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# ECONOMIC EFFECTS

## of Generic Promotion Programs for Agricultural Exports



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# **Economic Effects of Generic Promotion Programs for Agricultural Exports**

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## SEVEN

# Market Development Program Evaluation: Satisfying Different Audiences

Dan Conable

The Foreign Agricultural Service has been administering export market development since the late 1950s and worrying about evaluation for all of those 30 years. I would like to share some observations on our experience with evaluation in a public sector environment, stressing that the observations are personal ones, not statements of USDA or FAS policy.

### PUBLIC PERSPECTIVE

The work of government agencies is illuminated -- some might say bleached out -- by the bright light of public scrutiny. Occasionally, as when an entire program becomes controversial, the light of public attention shines on the whole landscape -- program objectives and goals, procedures, decisions, decisionmakers, and intended and unintended program results. However, what government agencies do in most cases is too esoteric to attract much interest. From the perspective of the vast majority of the country's citizens, our programs are invisible.

This does not mean that we can run them without reference to public perceptions. It simply means that we run them in the context of non-specific concerns -- broad ideas that people have about their government and its relations to the country's needs. Some of the ideas are positive -- things most people agree about. An educated citizenry is a "good thing"; this justifies the programs of the Department of Education. Health is a good thing; the word is even part of the name of the Department of Health and Human Services. National defense is a good thing; this is why we have a Department of Defense instead of a Department of War. The

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public is in general agreement that military security increases national welfare.

Of course, when it comes to program details, not everyone will agree that the generally accepted reason for government involvement in a certain area of national affairs is being well served. Do tuition vouchers move us in the direction of a better educated population, or do they move us away? How about capping doctor's fees and improving public health? Building stealth bombers and national security?

Skillful advocates for federal programs understand that, to the extent that they need to sell a program to anyone other than a direct beneficiary, they had better locate a strong link between the program and a broadly accepted national goal. The more narrow the group of primary beneficiaries, the greater the need for a convincing public purpose.

Helping farmers is the most accessible reason for most of what the Department of Agriculture does. The ground has been shifting slowly under the justification for farm programs, simply because the number of farmers has declined. Rather than helping farmers *per se*, advocates of USDA programs now like to talk about strengthening the economy of rural America. This approach widens the potential appeal of the programs.

Appeal to widespread — albeit nebulous — positive ideas like rural prosperity, improved health, or better education is necessary to balance the tendency of citizens to be quite suspicious of government and its works. People looking at government programs are already predisposed to recognize such familiar evils as the abuse of power, insider dealings, and private advantage taken of public resources.

Americans are almost obsessively concerned with equity issues. Do programs benefit one region more than another? Do small companies benefit as much as large companies? Have the special needs of disadvantaged groups been taken into consideration? People are quick to assume the worst about program delivery. Are these programs wasting taxpayer money? Are they being administered by incompetents?

The negative perspective is an extremely adaptable one -- it can be applied to all government activities. Military programs must be seen to be making us more secure, and FDA programs must be seen to be keeping all things toxic at bay. Each separate program must be seen to support a particular public goal, but *all* government activities must demonstrate that they are free of fraud, waste, and favoritism, because those negative outcomes are to some extent what the public expects.

## CONGRESSIONAL PERSPECTIVE

When the Congress looks at programs it has created, it gives much attention to widely accepted positive goals and to the general public suspicion of government. Popular perceptions are the matter of speeches, editorials and, ultimately, elections. Members of Congress also must be

concerned with how much these programs benefit their supporters and the economy of their home district. They are particularly anxious that the programs they have supported not be identified with waste or abuse. They ask that the management of their favorite programs be above reproach, and they want accessible and plausible evidence that those programs are achieving generally accepted public goals.

## **AGENCY PERSPECTIVE**

We bureaucrats, the faceless managers, are well aware of these Congressional concerns, so we tend to concentrate on staying off the hot seat. We want discipline on the part of program participants, and we write rules to keep them from doing anything that might subject the program (and us) to criticism. We tend to seek symmetry in program administration -- every case handled in the same way. This reduces the likelihood that we will be chastised for how we have exercised our administrative discretion (a hint of favoritism?). It may also satisfy an urge for symmetry for its own sake.

