

**Promoting the  
Development of  
Private Sector  
Agribusiness:  
Lessons Learned  
from the  
Agribusiness and  
Marketing  
Improvement  
Strategies (AMIS  
II) Project**

December 1998

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*Prepared by*

Timothy Mooney

Charlie Stahacos

Carol Adoum

**PROMOTING THE DEVELOPMENT OF PRIVATE SECTOR  
AGRIBUSINESS:  
LESSONS LEARNED FROM THE AGRIBUSINESS AND MARKETING  
IMPROVEMENT STRATEGIES (AMIS II) PROJECT**

**Timothy J. Mooney  
Charles J.D. Stathacos  
Carol Adoum**

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Agricultural Marketing and Enterprise Development Division**

**Abt Associates Inc.  
Hampden Square  
4800 Montgomery Lane, Suite 600  
Bethesda, MD 20814  
[www.abtassociates.com](http://www.abtassociates.com)**

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## EXECUTIVE SUMMARY

The U.S. Agency for International Development (USAID) signed a contract with Abt Associates Inc. to implement the Agribusiness and Marketing Improvement Strategies (AMIS II) Project on September 29, 1993. The foundation of the project was the well documented and researched understanding that:

As economic development occurs, more people become significantly involved in the marketing of agricultural products, while a significantly smaller proportion of the population remains involved in agricultural production. Critical contributors to this process are agribusiness firms which perform important functions in the food marketing system, transforming raw agricultural products into value added goods and services. . . The expansion of agribusinesses provides income generation and job creation opportunities in developing countries, thus contributing to economic growth.

The **goal** of the AMIS II Project was “to contribute to the promotion of broad-based, market-oriented, sustainable economic growth.” The project’s **purpose** was “to promote and strengthen agribusinesses that contribute to the efficient marketing of agricultural products.” Throughout its sixty-three months of operation (9/93 - 12/98), AMIS II worked in a variety of situations with different commodities and industries and provided a range of different levels and kinds of assistance. Further, the project paper and contract outlined three broad ways in which the project would improve the abilities of USAID Missions and Regional Bureaus to improve agribusiness assistance. These included:

- 1) diagnosis and assessment of constraints and opportunities important to agribusiness development in middle and low-income countries,
- 2) organizing and strengthening agribusiness support institutions, such as trade associations, and institutions that facilitate the development of new agribusinesses, and
- 3) providing firm level assistance to existing agribusinesses in key commodity subsectors in order to improve their performance, expand their operations and provide linkages to U.S. firms.

This paper provides a summary of the specific activities Abt Associates Inc. and AMIS II its partners, including the School of Agribusiness and Resource Management at Arizona State University, Cargill Technical Services, Development Alternatives, Inc., the Postharvest Institute for Perishables at the University of Idaho, International Management and Communications, and five agribusiness associations: the Food Marketing Institute, the Food Distributors International (formerly the National American Wholesaler Grocers Association, the National Food Processors Association, the Food Processing Machinery and Supplies Association, and United Fresh Fruit and Vegetable Association. Corporation carried out under the project and extracts lessons learned from those efforts. This review shows clearly that AMIS II was most effective when it focused narrowly on a commodity subsector or industry within a single country. The broader multiple

country, multiple commodity or industry surveys and analyses it carried out had less impact. The project was more effective when it worked across the three tasks specified above, rather than focusing too narrowly on just one. In general, AMIS II was more effective when it first carried out diagnoses and assessments of the constraints inhibiting and the opportunities inherent in a commodity subsector or industry before providing services to specific firms or trade associations and other support institutions. Working with individual firms and supporting institutions is, however, an iterative process. In some cases, firm level assistance followed directly the diagnostic phase and only later were the firms with which AMIS II personnel engaged ready to address the broader problems at the level of an association. In other cases, AMIS II staff partnered with existing business organizations or associations to deliver the key findings of their diagnoses of problems and identification of opportunities, and this led to firm-level technical assistance.

## INTRODUCTION

With the conclusion of the Agribusiness and Marketing Improvement Strategies (AMIS II) Project, USAID brings to close an eleven year effort to improve agricultural marketing systems and to promote private sector agribusiness development. This paper briefly reviews the project's varied activities and undertakings. These observations provide the basis for a summary of lessons learned which the authors hope USAID will consider in the design and implementation of future activities to promote sustainable, private sector agribusiness development.

The foundation of the AMIS II Project was the well documented and researched understanding that:

As economic development occurs, more people become significantly involved in the marketing of agricultural products, while a significantly smaller proportion of the population remains involved in agricultural production. Critical contributors to this process are agribusiness firms which perform important functions in the food marketing system, transforming raw agricultural products into value added goods and services. . . . The expansion of agribusinesses provides income generation and job creation opportunities in developing countries, thus contributing to economic growth.

The project's designers developed AMIS II as a follow-on to the Agricultural and Marketing Improvement Strategies Project, which concentrated on improving agricultural marketing systems and assisting USAID Missions to identify problems and opportunities related to both domestic and export marketing of agricultural products. As originally designed, AMIS II was to focus "more on the role of agribusiness within the agricultural marketing system . . . [and] emphasize the use of expertise from the U.S. private sector agribusiness community."

AMIS II had clearly and succinctly stated goal and purpose statements. The **goal** of the project was "to contribute to the promotion of broad-based, market-oriented, sustainable economic growth." The project's **purpose** was "to promote and strengthen agribusinesses that contribute to the efficient marketing of agricultural products." Further, the project paper and contract outlined three broad ways in which the project would improve the abilities of USAID Missions and Regional Bureaus to improve agribusiness assistance. These included:

- 1) diagnosis and assessment of constraints and opportunities important to agribusiness development in middle and low-income countries,
- 2) organizing and strengthening agribusiness support institutions, such as trade associations, and institutions that facilitate the development of new agribusinesses, and
- 3) providing firm level assistance to existing agribusinesses in key commodity subsectors in order to improve their performance, expand their operations and provide linkages to U.S. firms.

Throughout the five years of the project, AMIS II worked in a variety of situations with different commodities and industries and provided a range of different levels and kinds of assistance. The next chapter provides a brief summary of the specific activities the project undertook. Appendices A and B provide a summary of the activities funded by delivery orders (buy-ins) and those carried out under the core contract. Since the project met the needs of several clients through both contractual mechanisms, Appendix C provides a summary of activities financed jointly under both the core and buy-in contracts.

Unfortunately, the volume of buy-in business from USAID Missions and Regional Bureaus did not reach the levels anticipated in the AMIS II project paper. Several factors account for this. The project's five year tenure corresponded to a period of significant, and sometimes turbulent, change within USAID. The once traditional programmatic emphasis on agriculture and agribusiness was subsumed into the broader Agency goal of economic growth. As a result the project carried out a significantly reduced number and volume of delivery orders. Against a ceiling of \$15 million, total funds obligated under the eight delivery orders the project carried out amounted to just over \$4.0 million. Likewise, total core contract obligations amounted to less than 60 percent of the funds authorized. As a result, the lessons learned from AMIS II come from a relatively small number of observations.

This paper compensates for this limited data base in two ways. First of all, it relies heavily on an analysis of the work carried out in Madagascar, which is a special case. The work AMIS II carried out in Madagascar was a continuation of an effort that began under its predecessor project. Therefore, the observations and analysis of what happened and why in Madagascar covers a much longer period of time than is typical under the usual buy-in. The combined AMIS and AMIS II record in Madagascar is the subject of Chapter 3.

This paper supplements its analysis with the results of a survey of U.S. private sector agribusinesses that have been involved in USAID-funded activities. It includes firms that were involved with AMIS II as well as other USAID-funded agribusiness development projects. Chapter 4 reports the results of this survey.

The paper concludes with a series of lessons learned. The project confronted difficulties, and from these there are important lessons about what not to do and what to avoid in attempting to promote private sector agribusiness development. Likewise, the project's successes provide the foundation for positive lessons learned. The AMIS II management team hopes that both sets of lessons learned will help to make the programming and implementation of future USAID support to private sector agribusiness more effective.

## OVERVIEW OF ACTIVITIES

This chapter provides a broad overview of the activities which the AMIS II Project undertook during the sixty-three months it was in operation. AMIS II was a complex project from a management and contractual point of view. Of the eight delivery orders executed through the Requirements Contract, six were the normal, stand alone activity. However, in two cases, buy-ins provided the wherewithal for the project to continue activities begun under the core contract.

The first part of this overview analyzes the project's activities by funding source or client. An analysis of these activities within the framework of the project's broadly stated purpose follows.

### 2.1 Summary of Activities By Source of Funding

Funding from all sources for the AMIS II Project totaled over \$7.9 million. The project carried out eight delivery orders whose cumulative obligations totaled over \$4.0 million. All but two of these buy-ins originated within various operating units of the Bureau for Africa. The Private Sector Growth and Environment Division of the Office of Sustainable Development in the Bureau for Africa (AFR/SD/PSGE) commissioned three buy-ins. The missions in Madagascar, Mozambique and Zimbabwe accounted for another three. The two remaining buy-in clients included the Bureau for Europe and the New Independent States' Office of Privatization and Economic Restructuring (ENI/PER) and the project's institutional home, the Agricultural Enterprise and Market Development Division of the Office of Agriculture and Food Security, Center for Economic Growth and Agricultural Development, Bureau for Global Programs, Field Support and Research (G/EGAD/AFS/AEMD).

AMIS II received life of project core funding of \$3.9 million. Almost half of the project's core funding originated outside (G/EGAD/AFS/AEMD). Substantial financial support for the project's core activities came from the Agriculture and Agribusiness Division of the Office of Enterprise Development of the Bureau for Europe and the New Independent States (ENI/ED/AG) and AFR/SD/PSGE.

Table 1 provides a summary of the project's funding by source and by contract.

### 2.2 Summary of Activities By Project Purpose

AMIS II could have achieved its overall purpose "to promote and strengthen agribusinesses that contribute to efficient marketing of agricultural products" in a number of different ways. The project paper and contracts called for Abt Associates and its partners to focus its efforts on three approaches:

- 1) diagnosis and assessment of constraints and opportunities important to agribusiness development in middle and low-income countries,
- 2) organizing and strengthening agribusiness support institutions, such as trade associations, and institutions that facilitate the development of new

- agribusinesses, and
- 3) providing firm level assistance to existing agribusinesses in key commodity subsectors in order to improve their performance, expand their operations and provide linkages to U.S. firms.

The project completed thirteen specific tasks. On three assignments, the specific activities undertaken cut across all three of these components. Two activities had project staff working along a dual approach. Both cases included diagnoses of problems and assessments of opportunities. In one case, the project focused on organizing and strengthening support institutions as a result of its assessments. In the other case, AMIS II provided firm level support to existing firms and entrepreneurs promoting new businesses. The remaining eight tasks were single focus diagnoses and constraint analyses.

Table 2 provides a summary of the project's principal activities by the component or components with which each task was most closely aligned. In the opinion of the AMIS II team, those activities that were multi-faceted were much more successful than those that had a more limited scope. The three include:

- \* Telecommunications in Africa: Linking the Agribusiness Through the Internet (OYBs from both AFR/SD/Leland Initiative and REDSO/WCA);
- \* Post Privatization Support to Wholesale Warehouse Operators in Kazakhstan (OYB from ENI/ED/AG); and
- \* Market Improvement Strategies in Madagascar's Subsectors of Spices, Essential Oils and Medicinal Extracts (Delivery Order No. 2).

AMIS II used a multi-faceted approach to upgrade the telecommunications skills of agribusiness entrepreneurs across Sub-Saharan Africa. Project staff and consultants developed and refined training materials in both English and French over the course of conducting workshops in six countries. The manuals teach participants how to use the commodity systems approach to think about their businesses strategically. In addition, they provide an introductory lesson on how to use electronic mail (e-mail), the Internet and the Worldwide Web to access information that is crucial to their operations. Over the life of this activity, AMIS II staff and consultants developed and implemented two separate, but related methodologies to assess quickly and accurately both the capabilities of Internet service providers (ISPs) to meet the needs of their current and potential agribusiness customers and the needs of agribusiness firms for training to use telecommunications technology more effectively. The more successful workshops were those in which AMIS II staff worked closely with a local agribusiness trade association partner. The workshops provided valuable services to the members of these associations. As a result of its initial training in Southern Africa, AMIS II created AGNET-Africa, a listserv that continues to operate today to help individual entrepreneurs and firms gain access to information that is vital to their growth and expansion.

In Kazakhstan, on an assignment that started out with the sole purpose of providing technical assistance to individual firms, the AMIS II Project broke new ground in two distinct, but related ways. The broadly stated purpose of the effort in Kazakhstan was to provide technical

assistance and support to the new owners of recently privatized food distribution warehouses. The consultant assigned to the project, a twenty year veteran of the wholesale and retail food business in the U.S., realized very early on that these new owners had very little understanding of their primary clients, retail food stores. This diagnosis led to the first broad-based survey of the retail sector undertaken in post-independence Kazakhstan. The survey served as the foundation for a workshop, which resulted in the creation of the Kazakhstan Association of Food Enterprises (KAFE). AMIS II was instrumental in linking KAFE with both the Food Marketing Institute and Food Distributors International, the two major associations for the retail and wholesale sectors of the food industry in the U.S.

