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# RURAL CHANGE

The Challenge for Agricultural Economists

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PROCEEDINGS

SEVENTEENTH  
INTERNATIONAL CONFERENCE  
OF AGRICULTURAL ECONOMISTS

*Held at Banff, Canada*  
3rd – 12th SEPTEMBER 1979

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INTERNATIONAL ASSOCIATION OF AGRICULTURAL  
ECONOMISTS  
INSTITUTE OF AGRICULTURAL ECONOMICS  
OXFORD

1981

Gower

## *Technical Assistance in Marketing: A View over Time*

This review first analyses attitudes towards marketing improvement in the developing countries and towards some component elements, then the assistance forthcoming from bilateral and multilateral sources. It concludes with some remarks on directions for the future.

### “MARKETING” AS A CONCEPT

While the word marketing has rung out loud and clear in North America and in many British Commonwealth countries, it was accepted much later in countries with French and Spanish cultural backgrounds.

Within FAO the focal point for work on marketing has remained consistently with the “Marketing Branch”. However, this unit has shifted through Commodities, Economic Analysis and Rural Institutions divisions to Agricultural Services.

A new set of overlays has come up in recent years. For FAO and the aid agencies “food security” and the “reduction of post harvest losses” have international appeal. In vogue at the universities now are “Agribusiness” and “Food systems” – again activities that include a lot of marketing. In FAO circles, however, agribusiness has been a bad word. Indeed “Marketing” itself has not been very popular with its governing bodies. Their members tend to be drawn from ministries of agriculture concerned only with production. Other governing body members have a strong social orientation for which the word “marketing” is too commercial.

Awareness of marketing as a concept and as a vital element in their economies needing attention has nevertheless, extended greatly in the developing countries since the 1950s. Large numbers of young people from those countries have taken courses in marketing at American universities, and more recently also in Europe. Gradually they are moving up into influential positions. FAO has also made an important contribution through its series of Marketing Guides which were first transmitted

\* The views expressed in the paper are those of the author and do not necessarily represent those of FAO.

directly to governments and then reprinted many times in response to commercial demand. A series of FAO regional training centres financed by the UNDP in the sixties also had a substantial impact.

## GOVERNMENT SERVICES FOR MARKETING

Still in many countries there is no government department specifically responsible for agricultural marketing policy or carrying on practical research as a basis for it. In the majority of Latin American, African and Asian countries elements of marketing services and controls are operated by different bodies without much co-ordination. Departments of agriculture, commerce, co-operatives, development banks and municipalities are all involved. Without an adequate government marketing support service there is little hope of implementing any measures that require public initiative and consistent follow up.

Lack of awareness of the importance of marketing also showed up in the content of national development plans in the 1950s and early '60s. None assigned a major role to marketing of agricultural products in their development strategies. In only three out of thirteen examined in a 1966 study did the financial allocation to marketing, exceed 6 per cent of total expected investment in agriculture.<sup>1</sup> In 1970 Spinks'<sup>14</sup> review of government attitudes towards marketing in Asia showed that this was a field about which most government officials knew very little and that major decisions were frequently taken without adequate information on what was actually going on.

FAO has sought fairly consistently to build up information, advisory and policy formulating units in the ministries of agriculture of developing countries or in the ministries of commerce if responsibility for agricultural and food marketing was located there. USAID has followed the same path. In Iran there was a full Ministry of Marketing and Consumer Goods at one time but it cut across too many interests. Slowest to consolidate marketing responsibilities and mobilize the requisite expertise in one department have been governments of countries with French and Spanish cultural backgrounds. This is now being done in Mexico, Colombia and Ecuador in Latin America, but there, and in francophone Africa, there is still much to do.

## WHAT TO DO TO IMPROVE MARKETING

In comparison with extended irrigated land and breeding higher yielding crops, what constitutes an improvement in marketing is not so obvious. Large numbers of people are involved, important interests are affected. Even after a decision is taken or legislation passed implementation remains uncertain. For such reasons many administrators of aid programmes have shied away from an area which they saw as complex and

difficult. They also saw it as full of politics – international, national and local.

