairy production and identifying government regulations that were serious obstacles. However, this systematic approach has been the exception. For the most part, the project appears to have identified policy issues on the basis of client complaints. The project has challenged electricity rates for some agribusiness but has not examined other price and tax issues. One feature that has been weak in the area of policy advocacy is systematic analyses and publications.

Policy advocacy very often requires mobilization of multiple parties over a sustained period. Very often, advocacy initially fails; but others will repeat the request until success is achieved. For advocacy to continue, well researched and analytically sound publicly available position papers are crucial. Along this line, recent project-organized workshops to discuss fish feed and

fish fry have led to recommendations for new laws to address quality problems. When public discussions and publications support recommended policies, success is more likely.

Project documents present “quality” as a policy issue. This is an important policy issue, not only for exports, but also for domestic markets. In this area also, project documents provide inadequate assessment of the scale of the problem and of optional solutions. There are a range of options to promote quality, including private testing (without certification), competition to weed out low quality producers, private certification, and possibly others. The importance of traceability (from individual farm, to trader, to processor, to final sale) is asserted, but there is limited information available in project documents to show the scale of market demand for traceability now or expected in the future. Furthermore, the costs to achieve traceability are not considered; these costs may be a bigger problem in Bangladesh with its millions of small farmers than in countries such as Zambia and Kenya with much more unequal land ownership patterns. It is, therefore, not clear that Bangladesh should be leading efforts to introduce traceability. These are questions where analysis could put project activities on a more solid footing.

Market Research and Export Promotion

The project promoted domestic and international market development through sub-sector studies (e.g., the market for processed chicken products), tours, and product presentations to relevant trade fairs. Export promotion has been an important focus of project activities. An anticipated additional \$1 million in USAID support for export promotion has not materialized.

As previously noted, the project has an explicit target for export promotion, and appears to be within easy reach of the target. The project’s impact on exports for most products has been estimated from clients’ reported exports, considering the increase in exports from the base year. For shrimp, the project’s impact on exports has been estimated from the number of virus free larva produced. For example, in 2004 the project assisted hatcheries to produce over 500 million virus free larva (of which less than 900,000 were stocked in demonstration ponds). The project observed a 74 percent survival rate of virus free larva in demonstration ponds. From this, the project estimated the survival of virus free larva in non-project ponds at 33 percent (less than half the survival rate in demonstration ponds), so that surviving virus free larva accounted for 172 million shrimp exports worth \$26 million.

This method to calculate impact on production and exports is comparable to the method commonly used to estimate the impact of improved varieties or fertilizer application on rice yield – multiplying impact per hectare by number of hectares with improved technology. While these calculations rest on some shaky ground, the inability to convincingly demonstrate export impact within a year or two should not obscure the tremendous potential impact of this program, which easily runs into the hundreds of millions of dollars over the next 5-10 years. Recent information suggests lower shrimp export revenue due to changes in world markets. Such fluctuations should not obstruct the long-term view.

The Government of Bangladesh set up a \$20 million, local currency equivalent, Agribusiness Credit Fund to support project efforts to adopt new technology and to increase agribusiness investment. Money for the Fund was generated from USAID financed fertilizer imports. When the loans are repaid, the funds are recycled and reused again. Interest earnings (approximately

\$1 million a year) are used by ATDP II for training and technical assistance. The interest represents a Government contribution to the project.

An improvement under ADTP II is the use of private commercial banks (rather than government-owned banks) to make working capital and 1-3 year term loans to agribusinesses. Some 200 enterprises were assisted and 3,000 new jobs were created. Out of the 200 borrowers 25 received 83 percent of the funds. The largest loans were \$1 to \$3 million. Telling banks which sectors should receive loans is difficult to enforce since there are always ways to get around the restrictions. It would be more useful to examine impediments and problems that restrict capital from flowing to its most effective use. It might also be useful to train commercial banks to better understand agribusiness production and business plans so as to better assess agribusiness loan requests.

If agribusiness programs are to succeed, the private sector needs more skilled managers --- but few managers know modern management approaches and how to apply them to agribusiness. The project worked with the American International University of Bangladesh and the University of Wisconsin to start an agribusiness Masters of Business Administration (MBA) program. The first MBA graduates will start their agribusiness careers in 2005 and in a few years it will be possible to judge the program. At this point it looks like a well designed MBA. While the MBA program is good it does not fit neatly with ATDP's approach of supporting technology, business services and agribusiness support institutions. It also requires \$60,000 a year in support from USAID. Since ATDP II only has 10 more months to run, it does not make sense to have a major review and possible change in USAID support now. When future agribusiness programs are designed the role of MBA support needs to be carefully examined, to make sure it fits within the project design.

4. EVALUATION OF PROJECT DESIGN AND IMPLEMENTATION APPROACH

The major design features of the project are inherent in the initial budget. The project contract allocated half of the total budget to "promotion of enterprise development," or agribusiness services to individual companies, 30 percent to "supporting institutional development" including agribusiness associations and financial intermediaries, and 20 percent to "promotion of policy, legal and regulatory improvements." The distribution of project funds and effort puts about half of the effort on business services to individual companies, and half for collective services (including policy). This project design – balancing services to individual firms with collective services – provided an opportunity to demonstrate the feasibility of commercial business development services to companies, as well as providing collective services.

The project emphasized business development services including training, tours, technical assistance, business development plans, etc, offered on a cost-sharing basis. Introduction of cost sharing has been an important improvement on what was done in ATDP I as well as in other parallel project such as recent World Bank projects implemented through the Hortex foundation. Asking clients to pay something for the services they receive winnows requests to those that are appreciated, which reduces waste of project resources. The project initially identified and approached prospective clients; subsequently, some companies hearing of the project's work approached the project. The project asks each prospective client to submit an application, and when and if approved negotiates an agreement.

The second project emphasis has been to encourage the development of agribusiness support institutions, primarily business associations. The project has worked with existing associations to arrange training and tours and to consider selected policy issues. In addition, the project has assisted the development of new associations, including for example the Maize Association of Bangladesh, the Bangladesh Shrimp Foundation (this is not an association, but is intended to work with and support the industry), the Bangladesh Shrimp Development Alliance, and the Bangladesh Poultry Industry Coordination Committee. The project's support for an agribusiness MBA program was not anticipated in the project design but might fit within the general category of "supporting institutional development."

The project has arguably paid less attention to policy and regulatory matters than was anticipated in the project design. Overall, the project appears to have committed less than half of total effort to collective services – assistance to agribusiness support institutions and policy.

The project's support for introduction of improved shrimp production technology was not anticipated, but responded to a felt need. Project support to introduce improved shrimp production technology to farmers (through a demonstration program) could be considered agribusiness support if one considers shrimp farmers as agribusinesses (the project classifies farmers as clients); however, farm-level extension and demonstration programs are arguably not in the original project design. Project support to introduce a PCR-testing laboratory could be seen as institutional support for agribusinesses (hatcheries). Similarly, the proposed Shrimp Seal of Quality may be considered institutional development to provide agribusiness services; however, the processors who might buy certification services show little enthusiasm for the proposed facility.

5. RECOMMENDATIONS FOR AN AGRIBUSINESS STRATEGIC APPROACH

SUMMARY

ATDP II emphasized business services to support agribusiness production and export development. By concentrating at the firm level, problems were identified, solutions devised and results achieved. This approach was able to zero in on key problems facing a firm, and then develop solutions. By requiring firms to bear part of the cost of assistance through cost-sharing, it helped assure that the firms were serious about adopting new approaches. While the benefits are important for each firm that gets support, only some 300 firms and several hundred farmers received assistance. It is a "retail" approach that can only have a limited impact in a country with 140 million people and several hundred thousand agribusiness entities. Agribusiness faces a number of market impediments, distortions and market failures. In addition, government regulatory controls make it difficult to increase production for some products. In the future it might be reasonable to concentrate on those problems rather than dealing with problems at the firm level. While the World Bank and the Asian Development Bank are dealing with high-level macro policy issues, USAID could focus on an industry or sub-sector niche with analysis and research. It could work to support institutions that service agribusiness such as commodity and trade associations, private sector business service firms, private testing laboratories and finally efforts to identify solutions to infrastructure problems and needed government policy and regulatory reforms.

There are several ways to promote agribusiness development. For the sake of convenience, they can be grouped into three categories.

1. *Inputs and Technology*

Growers need improved inputs (seeds, fertilizer and water) and better knowledge (information and technology) on how, when and where to use the inputs. Processors need to learn how to reduce costs and improve the quality of their products. This is the production side of producing more and better products. It requires education of farmers and processors on the use of inputs and new production and manufacturing techniques to maximize output while minimizing costs. This was the ATDP I approach during 1996-2000. It produced tangible results --- more output and better products delivered to more markets. Since nothing stands still, there is a continuing need to keep improving inputs and technology.

2. *Business Services*

After production, farm products move through markets and processing, where businesses are challenged to improve production efficiency and product quality to better meet consumer and export demands. This usually includes business plans that deal with market information, market research, improved financial management and accounting systems, quality control, improved tools and equipment, and better packaging and product design. ATDP II followed the business services approach and had great success with a wide range of firms in several sub-sectors. This is a problem-solving approach that asks --- what problems does a firm face --- and then what can be done to solve the problems.

3. *Business Environment*

While this is the third category, it does not have to sequentially follow the other two categories, and can contribute to both. It is usually implemented in part during the production push of category 1 or in conjunction with the business services of category 2. This approach examines public policy and services to identify strategic problems and critical constraints that affect many firms in one or more sub-sectors.

It requires research and analysis to identify the depth of a problem and the costs and benefits of various solutions. Then there is a need to organize farmers, business groups and NGOs for advocacy and promotion to change government policies and regulations and to improve public services, markets, infrastructure and credit. While category 2 solves specific problems of a group of farmers and firms, category 3 works to improve the overall environment that affects one or more sub-sectors and many producers and processors throughout the country.

OPTIONS FOR THE FUTURE

1. *Build on Success*

ADTP I assisted the expansion of agricultural and agribusiness production, and ADTP II provided essential business services. Why not continue the business services to secure the gains made over the last four years? This approach would cover shrimp, poultry, fin fish and horticulture.

The aquaculture sector in Bangladesh has natural advantages. A fish or shrimp pond can generate net income many times greater than if the land had been producing rice. Bangladesh has the necessary land and water resources and there is a large export market. Aside from increases in export volume, tremendous gains in export revenue are possible with value addition (such as better retail packaging according to brand-name buyers). Exports of saltwater (bagda) and freshwater (golda) shrimp could reasonably increase from the current \$300,000 to \$1 billion or more within a decade. But there are obstacles to overcome; specifically, yields are far below what has been achieved in neighboring countries. White spot syndrome virus among bagda shrimp is a continuing problem which farmers in Bangladesh have managed less successfully than farmers in neighboring countries. Export quality has been a concern which exporters, importers, and donors have addressed through HACCP and other arrangements. Other issues such as labor and environment are emerging; optimal or required responses are not yet clear.

Poultry production has increased rapidly generating rapid growth in sales and jobs. Domestic chicken consumption has increased 10-15 percent annually during the past several years and growth will likely continue strong into the future as local income and standards of living increase. Poultry is a strong sub-sector. Bangladesh lacks enough domestic maize production to meet poultry needs, requiring imports, but domestic production is starting to increase.

Fresh water fish production has great potential for domestic consumption and there are export markets for golda (freshwater) shrimp, fish organs to the Far East, and possibly other products such as tilapia filets. Problems with hatchery in-breeding, feed development, and transport and processing need further work.

Horticulture production, of both fresh and processed products such as dried spices, canned fruit, jellies, frozen vegetables, etc. have grown rapidly. While the domestic market is growing, there is a good potential for export growth as long as quality standards are maintained and niche markets are identified. Pesticide residues need attention in domestic markets. Since there are limits on airfreight exports which may be difficult to solve, more emphasis may be needed on exports shipped through seaports or overland to India.

2. *Business Environment*

ATDP II successfully helped a number of firms and farmers. But that approach can only reach a small percentage of the farms and firms in the country. The question is how do you improve the prospects throughout the country? While the country is saturated with NGOs, few are interested in business development services so NGOs may not be appropriate. Even though many business associations tend to be politicized and self-serving, it might be possible to support the development of service oriented business associations. It might be most useful to support for-profit business services firms and a project focus on the policy and macro problems facing exporters. Looking at the business climate, there are a number of problems that if solved, could greatly accelerate agribusiness development. These problems also affect many other parts of the economy. The following are illustrative examples of the types of issues that could be addressed in a future USAID business environment program; further analysis could develop even more examples:

- ▶ Middle-income countries and many low-income countries have private firms that provide fee-based business services, similar to some of the services provided by ADTP II. Efforts

need to be launched to encourage the development of service firms, testing laboratories and quality certification program in Bangladesh. They should ideally be in the private sector but an alternative might be to house them in business associations.

- ▶ For agribusiness firms, access to private testing services is often necessary to ensure that inputs or outputs meet standards for markets or processing. There are, reportedly, no current pesticide residue limits for products in domestic markets, and there is little or no private testing for pesticide or antibiotic residues, where these are essential to ensure safety and acceptability of products. Better access to private testing facilities reduces risk associated with investments in agri-trade and processing.
- ▶ Policy analysis could be launched on central government and local regulations that impede production and trade along with a similar analysis of sub-sector government impediments. Research efforts on the economic costs of the controls and the benefits of liberalization could be presented to the government.
- ▶ Industry associations need to be mobilized to solve common industry problems and to identify restrictive government controls and lobby for change.
- ▶ Before going international, start in the neighborhood. ATDP II has already started the process by participating in the Dubai trade show. Regional markets (e.g., Gulf States, Singapore, and India) have growing incomes and a demand for processed agricultural products. Starting with a market analysis of demand and quality standards, new products and new markets could be developed for Bangladesh exports.
- ▶ Twenty years ago a lack of bridges and good roads harmed domestic trade and export growth. The roads and bridges have been improved and domestic commerce has expanded. But exports still suffer. Bangladesh lacks a deep water port. Exports leave on small ships and are trans-shipped to bigger vessels in other countries for export to Europe or the U.S. Container yards are needed in Dhaka, the efficiency of rail transport needs to improve and the long delays at Chittagong port need to improve. There is limited air cargo space for exports. If agribusiness exports are to increase, these infrastructure weaknesses must be improved. Recent efforts at Chittagong port to replace a 22-step export clearance process (that often took several weeks) with a one-stop process that could be completed in a few hours demonstrates that change is possible. Major infrastructure construction projects are usually funded by the multilateral development banks.
- ▶ A final concern is the lack of good governance. Bangladesh has the dubious distinction of being rated by Transparency International as the second most corrupt country in the world. Corruption is a large and uncertain “tax” on exporters. It reduces Bangladesh’s export competitiveness.

6. FUTURE PROGRAM CHOICES

The previous section looked at choices USAID might consider for its long-term agribusiness strategy. This section has a shorter time perspective and is specific to the ADTP agribusiness sub-sectors. It summarizes key actions necessary, through the end of 2005 in each sub-sector and for each activity supported by ATDP II. It also provides suggested approaches for 2006 and beyond for those ATDP II sub-sectors.

Poultry is probably the most successful ATDP II program. There are a number of well organized and savvy firms, production is well organized and market growth is strong. Through the end 2005 some firms could benefit from marketing assistance and technical expertise on specialized production problems. For 2006 and beyond the industry is clearly on a strong growth path and that growth is sustainable. The firms are commercially viable and have the capabilities needed to move forward. It is time for USAID to move on to other sub-sectors that have a greater need for assistance.

More than a year ago an outbreak of the avian flu decimated the poultry industry in several Asian countries. It did not reach Bangladesh that time but it could next time. While a number of measures are in place to prevent the import of diseased birds and to isolate chicken farms from infections, more needs to be done. It would be useful to help the industry and government prepare for future crises. In the remaining months of ATDP II, the project could assist industry leaders from the Bangladesh Poultry Industry Coordination Committee and relevant government officials to tour several regional countries that have had outbreaks, to talk with government officials and industry leaders about their experiences. Visits by experts from the U.S. and help on contingency plans might also be useful.

Saltwater and freshwater shrimp offer tremendous potential gains in export revenue, but there are problems. ATDP II designed a good program which established a lab to ensure virus-free larva, demonstrated improved shrimp pond management to control WSSV and to increase yields, created associations to support industry development, and conceived and promoted a system for shrimp certification (SSOQ). All of these initiatives, except for the last one, are successful. The Ministry of Livestock and Fisheries and most shrimp processors have opposed SSOQ. While SSOQ has drawn attention to important issues such as quality, environment, and labor, it has somehow become an area of conflict and distraction, not only for the project but also for processors and other stakeholders. This conflict harms other components of ATDP II's shrimp program. While it might be possible (as currently proposed by ATDP) to develop a voluntary and private SSOQ certification service that processors will willingly buy to meet consumer demands, all indications are that this will take time, and may not be achievable according to current designs. Over the next 10 months it makes more sense to concentrate on the production side and to shed responsibility to manage and promote SSOQ. One option is to delegate SSOQ to a private organization, which could be sub-contracted to carry out whatever SSOQ certification the project intends in 2005 to demonstrate the concept. This private and independent organization would then be responsible to represent SSOQ to other stakeholders, and to work with them to develop a commercially viable service. With delegation, the project (and USAID) would no longer be in the middle of debates about the role of SSOQ, and may have more options to respond to continuing quality, labor, and environmental concerns

There is a continuing need to draw on available shrimp technologies from neighboring countries along with greater dissemination of improved inputs and technology. For 2006 and beyond there is a need to carefully analyze options to address export quality, private testing, environment, and labor concerns, and to build consensus among all stakeholders. Only then would it be reasonable to go forward. There should also be analysis of ways to create greater value added through packaging and sizing of shrimp and improvements in the way shrimp are collected and shipped to the processing plants.