AMIS II's success in Madagascar deserves special attention. Chapter 3, which follows, provides a comprehensive review of this undertaking.

Appendix A provides brief summaries of all the buy-ins. Appendix B provides a summary of the contract's achievements. Appendix C reviews two activities which were jointly funded under both the core and buy-in contracts.

**Table 1: Funds Obligated By Source**

	Core		Buy-Ins		Total	
	\$	%	\$	%	\$	%
<b>G/</b>						
EGAD/AFS/AEMD	\$1,691,475	43.13%	\$100,000	2.49%	\$1,791,475	22.55%
WID	\$350,000	8.92%			\$350,000	4.41%
<b>Sub-Total G</b>	<b>\$2,041,475</b>	<b>52.05%</b>	<b>\$100,000</b>	<b>2.49%</b>	<b>\$2,141,475</b>	<b>26.96%</b>
<b>AFR/</b>						
SD/						
PSGE	\$600,000	15.30%	\$847,229	21.07%	\$1,447,229	18.22%
Leland Initiative	\$200,000	5.10%			\$200,000	2.52%
EA/ GHAI	\$165,561	4.22%			\$165,561	2.08%
REDSO/WCA	\$240,000	6.12%			\$240,000	3.02%
USAID/Madagascar			\$987,141	24.55%	\$987,141	12.43%
USAID/Mozambique			\$970,684	24.14%	\$970,684	12.22%
USAID/Zimbabwe			\$110,879	2.76%	\$110,879	1.40%
<b>Sub-Total AFR</b>	<b>\$1,205,561</b>	<b>30.74%</b>	<b>\$2,915,933</b>	<b>72.52%</b>	<b>\$4,121,494</b>	<b>51.89%</b>
<b>ENI/</b>						
ED/ AG	\$675,000	17.21%			\$675,000	8.50%
PER			\$1,004,809	24.99%	\$1,004,809	12.65%
<b>Sub-Total ENI</b>	<b>\$675,000</b>	<b>17.21%</b>	<b>\$1,004,809</b>	<b>24.99%</b>	<b>\$1,679,809</b>	<b>21.15%</b>
<b>Totals</b>	<b>\$3,922,036</b>	<b>100.00%</b>	<b>\$4,020,742</b>	<b>100.00%</b>	<b>\$7,942,778</b>	<b>100.00%</b>

**Table 2: AMIS II in Brief**

Specific Activities	Diagnoses and Assessments of Constraints and Opportunities	Organizing and Strengthening Support Institutions	Providing Firm Level Support To Existing Agribusinesses
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Requirements Contract			
Post Privatization Assistance to Facilitate the Commercial Viability of Demonopolized Warehouse System in Perm (D.O. #1)			
Market Improvement Strategies in Madagascar's Subsectors of Spices, Essential Oils and Medicinal Extracts (D.O. #3)			
Agribusiness Development in Sub-Saharan Africa: Optimal Structures and Operating Strategies (D.O. #4)			
Constraint Analyses and Interventions for Stimulating Indigenous Agribusiness Development in Southern Africa (D.O. #5)			
Horticulture Sector Assessment and Analysis of Programming Options in Zimbabwe (D.O. #6)			
Mozambique Cashew Subsector Rehabilitation (D.O. #800)			

**Table 2: AMIS II in Brief**

Specific Activities	Diagnoses and Assessments of Constraints and Opportunities	Organizing and Strengthening Support Institutions	Providing Firm Level Support To Existing Agribusinesses
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Core Contracts			
Cross Border Trade and Ethnic Groups in West Africa			
Telecommunications in Africa: Linking Agribusinesses Through the Internet			
Enhancing the Role of the Private Sector in Improving Food Security in the Greater Horn of Africa			
Post Privatization Support to Wholesale Warehouse Operators in Kazakhstan			
Improving Food Safety and Quality Using Electronic Pasteurization in Russia			

**Table 2: AMIS II in Brief**

Specific Activities	Diagnoses and Assessments of Constraints and Opportunities	Organizing and Strengthening Support Institutions	Providing Firm Level Support To Existing Agribusinesses
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Combined Contracts			
Monitoring and Impact Assessment of Innovative Approaches to Agricultural Marketing Systems Development in Africa (AFR OYB and D.O. #2)			
Program to Revitalize Agriculture Through Regional Investment in Russia (ENI OYB and D.O. #7)			

## INCREASING MADAGASCAR'S NON-TRADITIONAL AGRICULTURAL EXPORTS

AMIS II and its predecessors made a significant contribution to the overall success of USAID's Madagascar Agricultural Export Liberalization Support Project (MAELSP). The effort began with classic AMIS market analyses which identified those non-traditional agricultural exports that were most likely to provide Madagascar with the biggest pay off. These studies provided a solid foundation for more transaction-oriented technical assistance delivered under a "bridging" contract and eventually a buy-in under AMIS II. The results of these combined efforts have been significant and continue today. Madagascar is earning \$3 to \$5 million annually from the exports of commodities that were the focus of AMIS II's efforts: spices, essential oils and medicinal extracts.

### 3.1 The Madagascar Agricultural Export Liberalization Support Project (MAELSP)

The start-up of USAID's Madagascar Agricultural Export Liberalization Support Project (MAELSP) in 1990 coincided with that country's completion of major economic reforms and liberalization after a long period of restrictive economic policies and control. The overall purpose of the project was "to help the private sector take advantage of opportunities in agricultural export markets, to identify and help remove the remaining constraints [on export marketing] and [to] develop innovative reforms of support for agribusiness."

MAELSP had two functional components: export market develop and human resources development and training. USAID/Madagascar's strategy for the export market development component was to focus on "identifying markets and providing technical assistance in export marketing of non-traditional agricultural products." The term "non-traditional" had a broad connotation.

It signifies products not previously exported in significant quantities, as well as new products in which novelty consists in the value added to traditional products, such as vanilla extracts or eugenol from clove oil. The objective of this work is to increase foreign exchange earnings from exports and create new jobs in production, trade and processing of the targeted commodities.

The design of MAELSP included a four step methodology for the export market development component, including:

1. Studies and subsequent monitoring of export opportunities in foreign markets for selected commodity sub-sectors.
2. Diagnosis of Madagascar's capability to produce and export selected products to the identified foreign markets, and of constraints preventing agribusiness from taking full advantage of the opportunities.

3. Preparation of Action Plans for each sub-sector. These plans consist of industry-level technical assistance, as well as firm-level assistance through linkages to principal U.S. importers in the designated sub-sectors.
4. Monitoring and implementation of the sub-sector Action Plan.

The objective of the second component of MAELSP was to “strengthen export promotion through education, training, and other forms of human resource development in the targeted commodity sub-sectors. The interventions of this component [were to] include individual training [and] group workshops.”

AMIS and its successors first began to support MAELSP in 1992, and the effort extended through to May 1996. USAID/Madagascar issued a bridging contract to Abt Associates Inc., the prime contractor for both AMIS and AMIS II, in order to assure a continuity of service between the end of AMIS (September 1993) and October 1994, when it was able to execute a delivery order under AMIS II.

The AMIS effort began with a series of subsector analyses. Commodities covered included non-traditional spices, essential oils, medicinal plant extracts, fruits and vegetables, and dried beans. Commodity-focused workshops to inform the private sector about the findings of the analyses were a major component of the performed under the bridging contract. Under AMIS II the focus shifted to improving the capabilities of agribusiness associations to meet the needs of their members engaged in the export of non-traditional agricultural products. Drawing heavily on expertise from both U.S. and international associations, AMIS II worked closely with three commodity- specific trade associations, including:

- \* PROBIOMAD: The Professional Association of Organic Product Entrepreneurs;
- \* SEEM: The Madagascar Spices Exporters Society; and
- \* SYPEAM: The Essential Oils Industry and Professional Association of Madagascar.

### **3.2 Identifying Market Constraints and Opportunities**

In 1992 USAID contracted with the AMIS Project to research the international market potential for a broad spectrum of commodities, including: fresh fruits and vegetables, dried beans, essential oils, and spices. Table 3 provides a bibliography of the studies completed under the AMIS buy-in and bridging contract. In the course of preparing these studies and analyses, the AMIS Team contacted U.S.-based and international commodity-specific trade associations to obtain industry specific feedback and market information. The associations contacted included the American Spice Trade Association (ASTA), the Flavor and Extract Manufacturers Associations (FMA), the Fragrance Materials Association (FMA), the United Fresh Fruit and Vegetable Association (UFFVA), the National Association for the Specialty Food Trade (NASFT), the National Nutritional Foods Association (NNFA), and the Produce Marketing Association (PMA),

and the International Federation of Essential Oils and Aroma Trades (IFEAT). Throughout the remainder of the AMIS involvement in Madagascar, these associations provided important guidance on the grades and standards and other commercial factors governing the international trade of these target commodities. In addition these associations generously made specific recommendations about the topics an effective market development program for Malagasy exporters should address and identified many of the industry experts whom AMIS II later brought to Madagascar to work directly with firms and their associations.

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Table 3  
**Studies and Reports Prepared Under the AMIS and ‘Bridging’ Contracts**

Reports Completed under the AMIS Buy-In

Stathacos, Charlie, Patti Kristjanson, Carla Henry, and Annie Fung. 1993. *Madagascar Non-Traditional Export Market Survey: The Case of Dried Beans*. June. (Also available in French.)

Stathacos, Charlie, Nancy Laws, and Carla Henry. 1993. *The Export Potential for Madagascar Non-Traditional Spices*. July. (Also available in French.)

Stathacos, Charlie and Carla Henry. 1993. *Manual for Export Market Studies*. July. (Also available in French.)

Reports Completed Under the Bridging Contract

Erbacher, Christine and Clare Stephens, Wayne Batwin and Charlie Stathacos. 1994. *U.S. Spice Market Development Report*. May

Moreau, J.B. 1994. *Etude sur l’Ouverture du Marché Français - Secteurs de la Parfumerie et des Arômes - aux Produits Naturels d’Origine Malagache*. Avril/Mai.

Thomas J. Payne Market Development. 1994. *Market Research Lime and Clove Essential Oils: Current and Potential Use in the US Food Industry*. April.

Thomas J. Payne Market Development. 1994. *Product Review Eugenol: An Overview of the US M and Uses by the Food Industry*. May.

ATW Consultants, 1994).

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In order to explore the potential for tropical fruits (dried and fresh) and nuts, the AMIS Team first contacted the UFFVA and the PMA. AMIS staff attended the PMA’s annual convention,

held in Washington, D.C. in October of 1992 and met with a broad range of firms buying dried fruit and nut products. At that time, mango and cashews were of greatest interest. Based on their participation, AMIS staff drew several important conclusions about the directions the overall effort should take in Madagascar. These included the findings that:

- C Madagascar was not competitive in fresh products and dried fruits, and would have to work hard to meet the high quality standards in these industries;
- C South Africa was opening up and South African supermarkets were looking for new sources for a range of products, particularly those that did not compete with local production (e.g. black pepper); and
- C There was explosive growth in consumer demand for low-fat products and natural foods.

The overall conclusion drawn from the PMA convention was that AMIS's effort under MAELSP should target niche products and niche markets.

### **3.3 In-Country Workshops**

Follow-on activities to the marketing and constraints analyses took several forms. Through a series of commodity-focused workshops, AMIS staff shared the lessons learned with key subsector participants. In addition, resident project staff followed up with firm-level technical assistance.

Under the bridging contract from September 1993 through December 1994, the attention focused on workshops to address effective ways firms could alleviate the major constraints on their current operations and realize their export potential. A series of subsector-focused workshops played an essential role in helping industry participants become current with and understand international standards for their products, learn about market preferences, and recognize the quality issues surrounding Malagasy products and the resulting decline in Madagascar's ability to compete with other countries in supplying foreign demand. Key to the success of these workshops was the fact that *industry experts* led the sessions. Participation at trade shows, an important aspect of the market reconnaissance effort carried out under AMIS helped staff identify key commodity experts who would play a vital role in workshops designed to help Malagasy entrepreneurs address the problems confronting their businesses.

Equally important they were available for serious, one-on-one consultations with workshop participants. These experts were for the most part individuals who had worked with these products around the world for years and could answer any marketing question based on current, real-world knowledge. Another key to the success of these workshops was their broad participant base. Participants included a range of subsector operators, including producers, intermediaries and exporters. All received the same message about the importance of ensuring quality and standardized grades. This fact is particularly important when one considers that quality is often affected at the producer level in handling and harvesting. The workshops began a process of education about the markets and their requirements for *all* levels of each commodity

chain.