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In any case, we create procedures to make it clear, when things go wrong, that we are not at fault. While working-level government officials are as likely to dislike this paperwork as much as program participants, their bosses know that they might lose a leg when hungry auditors come around if they can't throw them a cabinet full of program documentation.

## **PARTICIPANT PERSPECTIVE**

Program participants are usually seen as direct beneficiaries of government programs -- the people who collect the checks. The membership of many organizations that cooperate on generic commodity promotion is actually farmers who may benefit directly from increased commodity sales. However, farmers do not run these programs; professional program administrators are in charge. Naturally, these administrators are concerned about compliance with government regulations and with accountability for public funds. They are also concerned with "backsell," the process of persuading the membership at large that the time and member funds invested in the programs and salaries of association staff are paying off. Administrators must worry

about the survival of federal programs that make association operations on their current scale possible.

## **PRIMARY AND SECONDARY GOALS**

Note that none of the concerns identified above are directly related to accomplishing program goals -- in the case at hand, selling more products overseas. This should come as no surprise, since none of the key players are traders. Members of Congress want respect for the programs they support and the survival of those programs which benefit their constituencies. Association executives want to keep their membership behind them. Bureaucrats do not want anyone behind them at all, and I usually check under my bed before I turn out the light.

Of course, we talk and worry about selling more agricultural products overseas. We use that objective as a rationale for our support for, or opposition to, any proposal that may arise for modifying the program. However, for almost all the players in the system, increasing exports is a secondary goal. Achieving this secondary goal through compromising all of the incompatible primary goals of the various players may be the only way anything can get done in the public sector. Those of us responsible for program design keep trying to come up with ways we can make it impossible for our own staff and program participants to achieve their disparate goals (e.g., job security, an empty "in" box) without doing something for exports along the way. Sometimes we think we are making progress.

## **EVALUATION OF FAS MARKET DEVELOPMENT PROGRAMS**

During the first two decades of USDA market development program operations, there was no systematic attempt to integrate evaluation into program administration. During the first ten years, attempts were made to review program operations as a whole. A GAO study of market development in Japan in the early 1960s compared the structure of the programs that had been established there with what the Congress had expected when the Cooperator Program was launched in the late 1950s. Investigations by staff of the Government Operations Committee during the 1960s looked into program effectiveness and integrity. The USDA gathered a group of retired high-level executives to take a look at overall program design and administration. There was substantial development in the areas of fiscal accountability and plan approval procedures, but little progress was made in measuring the impact of particular programs in particular markets.

Some program evaluations were carried out during the early 1970s. These tended to be ad hoc attempts to review how a Cooperator's entire program in one region of the world was doing. Typically, the

evaluation was carried out by one or two FAS staff members working in tandem with staff members of the organization being evaluated. Recommendations tended to be general ones, rarely explicitly or even implicitly critical of anything that the Cooperator had done in the past.

Beginning in the mid-1970s, FAS began to work with Cooperators to implement a more systematic approach to planning market development activities, requiring them to identify activity goals and benchmarks for measuring progress toward their goals as part of their planning process. Little progress was made toward making this more than a paper exercise, an overlay on programs of great stability in which next year's activity was usually quite similar to the activity carried out the previous year. However, a requirement that market development plans submitted by Cooperators specify the market constraints that each activity was designed to overcome became institutionalized in this period.

In 1981, the first FAS attempt to systemize goal-setting was supplanted by an elaborate Strategic Planning System. This system integrates baseline trade data by country and commodity with estimated trade expansion that might be achieved by market development projects and then produces benefit cost ratios (BCRs) for each project. These BCRs can be used to determine directions for program expansion, whenever expansion resources are available. The methodology for calculating such BCRs has been the subject of a good deal of debate within FAS and with Cooperators. We are looking into developing a somewhat more straightforward approach to basing Cooperator Program decisions on the available information about international trade flows and market trends.