As a United Nations organization, FAO has been protected from many of the pressures on aid-giving governments. There have been queries on its policy *vis-à-vis* private and public enterprise and some pressure for support to co-operatives, but in practice those concerned with marketing assistance have been able to maintain a neutral alignment. FAO is equally able to assist the Government of Tanzania build an efficient state marketing system and to help that of Kenya strengthen a blend of private, co-operative and marketing board structures.

## PHYSICAL ELEMENTS IN MARKETING

### *Packing, transport and storage*

This might seem to be the least controversial area of marketing assistance where even casual visitors to developing countries can see that much needs to be done. There are limits, however, to the introduction of new methods and equipment set by the extent of local know-how and related development, by costs in relation to scale of enterprise and consumer incomes, and by social considerations. Access to aid funds can easily lead to the purchase of mechanized sorting, handling and packaging machinery that is never used. Too often advisers backed by foreign equipment manufacturers recommend storage construction along lines adapted to quite different conditions. Economic advisers and government planning departments are increasingly concerned about possible disadvantages of technical improvements in marketing. Proposals to use technology in place of labour must be appraised both for their direct employment effects and their implications for employment at other stages in the production–assembly–distribution chain.

In the area of transport too some expensive lessons have been learnt over the last decades. Air and refrigerated transport can bridge gaps in the movement of perishables to the better-off consumers. However, in the developing countries better feeder roads, bridges over seasonal streams, rubber tyres for bullock carts and spare parts for trucks often pay off much better than the introduction of radically new transport equipment. Access to return loads and out-of-season business to reduce costs, and adequate maintenance, are related issues. Often they point to ownership by a private carrier rather than a specialized agricultural marketing organization and this has raised problems for some aid agencies.

There is a view that the establishment of some physical facilities – a plant to pack or process an agricultural product – will stimulate an expansion of output in the area around. A review of 70 canning, slaughtering, storage and related plants established in Africa and subsequently failing, evidences the risks of disappointment if a more thorough consideration of the marketing element is not undertaken.<sup>10</sup>

*Quality control and grading*

The heterogeneous nature and appearance of the produce offered on their markets has been of continuing concern to developing country governments and the subject of many requests for assistance. It is fairly easy to have quality standards and grades promulgated but very difficult to see them applied. This is easiest in export marketing, notably when some major importing country sets standards which must be met if entry is to be allowed. In domestic marketing the application of simple standards in the purchasing of grain or other produce by an official price stabilization agency can be a potent influence, but one difficult to maintain.

*Market planning and construction*

As urban populations increase more and more, cities need larger and better situated marketing facilities. An FAO specialist who recommended the establishment of a wholesale market for fruit and vegetables in Malta and prepared detailed plans for it, was pleasantly surprised to be invited to the official inauguration of the market he planned – ten years later. This is quite fast going for city wholesale markets. New central markets for Baghdad, Beirut and Tehran have each been under discussion and planning for 20 years now: they are still not built. In Latin America, on the other hand, high rates of inflation have led politicians to build markets as big and as fast as possible – often not too well adapted to local needs. FAO's view is that many national sponsors of new markets and associated international advisers build too expensively and too solidly when only a simple shed is required. In addition to taking up money that would be better spent on "soft ware" services and staff training these structures are difficult to modify later as needs evolve.<sup>11</sup>

*Marketing organization*

This is usually a blend of private, co-operative and marketing board or state enterprise. *Private enterprises* have a bad public in many countries. To technical and financial assistance agencies they are well nigh anathema. If they are near-monopolists they will have the ear of someone in the government and cannot be touched. If they are foreign owned or of different ethnic background they cannot be helped. If they are small they will be difficult to identify and contact; they will also lack the resources and risk capacity to try out the new ideas of the foreign adviser.

