

IICA
E70
135
Ed.ingl.

HEMISPHERIC AGRICULTURAL MARKETING PROGRAM



IICA





HEMISPHERIC AGRICULTURAL MARKETING PROGRAM



00000020



HEMISPHERIC AGRICULTURAL MARKETING PROGRAM

The Hemispheric Agricultural Marketing Program of IICA is an active component of the new *technical cooperation* concept which seeks to strengthen *national institutions* of member countries related to the agricultural sector, with the aim of improving the effective transformation of marketing systems for agricultural products, foodstuffs and inputs in order to better achieve national objectives in rural development.

THE PROBLEM:

PRINCIPAL CHARACTERISTICS:

It is well known that deficiencies and the lack of organization in many of the present marketing systems in Latin America and The Antilles are serious obstacles to rural development. In general, development implies a transition towards more specialized activities and greater productivity. Thus, the gap between agricultural production and consumption increases in terms of space as well as time, with the growth of the tertiary sector. Hence, a marketing system should be capable of coordinating a growing number of

productive activities and services which tend to become more and more complex.

Inefficiency and poor organization of the marketing systems influence the economic situation of producers and consumers, especially those in the low income bracket.

Marketing system deficiencies are reflected in the following situations:

Low prices for producers:

Population explosion and economic growth are direct causes for the increased demand for food, leading to greater marketing opportunities for the producer. However, many of the new opportunities are not transmitted to the producer in the form of sufficiently high and stable prices for agricultural products, due to the persistent deficiencies in the marketing systems. Many of the potential increases in production and productivity due to the utilization of new technologies do not materialize. As a result, serious problems concerning nutrition, low agricultural income and unemployment are aggravated.

Lower productivity:

Many possible increases in productivity do not materialize since distribution channels do not always reach the producer



with modern inputs at the right time, place or in the form needed. Similarly, conditions of purchase are not always within his economic capabilities.

Technological and income disparity:

Small farmers often face greater difficulties than large farmers in obtaining inputs and detecting sufficiently clear economic incentives that would encourage them to adopt new technologies. Also, they generally receive lower prices for their produce. These deficiencies tend to augment the technological and income disparities between small and large producers.

Physical losses of produce:

When there is an unexpected or rapid increase in production due to the adoption of new production techniques or favorable meteorological conditions, large produce losses occur because of insufficient storing, processing and operating capacity of the traditional marketing channels. When this happens, the farmer's price drops markedly for lack of alternative markets. This situation, in turn, tends to discourage investment in agricultural business.

High degree of uncertainty:

There is a serious lack of information on market opportunities and the characteristics of demand, causing the producer to face a high degree of uncertainty due to the instability of



prices. These, together with the inherent risks of agricultural production, represent some of the greatest obstacles to stimulating increases in production and productivity. Scarcity of information on possible quantities, prices and market tendencies also induces uncertainty on the part of merchants and processors. This also serves to discourage investments and the use of new technologies and the adoption of more efficient distribution methods.

Higher distribution costs:

As the populations of cities grow, urban distribution processes become much more complex, because greater quantities of products and services are needed as well as new kinds of marketing products.

The traditional urban distribution channels are narrow, and their forms of organization and supplying can only satisfy existing increased needs through an increase in costs. This is due to the lack of individual capacity of many of the businesses to adopt certain methods which allow for a continual increase in productivity, since the introduction of these methods requires large investments or exposes businesses to high risks. Thus, public effort is essential to facilitate the necessary changes in support of innovation and to promote marketing behavior which can bring about constant increases

in productivity for marketing and agricultural production activities.

Restriction of marketing potential:

Increases in distribution costs and the price of food have a great negative impact on low income consumers who constitute the majority of the Latin American populations, and who spend between 60 and 70 percent of their income on food. The high percentage of income spent on food restricts the marketing potential for industrial goods and services which are essential for development.