The fin-fish sector has been expanding for decades, replacing declining capture fisheries and providing modest increases in overall supplies of fish per capita. Most production is located in small private ponds, with minimal processing and many small traders bringing fish to market. We see a continuing need to improve hatchery management and fish feed quality, which could support increased pond productivity as well as some exports. Production per unit area continues to be far below what has been achieved in regional countries. However, assistance with production technology might well fit better in an aquaculture than in an agribusiness program.

Dairy and livestock are a low productivity sector and improvement has been slow. Poor genetic quality of cattle and quality feed are the key problems. With these systemic problems, little can be done to realize higher productivity by the end of 2005. However, policy change – removing regulatory obstacles to private semen import for dairy cows – is possible in 2005 based on analytical work to date. The project should develop its analysis on this issue into a paper that can be published or will otherwise stay in circulation for some time to promote policy change now or later. Policy studies to support regulatory changes could be included in a future USAID program. Efforts to improve feed production will be possible once there is a clear market demand.

Horticulture demand from the domestic market is growing rapidly and increased exports should be possible. Economic and market analyses are required to identify the products on which Bangladeshi farmers and producers could compete on the basis of international prices and qualities in export markets. Similar studies on the domestic market would be useful. If such studies are low-cost and can be completed quickly they could be completed in 2005. Otherwise, they should be postponed to see if the sector is a part of future USAID programs.

Grains face a number of inappropriate government policy and regulatory restrictions on imported seeds, the level of import protection and cheap donor grain imports. Backward linkages from producers to farmers are not possible if farmers are not allowed to grow the type of wheat consumers want. Similarly, government controls on imported rice varieties and other seeds reduce farmer options and productivity. These are thorny policy issues and might be best left to the follow-on project.

Policy and regulatory problems are a continuing difficulty affecting farmers, processors and exporters. In the remainder of the current project, building on goodwill with ministries and members of parliament, some specific reforms may be possible. In a future project, a stronger policy capability could strengthen advocacy for private agribusiness development, with attention to crucial government taxes, regulations, etc. However, a public policy perspective does not always coincide with the interests of individual businesses or even industries; hence this policy perspective should consult with macroeconomists in aid agencies active in Bangladesh, research institutes, universities, or ministries. Future work on policy reform should work through industry

association. A future project may also take on regulatory issues affecting production agriculture as well as agribusiness; these include, for example, continuing restrictions on imports of varieties of seeds allowed for rice, wheat, and potatoes.

The Agribusiness Credit Fund provided \$20 million in loans to 200 firms --- a relatively small number of borrowers. Over 80 percent of loan funds went to 12 percent of the borrowers who were large firms. The fund represented roughly 1 percent of bank credit to the agricultural sector and 0.1 percent of all bank loans. While loans went for agribusiness borrowing, they did not directly support ATDP II programs or sub-sector objectives. It might be more effective if in the future, USAID programs worked to identify market failures and government restrictions that hinder capital markets. USAID might also want to provide technical assistance and training to commercial banks so that they can better understand agribusiness production and business plans so as to better assess requests for agribusiness loans.

The Agribusiness MBA program is training some of the future managers and leaders of agribusiness firms. The program design is sound. The use of expatriate professors, along with the training of local professors, and the eventual elimination of expatriate professors will help assure sustainability. However, the program does not directly relate to the ATDP II approach of business services concentrating on key sub-sectors. It would make little sense to end the program before the first class of MBAs graduate at the end of 2005. USAID needs to design its future agribusiness program. At that point it should see if the new USAID program has a logical place for an MBA program.

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APPENDIX I

SECTOR AND PROGRAM ANALYSIS

A. POULTRY

In the past poultry was not an organized sector and individual household raised chicks without proper care and preventive measures. The number of birds available in the market was limited and the number of eggs laid by birds was not more than 50 or 60 a year. Market demand was also very limited --- so there was hardly any incentive to produce more or better quantity of chickens or eggs.

The driver for the poultry industry in Bangladesh – as in many other countries – is that available technology, genetics and feed are able to produce meat and eggs at prices far below prices from traditional poultry production, and also below prices for other meats. In Bangladesh, companies, donor projects, and NGOs have been introducing poultry technology at least from the 1980s. But with the steady increase in income and rapid urbanization the demand for higher quality foods has increased sharply; growing 10-15 percent a year. The Savar area in Dhaka district became the initial center of commercial poultry production in the country but it has now spread to other areas like Chittagong, Khulna, Rangpur, Bogra and Mymensingh. As an example of the intensity of production, Kazi Farms, with its head office in Dhaka but operating a number of hatcheries in other cities, produces one million broiler-chicks and 100,000 layer chicks per week.

1. PROGRAM DESCRIPTION, RESULTS, AND IMPACT

ATDP II's activities in poultry have included mainly training, overseas tours and business advice. The project has assisted with the introduction of better feed and bio-safety procedures to reduce diseases. The project has also worked to develop supporting poultry associations as well as poultry companies.

2. EFFECTIVENESS, EFFICIENCY, AND SUSTAINABILITY

ATDP II has provided advice and assistance to help companies expand their sales and upgrade their technology. Since the industry is growing so fast and has some large companies well-connected to international partners, it is hard to determine how much of industry-wide growth is related to ATDP II activities, though the project has clearly helped a number of firms to improve their quality and to expand production dramatically.

The poultry industry, as a result of assistance from ATDP II and others is growing rapidly and is highly successful. There is little justification for concessional donor assistance to this industry since advice is now available through commercial channels. Some of the very large companies have international partners and suppliers providing technology and business services. Some of the firms travel to India and other countries to learn about new equipment and processes or bring consultants from other countries to Bangladesh

3. PROJECT DESIGN AND IMPLEMENTATION APPROACH

The project's involvement with the poultry industry has focused on business development services. Companies have paid a large share of the cost of ATDP's business development services, but it is not clear how much uncharged overhead should be considered.

4. FUTURE PROGRAM CHOICES

Participants in the poultry industry are very likely able to manage technology and business issues on their own or with help from private consultants. For example, the market for dressed chickens could be assessed by a market survey. On the other hand, if there is some crisis such as an outbreak of avian influenza, a project that is linked to government and a major donor might be able to help design and influence policy.

B. AQUACULTURE

Along with marine fisheries, the large number of rivers, ponds, and flooded paddy fields provide an excellent base for capture fisheries and aquaculture. The fisheries sector contributes roughly 23 percent of agriculture GDP and 6 percent of total GDP and employs 13 million people full-time and 12 million part-time.

SALTWATER AND FRESHWATER SHRIMP

With only 2.8 percent of world shrimp exports (including 10% of the market for golda freshwater shrimp), Bangladesh is a minor player in international shrimp markets. Current shrimp exports (primarily bagda saltwater shrimp and golda freshwater shrimp) of about \$300 million per year account for roughly 5 percent of total Bangladesh exports, but for a larger share of domestic value added in exports. The volume (value) of shrimp exports increased from 7.5 thousand tons (\$40 million) in 1981 to 25 thousand tons (\$210 million) in 1994, and to a reported 45 thousand tons currently. Bangladesh shrimp exports have traditionally been low value bulk exports (for example, frozen in a 2 kg. block), but processors have been moving up the value chain by investing in individual quick frozen equipment.

European Union concerns about food safety led to a ban on shrimp imports from Bangladesh from July 1997 to February 1998. This led to major government, industry, and donor initiatives to introduce better quality control practices using a "Hazard Analysis at Critical Control Point" (HACCP) program. Some problems with quality have continued – for example, the US Food and Drug Administration (FDA) rejected some shrimp shipments in December 2004. Compared to other exporters, Bangladesh has a bad reputation. To put the problem in proper perspective it would be useful to compare Bangladesh shrimp rejection rates to those of other exporting nations --- but this evaluation was unable to find hard data and heard conflicting information about the seriousness of Bangladesh's difficulties.

Shrimp production in Bangladesh is extensive, with average yields in the neighborhood of 200 kgs. per hectare (45 tons production from 200,000 hectares of ponds, of which 160,000 hectares are for brackish water and 40,000 hectares for freshwater shrimp). In contrast, shrimp yields in Thailand are 2 to 3 tons per hectare, and in India they are 1 to 2 tons per hectare. Shrimp farmers in Bangladesh have not had access to technology available in neighboring countries for higher

yields (including technology to manage the white spot syndrome virus [WSSV], which has attacked Bangladesh bagda shrimp since 1995).

1. Program Description, Results, and Impact

ATDP activities in the bagda shrimp sector include (a) introduction of PCR (polymerase chain reaction) DNA testing for WSSV to ensure virus-free larva, (b) demonstration of improved shrimp pond management to increase yields; (c) export promotion, and (d) advocacy for a system of shrimp certification to be managed by the shrimp industry.

- (a) ATDP established a PCR laboratory in Cox's Bazaar which began to test parent stock and shrimp larva for WSSV from early 2004. This laboratory is currently one of three PCR testing facilities available to the shrimp industry; one laboratory is operated by the Department of Fisheries, and the third is owned by a private hatchery. Production of virus free larva has expanded. ATDP has certified virus-free larva and monitored virus free conditions on farms.
- (b) In 2003, ATDP began to demonstrate shrimp farming practices for increased production, including water and perimeter management to delay introduction of WSSV and use of improved feed. With intensive practices – comparable to what has been practiced in Thailand – demonstrating farmers have achieved yields over 1 ton per hectare in one 4-month production cycle. In 2004, the project also introduced less intensive pond management practices that have allowed farmers to harvest a total of 750 kg per hectare over a year, in three production cycles. Crucial inputs for higher production include virus-free shrimp larva and improved shrimp feed, which is so far not produced in-country, but is available through import from countries like India.
- (c) Project assistance to shrimp processors includes arranging international visits to meet potential customers, which has had some success.
- (d) The project initially addressed concerns about shrimp quality by continuing ATDP I's support for HACCP, through a variety of training activities. Additionally, from late 2001, ATDP II discussed the introduction of a private certification program with representatives from the shrimp industry, government, and donor community. Since late 2002, the project has promoted private certification under the banner of the Bangladesh Shrimp Seal of Quality (SSOQ). SSOQ is currently proposed as a private certification available for a fee for processed shrimp as well as for all actors in the shrimp industry, including hatcheries and farmers. The proposed certification is to assess not only product quality and plant condition (which are already required by major importing countries), but will also examine labor practices in processing facilities, traceability of shrimp to farms that meet specified environmental and labor conditions, and use of virus-free larva. The project has arranged for the Aquaculture Certification Council (ACC, which is a new body in the US) to train certifiers in Bangladesh, and proposes that ACC will certify a private certifying body for SSOQ in Bangladesh, so that SSOQ certification will be recognized in international markets.

As part of advocacy to establish SSOQ, ATDP promoted establishment of the Bangladesh Shrimp Foundation in 2003 and the Bangladesh Shrimp Development Alliance in 2003;

however, current ATDP II plans for SSOQ do not work through these organizations. Also in 2003, a Government meeting chaired by the Prime Minister endorsed the Seal of Quality concept, and a Committee on Seal of Quality was established, chaired by the Ministry of Commerce.

The current status of SSOQ is unclear. According to unconfirmed reports, SSOQ is already assigned to a private organization under ATDP. ATDP has clearly defined SSOQ as a voluntary private certification, and has drafted performance criteria for all participants in shrimp production, from hatchery through processor. These criteria are currently under review by the Ministry of Commerce. Project staff state that at least one processor will ask for SSOQ certification of shrimp exports in 2005. This would be the first export certification.

2. Effectiveness, Efficiency, and Sustainability

Introduction of PCR testing and farming methods to manage WSSV and to boost yields have achieved some success, and have been copied. Hatcheries and distributors have appreciated and adopted PCR testing. Farmers have been interested in demonstrated procedures to manage the virus and to boost yields. Information on benefits and costs for PCR testing and pond management practices suggests that these could be sustainable.

ATDP estimates the increase in shrimp exports from project activities. The estimate is based on farmers using virus free shrimp and improved pond management. Shrimp production yields from ponds that lack virus free shrimp are known. Using a medium estimate of increased yields from virus-free shrimp the project then estimates how much exports have increased from ATDP efforts.

The costs of polymerase chain reaction (PCR) tests for white spot syndrome virus (WSSV) include several elements. The capital cost of the equipment for PCR testing is Tk 3,000,000 (\$50,000); distributing these costs over 3 years, the capital cost/month is Tk 83,000. The operating cost is Tk 150,000 per month for salaries and office expenses plus Tk 720/test for chemicals and other equipment (a kit of chemicals for 200 tests costs \$1200 or \$6 per test, and there are equivalent other costs for gloves, etc). These facilities are sufficient to perform several hundred tests/month. At 200 tests/month, costs per test can be estimated at Tk 1,900/test (Tk 720 for chemicals, etc; Tk 750 for other salaries and office costs; and Tk 415 for capital costs). Each 1,000,000 larva requires 12 tests. The pre-project cost of larva is Tk 300/1,000. From the above, the costs for 12 tests for 1,000,000 larva should be about Tk 22,800 (12 x Tk 1,900), which would add Tk 23 to the cost of 1,000 larva, or less than 10% of the cost of the larva.

TABLE 2
Costs and returns to bagda shrimp cultivation with different production methods

Production method	Capital costs (Tk/ha/year)	Variable costs (Tk/ha/yr)	Total costs (Tk/a/yr)	Total revenues (Tk/ha/yr)	Net income (Tk/ha/yr)	Cost/Benefit ratio
Traditional	--	30,000 (Tk 2,250 for larva [stocking 1.5 larva/m ² x 5 @ Tk 300/1000] and Tk 750 for other expenses)	30,000	63,000 (Tk 280/kg x 225 kgs/harvest x 1 harvest/year)	33,000	2.1
Closed (virus-free larva, virus-free 1-hectare pond)	42,250 (Tk 85,000 to widen pond embankments is allocated over 2 years*)	340,000 (Tk 170/kg x 2,000 kg; costs include improved larva @ Tk 500/1000 and feed)	382,000	694,000 (Tk 347/kg x 1,000 kg/harvest x 2 harvests/year)	312,000	1.8
Modified traditional (virus-free larva, virus-free nursery for 4-hectare pond)	2,500 (Tk 20,000 to widen nursery embankments is allocated over 4 ha and 2 years*)	40,000 (Tk 30,000 for larva [stocking 2 larva/m ² x 3 @ Tk 500/1000] and Tk 10,000 for other expenses)	42,500	192,000 (Tk 320/kg x 200 kg/harvest x 3 harvests/year)	150,000	4.5

* Capital expenditures are allocated over two years, though embankments are expected to last for many years, with proper maintenance and repairs.

On the other hand, there does not appear to be market demand for the SSOQ as a private certification service. From 2003, SSOQ has become a controversial concept, which has been opposed not only by the Ministry of Livestock and Fisheries, but also by influential members of the private shrimp industry.

3. Project Design and Implementation Approach

Introduction and demonstration of shrimp production technology by testing for WSSV, managing ponds to prevent introduction of WSSV, and use of quality feed are standard activities for a development project. Although on-farm demonstrations do not exactly fit the model for ATDP II's business services, these demonstrations appear to be crucial to help the full range of shrimp agribusinesses as well as farmers adjust their activities for higher production, employment, and exports.

Similarly, designing and advocating SSOQ fits within the concept of policy and business services. But there have been problems. Shrimp processors have opposed the program. Processors work with their foreign buyers and do not want another organization to get in the way. The Ministry of Commerce supports SSOQ, while the Department of Fisheries is opposed. The Department of Fisheries already certifies shrimp quality for export and likely sees this as an encroachment on its turf.

The development of the SSOQ concept under the control of ATDP II has meant that the commercial value of the service is not clearly known. Instead, ATDP II proposes that the service will be appreciated, but the timetable and means for sustainability are not yet clear. The involvement of several Ministries in defining and debating the concept clouds what has been presented from the very beginning as a private and voluntary initiative --- some confusions remain. For example, it is not clear that buyers will be interested in the certification conditions currently under review by the Ministry of Commerce. If buyers want other conditions, there is as yet no clear idea how they might be introduced through SSOQ. The role of the Ministry of Commerce to determine what conditions are monitored seems curious for a private certification initiative supposedly motivated by foreign buyers.

Some issues – such as land ownership, environment and labor – may be better addressed separately through special actions and initiatives through buyers and local government agencies rather than bundling them all together in one assessment. At some point in the future, it may be possible to put all of the concerns together, but not now. Currently, too little is known about the problems and the solutions in labor and environment. For example, the evaluation found conflicting reports about child labor. On the one hand the AFL-CIO Center for International Labor Solidarity in Dhaka suspects important problems with child labor. On the other hand, a recent study of children’s work in Bangladesh’s shrimp industry found only 2 out of almost 4,000 children, 5-14 years old, to be employed to de-head shrimp in factories, while more than 150 took part in family activities to catch or sell shrimp fry or to manage ponds (Delap and Lugg, Not small fry: children’s work in Bangladesh’s shrimp industry. Uttaran, Bangladesh, and Save the Children, UK, 2004).

Private testing and private laboratories are important and common throughout the world. But, private certification of shrimp exports is rare. The Network of Aquaculture Centers in Asia and the Pacific lists only one functioning private shrimp certification program, which has operated in Indonesia in some form from 1992, to certify shrimp as organic for export to Japan and Sweden (see: <http://www.enaca.org/modules/wfsection/article.php?articleid=126>; accessed 23 January 2005). This organic certification program appears to be in addition to government oversight, to deal with only a minority of Indonesia’s shrimp exports, and to be operated by an organization not controlled by the shrimp industry.