The first workshop held in February 1994 included a U.S. essential oil broker who outlined important trends in the industry and recommended three new products--geranium, lime, and vetiver--that the Malagasy could produce competitively. The essential oil workshop led to the attendance of a core group of exporters at the IFEAT conference (July 1994) which became the launching point for the formation of the essential oil trade association.

In May 1994, AMIS organized the ASTA clean spice workshop which numerous exporters praised for the important technical and market trend information presented. In June, 1994, a European bean broker conducted a series of workshops throughout the country with an emphasis on the need for higher quality.

### **3.4 Day-to-Day Support to Malagasy Firms**

In addition to organizing in-country workshops, AMIS provided direct technical assistance to firms in the form of market information, agronomic advice on production and processing, and grades and standards through a resident advisor. Trade associations and individual firms cooperating with the project were a key source of much of this data. The AMIS resident advisor and Abt staff assisted the Malagasy private sector by developing promotional materials for the industry as a whole, as well as preparing business profiles in French and English for Malagasy firms to distribute to potential buyers or to use while attending outside conferences and trade fairs. Other support was directed at promotional and organizational efforts undertaken by trade associations. AMIS II funded a locally-produced video production about the Malagasy essential oil subsector in 1995 that was shown at the Johannesburg Chamber of Commerce to potential South African buyers.

Technical experts also provided direct assistance and advice to individual firms. Abt staff played a key role, too, in networking with U.S. brokers and buyers and putting them in contact with a variety of Malagasy suppliers and exporters. In addition, a very critical role was played by AMIS II staff who helped provide feedback on their products and product quality to the exporters in ways that were helpful and effective. Where U.S. brokers may have given one chance only to an exporter, AMIS II staff facilitated overcoming breakdowns in communications, problems with unmet expectations, and working through contractual agreements and payment problems in numerous initial attempts at sourcing from Madagascar. The ability of project staff to support both the U.S. buyers and the Malagasy exporters was an important ingredient in increasing exports out of Madagascar during the project, as the initial learning curve (on both sides) developed and more long-term business relationships were established.

### **3.5 Making Key Industry Contacts Through Trade Shows, Professional Conventions and Study Tours**

Having gained a better understanding of the global nature of the markets in which they competed through the workshops and firm-specific support, many Malagasy firms were ready to engage in more proactive market development activities. AMIS staff used and built upon their

knowledge of the key trade shows and other international fora to bring these firms into contact with potential customers as well as well established competitors. Participating in these international events with their domestic competitors forced firms to cooperate in ways never before imagined and laid the foundation for the develop of several important trade associations.

AMIS II staff initially contacted U.S. and international trade associations while preparing its constraints and market opportunities analyses. For example, as part of its effort to analyze the European market for dried beans, AMIS contacted the French representative of a U.S. bean trade association who had a reputation as the only person in the industry with an intimate knowledge of Madagascar. For spices, the American Spice Trade Association (ASTA) provided lists of major U.S. importers and brokers, advised AMIS about the key international spice experts and trade promotion specialists best qualified to help Malagasy producers and exporter.

These and other associations became involved in follow on activities, including the workshops discussed above. ASTA, for example, agreed to undertake a Clean Spice Workshop in Madagascar. The European Spice Association invited AMIS to make a presentation on the Madagascar project at its annual business meeting, which was attended by executives from major European spice and food ingredient companies as well as representatives of spice associations from the member European countries (UK, France, Germany, Spain, Holland, others). For essential oils, the U.S.-based FMA pointed to IFEAT which provided lists of brokers and importers, and facilitated the visit of 12 Malagasy companies accompanied by one AMIS II staff person to the 1994 IFEAT association meeting in Avignon, France. FMA also suggested AMIS contact a U.S.-based retired essential oil broker who had extensive knowledge and experience with Madagascar.

AMIS staff effectively exploited these industry contacts as part of an overall market development effort. By having Malagasy entrepreneurs and business owners participate in key industry events, the AMIS staff were able to provide them with an intensive course in the realities of market development. Key project staff and Malagasy exporters participated in the following events:

- \* the Fancy Food and Natural Products Expo West Show in the March 1994,
- \* the European Spice Association's Annual Meeting in June 1994,
- \* the IFEAT Congress in July 1994,
- \* the Produce Marketing Association's Annual Convention in October 1994 in San Antonio,
- \* the South African International Trade Exhibition (SAITEX) in November 1994,
- \* Conference on Medicinal Plants and Essential Oils in Nyons, France in December 1994,
- \* South Africa Market Penetration Program in collaboration with the Johannesburg and Durbar Chambers of Commerce in June 1995,
- \* IFEAT Conference in Istanbul, Turkey in October 1995,
- \* BIOFAIR '95 in San Jose Costa Rica in November 1995, and
- \* BIOFACH 1996 held in Frankfurt, Germany in March.

By attending these shows, the Malagasy participants gained an understanding of key

developments and trends in the U.S. and European markets. They obtained current and important information about industry sourcing arrangements, product sales, packaging, import regulatory requirements, food safety, and special promotional campaigns. These shows also provided AMIS staff an opportunity to gain important information and feedback from major market participants about their perceptions of Madagascar's products, quality, and ability to meet the demands of the market. The messages AMIS staff had to take back to their clients in Madagascar were not often kind, but they were important.

By virtue of being present in force at IFEAT in 1994, Malagasy exporters established credibility as members of an industry. Attendance at the IFEAT conference was a defining event for the exporters for several reasons. It was the first time that Madagascar had such a large delegation present, made up of 10 serious essential oils exporters. Secondly, the Malagasy delegation was challenged by French brokers about the decline of the quality of their essential oils in front of all members of IFEAT. This was both an eye-opener and a catalyst to take the consequences of the decline in quality seriously. Finally, the delegation became convinced of the need to create a professional association of exporters to re-establish their reputation in response to this clear signal from importers that Malagasy quality was substandard. Upon returning to Madagascar, these same exporters formed the nucleus of a new trade association for essential oils, SYPEAM.

In a post-IFEAT Congress survey administered by AMIS II's local partner, ATW Consultants, Malagasy exporters rated the conference as a very valuable contribution to their understanding of export markets. Several were able to make deals directly with importers in Avignon, in effect bypassing French brokers whom they had depended upon for years. By participating in workshops in Madagascar and meeting brokers, and by attending international conferences at Avignon (IFEAT) and Nyons, France (CERDEPPAM), Malagasy exporters received orders of some \$3.3 million.

AMIS II also worked very closely with the Johannesburg and Durban Chambers of Commerce to arrange a study tour which broadened the horizons of both the Malagasy exporters and the South African food and flavor ingredient firms, all of whom received publicity about the event from their respective Chambers. These exporters, who exhibited sample NTAE products at a Johannesburg Chamber of Commerce venue, made valuable business contacts with importers, processors, and grocery store chains.

These commercial trips accelerated the trade association development process for a number of reasons. First, the exporters reported that they enjoyed working together and that the trip helped them develop greater professional *esprit de corps*. They reported that they found it refreshing to exchange information on their respective firms, and that these trips allowed them to consider much more seriously the benefits of working together to defend the interests of the industry. Secondly, they came to understand the need to defend and promote the interests of their industry in a rapidly changing international market, and that they would mutually benefit from doing so. In addition, these trips exposed them to the world class industries of which they were a part, built awareness of the competition and the presence of other suppliers, provided an opportunity to learn about presentation of product and the importance of quality and meeting grades and

standards, and provided a forum for networking and making important contacts in the industry.

For Madagascar, which is isolated geographically from markets, the importance of attending these types of fairs and meetings cannot be underestimated. The exchange of information with trade associations at these events allowed the Malagasy to get a complete update on advances in product research, market trends and new product offerings.

### **3.6 AMIS II: Focusing on Association Development**

It was USAID/Madagascar's original intention to issue two buy-ins to AMIS II. The first was to focus on "spices, essential oils, and medicinal plant extracts for the U.S. market." The second was to cover "dry legumes, fresh fruits and vegetables, and ornamental plants mainly for the European, Near east, and Indian Ocean markets." Only the first buy-in was executed, however.

That contract stated objectives for this buy-in under both components of MAELSP. Under the commodity export development component, AMIS II was to "continue the implementation of Action Plans which were designed, and initiated under the bridging contract for the sub-sectors of spices, essential oils, and medicinal plant extracts." Under the human resources development and training component the mandate was "to advise on training needs related to the execution of the Action Plans [for the targeted commodities] and identify training opportunities for these commodities in the United States, Madagascar and third countries."

In 1995 and 1996, AMIS II conducted four in-country conferences. AMIS II staff worked closely with U.S. and international trade associations to identify and bring trade promotion specialists to Madagascar. These experts were singularly effective in communicating the message that "trade associations are formed by individuals who come together to solve, through concerted action, a problem they cannot solve alone."

The first conference, a market development seminar held in April 1995, cut across a number of commodity sub-sectors. The group of 50 firms confronted the issues surrounding the marketing of spices and essential oils in the international market place. It was at the market development seminar that the idea of forming a spice association was first seriously broached, and discussions on the need for a spice association occurred. Since the essential oil association SYPEAM was already operational, it provided an example to the spice exporters, some of whom actually belonged to SYPEAM. A workshop on essential oil industry opportunities for women was held in October 1995 for 30 firms, and an "essential oil and organic product opportunities for small firms" workshop was held in December 1995, attracting more than 100 participants.

The value of trade associations was clearly recognized in many of these activities. Individual firms in developing countries do not typically have the resources nor the technical expertise to develop good quality promotional materials about their industry (or even their firm). Finding the right balance of promotion of a country's industry is important for the trade association's membership to buy into the concept and recognize that all firms benefit from the promotion of a particular industry as a whole, and not any one individual firm. Once the right balance is struck the trade association membership and staff are well served by the united effort,

and such combined marketing can be a useful tool in combating perceived quality problems relative to the industry's performance in world markets, and can also serve as educational and awareness-building material within the country's own commodity chain. Clearly, significant thought about the buying audience, importers' typical questions and concerns, and their preferences regarding the layout and presentation of promotional materials needs to precede the development of such materials. The AMIS resident advisor assisted Malagasy exporters in this regard.

AMIS II received advice from U.S. and international trade association staff and members on follow-up market development. Contacts with associations provided insight into the prevailing perceptions of Madagascar as a supplier. Importers recommended ways in which Malagasy exporters needed to build up their image in terms of quality and reliability as a supplier. Madagascar's reputation as an exporter had been tarnished during the late 1970s and 1980s by occasional low quality shipments that failed to meet international market specifications and phytosanitary regulations. Unfortunately, only a few substandard shipments can ruin the reputation of a country as a reliable supplier. The challenge facing AMIS II was to encourage Malagasy exporters to improve product quality and consistency, and keep up with rising international standards and specifications.

AMIS II staff and consultants delivered this message about the important and constructive role associations could play in export market development in multiple ways: by conducting in-country workshops, by providing day-to-day support to firms, and by identifying and organizing trips to attend the professional conventions, commercial trade fairs, and other important international events the serious Malagasy firms needed to attend to establish their credibility in the international marketplace.

Making existing trade associations more effective and helping create new ones was AMIS II's single most important contribution under MAELSP. U.S. and European trade associations were valuable resources to the project staff and the Malagasy traders, as described above. Additionally, the creation of Malagasy trade associations was critical to the ability of various of the target industries (organics, essential oils, beans, etc.) to move beyond the individualistic and often haphazard export of Malagasy products that had been the practice for the past several decades. While not in any way constraining or ordaining trade activities, the trade associations acted as a central location for general market information, data on standards and regulations, and as a facilitator for serious entrepreneurs, enabling them to understand and promote the Malagasy products in a more systematic fashion.

The efforts of AMIS described above played a catalytic role in creating three trade associations, PROMABIO (organic products), SEEM (spices), and SYPEAM (essential oils).

### **3.6.1 SYPEAM: The Essential Oils Industry and Professional Association** (*Syndicat Professionnel des Producteurs d'Extraits Aromatiques, Alimentaires et Medicinaux de Madagascar*)

AMIS staff encouraged essential oil exporters to form a trade association at the IFEAT Congress in Avignon after the feedback from the brokers; without this intervention at that point

the traders would have merely left the conference disgruntled and defensive. Instead, the AMIS facilitator used this opportunity to suggest concrete steps that could be taken to improve Madagascar's image in trade circles, with the concept of forming a trade association as a key step in supporting these actions. SYPEAM held organizational meetings beginning in November, 1994, enlisting 11 firms as members, all of whom were "serious" processor/exporters who had already invested in the essential oils subsector. The trade association was formed in collaboration with UNIDO. By October 1995, 22 firms, including two brokers, were members.

