



**Agricultural Cooperative
Development International**

INTEGRATED RURAL DEVELOPMENT PROJECT

(project number: 532-0046-c-00-3008-00/3 months)

AGRICULTURAL MARKETING DEVELOPMENT PROJECT

(project number: 532-0060/9 months)

FINAL REPORT

(November 14, 1983 to November 13, 1984)

SUBMITTED BY:

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PREFACE

Agricultural Marketing Development Project

"The goal of the Project is to improve the living standards of farmers, consumers and market intermediaries. This will be achieved by reducing post harvest losses, increasing producers' share of final price for the product, cutting intermediaries' costs, and providing larger quantities of better quality food to consumers.

The purpose of the Project is to improve the efficiency of the marketing system.

To accomplish the goal and purpose, the Project provides for:

- the establishment of a Marketing Division in the Ministry of Agriculture;
- the construction of four Subterminal Wholesale Distribution Markets; and,
- the establishment and construction of 25 Assembly and Grading Stations in producing areas."

"To achieve optimum marketing efficiency, farm produce should be assembled, graded and packed for distribution as near to the farmgate as possible. The Project provides for establishing 25 Assembly and Grading Stations in selected producing areas. It was determined that the Marketing Division would be able to handle approximately 25 Stations over the five year life of the Project."*

* Extracted from Project Paper, Agricultural Marketing Development Project.

"A Producer Marketing Organisation is a group of farmers constituted into a legal entity such as a cooperative established as a limited liability company, to undertake the marketing of members' crops and to supply production inputs to its members."*

* Extracted from "Producer Marketing Organisations" a MACD Educational Pamphlet.

LIST OF ABBREVIATIONS

GOJ	Government of Jamaica
MOA	Ministry of Agriculture
MACD	Marketing and Credit Division
USAID	United States Agency for International Development
PMO	Produce Marketing Organization
AGS	Assembly and Grading Station
CPGCA	Christiana Potato Growers Cooperative Association
BOD	Board of Directors
IRDP	Integrated Rural Development Project
NUCS	National Union of Cooperative Societies
AMDP	Agricultural Marketing Development Project
ACB	Agricultural Credit Bank
AMC	Agricultural Marketing Corporation

INTRODUCTION

Scope of Work:

...the contractor will provide the services of a Cooperative Management Advisor, who will work under the general direction of the Director of the Marketing and Credit Division of the Ministry of Agriculture, for twelve (12) person months. The Advisor will be located in Christiana, Jamaica, and will perform the following services:

- Assist and advise management of the Christiana Potato Growers Cooperative Association (CPGCA) and selected PMOs in all matters relating to the organization and management of the association/PMO enabling them to become full service producer owned enterprises or cooperatives (providing inputs, marketing services and credit). His/her activities will relate to overall structure, organization, management, staffing, capitalization, member education and training, membership promotion and board of directors' orientation and training. The activities, equally divided between the CPGCA and selected PMOs generally located in the Western and South Central area of Jamaica, will be undertaken with the general objective of upgrading skills and capabilities of the staff and boards and of strengthening the overall structure of the CPGCA and the selected PMOs.

More specifically the Advisor will:

- i) Review and analyze the current organizational structure, management and administrative systems of the CPGCA and other existing PMOs, making recommendations as appropriate and assisting management with the implementation of the recommendations to the extent feasible;

- ii) Together with the CPGCA/PMO management and/or management trainees, develop, prepare and implement board of directors and/or steering committee training, orientation and development programs;
- iii) Together with the CPGCA/PMO management and/or management trainees, and with appropriate board and/or steering committees, develop, prepare and implement member education and communication programs.

During the past year (November 14, 1983 - November 13, 1984) I have been associated with the planning and development of several producer marketing organizations (PMO), two of which were long established and functioning in various capacities, while the others were still in the formation stage. It is important to note that due to the unexpected delays in the establishment and registration of the proposed PMOs, only one was actually marketing produce on a regular basis and none of the others that I was designated to work with were ever operational in a produce marketing sense by the end of my term. This fact and the consequent absence of management staff and trainees at proposed PMOs meant that much of my time was directed to the preparation and training aspects of my scope of work in regard to membership and the Board of Directors (BOD) rather than in management training.

The only operational PMO, Christiana Potato Growers Cooperative Association, was a different story. Due to the nature and immediate seriousness of this cooperative's position, the emphasis here was focused on administrative and financial weaknesses, while at the same time special attention was directed at the Board of Directors and their relationship to the current economic difficulties.

Prior to my arrival in Jamaica, it was specified that I was to work exclusively with Christiana Potato Growers Cooperative Association Ltd. (CPGCA) for the first three months of my contract (December 83 through February 84), which would then coincide with the completion of the Integrated Rural Development Project (IRDP) contract. Commencing in March I was to allot 50% of my time to CPGCA while dividing the balance more or less equally among other specified PMOs according to priorities determined by me or the Marketing and Credit Division (MACD) of the Ministry of Agriculture (MOA).

As I write this report and review the files and recall the activities that took place, I realize that despite the short time period and the inevitable frustrations that all those who work with farmers and cooperative type organizations can relate to, I have really enjoyed the past year and truly regret that I won't be able to see those newly formed PMOs functioning and "alive".

I am grateful, however, that the National Union of Cooperative (NUCS) is assuming the responsibility of education and training for the administrative aspects of the PMO program, and I would like to give Sam James, the Project Director, a special mention here in appreciation for the good work he has done so far and to say that I have enjoyed working with him during the past few months.

This final report is a summary of my activities that took place during the past year in respect to my scope of work and is not intended to be an evaluation or an analysis of the Agricultural Marketing Development Project (AMDP) in general nor the PMO/AGS program in particular. I will confine my observations and recommendations to those aspects of the project with which I was personally involved and feel adequately informed about in order to make meaningful and constructive comments.

Although each PMO will be mentioned in this report in respect to my involvement it is not the intention of this report to evaluate or analyse CPGCA Ltd. or any of the other PMOs. For specific data and information concerning CPGCA Ltd. or St. Elizabeth/Manchester Cooperative Growers Society Ltd. (hereby referred to as Southfield Co-op), one can refer to their Annual Audit of Accounts or review the numerous subject memorandums, special reports, and monthly reports which are all on file.

The following is a listing of those PMOs which fell into my area of operation:

1. Christiana Potato Growers Co-operative Association
Date Registered: 1959
Membership : 2,000 - 3,000 active
 : 14,000 - 15,000 with shares or
 partly paid shares
Share Capital : \$130,000
Sales 1983 : 6,107,447

2. St. Elizabeth/Manchester Cooperative Growers Society
Date Registered: 1958
Membership : Unknown active
 : 5,000 with shares
Share Capital : \$40,000
Sales 1983 : 1,194,641

3. Mason River Producer Marketing Association Ltd.
Date Registered: 1984
Membership : 119
Share Capital : \$1,682.00
Sales : N/A

4. Guy's Hill JAS Food Crop Association

Date Registered: (Not yet registered as of 13-11-84)

Membership : 75

Share Capital : \$1,152.00

Sales 1983 : N/A

5. Hanover Food Marketing Association (Dias)

Date Registered: (Not yet registered as of 13-11-84)

Membership : 29

Share Capital : \$810.00

Sales 1983 : N/A

CHRISTIANA POTATO GROWERS CO-OPERATIVE ASSOCIATION LTD.

(Hereby referred to as CPGCA Ltd.)

Management and Training:

I was available for assistance and advice at CPGCA on a daily basis for the first three months and at least once or twice a week for the remainder of my term. After the usual introductory period, I involved myself into the business of the co-op, by assisting the Secretary/Manager and other staff in designing and implementing the use of several office forms including those for staff evaluations, weekly itineraries, monthly financial reports, daily cash counts and transport logs. Over time more important documents were developed through on-the-job training such as the budget and a legally binding growers' contract. I also reviewed and adjusted the purchasing (receiving) and selling (delivery) documents used in the main office and the warehouse and Miss Pauline Smith, the present packinghouse manager, has done a good job in implementing the various changes (see memos 5 and 27, appendix 1 and 2).

I reviewed transport transactions for the first few months and assisted the Financial Controller in setting up the new transport related accounts. A system of mileage rates for the co-op's area of operation was also compiled and implemented (see memo 7, appendix 2).

The two 5-ton vehicles are barely operating at a break-even basis which implies that the load per trip is inadequate and/or that the rates are a bit too low. The GMC pick-up, which should be utilized for office/field transport (hence earning a revenue) has been used solely by the Chairman since its arrival, and its cost as well as the unnecessary expense of renting other vehicles for field work, has put the overall transport account deeper into the red.