The project’s decision to promote certification to improve export quality is not the only strategy to do so. Government, importers, exporters, and donors have endorsed HACCP for quality control since 1998. More private testing may be promoted, in processors’ own labs as well as in other private labs for a fee, and both processors and buyers may use such tests without a private certification program. Promoting competition and exporter-importer linkages could also improve quality. One of the possible negative results of the current debate about SSOQ is that the government will respond to proposals to extend private certification (beyond what is required by importers) with its own proposals to expand government certifications and controls. More regulations could have negative impacts not only on competition but also on quality. Compulsory certification is not necessary in many markets; when customers (e.g., farmers buying from hatcheries) trust their business partners whether certified or not, requiring certification adds costs but not value. There is one other concern about more government control of export certifications; corruption is a serious problem in Bangladesh and a new approval process opens the way for more graft and payoffs.

4. Future Program Choices

As already noted, the Ministry of Livestock and Fisheries and most processors have opposed SSOQ. On the other hand, some of those associated with SSOQ hold out hope that the program may be implemented, beginning in 2005 with a few cooperating processors.

In the face of current opposition and uncertainty, one option is: to maintain ATDP management of the SSOQ label and concept; to subsidize certifications for interested processors until others see some value in the exercise; and to continue to work with stakeholders to build a consensus on how to proceed. Alternately, the project and USAID could gracefully acknowledge alternate visions and strategies to promote quality and take steps to disengage from their current identification with SSOQ. With this option, ATDP II could formally and clearly assign SSOQ to an independent body and contract with that body to certify a number of products or processors in 2005. With this option, the project starts to release SSOQ, and allows its future to be decided by commercial demand as well as ongoing dialogue among Ministry of Commerce, Ministry of Livestock and Fisheries, processors, and other interested parties. When importers offer higher prices for certified products (e.g., organic certification), private certification might be attractive to processors. The key is that the process should be demand-driven.

Meanwhile there is other work to be done in the shrimp sector. If SSOQ advocacy can be removed as an irritant between the project, government, and processors, then other project activities can be appreciated. Specifically, ATDP II and USAID should consider the importance to Bangladesh of ongoing technology transfer activities initiated in 2003. The approach could concentrate on the introduction of shrimp production technology, focusing on testing for virus-free larva, pond management to exclude WSSV, introduction of improved feed, and support for private tests (feed, antibiotic residues and bacterial contamination of shrimp). Bangladeshi farmers have gone for too long without access to inputs and demonstrations required to give them access to improved technology options. Technology demonstrations from 2003-05 are probably insufficient to transfer productive technology. USAID should consider whether and how to extend shrimp technology transfer activities for about two years beyond the end of the current project. Also, in the remaining year of the project – as well as in any follow-on project – it might be useful to explore value addition in shrimp exports, working with individual processors. Exporters may add value through packaging and sizing shrimp. Some large investments are required. In any follow-on project, further attention to sanitation and spoilage during harvesting, trade, and transport should improve the quality of shrimp supplied to processors.

FINFISH

According to current estimates, marine fisheries provide 330,000 tons of fish per year, open water (river) fisheries provide 590,000 tons, and aquaculture (fish ponds) provide almost 900,000 tons. Over 30 years (as population has nearly doubled) fish supply per capita has increased modestly while the source of fish has shifted strongly from capture to culture fisheries.

1. Program Description, Results, and Impact

The project has worked with clients on a wide range of interventions. Working with processors, the project has promoted fish-drying without pesticides. The project provided training programs

in polyculture, where fish and shrimp could be grown along with rice in flooded paddy fields. With proper skills a farmer could use his existing food crop fields to grow an additional and valuable cash crop. The need for supplemental feed and improved marketing linkages were a problem which the project worked to improve. It arranged training on hygienic methods of chilling and icing fish. ATDP II trained clients on improved methods to transport fish fries and fingerlings. The project sent people to Vietnam for training on aspects of fish culture. The project has promoted high-value non-traditional exports of fins, bladders, and other products to China.

2. *Effectiveness, Efficiency, and Sustainability*

Project initiatives to improve fish fry (by reducing inbreeding) and to promote quality feed are going to take more time to bring major results. Training on freshwater shrimp cultivation and polyculture seems to be effective as more and more farmers are raising shrimp and fish. Advice to improve transport of fish fry requires costly medicines; at least some clients prefer traditional practices. Training on hygienic drying of fish was effective. Overseas trips to Vietnam for training on fish culture were also useful.

3. *Project Design and Implementation Approach*

Much of the fin-fish industry is small-scale and hard to reach through a business services approach. The project has worked through associations, and interacted with food producers, hatcheries, and processors. In addition, the project has worked with Danida to reach small-scale producers.

4. *Future Program Choices*

Future work on technical and production issues in aquaculture promise high returns in the form of more intensive production and higher value products, such as larger fish. Further assistance to fish food producers could accelerate introduction of high-quality feed. In processed fish, as in horticulture, pesticide residues are an issue. A future project could work with government to set standards and with processors and traders to arrange for mechanisms to ensure compliance. For exports, information on foreign markets, and assistance with packaging could help processors increase export revenues and expand demand for fish production in Bangladesh.

C. DAIRY AND LIVESTOCK

According to traditional culture, Bangladeshis consume milk and milk products including yogurt and sweets. In recent decades, imported milk powder has provided a large share of the milk consumed in the cities and processed through large organizations (such as Milk Vita). During 1996/7-2000/1, annual milk powder imports ranged from 21,000 to 30,000 tons. In addition, according to recent ATDP documents (Makoni and Ayub, "Recommendations regarding the subsidization of the dairy cattle breeding industry," December 2001), Bangladesh has 6 million female cattle of all ages with average milk production of 1.25 liters per day. With these figures, domestic cows provide roughly 20 liters of fresh milk per person per year, while roughly 0.2 kg. of milk powder are imported per person per year.

1. *Program Description, Results, and Impact*

After an initial survey of issues and companies in the milk industry, ATDP II decided that policy obstacles and – in some cases – lack of a “dairy culture” obstructed dairy and livestock agribusinesses development, and that there were few opportunities for project services in this sector. Nevertheless, the project has worked with some clients, including, for example, assisting a company to develop an abattoir in Thakurgaon, and advising another client in Bogra on how to produce ice cream.

2. *Effectiveness, Efficiency, and Sustainability*

The project’s initial assessment focused on selected large companies and on selected production technologies (improved feed practices and imported semen straws for artificial insemination), with little attention to economics or market structure. A more sustained policy analysis might have both found more interested (and cooperative) clients and supported a stronger case for policy changes to foster more market-oriented dairy and livestock agribusinesses.

3. *Project Design and Implementation Approach*

Projects activities in dairy and livestock fit the project design. As noted above, the project arguably could have spent more effort on sector and policy analyses. The scope for the project to influence the dairy and livestock sector appears to have been limited by the dominance of small family farms and small enterprises in much of the sector, while the large businesses in the sector often look to imported milk powder rather than local production. On the other hand, agribusinesses that depend on imported raw materials may – like the abattoir in Thakurgaon – benefit from agribusiness advice.

4. *Future Program Choices*

Assessing opportunities for development of the domestic dairy industry involves analysis of various producer and market segments, prices of imported subsidized and unsubsidized milk powder, opportunities for technical and organization innovations to reduce domestic costs, and attention to the range of milk products that can be marketed in Bangladesh.

Given the relative importance of domestic milk production vs. imported powdered milk in Bangladeshi diets, and given as well the very low productivity from Bangladesh cows, the biggest impact on incomes and welfare may be expected from a focus on production issues – including feed and genetics. These issues have been noted in project documents but ATDP II did not find partners who could extend new technology to small farmers. The best partners in a future project might include NGOs or other organizations with a commitment to extension and small farmer welfare and not just a commercial interest.

D. HORTICULTURE

The growth in Bangladesh’s population, income and rate of urbanization has propelled a shift to higher value foods. As a result, the horticultural (fruits and vegetable) component of agriculture and food consumption in Bangladesh has been growing at an accelerated rate. With moderate temperatures throughout the year, fresh fruits and vegetables comprise the largest share of the

market; growing seasons can be extended with new varieties and cropping practices such as plastic covers and plant growth regulators. They are also labor intensive crops which is an advantage for exports since Bangladesh is a low-wage economy. For decades, Bangladesh has exported fresh fruits and vegetables to expatriate Bangladeshis in the Middle East and Europe; air freight of fresh produce has been limited primarily to this market. Processing of fruits, spices, and vegetables is developing based primarily on domestic demand (often competing with imported products). Export of processed horticultural products is so far limited; the 2000 Yearbook of Agricultural Statistics lists only dry chilies and medicinal herbs.

1. Program Description, Results, and Impact

The project delivered varied services to a wide range of clients. For example, the project assisted large organizations (such as British American Tobacco Company, Eurasia Food Processing, and BRAC) to source, market and air-freight fresh fruits and vegetables for foreign markets. ATDP II provided training and technical assistance for enterprises from small to large to process and market a range of products including pickles, jellies and chutneys. The project has also trained farmers on production and post-harvest management of vegetables. The project supported the Chittagong Women's Entrepreneurs Association as it moved from small production into commercial style operations.

The project has notably assisted BRAC to arrange for European Union Retail Parties Good Agricultural Practices (EUREGAP) to certify BRAC's cooperating farmers, with attention to pesticide use and other farming practices. EUREGAP certification is not required, but aids the process of selling to important buyers in the EU market and is expected to increase the value of products that BRAC delivers to EU markets.

Clients have entered new markets, introduced new products, and increased domestic and foreign sales. In fiscal year 2004, horticulture accounted for almost half of ATDP II client increases in domestic sales.

2. Effectiveness, Efficiency, and Sustainability

The project has been effective in helping some large companies to see and respond to opportunities in horticulture, and has assisted many small to large companies to introduce new processed products. Continued expansion of fresh fruit and vegetable exports – with or without agribusiness services – is limited by air freight availability and costs. Much of the current limited amount of air-freight space available is subsidized; it is doubtful if this could be expanded and even more questionable if it should be expanded. On the other hand, other markets for horticultural agribusinesses face expanding domestic markets and large potential export markets, but it is uncertain what the comparative advantage might be for Bangladeshi farmers and processors. Existing agribusinesses may be expected to progressively discover and exploit many of these opportunities with or without donor-assisted business services.

3. Project Design and Implementation Approach

In horticulture, the project has worked according to design, offering business services to companies and NGOs involved in horticultural activities, and working with associations on common issues such as access to air freight.

4. Future Program Choices

Opportunities for processed horticultural products for domestic markets are apparent in prices and imported (competing) products. Hence, the agribusiness advice required to assess and respond to domestic market demand for processed horticultural products may not be that great. Similarly, international fresh food markets appear to be limited by available air freight facilities.

One portion of the horticultural market that may benefit from technical and market assistance is the assessment of opportunities to export non-perishable (e.g., raw spices) and processed horticultural products to world markets. Bangladeshi farmers produce many horticultural products traded in international markets. Economic and market analyses are required to determine if Bangladeshi farmers and producers could compete on the basis of international prices and qualities.

Another portion of the horticultural market that may benefit from technical advice is the domestic market for fresh fruits and vegetables, where new species and varieties and new cropping practices may allow Bangladeshi farmers to deliver more fruits and vegetables to domestic fresh markets, and to extend growing seasons. Technologies to extend growing seasons can have an important impact on farmer incomes on the one hand and diets on the other. While new technologies may allow domestic agribusiness expansion, the required technology introduction to the farm level bureaucratically falls under extension and agricultural research rather than agribusiness services.

E. GRAINS

Major grains – rice, wheat, maize – are produced in Bangladesh, but are also imported (maize from India, and wheat from developed countries), so that domestic grain prices are characteristically import parity prices. Wheat trade and processing has responded to expanding domestic demand for breads and other baked goods. Maize production has responded to demand from the poultry feed industry. Expanding maize production creates other opportunities for maize processing such as starch production.

1. Program Description, Results, and Impact

ATDP II has provided business development services to a variety of enterprises, including assistance for maize traders to establish contract growers, advice to identify appropriate maize drying equipment, advice to bakeries on which equipment to buy and to introduce new products and training on wheat and flour quality. The project has also assisted in the establishment of the Maize Association of Bangladesh (MAB).

A highly successful example of ATDP II assistance is its work with the Doel Agro Industrial Complex. The project provided technical assistance, overseas training visits and technical advice on the purchase of equipment. Doel's maize production operation is in the Northern part of Bangladesh, where Doel provides technical assistance to contract farmers. The number of contract farms has increased from 349 in 2003 to 2000 in 2004 and maize output increased from 10,000 kg to 20,000 kg in that period. They plan to expand their contract farming, grain milling and poultry production and to open fast-food chicken restaurants in major urban areas.

2. *Effectiveness, Efficiency, and Sustainability*

Companies are able to access technology for maize and wheat processing and product packaging through local and foreign companies selling machinery. Market patterns for these products are well established in regional countries, so that market information is available. Large companies introducing new retail products may go to market research firms available in the private sector.

Companies assisted have expanded their sales and employment. In the case of wheat-based bakeries and mills, business depends on imported high-gluten wheat. As for maize, Bangladesh's production has expanded significantly from 2004 to 2005, replacing some Indian imports. This increase may have been encouraged by project assistance to introduce maize dryers. How far domestic production (and associated trade and processing) can go to replace imported maize and maize products is unclear, since the relative cost of production in India is unknown.

3. *Project Design and Implementation Approach*

In this sector, the project provided business development services to companies, with some services channeled through associations.

4. *Future Program Choices*

Several policy issues may be considered in future work dealing with grains.

Prices (taxes) are important for wheat and maize processors involved in wholesale commodity processing (as opposed to retail product processing for brand-name products); for commodity processing, profit margins are small, so that the location and profitability of these industries may be acutely sensitive to levels of effective import protection. The same goes for oilseeds, where oil extraction is a volume processing activity with low profit margins. For these products, policy analysis is crucial to develop not only good advice to companies, but also to guide government policies on taxes, import duties and regulations.

For wheat, government restrictions on private introduction of new varieties are restraining backward linkages from processors to farmers. None of the varieties available to farmers are suitable to produce noodles (durum wheat) or to produce high quality flour for baking (high gluten wheat). It is not known if such wheat varieties could be found in other countries with similar latitudes, so that farmers in Bangladesh could adopt and grow these varieties. The best way to find these varieties is to allow private seed companies to import, test, and introduce them according to farmer interest, to provide the qualities that millers and bakers require. While government research may also look for such varieties, it is important to allow private initiative to proceed at the same time.

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such varieties, it is important to allow private initiative to proceed at the same time. For a model of how it could work, take a look at maize. The government does not control the introduction of maize varieties and hybrids, and there is now steady import and introduction of new maize hybrids from, especially, India. This serves the farmers well.

F. POLICY REFORMS

From the mid-1980s, the Government of Bangladesh introduced major reforms that established a market economy. Those reforms removed controls on imports and foreign exchange, shifted many tasks – such as import of non-urea fertilizers – to the private sector, and promoted financial markets. Some of the most important reforms removed barriers to private initiative in agriculture, private including removing barriers to private import of diesel engines and power tillers, private distribution of fertilizer and removing controls on the varieties allowed for seed import and sales. Despite reforms to date, unnecessary regulations continue to constrain private initiative in agriculture and agribusinesses. In addition, Bangladesh’s growing agribusiness sector is continually facing new situations such as changes in foreign markets, disease threats, technological change – all calling for change but many policies are still rooted in the old mentality of government control and direction.

1. Program Description, Results, and Impact

The ATDP II project contract calls for “more market-oriented policies, laws, regulations, and practices for targeted sectors” (intermediate results group 3, p 16). Specific targets relating to policy reforms call for drafting 30 “policy reform issue sheets” and working with 10 agribusiness support institutions in “policy advocacy.” Additionally, the project contract asked for 10 “ATDP-supported initiatives [to be] adopted/approved. The project budget allocates roughly 20 percent of project funds to “promotion of policy, legal, and regulatory improvements.”

As of September 2004, the project reported work on 13 policy issues. If policy issues are narrowly defined to deal with government laws and regulations, the project has dealt with only a handful of policy issues, including regulating shrimp quality, limiting semen straw imports for dairy cattle, and lowering electricity rates for some agribusinesses. Other reported policy issues include creation of private sector institutions, such as the Maize Association of Bangladesh, or preparation of private industry plans, e.g., to produce good quality fish feed. Even in policy papers narrowly defined, the economic and policy analysis has been limited.

2. Effectiveness, Efficiency, and Sustainability

With respect to project targets for work on policy issues, ATDP II is able to identify issues, but cannot control success. Identification of issues was intended to proceed through “constraints analysis and baseline studies” (project contract, page 18). However, achievement of policy change depends on factors beyond the project’s control.

For example, in 2001, an ATDP II review of opportunities for artificial insemination in the dairy industry identified government controls on import of semen straws as a policy obstacle. The project prepared an analysis of benefits that could be achieved with deregulation, and asked the Ministry of Livestock and Fisheries to adjust the regulations. The approach failed. The analysis supporting this proposal is among the best analytic work that the project has produced, but could

yet be improved and published in a way to support continuing efforts by others after the project ends.

In sectors other than livestock, the project has not done similar systematic analysis to identify policy obstacles. There are some missed issues. For example, government controls introduction of new varieties of wheat (blocking farmer access to durum and high-gluten wheat varieties grown in other Asian countries), potatoes (blocking farmer access to potatoes suitable for processing), rice, jute, and sugar cane. Similarly, the government has banned imports of single super phosphate (SSP) fertilizers, which is an established technology. The government alleges problems with product quality which could have been addressed through tests and prosecutions for mislabeling, rather than simply banning all imports. The government should be allowing farmers and agribusinesses to decide what are the best varieties and technologies --- instead it is limiting introduction of proven technologies.