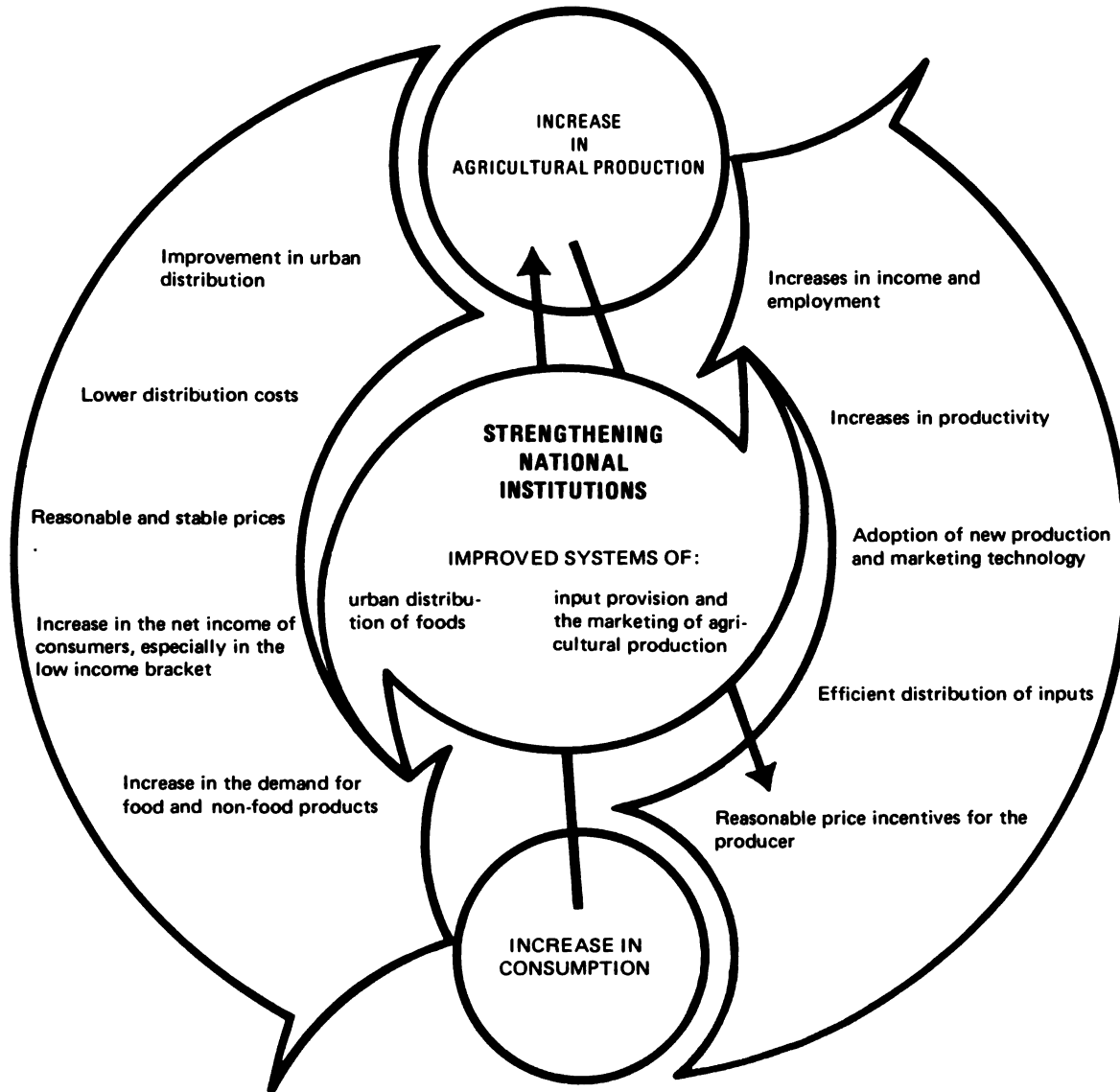
Potential export restrictions:

Full advantage has not been taken of the many opportunities in the export market for foodstuffs and agricultural products. High quality and volume requirements demanded by these markets have not always been able to be satisfied, especially in non-traditional agricultural products, due to organizational deficiencies of existing marketing structures.

Figure 1 shows the process of transforming the marketing system to a higher development level.

Figure 1

DEVELOPMENT PROCESS FOR NATIONAL MARKETING SUBSYSTEMS





INSTITUTIONS: THE KEY TO ORGANIZING THE TRANSFORMATION:

To achieve continuity in the transformation of marketing systems, it is essential that institutions play a very active and decisive role in furnishing the services needed to support and provide incentive to the thousands of production and consumer units which make up a marketing system. They must initiate changes which will lead to greater levels of efficiency, more equal justice and continuous progress.

Worthy of mention amongst the most important services, from a general point of view, are the following: education, research, technical cooperation, information, credit, regulating markets and legislation, and providing the necessary infrastructure.

Even when institutions carry out some of these functions, there are serious limitations in their design and in their marketing policies. The main causes of these difficulties are the lack of institutional coordination and internal deficiencies within the key marketing organisms.