The only recommendations I can give here is to increase load capacity per trip, charge adequate rates and to persuade the Chairman to return the pick-up to management where it belongs (see memos 15 and 19, appendix 1 and 2).

To ensure that CPGCA makes optimum use of its IBM system 23, I enlisted the assistance of Lyman Conover, a systems analyst, working at ACB under a short term USAID contract for Checchi and Company (Washington D.C.). He has worked very closely with both IBM Jamaica and Telepro, a Kingston based computer software/programming company, which is assisting CPGCA in setting up the new accounts systems. An important decision was made, following both the advice of Dale Key (ACDI, Washington D.C.) and L. Conover, to cancel the order of a new and very expensive system that IBM Kingston was encouraging CPGCA to buy. L. Conover and Telepro have just recently redesigned several programs that could be accommodated on the existing but limited system without having to switch over to a larger and more expensive unit.

A major weakness of the co-op is its total dependability on lending institutions for working capital. CPGCA is now accumulating a deficit in excess of \$1,000,000 and it is doubtful whether Agricultural Credit Bank (ACB) will continue to loan to a failing business. Until the co-op accepts a program of co-operative style marketing which would increase share capital, reduce the capital requirements and pass some of the risk over to the members, I would not recommend that any institution loan money to CPGCA. The system, now in place, is just not working, and it will only become worse.

ACB has created a problem or two for CPGCA through its own poor performance in expediting the 1984 seed potato loan. It has been determined that ACB has overcharged CPGCA by approximately \$500,000.00 and ACB officials have admitted

that this is true (see memo 18, appendix 2). A sum of about \$140,000 has been adjusted in CPGCA's favour, but there remains in dispute the sum of approximately \$300,000. Their method of interest calculation is also most questionable. Will ACB take action on this? Will CPGCA follow up after I leave? I recommend that MACD/MOA or MOCS take an interest in expediting a solution to this problem.

I concentrated my attention on management related problems in respect to produce marketing activities since that was the major concern of MACD, but unfortunately there were other unavoidable difficulties that also needed consideration.

The farm store operation, for example, which consisted of a front shop and a sub-store located in Kellits, about 30 miles away, usually had annual sales of about \$1,000,000 with a margin of about 18%. After a quick analysis of this operation it was determined that due to a variety of reasons (lack of control, theft, mismanagement) the operation had lost over \$200,000 for 1983. I conducted an investigation on behalf of Mr. L.G. Leslie, the Secretary/Manager (hereby referred to as Secretary/Manager) of CPGCA, and the Board of Directors (BOD) and made recommendations for putting the operation on a sound footing (see memos 4,12,17,20,22, appendix 1 and 2). The management at Kellits, where the bulk of the losses occurred, was replaced by new staff which I personally trained. A job description was compiled and an inspection checklist was drawn up for use by those controlling cash and stock. Better inventory control systems were introduced at both stores, credit was restricted and was approved only by the Secretary/Manager of CPGCA, and new forms and recording procedures were introduced. The staff at the main store in Christiana was shifted and two new personnel came in. I am pleased with the operation as it stands now and with some improvements in display, tidiness, and promotion, the stores should do well.

The marketing agreement between MOA and CPGCA which describes responsibilities and conditions for both parties in relation to participation in the MACD marketing program, was found to be confusing and poorly written. In order to avoid similar mistakes in future agreements with other PMOs I suggested improvements on those conditions of the agreement that affected the co-op and MACD financially, and which also caused confusion in accounting (see memos 2,3,8,9,10, appendix 1). Some of these suggestions were used by MACD to revise the agreement for Southfield Co-op, but I was not entirely satisfied with the final version of that agreement either. The marketing agreement is now in the hands of Secretary General's office and we are still awaiting the results of that review.

It is questionable, now that CPGCA is having serious marketing difficulties in 1984, whether MACD will honour the contract in full. Due to extremely unfair treatment from the Agricultural Credit Bank (ACB) (which will be discussed later), and to a poor marketing season caused in part by their own negligence, the loss for 1984 may be in excess of \$200,000 which, according to the contract, MACD is supposed to cover 100%. Will CPGCA press this point and will MACD honour the agreement? I strongly recommend that if MACD is reluctant to stand by the contract, that it at least assist CPGCA by putting pressure on ACB to settle the seed loan dispute in favour of CPGCA and to be the leading advocate in preventing the importation of potato products to an island that can meet the entire annual demand for raw potatoes.

Perhaps to the consternation of MACD, I advised the BOD and management of CPGCA not to accept the financial responsibility of those extremely expensive and relatively inappropriate pieces of line equipment which was delivered to CPGCA under the marketing program (see memo 21, appendix 2). My recommendations which were backed up by the Marketing

Consultant from ACIDI, Matt Tokar, and approved by the BOD of CPGCA were eventually accepted by MACD. CPGCA stands to save approximately \$300,000.00 over a twenty year period.

Board of Directors:

I have approached the training and educational aspect of my scope of work in various ways. I have just mentioned the "on the job" type of management assistance and training, but the key to any potential success at CPGCA was in the education of the Board of Directors. I attended all but one of the BOD meetings and I persevered to meet the directors on a one to one basis at their homes or in the office. Before I approached the BOD with any proposals I endeavored to meet with individuals first to sound them out or to clarify a critical point. If I had a suggestion to propose or a special point to discuss at a BOD meeting I would include it as a special topic in the agenda; otherwise I would offer advice when requested or needed.

One of the major weaknesses of CPGCA is the lack of a true cooperative style marketing system. Instead of pursuing the policy of selling for members, the co-op is actually buying from them, assuming ownership and taking all risks. Due to lack of involvement and absence of responsibility, members have been gradually drifting away from the co-op and a "them" and "us" situation has resulted. Matt Tokar and myself have attempted to persuade the Board of Directors to adopt a more pragmatic marketing policy which would put more responsibility on the members, and though advice was first received with scepticism, the results of this effort are now beginning to show. One of the methods used to educate the BOD was the presentation of the 1984 budget (see report 10, appendix 1).

I assisted the Financial Controller, Mrs. Lowe, and her staff in producing two different budget plans; one of which demonstrated a fairly dismal outlook if the BOD maintained its current marketing course and the other showing a more positive but conservative financial outcome if the BOD followed our advice. After being presented with data from both sides the BOD made some positive decisions, but later backed down after receiving too much pressure from farmers.

I followed up the 1984 budget some months later, with a fairly gloomy mid-year financial report and budget analysis (see report 26, appendix 2). This was accompanied by a Marketing Strategy Report compiled by both Matt Tokar and myself which presented short and long term suggestions for a more practical marketing program (see memo 28, appendix 2).

It is only now, after 12 months of whatever influence I may have had on the individual Directors, that I see positive signs that they finally understand the precarious situation that their co-op is in. It is imperative that they understand that remedial action can only be taken by them and that it is needed immediately. Unfortunately, the BOD of CPGCA is made up of some self-serving members and many decisions are made in the interest of themselves as farmers and not as directors concerned with the survival of a business that benefits all members. I would not recommend that any new program or technical assistance be offered to CPGCA until this attitude has changed.

Membership:

Member education, so crucially needed at CPGCA was undertaken through two mediums, one being Branch Meetings and the other Branch Secretary Meetings. The lack of member awareness or loyalty probably has its roots in the cess system of share payments which has been used successfully to increase share capital by over 500% in the past few years.

The problem, however, lies in the fact that no one knows how much has been deducted over the years or for what reason. Statements are not issued and anyone who transacts business with CPGCA is considered a member. Farmers need not apply for membership - it is automatic once \$2.00 has been deducted.

But efforts have been made during the past year. Membership cards have recently been issued to all members and any new farmer wishing to join will have to apply. An "active" member file is being incorporated into the computer accounting system starting in 1985 and eventually non-active members and non-members will be assigned to separate files.

Communication with members is extremely important, and the co-op has been very lax in this area. The field manager has no transport (the co-op's pick-up is in the possession of the Chairman), and his absence among members has been very noticeable. The use of the media should be increased for both advertising and announcements, and news releases should be issued to defend against the constant presentation of erroneous information by poorly informed or biased reporters. A quarterly newsletter produced by CPGCA would also give the co-op the means with which to pass on news and information to its members (see memo 11, appendix 1).

The Branches (24 in all) should revolve around an elected committee and should be the body with which the members can relate to as being their part of the co-op. Branch chairman should assume a more aggressive role and the branch Secretary should be answerable to the Chairman and Committee. As it stands now, branches exist in name only and the Secretary is a one man show who may not even be acting in the best interest of the members or the co-op. The Secretary is the only means of communication between the co-op and the members and in most cases the information stops at the door.