With an open economy, relative tariffs and export subsidies on agricultural inputs and intermediate products can have large and unwanted impacts on agriculture and agribusiness. Unfortunately, we found no project analyses of effective protection. During this evaluation, we heard that the government has recently equalized tariffs on soybeans and soybean cake, which has stimulated installation of solvent extraction mills; we found no indication that the project contributed to this change in tariffs. Other tariff options may be equally important for agribusiness development.

Project initiatives to promote product quality could benefit from more systematic policy analyses demonstrating costs as well as options other than private certification; options include, for example, competition, and truth-in-labeling based on private tests. For example, a project paper asserted that “A privately-operated Seal of Quality program done can save the industry” (Shrimp Seal of Quality Newsletter, Aug-Oct 2002, p 4). That statement runs far beyond supporting analysis. Project support for traceability appears to run beyond current market demands; the costs and benefits to farmers and processors is not well-analyzed. For a country with millions of small farmers coordinated through markets, traceability may be a problem. It is not at all clear what is the best position for Bangladesh government and agribusinesses to take on this issue. Rigorous analysis would help identify the issues and choices.

3. Project Design and Implementation Approach

For the most part, the project appears to have identified policy issues on the basis of the complaints and problems identified by ATDP clients. For example, client concerns about fish feed and fin fish inbreeding led to seminars and drafts of acts to regulate feed mills and hatcheries. While private clients may identify some policy issues, they may not have an appropriate perspective to identify all policy issues – or to promote competitive markets.

4. Future Program Choices

In the remainder of the current project, building on goodwill with ministries and members of parliament, some specific reforms may be possible. For example, after analyses, the project could provide the pros and cons for removal of regulations blocking private introduction of new technology. In a future project, a stronger policy capability could strengthen advocacy for private agribusiness development, with attention to crucial government taxes, regulations and

controls. However, a public policy perspective does not always coincide with the interests of individual businesses or even industries; hence there is a need to consult with economists in aid agencies active in Bangladesh, research institutes (e.g., Bangladesh Institute for Development Studies), universities such as the Bangladesh Agricultural University, or ministries (e.g., the World Trade Organization (WTO) cell in the Ministry of Commerce).

Whatever policy capability is built into a future project, it may also be oriented to work with and through industry associations whenever business interests coincide with proposed policy reforms. If a project is able to demonstrate the value of good policy analysis during industry dialogue with bureaucrats and politicians, this should not only promote good policies, but could also stimulate industry associations to improve their professional and analytic capabilities.

G. AGRIBUSINESS CREDIT FUND

1. Problem Setting and Program Description

Many firms wanted to adopt new technology but complained about a lack of credit to fund new investments. To help meet that need, USAID worked with the Government of Bangladesh, which created an Agribusiness Credit Fund (ACF) of 1 billion Taka --- approximately \$20 million. The money was Government of Bangladesh owned local currency generated under the USAID fertilizer assistance program. The loan program started in 2002 and will be completed by the end of 2005. The ACF earned interest which funded the ACF Development Fund at approximately \$1 million a year over the five years of the ATDP II program. ACF loans were not directly linked to ATDP II efforts to introduce new technology or investments.

The government's Central Bank, The Bangladesh Bank, managed the loan fund through its Agricultural Credit and Special Programs Department. The Bank offered the money to commercial banks who would then lend the funds to agribusiness clients. Both state-owned and private banks were offered the opportunity to on-lend the loan funds but state-owned banks were not interested. They had more than enough loanable funds and did not want to participate. Five private sector banks participated, with Prime Bank and The Arab Bangladesh Bank being the two largest borrowers. The other participating banks were: BRAC Bank, National Bank and Uttara Bank. The only requirement on the banks was that they had to lend the money to agribusiness firms.

2. Program Results and Impact

The Bangladesh Bank charged the commercial banks 6 percent interest, which was slightly higher than the inter-bank loan rate. The banks then lent the money to agribusiness firms using their own risk analysis of a client's ability to effectively use the funds and repayment prospects. The banks used their standard interest rates for the type of borrower, length of loan and activity being financed. Both working capital and 1-3 year loans were provided with interest rates ranging between 10 and 14 percent. They picked who they wanted to loan money to and for what purposes. The banks bore the complete risk of loan delinquency or default and were required to repay the loans to the Bank of Bangladesh, whether or not the firms repaid their loans. Prime Bank, the largest lender under ACF, had a repayment rate of 99 percent. When the program ends and the commercial banks repay the principal and interest to the Bank of

Bangladesh, it will take the repayments and interest and return the funds to the Government of Bangladesh.

There are costs that are hard to quantify. The commercial banks had to identify firms that fit the agribusiness definition and then do risk analysis, often on very small loans. They then had to prepare special reports for the Bangladesh Bank, including loan size, details on each firm and its products and an estimate of the jobs created by each loan. USAID and ATDP also had to monitor and check the records of the loan program.

3. Effectiveness, Efficiency and Sustainability of the Implementation Approach

Sectors covered included fisheries, poultry, livestock and food processing. Based on a May 2004 Bangladesh Bank report on the ACF, lending banks reported loans to approximately 200 enterprises. There were many small loans of \$1,000, \$5,000 and \$10,000, some \$20,000 loans and a few very large loans. The data do not link size of loan to size of firm but it is safe to assume that the largest loans of \$1 to \$3 million likely went to very large enterprises while small loans went to small firms. Since the total loan amount was \$20 million that works out to an average loan size of approximately \$100,000. But averages can be deceiving since there were many small loans and a few large loans. In addition, if there were a series of loans to the same firm that were sequentially repaid, the averages are not very useful. Even with the large number of small loans, it is safe to assume that the majority of funds went to medium-size or larger firms. The banks report that the loans created 3,000 jobs or about 15 jobs per firm---but again, with the mix of small and bigger firms, it is not clear if small or big firms created the jobs.

4. Future Program choices

The Agribusiness Credit Fund was designed much like a traditional donor targeted lending program. A need was identified and resources were assigned to agribusinesses. Banks were told to lend to agribusiness firms. Donors have a long history with targeted credit in a number of countries for a variety of purposes. Over time, USAID and many other donors have found that out of a large pool of potential borrowers, only a small percentage receive most of the credit. Even with the goal of making sure credit is used for specific purposes, there are difficulties. Unless a donor is willing to micro-manage the whole process, funds often go for unintended purposes. Loans from the Agribusiness Credit Fund provided a very small addition to available credit. The total Tk 1 billion from the fund is about 10 percent of total bank loans to agriculture, forestry and fisheries in June 2002, or about 0.13 percent of total bank advances to all sectors

The Agribusiness Credit Fund is similar to funds in other countries. It is likely that the banks used conservative commercial lending criteria to reduce their risk so loans probably went to traditional borrowers, rather than new firms that were capital starved. Out of the 200 firms, 25 large firms received 83 percent of the funds and 175 smaller firms received 17 percent. It appears that banks put most of the funds into large loans to larger firms. For a \$20 million program, only 200 firms benefited and only 3,000 jobs were created. The hope that smaller, start-up firms would be the major borrowers probably did not happen.

In Bangladesh just as in other countries, productivity, employment and growth accelerate when capital goes to its most effective uses. Attempts by governments or donors to pick the best sectors and uses are often ineffective. A well functioning market does a much better job than aid

experts at picking the winners. Another approach is for donors or an NGO to work closely with borrowers at every step of the process --- what some call micro-managing the process.

Rather than using targeted credit to help agribusinesses, it would probably be more effective for USAID to undertake capital market research and analysis to identify impediments and problems that restrict capital from flowing to its most effective uses. It could then work with the GOB to remove those problems. One other area USAID might want to consider would be helping commercial banks to better understand agribusiness production and business plans so as to better assess requests for agribusiness loans. USAID supported workshops and training could help commercial banks better assess requests for agribusiness loans.

Finally it is useful to look at one Bangladesh example of a non-agribusiness sub-sector that needed credit. The garment industry started from a small base and is now a major employer, producer and the country's largest exporter. In the early days, capital was raised by the owners, families, the informal market and overseas buyers --- very little financing came from formal capital markets. If investment rates of return are high, borrowers can find the capital. Rather than providing targeted credit, it is much more effective for USAID to identify market failures and government restrictions that hinder capital flows; and then to work to improve capital markets.

H. AGRIBUSINESS MBA PROGRAM

1. Problem Setting and Program Description

As ADTP II was identifying and launching programs to assist agribusinesses, a problem developed. Firms needed technical experts but even more important, they needed people with modern business management skills, but there were few with the needed management skills and knowledge of agro-business. If programs were to succeed there needed to be skilled Bangladeshi's with practical skills and advanced academic training. ATDP identified a local private university, the American International University of Bangladesh (AIUB), as an institution that could help solve the problem and worked with AIUB as it developed an agribusiness MBA program.

AIUB and the University of Wisconsin, Madison met with local businesses to identify the type of management skills they needed. They then designed a 55 credit Agribusiness MBA program. Core courses are taught by local staff and specialized agribusiness courses by visiting U.S. professors. AIUB and ATDP jointly funded the visiting professors and AIUB funded the rest of the program. This is the only Agribusiness MBA program in Bangladesh

2. Program Results and Impact

The program started in the fall of 2003 with 16 new students, 21 new students in 2004 and 20 expected in 2005. There are three women in the MBA program (10 percent of the students) and AIUB say they will have no problem finding jobs when they graduate. The university is working to increase the number of women students.

The visiting professors partnered with local professors to improve teaching and professional skills and educational materials. MBA programs typically use the case study method. In Bangladesh they were using U.S. and European case studies which were not relevant to local

conditions. The visiting professors and local staff developed five case studies based on specific Bangladesh agribusiness experiences. To make the MBA program more relevant to the students, each student does an internship at an agribusiness firm. This also helps the student line up a job upon graduation--20 percent received job offers from the firm where they interned. The internships are popular with the students and the firms. Recently, when internships were announced to the business community, requests for interns were triple the number of students available. Corporate supporters also provide scholarships, site visits and lectures.

AIUB worked with ATDP to introduce a highly successful business plan competition where teams from a number of firms each identify an industry problem and then devise an integrated approach to solve the problem. In 2005 over 30 teams participated. After elimination rounds, the best seven cases were presented to a distinguished panel of judges and the best business plans were recognized and given awards. The competition builds interest in agribusiness management and the need for a multi-disciplinary approach that weaves together technical, production, marketing and financial solutions to business problems.

3. Effectiveness, Efficiency and Sustainability

AIUB tuition charges (\$3,400 for the two-year MBA program) are much higher than at government universities but in line with other private universities. Applicant quality has improved as measured by entrance examination results, work experience and academic profiles. There is a plan in place to train local professors, and starting in 2006, to steadily reduce the number of foreign professors year by year until the program is completely run by local Bangladeshi staff in 2010. The evaluators interviewed an MBA student who is working at a major poultry firm. He has a responsible position at the firm and was enthusiastic about how his MBA courses have helped him in his job.

The program is effective and costs and tuition fees are reasonable. With its established MBA curriculum and strong linkage with the University of Wisconsin, it has a sound and sustainable academic plan. AIUB should no have problem continuing the academic program after ATDP assistance ends. Financial sustainability is another matter since foreign faculty represents two-thirds of the costs of the MBA program. To cover the cost of foreign faculty there will be a need for a \$60,000 subsidy from the University of Wisconsin, USAID or alternatively, a more rapid phase out of foreign professors.

4. Project Design and Implementation Approach

This is a highly specialized, niche academic program. It is operated by a respected academic institution, has a linkage to a U.S. university and is using U.S. professors for teaching, materials development and training of local professors. The approach is similar to other university development projects. It is a sound approach.

5. Future Program Choices.

The MBA program is doing a good job but it does not fit neatly with other ATDP II activities. ATDP II programs are very practical and operationally oriented. Farmers and firms receive business planning assistance, technical assistance, training, and advice on appropriate technology. The MBA program is creating a useful cadre of managers, but the program does not

bear any direct linkage to ATDP programs, and only an indirect relation to ATDP objectives. Since the 2005 AIUB program is in midstream, it would make little sense to re-evaluate or drop USAID support now.

For future program support, beyond 2005, USAID should assess this and other Bangladesh MBA programs to determine whether they fit within USAID's new program approach. To develop innovative and new academic approaches, USAID might want to consider supporting AIUB and a public university MBA program.

AIUB has its own institutional strength and a linkage with the University of Wisconsin. It is a sustainable academic program. However, just because it can continue on its own, there is no reason to end USAID support. With modest support of \$60,000 a year AIUB could maintain its present program and with increased support it could increase student intake, send professors overseas for Ph.D.'s, prepare more case studies and do joint research with local firms and U.S. universities. It can make an important contribution to improved agro-business management in Bangladesh. Again, the key is how well it fits within USAID's Strategic Objective (SO) 5: "Growth of Agribusiness and Small Business."

APPENDIX II

BACKGROUND EVALUATION INFORMATION

A. EVALUATION TERMS OF REFERENCE

SCOPE OF WORK FOR AGRO-BASED INDUSTRIES AND TECHNOLOGY DEVELOPMENT PROJECT-PHASE-II EVALUATION

Purpose of the Evaluation: The purposes of the evaluation are: (a) to provide an assessment of the impact of ATDP-II to date in relation to the project purpose and expected results, (b) to recommend possible ways, if any, in which the project might increase the impact of its services over its remaining life, and (c) to guide USAID in determining future programming decisions in agriculture/agribusiness.

Background: The Agro-based Industries and Technology Development Project-Phase II is USAID's vehicle for assisting and promoting agribusiness in Bangladesh. This project contributes to the USAID/Bangladesh's Strategic Objective 5: "Growth of Agribusiness and small Business", which is considered as a means of increasing incomes of poor Bangladeshis.

Objectives of the project: The purpose of ATDP-II is to promote the growth of private sector agribusiness in Bangladesh in an open and competitive market environment. Project activities focus on improving the ability of private enterprises to develop, produce, market, and finance products and services in competitive markets. This is done by :

- Direct enterprise assistance to selected agribusinesses
- Strengthening key financial and non-financial agribusiness support institutions
- Achieving improvements in relevant policy, legal and regulatory environment

Sectors and Commodities: The project provides technical and managerial assistance to promote growth and profitability in the following targeted sectors:

- Poultry
- Horticulture
- Grains
- Dairy/Livestock
- Fisheries

Locations: The project provides services throughout the country. The implementation contractor has established a headquarters office in Dhaka, and regional offices in Khulna, Chittagong, Sylhet, and Bogra.

Funding Summary :

USAID: \$ 10.0 million
GOB: Agribusiness Credit Fund (ACF)- \$ 20 million
ACF-Development Fund-- \$6 million
Total : \$ 36 million

Project implementation period: January 2001 to December 2005

Implementation arrangements: The project is implemented by The Louis Berger Group, in collaboration with Cargill Technical Services and Land O' Lakes.

All project activities are implemented in close coordination with the Ministry of Agriculture, which acts as the lead Government of Bangladesh coordinating agency for the project. The project receives policy guidance and advisory support in the implementation of program activities from a Steering Committee headed by Secretary, Ministry of Agriculture. In addition, the project works with the Ministries of Commerce, Finance, Ministry of Livestock and Fisheries, Export Promotion Bureau, NGOs, Chambers of Commerce and Industries.

Expected Results

Indicators	Targets
a) Growth in sales	\$154 million
b) Growth in exports	\$ 59 million
c) Growth in number of jobs	85,000

Questions for Evaluation: Evaluation questions are organized according to the three major objectives of the evaluation.

1. Impact To Date:

- Evaluate the impact of the project in terms of growth of domestic sales , export and employment
- What services have had the most impact, and in what sectors and regions? The least? Assess how well the needs of different customers are being met?
- Evaluate the effectiveness and sustainability of (a)Shrimp Seal of Quality activity, (b) Agribusiness MBA program, (c) market research and trade promotion activities.
- Assess project's implementation approach and strategies, including the use of contracts with lead firms, cost-sharing, and institutional collaboration (with government, non-government, business network partners) for the development of private agribusiness enterprises.
- Evaluate the effectiveness of the project in : a) developing alliances and market linkages within targeted sub-sectors; b) encouraging market-based business service delivery
- Review effectiveness of project activities in identifying policy constraints , analyzing the impact of policy decisions on private agribusiness, and initiating policy reforms
- Evaluate the effectiveness of project activities in terms of strengthening agribusiness support institutions.
- Assess the performance of the project in facilitating the involvement of women in agribusiness in Bangladesh, and recommend ways in which the greater participation of women can be ensured in the future USAID/Bangladesh's agriculture/agribusiness program design.
- Assess the contribution of Agribusiness Credit Fund (ACF) to the overall impact of the project. Should ACF be continued after the conclusion of the current ATDP? If so, what changes should be made to increase its impact?

2. Opportunities for ATDP:
 - Examine scope of improvements in project activities and modes of operations for the rest of the project period based on the findings of the aforementioned tasks.
 - How can ATDP-II best ensure the long term sustainability of activities supported by the project?
3. Opportunities in Agriculture/Agribusiness after ATDP-II
Based on the principle findings of the evaluation, a review of other documents (including recent assessments of USAID project), and discussions with key contacts, what kinds of activities, within the field of agribusiness and agriculture, should USAID consider supporting after the completion of ATDP-II in 2005?