When the first formal guidelines for the Targeted Export Assistance Program

were issued in August 1986, they included a requirement that participants obtain outside evaluation of their projects. The means of carrying out such evaluations were not specified, nor were there instructions about how the results of these evaluations should be communicated to FAS. Evaluations received by FAS tended to be voluminous, sometimes only tangentially related to the goals of the activities evaluated.

Revised TEA program guidelines issued in August 1988 laid out a more specific approach to evaluation, requiring that program participants specify how each activity would be evaluated before that activity could be approved. In addition, these revisions gave more guidance on how evaluations would be carried out. In the spring of 1989, FAS sponsored workshops in four locations around the country to assist the staffs of program participants in integrating evaluation into program planning.

This participant-managed evaluations system, focused at the activity level (i.e., an ad campaign in a particular country, one trade

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exhibition, a series of product utilization seminars), provides useful guidance on program design and effectively highlights weakness in program planning and execution. It does not answer such broad questions as how much should be spent in a particular market or for a particular product.

Answering the broader questions will have to be the responsibility of program managers. Over the last year or so, FAS has attempted program evaluations that primarily use its own staff resources and focus on broader questions of market potential and program administration. Results have been mixed. It is clearly necessary to be very specific about questions that must be answered when undertaking a program review or the tendency to avoid giving offense tends to guide the choice of issues to be addressed. As with the Cooperator Program, the agency is studying how trade flow data can be brought to bear on program targeting decisions in a way that seems rational both to program overseers and program participants.

In relation to generic commodity promotion, the views of program participants on market opportunities will continue to be given considerable importance, regardless of how we proceed. The participant organizations are not direct beneficiaries, and they have a close enough relationship with those who actually carry out trade to have a good idea "where the action is." The more difficult question of the distribution of resources among commodities will have to stay with government program administrators.

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## EXPERIENCES WITH EVALUATIONS

Let me close with a few observations that are based on experience in trying to impose rational evaluation systems on a vital and steadily evolving group of market development programs. A few of these observations have been alluded to before.

- Attempts to get agency staff to evaluate programs tend to slip back into nice, safe joint reviews with program participants, reviews carried out in such a way that no hard questions are asked and no conclusions are reached except bland, unexceptionable suggestions for future program emphasis. As a result, we have tended to offer "success stories" in lieu of evaluation.
- Success stories are useful only for sympathetic audiences. For years FAS has offered up success stories in Congressional

testimony and other program publicity. Because these accounts are subject to public scrutiny, we go to considerable lengths to be sure that they are accurate and to avoid taking credit for developments that could be readily attributed to other causes (e.g., export increases simply due to shortages in competing countries). Success stories are valuable because they are concrete and easy to understand. The problem is that they are, by their very nature, selective. Critics will always suspect that they are less than representative of the program as a whole.

- Participants will rarely carry out formal evaluations on their own. Most of the time they would rather put their efforts into studying the importance of exports to producer prices or some other work that would encourage support for association management without raising questions about the effectiveness of what they have been doing.
- Thinking about evaluation is so difficult and painful for program participants that it is essential to define expectations in relatively simple terms and make a huge investment in explaining what is wanted. Many program participants would much rather argue about the perfect approach to evaluation than carry out a moderately flawed evaluation that all parties would probably find quite acceptable at the end of the day.
- Participants can be led to set up evaluation systems that give them useful feedback on how to improve activity management. In many cases, more sophisticated participants have management-oriented evaluation systems in place. Participants are not likely to be willing to support evaluation systems that might lead an outsider to conclude that their products are not the ones most deserving of support.
- Congress does not look primarily to formal evaluations to determine which programs it will fund. Program supporters do look to agencies for information to defend the programs they like against program critics.
- Designing an evaluation system that could actually force decisions on whether or not to support a given commodity would take a great deal of courage and skill; it would have to be simple, unambiguous, and utterly fair. Our critics do not have a clue about what such a system would look like. However, we are not letting that discourage us.