Faced with an apparent multiplicity of small enterprises the approach of some administrators has been to restrict their numbers in the hope that some will then get bigger. The neoclassical economist is against this because it restricts competition. Many of us pinned our faith on government facilitating measures – improvement of roads, transport means, public provision of market information and easier access to credit. Even this relatively safe ground can prove shaky. For years the establishment of market news services was the stock in trade of the marketing improvement adviser. Now there are disturbing questions as to whether such

information is ever used. Credit is available in plenty for large farmers and beneficiaries of government projects, but how to organize it for small scale traders?

### *Co-operatives*

Arguing from successful farmers' associations in their own countries and reinforced by political support, aid agencies have consistently favoured co-operative solutions to organization problems. They also find co-operative organizations, most amenable to proposals to try new techniques and pilot activities. How far this path of idealism and convenience has led into the wilderness of disappointment is masked by the finite duration of most aid projects, and the arrival on the scene of fresh enthusiasts with more funds.

A recent analysis of experience in East Africa and Asia concluded that an over-reliance on co-operatives can become a major impediment to agricultural development.<sup>5</sup> The Government of Tanzania has now officially abandoned "co-operative marketing" in favour of state directed bodies. The easiest role for a new co-operative is as assembling agent for an established marketing board. It has a sure outlet and no sales risk. From this base it can go on to distribute seed and fertilizer on credit and undertake other related activities.

### *Marketing boards and other state marketing enterprises*

In the developing world these were set up first for export crops in the British Commonwealth countries of West Africa and the Caribbean in the late 1940s and '50s. Some of them set up to handle perishable crops grown for local consumption may be judged a disservice to the countries concerned. They asked too much in management and political responsibility. At this stage FAO (and USAID also) hesitated to be involved. Setting up marketing boards in the developing countries smacked of a political decision directly affecting other existing enterprises. Behind this lay anticipation that the initial phases might not be smooth and the agency associated with them would pick up the blame. Later, when it became common for countries gaining independence to nationalize important segments of their marketing systems that were in foreign or alien hands and to seek help in operating them, FAO saw its responsibility clearly. In 1966 its *Marketing Guide No. 5 Agricultural Marketing Boards: their Establishment and Operation* came out in English, French and Spanish. In 1970 a Michigan State University team on a US Government contract undertook a thorough going review of the marketing board system in Tanzania and recommended consolidation into a single marketing corporation.

FAO and AID have both worked on domestic price stabilization systems, buffer stock agencies and other agencies set up to implement guaranteed prices at the farm level. Considering, however, their strategic role in developing country economies it could be expected that major marketing boards would be subject to continuing reviews of operating

methods, management and costs. In practice these are extremely rare. Board managements seem able to ward off outside assistance in such areas and to have allies in the Government committed to their protection.

#### *Integrated marketing systems and entrepreneurs*

Integration of production with marketing through linked ownership or firm contracts has been common in the developing countries for tobacco, oilseeds and other crops for processing. It has been more difficult to organize for crops sold fresh and where there are many producers of varying quantities. The follow-up of AID financed Michigan State University marketing surveys in Latin America featured attempts to develop integrated systems serving the big cities. FAO also supported public programmes to develop centrally managed and voluntary retail chains with unified purchasing. It has become clear, however, that there must be a leader for the integration to work – a “channel captain” in contemporary terminology. The entrepreneur can be directing a private, co-operative or publicly owned system, but an entrepreneur there must be.<sup>4</sup>

### TRAINING OF STAFF FOR MARKETING

In most of the developing countries lack of trained personnel is a major constraint on marketing development. Especially difficult to organize is in-service training particularly when the enterprises are small and family based. The main credit for the present build up of qualified people in marketing must go to American universities and the Government of the USA which has both provided scholarships for people of the developing countries to attend these universities and arranged for marketing professors to teach in those countries. By preparing training materials specifically for the developing countries and organizing a series of training centres on a regional basis FAO met a crucial need in the late 1950s and '60s. Now most developing countries have their own universities. The main issue at this level seems to be to secure sufficient time for marketing in a general agricultural or economic curriculum. In 1975 the average course allowance in a number of African universities was only ten hours.<sup>3</sup>

How best to organize medium and lower level training in marketing in developing countries remains an open issue. Supported by the Coffee Growers' Federation and leading banks FAO trained several hundred candidates in the more practical aspects of grain and other produce marketing and in marketing management in Colombia. Now they may be found in strategic jobs throughout the Colombian economy.

