



MTAP OVERVIEW

*THE MARKET
AND TECHNOLOGY
ACCESS PROJECT*

(MTAP II 936-4053)

THE MARKET AND TECHNOLOGY ACCESS PROJECT (MTAP)

PROJECT PURPOSE

MTAP's purpose is to promote the growth of private enterprises in developing countries by improving their access to new markets and technologies. As the sphere of global economic relationships expands, access to new international market opportunities and technologies becomes a key factor in the ability of developing country business enterprises to grow. For A.I.D., the problem of assisting business development -- whether for micro-enterprises, agribusinesses, or any other area of special concern -- requires an ability to provide effective support in the area of market and technology access. MTAP has been designed to help missions plan and implement effective trade and technology development project initiatives.

MTAP directly assists individual firms and entrepreneurs in acquiring critical know-how to operate successful export businesses and in gaining access to international markets. But part of the challenge of exploiting international business opportunities is beyond the ability of individual firms to manage. Concerted action -- groups of firms working together, or combinations of private and public initiatives -- is often required for firms in a particular country to be effective in dealing with the opportunities and challenges that emerging international markets and technologies present. MTAP seeks to identify ways in which public support can be used to accelerate the pace of commercial development by addressing key market imperfections or failures related to the acquisition of information or know-how that constrain market and technology access.

The initial phase of MTAP, which examined the effectiveness of commercial intermediaries in promoting trade and investment relationships between U.S. and LDC firms, was launched in 1983. MTAP II, offering an expanded array of trade and technology development services described below, began in 1988 with services continuing through September, 1993.

MTAP Services

The project offers a range of services that provide practical, cost-effective support to businesses -- primarily small and medium enterprises -- seeking to take advantage of the growth opportunities arising from new international market and technology developments. To complement these market and technology access services, MTAP works with private and public trade institutions to establish U.S.-LDC business linkages. In addition, MTAP offers research and program development services to support efforts by A.I.D., developing country governments, and business organizations in designing and implementing more effective policies, programs, and projects aimed at stimulating international trade and technology flows. The following sections describe the four basic categories of services.

Market Access Services

MTAP's Market Access Services support developing country firms in managing and sustaining their entry into international markets. MTAP offers a number of service options which can be packaged to deal with the needs of firms at various points along the "learning curve" in their understanding of and ability to deal with the requirements of international business operations. These services range from market opportunity identification through the initial market entry steps of making contacts with buyers, producing samples, pricing products, and acquiring purchase orders to ongoing technical assistance in product development and market diversification. Because these services are designed to follow the normal stages of commercial development, except at an accelerated pace, the firms are able to sustain commercial relationships on a for-profit basis after project activities are completed.

MTAP also offers training modules on all of the above that can be delivered to local industry executives, trade associations and other trade and export promotion organizations or commercial service providers. Industries in which services are currently being offered include gifts and decorative accessories, agribusiness/food processing, forest products, and nature tourism.

Example services to firms are:

- Adaptation of product designs or production processes to meet specific buyer requirements
- Production of prototypes, samples, and trial orders
- Negotiation of marketing agreements and launching of full-scale export marketing efforts
- Strengthening local product development, design, and packaging capabilities and services to improve responsiveness to buyers

MTAP Services (Cont.)

Technology Intelligence and Sourcing

Developing country firms need access to technologies that can improve their ability to compete in the global marketplace. MTAP provides services to assist firms in assessing U.S. and Asian technologies and establishing relationships with appropriate U.S. suppliers and sources of technology. Typical activities include:

- Technology access training programs for LDC participants in the U.S. to attend trade shows, technology exhibits, seminars and conferences.
- Custom-tailored visits to factories and technology suppliers in the U.S. and Asia, as well as in-plant training.
- In-country technology exhibitions and seminars designed to acquaint LDC users with U.S. technologies in selected industries.
- Cost-sharing for demonstration projects to acquaint LDC users with applications of U.S. technologies to local conditions.

