



UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN ECONOMIC DEVELOPMENT SERVICE
WASHINGTON, D. C. 20250

*file - TAB
Project file*
9310886 (3)
PD-AAA-959-C1

February 9, 1971

USDA PASA

Subject: Marketing PASA

To: Williams Lefes, PPC/RS/PS, AID

931 - 886

13p

Per our discussion, here is a copy of the recent quarterly report together with the attachments. I am also enclosing an October, 1970, memo and budget, the final one we submitted to AID. (It does not reflect the recent salary increase, hence our operating level with people on board is in excess of \$80,000 for this fiscal year.)

Martin Kriesberg
MARTIN KRIESBERG
Director, Program Development
and Analysis

Attachments



UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN ECONOMIC DEVELOPMENT SERVICE
WASHINGTON, D. C. 20250

October 26, 1970

931-11-150-886

Subject: Marketing PASA Budget and Work Plans

To: W. Fred Johnson
Lawrence Witt

We have revised the plan of work in line with our recent conversations and to meet the reduced budget set by AID. Under this revision, we will concentrate resources available in FY 1971 on two major target outputs.

1. An annotated bibliography of studies on agricultural marketing in developing countries. This will be limited, in FY 1971, to AID-funded studies on LDC domestic markets and marketing for agricultural products (factor marketing and commodity exports would not be covered). University research contracts, PASA technical assistance missions and private contractor work for which reports are available in Washington will be included. Studies funded by FAO, UNDP and ADC may be scanned, but will not be included in the FY 1971 report. An analysis of all these studies will be useful to AID Missions and will help in the mapping exercise outlined in (2).
2. A mapping out of technical assistance and research needs to strengthen food marketing systems in developing countries. This "mapping" exercise will build on the analysis in (1) above and the expertise and experience available in AID, USDA and the Universities. We anticipate that priority needs will differ between regions (and countries) owing to such factors as rates of growth in production of principal food grains; urbanization and the nature of city "food sheds"; country income levels and overall stages of development. Hence, we propose to discuss the "map" in draft stage with Mission and local people (Government and agribusiness officials concerned with marketing) in several developing countries, representative of different marketing "models."

* A major purpose of the PASA is to provide in-country technical assistance as needed and requested. Hence, we are anxious to move as rapidly as possible from the "first stage" of the PASA activities outlined above to the "pay-off stage" of helping the AID Bureaus and the Missions meet the marketing problems in their respective areas.

It may be anticipated that Country Missions will fund such assistance, but the PASA has been viewed as a vehicle for helping the Missions sort out their needs and for providing a limited amount of TDY aid from a small core of USDA's best marketing talents. Hence, the concept of a multi-year program embodied in this PASA remains an essential part of our agreement under this PASA. Accordingly, our budget estimates are for FY 1971 and for a minimum of two additional years, FY 1972-3. Budgets for these years have also been scaled down in line with anticipated funding for all AID programs and allocations to TAB. Target dates for work now in progress under the PASA are attached.

The PASA will also be concerned with improving the understanding of marketing systems as they affect agricultural growth and overall economic development. The work plan does not list ad hoc AID-USDA workshops for this purpose or for program development, nor papers and presentations made by PASA personnel as necessary.

MARTIN KRIESBERG
Director, Program Development
and Analysis

Attachments
Work plan & budget estimates

10/14/70

REVISED MARKETING PASA BUDGET
FY 1971; 1972-73

	<u>FY 1971</u>	<u>FY 1972-FY 1973</u>
<u>Salaries and Benefits:</u>		
Director and Associate Director = (14/12 in FY 71)	35,000	50,000
Secretarial Support =(14/12 in FY 71)	10,000	15,000
TDY Marketing Specialists, <u>1/</u> Economists, etc.	10,000	40,000
Consultants <u>2/</u>	2,000	2,000
<u>Travel</u> <u>3/</u>	5,000	7,500
<u>Other Object Classes</u>	5,000	7,500
Total direct costs	\$ 67,000	\$122,000
<u>Overhead (15%)</u>	10,000	18,200
TOTAL BUDGET	\$ 77,000 <u>4/</u>	\$140,200

-
- 1/ In FY 71 one country analysis begun; in FY 72-73 one country analysis and four TDY technical assistance missions per year averaging 4 man-months each.
 - 2/ In FY 71 and FY 72-73 - 20 man-days.
 - 3/ Includes both domestic and foreign travel.
 - 4/ Previous budget for FY 71 was \$173,900.



UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN ECONOMIC DEVELOPMENT SERVICE
WASHINGTON, D. C. 20250

January 14, 1971

Subject: Quarterly Report on the AID/USDA Marketing PASA

To: Omer J. Kelley, Director, Office of Agriculture and Fisheries,
Bureau for Technical Assistance, A.I.D.