#### *Marketing in rural development*

The contemporary situation is marked by concern for the welfare of rural populations as a whole. Recent meetings of FAO/RED in Bangkok and IICA in San José have been directed towards policy guidance on how to organize marketing to help raise small farmer incomes. Strategies being



tried out include: (a) group action by farmers to reduce transport costs and improve bargaining power (b) introduction of contract systems for crops adapted to small farmer production, (c) fostering positive action by private entrepreneurs and (d) extending assembly market systems further into rural areas.

There is particular interest also in the extension of fertilizer and input distribution systems to reach the smaller and more outlying farmers. Help to the traditional small scale marketing enterprise has also been stressed by FAO and by Uma Lele in a review of rural development projects in Africa financed by the World Bank.<sup>8</sup>

### *Social marketing*

From the early 1960s the FAO Marketing Branch has been concerned with protein food marketing and projects to make available more nutritious products to low income consumers.<sup>17</sup> More recently it has helped in the establishment and operation of agencies to supply basic food at low prices to vulnerable urban consumers.

## MARKETING IMPROVEMENT POLICIES BY LEVEL OF DEVELOPMENT

FAO's work on the "Indicative World Plan" also sparked attempts to sort out the investment, training and other improvement measures that might generally be associated with a particular level of development. A subsequent study endeavoured to relate levels of marketing and other strategic services with stages of agricultural development using a statistical correlation approach.<sup>15</sup> A 1972 US Department of Agriculture formulation of tentative marketing development priorities for (a) predominantly subsistent countries (b) countries with transitional production oriented agriculture and (c) countries with market oriented agriculture and mainly urban population was further discussed at the International Conference on Marketing Systems for Developing Countries held in Israel 1974.<sup>16,6</sup>

## QUANTIFICATION OF COSTS AND BENEFITS OF MARKETING IMPROVEMENT

This may be another issue to which marketing specialists have not faced up fully because of the difficulty both of measurement and of achieving agreement on what should be measured. The regulation of assembly markets in India was at one time estimated to save farmers \$18 million in market charges.<sup>2</sup> These benefits were easy to measure, but what about the effect on competition, on prices and on farmers' and traders' convenience? A beginning in assessing the benefit value of a reduction in food marketing margins in Argentina and of the introduction of innovations at successive stages in the marketing of grain, potatoes and other produce

has been made by Dieter Link.<sup>9</sup> What degree of precision on the benefits of a market news service, the cost of bureaucratic procedures, the benefits of maintaining competitive channels should we expect? Lack of convincing figures for estimating internal rates of return exceeding 12 per cent may be one of the factors in both the low allocation of World Bank funds to marketing and the relative lack of interest on the part of development planners.

## MARKETING COSTS AND MARGINS

FAO has often felt that it should be reviewing annually the cost of moving food from producer to consumer along representative channels in developing countries. This has been done for many years in the USA. The main area where comparative studies have been carried out in developing countries has probably been in fertilizer marketing case studies. These have focused attention on the wide distribution margins between port of entry and the farmer-user in various developing countries. Recognizing the obstacles raised by differences in conditions, high rates of inflation and arbitrary exchange rates it may still be maintained that much more could usefully be done in this area.