Madagascar produces two major essential oils in large quantities, clove oil and ylang ylang. All other oils have a much lower level of production and represent less than 18 percent of the total value of essential oil exports. However, due to its ecological diversity, Madagascar can produce many other essential oils, including geranium, vetiver, combava, and cinnamon. Medicinal plant oils produced are naouli, cinnamon camphora (ravintsara), and extracts from rosy periwinkle. Oleoresins are produced for vanilla, chili pepper, and ginger. Other potential products include black peppercorn oil, and the essential oil from parsley seed and basil. All of the above oils have a parallel market in the organic marketplace. Madagascar's principal client for its essential oils has been France, based upon relationships dating from its early colonial trading ties. The system of using brokers or vertical integration down to the production level by French firms remains in place. Because of these traditional linkages and relationships, new firms wishing to penetrate the French market find it difficult and are branching out to other market places such as the U.S., Japan and South Africa as well as the rest of Europe. However, they tend to focus more on secondary products rather than clove oil and ylang ylang. Organic oils and niche product oils are also being used to develop new marketing channels.

In the mid-1990s, growth in the market was somewhat stagnant as the demand for traditional exports has held steady or even declined. Entrepreneurial traders visiting trade fairs perceived that the industry must branch out into other products. Clove oil is a problem due to the rapid decline of clove bud oil production--the trees have become too large to harvest the mature buds which are too high in the tree to be accessible. The value of stem and leaf oil are vastly lower than for bud oil, and the collection of stems and leaves are more destructive on the tree than simple clovebud collection. Ylang ylang production -- oil obtained from distilling the flowers -- has remained constant at around 10 tons since the mid 1980's due to the lack of a vigorous planting of new trees. Clearly some work was in order to assist the essential oils industries.

SYPEAM was created on December 2, 1994 with 16 original members and, as of September, 1996, had grown to 27 members. Membership is open to any individual or company associated with some aspect of the subsector, including producers, wholesalers, and exporters. SYPEAM is registered with the Ministry of Commerce. The association membership criteria includes a 600,000 Malagasy franc (FMG) annual membership fee and 100,000 FMG first time entry fee. The objectives of the association are as follows:

- C Increase the professional behavior of private sector production and marketing participants for all kinds of essential oils from Madagascar.
- C Promote adoption of quality standards that conform to world-wide norms.

- C Provide technical support to association members.
- C Support and sponsor activities that benefit the industry as a whole, such as generic industry promotion, organizational and policy interests, and development progress (e.g. lobbying for better telecommunications or transport services).

The General Assembly of SYPEAM is made up of all dues-paying members and is governed by a Board of Directors (President, Vice President, Treasurer, General Secretary and up to five technical advisors). SYPEAM's activities in 1995 and 1996 included:

- C Bi-monthly meetings,
- C Creation of internal commissions to deal with: finances, technical issues and public relations, information and communication,
- C Training in the areas of production, transformation, marketing and project design,
- C Technical assistance
- C Marketing and participation in international meetings, conferences and trade fairs,
- C Quality control and establishment of production and marketing standards,
- C Technology and information transfer, and
- C Other diverse activities such as lobbying the government to change policy.

### **3.6.2 AMIS II Support for SYPEAM**

AMIS II provided various kinds of support for SYPEAM from its inception. The AMIS resident advisor provided technical information to members on many subjects, including an analysis of the geranium essential oil market, "how to" manuals on essential oil production and marketing, monthly news bulletins, and assistance in preparing company brochures. By showing what could be done, AMIS II also persuaded others in the donor community to contribute and carry on association building after the MAELSP projects ended. This included funding from UNIDO for the essential oils association. Not only did working through trade associations create opportunities for donors to leverage their own interventions, but it provided a useful base to which other donor resources could be added.

Specific AMIS II support for SYPEAM included a number of activities. AMIS II:

- C Organized training programs aimed at the private sector in the area of production and processing in June of 1994 and November 1995 for a total of fifty firms. This training was implemented by the Agronomy Department of the University of Antananarivo, and successfully built awareness among producers and extension workers about the various issues relating to essential oils marketing and quality production.
- C Provided technical assistance to members of SYPEAM and to the association as a whole. The Team:
  - < provided copies of technical materials already in print;

- < provided written information on current market prices and prices over time;
- < provided international standards information (ISO and AFNOR);
- < conducted and distributed studies on the production of geranium oil, cinnamon oil, ginger lily oil, parsley and celery seed oil, patchouli oil and organic black peppercorn oil under the auspices of the Agronomy Department of the University of Antananarivo;
- < collected and distributed technical documents concerning potential clients;
- < conducted a marketing analysis of the entire sector; developed and distributed a manual on how to construct a modern distilling unit;
- < assisted in the promotion of a newly designed mechanical harvester for geranium production; subscribed to industry trade journals and made the pertinent information available (such as that found in Chemical Marketing Reporter);
- < created the logo for the association and a brochure in French and in English;
- < designed and implemented two short videos promoting the association for use at trade fairs and conferences;
- < designed and published the first five issues of the SYPEAM Newsletter;
- < developed and created a full sized map of Madagascar showing the production sites for essential oils and created a computerized map of the same information;
- < prepared company level information for participants at conferences and trade fairs such as product lists, price lists, brochures, visitor evaluation forms for events held in Turkey (IFEAT 95 in Istanbul, October 1995) and a commercial delegation to South Africa in June 1995;
- < implemented in-country seminars including April 1995 on Market Promotion, October 1995 essential oils seminar to women entrepreneurs held in Antananarivo, and December 95 essential oils seminar to small and medium sized firms looking to new markets organized through CITE; and
- < participated in international research seminars. Dr. Robert Randriarniharisoa participated in the 14th Annual "*Journées Internationales des Huiles Essentielles*" at Digne les Bains, France, September 1995. He presented the Malagasy essential oil *Hedychium cornarium*, longoze or ginger lily, as a new product for the fragrance industry.

### **3.6.3 Professional Association of Organic Product Entrepreneurs (*Syndicat Professionnel des Opérateurs en Produits de l'Agriculture Biologique*)<sup>1</sup>**

PROMABIO, the organic food trade association, was formed and developed with substantial assistance from AMIS II. This trade association held its initial meetings with four members in November 1994; membership had expanded to 14 firms by October 1995 and has since expanded fourfold. In addition to organizing workshops to help support the formation of the trade association, AMIS worked with the California Certified Organic Farmers (CCF) and the Organic Trade Association (OTA) to provide assistance, leading to visits to Madagascar by a U.S. organic certifier and a natural products broker to advise PROMABIO in the areas of certification

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<sup>1</sup> Now called *PROMABIO*

and production

The organic movement is about 60 years old and is largely based in developed countries such as France, Germany, and the U.S. The demand for certified organic exports from developing countries has only recently become commercially important, but is expanding rapidly. Madagascar's participation in this market began in the late 1980's and early 1990's with the first products certified<sup>2</sup> by agencies from Europe. However, given the high transport costs plus very high certification costs, Malagasy products were very expensive in comparison with other competing countries such as India and Sri Lanka. It was only in the mid 1990's that firms in Madagascar gravitated to the organic sector in a serious way. Organically certified products from Madagascar now include: vanilla beans, green pepper corns, coconut oil, dried coconut, coconut fiber, the essential oils of ylang ylang, geranium, ravensara, naouli, fresh apples, various vegetables, and other dried fruit. The list continues to expand as more firms enter the industry.

In 1994, only two firms in Madagascar, Probiomad and Phael Flor, were certified for export. By 1996, eight firms had ECOCERT certification, and ECOCERT had set up a local office with a trained inspector, a move that greatly reduced the cost of certification. The leading champion of this industry and a key motivator of association development was Madame Simone Randriambeloma, of the Mister Blue Organic Company (MBO). In collaboration with USAID, GTZ, and ONUDI, she gathered the firms into the forum that created PROMABIO.

Given the nature of traditional agricultural practices (no-input, slash and burn, environmental degradation) in Madagascar, organic agriculture offers commercial solutions that are environmentally friendly, and this opportunity was recognized by several Malagasy exporters who were interested in learning how to obtain certification. The objectives of the association are to:

- C Increase the professional behavior of private sector production and marketing with respect to all kinds of organically grown products from Madagascar;
- C Promote the adoption of organic certification quality standards that conform to world-wide norms (ECOCERT);
- C Provide technical support to association members; and
- C Promote activities that benefit the industry as a whole.

PROMABIO activities, which are similar to SYPEAM, are as follows:

- C Quarterly meetings,

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<sup>2</sup> Due to its lack of use of pesticides and other inputs in farming in most rural areas, Malagasy farmers can often be certified organic with little difficulty.

- C Creation of internal commissions to deal with legal texts for startup, technical issues in organic production and marketing,
- C Training in the areas of production, processing, marketing, soil improvement and environmental protection,
- C Marketing and participation in international meetings, conferences and trade fairs,
- C Quality control and establishment of production and marketing standards,
- C Technology and information transfer.

#### **3.6.4 AMIS II Support for PROBIOMAD**

Working through its resident advisor and industry experts, AMIS II assisted PROBIOMAD in a number of important ways. The AMIS resident advisor assisted PROMABIO to create a logo and promotional brochure. He and Robert Randriamiharisoa of the University of Antananarivo, Department of Agronomy collaborated to create of a new area of specialization in organic agriculture at the university. Together they began several research projects on black pepper production, organic pest control, compost techniques, and earthworm cultivation. AMIS II also was instrumental in establishing a local office of the European company, ECOCERT, an organic certification agency. The establishment of this office in Antananarivo cut certification costs by 75 percent, which has resulted in a dramatic increase in the number of certified organic products for export.

Over the life of the AMIS II buy-in, staff and consultants provided a number of important services for Madagascar's emerging organic industry. Among other things, they:

- C Disseminated U.S. certification standards and background information on production and marketing.
- C Organized the visit to Madagascar of Reggie Knox, an organic agricultural inspector from California Certified Organic Farmers (CCF), who came for three weeks in January 1995. Mr. Knox prepared an overview of the history of the organic movement to date in Madagascar and provided expert commentary on the current laws and regulations, with a particular emphasis on detecting differences between European and American standards. He worked closely with the newly established organic growers association and spoke with all its members, conducted a sample inspection of an organic farm, and presented a guest lecture for university agriculture students. He also provided information on certification, labeling, and commercial contacts, and took samples back to the U.S. to share with organic importers.
- C Prepared studies, leading to a formal presentation at the Chamber of Commerce, the types of conferences and trade fairs that would offer Madagascar marketing opportunities for its organic products.

- C Organized a USAID-funded continuing education training course on organic production. Over 30 university graduates participated in this course. The AMIS II resident advisor lectured on organic marketing and composting and determined with the group of instructors what materials a technical library would need. MAELSP, under separate funding, procured materials and donated them to the University agricultural library creating a viable research tool for future work.
- C Coordinated with GTZ on facilitating the installation of the ECOCERT office in Antananarivo and promoting its program in support of organic agriculture.
- C Organized PROMABIO's participation in the BIOFEST '95, in San Jose, Costa Rica, an organic product show. AMIS II staff prepared a group of five firms with translations of company descriptions, visitor interview sheets, product descriptions, stand material and decorations, and the PROMABIO brochure with the new logo. AMIS II staff accompanied the team to San Jose, set up meetings with buyers, helped them market their products, and arranged for several site visits to local production facilities. After this visit AMIS II worked with several firms as they followed up on leads gained during the fair. A dynamic exporter, Pabiorn, received ECOCERT official certification for vanilla beans after his return from Costa Rica and was flooded with requests from new clients in the U.S., South Africa, and Europe.
- C Organized a press conference on November 22, 1995 at the American Cultural Center, and followed up with several articles in the local newspapers and radio interviews that were critical elements of a campaign to raise awareness of the organics market, and promote understanding of the need for quality and standards adherence on the part of producers and market participants.
- C Assisted four firms to prepare for BIOFACH 96 held in early March 1996 in Frankfurt.

### **3.6.5 Spice Exporters Association of Madagascar** (*Société des Exportateurs des Epices de Madagascar*)

In February, 1996, AMIS II held a spice association development workshop in Tamatave, a coastal city where Madagascar's major port is located. The seminar was attended by more than 40 entrepreneurs. Mr. Derryck Cox spoke about the Jamaican Spice Trade Association, Mr. Gilbert Olivier spoke about the American Spice Trade Association, and Mr. T. Nandakumar spoke about the India Spice Board. The principle outcome of the conference, an agreement among the attendees to create a spice exporters association, SEEM, was the culmination of the efforts of the AMIS resident advisor and USAID's project manager at consensus building. The actual seed for the association was planted at the Market Development Workshop that AMIS II had organized a year earlier. At that time Derryck Cox had emphasized how Jamaican firms had benefited from the success of their trade associations. The now-elected head of the spice association in Tamatave championed the idea among his business colleagues and contacts in Tamatave. He reported that many key discussions that advanced the idea took place at the local business and social clubs

(Rotary, Lions, and Sports Club) over a period of many months in anticipation of the workshop on association development. As a result, by the time the workshop took place, all the political issues and mandates had been informally ironed out. Everyone was comfortable with going ahead in full agreement and by the end of the afternoon of the workshop a show of hands in support of the creation of the association was almost unanimous.