Methodology

The contractor shall determine an appropriate evaluation methodology of suitable rigor. The Mission suggests that the review approach include the following:

1. Review project documents, work plans, quarterly reports, annual reports and other reports of ATDP-II.
2. Review relevant reports of other USAID projects and other donors.
3. Verify the accuracy of a small sample of data from ATDP-II reports
4. Conduct interviews and discussions with appropriate private sector and other partners of the project, USAID and the Government of Bangladesh, other USAID projects, and other donors
5. Undertake field visits to review effectiveness of services delivered by ATDP-II. Assess “before” and “after” status of firms assisted by ATDP-II to ascertain impacts on growth of sales, export and employment due to project intervention. Interview relevant business associations officials of respective sub-sectors supported by ATDP-II.

Evaluation Team: The Evaluation Team will consist of the following:

1. Expatriate Private Sector Expert with international agribusiness experience- (Team Leader)
2. USAID/Washington Member
3. Agricultural Economist-local (Member)
4. Enterprise Development Specialist-local (Member)

All team members should have experience in conducting evaluations in developing countries. All should have excellent analytic ability and writing skills.

The Team Leader shall coordinate and manage the team in the conduct of the evaluation, and shall lead the production of the report. Consequently, s/he should have significant experience in evaluations, and should possess excellent inter-personal, managerial and writing skills.

The contractor is responsible for identifying, contracting, and obtaining the services of the Bangladeshi team members and Bangladeshi support and/or professional services it needs. USAID/Bangladesh can suggest contacts for identifying the Bangladeshi team member should the Contractor wish.

Performance Period: The evaluation should begin in Bangladesh late September or early October, 2004. The in-country work should be completed within 30 working days of inception. A six- day work week in Bangladesh is authorized.

Reporting Requirements:

1. Delivery: The Contractor shall submit a first draft of the evaluation report on or about days after inception of the work in Bangladesh, and shall debrief Mission staff on the major findings and conclusions. The Contractor shall submit at least 10 copies of the final version of the evaluation report to USAID/Dhaka on , 2004.
2. Evaluation Report Format:
 - Executive summary: approximately 3-5 pages
 - Statement of Findings, Conclusions, and Recommendations: Findings and conclusions shall be succinct, with the topic identified by a short sub-heading related to the areas of inquiry identified in the Statement of Work. Recommendations shall correspond to major findings.
 - Body of the Report: The report shall provide the evidence and analysis to support the findings and conclusions.
 - Annexes: Shall include at least the following:
 - Evaluation SOW
 - Resume of Team Members
 - Description of Evaluation Methodology
 - Bibliography of Documents Consulted
 - List of Persons contacted
 - Case Studies

Logistics

The Contractor shall organize the logistics of the evaluation. This includes accommodation, office space, computer rental, secretarial and other support services, transportation, and interview scheduling.

B. EVALUATION ISSUES EXAMINED IN THIS STUDY

IMPACT: SWOT ANALYSIS: STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

Were project and program goals accomplished? What was the increase in production, jobs, domestic sales, exports, income and welfare? What were the benefit magnitudes? Were there unintended benefits or problems? Who benefited and by how much?

1. Expected (end of 2005) project results indicators:
 - Growth in domestic sales \$154 million
 - Growth in export sales \$ 59 million
 - Growth in the number of jobs 85,000
2. Value added of ATDP II targeted sub-sectors and their contribution to the growth of the Bangladesh economy.

3. Analysis of impact by sub-sector or product. The agro-business sub-sectors where the project had the greatest impact? Why? Which sub-sectors had the least impact? Why?
4. Analysis of how ATDP-II and sub-sector institutions helped firms realize export market opportunities. Have ATDP-II stakeholders and industry leaders coordinated their approaches in making exports more competitive?
5. Analysis of how targeted sub-sectors succeeded in competing according to international quality and marketing standards, especially in the shrimp industry?
6. The agro-business regions where the project had the greatest impact? Why? Which regions had the least impact? Why?
7. Project performance at involving women in agribusiness. Recommend ways to improve participation in the future.

PROJECT EFFECTIVENESS, EFFICIENCY AND SUSTAINABILITY

Were the services, technical packages and products appropriate to user needs? Were they used by the intended beneficiaries? What were the benefit/cost ratios? What is the long-term likelihood that the financial, institutional, and other benefits and services will continue once USAID assistance ends?

1. Shrimp Seal of Quality
2. Agribusiness MBA program
3. Market research and trade promotion activities.
4. Developing alliances and market linkages with targeted sub-sectors.
5. Encouraging market-based business service delivery.
6. Strengthening agribusiness support institutions.
7. Identifying policy constraints. Analyzing the impact of policy decisions and initiating policy reforms that solve the constraints.
8. Improving international and domestic marketing, management and technical skills.
9. GOB-ATDP-II relationship in managing resources and obtaining results.
10. What are appropriate ways for ATDP II to ensure the long-term sustainability of the institutions and benefits it has supported and developed?
11. Have USAID and ATDP II developed an exit strategy in concert with other USAID programs, government, private sector and NGOs.

PROJECT DESIGN AND IMPLEMENTATION APPROACH

How does ATDP's approach and strategy compare with best practices and lessons learned from other USAID activities? Are there unique and highly successful lessons? Were there problems? Which interventions and approaches needed to be modified? What are the Prospects for institutionalizing a sustainability plan? How would it support business and trade networks and strategic alliances?

1. Contracts with lead firms, cost-sharing, institutional collaboration (with government, NGOs, business network partners, entrepreneurs who pay for business services, pioneers and innovators in priority sub-sectors and the 20 Agribusiness Support Institutions).

- Why was each approach selected?
 - What alternative approaches were considered?
 - What were the benefits and drawbacks of each approach?
 - What were the results and impact of each approach?
 - What might be considered in a follow-on project? Why?
2. Agribusiness Credit Fund (ACF).
- What did ACF achieve as a result of ATDP?
 - How well did the ACF contribute to overall ATDP project success?
 - What were ACF's strengths and weaknesses?
 - What changes could improve impact?
 - What are the pros and cons of including ACF in a follow-on USAID project?
3. Based on the evaluation analysis:
- What is the quality of coordination and integration between ATDP II and other USAID projects? What can be done to improve the process in the future?
 - What is the quality and integrity of ATDP II monitoring and reporting systems? Are improvements needed?
 - What improvements in project activities and modes of operations might be put in place for the rest of the project period?
 - What needs to be done to ensure long-term sustainability of benefits?
 - What types of activities, within the field of agribusiness and agriculture, should USAID consider supporting after the completion of ATDP-II?

C. QUESTIONS FROM THE TERMS OF REFERENCE AND THE EVALUATION FINDINGS

1. *Evaluate the impact of the project in terms of growth of domestic sales, export sales and employment.* See Section 2, page 6. As of September 30, 2004 the project had provided business services to over 300 business clients and several hundred farmers. The project has three result-targets that are to be achieved by the end of 2005: \$154 million in domestic sales, a \$59 million increase in exports and an increase of 85,000 jobs. As of September 30, 2004 the project had achieved 71 percent of the domestic sales target, 70 percent of export sales and 95 percent of the jobs target. With one year to go, the jobs target will easily be reached and the other targets may also be achieved.

2. *What services have had the most impact, and in what sectors and regions?* See Section 2, pages 5 to 9. The project concentrated on business support services (technical assistance, training, expert advisors) and improved technology (industry experts to advise on production processes and equipment along with visits to industries in other countries). The poultry sub-sector was the most successful followed by aquaculture. Dairy and livestock were the least successful. While production and processing took place throughout the country, production tended to be more dispersed and processing plants tended to be near domestic consumers or close to air and sea ports for export. This meant that most processing plants were near major urban centers such as Dhaka, Chittagong, Khulna, Bogra and Mymensingh.

3. *Evaluate the effectiveness and sustainability of: (a) Shrimp Seal of Quality; (b) Agribusiness MBA program; (c) market research and trade promotion activities.*

- (a) Shrimp Seal of Quality, See Section 3, pages 6-8, Section 6, page 16 and Appendix One, Section B, pages 19-25. It was an excellent idea to develop industry quality standards but implementation has not gone smoothly. There is a lack of support for the program and the Shrimp Seal of Quality has not been used. The Government Department of Fisheries already certifies shrimp quality for export and does not see a need for another certification. Shrimp processors and exporters have their own relationships with buyers and many question the need for the Seal of Quality. Market demand appears unlikely to sustain SSOQ as a private certification program in the foreseeable future.
- (b) Agribusiness MBA program, Section 3, p. 11 and Appendix One Section H, pages 34-36. The MBA program design is effective. The use of expatriate professors, along with the training of local professors, and the eventual phase-out of expatriate professors will help assure sustainability. However, the program does not directly relate to the ATDP II approach of business services concentrating on key sub-sectors. It would make little sense to end the program before the first class of MBAs graduate in 2005. USAID needs to design its future agribusiness program and at that point see if the new USAID program has a logical place for an agribusiness MBA program.
- Market research and trade promotion is an integral part of ATDP business services. It has helped identify new markets (at the Dubai trade fair) and has worked to improve the quality of shrimp exports. It is effective and sustainable. (see page 10)

4. *Assess the project's implementation strategies, including the use of contracts with lead firms, cost-sharing, and institutional collaboration (with government, non-governmental organizations, and business network partners) for the development of private agribusiness enterprises.* Section 2, pages 5-6 and Section 4, pages 11-12. About half of project resources were for business services to individual companies, and half for collective services (including policy). The project emphasized business development services including training, tours, technical assistance, business development plans, etc, offered on a cost-sharing basis. The prior project, ATDP I, did not require firms to share a portion of the costs of the business services they received. When something has been free it is often hard to get customers to pay for it---but ATDP II was able to demonstrate the value of its business services to its clients and they paid on a sliding scale (20 percent to 80 percent) of the cost. The project initially identified and approached prospective clients; subsequently, some companies hearing of the project's work have approached the project. The project has paid less attention to policy and regulatory matters than was anticipated in the project design. Collaboration with the government was limited.

5. *Evaluate the effectiveness of the project in: (a) developing alliances and market linkages with targeted sub-sectors and; (b) encouraging market-based business service delivery.* See Section 3, Section 4 and Appendix One. The project did an excellent job of creating a number of trade associations and supporting institutions to support sub-sector activities. It worked well with NGOs, banks and other institutions to develop support for agribusiness. However, it did little to encourage market-based service delivery.

6. *Review the effectiveness of project activities in identifying policy constraints, analyzing the impact of policy decisions on private agribusinesses, and initiating policy reforms.* See Appendix One, Annex F. ATDP II devoted approximately 20 percent of project funds to promote policy, legal and regulatory improvements. As of September 2004, ATDP reported

work on 13 policy issues. Aside from an early survey of the dairy and livestock sector, the project appears to have identified ad hoc issues on the basis of interactions with its agribusiness clients. The project has organized industry dialogue on some policy issues (eg, regulations to improve fish feed and seed). However, with the exception of early work on import restrictions limiting introduction of improved genetics for dairy and livestock, the project has produced little analysis and few public papers considering policy options.

7. *Assess the performance of the project in facilitating the involvement of women in agribusiness in Bangladesh and recommend ways in which greater participation of women can be ensured in future USAID Bangladesh agriculture and agribusiness program designs.* The project did not have a specific program for women and stated that “women were integrated across the board in all ATDP II activities.” ATDP II and AIUB supported a national business plan competition and ATDP organized an agribusiness competition just for women with about 160 women entrepreneurs participating in the training sessions. About 10 percent of trainees are women though in 2003 it reached 15 percent. The project supported the Center for Women’s initiatives; 227 women were trained at Cox’s Bazaar on fish processing; food processing for women at the Women’s Entrepreneurs Association of Bangladesh and; start-up support for the Chittagong Women Entrepreneurs Association. The project supported Umme Fatema, an entrepreneur of highly successful poultry firm.

8. *Evaluate the effectiveness of project activities in terms of strengthening agribusiness support institutions.* Some 20 institutions were supported, with most created by ATDP II three to four years ago (some of these are now dormant). It is impressive that so many were created in such a short time and that most are still operating. They provided useful services to the agribusiness sub-sectors.

9. *Assess the contribution of the Agribusiness Credit Fund (ACF) to the overall impact of the project. Should ACF be continued after the conclusion of the current project? If so, what changes should be made?* See Appendix One, Annex G for the full analysis. ACF was not directly linked to ATDP II programs and had no measurable impact on project success. It reached only 200 firms so it had a minimal impact on Bangladesh agribusiness. Large firms received most of the money so ACF had limited benefits for new entrepreneurs. From a program viewpoint ACF should not be continued. It would be more useful to examine impediments and problems that restrict capital from flowing to its most effective uses. It might also be useful to train commercial banks to better understand agribusiness production and business plans so as to better assess agribusiness loan requests.

10. *Effectiveness of the GOB-ATDP II project relationship in managing resources and obtaining results.* During project inception, differences between USAID and GOB led to some discrepancies between the Project Proforma prepared by the GOB and the project contract between USAID and Louis Berger. These differences also delayed the project. However, once the project got underway, good cooperation has been realized with the Ministry of Agriculture and Ministry of Commerce. Aside from some problems with the Ministry of Livestock and Fisheries, the GOB and the project have had similar interests and objectives. The relationship worked smoothly and helped the project achieve good results.

11. *Examine the scope of improvements in project activities and modes of operations for the rest of the project period based on the findings of the aforementioned tasks.* Section 6 provides a list of recommendations. The key findings are:

- Conflict among stakeholders concerning SSOQ is distracting attention from ATDP II efforts to improve shrimp pond management. If the project de-emphasized SSOQ it could achieve better results.
- Little can be done by the end of the year on dairy problems because of serious policy and regulatory problems.
- For horticulture, if low-cost economic and market studies could be done quickly they could lay the groundwork for future sector support after ATDP II ends.
- A decision on future support for the Agribusiness MBA program should be deferred to next year, when USAID has developed its new strategic approach for agribusiness.

12. *How can ATDP II best ensure the long-term sustainability of activities supported by the project?* Appendix One reviews each area supported by ATDP II. The poultry sub-sector is clearly viable, horticulture is strong and the MBA program has a sound academic base. ATDP II could concentrate its efforts on those programs to help give them a boost as they head off on their own. Other sectors are promising but not at the point of being sustainable. ATDP II should work to hook those programs up with NGOs and other donors who could continue capacity building efforts after ATDP II ends.

13. *Based on the principal findings of the evaluation, a review of other documents (including recent assessments of the USAID project) and discussions with key contacts, what kinds of activities, within the field of agribusiness and agriculture, should USAID consider supporting after the completion of ATDP II at the end of 2005?* See Section 5, which summarizes the evaluation findings on the need for a more strategic approach. Here are the key points. ATDP II concentrated at the firm level with only some 300 firms and several hundred farmers receiving assistance. It is a “retail” approach that can only have a limited impact in a country with 140 million people. The program should move to a “wholesale” rather than “retail approach.” Agribusiness faces a number of market impediments, distortions and market failures. Probably the greatest impact from a future program would be analytical research and USAID pressure to change government policy and regulatory constraints that harm the agribusiness sub-sector. A future program could also work to support institutions that service agribusiness such as commodity and trade associations, private sector business service firms, and private testing laboratories.

D. EVALUATION WORK PLAN

This appendix describes how the evaluation was carried out and it provides a schematic of the evaluation process. It reviews the project purpose and then explains the evaluation methodology and work plan implementation schedule.

The evaluation will assist USAID Bangladesh by:

- Providing an assessment of the project’s impact in relation to the project’s purpose and expected results.
- Recommending possible ways, if any, the project might broaden its impact before it ends in 2005.

- Helping USAID as it devises future agribusiness programming strategies.

The USAID Mission provided the evaluators with an extensive collection of documents on ADTP I and II and reports on agro-business issues. The team will collect further documentation from ATDP II and the institutions and firms that have received assistance. The documents will be analyzed by the evaluators to identify significant issues and relationships. However, documents often fail to tell the complete story so interviews will be conducted with key stakeholders (Interview Guides are at the end of this paper).

The project concentrated its attention on five priority sectors along with several other programs. Agro-business improvements were to be achieved by a number of interventions and the most important were: business development services provided to firms; efforts to improve the policy and regulatory environment; support to agro-business associations and supporting institutions, and credit. The inputs and sectors can be viewed as a matrix where the impact of each input on the sectors can be assessed. The tasks of assessing each input and each sector have been divided among the team members.

ATDP-II Matrix of Sectors and Assistance Approaches

	Finance and Credit	Associations and Supporting Institutions	Policy and Regulatory Reforms	Business Services provided to Firms
Poultry				
Grains				
Fin Fish				
Shrimp, SSOQ				
Horticulture				
Livestock, Dairy				
MBA Program				

Both key-informant interviews and group interviews will be used. There will be a process of “triangulation,” with the same questions posed to project staff, service institutions and several beneficiaries. In most cases similar patterns and experiences will be identified. When the same experiences, program results or problems are heard from a large enough sample, the correlation among respondents is strong and it will generate valid findings. In other cases, without a strong pattern, the evaluation will not be able to make findings. The findings will be analyzed and the most important issues will be developed into recommendations. The evaluators will then present the pros and cons for each recommendation and describe alternative approaches. The recommendations will be specific to what can be done over the next 10 months (to the end of the project period) and what might be considered for future programs and for USAID’s SO-5.