CPGCA has experienced over 20 years of financial ups and downs, but has always managed to provide reliable service while remaining viable. Those years are now gone. The inexperience of the Board and administration and their consequent mismanagement has caused a downward slide in respect to profit and member loyalty, and selfish (or misguided) policies from the past have finally caught up with them. Their "hay day" is over and it is now time to adopt stricter business practices and to realign itself to the true co-operative marketing operation from which it had deviated.

ST. ELIZABETH/MANCHESTER COOPERATIVE GROWERS SOCIETY LTD.

(Hereby referred to as Southfield Co-op)

This cooperative, like Christiana Potato Growers, is an established registered co-op, but whereas CPGCA has both produce marketing and farm supply operations, Southfield's marketing operation is past history and its small farm supply operation, once a virtual monopoly in the area, is now facing stiff competition from local family run stores.

Although the AGS is still not completed, this co-op did not have to suffer through all the preliminary ground work necessary for starting a PMO from scratch. Southfield is registered with by-laws on hand, staff in place, office functioning, and the membership, if not overly loyal, is sizeable and known for their farming skill.

The construction of the AGS commenced in March 1984, and when it was obvious that it would not be in operation during my contract time period, I concentrated on two major areas: the first being the preparation and education of the membership and the second was the attempt to upgrade the farm store operation so that it would not be a financial burden when the AGS came into operation.

The General Manager, who may not be the most conscientious administrator, was at least very receptive to my assistance. Together with his staff, whom I thoroughly enjoyed working with, we developed a comprehensive operational budget (which is being followed closer than I expected), a new stock control system, and transport control forms and procedures. Suggestions were made, and taken, concerning accounting techniques and inventory procedures (see memo 8, appendix 3).

Two marketing schemes came into operation during the course of the year. I assisted the General Manager (GM) in determining the feasibility of marketing peanuts by developing a benefit cost analysis and compiling a marketing budget. A draft of a loan proposal for the peanut operation was prepared and although it was not used for the spring crop due to economic constraints the GM can use it for the fall crop (see memo 16, appendix 4).

MACD instituted a small scale marketing scheme between Southfield and a supermarket in Kingston, and although it was rather shortlived and its economic viability was questionable it did serve the purpose of providing statistical data. It also gave a rather gloomy insight into the real marketing world.

Using data collected during the brief supermarket marketing scheme as well as from Market News and the Data Bank, a comprehensive produce marketing budget plan was prepared by M. Tokar and myself (see report 26, appendix 3).

As with any long range plan (although it concentrates on the first year of operation the start up date is still unknown) the accuracy of projections increase as the implementation date approaches. It would simplify and economize both labour and paper if the plan was introduced into the special computer program already existing at MACD and periodically updated as more relative and updated data is accumulated.

Working with W. Nedrick, a MACD Extension Officer with a cooperative business background, attempts were made to meet with farmers at the branch level to discuss the merits of an AGS. Since member loyalty is dubious, it was important that communication with the farmers be treated as a priority. W. Nedrick has worked hard toward this end, but little or no assistance has come from the co-op itself, and this may be due in part to the "spoon fed" approach by MACD as well as the questionable enthusiasm by the General Manager. Despite this, several meetings have been held at various branches and although the initial reactions from farmers ranged from suspicion to extreme mistrust (due to past problems with previous marketing organizations), everyone seems willing to give it a try. But "giving it a try" is a long way from the enthusiastic and eager anticipation that is needed from the members if this AGS approach to marketing is going to work. The hardest part of my work here was trying to convince farmer/members that they themselves own that "big structure up the road". Something, somewhere, is missing, and I hope that NUCS can continue the member education that is so extremely important if this PMO/AGS is going to succeed.

MASON RIVER PRODUCE MARKETING ASSOCIATION LTD.

(Hereby called Mason River PMA)

This PMO shows every sign of succeeding. The BOD is enthusiastic, the members make up a fairly close-knit community, the area specializes and is well known for one or two products and at this point in time all systems are on go. The PMO is registered, share certificates have been issued, the AGS location is in the process of being purchased, a manager/trainee has been designated and the members are anxiously waiting. The NUCS program is on stream and several educational meeting with the Board have already taken place.

Mason River PMA conducted its Annual General Meeting last July 1984 and elected a Board of Directors. I truly regret that I won't be able to continue working with "Teacher" Drummond and the rest of the BOD and I will miss those days that I have spent in Kellits, McNie and Douglas Castle. I wish this PMO the best of luck.

One of the first weaknesses or shortcomings I noticed on my arrival was the haphazard and inefficient method of collecting share capital and entrance fees at those PMOs which were being formed from scratch. Receipt books, which were often incorrectly used, were scattered about, no transactions were recorded in a book of secondary entry and no one was sure how much money was collected.

With permission from MACD I designed a simple but effective system of accounts that a non-accountant could maintain. This system was introduced at a special training course in Christiana which was attended by MACD, marketing extension staff as well as personnel from one or two PMOs. This system is now being utilized at Dias PMO, Mason River PMA, and Guy's Hill PMO. At all three the receipts have all been recorded and entered into the cash book/ledger, and all cash has been accounted for except for a problem at Guy's Hill which has recently been resolved. This system should be incorporated into a more sophisticated accounting system once a trained manager is in place (see reports 11 and 19, appendix 3).

GUY'S HILL, JAS FOOD CROP ASSOCIATION AND HANOVER
FOOD MARKETING ASSOCIATION

(Hereby referred to as Guy's Hill PMA and Dias PMO)

Although I became involved with Guy's Hill PMO rather late in the year, the visits I made there were quite productive. My main goal was to set up a system of accounts and straighten out an extremely confusing financial situation.

Eventually after several visits, all "stories" had been analysed, all receipts reconciled and recorded, and a cash balance determined which unfortunately showed a considerable cash shortage. The cash problem has now been rectified, a proper collection procedure has been introduced and the secretary of the group has been instructed in maintaining the simple set of accounts. This PMO is now awaiting registration.

The Dias PMO is undergoing the usual growing pains and due to limitation on my time and priorities concerning other PMOs I was unable to give Dias much attention. They did adopt the accounting system that I implemented which is being maintained by H. Lindo, the MACD marketing extension officer for the area.

CONCLUSION

When writing this report, I had to make the assumption that whoever reads it is not only familiar with the Agricultural Marketing Development Project, but has also followed my work in the PMO program from the start of my tour here and has read my memorandums and special reports. I have enclosed my monthly reports (minus attachments) as well as a listing of all memorandums and reports filed during the past year. Comments and recommendations were meant to be constructive and I hope that some of my input into the project has had some impact.

My work in the overall Agricultural Marketing Development Project was confined to a rather specific role in the development of the various PMOs and unfortunately I am

departing just when my work is really just starting. I sincerely hope that NUCS and MACD will work well together in the development of those PMOs which have been established. I know I will miss Jamaica and those people I have had the pleasure of working with over the past (and very short) year.

Thomas H. Carr
Cooperative Management Consultant
ACDI
November 20, 1984

MEMORANDUM LISTING

<u>SUBJECT</u>	<u>TO</u>	<u>DATE</u>
1. unsubstantiated Differences Between Purchases and Receivals of Table Potato in 1983	L.G. Leslie	5-1-84
2. Critique of the CPGCA/MACD Marketing Agreement	L. Morgan/ A. Pool	16-1-84
3. Critique of the Southfield/MACD Marketing Agreement	L. Morgan A. Pool	19-1-84
4. New Sales Summary Form - Kellits Farm Store	L.G. Leslie	19-1-84
5. Samples of Office Forms	L.G. Leslie	19-1-84
6. Updated Situation on Potato Weight Discrepancies	L.G. Leslie	25-1-84
7. Transport Accounts	L.G. Leslie Mrs. Lowe	27-1-84
9. Cost Aspects of PMO/MACD Marketing Agreements	L. Morgan	1-2-84
9. Accounting Procedure Related to CPGCA/MACD Marketing Agreement	L.G. Leslie	1-2-84
10. Accounting Procedure Related to CPGCA/MACD Marketing Agreement	L.G. Leslie MACD	1-2-84
11. Quarterly CPGCA News Letter	L.G. Leslie	7-2-84
12. Update on Kellits Farm Store Credit Situation	L.G. Leslie	8-2-84
13. Pricing Formula For Seed Potatoes	L.G. Leslie	11-2-84
14. CPGCA - Group Scale Situation	D. Reid	16-2-84
15. Fixed Costs of Vehicles	Gibson	20-2-84