AMIS II monitored SEEM's progress through May, 1996. The leaders of the group include the firms SOMIEX and Maison FAKRA. AMIS II support included providing a French translation of the Spice Association of Jamaica's rules and regulations that have been adapted for use in Madagascar. This association has a regional orientation (based in Tamatave) because most of the spices are produced along the east coast and the companies that export spices are located there. The association will focus on increasing quality and penetrating new markets such as South Africa. AMIS has established such a firm foundation for the association that other donors, especially the World Bank and the European Community, plan to support SEEM in the future.

### **3.7 The Results**

Madagascar achieved significant gains as a result of the trade association development, and access to and dissemination of marketing and industry information. Three years after the AMIS II buy-in ended, staff at Abt Associates, AMIS II's prime contractor, continue to hear of new successes, increased sales, and development of new markets. The tangible results include:

- C Malagasy essential oils exporters received new orders of \$3.3 million in the first year alone; reports are that new sales have now increased by more than \$6 million.
- C Many companies have met organic certification standards conforming to international norms.
- C PROMABIO expanded its membership from four in November 1994 to 14 by October 1995. SYPEAM doubled its membership from 11 to 22 in one year.
- C Malagasy exporters have expanded beyond the traditional French market to penetrate the U.S. for rare essential oils, Germany for medicinal plant extracts, and South Africa for a wide range of products.
- C University of Madagascar agricultural research has reoriented towards more remunerative, demand-driven non-traditional agricultural products, and is working closely with the private sector to determine needs for new breeding qualities, technologies, and standards.
- C At least one Malagasy exporter opened an office in California in 1997 to promote his products in the U.S.

### **3.8 USAID Support for Developing Agricultural Trade Associations: Lessons from the Madagascar Case**

The AMIS II Project had a solid and well established base of operations and reputation in Madagascar before it undertook an intensive effort to promote trade association development in targeted commodity subsectors. The market constraint and opportunity analyses done under the original AMIS buy-in served as the focal points for workshops and seminars to address these constraints and develop strategies to exploit opportunities. Due to the fact that it was working in niche commodities and markets, AMIS staff had to rely heavily on trade associations in the U.S. and Europe for accurate sources of market information. In establishing contact with these organizations, AMIS staff met and began working with subsector experts who would prove invaluable sources of information for on-going activities.

As the AMIS II experience in Madagascar shows, strong trade associations can educate (through literature and training efforts), monitor, and enforce high quality and phytosanitary standards on members. This role is critically important to promote exports from developing countries whose reputations for being consistent, reliable suppliers are weak or who are entering new markets and need to establish the best possible reputation with importers and end users.

The AMIS II experience suggests that the following techniques and activities can generate private sector-led economic growth:

- C ***Provide industry practitioners as trainers to enhance exporters' awareness and understanding of international standards.*** Funding or partial funding for study tours and attendance at international conferences and trade shows can give exporters a first-hand appreciation of the stringent quality and phytosanitary requirements of high-income country markets.
- C ***Disseminate market information, standards and grading information, and other market factors through trade associations.*** Individual exporters may not be able to afford purchasing timely and accurate market information. Associations can cover the cost of subscriptions or faxed terminal market information on weekly trade volumes and prices.
- C ***Establish linkages and working relationships directly between export promotion projects and trade associations in exporting countries with trade associations in industrial countries or more advanced developing countries.*** These linkages provide useful networking, marketing, and information sharing opportunities. In Madagascar, AMIS II and its predecessors served as a catalyst in linking the Malagasy trade associations with the American Spice Trade Association (ASTA), the European Spice Association, IFEAT, the Johannesburg Chamber of Commerce, and the India Spice Board. These organizations provided both technical *and commercial* assistance directly to the project and to the spice trade association..
- C ***Provide support to trade associations*** through direct funding for specific activities, funding for institutional strengthening, or working with governments to determine the value of instituting an **earmark on exports**.

- C ***Ensure that the product grouping of an association is not too narrow, or if it is narrow, that there is a large enough population of participants in the product to ensure a viable organization.*** If an association represents too narrow a product grouping, it is unlikely that there will be enough members to pay dues, or enough synergies to entice individual business people to participate. Hence, broader product groupings, such as horticultural product traders and exporters, are necessary to raise sufficient revenue and ensure sustainability. Broader groupings also provide opportunities for small market participants to learn more about other subsectors or techniques applied in other subsectors that might be applicable to their product, for growth and expansion over time.
- C ***Focus on the importance of management.*** Trade associations often fall into disarray as members complain about the lack of services, of financial mismanagement, and of other managerial problems. Trade association leaders tend to be very dynamic individuals, but as a result they are often pulled in many directions. Training in management techniques, options for staffing of trade associations, and alternative operational structures to provide valuable member services are important.
- C ***Advocate training for staff and members.*** Trade associations in many countries play an important role in influencing policy decision making on subjects that affect their industry's welfare. Although skills in these areas are often present, they need to be augmented particularly with *new* skills in learning how to influence *global* policy such as that involving the WTO, EU, and other world forums and entities important to economic and business growth. How do they exchange experiences and build coalitions with other, similarly minded trade associations in other countries? How do they keep current and keep their membership current with global trade issues? How does the membership use its critical mass to influence the policy-makers at home and abroad?
- C ***Assure the financial health of trade associations.*** Financial management of trade associations, particularly those with weak or dispersed membership, is often a problem due to difficulties in collecting dues and services that are provided on a location-specific basis so that members in other locations do not feel they are getting their money's worth. Additionally, of course, are the problems with financial management in general.

## WORKING WITH U.S. AGRIBUSINESSES

Since the late 1980s, USAID has worked to promote agribusiness as a vehicle of economic growth in all the regions where Missions are active. Over the years this has evolved from relatively stand-alone activities such as conducting sub-sector studies and Rapid Appraisals to working actively in specific sectors with business people, trade associations, and domestic/foreign markets to improve trade and understand the nature of consumer preferences, marketing, and production and supply issues. Abt Associates, as the prime contractor for both the AMIS and AMIS II Projects, has been at the forefront of this set of activities and has worked closely with USAID in many different countries, with different models of technical assistance and with varying objectives and assignments. USAID has also worked with other consulting groups to implement agribusiness development projects. This chapter presents findings based on a limited survey AMIS II staff conducted of *U.S. agribusinesses* that have worked with AMIS II and other USAID-funded agribusiness projects.

The purpose of this survey was to document and assess the reactions of U.S. agribusinesses to the kinds of USAID programs they have been involved in over the past ten years. The team wanted to determine the level of satisfaction of private agribusinesses with the activities in which they performed a role, especially since many of them were brought into activities that were advertised to be mutually beneficial activities for host country *and* U.S. agribusinesses. The objectives motivating U.S. companies to participate on a USAID-funded project varied. Some companies were recruited for their technical expertise; others participated in various kinds of programs with the hope that their exposure to a given country or product would lead to market linkages and sourcing arrangements. In some case the role of the company was to provide information about the barriers and problems that would bar or limit their interest in a country's agribusinesses.

With this in mind, the AMIS II team developed a survey and conducted individual interviews with U.S. agribusinesses that had had some substantive exposure or involvement in a USAID agribusiness project. It should be noted that the points below are the reaction of the U.S. agribusinesses to *their* involvement in a given activity, and do not reflect whether or not the project was successful from the point of view of USAID or the host country. However, given the fact that USAID is under more and more pressure to be aware of the domestic political ramifications of its work, and also that many of its projects attempt to facilitate linkages between U.S. and host country agribusinesses and industries, the opinions of the U.S. agribusinesses on how to make these more rewarding for all participants is important input into the design and implementation of new projects. Below are some themes summarized from these surveys, followed by lessons that can be applied to agribusiness projects going forward.

### 4.1 Themes and Reactions of U.S. Agribusinesses to their Involvement in USAID Projects

The highlights from the survey include the following, general observations.

- 1. In general, U.S. agribusiness firms respond positively to requests to participate in USAID-funded projects** Almost unanimously, the agribusinesses surveyed stated that they were pleased to be considered as partners in the process of assisting developing countries to improve their ability to work in local or world markets. A majority of the companies that participated on the consulting side of USAID work were doing so to “be good citizens of the world” and felt the experience was useful.
- 2. Agribusinesses whose participation was motivated primarily by an interest to build their own linkages were often frustrated and occasionally somewhat angry with the outcome.** Agribusinesses that were brought into a process under the impression that their participation would help them to make advantageous business connections, and that expected to get some immediate pay-offs in terms of investment or sourcing opportunities responded that they were disappointed with the results of their involvement. Many firms paid their own way and covered the time of their participating staff, since these visits were often packaged as trade missions. However, given the nature of many of the countries and regions visited, the businesses felt cheated once it became evident that no new business opportunities were likely to emerge. Some respondents felt that USAID should know that the proposed business opportunities were farfetched and not worth their time and money. For example, one businessman felt that it was a waste of his company’s resources when he was taken to Bolivia, only to find out that he was going to coco-leaf producing regions to determine the likelihood of finding alternative cash crops for farmers, as no crop would ever compete with the income staple of the region, and no American company would ever choose to invest there.
- 3. Agribusinesses noted that projects whose staff included a resident advisor were generally more useful, primarily because they had better established working relationships with the local business community.** Several respondents noted that their companies had originally participated in workshops or activities as “good citizens of the world,” with very minimal expectations about benefits. However, the fact that they were then able to remain in contact with local markets through the resident advisors and build relationships over time with the advisor’s assistance and backstopping led them to major business linkages over time. For example, in one project the companies felt that having a resident advisor on-site saved them from putting their own representatives in the field - - something they were not able to afford.

In other instances where resident advisors were part of a long-term project, U.S. agribusinesses felt that the advisor was able to become sufficiently knowledgeable about the business issues involved, the realities of the marketplace, and the commodity systems they were dealing with to make the project worthwhile. They

also were helpful to U.S. agribusinesses from the point of view of being able to understand the culture and help U.S. agribusinesses understand issues that they might not have understood without such local insight. On the other hand, where the activity was run as a series or perhaps only one short-term workshop, consultancy or trade mission, U.S. agribusinesses felt that USAID and the organizing company generally did not know enough about the business to make it useful to either the local companies or the U.S. companies, and were sadly unacquainted with the realities of the businesses' needs, in addition to setting up expectations that were far too ambitious for one-time, short-term assignments.<sup>3</sup>

#### Central America Melon Successes

Major U.S. agribusinesses operating in fruits and particularly melons were invited to participate in a workshop to provide training and advice to the many local small growers and coops. After the workshop, one firm remained in touch with the resident advisor, who knew the business, knew the producers, and helped the farmers organize into more efficient coops. The advisor gave the company advice on most reliable groups, assisted in some of the logistics and backstopping of early shipments, and helped provide consistent support to both local businesses and the U.S. agribusinesses involved. From a first-year trial shipment of 20,000 cartons of melons (which is what one firm does in a day in the U.S.), the volume grew to 200,000 cartons in the second year, and now, ten years later, is at 2-3 million cartons per year. Over time, the U.S. companies have continued to provide a presence at workshops, and the local market has matured so that those who have kept up with new technologies (such as irrigation) are strong suppliers and the most efficient work directly with the U.S. company with no need of the resident advisor's assistance.

#### 4. **AID projects and staff received mixed reviews about their knowledge and understanding of U.S. agribusiness concerns, expectations, and follow-up.**

Some agribusinesses felt that USAID staff and contractors were too academic and did not understand that businesses need immediate and obvious results if they are to invest their own funds in an activity. Several mentioned that they felt used and pressured when USAID asked them to pay their own way on activities that were not going to generate a return. "Trade missions" to the poorest and most difficult countries where real business potential was unlikely were the most sited cases in point. Several also mentioned that their own expectations for immediate results were raised unrealistically by contractors and USAID staff. This is not unlike the

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<sup>3</sup> It should be noted here that in some instances the U.S. agribusinesses were looking at a consultancy from their point of view -- anticipating that useful linkages and opportunities would be immediately available and visible. Moreover, it was also the case that some of the agribusinesses, even if they were brought in as consultants to provide advice only, had difficulty in isolating that role from their habitual entrepreneurial attitudes and were constantly on the lookout for business opportunities. They often either did not understand or were not adequately bought into the concept of exploratory and consultative processes whereby they were contributing their expertise to a design process or an activity intended to identify potential for future, more long-term assistance to a commodity sector.

false expectations that some local agribusinesses have noted on the other end in various projects and activities undertaken to assist a sector. In other words, to “sell” a company on participating, overly optimistic expectations about business opportunities in certain countries were put forward which, when they went unfulfilled, generated disappointment. Some survey participants noted that it would have been more useful to all had they been treated as regular consultants, operating under a specific scope of work with their time and expenses paid in full.