The daily Work Plan Schedule

Jan. 7 U.S. team members gather in Washington for document review and planning
Jan. 10 Background document review and planning continue. Depart for Bangladesh
Jan. 11 In transit

Week one

- Jan. 12 Arrive Dhaka. Meet at 9 am with HB Consultants on logistics and ATDP II staff at 1:30 to review project performance
- Jan. 14 Meet with USAID Enterprise Development Division at noon.
- Jan. 15 Meet with HB Consultants on logistics and evaluation team organization. Set up appointments with producers, exporters, etc. Start interviews and meetings.
- Jan. 16 Two sub-teams collect data.
- Jan. 17 Deliver and discuss work plan with USAID at 2pm..
- Jan. 18 One team collects data in Dhaka. Other team departs for Bogra for field data collection. Weekly meeting with USAID

Week two

- Jan. 19-20 One field team is in Bogra to collect field data. Other team collects data from firms and institutions in Dhaka
- Jan. 21-23 Eid holy days. No data collection Team starts preparing analysis
- Jan. 23 Evening. Evaluation team meeting to discuss and identify preliminary issues and findings. Team members start on drafts.
- Jan. 24-26 One sub-team collects field data in Kulna and one in Chittagong and Nohakali.
- Jan. 27 Two sub-teams work on their analysis and prepare draft sections of their reports
- Jan. 27 Meet with USAID/EGFE-ED for weekly progress review
- Jan. 27 Team members complete first drafts and submit their reports to team leader

Week three

- Jan. 28-30 Team members collect data and work on draft reports
- Jan. 31 Team members complete analysis and submit final drafts to team leader
- Feb. 1-2 Team leader drafts report. Team members collect and analyze data.
- Feb. 3 Weekly meeting at 3 pm with USAID to discuss preliminary draft report. USAID offers suggestions and corrections. Draft presented to ATDP staff for comments
- Feb. 4-5 Evaluation put into final draft.
- Feb. 6 Provide ADTP II with a briefing at 10am. Final USAID briefing at 2pm.
- Feb. 6 Evaluation team departs Dhaka
- Feb. 15 Team leader completes and submits final report to Development Associates in Washington.

E. LIST OF CONTACTS

Those interviewed as part of the evaluation of the Agro-based Industries and Technology Development Project II

USAID, NGOs and Other Donors

McDonald Homer, Team Leader USAID Bangladesh Enterprise Development
Allen Fleming, Director, USAID Office of Economic Growth, Food and Environment
Syed Abu Motahar, USAID Bangladesh Program Mgt. Specialist, Enterprise Development
Robert Wong, American Embassy Dhaka, Political and Labor Affairs officer
Duncan King, Rural Advisor, U.S. Department for International Development
Arun Kumar Saha, Project Officer, Agric. and Natural Resources, Asian Development Bank
Prashanat Rana, General Manger, Katalyst (donor funded business services NGO)

Harvey Demaine, Extension Advisor, DANIDA Greater Noakhali Aquaculture Extension Project
Resad Alam, Program Manager, DANIDA Greater Noakhali Aquaculture Extension Project
Nancy Rockel, IWID Fellow, USAID Office of Women in Development
Peter Davis, Director, USAID Greater Access to Trade Expansion Project, DTS, Inc.
Marcelline White, Deputy Director, USAID Greater Access to Trade Expansion Project, DTS
William Derrenger, Managing Director, WebeX Ltd.
Mostafa Nuruzzaman, Director, Shushilan, a voluntary development organization, Khulna
Sharidul Islam, Director, UTTARAN, a social development organization
Syed M. Altaf Hussain, Cargill Company (ATDP sub-contractor) and W&W grains
A. Imran Shauket, Country Director, IRIS/USAID JOBS project
Darrell Deppert, Chief of Party, Winrock International
Akmal Hossain, Hortex Foundation
Md. Khaza Mohiuddin, Director Jagarata Juba Shangha, Khulna

ATDP Staff

Ron Gillespie, Chief of Party
Syed Masarrat Quader, Special Assistant to the Chief of Party
Charles Bell, Senior Vice President, Louis Berger Group, Washington
Nii Akwei Acquaye, Senior Agribusiness Director
DineshChandra Panday, Agribusiness consultant
M. A. Hossain, Team Leader, Aquaculture
Major Manzoor Ahmed, Director, Shrimp Seal of Quality
Ashek Mahfuz, Horticulture and Grains Consultant
M. Nurul Islam, Aquaculture Consultant
M. A. Rafiq Sarkar, Chittagong Regional Agribusiness Manager
Andrew Palma, Chittagong Regional Agribusiness Consultant
MD. Kudrat-E-Kabir, Khulna Regional Director, ATDP-Shrimp Seal of Quality
Glen Beiber, Khulna, SSOQ
Brig. Sharif Uddin Ahmed (ret), Land O' Lakes
Rob Ways, Field Representative, American Center for International Labor Solidarity

Businesses Who Received ATDP Assistance

Moshiur Rahman, Managing Director, Paragon Group (poultry)
Manzoor Elahi, Chief Coordinator, Paragon Group (poultry)
Kazi Zahin Hasan, Director of Kazi Farms (poultry)
Syed Towid Hossain, General Manager of Kazi Farms (poultry)
Md. Mosaraf Hossain, Famous Bread and Confectionary
Mizanul Hoque, Director, Doyel Agricultural Industrial Complex (maize contract farming)
ASMK Bashar, Director, Excel Feed Ltd., (chicken feed)
ManzurElahi, Chief Coordinator, USHA Poultry
Monowara Hakim Ali, President, Chittagong Women's Entrepreneurs
Md. Harun ur Rashid, Deputy Managing Director, Coastal Sea Food, Chittagong
Kamaruddin Ahmed, Director Fish Preservers, Ltd., Chittagong
Iqbal Dada, Managing Director, M.M. Agha, Ltd., Chittagong
Nurual Islam, General Manager, M.M. Agha, Ltd., Chittagong
Ayesha Dada, M.M. Agha, Ltd., Chittagong
Md. Rashed Iqbal, Managing Director, Iqbal Poultry Complex, Chittagong
Md. Issa Gazi, Gazi Fish Culture Ltd., Khulna

Md. Absar Hossain, Manager, Northern Hatcheries, Ltd. Bogra
Anowarul Karim Dulal, Exec. Partner, Tropical Building Technologies, SAI Hatchery, Bogra
Md. Shahjahan, Managing Director, Progoti Fish Limited, Khulna
Md. Elias Hossain, Director, International Dept., Nadim Seed Company
A. Kaleque Sarker, Chairman, Oriental Fish Processing & Culture, Ltd., Khulna
Md. Masudur Rahman, Director, Fresh Foods, Ltd, (shrimp and fish)
Muallem A. Choudhury, Strategic Planning, British American Tobacco
Md. Aynul Huda, General Secretary, Gold Chingn 'O', Matshya Chashi Malik Samabay Samity,
Phulpur, Mymensingh
Md. Rofiqul Islam, Pres., Motoso Pona Baboshahi, Kollayan Samity, Phulpur, Mymensingh
Md. Israfil, Group Leader, Poly-culture Group of Phulpur, Mymensingh
Md Khairul Islam Sarkar, Managing Director, Ideal Food Products, Mymensingh
Shahidul Hasan Khoka, Bogra Farming Complex

Supporting Institutions and Associations

Carmen Lamagna, Vice Chancellor, American International University of Bangladesh
Tashfeen Hussain, School of Business, American International University of Bangladesh
Sheikh Enayet Ullah, Additional Secretary, Ministry of Agriculture
Md. Harun-Ar-Rashid, Executive Director, Agricultural Advisory Society
Dr. Mahmudul Karim, Executive Director, Bangladesh Shrimp Foundation
Syed Mahmudul Huq, Director, Bangladesh Shrimp Foundation
Saifuzzman Chowdhury, President, Chittagong Chamber of Commerce and Industry
S.M. Nurul Hoque, Chittagong Chamber of Commerce and Industry
A.B.M. Sarwar, Director, Bangladesh Fertilizer Association
M. Amjad Hossain Tajuma, Director, The Federation of Bangladesh Chambers of Commerce
MD. Akmal Hossain, Managing Director, Hortex Foundation (horticulture export development)
Mesbahuddin Mahmood, Deputy General Manager, Hortex Foundation
Mallik A-As-Saqui, General Manager, BRAC
MD. Sadequl Islam, Program Manager, BRAC vegetable exports
Motiur Rahman, Senior Executive Vice-president, Prime Bank

Government of Bangladesh

Nitai Das Saha, General Manager, Ag. Credit Dept., Bangladesh Bank (ACF manager)
Naser Uddin Ahmed, DG GOB Department of Fisheries
Mukamal Hossain, Director of Quality Control, Department of Fisheries
MD. Abdul Aziz, Former Chairman of the ATDP-II Coordinating Committee

F. INTERVIEW QUESTIONNAIRE GUIDANCE

Guide for interviews with agribusinesses: NOTE: This is a guide, not a questionnaire.

INTRODUCTORY STATEMENT: We are part of a 4-person team that is evaluating Bangladesh Agro-based Industries and Technology Development Project (ATDP II). The current project runs through 2005. USAID has asked us to review the project and to consider future options. We would appreciate your insights.

Sector: [grains][horticulture][shrimp][aquaculture][poultry][livestock][other...]

Organization name, address, email/telephone:

Date/time of meeting:

Present at the meeting, names and affiliations:

1. What is the history of the business? What agricultural inputs, outputs, or services has the organization provided, with special attention to the last 5 years?
2. What is the current size of the enterprise in annual sales, turnover, number of employees, members, etc? How has this changed over the past decade?
3. How do you source your products? How many suppliers do you have? How do you identify your suppliers (advertise, word of mouth, etc)? Is access to supplies a constraint in your business?
4. How do you market your products? How many buyers do you have? How do you make contact with buyers (advertise, word of mouth, etc)? Is access to markets a constraint in your business?
5. In the area of agricultural technology, where do you go for information? Are you aware of technology that is available in other countries, but not in Bangladesh? If so, why is that technology not available in Bangladesh?
6. What are the medium term goals or objectives of the organization? What are your plans for the next several years? New markets? Different technology? More sales? Etc.
7. What are the major technical or non-technical factors – if any – that are holding you back?
8. Has the organization ever been a client with ATDP? If so: Dates:
Describe ATDP services used: what services, co-payment, number of ATDP and business staff
How important have these services been for you? If ATDP were not there, where would you go for these services?
9. What haven't we covered that you would like to tell us?

Guide to interviews with agribusinesses associations: NOTE: This is a guide, not a questionnaire.

INTRODUCTORY STATEMENT: We are part of a 4-person team that is evaluating Bangladesh Agro-based Industries and Technology Development Project (ATDP II). The current project runs through 2005. USAID has asked us to review the project and to consider future options. We would appreciate your insights.

Sector: [grains][horticulture][shrimp][aquaculture][poultry][livestock][other...]

Organization name, address, email/telephone:

Date/time of meeting:

Present at the meeting, names and affiliations:

1. What is the history of the association? What services have you provided, with special attention to the last 5 years?
2. What is the current size of the association: number of members? Annual membership fees? Annual gross budget? Staff? Etc.
3. What are the medium term goals or objectives of the association? Expansion of members, contacts with other organizations, new services, etc?. Please give some relevant details.
4. How do you recruit members? Why do members join? Are they mostly interested in the associations assistance with technical advice, market information, contacts with government or banks, etc? Please give some examples...
5. Are there other associations in the industry that compete for the same members? What % of the industry is in your association, and what % in each other organization?
6. What are the major issues that you have had to overcome as an association?
7. What are the major difficulties – technical or non-technical – that are holding you back?
8. Has the organization ever been a client with ATDP? If so:
Dates:
Describe ATDP services used: what services, co-payment, number of ATDP and business staff, etc:
How important have these services been for you?
If ATDP were not there, where would you go for these services?
9. What haven't we covered that you would like to tell us?

G. ATDP STAFF COMMENTS ON THE EVALUATION FINDINGS AND THE EVALUATOR'S RESPONSE TO THE COMMENTS

To make sure that the evaluation covered all key issues and to double-check for omissions, the Louis Berger ATDP project staff was asked to review this evaluation report. In the attachment to this summary they:

- Identified some data errors and missing information (which have been corrected).
- Pointed out the successes of the program and argued that some of the project problems were not really problems.
- Expressed concern that the success of the Shrimp Seal of Quality program was not adequately recognized.
- Argued that the present project approach should not be changed in the future to one that concentrates on agribusiness policy and regulatory reforms.

The evaluation cited the achievements and success of the project. The successes were great but there were a few problems and the evaluation cited two. As ATDP project staff agreed, the livestock/dairy sub-sector had serious problems. In addition, while efforts to improve quality are important, the Shrimp Seal of Quality has not been used by any exporter. The analysis was based on extensive interviews with shrimp processors, exporters, foundations and the government. All agreed that after two years there was still a lack of agreement among stakeholders on what the Seal of Quality should cover and different opinions on whether it was needed. While the project hopes to get agreement among all parties and certify some exports in 2005, so far no exports have been certified. And finally, project staff thought the present approach, which concentrated on business development services was most effective. They saw no need to change the emphasis to one which concentrates on the need to reform inappropriate government policies and regulations.

The evaluation Terms of Reference asked for analysis of project performance to date, recommendations on what to do during the last 10 months of the project and what future program approaches to consider after the current project ends in 2005. ATDP staff suggested that there should be more analysis of the past ATDP II program. But this was not a project performance evaluation. It was primarily strategic and forward looking. While the evaluation analyzed past ATDP II activities to learn what worked well and what did not, in order to look to the future, it could not go into extensive analysis of past programs. This was only a three-week evaluation. It needed to look at the past in order to recommend a few minor adjustments during the last months of the project and to identify strategic approaches for 2006 to 2010.

Sections 5 and 6 of the evaluation provided three suggestions for a future agribusiness program: (1) inputs and technology, (2) business development services and (3) efforts to improve the business environment. The business development services model (#2) is close to the current ATDP II approach and the evaluation text included an extensive discussion of present and future prospects for that approach. It then described approach #3, which is designed to improve the business environment by working to change inappropriate government policies and regulations. The evaluation laid out the reasons for each approach and why approach number 3 was a particularly effective way to deal with the problems facing the agribusiness sector.

The next section provides key comments from ATDP staff. For each section there are comments from ATDP staff followed by several specific questions. After each question the evaluators provide their answer. For reference, the attachment page number for each comment is listed and the full list of ATDP comments are at the end of this annex.

1. ATDP says the program was very successful, with few problems. The evaluation should emphasize the successes. The evaluation should have done a more in-depth technical analysis of ATDP II programs.

ATDP sees the Agribusiness MBA as a Business Development Service approach. ATDP says the MBA fits in directly with ATDP's objective of promoting enterprise development in the agribusiness sector (p. 11). ATDP disagrees with the evaluation finding that the MBA agribusiness program does not bear any direct linkage to ATDP programs. The role of universities is critical to the success of the agribusiness sector (p. 10). **The evaluators note that no one questions the value of the Agribusiness MBA. The evaluation said that the MBA program was needed and that it was effective and academically sustainable. The long-term benefits are clear. Within 5 to 10 years many of the MBA graduates will be in high level positions at agribusiness firms. But the evaluation noted that ATDP II is primarily following a Business Development Service approach of helping individual firms and industry association. Improving national manpower skill levels is several steps removed from a Business Development Service approach. There is nothing wrong with ad hoc approaches or activities that were not in the original project scope of work. The evaluation recommends that after the ATDP II ends, USAID decide how an MBA program would fit within its new agribusiness strategy.**

“ATDP asks if the evaluators agree with the decisions to invest more in freshwater aquaculture. If so, how should this sub-sector be structured in future programs? What were the strengths and weaknesses of ATDP II's aquaculture activities? Page 2.” **The evaluators note that ATDP staff may have misunderstood the purpose of this three-week evaluation. ATDP has major programs in five sub-sectors and also supports activities in seven other areas. A thorough freshwater aquaculture technical evaluation would require a week of work by an aquaculture technical expert. If similar evaluations had been done for each of the other four ATDP II sectors and seven activities, it would have required additional specialized technical staff and significantly more time. That was not the purpose of this evaluation and it was not in the evaluation scope of work.**

Although the evaluation cannot answer the question of what to do in freshwater aquaculture, it can list the questions the project needs to answer. Whether and how to aid that sector is a good question. Much of the activity is going to be in small-scale businesses (farmers with fish ponds). Options for aid include: (a) assistance with production technology, including how to boost production per hectare of fish ponds; (b) assistance with production technology for hatcheries and feed mills, including avoidance of in-breeding; (c) setting pesticide residue limits and other standards for fish quality in domestic markets; (d) promotion of private tests to ensure quality in the market. If there is interest in traceability for foreign markets, there should be rigorous economic analysis of what the costs and benefits might be for Bangladeshi producers.

ATDP asks for analysis of the ACF Development Fund that was used to support ATDP II activities (p. 3).

The management of Agribusiness Credit Fund-DF funds was potentially weakened at the outset when USAID and GOB disagreed about the Project Proforma, which does not coincide with the Contract. An annex to the Project Proforma describes how ACF-DF funds are allocated to project activities; most of the funds are designated as matching grants based on what is done with USAID funds. This appears to have worked.

The evaluators interviewed ATDP staff to gain a better understanding of the Fund. They learned about the administrative burdens of budget management and record keeping. The evaluators were told that the money was used to support ATDP II training, technical assistance and related assistance. The evaluators understand that the ACF-DF funds supported project activities that the evaluation examined such as business support services. In addition, ACF-DF funds have supported several degree programs and travel for government officials which we were not examined.

2. ATDP II is proud of the Shrimp Seal of Quality (SSOQ) and views it as a successful trend setting activity for the future of Bangladesh, as well as other countries as they shift from improving food production to food quality (p.3). It has also done work on freshwater aquaculture.

ATDP II has been waiting for the evaluation report to finalize decisions regarding the future of SSOQ whereby it can maximize its impact on Bangladesh's shrimp industry. How should SSOQ be implemented in the future? What are the consequences of each option? How will SSOQ be funded? What are the ways to best sustain SSOQ? (p. 3-4)

The question of what to do with SSOQ demonstrates a key problem: the lack of a clear path forward despite several years of high profile support for the concept.