It is a common occurrence to find institutions linked through interrelated activities to marketing. However, frequently these activities are conducted in an isolated manner so that the work in each department fails to help another, as

would be expected. Similarly, educational and research centers and institutions responsible for the formulation and execution of policies have not worked closely enough together to ensure that their actions reinforce one another.

Clearer objectives, better defined strategies and leadership:

There are other serious deficiencies which block marketing processes. Many of the entities responsible for marketing processes could better clarify their objectives and strategies. They could also improve their leadership functions and the necessary contacts to ensure that their programs be more operative. In general, they do not have available the essential technical and financial resources to successfully face the growing number and size of existing urgent marketing problems generated by development.

Considering the fact that these problems have become increasingly obvious in the member countries, the Board of Directors of the Inter-American Institute of Agricultural Sciences decided, at its Eleventh Annual Meeting held in San Salvador, El Salvador, in May 1972, to establish a permanent Hemispheric Agricultural Marketing Program on training, research and advisory services in agricultural marketing. (Resolution OAS/Ser.L/I IICA/JD-810/72-11) (Original: Spanish).

PROGRAM OBJECTIVES:

The principal objective of the Program is to promote an improvement of agricultural marketing institutions of the member countries of IICA. The Program hopes to improve existing rural and urban marketing systems in order to better achieve national rural development objectives.

The specific goals of the Program are as follows:

- a) To generate a wider and deeper knowledge of how the necessary role to improve marketing systems can help accelerate the attainment of socioeconomic development goals.
- b) To cooperate with national institutions in diagnosing agricultural marketing problems and on designing effective strategies, programs and specific projects to improve market system performance.
- c) To cooperate in development of human and institutional capabilities within the countries for continued development of progressive and efficient agricultural production-distribution systems.

- d) To contribute to the development of a marketing information network within and among the countries, and to promote the development of educational institutions and programs which can accelerate the expansion of a "nucleus" of marketing technicians.

These objectives are formulated around the framework of the Humanistic Projection of IICA which implies a priority emphasis on problems which affect low income producers and consumers.

PROGRAM ACTION STRATEGY:

The strategy adopted for the Program follows the administrative lines of action for IICA. That is, the activities include the following:

Institution Building, to increase the capacity of key marketing institutions in the IICA member countries in order to provide an innovative and more efficient impact on the marketing system participants, and that allows at the same time for more permanent changes capable of achieving the national development objectives.

In carrying out the above strategy, IICA tries to be:



– *Flexible*, able to adapt to the diverse conditions prevailing in the different countries.

– *Catalytic*, that is, does not tend to work for its own sake and success, but rather to channel, unite, and support the necessary resources of the countries themselves in order to confront their marketing problems.

– *Multinational and Hemispheric*, in other words, priority will be given to those marketing problems which are critical to several countries within the region.

AREAS OF TECHNICAL COOPERATION:

Technical cooperation activities are centered around the marketing problems of agricultural products, foodstuffs, and agricultural inputs and agribusiness with emphasis on the following activities:

– Problems of internal markets of the countries and their development. The inter-relationship between domestic and export markets will be taken into consideration given their strict complementary objectives in some cases.

– Technical cooperation will be directed and channelled mainly through institutions in the public sector, although this does not exclude collaboration with special entities of the private sector.

Likewise, whenever feasible, the activities of the Hemispheric Agricultural Marketing Program will be coordinated with other international programs and institutions to promote more effective cooperation.

These priorities do not exclude the possibility of lending technical cooperation services in other areas when needed in a member country.

INSTRUMENTS OF ACTION:

The Program carries out its strategy through various instruments of action, such as:

– *Direct technical advisory services* to institutions related to the marketing of agricultural products and agricultural inputs.

– *Training programs*, to be provided at different levels and in various programs, projects and activities, according to the needs of each country.

– *Research*, supporting the activities being conducted by national institutions on their marketing problems.

– *Promoting the interchange of experiences on marketing problems* and the area priorities in various countries, through seminars, technical conferences and publications.

PROGRAM ORGANIZATION:

Teams of specialists and technicians:

The Hemispheric Agricultural Marketing Program works through national and multinational projects to be carried out by IICA's country representatives, and will be coordinated on an hemispheric basis from the Executive Planning Offices of IICA Headquarters in San José, Costa Rica.

To accomplish this, IICA has a technical team comprised of the Program Coordinator and marketing specialists located in the different countries and depending directly on IICA's representatives in those countries. The Program Coordinator is a staff member of the Associate Deputy Director's Office for Planning.