- 5. Private U.S. agribusinesses can benefit from projects when their needs and feedback are actively sought and acted upon.** The involvement of U.S. agribusinesses was most successful when the needs and interests of the participating firms were considered along with those of the host country agribusinesses that were the target of the activity. In Russia, for example, a major U.S. agribusiness felt that the programs designed to influence policy change at the oblast level by working with high-profile oblast ministers and officials were not having the desired results. In official forums and workshops ministers often promised to make changes, but their efforts would run afoul of lower level civil servants for reasons both well and ill founded. The U.S. agribusiness suggested that part of the role of the project be to ensure that the technocrats were part of the on-going discussions leading up to the policy forums, and this modification has resulted in improvements in the ability of laws to be changed and implemented that have been helpful to improve the overall investment environment. Similarly, in other projects where U.S. agribusiness opinions or ideas have been sought and incorporated into overall design, they have felt that the project was much improved and more useful to them, and thereby have also been more willing to provide some of their own inputs.
- 6. The Contractor must be clear about its role and how it interacts with U.S. agribusinesses, or it may end up competing with them.** The role of the contractor must be that of a facilitator who provides information openly to all agribusinesses. Occasionally U.S. agribusinesses have discovered while investigating potential opportunities that they would have to compete with a USAID-funded project. In one case in Mali a USAID contractor implementing a project did not want to provide information about producers or exporters, varieties, or any other local market information to a U.S. agribusiness trying to learn more about the possibility of sourcing gum arabic. The contractor was acting as a broker for local exporters and producers and had an incentive to thwart foreign business interests from entering the market directly. This role is obviously counter to the open role that should be played by USAID contractors. Projects should help and facilitate the efforts of any company with an interest in exploring a market. Consulting firms acting as USAID contractors should not act in a proprietary manner with local

business contacts, information about products, or other market data.<sup>4</sup>

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<sup>4</sup> A model that worked well if the project's intent is to get involved in making linkages and helping facilitate "deal-making" is the technique used in the Madagascar project, where two project staff helped get U.S. (and other) businesses in touch with Malagasy suppliers, helped them work through issues of shipping, quality, financing, and so on, but were doing this for anyone that expressed interest in addressing the Madagascar market. In fact, they continue to help in this manner even now although the project ended several years ago.

## LESSONS LEARNED

The Agribusiness and Marketing Improvement Strategies (AMIS II) Project was most successful when engaged in activities that were narrowly focused in terms of commodities and geography, but were broad-based functionally. The project had more of an impact when its activities built solidly upon past efforts. More often by responding to the situation than by design, the project's more successful efforts diagnosed problems and assess opportunities, communicated findings clearly and openly to interested stakeholders, but most importantly private companies, and then worked to strengthen support institutions to addresses those problems that were beyond the capacity of any one firm to solve on its own.

AMIS II Project realized several outstanding and recognized successes. But not all of its activities were successfully. There are important lessons to be learned from both. The buy-in in Madagascar is clearly falls into the first category. The analysis presented in this paper suggests that the project's efforts to upgrade the telecommunications capabilities of agribusinesses in Africa and the technical assistance it provided to food wholesalers in Kazakhstan also belong here.

Several other activities appear to have been more successful at creating positive change than originally perceived by the project's USAID clients. In these cases, the changes AMIS II staff worked to bring about took longer to have an impact than the period of the contract under which the project operated. The most notable example of this phenomenon is the effort in Perm, Russia to transform formerly state-owned wholesale food warehouses into viable, market economy enterprises.

However, the project spent too high a proportion of its resources on activities whose final accomplishment was to produce a report or study. There is next to no evidence that these reports have had any significant impact on the way the Agency programs assistance to support agribusiness sector development more effectively. This is clearly the case with most of the work carried out for AFR/SD/PSGE. The answers to most the questions AFR/SD/PSGE commissioned AMIS II to research in a series of buy-in could have been found in the work carried out for the same client in the last year of the Agricultural and Marketing Improvement Strategies (AMIS) Project. However, an unfortunate combination of Agency staff and new AMIS II personnel who were unfamiliar and unaware of this previous work led to an unnecessary duplication of effort. AMIS II would have served AFR/SD/PSGE much better had both parties taken this previous work more fully into consideration.

This presentations for lessons learned from the AMIS II Project comes in two parts: negative and positive. Everyone can learn from their mistakes. So it is with development projects. AMIS II was called upon to do things that really did not make sense. There are important, sometimes painful, lessons to be learned from these experiences. On a more positive note, AMIS II had some important successes. These too can offer guidance to make future USAID in agribusiness development more effective.

### 5.1 Negative Lessons Learned

USAID is a large organization. Changes in personnel occur frequently and as a result the “institutional memory” can often walk out the door with a reassignment. This appears to have happened with much of the work commissioned by AFR/SD/PSGE. It is important to understand what happened, why it happened, and identify measures that a centrally-funded project can take to avoid the recurrence of similar problems in the future.

Another recurring theme is that **activities financed by one operating unit for the benefit of another operating unit often do not work out effectively.** All too often under AMIS II, Washington-based operating units engaged the services of the project for services that were primarily to benefit the field, i.e. missions. More often than not these activities did not have the full support of the intended beneficiaries.

The most glaring example of this was Delivery Order No. 5. The statement of work AFR/SD/PSGE included in the delivery order assumed that USAID Missions in Southern Africa would exhibit more interest in a study of how the recently created Southern Africa Enterprise Development Fund (SAEDF) might better meet the needs of small- and medium-sized indigenous agribusinesses. The statement of work called for field work in four countries. Had the project been able to work in that number, it might have been able to draw conclusions about providing financial support to the target group of enterprises in the region.. However, only two Missions - Mozambique and Tanzania - showed any interest in this analysis. The field work carried out, while relevant to the overall study, was not broad enough to make general conclusions about the of smallholder agribusiness in the region or to provide SAEDF with general recommendations.

**OYB transfers are an ineffective means by which operating units call upon the services of a centrally-funded project.** The reasons operating units use OYBs instead of delivery orders are well known. They are bureaucratically and administratively simple ways to access the services of a project such as AMIS II. Unfortunately, activities funded through OYBs transfer a very large, at times unsupportable, administrative burden on to the project’s management team.

The most pernicious problem with OYBs is that they do not come with a clearly articulated Statement of Work attached. In too many cases during AMIS II, the initiators of OYB transfers to AMIS II did not understand the Agency’s own “rules of the game.” For instance, they thought that they could negotiate a Statement of Work with the project after the transfer of funds had taken place, under the mistaken assumption that the administrative time taken to do this was a free good. There seemed to be little or no appreciation of the fact that once moved the discretion for how the funds are used becomes the responsibility of the USAID Project Officer.

**Trade associations, business people, and market information sharing can be difficult to reconcile.** A key issue that often is not completely understood by USAID and contractor staff who are used to operating in open, collaborative, and information-dissemination-encouraging environments is the reluctance of business people to share *any* information, no matter how seemingly publicly known it is, to other business people. This characteristic is true of U.S.

business people as well as those of the private sector of all countries that USAID works in. Undercurrents and hidden relationships abound, particularly in countries where the business community is small and is dominated by a handful of operators. Every entrepreneur believes that he or she has the inside knowledge about tomorrow's prices or today's hidden stocks. In addition, however, it is often surprising to the government world how widespread these undercurrents, momentary alliances, old rivalries, and anxious collaborations dominate world-level commodity markets, crossing borders and continents. This secrecy factor can be a problem in attempting to reconcile the needs of the industry as a whole with the innate reluctance of business people to share information. Thus, when attempting to develop activities useful to a specific commodity subsector, it is important to understand what information experts and market participants are requested to share, and discern whether or not they will be willing, and under what conditions, to share it.

## 5.2 Positive Lessons Learned

**AMIS II achieved the most success when its activities had a narrower, as opposed to broader, commodity or industry and geographic focus.** The project's single most successful effort, promoting the export of non-traditional spices, essential oils and medicinal extracts from Madagascar, was tightly focused on a narrow range of niche products. In Kazakhstan, AMIS II personnel concentrated their efforts in the wholesale segment of the post-harvest chain. The project's telecommunications workshops were narrowly focused as well. Not only was the course content targeted, but also, to the extent possible, the workshops tried to bring together operators in different components of the same or comparable commodity systems. For example, the workshop in Abidjan focused on the coffee and cocoa subsectors and brought together producers, processors and traders.

**Successful projects provided assistance across the range of a subsector's participants, from input suppliers to producers to intermediaries to processors, transporters, wholesalers, retailers, and exporters.** Each of these market participants plays an important role in ensuring that the quality of the product meets the market's requirements. Operators at each stage of a commodity system can benefit from a better understanding of what motivates and threatens participants at other stages. The buy-in in Madagascar was more successful than the effort in Mozambique for this very reason. In Madagascar, AMIS II was able to bring together producers, processors and exporters in spices, essential oils and organic crops in effective associations. In Madagascar, the project was not able to break down the barriers that separate producer from trader/exporters, and between the exporters of raw cashew and the processors and exporters of cashew kernel.

**AMIS II's activities had more of an impact when part of a broader program or when they contributed as part of an on-going series of activities.** The work AMIS II carried out in Madagascar was the third stage of a longer-term effort begun under its predecessor projects. As a result of these earlier efforts, AMIS II has a proven local partner (subcontractor) and key personnel had already established solid working relationships with the "movers and shakers" in the targeted commodity subsectors. The effort in Madagascar also benefitted from the presence of

a full-time, in-country advisor. He was able to follow up on a daily basis with the project's local subcontractor as well as cultivate beneficial long term relationships with the key players in the commodities in which the project worked.

**Trade associations can provide several valuable services to support agribusiness development.** When well run and responding to the needs of the members, trade associations can act as quality purveyors for the sector, forces for international acceptance and respect of a country's product, vehicles for influencing policy, a voice by which the business sector can address government, and a provider of various services to the business community. The more beneficial services include training and access to market information. Trade associations that are formed as a project-driven or government driven activity, and which are not "owned" by the business community themselves, risk an early on set of institutional inertia. On the other hand, in many countries vibrant trade associations have been at the heart of renewed world interest in commodities because they have made the effort to disseminate information about market standards and quality which have percolated through the agribusiness community, even to those not members of the trade association. They can also act as public educators about various businesses, business opportunities, and issues. The more successful associations with which the AMIS II Project worked were those that came into being after private businesses had identified a problem or problem that had to be addressed at the industry level. The impetus for the creation of SYPEAM in Madagascar was the realization that essential oil exports from the country had a tarnished reputation. AMIS II expertise helped to create KAFE in Kazakhstan after a workshop made it evident to the participants that they needed to address the policy issues constraining the development of their food wholesaling and retailing businesses in a unified manner.

**Trade fair visits can play an important role in developing a commodity sector, but their use must be well-structured to be effective tools of learning.** Participation in trade fairs was an important aspects of several AMIS II activities. Effective participation requires participants to work hard, gain exposure to new markets and contacts, and to follow up in a series of programmed activities so that the momentum gained by attending a trade fair is not lost. It is not necessary, and probably unrealistic, for a delegation of first time participants to have its own booth at a trade fair. In fact, it is preferred that the first time a group of participating agribusiness or industry managers attends a trade fair, they do *not* have their own booth. The reason is simply. If stuck managing a booth, they cannot make the rounds of the rest of the fair and gain maximum exposure to the kinds of activities, contacts, and interactions that occur in their industry or trade. Participation through individual or group displays can happen in subsequent years when the industry representatives are better positioned to display their products, and are familiar with their target market preferences and have prepared accordingly.

AMIS II used participation at trade shows as an effective part of an overall program when:

- C It required participants to attend at least two meetings prior to traveling to learn what to look for, what is appropriate to ask for and what is not, how to use contacts made during a show effectively, and to set expectations (i.e. it is very unlikely that they are going to sell 10 containers of fruit juice in their first contact), and

- C Participants may well want to take sample products to use to discuss their business lines with contacts they make, even if they are not formally displaying. However, the facilitators must prepare for this by ensuring that samples are appropriately packaged, that they meet customs and phytosanitary requirements, and that participants are coached in the appropriate ways to present their samples, what to expect, and how to proceed if a company that has been approached seems interested. They should not be disappointed if no one expresses interest in their product, but should instead be prepared to ask for feedback on its presentation and quality, particularly in regards to the standards set by the biggest sources, and perhaps may ask for an analysis of their sample to be run if the discussant seems open to such an idea.
  
- C Participants should go with an agenda in mind. This includes such items as: learning about consumer preferences for target products, looking at packaging trends and preferences, finding three to four potential industry contacts and at a minimum, getting their business card and a three minute discussion, and identifying a list of issues, questions, or problems for follow-up upon return to their country.
  