## MARKETING ASSISTANCE TO DEVELOPING COUNTRIES BY AGENCIES

FAO was already recruiting specialists in marketing to advise the governments of developing countries in 1955 and had a small technical support unit of two men at its headquarters. A year or two later the FAO programme was made up as follows:

- 1 *Provision of technical experts* (around 20) to assist governments of developing countries.
- 2 *Training courses* in meat marketing (Santiago 1955) and grain marketing (Argentina 1956) averaged six weeks' duration per year each accommodating 25–35 trainees.
- 3 *Fellowships* of 6 to 24 months' duration enabled the personnel of government departments and marketing organizations to receive specialized training and first hand experience in other countries.
- 4 *Direct information, advice, publications etc.* A series of marketing guides designed specifically to serve developing countries had been initiated, also an international marketing bibliography service.

The establishment of the UN Special Fund for Development in 1958 opened the way to a much larger programme, but some years lapsed before major projects in marketing were supported. A review of the arrangements made for assistance in the preparation of some half-dozen area development plans in Mediterranean countries showed a participa-

tion by marketing specialists of only 3 to 5 per cent.<sup>1</sup>

During the course of work on the FAO Indicative World Plan for Agricultural Development, a major FAO project of this period, estimates of investment requirements through 1985 in central and livestock auction markets, refrigerated and other storage, flour, rice, and oilseed mills, sugar processing, slaughterhouses, dairy plants and fruit and vegetable packing and canning in five western Latin American countries were made. They amounted to 2.6 per cent of the annual value of agricultural output.

In 1976 FAO had 63 marketing specialists on advisory assignments in the developing countries with a technical support staff of 9 at headquarters. In addition there were 5 associates in the field and at headquarters. Major projects (budgeted around \$1.0 million) supported government marketing services in Iran, Kenya and Tanzania respectively, assisted marketing boards and supply and price stabilization systems for basic grains in Guatemala and Uganda, and livestock marketing organization in Mali. Most FAO area and rural development projects now included provision for work on marketing, also the second generation of projects founded on irrigation programmes.

In FAO, the allocation of funds for marketing work, out of its regular programme budget is about \$600,000 a year – around 1 per cent of FAO's technical and economic programme budget for agriculture, forestry and fisheries. A similar allocation is made in field activities funded by UNDP. Some \$3.5 million a year or less than 2 per cent of the total UNDP projects carried out by FAO now goes for marketing and related project activities.

The *World Bank* had been the major source of multilateral investment funds for agricultural development, but little has gone into marketing. A \$17,000,000 investment in local assembly markets for the State of Bihar is now under way. It is recognised in the Bank that administrative considerations have stood in the way of making funds available for the small scale investments often required for marketing. A project to help small scale traders in the Caribbean is currently in formulation by FAO.

Of the regional banks only the *Inter-American Development Bank* has paid significant attention to marketing improvement to date. Specific marketing investment projects include the financing of grain storage in Ecuador and Paraguay and of rural and central market facilities in Jamaica and Trinidad.<sup>12</sup>

Over the last fifteen years the *International Trade Centre* in Geneva has mobilized a significant programme of assistance to the developing countries in export promotion. A major supporter has been the Swedish development assistance programme. Of its ongoing and proposed projects in 1977, 37 or 44 per cent were for agricultural, fish and forest products. In collaboration with FAO are studies of import markets for livestock by-products and on the feasibility of organizing a market news service for tropical fruits and vegetables on European markets.

*USA*

For many years bilateral assistance in the marketing of food and agricultural products has come predominantly from the various aid programmes of the United States Government. During the 1950s US technical assistance took the form mainly of individual advisors drawn from federal and state government advisory services, from private industry and agricultural co-operatives who were outposted in ministries of agriculture and commerce, and of professors helping to establish marketing courses in developing country universities. Farmers' co-operative marketing projects were a means of introducing new methods and equipment. Recognition in a number of developing countries of the need for government marketing units to provide information, advice and facilitating services owes much to American technical assistance at this period.

Around 1965, to simplify its task of recruiting qualified specialists and ensuring technical support, AID developed the system of contracting assistance programmes to particular universities. In this way, some were able to develop special expertise in particular areas: Michigan State in Latin America, Stanford in Africa, Cornell in India, together with helpful language abilities.