If SSOQ is a third party voluntary certification, then it should belong to a private organization independent of the government, any industry body, and any importer. If it part of the government or under the control of the industry there is the possibility of conflict of interest and corruption. SSOQ could be placed with a for-profit or non-profit organization. Here are some questions to guide a solution:

(a) Who will sit on the board? At least some should be important people, with reputations to defend. They should be trusted and knowledgeable about product testing and/or shrimp, but they should not be major players in shrimp trade, industry associations, or government. Maybe a mixture of young and old academics and scientists from universities and research institutes could be involved.

(b) What revenue will the organization have for the next several years? If the proposed organization is to be independent and have meaningful independence, it is probably going to have to make money on product testing or something besides SSOQ certification for some years. The organization may also make some money from contracts with ATDP II and other projects to certify or test shrimp or other goods.

(c) Whether or not one wants to put the PCR lab into the same organization that offers SSOQ certification is a question to be addressed. To protect the PCR lab, it might be best to keep the two separated. There appears to be a market demand for testing larva, so that

should be set afloat in an organization with the best possible chances of survival. But SSOQ certification may not have a market, or may be controversial in a way which damages the organization which owns SSOQ.

Here is what the evaluation recommends: The project as soon as possible: (a) drafts a plan to sell or give the right to offer SSOQ certification as a commercial service to a private for profit or not-for profit organization within a month of USAID and GOB agreement; (b) drafts Terms Of Reference on rights and responsibilities for the project to subcontract that organization to certify processes and products during the life of the ATDP project; and (c) presents these plans to USAID and the GOB project committee. The evaluation recommends that control of the PCR lab and control of on-farm demonstrations be separated from the right to offer SSOQ certification to avoid any conflict of interest.

Any change is likely to involve political disagreements between the Ministry of Commerce and Ministry of Livestock and Fisheries. The project needs to make a proposal that allows the project to get out of these fights. If USAID expects its future program to be in the shrimp sector, it might want to talk with the government to move the process forward. The success or failure of SSOQ does not mean the success or failure of quality shrimp exports, and does not mean the success or failure of ATDP II. It is important for ATDP II and USAID to make clear their position about SSOQ, and then to leave SSOQ fights to others.

ATDP reports that The SSOQ program has been endorsed by the Prime Minister and in June 2003 she instructed the Department of Commerce to institutionalize it. That shows there is high level support for the program (p. 5).

If, as ATDP says, this is a third party voluntary certification offered on commercial terms, why is the involvement of the Ministry of Commerce and the Prime Minister important? Doesn't this confuse the issue by making it a government directed program? If SSOQ is politicized, that does not make it commercially viable. The project can demonstrate support from the Prime Minister but doesn't it need to demonstrate support from Bangladesh processors and even more important, from foreign buyers?

SSOQ is being used to test and certify PL shrimp and will be used to certify at least 1000 MT of export shrimp in 2005 (p. 8).

Testing PL shrimp stands on its own; it is cost-effective.

3. The evaluation recommended that future programs concentrate on agribusiness policy and regulatory reform.

ATDP notes that the evaluation recommendation is fundamentally different from that which ATDP has followed. While paying attention to both policy reform and industry associations, ATDP has also simultaneously worked with firms because it believes that an integrated, holistic hands-on approach is required (p. 11). One of ATDP's main policy tools was "transaction-based policy analysis" where constraints to transactions that impede the agribusiness supply chain became the focus of policy reform initiatives. This approach gave policy analysis a distinctly practical orientation and has focused on real-world solutions that prevented our clients from increasing sales, exports and employment (p. 14).

The evaluators note that a holistic approach is fine, but that was not the case for ATDP II. Except for the semen straws, analytical policy analysis based on a strong economic base has been very limited. ATDP II efforts have been at the level of the business firm, with industry associations playing a minor role. The question is --- should this same approach be used in future USAID programs? The evaluation found that inappropriate government polices and regulations are a major impediment to new inputs, new technology and new products. They could be the focus of a new USAID program. It is also important to note that the evaluation is talking about a future USAID program and not criticizing ATDP for its past program. ATDP was very effective with its Business Development Services---the evaluation recommends that a policy approach be tried in the future.

ATDP points out while only some 300 firms received assistance they were successful and some hold a large market share. A more balanced summary would view the recipient firms in terms of market share and would include members of industry associations. (p.2) **The evaluation found that ATDP II was very successful at working with a number of firms and a few industry associations have shown promise. Several firms have grown to be leaders in their field and control an important market-share. One could ask if the project favors concentration, what are the costs and benefits of concentration and is it the best way to encourage technology change and competition.**

But even if concentration is not a problem, the fact that only 300 firms are served in five years needs to be put in the Bangladesh context --- there are several hundred thousand agribusiness firms. There are also a number of new and promising crops, products and export markets. A new project could work for another five years with another 300 firms to identify new firms and new products. Based on the success of ATDP II it would likely identify a number of winners and help them grow. But is that the best way to accelerate agribusiness growth throughout the economy?

Firms appreciate ATDP II services and advice that is tailored to their specific needs. However, they are in a competitive environment and do not want to share their new knowledge with their competitors. Under ATDP II cost-sharing, they paid part of the cost for the services. Many view the advice as proprietary and do not want to give it to their competitors. If that is the situation, then the good work done by ATDP II is not replicated throughout the industry. The benefits are limited to one firm. The question is whether a firm-level approach of using business development services is the way to proceed in the future. The evaluation suggests that efforts to solve sector wide problems, such as inappropriate government controls and regulations, along with development of fee-based business service firms and effective business associations might be a better approach to reach more firms and to have a greater impact.

Rather than criticize ATDP II for not addressing other agricultural production policy issues, the evaluation report could better serve the project and future programs by examining the semen straw case in detail. We believe that ATDP II approached the need for imported semen in a systematic analytical way as recommended by the Evaluators. Why then has GOB not adopted the recommendations? (page 2)

The first point is that the evaluation is not criticizing ATDP. It is looking forward to future program choices.

Quantity and quality of policy analysis and advocacy is something the project can control. The project cannot control policy change, since that depends on decisions in ministries and sometimes even in Parliament. Such changes depend on many factors beyond the project's control.

The project's initiative to relax controls on imports of semen straws demonstrates some strong and weak points about how to stimulate policy change. The initiative followed a review of sector activities. The proposal was presented in several short papers, with economic analyses demonstrating a value to the country from the proposed change. There were, at the same time, several weaknesses. The request for policy change did not exactly target government restrictions, asking specifically that the government allow private import of semen straws subject only to government controls to prevent import of diseases. The paper included other minor and potentially distracting issues. Also, the paper presenting the analysis could have been better presented, so that it could be published or otherwise circulated; the audience for such a paper when one is asking for policy change is not only the specific government bureaucrat receiving the request but also people in the industry, agricultural economists throughout the country, donor experts, etc. When a case is made, the bureaucrat who receives it may disagree, but that should in no way kill the request. It should have life wherever someone can read the policy brief and recognize the validity of its argument. The proposal then stays in circulation for years, and reform may be achieved when others who have been educated by the paper push the argument anew.

Following are the verbatim comments we received from the members of the Contractor team from the Louis Berger Group (LBG) that is implementing ATDP-II. The are from:

1. Ron Gillespie, Chief of Party
2. Charlie Bell, LBG Vice President.
3. Masarrat Quader, Assessment Team Representative
4. Nii-Akwei, Agribusiness Director
5. Nazrul Islam, Director, Government Relations and Policy

1. ATDP COP Comments on the Evaluation Report

ATDP II staff's view of *An Evaluation of Bangladesh ATDP II Project* (The Report) can be summarized as follows:

- A commendable job of looking at a number of different issues given the short period of time.
- The Report seems to reflect a general lack of understanding of the breadth and complexity of the ATDP II project and SSOQ in particular.
- The Report's major omissions such as fresh water aquaculture and erroneous facts and misstatements especially regarding SSOQ greatly undermine its value and credibility.
- ATDP II does not agree with many statements and findings of The Report.
- The Report does not meet ATDP II's expectations. Were our expectations realistic?

Commendable Job:

Given the short period of time, the evaluation team did a commendable job of looking at a number of different issues, sub-sectors and program initiatives. During the Team's 24 days in country, there were four national holidays, one US holiday, 6 to 8 days of weekends and five days of hartal!!!

Lack of Understanding:

Page 2 – 5: *Section 2. Agriculture, agribusiness and the ATDP II program, The Transformation of Bangladesh's Agricultural Sector, Agricultural Production.*

The focus and tone of the *An Evaluation of Bangladesh ATDP II Project* seems to be established in *Section 2. Section 2.* offers an informative history of Bangladesh's impressive *agricultural production* and reviewed ATDP I, but barely mentions 'agribusiness or ATDP II'!

We anticipated that ATDP II would be viewed and evaluated within the context of Bangladesh's new era of agriculture and ATDP II Contract's scope of work: For example,

- Focus would be on agriculture processing not agricultural production.
- Concentrate on food quality improvement not on increasing food quantity.
- ATDP II was concerned with grain dryers not single super phosphate fertilizer technology.
- Review quality control labs in bakeries to determine gluten and protein values rather than introducing new varieties of wheat.
- Focus on new horticulture preservation technologies were ATDP II's focus not the introduction of new potato varieties.
- Discuss the emerging blue revolution versus past green revolution.
- Doing business plan analyses versus macroeconomic analyses.

Omissions:

Page 20: Freshwater Aquaculture:

The Report understandably addresses SSOQ and salt water shrimp in considerable detail. We had expected however that it would provide much more attention and guidance to developing freshwater fish and shrimp.

The Report recognized the sub-sector's importance on page 20 when it states that Bangladesh has 'an excellent base for freshwater aquaculture' that 'contributes roughly 23 percent of agriculture GDP and 6 percent of total GDP and employs 13 million people full-time and 12 million part-time.'

During the last half of the project ATDP II allocated a greater percent of its resources to freshwater aquaculture. Similarly AID and other donors are investing heavily in fish projects. Do the Evaluators agree with the decisions to investment more in freshwater aquaculture? If so how should this sub-sector be structured in future programs? What were the strengths and weaknesses of ATDP II's aquaculture activities?

Exports:

Exports are a major target of ATDP II as well as other AID projects. By emphasizing shrimp ATDP II will not only meet its export target but will likely exceed it. Was this a correct decision as it significantly affected the ATDP II project? What commodities should ATDP II and AID concentrate on in the future? ATDP II in its export unit focused on the Bangladeshi Diaspora market? Is this the best way? What geographic markets should be targeted? The Seven Sisters? East and southeast Asia? India? Europe?

Erroneous Facts, Findings and Misstatements:

Page 9: 5. Recommendations for an agribusiness strategic approach

The Report concludes on page 9. that 'by concentrating at the firm level, problems were identified, solutions devised and results achieved. While the benefits are important for each firm that gets support, *only some 300 firms and 4,000 farmers received assistance.*' A more balanced summary would view the recipients firms in terms of market share and would include members of industry associations. For example ATDP II assisted firms representing 65% of all the chicks hatched in Bangladesh, 20% of all livestock feed produced; 50% of all baked products and 50% of superstores.

Expectation Shortfalls:

Pages 24-25. Policy Reforms:

The Report addresses policy reforms in considerable detail. On page 25 it states that 'Aside from control of semen straws for dairy cattle, the project has not addressed similar regulatory barriers to agricultural technology introduction e.g. controls on introduction of new wheat varieties, potatoes, rice, jute, and sugar cane.' and 'the government has banned imports of single super phosphate fertilizers which is an established technology.' Later on page 26 under *Future program choices* the Report concludes that 'If a project is able to demonstrate the value of good policy analysis during industry dialogue with bureaucrats and politicians, this should not only promote good policies, but could also stimulate industry associations to improve their professional and analytic capabilities.'

Rather than criticize ATDP II for not addressing other *agricultural production policy* issues, The Report could better serve the project and future programs by examining the semen straw case in detail. We believe that ATDP II approached the need for imported semen in a systematic analytical way as recommended by the Evaluators. Why then has GOB not adopted the recommendations?

- Was it due to failure to establish good will?
- Due to limited economic and policy analysis?
- Because it was based on client interaction?
- Failed to promote client competitive markets?
- Failure to consult with macroeconomists?

Detailed analysis of the semen import policy case would be very useful for policy activities before and after ATDP II.

Page 27-29: G. Agribusiness (sic) Credit Fund

The Report's findings regarding the Agricultural Credit Fund appear to be accurate, however management of ACF is AID and GOB's concern not ATDP II.

What would be of value to ATDP II would be an analysis of the ACF-DF funds that were used for project activities. How best can a project be managed when it is funded by two different donors (AID and GOB) and beholden to two different contracts with two different sets of target and objectives and two different sets of accounting and reporting systems?

SSOQ Errors, Misunderstandings and Expectation Disappointments:

Page 7-20: SSOQ Sections

The Evaluation Team did as we expected: they spent a considerable amount of time examining the Shrimp Seal of Quality program. ATDP II is proud of SSOQ and views it as a trend setting activity for the future of Bangladesh as well as other countries as development shifts from improving food production to food quality.

ATDP II has been waiting for The Report to finalize decisions regarding the future of SSOQ whereby it can maximize its impact on Bangladesh's shrimp industry. How should SSOQ be implemented in the future? What are the consequences of each option? How will SSOQ be funded? What are the ways to best sustain SSOQ?

The options under consideration include:

- Transfer SSOQ to a follow-on AID or other donor project.
- Transfer SSOQ into the Ministry of Commerce's SOQ program.
- Transfer SSOQ to Department of Fisheries.
- Transfer SSOQ to an industry association like Bangladesh Shrimp Development Alliance.
- Transfer SSOQ to an international buyer such as Darden or Wal-Mart as is done in garment industry.

- Transfer SSOQ to a private quality control company like SGS.
- Create a for-profit SSOQ.
- Create a non-profit private SSOQ entity such as a trust.
- Terminate SSOQ.

Each of these options needs to be evaluated in terms of impact, sustainability, management and politics. The composition of SSOQ in terms of certification, pond demonstrations, fry production and so forth need to be considered. Underlying the options are key questions regarding how SSOQ should be funded and how to maintain SSOQ's integrity and credibility.

In sum The Report made a good start in addressing SSOQ but provided limited analysis and far too few answers to our questions. Ironically a major conclusion and recommendation on page 10 is that SSOQ "clear the air for everyone involved --- donors, government, processors, farmers and labor --- and to move forward, so the project could expeditiously clarify which organization will "own" the seal after the project ends." We agree with this recommendation but had hoped The Report would assist us clear the air!

The Evaluators not only misunderstood that SSOQ is to be a voluntary third party organization but that it proposes to certify a process not inspect a product like the DOF.

The Report recommends on page 10 the project de-emphasize the Shrimp Seal of Quality and instead concentrate on controlling White Spot Virus and improving the way farmers manage their shrimp ponds. The reasoning for terminating SSOQ are based on (1) DOF and processor opposition to SSOQ; (2) DOF certification systems are already in place; (3) exporters have their own relationships with buyers; (4) limited amount of time remains in project; and (5) there are other ways to certify than SSOQ.

Although this recommendation could be viewed as an easy solution:

1. It is at odds with the Prime Minister's view as she has publicly supported SSOQ and directed the Ministry of Commerce establish a SOQ unit in June 2003.
2. Problems with shrimp exports have increased not decreased in the last year in spite of DOF's inspection and exporter relationships with buyers.
3. Terminating SSOQ would likely send a very negative message to importers and government regulators and reinforce Bangladesh's most corrupt nation status.

SSOQ Errors and Misstatements:

p. 7. Statement: The Seal of Quality has not been used and there is a lack of support for the program.

Facts: SSOQ is being used to test and certify PL and will be used to certify at least 1000 MT of export shrimp in 2005.

Prime Minister Zia has adopted and promoted the SSOQ by citing it as an example in public statements and institutionalizing it in the Department of Commerce!

p. 7 – Statement: "...implementation has not gone smoothly....The Seal of Quality has not been used and there is a lack of support for the program." implies almost complete non-performance.

Fact: SSOQ has been critical to providing a vision and to getting all the participants in the value-chain to talk about issues and future initiatives (this had not been done before in the industry).

SSOQ is very much like a competitiveness program in which it is a long process; one that will require identifying industry leaders; one that will require public-private sector dialogue (which in Bangladesh has never occurred).

P. 10 Statement: SSOQ “was not well conceived”.

Fact: This section overlooks all the entrenched interests and difficulties in promoting competitiveness in any sector in any country. This paragraph along with the annex analysis implies that the preferred route should have been to support government testing labs; and only focus on White Spot Virus and production issues. What we have been trying to do is a long, messy, complicated process; but that is what serious reform and competitiveness initiatives entail. We strongly believe that even if the SSOQ were not instituted, the process and attempt has brought about some very good dialogue, reforms and increased the competitiveness of what is one of the most important subsectors in the entire Bangladesh economy.

p. 16. Statement: Shrimp production stagnated at 30,000 to 40,000 tons per year for nearly 10 years.

Fact: Shrimp production increased from 25,000 MT in 1994 to 45,000 MT in 2004 due to increased acreage of golda production. Badga production declined until 2004 due to disease but increased in 2004 because of SSOQ interventions.

p. 16. Statement: (45 tons production from 200,000 hectares of ponds, of which 160,000 hectares are for brackish water and 40,000 hectares for freshwater shrimp)

Fact: 45,000 MT according to DOF were produced from 170,000 ha of ponds in 2004 - 140,000 brackish and 30,000 freshwater ha.

p.17, section 1. Statement: (d) advocacy for a system of shrimp certification to be managed by the shrimp industry.

