



## **2. Rural Product Development and Marketing in Some Selected Countries**

**Duration : 5 Years**

**Budget : US\$1,557,270**

**Country Coverage: India, Sri Lanka and the Philippines**

### **Introduction:**

The far majority of the poor resides in rural areas. Despite the diversity and complexity of the livelihoods of the rural poor, the majority of rural households depend mostly on agriculture and agriculture-related small industries and services. It is in the areas with the highest incidence of poverty – Sub-Saharan Africa and South Asia – that agricultural development can have the greatest impact on inclusive growth and poverty reduction. There are strong, direct relationships between agricultural productivity, hunger and poverty. Hunger and child malnutrition are greater in rural than in urban areas.

There is no denying that strong growth of the non-agricultural sectors is needed to absorb the rural poor in productive employment in the future. Agricultural productivity gains alone are not sufficient to bring about sustained economic growth. The rural non-farm sector is an important engine in economic development. On average, non-farm income which might also comprise remittances accounts to about half of the household income in the rural areas. During successful rural economic growth, the emergence and rapid expansion of the (mainly private sector) non-farm economy in rural areas and the towns they serve is a major source of growth in incomes and employment. From a relatively minor sector, often largely part-time and subsistence-oriented in the early stages of development, the rural non-farm economy can develop into a major engine of economic growth in its own right, not only for the countryside but for the economy as a whole.

In pursuing poverty alleviation policies, poor countries among CMCs are confronted with a dilemma. They had to invest more funds than in the past into the agricultural development and rural areas. Unlike the rich countries, however, which can afford to subsidize their small farms, the preponderance of small farms in most developing countries requires that, net of the costs of assisting them, they add rather than detract from national economic growth. This requires public policies and investments that create an enabling environment for small farm development. Therefore, countries with dynamic and growing national economies and rising per capita incomes can offer small farmers many more opportunities to diversify into higher value products, non-farm sources and to exit farming. But in poorer and slower growing economies, opportunities for income diversification and exit strategies are much more limited. Clearly, a “one-size-fits-all” approach will not work across these very different situations. Fortunately, opportunities to diversify into a broader range of farm and non-farm activities also grow as countries become richer. This is because demands for more diverse and higher value foods, such as fresh fruits and vegetables, livestock products, fish and

processed and pre-cooked foods, increase with rising per capita incomes and urbanization, and the non-farm economy grows more quickly than agriculture.

Nevertheless, agricultural growth and rural development will continue to be critical for poverty reduction in CMCs although overall economic growth is now largely dominated by growth in the non-farm sectors. Rapid industrialization means that agriculture now has to compete more directly with labour, as wage rates rise in the non-farm sector as well as land and water prices due to urbanization. Moreover, the linkages between agricultural growth and poverty reduction may be weaker now, as mechanization reduces employment and liberalized trade policies have greater influence on food prices than domestic productivity growth. Therefore, a more diversified strategy is needed to realize the potential for pro-poor growth.

It is important to recognize that due to the free market regime, many products produced by the rural poor of the least developed countries can face steep competition from imports. This is a very tricky area, given that all the government of CIRDAP Member Countries are now pursuing the paradigm of free markets and globalisation, which prescribes no government interventions in the markets. However, the government cannot abdicate the responsibility of undertaking policies and programmes to alleviate poverty and reduce disparity. It is important, therefore, to find balanced roles of the state and market in addressing all the relevant issues towards achieving the goals of rural development and poverty reduction.

## **Objectives**

The broad objective of the project is to enhance the rural productivity through enterprise development and promote sustainable rural development through improving and ensuring marketing facilities particularly for the rural poor.

The project's specific objectives include:

- Help promote a better understanding of the key micro-level issues of enterprise development in the rural areas, product development and marketing and the role of beneficiaries and identify measures to strengthen linkages between rural resources and marketing;
- Develop methods and instrumentalities, based on field-level experiences of the project, for enhancing the rural development and Poverty alleviation project ; and
- Field-test and suggest operational methodologies for design, implementation, and evaluation of projects focused on poverty alleviation projects of the selected CMCs to other CIRDAP Member Countries.

## Methodology

The proposed project will be implemented over a five years period, divided into several phases. Depending on the results and outputs, there will be scope for up scaling the activities /tasks performed under different phases. It will be implemented by a Project Coordination Committee constituting of representatives from the concerned participating countries and CIRDAP. The proposed committee may be headed by the representative nominated by the Governments. The Committee should also include members representing the areas / components delineated for intervention and service delivery.

The implementation process being spread over several years period should keep provision for necessary changes and adjustments in the project design and implementation mechanism, based on the periodic review and assessment of the result obtained.

## Output of the Study

A report on the study will be prepared on the basis of the information to be collected. A consultation on the findings of the study will be organised where policy makers, implementers of marketing programme and researchers will be invited for dissemination of information. A policy brief focusing on the actions to be taken to improve the marketing of produce will also prepared.

## Estimated Budget

### Estimated Budget

(US\$)

<i>Budget Head</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>
<b>1. Management Costs</b>	<b>77400</b>	<b>77400</b>	<b>77400</b>	<b>77400</b>	<b>137400</b>	<b>447000</b>
1.1 Salary	77400	77400	77400	77400	137400	447000
<b>2. Programme costs</b>	<b>211300</b>	<b>216300</b>	<b>132700</b>	<b>88700</b>	<b>73700</b>	<b>722700</b>
2.1 Mobilising Social Capital	85700	72600	25000	3000	3000	189300
2.2 Setting up M &E	60000	4300	4300	4300	4300	77200
2.3 Focus Studies	-	43000	25000	3000	3000	74000
2.4 Capacity Building	65600	96400	78400	78400	63400	382200
2.4.1 In-Country Training	-	45000	27000	27000	12000	111000

2.4.2 Exposure Visits, Staff Travel	65600	51400	51400	51400	51400	271200
2.5 Experiment Action Programme	-	87500	31000	31000	5000	185500
2.6 Information Dissemination	21500	65000	50000	11000	33000	180500
<b>3. Logistics</b>	<b>29000</b>	<b>35000</b>	<b>18000</b>	<b>16000</b>	<b>13000</b>	<b>111000</b>
<b>4. Steering Committee</b>	<b>27000</b>	<b>27000</b>	<b>27000</b>	<b>27000</b>	<b>27000</b>	<b>135000</b>
<b>Sub-total</b>	<b>344700</b>	<b>355700</b>	<b>255100</b>	<b>209100</b>	<b>251100</b>	<b>1415700</b>
<b>5. Institutional Overhead (10%)</b>	<b>34470</b>	<b>35570</b>	<b>25510</b>	<b>20910</b>	<b>25110</b>	<b>141570</b>
<b>Total</b>	<b>379170</b>	<b>391270</b>	<b>280610</b>	<b>230010</b>	<b>276210</b>	<b>1557270</b>

CIRDAP