<u>SUBJECT</u>	<u>TO</u>	<u>DATE</u>
16. Pre-Marketing Bookkeeping System for Proposed PMO	L. Morgan	15-3-84
17. Farm Store Investigation	L.G. Leslie	29-3 84
18. Table Potato Sales/Purchases Statistics - 1983	L.G. Leslie	2-4-84
19. Vehicle Profit/Loss Situation	L.G. Leslie	19-4-84
20. Inspection Procedure for Kellits Farm Store	L.G. Leslie	28-5-84
21. Statistics Concerning Machinery at Camp	L.G. Leslie	4-6-84
22. Kellits Farm Store	L.G. Leslie	11-6-84
23. Seed Potato 1985	L.G. Leslie BOB/CPGCA MACD	14-6-84
24. Update on Seed Potato Costs 1984	L.G. Leslie	9-7-84
25. Calculation of Southfield AGS Annual Payments	L. Morgan	23-7-84
26. Mid-Year Financial Analysis - CPGCA - 1984	BOD/CPGCA L.G. Leslie Financial Controller Director/MACD R. Mangrich/USAID A. Pool L. Morgan	29-8-84
27. Documentation at Coleyville	Packing House Manager L.G. Leslie Financial Manager	8-9-84
28. Table Potato Marketing Analysis - 1984	Chairman/CPGCA BOD/CPGCA Sec. Manager/CPGCA Marketing Manager/CPGCA Financial Controller/CPGCA Packing House Manager/CPGCA Director/MACD L. Morgan A. Pool R. Mangrich/USAID	21-9-84

<u>SUBJECT</u>	<u>TO</u>	<u>DATE</u>
29. Southfield AGS Budget Plan	L. Morgan	22 10 84

REPORT AND FORMS LISTING

1. Staff Evaluation Form	L.G. Leslie	19-1-84
2. Weekly Itinerary Form	L.G. Leslie	19-1-84
.. Labour Daily Time Sheet	L.G. Leslie	19-1-84
4. CPGCA Vehicle Payment Schedule	L.G. Leslie MACD	1-2-84
5. Payment Schedule - CPGCA/MOA	L.G. Leslie MACD	1-2-84
6. Payment Schedule - CPGCA/MOA	CPGCA MACD	18-2-84
7. Workshop Program Material: Farm Store Stock Control		14-3-84
8. Southfield Co-op 1984 Operating and Capital Budget	MACD BOD/Southfield USAID Ebanks	13-4-84
9. 1984 Loan Requirements and Repayment Schedule - CPGCA	CPGCA MACD	19-4-84
10. 1984 Operations and Capital Budget - CPGCA and Adjusted (1-6-84)	BOD/CPGCA L.G. Leslie MACD USAID	27-4-84
11. Workshop Program Material PMO Accounting Course		17-5-84
12. Kellits Inspection Check List	Manager/Kellits L.G. Leslie	28-5-84

<u>SUBJECT</u>	<u>TO</u>	<u>DATE</u>
13. Farm Store Manager - Job Description	Manager/Kelley	28-5-84
14. Weekly Produce Analysis	M. Ebanks	1-6-84
15. Payment Schedule - Southfield/MOA	BOD/Southfield M. Ebanks MACD	23-7-84
16. Loan Proposal - ACB Southfield Peanut Operation	M. Ebanks ACB MACD	26-7-84
17. 1983/84 Seed Potato Exchange Rate Analysis	CPGCA ACB MACD	30-7-84
18. Proposed Staff Requirements for Southfield AGS and Farm Store Operations	BOD/Southfield M. Ebanks MACD	3-8-84
19. Statement of Accounts (7-8-84) Mason River PMA	BOD/Mason River PMA MACD	7-8-84
20. Peanut Pricing Statistics Southfield Co-op	M. Ebanks MACD	8-8-84
21. 14 Year Statistical History of CPGCA	CPGCA MACD USAID ACDI	15-8-84
22. Monthly Financial Report Form - CPGCA	CPGCA MACD	29-8-84
23. Mid-Year Financial Analysis 1984 - CPGCA	CPGCA MACD USAID	29-8-84
24. Table Potato Marketing Analysis - 1984 CPGCA	CPGCA MACD USAID	21-9-84

<u>SUBJECT</u>	<u>TO</u>	<u>DATE</u>
25. Statement of Accounts Guys Hill	ROD/Guys Hill	17-10-84
26. Southfield Co-op AGS Budget Plan - 1985	MACD BOD/Southfield USAID M. Ebanks	22-10-84
27. Loan Proposal - Peanut Operation Statistical Information - Southfield	M. Ebanks MACD	6-11-84

A 14 YEAR STATISTICAL HISTORY OF CHRISTIANA POTATO GROWERS CO-OPERATIVE ASSOCIATION

YEAR	SALES	EXPENSES	% COSTS TO SALES	ACCUMULATED SURPLUS/ DEFICIT B/F	NET SURPLUS/ DEFICIT	RETURN ON INVESTMENT	% GROSS MARGIN
1971	973,031	31,253	3%	33,235	15,595	2.2%	12.5%
1972	1,008,339	52,681	4%	39,688	46,688	2.7%	15%
1973	1,054,792	54,652	5%	28,861	69,777	1.7%	14.5%
1974	2,172,342	70,689	3%	34,420	86,987	1%	11%
1975	1,929,093	112,998	6%	(63,263)	16,164	-	10%
1976	1,742,240	166,540	10%	(75)	26,415	-	17%
1977	2,012,971	189,483	9.5%	(8,822)	10,508	-	20%
1978	2,035,701	294,880	15%	(92,093)	(81,585)	-	23%
1979	2,782,834	284,879	10%	88,548	(10,747)	1%	20%
1980	2,394,655	272,225	11%	37,834	19,520	1.5%	24%
1981	2,804,193	517,850	18%	(572,642)	(572,642)	-	7.6%
1982	4,325,262	521,227	12%	60,494	(572,642)	2%	26%
1983	6,107,447	1,288,058	21%	(351,853)	(855,001)	-	
Budget 1984	14,019,528	2,531,000	18%	-	-	-	-
Anticipated 1984	8,000,000	2,300,000	25%	-	-	-	-

MEMORANDUM

TO: The Director
Marketing and Credit Division
Ministry of Agriculture

FROM: Thomas Carr
Management Advisor
OF OCA/MACD

SUBJECT: Monthly Report - December 1983

DATE: January 1, 1984

The months of November and December of 1983, being the start of my assignment, represents the usual period of introduction, familiarization and acclimation. Most of the problems concerning housing, bank accounts, clearance of personal effects, shipment of personal vehicle, resident visa and various ID's, which consumed a considerable amount of time during these two months, have now been settled.

This first monthly report will summarize my activities from the date of my arrival in Kingston and will include objectives to achieve for the following month. Specific information regarding special problems and programs or details concerning meetings or discussions will be presented in separate reports or minutes which will either be attached to the monthly report or distributed at the time of preparation.

I arrived in Kingston on the 20th of November and on the following day I was met by Allan Poole of MACD who worked closely with me for the few days that I was there. He was instrumental in introducing me to the Director of MACD, Mr. Fred Zenny, as well as Lennie Morgan and the rest of the MACD staff. Although most of my time at MACD was utilized by holding discussions with various staff on the progress and past history of the project, I managed, with the assistance of Allan Poole, to review vast amounts of documentation and literature concerning the project. With the combined efforts of Allan Poole, Lennie Morgan and P. Allen I was able to establish a fairly clear picture of the current situation concerning those aspects of the project that would directly involve me.

On the 23rd of November I was introduced to several officers at USAID by Mr. Poole, including Mr. Lou Reed, the Mission Director, Mr. William McCluskey and Mr. Rick Mangrich. At the same time I was able to complete those formalities that are required on arrival (work visa, ID, etc.). On the 23rd of November I was introduced to Mr. H.R. Dietrich, the Director/General Manager of the National Union of Co-operative Societies (NUCS) and some time was spent discussing the potential role that NUCS could play in the present marketing program. I was also able to attend a meeting of the Board of Directors of the St. Catherine Vegetable Producer Association at Old Harbor. This meeting was also attended by A. Poole, L. Morgan, E. McAvoy and P. Allen.

CHRISTIANA

I arrived at Christiana on the 30th of November and was formally introduced to the Secretary/Manager of CPGCA, Mr. L. Leslie by Lennie Morgan and A. Poole. He, in turn, introduced me to the staff at CPGCA and a brief meeting was held that included the so called middle management level of CPGCA. I was later shown the facilities at Coleyville by Matt Tokar, the ACDI Chief of Party and Packing House/Marketing Advisor. The Yam Curing Project was explained to me by V. Stewart who is to assume the position of Packing House Manager in January of 1984.

The main emphasis in December, which was shortened by the holiday season, was to familiarize myself with the accounting procedure at CPGCA and to establish a statistical base from which I could make observations concerning past and present production, prices, income and expenditures, etc. As priorities become more clear, this process will become more specific and, hopefully, more relative.