U.S. - LDC Business Linkages

MTAP offers flexible mechanisms for launching and testing initiatives to establish business linkages between U.S. and LDC private and public institutions involved in trade and technology transfer. These include:

- The Business Development Seed Fund, which MTAP supports under a cooperative agreement with the National Association of State Development Agencies (NASDA). Through the NASDA Seed Fund, pilot programs can be funded with U.S. state-level trade and development organizations in conjunction with developing country organizations. Using this mechanism, projects can be launched quickly, with a minimum of red tape. In addition, the Seed Fund offers mechanisms for cost-sharing by implementing organizations, and in some cases by U.S. state development agencies and other interested parties.
 - One example of how the Seed Fund has been utilized was the U.S./Thai Business Linkage and Trade Development Project. This project implemented by the International Business Development (IBD) program of Northwestern University, aimed to encourage the growth of indigenous Thai service firms and enhance U.S. business activity in Thailand.
- Pilot programs with selected U.S. and developing country trade and industry associations, particularly in the industries of food processing/agribusiness, energy, health technologies, environmental businesses, and pollution control.

MTAP Services (Cont.)

Research and Program Development Services

Research

MTAP has been researching a number of key issues that have been recognized as important concerns by the Agency, as follows:

- The role of business services and commercial intermediaries in generating increased trade and technology flows and approaches for involving commercial intermediaries/service suppliers in A.I.D.-funded trade and investment efforts.
- Approaches for improving the cost-effectiveness and sustainability of non-profit service suppliers (business associations, trade and investment promotion organizations, university programs, and quasi-official organizations) in trade and investment programs.
- Program options for improving access to U.S. business networks and building linkages between A.I.D. efforts and initiatives being pursued by U.S. business groups at the state and local levels, or by national trade and industry associations.
- Improving public sector ability to collaborate more effectively with private sector firms and organizations in promoting international trade and investment initiatives, *in particular, by developing project design, procurement, and contracting practices that are more suited to private sector development requirements.*

By supporting a long-term R&D agenda, including on-going assessments of past and current trade and technology projects supported by A.I.D. and other donors, MTAP not only helps maintain A.I.D.'s institutional memory in the trade and technology areas but also serves as a laboratory for generating new ideas for more effective strategies and projects. MTAP staff are available to work with A.I.D. missions, regional bureaus, and central bureaus to develop strategic plans for new trade and technology programs that incorporate the lessons learned from past and current R&D activities. This research both informs and guides MTAP's provision of services.

MTAP Services (Cont.)

Program Design and Evaluation

MTAP offers specialized consulting assistance to Missions and Regions to assess the feasibility of particular strategies or promotional approaches and to design new technology and trade development initiatives. The project offers support in the following areas:

- *Assessing policy and regulatory requirements* to foster trade and technology development;
- *Assessing institutional alternatives for implementing trade and technology initiatives* (governmental/non-governmental roles; centralized programs vs. broad, decentralized network support; non-profit/for-profit organizational options, etc.).
- *Applying specific trade and technology promotion techniques or model schemes in developing country programs.* Based on the given country context, assistance would be offered in determining the optimal promotional focus and service mix and in assessing the feasibility of particular trade and technology development schemes such as business incubators and technology innovation centers; trade information services; training packages to promote market entry by new exporters; business linkage programs; technology sourcing services; etc.
- *Developing sub-sector focused trade and investment promotion efforts.* MTAP is currently collaborating with S&T, regional bureaus, and mission technical offices to promote U.S.- developing country trade, technology, and investment linkages in the following subsectors:
 - Forest products utilization and marketing
 - Agribusiness/food processing and packaging
 - Nature tourism and other specialty tourism areas with high development potential
 - Environmental business, waste management, and pollution control



MTAP Resources

MTAP offers services from a variety of sources specialized in trade and investment promotion. The InterAmerican Management Consulting Corporation (IMCC), an 8-a firm specializing in trade promotion and financial market development, is responsible for coordinating the research agenda, providing on-call technical assistance to support mission T&I efforts, and carrying out field tests of new trade promotion services packages. Technical support services for project design, training and research/evaluation services are available either directly through IMCC or under sub-contracts with specialized organizations capable of meeting specific requirements of this project.