*United Kingdom*

Direct assistance in the organization of food and agricultural marketing and in the establishment of marketing facilities has been a continuing UK government responsibility towards developing countries in the British Commonwealth. The export monopoly set up in West African countries became models that many of their francophone neighbours eventually followed. British administrators and advisors have also promoted the establishment of co-operative structures for marketing; notably as assembling agents for monopoly boards. Outstanding examples were coffee and cotton co-operatives in Uganda and Tanzania, and in Cyprus co-operatives of citrus and grape growers. Of integrated marketing and processing programmes initiated by the UK, notable models are the livestock assembly, processing and meat export system established by the Commonwealth Development Corporation at Lobatse in Botswana and the earlier cotton production, ginning and marketing system operated under the Gezira Board in the Sudan.

*France*

A parallel programme of assistance to developing countries linked with France has been maintained by the French Ministère de Coopération and preceding government agencies. Proportionately, the French aid programme in total has been more generous than those of most other developed countries. The marketing assistance having most impact on the farmers in the developing countries has been French support for the price of their export products. Much more emphasis has been placed on assuring market outlets at favourable prices than in building up national marketing structures to compete on foreign and domestic markets.

Nevertheless, help has been provided in establishing marketing enterprises and facilities, notably as part of integrated production and marketing systems operated by companies with strong French links. Such companies have organized the production and marketing of coffee and cocoa in Cameroon, fruit in Ivory Coast, cotton in Chad, to mention only a few examples. Characteristically French implants in many francophone African countries have been the "caisse de stabilisation" into which exporting firms paid when export prices were high and from which they received balancing allocations when prices were low, and the export quality control and inspection service. A French initiative of the 1950s which became a model of international interest was the establishment of integrated holding grounds, abattoir and meat export by air from Chad to coastal African cities.<sup>7</sup> Relatively less was done to build up indigenous enterprises.

#### *Other European bilateral aid*

Danish aid has for many years been directed towards the improvement of meat and milk handling featuring provision of processing equipment and the training of staff to work with it. Many developing country dairy technicians were trained in association with the Bombay milk scheme. However, "marketing" *per se* has not been a line of Danish assistance.

Over the last decade, Swedish aid has been among the highest in terms of percentage of national GNP. It has also aimed high in terms of changing policies and building up progressive institutions, in contrast to the provision of materials and equipment. Assistance to marketing has emphasized co-operatives. Under the Nordic programme more than 50 advisors have been working with co-operative unions in East Africa for a number of years. Aid to co-operatives and credit in Afghanistan was used as a lever to secure the passage of co-operative legislation. An earlier target of 100 multi-purpose co-operatives has been raised to 1,000 by the new government. In Ethiopia co-operative milk and grain marketing were lead elements in a package of services for integrated area development.

The Federal Republic of Germany is now a major force in marketing assistance. Support capacity has been developed through expert meetings on marketing issues, early participation in the FAO associate expert programme and the financing of senior students to carry out marketing research in developing countries for advanced degrees. Since 1974, increasing numbers of projects have been set up exclusively to promote agricultural marketing.<sup>13</sup>

The Netherlands government has been one of the main underwriters of the FAO Food Security Programme. Bilaterally, processing, particularly of fish and meat, and new marketing systems for horticultural products have been assisted. Switzerland has supported storage development in various countries. Canada also is paying special attention to post-harvest problems. Recently, some Latin American countries have received technical assistance from Spain and Israel.

*Regional and group programmes*

The Colombo Plan whereby the more developed members of the British Commonwealth – Australia, Canada, New Zealand and the UK – assisted other members in training, advisory and investment projects is an early example. Travelling seminars in livestock and fruit and vegetable marketing were organized for Iran, Pakistan and Turkey through the Cento Agreement. The Inter-American Institute of Agricultural Sciences, IICA, has 13 staff members engaged on marketing programmes, focusing on the development of internal food markets and support institutions. In the late 1960s a marketing training and development centre was established in Brazil.