On the 1st of December I accompanied P. Smith and E. Henry, the Field Managers of CPGCA to the experimental plot at Devon. Miss Smith and Mr. Henry will be the two field personnel that I will be working closely with as far as member education is concerned. We will be planning the itinerary for educational meetings at the Farmer Groups level in January.

The Annual General Meeting of CPGCA was held on the 3rd of December. Minutes of the meeting will be forwarded as soon as they are produced. The main item on the agenda concerned the annual audit and the disbursement of a member bonus for 1982 but equally important was the election of new Board

Members (six of the eleven were eligible for re-election). I also attended a meeting of The Board of Director's of CPGCA on the 16th. I will forward the minutes of this meeting as soon as they are available.

I accompanied P. Smith and S. Scott to Kingston on the 13th of December to follow up on the arrival of seed potato from Holland. The line of credit between IDB and Bank of Jamaica/Agriculture Credit Bank was not, as firmly established as expected and further communication between those banks and CPGCA was required before the seeds could be released. The procedure is still rough around the edges and some consideration should be given to this problem in order to eliminate delays and confusion in the future.

Jane Tomlinson of ACIDI/Washington arrived in Mandeville on the 13th to review the project in Christiana and was assisted by Matt Tokar or myself.

On the 17th of December, I accompanied A. Poole, to a meeting of the BOD of St. Elizabeth-Manchester Co-operative Growers Society. The main emphasis of this meeting was the diversification of business activities that would enable the co-operative to operate at a higher margin of profit. The minutes, which will be forwarded, will explain the meeting's discussions with more detail. My initial reaction to this meeting which was well conducted and enthusiastic was very positive. There is genuine interest in the welfare of the business and my statements and advice were well received. I followed up on this meeting with another visit with Matt Tokar on the 21st of December to get a better background of the history and present economic situation of this co-operative. I am looking forward to future visits.

On the 29th and 30th of December I assisted the CPGCA staff in the annual stock inventory at Coleyville and Kellits Farm Store. During this exercise I discovered several shortcomings in the procedure itself and in some of the business practises taking place. This is, of course, the reason why I am here and I will be checking into these problems in the near future.

I took advantage of the holiday season to travel to some of the areas where the new PMO's will be established. Although I visited Dias and Wait-A-Bit on the 26th of December it is necessary that a proper introduction be made so that the people involved will know me and I can start a working relationship with those involved.

OBJECTIVES - JANUARY

I am hopeful that I can assist the management of CPGCA with the preparation of a budget which is one of the conditions put forth in the CPGCA/MACD agreement (item 10). This can only be done with the complete co-operation of the entire CPGCA staff. I have already discussed the budget aspect with the manager of the Co-operative Society in Southfield and he is anxious to have one prepared.

It is very necessary to develop a program of member education in the Christiana area and this has the enthusiasm of the Management and Chairman of CPGCA. This will be a priority in January.

My first few weeks in Jamaica can be summed up as being positive and, if not productive at this early stage, then busy and informative. I am looking forward for the coming month, which now that the holidays are over and spring planting has started, should be more productive.

Thomas H. Carr
ACDI/AID/MACD

January 1, 1984

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
Cooperative Management Advisor
CPGCA/MACD

SUBJECT: Monthly Report - January

DATE: February 1, 1984

Activities during the month of January, my second full month here, were concerned with various aspects of the cooperative business operations, from checking the farm store to the preparation of accounting forms. This report will summarize those activities and will include sections on observations and objectives.

ACTIVITIES

I visited Kellits farm store on the 4th to check up on certain problems that were noticed during the year ending inventory in December. There was a problem with the cash transfer procedure and I designed a new daily cash/sales summary form which doubles as a receipt and is now in use. The "informal" credit situation, which I reported to Mr. L. Leslie, was investigated and is apparently now under control. They also received a much needed adding machine which should help them to keep their records a bit more accurate and up to date than they have been. Another inefficiency concerns their stock cards which they need to keep up to date. I followed up on the operation of this store with two more visits on the 12th and 25th.

Also on the 4th I met with the Peace Corps Volunteer at Douglas Castle who, along with the Extension Officer of MACD, is working with the farmers there in an effort to organize a registered group which can develop a PMO/AGS. I had a good

opportunity to see the area and meet with several farmers, two of whom are board members. The farmers are very interested in the program but are a little disappointed in the slow progress. Hopefully I can help to expedite matters there when I concentrate on these PMO areas in March.

On the 10th of this month I attended a BOD meeting at the St. Elizabeth/Manchester Co-operative with other staff members of MACD to discuss the construction aspects of the new AGS. Although there have been delays there, which has caused the BOD some disappointment, the staff of MACD is still optimistic about starting construction in February or March of this year. I made an appointment with the Manager of the Co-op, Mr. Ebanks, on the 18th, to discuss the present operations and to study the most recent draft of the MACD marketing agreement. I have put my suggestions for a more financially sound contract into a memo to L. Morgan. I have also promised to assist Mr. Ebanks with his 1984 budget as well as setting up an inventory control system. A fairly realistic budget should be prepared for the proposed AGS and I have discussed this with M. Tokar and G. Feaster and have requested further information on equipment form B. Grearson.

There was a brief management meeting with the CPGCA Financial Committee on the 5th and a very productive meeting was called by L. Leslie on the 16th which was also attended in part by L. Mangrich of USAID. Directives were issued by the Manager for the introduction of weekly itineraries and monthly reports. A gate pass for labourers at Coleyville is to be drawn up as well as a labour control form. A staff assessment is to be done annually for purposes of advancement. Samples for these various forms: gate pass, labourer control sheet, assessment form and weekly itinerary form have been drawn up and have been submitted to the Manager.

I accompanied the Field Manager of CPGCA, E. Henry and his assistant P. Smith, on the 19th, to various farms in the area where trial plots are in operation for the testing of various seed potato varieties from Germany. This gave me the chance to visit several farming areas and to meet farmers, whom I hope I will be meeting in formal educational meetings. Mr. Henry and I have arranged some farmer group meetings in February and there is a Group Secretary meeting scheduled for February 7th.

On Friday the 20th of January I attended an Economic and Political Briefing at the Embassy which was conducted for the benefit of new comers to the country. I also met with L. Morgan and A. Poole of MACD the same day for discussion concerning the project. I have travelled to Kingston on four different occasions this month (6th, 13th, 20th and 30th) for the purpose of meetings or discussions with MACD personnel.

A Co-operative Management Training Course was postponed on the 21st due to poor attendance but introductions were made and a brief discussion was held. Mr. L. Leslie and I took this opportunity to plan a Farm Store Managers Course with Mr. James of the NUCS Co-operative College. This will be held in March at Christiana.

A Board of Directors meeting was held on the 27th and the minutes will be forwarded as soon as they are produced.

On the 30th I attended a meeting of the MACD Extension Officers as well as a coordination meeting of the department heads of MACD.

COMMENTS/OBSERVATIONS

At this point I would like to make some comments concerning several business aspects at CPGCA that were touched upon this month.

The Co-operative has now received all three of its vehicles and it is imperative that proper accounting and control procedures take place. Mr. Leslie has already ordered a vehicle log book for each truck and I have discussed some of the accounting transactions necessary for proper financial control with the financial controller, Mrs. Lowe. I am in the process of developing a memo to Mrs. Lowe describing several possible accounting procedures she can use.

The basis of any business plan centers around available and accurate statistics of past operations and a clear idea of what the goals are for the coming year. The budget for 1984, the center piece of the business plan, will have to wait for the completion of 1983 postings and the consequent trial balance in order to utilize the most recent (and most relative) statistics available. Costs, related to the MACD/PMO project have been determined and operating and administrative expenses should not be difficult to calculate. Revenues from trade will probably be more difficult to estimate, since the lack of statistics have reduced the possibility of projecting realistic market trends.

The 1982 CPGCA annual audit, by Coopers and Lybrand, is not a very professional job, though their cost is \$6,500 per year. Hopefully they can be persuaded to develop a more thorough set of financial statements with a more professional format.

There have been weight discrepancies between purchases of potatoes at the group level and delivery to Coleyville. Part of the problem was posting errors and omissions at the main office which were corrected on the orders of Mr. Leslie. Mr. Leslie has also requested all scales to be checked and that the Coleyville staff develop a more accurate acceptance procedure. I have discussed this with V. Stewart, the Warehouse Manager and a system is being set up. Purchase procedures at the group level will also be investigated.

The farm store could probably do with a bit of attention. It needs work on its appearance and with its merchandising methods. Signs need to be made, displays should be better arranged, retail procedures could be more professional and the sales area cleaned up. Prices should be competitive and sales promotions are necessary.

I have worked out several MACD/CPGCA marketing agreement conditions that involve immediate financial or accounting attention.