- C Upon return to the country, the facilitators should hold a series of meetings and exercises to allow all that has been learned during this process to be absorbed and applied. This series should include an initial meeting to brainstorm on what they learned and expectations that were met (or not met), followed by an assignment based on the list of issues, questions or problems that they identified during the program that need follow-up, a meeting to report on their findings after having been given time to do the appropriate research, and finally, an individual meeting with the facilitator or other expert to determine next steps for pursuing that individual's own business interests. It might also be useful for the group to make a presentation to the pertinent trade association and their members, keeping in mind that they will not want to share "proprietary information" such as contacts and names, but should be encouraged to share information on grades and quality standards, market preferences, etc.

## APPENDIX A: SUMMARY OF BUY-IN FUNDED ACTIVITIES

Over its life the AMIS II project received eight delivery orders with total funds obligated of just over \$4.0 million. Three buy-ins accounted for nearly three-quarters of this activity. The Office of Privatization and Enterprise Restructuring in the Bureau for Europe and the New Independent States (ENI/PER) contracted with the project to provide technical assistance to demonopolized and privatized warehouses in Perm, Russia. USAID/Mozambique engaged AMIS II to help that country develop a rehabilitation strategy for the cashew sub-sector. In Madagascar, AMIS II worked under the auspices of the USAID Mission's Madagascar Agricultural Export Liberalization Support Project (MAELSP).

The Private Sector Growth and Environment Division of the Office of Sustainable Development in the Bureau for Africa (AFR/SD/PSGE) commissioned three delivery orders under which the project produced an interrelated series of studies examining strategies and tactics to involve indigenous small- and medium-sized enterprises more effectively in agribusiness development schemes.

The USAID Mission to Zimbabwe called upon the project to help it develop a strategy and action plan to contribute to the development of that country's horticultural sub-sector.

AMIS II used funding from the Office of Agriculture and Food Security to further its efforts in Russia under the Program to Revitalize Agriculture Through Regional Investment (PRARI).

AMIS II's effort in Madagascar was its single most significant achievement. The fact that the members of the firms with which the project worked most closely are now exporting \$3 to 5 million of niche products - spices, essential oils, and medicinal and organic crops - speaks for itself. Because it serves as a model of one way to achieve successful, sustainable agribusiness, this report devotes a separate chapter to the AMIS II experience in Madagascar. Below are briefer summaries of the project's accomplishments under its other delivery orders.

### **Delivery Order No. 1: Post Privatization Assistance to Facilitate the Commercial Viability of Demonopolized Warehouse System in Perm**

The objective of this activity was to link producers to consumers in the food chain in the area of Perm, Russia. The Abt team worked to enhance the commercial viability of selected horticultural warehousing operations, and a facilities, equipment, and assets review of monopolized warehouses, as well as a rapid appraisal analysis of the end-user marketplace. The team developed a detailed implementation plan for converting four warehouse units into viable operating enterprises by analyzing requirements in sales and marketing, cost control, purchasing and inputs management, warehouse management, product line development, and credit.

Among the much needed pieces of technical assistance was a package of hands-on training for staff at each of the four model units that the team conducted. In addition, they developed a public relations program, including educational materials for instructing other potential wholesale

businesses on needed improvements. Other public relations efforts included an open workshop outlining the plan for the local Russian Business community, ads in local newspapers and Russian-language magazines, and a public television interview.

This phase of the Perm program was extended, allowing Abt staff to initiate development of a post-privatization agribusiness training program. Training in basic computer skills (including spreadsheet software) was designed and provided to selected trainees. Training also included a review and discussion of Harvard School of Business case studies in agribusiness and post-privatization business planning.

Early-harvest cabbage seed and a cabbage harvester were shipped to beneficiaries in Perm, Russia and Samarkand, Uzbekistan. Suppliers of warehouse equipment and vegetable boxes were found for use by the Perm warehouses. A distribution system needs assessment was also finalized for retailers and wholesalers in the Perm region. This included developing a comprehensive list of supplies and equipment needed by the warehouses and store-level merchandising activities.

**Delivery Order No. 2: Monitoring and Impact Assessment of Innovative Approaches to Agricultural Marketing Systems Development in Africa**

Abt Associates performed research with the objective of increasing understanding of the role and significance of new agricultural marketing and agribusiness programs implemented by USAID Missions. Research activity focused on two categories of innovative programs to support agricultural marketing development: 1) supporting services and institutions (agribusiness foundations, privately managed export foundations, and other agribusiness self-help efforts) and 2) financial systems and services (export-financing schemes, venture capital schemes, equity funds, stock markets, bonded warehouses, and other efforts to mobilize resources for agribusiness development).

The following major analytical issues were addressed:

- 1) Major constraints for which the program or mechanism was designed.
- 2) Performance indicators to measure impacts and how they relate to the goal and purpose of the mechanism or project.
- 3) The effect of the project or mechanism on private sector investment levels, export promotion, and people-level impacts.

Abt Associates worked with collaborators and Missions to monitor the impact of new and innovative programs at the field level through rapid appraisal surveys. Researchers used case study methodology to evaluate agribusiness firms targeted by the project or benefitting from the mechanisms. Programs were assessed through secondary analysis of data already collected, including marketing data, mission reports, and World Bank studies. Abt experts made field visits to selected missions to interview officials, test preliminary conclusions of data analysis, and

interview firms impacted by the selected projects.

The analytical activity described the role and significance of new, innovative agricultural marketing and agribusiness programs that missions and other donors had implemented, common impact indicators, and a synthesis of “lessons learned.” The report contained both an overview of trends addressing major research questions, and individual country-specific analyses.

**Delivery Order No. 4: Agribusiness Development in Sub-Saharan Africa: Optimal Structures and Operating Strategies**

Abt Associates, Inc. conducted research to broaden and deepen African policy makers’ and USAID Africa Bureau’s understanding of the existing structural arrangements, organizations, and operating strategies available to medium, small, and micro-enterprises and entrepreneurs. Research also involved investigating major operating constraints businesses face when engaged in the non-traditional agricultural export market, and structural and operating strategies for developing and sustaining MSMSE support entities. Researchers examined alternative types of MSMSE support structures and operating strategies, as well as approaches for developing and sustaining these MSMSEs in non-traditional export industries. Research activity focused on in-depth analysis of the existing structural arrangements and operating strategies of support entities and the development of intervention models for assisting MSMSEs in non-traditional export market industries. Empirical investigations were carried out on policies and regulations affecting marketing and entity activities, institutions and support services, market participants, agribusiness associations and organization, financial systems and services, and management and entrepreneurial development. All research was conducted in tandem with local African analysts.

Field work included interviews with selected enterprises to determine the most important constraints to more rapid development and sustainability. Prototype interventions to help overcome constraints faced by the MSMSEs included technical and managerial assistance models. Methods of accessing, utilizing, and leveraging financial and other resources from the African Development Bank, UNDP, the World Bank’s IFC and others were developed from the analyses to become a part of the models and demonstrations.

**Delivery Order No. 5: Agribusiness Development in Sub-Saharan Africa: Optimal Structures and Operating Strategies**

AMIS staff conducted research providing an analytical basis for programs to accelerate Indigenous Small and Medium Enterprise (ISME) development in Southern Africa. Specifically, the research identified operating constraints facing ISMEs as well as opportunities for linkages with other private sector resources. In Order to prepare several country-specific case studies, the researchers analyzed prior work regarding access to and effective use of equity and debt financing in sub-Saharan Africa and other regions. Field work included interviews of selected businesses to determine their constraints to more rapid development and financial sustainability, as well as their ability to utilize debt and equity finance. Abt Associates developed Action Plans for technical and

managerial assistance models designed to help overcome constraints faced by businesses in Southern Africa. In developing models, Abt Associates conducted a focused, developing-world search for successful approaches to stimulating and supporting ISME development in agribusiness, with emphasis on HVA/NTAE/Import Substitution. The reasons for the success of these approaches were also examined.

Specific geographic locations in Southern Africa representing significant opportunities to improve indigenous participation in agribusiness (with special emphasis on high value added products) were identified. Analysts examined each country's regulatory environment relating to commercial and financial activities, the presence or absence of capital for investment, physical infrastructure, and other enabling environment issues. Loans and technical assistance from domestic and foreign sources were also examined. The researchers also studied entrepreneurs who were currently operating in the informal sector, and surveyed them to determine how and under what circumstances they would be willing to become participants in the formal sector.

**Delivery Order    Horticulture Sector Assessment and Analysis of Programming Options  
No. 6:                    in Zimbabwe**

As the first step in the design of an intervention promoting horticulture sector growth, Abt Associates performed an assessment of the industry to serve as a comprehensive source of information and recommendations for new USAID activities in that country. One of the aims of such an assessment was to find solutions to the constraints in the sector, particularly as they affected small- and medium-sized predominantly black-owned and operated enterprises.

The team conducted a rapid appraisal of the horticulture industry in Zimbabwe and the overall climate for horticulture-related business development, and produced a *Horticulture Sector Assessment and Programming Options* report, including a summary of constraints facing the sector and ways in which USAID could help address those constraints. Market prospects for each of the six horticulture product categories (fresh vegetables; fresh fruit; processed fruit and vegetables; cut flowers; spices essential oils, and herbs; and grapes and wine) were assessed, and the team evaluated both domestic and export market demand, the size of markets (including relative market shares by country of origin), market structure (ease of overcoming barriers to entry in market channels), market requirements (price, quality, etc), import advantages and restrictions, seasonality factors, market domination, and special niche markets for small producers. Surveyors also assessed current and potential responses of private Zimbabwean businesses to horticulture market opportunities and reviewed the business climate affecting increased investment in the horticulture sector, including government policies (foreign exchange controls and ownership rules, export incentives, taxes, and price controls) and facilitating services in support of the sector, such as investment, export promotion, financing, and sector representation in associations and chambers.

**Delivery Order      Program to Revitalize Agriculture Through Regional Investment in  
No. 7:                    Russia**

The USAID-sponsored *Program to Revitalize Agriculture Through Regional Investment in Russia (PRARI)* originated from concerns of the Working Group on Reform and Privatization of the Gore-Chernomyrdin Commission (GCC). The Working Group searched for effective Russian partners to bring about political and economic reform, and chose to strive for accelerated agricultural reform at the local or regional level to create the right business conditions to stimulate investment. PRARI's objectives were to identify current policy constraints to domestic and foreign agribusiness investment in Russia and recommend further actions at the regional level to improve the environment for investments in this sector. PRARI staff and consultants worked closely with Russian and U.S. participants to identify five primary and five secondary regions to participate in the program. Assistance provided to the selected regions included technical assistance in investment and regional policy issues, institutional strengthening, investment promotion training, market and investment intelligence, and region-specific subsector analyses following a commodity systems approach.

With funding provided through a buy-in from the Office of Agriculture and Food Security (G/EGAD/AFS) AMIS II staff prepared a study on the *Keys to Attracting International Business Partners: Policy Reform and Agribusiness Investment*. The objective of this document was to develop an analytical framework for some of the most significant impediments to the growth of Russian agribusiness. The study grouped the major impediments into two major categories that government officials and Russian and international investors most often cited as barriers to investment and growth:

- !      Credit and Financial Policy Issues - including monetary and fiscal policy, tax policy, accounting standards, and regulations regarding property affecting its use as collateral;
  
- !      Rule of Law/Open Markets Issues - including contract and commercial law and regulations governing investment, licensing, trade, intellectual property, etc. and market infrastructure, information and the regulatory environment.

The document served as one of the focal points for discussions at a workshop on agribusiness investment help in Samara in January 1998. It proved instrumental in encouraging dialogue and improving mutual understanding among regional officials and investors of the keys to making investment attractive, risks manageable and public sector objectives attainable. The paper discussed both opportunities and constraints for accelerated investment in agriculture and suggests that a key to making this process work will be to improve the quality of dialogue between private businesses and policymakers.

Overall the paper provided workshop participants a framework for discussion that helped them to identify mutual priorities, identify the best possible partners, and to create conditions that will promote attainment of economic objectives at the local level.

**Delivery Order****No. 800: Mozambique Cashew Subsector Rehabilitation**

In this activity, the AMIS team created an analytical framework and an implementation mechanism to address multiple environmental and commercial constraints to Mozambican cashew production. One of the main objectives was to expand planting and environmentally friendly cropping practices while working to recapture the cashew markets they had lost during the war. To accomplish this, staff produced a world cashew market assessment documenting Mozambique's competitive position and a listing of high potential buyers of Mozambican cashews. Assessment reports also included a policy matrix, a market information needs analysis, and a chapter on private sector support institutions involved in the cashew subsector. Staff developed an Action Plan for establishing a Cashew Development Fund/Foundation to provide financing as well as possible technical and management assistance to cashew subsector enterprises and support service providers. The Action Plan included recommendations for incorporation, operational structure, management, financial sources, and development and sustainability guidelines.

In order to increase sustainable agricultural output in the subsector, the team produced cashew propagation reports. These reports pertained to variety selection, costs, and environmental impact of various modes of production. Reports also dealt with the training needs of NGO and private sector extension, as well as the availability of quality production information. An Action Program was initiated for pilot trials to assess the cost effectiveness and environmental impact of techniques to control oidium and other pests. Project staff also provided administrative support for the Action Program for pilot trials.