The Cooperative Agreement with the National Association of State Development Agencies (NASDA) offers missions an additional channel for identifying U.S. based organizations interested in developing long term trade, technology, and investment relationships with firms and organizations in developing countries. The NASDA network offers a valuable set of resources to help develop ties between developing country trade and technology development organizations and U.S. based groups with compatible interests.

How to Access MTAP Services

Requests for MTAP services should be addressed to the MTAP project officer (see below). The core research activities of the project, including comparative assessments and special studies of technology transfer, trade, and investment promotion techniques and experiences, are funded by APRE. Technical assistance for project design and evaluation services is funded by mission buy-ins. Pilot projects carried out under the Seed Fund are likewise funded by mission buy-ins, with cost-sharing by implementing organizations, and, in some cases, by state development agencies and other interested parties. For further information contact:

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MTAP MARKET ACCESS SERVICES

Purpose

The MTAP Market Access Services are targeted to helping LDC firms develop the capacity to identify appropriate markets, to meet buyer's demands, and to overcome the start-up problems associated with learning to produce for export markets.

As the experiences of the East Asian NICs clearly demonstrate, active management of export expansion efforts -- by a combination of private and public sector actors -- can be an effective means of helping firms accelerate their entry into world markets and sustaining export growth. Successful market entry management not only requires pragmatic approaches to the formulation and implementation of policy incentives, but also industry support in identifying product opportunities, training to help firms acquire product development, production, and quality control skills, and measures to stimulate the growth of supporting commercial services.

MTAP has concentrated on finding cost-effective ways of providing front-end support for firms that can act as catalysts in stimulating new export production in selected industries. By helping to establish commercially viable export operations that are able to demonstrate relatively quick successes in exports of particular products, we can initiate a process that dramatically lowers the learning costs associated with exporting for other potential export producers.

The logic behind this approach is straight forward. Until a country is able to achieve a basic level of success in exports of particular products, the cost to individual entrepreneurs in acquiring the necessary know-how to export (including specific information about product designs, quality control requirements, packaging, pricing, production processes, etc.) is very high. Once a few successful export operations are established, the

Market Access Services (Cont.)

Purpose (Cont.)

costs to other businessmen of replicating such successes are considerably lower, since sources of information and know how are then available locally (and can often be acquired by hiring workers and managers away from the pioneering firms). Furthermore, once the learning process is underway, entrepreneurs benefit from increasing returns to scale from information acquisition and training, which is frequently demonstrated by a rapid acceleration of export sales once firms reach a certain point on the export learning curve.

The problems associated with this process are most acute in the initial phases of export development where firms are acquiring the basic information and know-how required to operate successful export businesses. In the initial stages, the role of catalytic agents or innovators -- firms or individuals who possess the necessary information and know-how to make an export business work -- is critical. If such firms or individuals can be identified, engaged, and supported, tremendous possibilities exist for achieving significant successes in export expansion efforts.

Services

Technical services provided by MTAP are geared to speeding up the learning processes which developing country firms must undergo in order to deal successfully with international market requirements. The principal thrust of these activities is to help firms develop a capacity to produce what buyers want, rather than focusing -- as most export development efforts have done up to now -- on helping firms market their existing output. Consulting and training activities are combined with a phased involvement of buyers, trading companies and manufacturing firms, helping firms to acquire export know-how at the same time that new commercial relationships are forged.

Market Access Services (Cont.)

Services (Cont.)