1. Rent payments on agreed value for Buildings and Equipment.
2. Break down of vehicle values and payments for a 3 or 4 year time period.
3. Determination of "Reserve Funds" to involve:
 - A. Budgeted expenses for maintenance and repairs of buildings, equipment and vehicles.
 - B. Depreciation accounts for above mentioned assets.

I have also offered some suggestions to MACD concerning some of the clauses in the marketing agreement that involve financial considerations for both CPGCA and Southfield.

OBJECTIVES - FEBRUARY

- Job descriptions - CPGCA staff
- Farm Store improvement
- Transport accounts and control
- Budget - CPGCA
- Member education - group level
- Budget - Southfield
- Inventory control system - Southfield

Thomas H. Carr

ACDI/AID/MACD

February 1, 1984.

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
Cooperative Management Advisor
CPGCA/MACD

SUBJECT: Monthly Report - February

DATE: March 1, 1984

Although there were several meetings and scheduled events this month, most of my time was consumed by work on the CPGCA budget and the consequent diversions that that work created. This report will cover those and other activities, and will include a section on comments/observations as well as a list of objectives for March.

ACTIVITIES

A meeting of the CPGCA Group Secretaries was held on the 7th and was well attended. One of the main items on the agenda was the seed potato issue (not all the popular varieties were available and shipments were late) and a good explanation was given to them by Mr. Leslie, (Secty./Mgr.). Most of the middle management staff and myself had a chance to speak on various subjects and it remains to be seen whether this information will filter down to the members.

A team from the University of the West Indies (Trinidad), headed by Dr. Lloyd Rankine, started a week long research study here at Christiana on the 6th of February. Their objective was to compile a case study of CPGCA to use in a course at the University. I am very interested to see the result of this research as it may give me some different perspectives on the operations here.

The Field Managers and myself attempted to meet with farmers at Wilson Run and New Hope on the 8th with the intention of forming them into a farmer group. The meetings were not well attended and a new date was fixed. We returned on the 24th and had a very successful meeting at Wilson Run, but, the meeting at New Hope was less encouraging due to poor attendance. Mr. Denton, the Group Secretary, has done a good job in trying to revive these groups.

A "field day" was organized at Harry Watch, but, it turned out to be no more than a planting day for the farm of its group secretary. It is fine and well if he wants advice from the Field Managers, but it was not exactly a group field day. This substantiates my opinion that the groups need a controlling body - a committee - which has the interests of all the farmers of the group at heart.

On the 1st of the month a team of county field extension officers from New Jersey who were organized through Gene McAvoy's organization (PFP), conducted a slide presentation on vegetable productions (as done in N.J.) to the farmers of the Manchester/St. Elizabeth Farmers Cooperative (Southfield). Although not 100% relative, some of the topics such as, drip irrigation, were informative to farmers living in a relatively dry area. I returned to Southfield again on the 15th to discuss with the Manager, Mr. Ebanks, various methods of stock control which he was very interested in implementing at his farm store. He has since ordered the necessary material and stationery and I will return next month to instruct his staff in the procedure.

I travelled to Kingsotn on four different occasions (3rd, 13th, 17th and 27th) to attend meetings and hold discussions with AID personnel and staff at MACD. I attended the Post Harvest and Marketing Workshop on the 27th and hope to attend more sessions next week (March).

COMMENTS/OBSERVATIONS

While compiling statistics for the development of a 1984 budget I found that the farm store had been operating in the red during 1983. Mr. Leslie had also discovered this fact during a routine check, and proposed that we try and isolate the specific problem so that it can be prevented from occurring in 1984. I am currently working with Mr. Channer, the Farm Store Manager, on this problem, and we hope to have some conclusions soon.

The CPGCA budget for 1984 is slowly but surely coming along. My main objective in February was to locate and compile statistics from which I could develop projections based on past trends. This has now been completed and I hope to produce the bulk of the first draft next month.

Three or four days were spent assisting Mrs. Lowe in reconciling her bank accounts. Although the difference in balances has been located as far as the records will allow, it is now up to her to make the necessary adjustment.

Mrs. Lowe has opened the necessary accounts to accommodate the newly arrived vehicles. The driver/transport manager, Mr. Gibson, seems to be capable of managing the two 5-ton vehicles at an efficient level. We are now awaiting the arrival of vehicle log books which were put on order some time ago. Mr. Poole of MACD, Kingston, has provided me with a series of transport forms and records, which we can use as models here at CPGCA before implementing them at the proposed PMOs when they come on stream. These can be adapted as we see fit in order to make them as relevant as possible.

I am realizing that there is a serious gap in the line of communication between the CPGCA office and the members. The only existing link in the chain between the two are the group secretaries and I doubt their effectiveness.

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Their role is important in the marketing process but I do not think they are effective in the promotion of the cooperative nor in the creation of any sense of membership loyalty. We do have two Field Managers (and myself) but it is doubtful whether three "outsiders" or the group secretary are capable of maintaining or creating a local grassroot level of member awareness. Maybe a group committee is the answer. Maybe not. But it is very clear that some sort of local body is needed. I hope to study this problem in the coming months.

OBJECTIVES - MARCH

CPGCA:

Farm Store accounts

Budget - CPGCA

Farmer-Group meetings

Southfield:

Stock Control

Budget

Group Meetings

Thomas H. Carr

ACDI/AID/MACD

March 1, 1984

MEMORANDUM

TO: The Director
MAGD
Ministry of Agriculture

FROM: Thomas Carr

SUBJECT: Monthly Report - March 1984

DATE: April 1, 1984

Mr. Herbert Knight, the Project Coordinator, has requested me to change from my usual monthly report format to a topical format. Since my priorities change on a monthly basis and due to my wide range of responsibilities varying from management/finance to member education at Christiana, Southfield and Douglas Castle, the topic headings may change from month to month according to the actual work done.

CHRISTIANA - CPGCAFarm Store Analysis

A considerable amount of time this month was spent on analysing the CPGCA farm stores at the Christiana and Kellits locations. Over the past years, prior to the arrival of the present Secretary/Manager, Mr. L.G. Leslie, a rather incomplete system for documenting and recording store operations was set up and was inconsistently followed by the farm store staff.

At the request of Mr. L.G. Leslie, I prepared a preliminary report which he presented to the Finance Committee of CPGCA on Friday the 30th of March. A renovated system of procedures should be set up along with a corresponding system of controls and this will be an area of concentration in the month of May.

Budget 1984

The CPGCA budget is closer to completion, but since my time was diverted to the farm store operation its completion will have to wait another month. Some time ago Mr. Leslie had instructed the Middle Management to prepare department "mini budgets" which will be used in the formation of the final budget. I did manage to prepare some statistical ground work for the sales/revenue portion and my farm store analysis also helped in the budget preparation on the farm store side.

The delay has advantages since we now have the use of the 1983 trial balance and Mr. Gibson, the Transport Manager has had three months of vehicle operation from which we can form projections of vehicle costs/revenues. The BOD of CPGCA has requested the budget on the 27th of April; just in time for the potato marketing season.

Cooperative Education

The Field Managers of CPGCA called a Field Day at Santa Hill on the 14th which I attended with the intention of giving a few words concerning cooperative education, and receiving feedback from those in attendance. Unfortunately the attendance was once again quite small (only six farmers). I am convinced that "field days" are not the proper forum in which to conduct membership education, but instead farmer's meetings which would be scheduled after 4:00 P.M. should be held at convenient locations with proper notification. I must add that at the moment only the Group Secretary exists as the main communication link between the Cooperative and the farmers. This situation has been mentioned in my last report, and it is my intention to pursue this further.

Other Activities

There was a Board of Directors' meeting on the 25th. Minutes will be forwarded as soon as they are prepared and minutes of the previous BOO meeting are attached.

On the 25th of March, a service was held at the Bethany Moravian Church to commemorate the 25th Anniversary of C.P.G.C.A. The service was followed by a lunch at the Anthurium Restaurant, where the Minister of States for the Ministry of Agriculture, the Hon. Johnson, was the Guest Speaker.

SOUTHFIELD (St. Elizabeth/Manchester Co-operative Growers Society)

Stock Control

On the 6th of March I assisted the staff at Southfield in completing a stock control system which involved the opening of a stock register with the relative entries posted up to that date. This was followed up with another visit on the 15th to check on the progress of posting the sales' summaries up to date. I have to commend the staff at Southfield for the work they have done, as well as Mr. Ebanks, the General Manager, for his insistence on implementing the system in the first place. It is long over due. A date has been set in May to substantiate recorded stock balances in the stock record by a physical stock inventory.