Outstanding group aid programmes are those of the Common Market countries to associate countries in Africa and the COMECON group to some communist-oriented developing countries. With assistance from these sources major rail and road construction projects have been undertaken and processing, storage and other marketing infrastructure provided.

*Private aid*

Here the most influential source of marketing assistance has been the Ford Foundation. Its advisory teams have usually worked in central planning departments with corresponding scope for influencing government decision-making. Ford Foundation recommendations were behind the opening of fertilizer distribution to private enterprise in Pakistan during the 1960s with the consequent rapid expansion of fertilizer distribution. The Agricultural Development Council has promoted some discussions between specialists engaged in marketing assistance but has not taken a major role.

Perhaps the most interesting conclusion from this tentative review of assistance programmes is that constructive impact on national government decisions and follow through is the crucial goal. A well-timed government decision can mobilise vast domestic human and material resources. Construction of storage and processing plants that are not integrated into stable marketing systems or require sophisticated servicing, or initiation of marketing enterprises that are too complex for local people to maintain may appeal to governing bodies in aid giving and receiving countries, but are of limited use on the ground.

## ISSUES FOR CONSIDERATION

Concern of developing country governments for the organization of food and agricultural marketing has increased greatly over the last two decades. For many of them marketing policy is of crucial importance. It is now time to face up to some of the more intransigent issues in marketing assistance.

### 1 *Special marketing programmes for small farmers*

The meetings at Bangkok and San José assembled information but produced little guidance for policy. Is it worth pursuing examination of ways in which the smaller farmers can be helped by special marketing programmes?

### 2 *Training of staff for small-scale marketing operations*

Management and technical training is being provided for intermediate-level staff of government departments, public enterprises and co-operatives. Only in Kenya is training of small marketing entrepreneurs being attempted. How can this best be carried forward. Or must it be left to the entry of new people with a better general level of education?

### 3 *Marketing management for state enterprises*

Relatively little is being done here, possibly because of reluctance to face criticism. Can an acceptable approach be devised?

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## DISCUSSION OPENING – A.T. BIROWO

The author of the paper is a long experienced officer in FAO in charge of marketing activities. Hence the paper was prepared with long years of experience as background, particularly in the international arena. Indeed, the paper is rich in its wealth of interesting cases and supplied with a relevant list of appropriate bibliography.

The flow of thinking presented in the paper reflects the fact that the author has all the necessary background to discuss the problems of marketing. However, the author may have been impressed by time constraints. The items described in many sections are too sketchy, and at times the flow of statements are discontinuous. The richest of all, is the section describing the marketing assistance to developing countries by agencies. As the title of the paper suggests, this section should be the main portion of emphasis of the paper.

But if one refers to the theme of the Conference: “Rural Change: the prospective role of the agricultural economists”, the paper should have dealt more with fundamental questions relating marketing with rural change, and the perspective discussion with more illustrations on future thinking in marketing assistance to the developing countries.

*Marketing as a concept*

In many developing countries marketing is crucial in at least three aspects. Firstly, it is an essential activity to accelerate the transition from a subsistence economy to commercialization of the agricultural economy. Secondly, marketing and trade capacity are an indispensable environment for a smoother forward linkage from agriculture to industry, and thus very crucial in the modernization process of the agricultural sector. Thirdly, marketing activity is instrumental in providing new and expanded entrepreneurial capability required for modernizing agriculture.