Fact: ATDP has not decided how to manager SSOQ in future however has decided that shrimp industry with its vested has already eliminated.

p. 17, section 1. Statement: This laboratory is currently one of three PCR testing facilities available to the shrimp industry.

Fact: Four shrimp PCR labs exist of which only ATDP's is operational.

p. 17: “the concept of private certification by an industry body is probably not useful”.

Fact: One has to look at the context in which Bangladesh shrimp industry is operating. Bangladesh is ranked as #1 or #2 in terms of corruption. Buyers will not trust a government certification program...it has to be industry led in order to have any credibility. The evaluation has not adequately recognized this issue.

p. 18. Statement: Regulations governing shrimp imports into the US and EU, require that the shipment must be accompanied with certificates from a government, based on sampling and testing of each shipment for bacterial contamination. In addition,

processing factories must be inspected with attention to environmental impact and sanitary practices.

Fact: US and EU require bacterial and antibiotic and other harmful residues, not environmental.

p. 18. Effectiveness, efficiency, and sustainability: Statement: Several PCR testing capabilities have been established after ATDP II's lead

Fact: No new PCR testing labs were established since SSOQ opened its lab in 2004!

p. 18. Statement: Project documents describing the SSOQ are not exact about the additional standards that exports would be required to meet, although some documents mention environmental, child labor, land ownership, and other issues.

Fact: SSOQ detailed codes comprise 25 pages specifically related to food safety, traceability, environment, labor and social responsibility. Food safety codes are established by government regulators; other codes are determined by shrimp buyers.

p. 18. SSOQ has become a controversial concept, which has been opposed not only by the government, but also by influential portions of the private shrimp industry.

Fact: Prime Minister Zia has adopted and promoted the SSOQ by citing it as an example in public statements and institutionalizing it in the Department of Commerce!

p. 18. Some project documents propose that all exports should be SSOQ certified.

Fact: SSOQ has disavowed this statement and terminated the individual who made the statement. SSOQ's mantra is that it is 'a third party voluntary certification program.'

Ron Gillespie, ADTP Chief of Party

Feb 8, 2005

2. Additional Comments By Louis Berger On The ATDP II Evaluation

Given the short period of time, the evaluation team did a commendable job of looking at a number of different issues, subsectors and program initiatives. They put together a questionnaire template and outline that allowed them to present findings in a similar, coordinated manner (i.e. each sub sector/program looked at: a) problem setting and program description, b) program results and impact; c) effectiveness, efficiency and sustainability, d) project design and implementation approach, and e) future program choices).

Given the short period of time, it is often difficult to adequately provide a proper balance and perspective among accomplishments, targets and issues. The evaluation does not fully point out the difficulties overcome or the significance of achievements that were made. There is no mention made of the trade-offs involved in focusing efforts exclusively on government-led policy reforms compared with developing some industry-led reforms. There is also no comment on the importance of demonstration effects and getting lead firms and farmers to adopt new technologies. Finally, in the case of the Seal of Quality program, there is no acknowledgement of the degree to which the existing system, based on government-controlled programs, does not function at all. The evaluation implies that since there are many people opposed to the SSOQ, it

is not a good idea. Our viewpoint is the opposite – that by pushing the SSOQ agenda, even if it has not resulted in a private certification program, it has forced changes in the industry and forced a dialogue about the industry’s problems and opportunities. For example, recently in December, the BFFEA (?) held a workshop to discuss the impact and need to address the White Spot Virus. This is a first in Bangladesh where the industry has actually come together to discuss this issue. We believe this was motivated, in large part, by the work that ATDP II and the SSOQ have been pushing.

More specifically, we have some specific comments:

p. 7 – Shrimp Seal of Quality program: This section and the accompanying annex needs to be more detailed and comprehensive. To state “...implementation has not gone smoothly....The Seal of Quality has not been used and there is a lack of support for the program” implies almost complete non-performance. Our premise is and always has been:

- SSOQ has been critical to providing a vision and to getting all the participants in the value-chain to talk about issues and future initiatives (this had not been done before in the industry);
- SSOQ is very much like a competitiveness program in which it is a long process; one that will require identifying industry leaders; one that will require public-private sector dialogue (which in Bangladesh has never occurred).

Also, this paragraph does not even mention all the tremendous work and results achieved from the White Spot Virus cleansing program and the farm trials geared towards increasing productivity.

Page 7 – Dairy/Livestock program: We believe that ATDP II did a good job of matching project investments to opportunities in subsectors that could result in increased jobs, sales, exports (project targets). There is no mention in the document on the effectiveness of ATDP II in developing a flexible portfolio approach – one that allowed us to continuously monitor and shift resources into higher performing subsectors. Also, there should be a greater emphasis on just how important the project objectives were in dictating how we should invest our resources.

Pg. 8 – 4th paragraph/Last line: In the ATDP II proposal, we initially mentioned that policy reform initiatives should be “bottom-up” (i.e. come from client interactions) as well as “top-down” (i.e. driven by discussions/sector analyses). We believe we have done both. Also, the sentence ends by talking about the need to have a perspective to “...promote competitive markets”. The SSOQ program was an industry-led attempt to develop a more competitive market. This program, while still a “work in progress” has led to many different reforms and practices: a) new certification, b) production techniques; c) disease-free larvae, etc.

Pg. 8/9 – ACF funds: There is no mention in the evaluation about ATDP’s work with the government using the ACF interest funds; the role and work of the project steering committee; the overall dynamics and difficulties of trying to please/consult with various clients –i.e. USAID, and the different government ministries involved in the project steering committee. This fund and the project steering committee took up a huge amount of project management time and should be acknowledged as a success in developing “buy-in” by the Bangladesh government.

Pg. 9/Ag MBA program: We disagree that the Ag MBA does not “fit neatly” into the ATDP approach. ATDP II allows for the project to work with agricultural associations and institutions involved in agribusiness. Universities are very much a part of that in the U.S. agribusiness sector and could be in Bangladesh as well. It is true that the Ag MBA program was not mentioned in the original RFP. But it is very much in line with the objective of strengthening ag-support institutions.

P. 9/Summary: We believe this summary does not adequately acknowledge the fact that ATDP worked both at the retail and wholesale level (through associations, universities, etc.). It is true that much of our impact, as it related to jobs/sales/exports growth came out of retail assistance. But the project also worked very closely and put in place a number of strong initiatives through various associations.

Pg. 10/Last paragraph; middle: We disagree that the SSOQ “was not well conceived”. This section overlooks all the entrenched interests and difficulties in promoting competitiveness in any sector in any country. This paragraph along with the annex analysis implies that the preferred route should have been to support government testing labs; and only focus on White Spot Virus and production issues. What we have been trying to do is a long, messy, complicated process; but that is what serious reform and competitiveness initiatives entail. We strongly believe that even if the SSOQ were not instituted, the process and attempt has brought about some very good dialogue, reforms and increased the competitiveness of what is one of the most important subsectors in the entire Bangladesh economy.

Pg. 16/Program Description, Results and Impact; section b: We believe that the reforms taking place at the farm level are very significant. It is presented in a matter-of-fact way. We believe, however, that we have put in place a sustainable, low cost methodology that will have some of the most impressive achievements in any development project. We also have to be careful about how we characterize the cultivation practices as our new approach is extensive rather than intensive otherwise we can not get buy in from poor farmers.

Pg. 17/first paragraph/last line – Again, this description makes it seem that the SSOQ is just a concept that had no impact. We think the exact opposite. It was precisely because of this concept or vision that, for the first time, this industry is starting to address issues that if properly handled will catapult the sub sector into a new level of export success.

Pg. 17/last paragraph/first sentence – We disagree that “the concept of private certification by an industry body is probably not useful”. One has to look at the context in which Bangladesh shrimp industry is operating. Bangladesh is ranked as #1 or #2 in terms of corruption. Buyers will not trust a government certification program...it has to be industry led in order to have any credibility. The evaluation has not adequately recognized this issue.

Pg. 19/second paragraph – Same discussion as the point above.

Pg. 25/second paragraph/first sentence – This needs to be rewritten to point out that ATDP II specifically focused on BOTH government-led as well as industry-led reforms. We believe that there should be greater emphasis given to the other policy activities and the importance of these, particularly in an environment in which it is difficult to push through rapid government-led reforms.

Pg. 30/Future program choices: We disagree with: "...the program does not bear any direct linkage to ATDP programs and only an indirect relation to ATDP objectives". Again, in most countries worldwide, the role of universities is critical to the success of the agribusiness sector. We think that we were rightfully addressing an area that was critical to strengthening agribusiness support institutions – a main component area of ATDP II.

Charlie Bell, Vice President
LBG Group
Feb 4, 2005

3. Comments on Evaluation Report

The following is a list of my comments after having read the draft evaluation report submitted by the assessment team:

- There seems to be a general lack of understanding of the breadth of challenges facing the shrimp industry in Bangladesh as well as the scope of the SSOQ program itself. The SSOQ Program has 3 components- PL Quality, Farm Demonstration and Certification. Their analysis seems to focus on Certification although we clearly state that this is the component that we have emphasized the least to date. The achievements under the PL Quality and Farm Demonstrations are significant and have great scope for further expansion.

- The local realities in the shrimp sector do not seem to have been adequately comprehended:
-government certification although in existence is a farce which has been wholly ineffective in detecting any/ all of the deficiencies that exported shrimp suffer from: corruption plagues the government system

- "Government, importers, exporters, and donors have endorsed HACCP for quality since 998." (p18)

Although this is the case, it is obviously not being adhered to because of which numerous containers of shrimp have been rejected from Bangladesh since 1998 this making it evident that the current system is simply inadequate.

- "The government and processors have the same goal – quality – but endorse different strategies." (p19)

This is SIMPLY not true, if it were things wouldn't be in the state that they currently are in.

- The statement that the MBA Program does not fit clearly with ATDP's approach is incorrect. Investments in the Ag MBA can be seen as a BDS approach. AIUB was identified as a service provider to the agribusiness sector, and their capacities were enhanced through the development of the Ag MBA. Secondly, the development of the Ag MBA fits in directly with ATDP's objective of promoting enterprise development in the agribusiness sector. As such, I think the statement that a natural fit does not exist is incorrect.

- The "Recommendations for agribusiness strategic approach" (p12)

"It is a "retail" approach that can only have a limited impact in a country with 140 million people. Agribusiness faces a number of market impediments, distortions and market failures. In addition, government regulatory controls make it difficult to increase production for some products. In the future it might be reasonable to concentrate on those problems rather than

dealing with problems at the firm level. While the World Bank and the Asian Development Bank are dealing with high-level macro policy issues, USAID could focus on an industry or sub-sector niche with analysis and research. It could work to support institutions that service agribusiness such as commodity and trade associations, private sector business service firm, private testing laboratories and finally efforts to identify solutions to infrastructure problems and needed government policy and regulatory reforms."

The approach that is being advocated above is fundamentally different from that which ATDP has followed. While paying attention to BOTH policies reform and industry associations ATDP has also simultaneously worked with firms because we believe that an integrated, holistic hands on approach is required to impact the industry. We do not believe that a World Bank/ ADB type approach of focusing wholly on policy, research and BDS is cost effective or desirable.

- Many of the recommendation that are made in the "Business Environment Section on p 14" and throughout the document would lead to a replication of existing activities by other donors and NGOs in Bangladesh. The BDS model and policy and association work are being undertaken by numerous agencies with limited results and impact (KATALYST, JOBS, SEDF).

Masarrat Quader
Assessment Team Representative
ATDP II
February 5, 2005

Evaluation Comments:

- Our work has been focused on "... some 300 firms and 4000 farmers..." These firms influence a significant proportion of their industry sectors and are mostly lead firms within their industry. These numbers are also the targets we agreed to with USAID.
- Our approach has been to understand agribusiness issues at the client level to feed into our policy issues. Agree that we also need to approach it from the government perspective but disagree that firm level policy input should be de-emphasized. I believe it should be a combination of both firm and government level.

Aquaculture:

- Our focus was at the farm level because that is where the immediate need is. Farms can currently sell everything they grow at the farm-gate. The comment about very little work being done on the marketing chain is right although the reason for it is as mentioned earlier. Focus on proper farm management is a burning need right now, from the perspective of the local aquaculture industry. Transportation and marketing chain efficiency improvement will help but not until improved farm management is almost in place.

Dairy & Livestock:

- Agreed that this area has the ability to make an impact on rural income if productivity and genetics are focused on.
Our initial assessment was done on large-scale farms so there is an opportunity to look at one or two cow households that make up the majority of population here.

- Issue here is more with research and policy than actual enterprise intervention.

Grains:

- Our focus here has been to bring clarity to maize production and supply as well as to improve supply of good quality flour and baked goods.
- The comment that we have not worked to introduce legislation that allows imports of improved variety of seeds is right. However our focus was on improving the quality and quantity of existing supply.

Horticulture:

- We currently work with fresh vegetable export clients that make up over 30% of the total exports from Bangladesh. Our work has been to improve their quality to allow them to achieve three objectives.
One is to enable them to improve their export market share by coming out with improved products.
Second, is to make them an example to their fellow exporters who will then adopt those improvements and thus lift the whole sector.
Finally, by their improved market demand they will, in-turn, increase their demand on the farmers produce and also provide guidance to farmers.

Poultry:

- We currently work with Feed-mills that make up over 20% of the total output. We also work with Hatcheries that make up over 65% of the chick output.
- Achievements against our targets are one indicator of this success however this and other successes will not sustain much longer if further necessary interventions are not taken. Development of the association is the next step.

Nii-Akwei, Agribusiness Director

ATDP II

Feb 6, 2005

5. Comments on the draft evaluation report of ATDP-II

Extract from the report

Page No. 4, under section-2. Agriculture, agribusiness and the ATDP II Program:

The future

While policy changes allowing private and new hybrid rice varieties.

Comments

Concerned ministries take steps to update their existing policies at a regular interval of time either of their own or at the instance of the stake holders. ATDP identified artificial insemination as such an issue and submitted two policy study reports on (1) Potential for modern commercial beef industry in Bangladesh and (2) Recommendations regarding the subsidization of Dairy cattle breeding industry. As a result of ATDP's continuous persuasion the ministry of Fisheries and Livestock agreed to discuss the issue and such discussion with concerned officials of the Ministry of Fisheries and Livestock (MOFL) are continuing. The Evaluation Team's examination of this specific case would be very valuable.

Extract from the report

Page No. 8, under section-3; **Other Project Activities: (2nd Para)** and also page13 (Para on Policy and regulatory problems)

ATDP II has draftedThese include, for example, controls on the introduction of new wheat varieties (blocking farmer access to durum and high-gluten wheat varieties grown in other Asian countries), potatoes (blocking farmer access to potatoes suitable for processing), rice, jute, and sugar cane. Similarly, the government has banned imports of single super phosphate (SSP) fertilizers, which is an established technology.

Comments

All these issues relate to production agriculture. The main thrust of ATDP-II is the development of privately owned Agribusiness that can succeed in open, competitive market environment. ATDP's policies were market and demand driven. None of our clients raised the issues recommended by the assessment report.

Through the project's institutional support program and direct TA program, the project has been able to develop industry advocates and policy advocacy capabilities. The overall objectives of the policy reform agenda were to:

1. Remove or reduce constraints in agribusiness supply chain;
2. Ensure efficient use of available resources;
3. Provide for an institutional framework for increased participation in the agribusiness sector.

Extract from the report

Pages 8--9, section-3 under other activities

USAID and the Government of Bangladesh set up a \$20 million, local currency equivalent, Agribusiness Credit Fund.....

It would be more useful to examine impediments and problems that restrict capital from flowing to its most effective use. It might also be useful to train commercial banks to better understand agribusiness production and business plans so as to better assess agribusiness loan requests.

Comments

At the beginning of the project ATDP-II took initiative to change the lending modules of the commercial banks to allow more small entrepreneurs to receive loans. ATDP-II conducted a series of discussions with the commercial banks on this issue and found that every commercial bank have their own lending module including some specific regulatory guidelines from Bangladesh Bank. Based on the socio economic situation of the country the banks were not interested to bring changes in their existing lending modules. However ATDP-II is working to better understand agribusiness production and Agribusiness plans by commercial banks. As a result few commercial banks have come forward to increase their lending in new ventures like contract farming. ATDP-II thinks that more emphasis should be given on the training of bank officials on agribusiness.

Extract from the report

1. Pages 24- 25, section-F Policy reform; Program Description, results, and impact; drafting 30 “policy reform issue sheets”
2. 2. Effectiveness, efficiency, and sustainability; agricultural technology introduction

Comments

1. ATDP policy issue sheets focus on problems and suggest possible alternatives to solve the problems and expected outcomes of the policy changes. The Assessment Report did not discuss the issue sheets.
2. ATDP-II utilized both a “bottom-up” as well as “top-down” approach. To identify policy issues; one of our main policy tools applied was “transaction-based policy analysis” whereby constraints to transactions that impede the agribusiness supply chain became the focus of policy reform initiatives. This approach gave policy analysis a distinctly practical orientation and has focused on real-world solutions that prevented our clients from increasing sales, exports and employment.

The report is **not correct** when stating ‘that ATDP-II has dealt with only a handful of Policy issues.’ Our policy issues include fish inbreeding, fish feed, livestock feed, national poultry policy, branding tea, artificial insemination, milk production, seal of quality and so forth.

Extract from the report

Page No. 26, section-F Policy reform; Project design and implementation approach; The project recognized a responsibility

Comments

ATDP-II did not address any policy issue related to tariff directly rather encouraged the clients to use their knowledge and expertise that they gained from ATDP-I to address tariff related issues. Of course, this does not mean that ATDP is not aware of the situations. ATDP keeps continuous liaison with its clients on such issues.

Nazrul Islam
Director
Government Relations and Policy
February 8, 2005