Member Education

A meeting was called at Yardley Chase, a district branch of Southfield, on the 15th by Mr. William Nedrick, MACD Marketing Extension Officer. It is the intention of Mr. Nedrick to establish committees at these branches, an idea I strongly support, especially since I wish it had been done in the Christiana area. Although only twenty (20) farmers attended, there was a good presentation of the PMO program by Mr. Nedrick, which was followed by questions and discussion. Another meeting date was set for April 5th.

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Other Activities

Ground breaking for the new AGS at Southfield was held on the 20th and was well attended. I saw many farmers there whom I had seen before at various meetings held at the branches. The co-operative has been promised that actual construction would commence in 2-3 weeks following ground breaking, and the BOD is determined to follow this closely.

At a BOD meeting on the 30th this point was raised again concerning the commencement of construction. I informed them that I would follow up on problems as they arise. The minutes of this meeting will be provided as soon as they are prepared, and the minutes of the previous meeting are attached.

DOUGLAS-CASTLE - Mason River Farmers AssociationAccounting System

Following up on a problem brought forth by Mr. Chambers at a Marketing Extension Meeting (MACD), concerning inadequate record keeping and irregular handling of application forms etc., Mr. Lennie Morgan of MACD requested me to investigate and come up with some suggestions.

Although a visit at Douglas Castle on the 12th was unproductive (I couldn't locate those involved), I went on and developed a simple but adequate accounting system based on a column design, and submitted it to Mr. Morgan. Since it was similar to the system used by NUCS, he gave me the okay to implement it at Douglas Castle. I met with Mr. G. Hubert (PCV), and Mr. Fred Druman, the Secretary at Douglas Castle, on the 26th to verify a date when I can introduce the new system and I will be returning there on the 6th of April.

PMO - GENERAL ACTIVITIESMACD - Marketing Extension Meetings

I attended Marketing Extension Meetings at MACD-Kingston on the 9th and 30th of this month. I am pleased that I am now being invited to these meetings, and I hope that I can be of some use. Already I am involved with developing a "pre-marketing" accounting system to be used by prospective PMOs. At the meeting of the 30th, it was agreed that I conduct a workshop for all extension officers and those involved with record keeping at the various PMOs. This will be done in coordination with Miss Marcia Vaughn of the Training Section of MACD and Mr. Samuel James of NUCS Cooperative College.

Cooperative Supply Store Workshop

In cooperation with Mr. Samuel James of NUCS and Mr. L.G. Leslie of CPGCA, I conducted a workshop for management and staff of Cooperative Supply Stores. This was held at CPGCA conference room in Christiana and covered the following subjects:

- Stock control
- Budget
- Cash control/security
- Merchandising
- Customer relations (Led by Mr. L.G. Leslie)

The workshop was attended by participants from five (5) different Cooperative.

CPGCA	2
Southfield	3
Calabash Bay	1
Rocky Point	1
Gillings Gully	2

The workshop was conveniently timed since I was involved with farm store operation at CPGCA, as well as a stock control exercise at Southfield. Attached is some information concerning the evaluation of the workshop.

Thomas H. Carr
ACDI/USAID/MACD
April 1, 1984

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
MACD
Christiana

SUBJECT: Monthly Report - April 1984

DATE: May 1, 1984

The month of April was an extremely busy, interesting and challenging month, with the CPGCA budget preparation and presentation being the priority task. Although the budget preparation consumed about 50% of my time this month, it was well worth the effort since there were several secondary studies that resulted from its research. These will be mentioned in this report, as well as activities that took place at other PMOs.

CHRISTIANA - CPGCABudget 1984

The first draft of the CPGCA 1984 budget which compiles about twenty pages has finally been completed and was presented to the Board of Directors on the 27th of April. The key issue concerning the preparation of the budget involved the determination of a pricing policy for table potatoes. Matt Tokar, the ACDI Marketing Consultant for MACD, conducted a presentation on projected volume, market trends (sales and purchases) and estimated production costs. I presented the financial side of the program (which was information extracted from the budget) and the summary of our presentation to the board on the issue of pricing is as follows:

1. The volume of produce that was expected to be purchased by the Co-op was a key point. Following past market trends that determined the CPGCA share of the market, and using present statistics and informations based on volume of seed sold and potential yields, it was estimated that CPGCA could possibly have to handle at least 6,000,000 lbs. of potato.
2. Based on our borrowing limit at ACB, the amount of funds available limited our ability to purchase 6,000,000 lbs. Since the balance on our limit was \$3,000,000 and since the sale price for an unprecedented volume of potatoes (3,000 tons) was unknown, it was decided by the board to buy low and pay the farmer a second and third payment based on the success of sales.

3. The board voted to purchase potato at \$50.00 per 100 weight as an advance payment with a second payment of \$10.00 in August. This coincides with the booking time period for 1985 seed. An additional payment will be made when it has been determined that the Cooperative has successfully covered all costs and deficits. The amount of the third payment cannot obviously be stated at this point in time, but it is hoped that it should be at least an additional \$10.00 per 100 weight. Therefore, it is the intention of CPGCA to pay the farmer at least \$70.00 per 100 weight with a guaranteed payment of \$60.00 per 100 weight. *

With the establishment of a pricing program it was now possible to present to the BOD a workable budget recommendation based on their new pricing policy.

I approached the problem of presenting a budget to the BOD before a pricing policy was set, by preparing two different budgets. The first budget, which resulted in a net loss of over \$800,000, was based on the existing price policy at the time of the BOD meeting. The second budget was based on the assumption that the information that was about to be presented to the Board was to be used as a basis for a sound pricing policy.

As mentioned earlier, the Board did arrive at a policy decision and the second budget was therefore used as the first draft. Although it still has to be approved by the Finance Committee on Friday, the 4th of May, the first and main hurdle concerning purchase price has been overcome.

SOUTHFIELD (St. Elizabeth/Manchester Co-operative Growers Society)

Cooperative Education

I attended three branch meetings this month with Mr. W. Nedrick of MACD:

2nd April Flagaman

5th April Yardley Chase

10th April Rose Hall

The same theme was used at all three groups: communication and organization. Information concerning the function and facilities of the PMO at Southfield was presented and we stressed that in order for the branches to fully benefit from the PMO they must be organized and well informed. We encourage them to form committees which will represent them and which can be used as a forum for communication.

* This information can be found in:

1. 1984 Potato Crop Marketing Recommendations, by Matt Tokar
2. 1984 CPGCA budget

Stock Control - Business Management

I visited the Co-op on two occasions to follow up on the stock control system being implemented there. On the 10th I followed up my promise to the BOD to do a study on their sales margins and volume in order to see if they were on the right track. The CPGCA budget project has kept me from completing a report on this, but it should be ready in May. I also promised the BOD that I would develop a rough outline of the personnel requirements of the new PMO with job descriptions of the middle management and staff. This should also be completed in May.

DOUGLAS CASTLE (Mason River Marketing Producers Association)Accounting System

I met with the secretary of MRMPA, Mr. Drummond, on the 3rd of April, along with Mr. Chambers and Mr. Herbert of MACD, to implement the new "pre-marketing" accounting system. The "on the job" session went very well, and since I didn't want to overburden Mr. Drummond with too much information on the first day, we arranged to meet again at a later date.

PMO - GENERAL ACTIVITIES"Pre-Marketing" Accounting Workshop

It was determined at the Marketing Extension Meeting at MACD on the 30th of March, that it was essential that a workshop be held to educate extension officers, as well as those at the various PMOs who are keeping the records, on a standardized system of bookkeeping. I conducted the workshop in coordination with Miss. Marcia Vaughn of the Training Section of MACD, as well as Mr. Samuel James of the NUCS Cooperation College. It was held on the 12th of April, at the Christiana Potato Growers Co-operative Association, and was attended by about twenty-two people. A list of participants has been attached as well as the agenda. A package of course material can be available on request.

Thomas H. Carr
ACDI/USAID/MACD
May 1, 1984

MEMORANDUM

TO: The Director
Ministry of Agriculture

FROM: Thomas Carr
MACD
Christiana

SUBJECT: Monthly Report - May 1984

DATE: June 1, 1984

The main emphasis of this report will be to review the CPGCA potato pricing situation and to provide an update on events that occurred in May.

CHRISTIANA -CPGCAPotato Marketing

My last report for April mentioned the decision that the BOD of CPGCA took regarding the potato purchase price policy, which put the payment into a three stage system of \$50.00 up-front, \$10.00 later in August or September, and a bonus at the end of the financial year if there was a surplus. But due to member pressure the BOD decided to meet again on the 4th of May to review the situation. The general consensus was that since production of potato was being hurt by a drought, volume would be less than anticipated (about 4,000,000 lbs; down from 6,000,000) and that the Co-op could afford to increase the advance payment to \$60.00 and second payment and bonus would remain the same.