This process leaves in place established commercial services and relationships that can continue to support export activities long after the consulting and training activities have ended. In addition, MTAP requires gradual cost-sharing so that by the end of the program, the cost of continuing these services will be transferred to the beneficiary firm as a normal operating cost.

The MTAP Market Access Services approach consists of the following components:

- Market Entry Assessment (Phase I). Specialized consultants conduct an inventory of existing capabilities and resources of firms in specific sub-sectors and participate in selection of program participants. Consultants then work with qualified buyers to identify specific market opportunities.
- Market Entry Training (Phase II). Designed to take producers of selected products through the initial stages of market entry, MTAP training provides firms with basic know-how and builds their capacity to export specific products. Efforts focus on such problems as product design and specifications, quality control management, costing and pricing, packaging, and delivery requirements of buyers, as well as other problems such as input supply, export finance, and export documentation. One key to success in the delivery of these services is early involvement of buyers to ensure that training efforts are constantly subjected to a reality test in order to meet actual, current market requirements. In efforts to date, IMOC has demonstrated that buyers can be enticed to participate in training activities, contributing the cost of their time if travel and per diem expenses are covered.
- Production Support and Market Expansion (Phase III). Production and commercial specialists provide technical assistance over a specified period to participant firms to ensure effective production and delivery of initial orders and ability to obtain new orders. These services emphasize:
 - The installation of sound quality control management, production engineering systems and timely delivery capabilities;

Market Access Services (Cont.)

Services (Cont.)

- The development of systematic means for surveying product opportunities and buyers' interests in new product lines, (e.g. through regular monitoring of trade publications and trade shows, active courting of foreign buyers, systematic searches for new technologies, etc.); and
- The strengthening of local product development, design and packaging capabilities and services to improve responsiveness to buyers.

It should be noted that MTAP's Market Access Services are initially directed at high potential firms in order to generate results in as short a time-frame as possible. Later, such training efforts can be extended to a broader array of firms, ideally through industry associations or other private sector service suppliers such as trading companies, manufacturer's reps, consulting firms, and business associations.

These services have been flexibly designed to be structured based on the needs and plans of the particular mission. For instance, the duration of the above services can range from one month (e.g. a quick market assessment) to a one- or two-year multi-phased program. Alternatively, MTAP services can be contracted as "on-call" services on a retainer basis.

This approach offers a practical avenue for employing A.I.D. project resources to achieve short-term export successes and speed up the learning sequences associated with successful export performance over the long term. It offers cost-saving advantages over standard consulting approaches as a result of the cost-sharing procedures for involving buyers and specialized commercial service suppliers. Furthermore, it is designed to leave in place commercially viable business services that will continue to support trade expansion efforts after A.I.D.-funded activities cease.

MTAP

TECHNOLOGY INTELLIGENCE AND SOURCING

Purpose

MTAP's Technology Intelligence and Sourcing services aim to assist developing country firms in sourcing new (or old) technologies that can improve their ability to compete in the global marketplace. Access to information on technological options available, the assessment of these options, and the mechanisms and means for this transfer and acquisition of the selected technologies are all key ingredients of overall technological capability. MTAP's objective is to help enterprises to develop a systematic and disciplined approach to this search, monitoring and acquisition process.

Services

MTAP provides services to assist firms in assessing U.S. and Asian technologies and establishing relationships with appropriate U.S. suppliers and sources of technology. Typical activities include:

- Technology access programs for LDC participants in the U.S. to attend trade shows, technology exhibits, seminars and conferences.
- Custom-tailored visits to factories and technology suppliers in the U.S. and Asia, as well as in-plant training.
- In-country technology exhibitions and seminars designed to acquaint LDC users with U.S. technologies in selected industries.
- Cost-sharing for demonstration projects to acquaint LDC users with applications of U.S. technologies to local conditions.

Particular expertise is offered by the project in the following areas:

Food Processing

Waste Management, pollution control and environment-related business

Packaging