Many “scholars” and political leaders in the developing countries have long been aware of these important roles of marketing, even during the periods when their countries were still colonial territories of the present developed countries. I have to disagree with the author when he wrote “Awareness of marketing as a concept . . . extended greatly in the developing countries since the 1950s. Large numbers of young people from these countries have taken courses in marketing at American universities, and more recently also in Europe. Gradually they are moving up into influential positions”. Awareness was there long before the 1950s and concerns leaders who may never have had the opportunity to study abroad – not to mention the luxury of attending US or European universities. These leaders were aware of the tight entanglement of marketing with politics and power structure in the agricultural economy in general and the rural scenery in particular. They could not afford to express their “awareness” strongly, until major transformational and structural rural change took place. What was needed for them to be able to express their



concern strongly, was not US or European marketing education, but an appropriate political climate for structural changes in the rural areas. To illustrate an extreme case at the other end of the arena, there are examples where bright US and European graduates with brilliant education in marketing were confused and frustrated to understand the reality of market monopoly and monopsony in the rural areas of the developing country. Many agricultural economists, graduates from US and European universities, started to question the relevance of the theories they obtained abroad to understand the marketing problems they face in their respective countries.<sup>1</sup> Rigorous empirical research is now carried out in many areas to test the relevance of US and European theories in understanding and solving marketing problems in the developing countries. Probably, they have to learn more from China, Japan and Korea rather than from the US or Europe.

#### *Marketing as development policy*

In many developing countries, marketing of agricultural products have been usually induced initially by the trade relationships between US/Europe and their previous colonies. International trade has been very powerful in shaping the progress or stagnation of the developing economy. This kind of historical legacy was one of the main reasons why many marketing practices in the current developing countries are more export-oriented than directed towards the development of domestic markets. Or put in other words, marketing for export commodities are more developed than markets for linkages with domestic industry. This also helps to explain why in many developing countries government services in marketing are not well established relative to the important role of marketing in the agricultural development of the country.

As a policy instrument for development, marketing improvement should be directed more to develop the institution for domestic markets, both for final food consumer and processing establishments in the industrial sector.

#### *Future direction of marketing assistance*

Marketing assistance in the future should be directed towards strengthening the role of marketing in the development process of the agricultural sector. Emphasis should be given to strengthen marketing institutions as well as training activities to improve marketing capabilities, especially of small farmers.

Creating viable marketing organizations with well-trained personnel may be more relevant than erecting prestigious buildings at wrong environments. I strongly support the thesis of the author that training for middle managers and low-level marketing personnel should receive more attention in future technical assistance in marketing.

Economic co-operation among the developing countries should be stimulated, as this may prove to be a more efficient transfer of know-how than large scale training in the developed countries.

*Conclusion*

In general I should like to congratulate the author for preparing such good discussion material for this session. The materials presented in his paper have been rich with illuminating real cases. My contribution in opening the discussion would be to suggest areas of fundamental interest where further dialogue can be stimulated.

## NOTE

<sup>1</sup> See Proceedings of the First Conference of the Agricultural Economic Society of South East Asia, Balikpapan, Indonesia, 1977. In this conference a special session was devoted to a discussion of the relevant foundation of agricultural economics to South East Asia.

## GENERAL DISCUSSION – RAPPORTEUR: FELIX I. NWEKE

Among issues raised on Dr Abbott's paper was that assurance of market outlet at minimum prices must be an integral component of policies for agricultural development, because if expenditures on research, extension and organization of input supplies are to bear full fruit, reasonable prices for the agricultural products are essential. For the implementation of government policy in this regard institutional arrangements that would avert the emergence of explosive situations, such as non-availability of essential commodities and consequent social unrest, are needed. This is because in developing democratic countries there is demand for a public distribution system for essential commodities to assure that the needs for vulnerable sections of the population are met. Such arrangements may involve higher costs than private trade, however, and economy and efficiency in operation are important and should receive full consideration in developing para-statal market support organizations.

Other issues to which attention was drawn included the need to integrate improvements in post-harvest technology into the on-going marketing system; whether the input supply and output marketing structures set up under some area development projects were too elaborate to be replicated over a country as a whole; and the role of taxes in marketing. These taxes range from village level cesses in East Africa to the rice premium in Thailand and the substantial profit margins of some export marketing organizations in West Africa and Latin America.

Participants in the discussion included H.L. Chawla, George T. Jones, John D. Strasma and Deryke G.R. Belshaw.