This is the second quarterly report under the marketing PASA. Considerable progress has been made toward the objectives established for the PASA during this fiscal year. The objectives set for the PASA are those agreed upon with A.I.D. as having highest priority within budget limitations for this year.

1. Marketing Seminar Proceedings. The proceedings of the June 1970 seminar have been published (a copy is attached). Distribution has now been made to those who attended the conference and to others who regularly receive AID/USDA reports. Additional copies will be made available to A.I.D. for distribution to the Missions. The publication provides a useful compendium of views of agricultural marketing problems and priorities by the people from A.I.D., USDA, universities and agribusiness with worldwide experience. Comments received thus far have been very favorable both as to format and content. We hope to have comments from the Missions after their receipt of copies.
2. An Inventory of Studies on LDC Marketing. Work has proceeded satisfactorily toward inventorying studies which have been done under A.I.D. funding on food marketing in developing countries. The first draft of a comprehensive, annotated bibliography on this study is nearing completion; more than 100 titles are included thus far. (An outline of the table of contents is attached.) The work has been discussed with Hadsell (A.I.D.) with a view to having this report consistent with other bibliographies published by A.I.D. It is anticipated that a first draft of the bibliography will be circulated to the A.I.D. Bureaus in Washington for comment and for identifying additional listings; target date for this review is January 30. Consideration is now being given to including material from the FAO and from published listings of PhD dissertations in the relevant disciplines.
3. Identification of Marketing Problems, Technical Assistance and Research Needs. Following a series of discussions on the subject, an outline was prepared to serve as a basis for the mapping out of the kinds of research and technical assistance needed to strengthen marketing systems in LDCs (outline attached). The mapping exercise should provide an agenda of value to A.I.D. Bureaus and Missions as well as

to others concerned with improving the agricultural production-marketing systems in developing countries. The study will take into account country differences which affect the form and effectiveness of marketing systems. Hence, several "models" of marketing systems will be developed as a framework for identifying research and technical assistance that might be needed. A first draft target date is set for March 1971. The conclusions reached in the study will be subject to "reality testing" in the field. We plan to make several systematic studies of food marketing systems in representative countries for this purpose. These studies will also help A.I.D. Missions and host governments in the identification of marketing problems and the setting of priorities for dealing with them. We will be discussing with A.I.D. Regional Bureaus the countries in which such studies may be most useful.

4. Regional (LA) Workshop in Marketing. A meeting on the subject was held December 17 with representatives from UNDP, IBRD, as well as those previously serving on the task force from A.I.D., USDA, FAO, IDB, and OAS. Meissner (IDB) reported on a visit to CICOM in Brazil indicating they were willing to host such a seminar. Kriesberg reported on a meeting with Riley on participation by Michigan State. A subcommittee (Peacock, Meissner, and others) is developing a draft program. The proposed workshop is now scheduled for Fall, 1971.

5. Papers, Presentations. Kriesberg participated in a planning workshop sponsored by the Agricultural Development Council, on research for agricultural marketing in developing countries. Inter alia, the draft outline on the mapping exercise was discussed and received favorable comment from the group. Kriesberg has written an FEDES staff paper, "Rural Employment Faces the Market"; review copies are available from FEDES.

6. Personnel. Dr. Howard Steele, professor in agricultural economics from Ohio State University, has joined FEDES to work full-time on the marketing PASA. He has had several overseas assignments, including a two-year tour in Brazil, and is co-author of a forthcoming book on marketing to be published in Brazil. Dr. Charles Slater of the University of Colorado will serve several days as a consultant to work with Kriesberg and Steele on mapping needs for technical assistance and research in LDC marketing.

Martin

MARTIN KRIESBERG
Director, Program Development
and Analysis

Enclosures

2/2/71

MAPPING NEEDS FOR TECHNICAL ASSISTANCE AND RESEARCH
IN DOMESTIC FOOD MARKETING FOR DEVELOPING COUNTRIES

I. Background

- A. The increased concern over food marketing in developing countries.
- B. Marketing Functions
- C. A more systematic approach for improving marketing
 - . The market as a motive force in agricultural systems
 - . The market as adjuster in movement of commodities, resources, and returns to all parties in the transactions
 - . Elements in marketing systems
 - . Interests served by marketing
- D. Mapping the needs for technical assistance and research in food marketing
 - . Purpose of the mapping exercise
 - . How this guide may be used
 - . Limitations of this guide

II. Importance of technical assistance and research will vary with stages of development, agricultural growth rates, population levels and urban-rural distribution, income levels and income distribution, and other variables

a) Needs are limited in traditional, subsistence-type agricultural economies

- . Primacy of production incentives and market security
- . Slow expansion of marketing services creates few problems
- . Limited variety of commodities produced and consumed
- . Direct linkages between producers and consumers

b) Needs grow with commercialization of agriculture and increasing urbanization of populations