Technical cooperation services:

Within this structure, the Program can comply with requests for technical advisory services from all the member countries of IICA. The Program also maintains close connections with other international organizations, furthering coordinated action, thereby ensuring greater effectiveness of its technical cooperation services.

A COMPONENT PART OF IICA'S INTEGRAL EFFORTS:

The Hemispheric Agricultural Marketing Program is one of several components in an integrated effort in national, regional and multinational technical cooperation being conducted by the Inter-American Institute of Agricultural Sciences throughout the Western Hemisphere.

IICA is characterized by its action in all its member countries in the essential areas for rural development. To accomplish its purpose, IICA has offices in each country and regional offices in three zones of the hemisphere: Andean, Northern and Southern Zones, consisting of multi-disciplinary teams of specialists working in the various fields of rural development.

These technicians conduct their activities within the Seven Lines of Action contained in IICA's General Plan. These Lines of Actions are:

- Analysis and information on rural development.
- Agricultural education.
- Agricultural research.
- Promotion of agricultural production and productivity.
- Support to multinational integration institutions.
- Promotion and carrying out of structural changes.
- Administration of agricultural policy.

This Program is one of those comprising the line of Promotion of Agricultural Production and Productivity.

IICA OFFICES

ARGENTINA

Moreno 1257 Piso 3o.
Tels: 37-9456 y 38-5260
Buenos Aires

BOLIVIA

Ave. Arce No. 2308, 2o. Piso
Tel: 52086
Casilla 6057
La Paz

BRASIL

Praia do Flamengo, 322, Apt. 401
Tels: 245-7710 e 265-9810
Caixa Postal 16.074-ZC-01
20000 Río de Janeiro
Río de Janeiro

COLOMBIA

Universidad Nacional de Colombia
Tels: 44-90-05 - 44-28-68
Apartado Aéreo 14592
Bogotá

COSTA RICA

Calle Segunda, Avenidas 2 y 4.
Costado Oeste del Parque Central.
Apartado 10281
Teléfonos: 22-20-22 y 21-21-57

CHILE

Rancagua 554
Tel: 238255
Casilla 3725
Santiago

ECUADOR

Avenida Amazonas 1462 y Calle La Pinta
Tels: 544238 - 232458
Apartado de Correos 201-A
Quito

EL SALVADOR

Segundo Piso de la 61 Avenida Norte y
Primera Calle Poniente.
Apartado 1688 - Sucursal No. 1
Teléfono: 23-2561

ESTADOS UNIDOS DE AMERICA Y CANADA

Paramount Bldg. Room 725
Tels: 381-8803 - 381-8904
1235 I Street, N.W.
Wash. D.C. 20006

GUATEMALA

Primera Avenida 8-00, Zona 9
Tels: 64304 - 62795 - 62306 - 62496
Apartado 1815
Guatemala

HAITI

24, Impasse Lavaud, Port-au-Prince
Tel: 23616
B.P. 2020
Port-au-Prince

HONDURAS

Guacerique 1534, Comayagüela
Tel: 23-1-41
Apartado 309
Tegucigalpa

MEXICO

Londres 40-105
Tels: 511-21-25 - 511-24-18
Apartado Postal 61-148
México, 6, D. F.

NICARAGUA

Apartado Postal 4830
Managua

PANAMA

Calle 38 No. 5-54
Tel: 25-61-34
Apartado Postal 10731
Panamá 4

PARAGUAY

Calle Oliva No. 625
Tel: 41-1650
Casilla de Correos 287
Asunción

PERU

Avenida Central 717, Piso 11-B
Tel: 2283-36 San Isidro
Apartado 11185
Lima

REPUBLICA DOMINICANA

Avenida Primera, Esquina Fray Cipriano
de Utrera, Centro de los Héroes
Tel: 533-7522
Apartado Postal 711
Santo Domingo

URUGUAY

Calle Treinta y Tres, 1374 Piso 5o.
Edificio FEBO
Tels: 91-27-93 - 91-33-78 - 91-71-54
Casilla de Correos 1217
Montevideo

VENEZUELA

Avenida Urdaneta Ibarra a Pelota,
Edificio KARAM 505 y 506
Tel: 811739
Apartado de Correos 5345
Caracas



**Executive Office
Apartado 10281
San José, Costa Rica**

11CA
E 70
135

Ed. ingl.

Autor

Hemispheric agricultural

Título

Marketing program

Fecha
Devolución

Nombre del solicitante

15 FEB 1961

J. L. Pardo

14 MAY 1962

Antonio Pardo
Capulápin