## **APPENDIX B: SUMMARY OF CORE-FUNDED ACTIVITIES**

This section provides a summary of core-funded activities. Over the sixty-three (63) months AMIS II operated, it received core funding from two sources within the Bureau for Global Programs, Research and Field Support, four different operating units within the Bureau for Africa, and two divisions of the Bureau for Europe and the New Independent States.

### **Bureau for Global Programs, Research and Field Support**

The Bureau for Global Programs, Research and Field Support provided total funding of just over \$2.0 million, or fifty-two percent, of AMIS II's core funding of approximately \$3.9 million. Total obligations over the life of the project equaled just under sixty percent of the amount authorized (\$6.5 million). Total obligations included a \$350,000 OYB transfer from the Office of Women in Development. The remaining funds came from the Agricultural Enterprise and Market Development Division of the Office of Agriculture and Food Security (G/EGAD/AFS/AEMD).

These Global Bureau resources financed the project's central research activities. Specific areas of study included the role of business incubators and development centers in promoting agribusiness development, effective strategies to promote and accelerate the exports of non-traditional agricultural products, and the role trade associations can and should play to promote private sector agribusiness in developing economies and economies in transition. Unfortunately, the fact that the project received only \$141,000 of an anticipated \$2.7 million during its options years meant that the project was without the resources it needed to turn these works in progress into polished reports. Funding from the Global Bureau also permitted AMIS II staff to carry out field assignments to assist USAID Representative Offices in Hungary and Bulgaria develop strategy statements for the agriculture and agribusiness components of their portfolios.

### **Bureau for Africa**

The Africa Bureau was the second most important contributor of core funding. AMIS II benefitted from four OYB transfers totaling over \$1.2 million or 30 percent of total core funding. These funds came from four different sources, as shown in Table B.1, below. The funds from the Private Sector Growth and Environment Division of the Office of Sustainable Development (AFR/SD/PSGE) financed a self-standing study on the role of ethnicity in cross-border trade in West Africa and the East Africa volume of what was to eventually become a five volume study of innovative approaches to agribusiness development in Sub-Saharan Africa. (A separate buy-in from PSGE financed the other four volumes of this series.) The project used the contributions of both the Leland Initiative and the Regional Economic Development Support Office for West and Central Africa (REDSO/WCA) to develop and conduct workshops in Information Technology and Agribusiness across Sub-Saharan Africa. This effort included the creation of AGNET-Africa, a listserv that is enhancing the capabilities of agribusiness entrepreneurs on the continent to access and use market and other information that is vital to their operations.

#### Table B.1

## **Bureau for Africa Support for AMIS II Core Activities**

### Office of Sustainable Development (SD)

Private Sector Growth and Environment Division (PSGE)	\$ 600,000
Leland Initiative	240,000

Regional Economic Development Support Office for West Africa (REDSO/WCA)	240,000
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### Office of Eastern African Affairs (EA)

Greater Horn of Africa Initiative (GHAI)	165,651
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Total Core Obligations Originating Within the Bureau for Africa	\$1,205,651
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With funding from the Office of East African Affairs' Greater Horn of Africa Initiative (GHAI), AMIS II examined the role the private sector might play to enhance food security within the region.

## **Telecommunications in Africa: Linking Agribusinesses Through the Internet**

The Leland Initiative in the Office of Sustainable Development and the Regional Economic Development Support Office for West and Central Africa (REDSO/WCA) supported AMIS II's very successful effort to expand and apply telecommunications technologies to agribusinesses and trade associations in East and Southern Africa and in West Africa. Under the Leland Initiative, the project assessed regional agribusiness information needs and trends and designed and conducted workshops which trained more than 150 participants to access and use market information. The workshops provided participants with the basic knowledge they needed to use the Internet in the daily management, marketing, quality control, and implementation of agribusiness activities—even in those areas of Africa where full Internet access is not available. In response to the participants' request for on-going support, AMIS II's agribusiness and electronic market information specialists created AGNET-Africa, an electronic discussion and information sharing forum. AGNET-Africa currently links almost 100 agribusiness entrepreneurs, firms and supporting organizations in East and Southern Africa. With funding from REDSO/WCA, AMIS II was able to expand its telecommunications and agribusiness development efforts to include West Africa.

## **Bureau for Europe and the New Independent States (ENI)**

The Agriculture and Agribusiness Division of the Office of Enterprise Development in the Bureau for Europe and the New Independent States (ENI/ED/AG) provided \$675,000 via an OYB transfer. This source of funds covered two major activities. In Russia, AMIS II examined the feasibility of using "electronic pasteurization" to improve the safety and quality of processed meat products. In Kazakhstan, the project provided technical assistance to the owners of recently privatized warehouses.

## **Post Privatization Support for Agribusiness in Kazakhstan: Reinforcing the Wholesaler-Retailer Link in Food Distribution**

The AMIS II Project helped to create the Kazakhstan Association of Food Enterprises (KAFE). The Abt Team began by assisting new entrepreneurs who had just acquired warehouses previously owned by the state food distribution system. Abt Associates' expert worked with and trained two local consultants to provide specialized technical assistance to these new owners who did not understand the purchasing decisions of their retail customers, and to conduct a survey of retailers which became the focal point of a national seminar on food distribution. Participants discovered that they confronted similar issues across the food distribution chain, and these companies formed an association to address the issues as an industry. The AMIS II Project organized a study tour of the U.S. food distribution industry for the KAFE's chairman and its president, including an internship at the Food Marketing Institute (FMI), attendance at the annual Food Distributors International convention, and visits to the largest U.S. food distributor's training facilities. In May 1997, KAFE led Kazak businesspeople to FMI's major trade show in Chicago.

As a result of its visit to FMI, KAFE now accesses market information and is plugged into the U.S. food distribution network. In addition, several of the Kazak participants, impressed by what they saw, placed orders for juice processing equipment. This proved to be the beginning of a marketing opportunity for U.S. equipment manufacturers, and as a result of this effort, food wholesaling and retailing enterprises in Kazakhstan have established important trade links with the U.S. business community.

## **Using Electronic Pasteurization to Improve Food Safety and Quality in Russia**

An AMIS II team produced a feasibility study and business plan for development of a food irradiation equipment company in Russia. The team, comprised of both US agribusiness/food technology experts and Russia specialists, determined that substantial spoilage of food occurs in the distribution chain in Russia due to breaks in the "cold chain" (lack of refrigeration at certain points). Irradiating meats and seafood eliminates harmful bacteria, while vegetables and fruit are treated to retard ripening and extend shelf life, grains are irradiated to reduce insect infestation, and spices are sterilized. A business plan was drafted for a newly established private sector company to design, build, and operate the demonstration unit and market such equipment throughout Russia.

## **Supporting G/EGAD/AFS's Program to Revitalize Agriculture Through Regional Investment in Russia**

Finally, funds provided by ENI/ED/AG provided the wherewithal for AMIS II's initial involvement in the Program to Revitalize Agriculture Through Regional Investment in Russia (PRARI). In the summer of 1997, AMIS II staff played a crucial role in planning for and managing an agribusiness investors conference held in Chicago to introduce the U.S. agribusiness community

to potential investment opportunities in Russia.

## **APPENDIX C: AMIS II ACTIVITIES FINANCED BY MULTIPLE SOURCES**

A straightforward analysis of the activities of the AMIS II by funding source does not do full justice to the project. Two important activities received financial support from multiple sources. The Private Sector Growth of Environment Division of the Office of Sustainable Agriculture in the Bureau for Africa (AFR/SD/PSGE) financed the five volume series on *Innovative Approaches to Agribusiness Development in Sub-Saharan Africa* through an OYB followed by a buy-in. Likewise, AMIS II carried out specific tasks under the Program to Revitalize Agriculture Through Regional Investment in Russia (PRARI) under both contracts.

### **Innovative Approaches to Agribusiness Development in Sub-Saharan Africa**

The AMIS II Project received considerable financial support from the Private Sector Growth and Environment Division of the Office of Sustainable Development of the Bureau for Africa (AFR/SD/PSGE). The single largest undertaking for AFR/SD/PSGE was the five volume study on *Innovative Approaches to Agribusiness Development in Sub-Saharan Africa*. The division provided \$600,000 of the project's original core funding through an OYB transfer. A portion of this funding financed the initial study on innovative approaches to agribusiness development in Sub-Saharan Africa, which focused on East Africa and eventually became volume three of the series. On the strength of this first effort AFR/SD/PSGE commissioned companion volumes for Southern and West Africa, a review of secondary literature, and a summary volume which highlights the themes that cut across the three regionally focused volumes through a buy-in. Field work in Kenya and Uganda provided data for the East Africa report. Field work undertaken in Ghana, Mali and Senegal provided a foundation for the volume covering West Africa. Similar work in Mozambique, Tanzania and Zimbabwe was the basis for the volume covering Southern Africa. Rounding out the series was a analysis of the findings from secondary research and a summary report.

### **Program to Revitalize Agriculture Through Regional Investment in Russia (PRARI)**

The Office of Agriculture and Food Security (G/EGAD/AFS) used both core and buy-in funds to finance AMIS II's contribution to the Program to Revitalize Agriculture Through Regional Investment in Russia (PRARI). The AMIS II effort was carried out in coordination with activities which G/EGAD/AFS financed through both the core and buy-in components of the Agricultural Policy Analysis Project, Phase (APAP III). The fact that Abt Associates Inc. served as the prime contractor for both AMIS II and APAP III helped facilitate this coordination.

AMIS II's role under PRARI began in mid-1997. The Office of Agriculture and Food Security earmarked a portion of the project's core funding to have AMIS II staff work in conjunction with Louis Berger International Inc., which was one of the two prime contractors for the USAID/Russia-funded Market Oriented Farm Support Activity (MOFSA), to help plan for, organize and manage an investors conference in Chicago.

Later in 1997, the Office of Agriculture and Food Security (G/EGAD/AFS) called upon

AMIS II to help plan and prepare for an investors workshop that was held in Samara Oblast in early 1998. A four person team visited Russia, conducted interviews with both key public sector decision makers and private sector investors which resulted in a study on the *Keys to Attracting International Business Partners: Policy Reform and Agribusiness Investment*. The document grouped the major impediments into two major categories that government officials and Russian and international investors most often cited as barriers to investment and growth:

- ! Credit and Financial Policy Issues - including monetary and fiscal policy, tax policy, accounting standards, and regulations regarding property affecting its use as collateral;
- ! Rule of Law/Open Markets Issues - including contract and commercial law and regulations governing investment, licensing, trade, intellectual property, etc. and market infrastructure, information and the regulatory environment.

This study served as one of the focal points for discussions at a workshop on agribusiness investment held in Samara in January 1998. It provided workshop participants a framework for discussion that helped them to identify mutual priorities, identify the best possible partners, and to create conditions that will promote attainment of economic objectives at the local level.

## APPENDIX D:

### Questions For U.S. Agribusiness Companies About Aid Programs

#### Introduction

USAID mechanisms for supporting to the private sector have varied, depending on the programs and priorities set by Washington and individual field missions. Given the increasingly scarce funds available, the focus has been on how to leverage existing resources in ways that result in “win-win” successes. The challenge is to create incentives for U.S. corporations to establish trade and investment links with private sector firms in developing country markets. The purpose of this survey is to get feedback from individual companies and trade associations on their experience with USAID or other agencies and to seek ideas on how to make it more effective.

#### **I. Experience**

Please indicate what experience your company has had with AID programs abroad.

\_\_\_\_\_ Matching grants or cost-sharing for project start-up or implementation activities

\_\_\_\_\_ Matching grants or cost-sharing for market reconnaissance (trade and investment missions, trade fairs, etc.)

\_\_\_\_\_ Access to investment funds (e.g. through AID-supported venture capital funds) \_\_\_\_\_

\_\_\_\_\_ Paid to provide advisory services to project or program activities

\_\_\_\_\_ Benefited from technical assistance by consultants under AID projects for:

\_\_\_\_\_ feasibility studies

\_\_\_\_\_ joint venture or trade partner identification

\_\_\_\_\_ project identification

\_\_\_\_\_ trade deal facilitation

\_\_\_\_\_ conferences, workshops or seminars



7. Did you feel that your AID contacts understood your objectives and tried to help achieve them?
  
8. If there were AID administrative or procedural obstacles to achieving your objective, what were they? Do you have any suggestions for overcoming these obstacles in future activities?
  
9. What is your general impression of the way AID works with the private sector?
  
10. Do you have any other observations or comments on public sector support of the private sector, or can you cite experiences with other agencies or donors?
  
11. What suggestions do you have for improving this public sector-private sector relationship? (Bearing in mind that as an agency of the Federal Government there are limitations on the extent to which AID can directly assist individual firms).