- . More food to market; more food bought in urban centers
- . Increasing importance of transportation
- . Reorientation of marketing channels
- . More marketing services demanded by producers and consumers

c) Needs change as incomes and technology advance

- . Larger commercial segment in agriculture affect marketing activities
- . Changes in kinds as well as quantities of food stuffs going to market affect producers, distributors and consumers

Changes in scale of marketing firms affect relations to producers

Increased amount of processed foods produced and consumed influence supporting marketing activities

III. Needs for technical assistance and research will vary with rate of increase for marketing services, national objectives, and role of agricultural marketing in achieving them

a) National objectives

- . Role of agricultural marketing in national development
- . Short-term vs long-term objectives

b) Trade-offs

- . Labor vs machinery in post-harvest handling
- . Lower prices and more food supplies for urban workers vs higher incomes for producers
- . Scale of market operations - social costs
- . Government operations in marketing vs private business vs quasi-public organizations
- . Export earnings from foreign marketings vs greater domestic supplies

c) Resolving conflicts among objectives

d) Calculating costs and benefits for alternative actions

- . Economic
- . Non-economic

e) Establishing priorities

- . Economic considerations
- . Non-economic considerations

IV. Needs for technical assistance and research will vary with different approaches to marketing. A problem-oriented approach to the "mapping" exercise

a) Commodity marketing problems that affect production

- (1) Marketing of farm production inputs

- (2) Pricing policies and operations - uncertainty of markets
 - . Price incentives - level and timing of price setting
 - . Certainty of the market and the price
 - . Operation of price support systems
- (3) Poor methods of handling and making sales transactions
- (4) Check list of marketing channels for principal commodities
- b) Marketing constraints that affect orderly movement of commodities to market
 - (1) Lack of grades/standards/container specifications
 - (2) Inadequate transportation, storage and other facilities
 - . Nature of inadequacies - time, place, commodity problems
 - . Nature of inadequacies - organization and operation
 - (3) Lack of market news/information
 - (4) Structural constraints
 - . Monopolies and oligopolies in the market
 - . Inhibitions to entry into marketing activities
 - (5) Legal and bureaucratic obstructions
 - (6) Limited alternatives in market process
 - . Absence of adequate market linkages
 - . Absence of a national market
 - . Absence of knowledge about alternatives - real or potential

- c) Marketing problems that affect food distribution to consumers
 - (1) Absence of quality standards and uniformity of commodities
 - (2) Inappropriate pricing policies at retail levels
 - . Government price controls
 - . Uneconomic pricing by retailers
 - (3) Inadequate wholesale-retail facilities and systems
 - . Problems of investment and credit
 - . Problems of organization and operation
 - (4) Inadequate food processing facilities and technology
 - . Problems of investment and credit in "R&D"
 - . Problems of distribution and the market
- d) Problems affecting consumer diets and nutrition
 - (1) High food prices relative to peoples' incomes
 - (2) Scarcities of needed food stuffs
 - . Geographical food scarcities
 - . Population group scarcities
 - . The special issue of protein deficits and additives
 - (3) Product losses and quality deterioration
 - (4) Lack of consumer knowledge, information; consumption of foods with little nutritional value
 - (5) The non-market sector of the economy
 - . Institutionalized populations - including school children - military
 - . Welfare/destitute populations
 - (6) Food aid and related non-market distribution

- e) Consumer demand and market expansion
 - (1) Measuring demand
 - (2) Increasing demand through promotion
 - (3) The USA and LDC differences
- f) The export market option and import substitution
 - (1) Domestic market links to export
 - (2) Domestic costs and world prices
 - . Exchange rates and effective price
 - . Opportunity costs and comparative advantages

V. The organization of reform in marketing systems

- a) Overcoming obstacles to reform
 - . Vested economic interests
 - . Political processes
 - . Cultural constraints
 - . Information on consequences of changes
- b) Capital needs for marketing
 - . Formation of capital and returns on investment
 - . Hard and soft currencies
- c) Employment-underemployment affects of marketing changes
 - Effects of imported vs locally produced hardware
 - Effects of increased scale in marketing enterprises
 - Effects of new marketing services

- d) Forging the institutions and institutional arrangements
 - . The public sector - policies and services
 - . The private sector
- e) Utilizing external assistance
 - . Technical assistance
 - . Capital assistance
 - . Grants
 - . Concessional loans
 - . Food aid
 - . Bilateral assistance
 - . Multilateral assistance
 - . Coordinating external assistance

VI. Conclusions

- a) The role of U.S. assistance
 - . Analysis of system linkages and strategic factors
 - . Reckoning on leverage value of alternative actions and secondary or derivative costs and benefits
- b) The role of multilateral development agencies