They also agreed that a Special General Meeting would be called on the 8th of May to inform the members of this increase and to explain the financial reasons for the policy (see memo, May 4, 1984 to Director MACD). However, the meeting on the 8th became a bit "hot" and during the debate it was decided to increase second payment to \$20.00, making the total payment \$80.00/100 wt. In my opinion there is no reason to even consider the payment of a bonus since I doubt there will be one.

The Board met again for a regular BOD meeting on the 25th (minutes will be forwarded when made available) and it was again emphasized that production would be much less than anticipated (between 3,000,000 and 3,500,000 lbs.).

Budget

The Financial Committee met on the 30th of May to discuss the proposed CPGCA budget. Discussion was productive and after three hours the 1st draft of the budget was approved. I now need to update certain accounts and prepare a final draft as well as arrange a budget control system with the Financial Controller, Mrs. Lowe. I also intend to set up a budget control program in the computer, which will make monthly comparisons between expenditures and monthly budget limits.

Kellits Farm Store

I made six visits to Kellits Farm Store this month in order to train the new Manager who has been assigned there. On-the-job training is extremely important, especially when it concerns someone with no previous experience in farm store operations. I have prepared a job description for the manager, as well as a weekly inspection schedule for whoever inspects the Kellits farm store from CPGCA. I have emphasized the importance of a trained inspector to the Secretary/Manager of CPGCA, in order to keep the operation there at a viable level and this training will take place in June at Kellits.

Member Education

Due, in part to the behaviour of the membership during the potato price controversy, I have concentrated this month on research for a program involving the improvement of member relations at CPGCA. A rough draft has been prepared and a formal program will be drawn up early next month. I have had several discussions on this subject with the Chairman, Secretary/Manager and a few Directors and have used this feed back in the preparation of this long overdue program. Their support and participation as well as involvement of the CPGCA staff is essential to the success of this program.

SOUTHFIELD

AGS

With the assistance of Matt Tokar, an analysis of personnel requirements for both the farm supply and marketing operation was prepared and a final draft should be ready soon. This should provide the BOB of Southfield with essential information necessary for the selection process for management staff of the AGS. A copy will be provided to the Director's office of MACD first for comments and approval before being submitted to the Board at Southfield.

Matt Tokar and myself visited Southfield for an inspection of the construction site, and I held a discussion with the accounting clerk concerning the role of the accounting staff in the upcoming marketing program.

Budget

I have done preliminary work on the Southfield budget for the business as it exists at present. I will also prepare a budget concerning the AGS operations for a one year period. These two budgets should be ready by June and July respectively.

MASON RIVER FARMERS CO OPERATIVEAccounts

I met with Mr. Drummond of the Douglas-Castle PMO along with G. Herbert and C. Chambers of MACD to update the PMO's books. Once again an important receipt book seems to be lost, so no conclusion as to their financial position can be made at this time. I set up another date to reconcile this "missing" book with other records that were available but on my arrival I found that Mr. Drummond had a vehicle breakdown, which caused us to reschedule the date to next month.

GENERAL ACTIVITIES

I attended a meeting at the MACD office on the 7th of May to discuss the potato marketing situation at Christiana and Guy's Hill area. This meeting which was chaired by the Director of MACD, was attended by representative from JAS, AMC, MACD, and CPGCA. Although production volume was discussed, the real emphasis was on the financial constraints that prevented CPGCA from purchasing potatoes. Unfortunately representatives from ACB were not present at this meeting and no decision could be reached.

Mr. Robert Flick the ACDI Project Officer for Jamaica, arrived in Christiana on the 21st for discussions with Matt Tokar and myself. On the 23rd, Mr. Flick, Matt Tokar and myself met with the Director of MACD to discuss the present situation of the marketing project.

OBJECTIVES - JUNE

- Final draft of Member Relation Program CPGCA
- Final draft of CPGCA Budget
- Final draft of Southfield Budget
- Training of a CPGCA Inspector for Kellits farm store
- Further training of Kellits Manager
- Completion of Douglas-Castle PMO accounts
- Study of Guy's Hill accounting situation
- Study of Dias' accounting situation

Thomas H. Carr
ACDI/USAID/MACD

June 1, 1984

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
MACD
Mandeville

SUBJECT: Monthly Report - June 1984

DATE: July 2, 1984

CHRISTIANA - CPGCAPotato Marketing

The first "draw-down" of \$1,000,000 from Agricultural Credit Bank was finally passed to the Co-op and potato purchases started this month. ACB stipulated that the loan could not be used for anything other than direct potato purchases and would examine purchase vouchers to verify that this was done. This first part of the loan request was exhausted after two weeks and another draw-down of \$1,000,000 is needed immediately to continue purchases.

Seed Potatoes

I have presented the Management and Board of CPGCA with some suggestions for purchasing seed potato for 1985. Some new and rather radical ideas will have to be implemented to ensure that CPGCA keeps up with modern business trends. (See memo: Seed Potato 1985, June 14, 1985). Some of the proposals involve purchasing much smaller seed, reducing number of varieties, eliminating the system of price averaging and making booking fees non-refundable. Higher prices, smaller seeds and non-refundable booking fee will reduce the volume required and should eliminate that portion of seed imports that is usually sold for consumption. A reduced order for 1985, that would still provide adequate seed supplies to serious farmers, would reduce the demand on foreign exchange, reduce the loan required by CPGCA and consequently, reduce transport costs, interest payments and handling costs.

A report on the 1984 Potato Seed situation is being prepared to illustrate how the currency devaluation of late 1983 and early 1984 created serious financial losses for the Co-op. The question rises whether CPGCA should bear these losses alone. A study is currently under way to analyse the system ACR used to calculate interest charges and currency exchange rates.

Budget

The approved budget is being adjusted and the final report should be ready soon. An analysis was carried out using a four month comparison and many expense items are on target. Those that are not, are being investigated by the Financial Controller.

The original revenues estimated are not accurate, especially for the export crop section. Gross profits of over \$600,000 will more likely be closer to \$150,000 and the Farm Store revenue had to be reduced due to decrease in sales volume. Due to these revenue decreases, and the substantial losses incurred by seed potato, the success or failure of the Co-op lies totally with the marketing of table potatoes. (See final Budget - CPGCA 1984).

Farm Store

The new management at Kellits has been trained and appears to be doing very well. Expenses are down, sales are up, product losses have decreased to nil and cash is well controlled. I have prepared an inspection check list for the CPGCA staff to use when checking Kellits and have instructed the CPGCA farm store manager in its use.

The Secretary/Manager, Mr. Leslie, has implemented a new system of control over cash and stock at the Christiana Store and has instituted some personnel changes which should solve the problems at that Store.

Meetings

The BOD of CPGCA met on the 22nd and the Finance Committee met on the 29th. Minutes of these meeting will be forwarded as soon as they are produced.

SOUTHFIELDBudget

I worked with the Southfield staff on several occasions this month for the purpose of preparing a budget. At a final meeting on the 27th with the manager, Mr. Ebanks, a first draft was prepared and will be presented to the BOD at their next meeting.

Market Exercise

A series of meetings were held at Southfield to discuss and plan for a marketing exercise between the Co-op and Supercenter in Kingston:

- 15th Board of Director's meeting.
Program was presented to BOD by MACD and approved. A Marketing Committee and a Marketing Team was set up.
- 19th Market Committee Meeting.
Delegated Authority to analyse program to market team. Proposed Mr. Elliot as Market Manager.
- 21st Market Team
Determined crops, farm gate prices, and purchase system.
- 27th Market Committee Meeting.
Reviewed program and material with Market Team.
- 29th Southfield Management met with personnel from Supercentre to discuss details of program; product, prices, time of delivery, etc. Exercise to start 1st week of July.

Although Matt Tokar is off on leave in July, his counterpart R.C. King will supervise the product movement and packaging aspect of the program. My counterpart, W. Nedrick and myself, with the participation of Mr. Elliot, the Marketing Manager, will set up the documentation, accounting and finance side of the exercise.

MASON RIVERAccounts

I visited the Douglas-Castle PMO on the 13th, and 20th with the intention of concluding the accounts exercise that I have been doing there for the past two months. After numerous visits and many hours spent there, we have still reached no conclusion. Missing receipt books and the attempt to "reconstruct" them have caused delays and we are still not at the stage where a statement of account can be drawn up. I have scheduled more meetings for next month and hopefully some conclusion can be reached before the AGM on the 17th.

DIAS

I visited the Dias PMO for the first time on the 21st and H. Lindo, the MACD Extension Officer for that area met me and worked with me on that day. I met with several committee members and farmers of the different areas and was impressed by their enthusiasm and interest in the project. I also inspected the accounts and found them in very good order. I have scheduled another meeting in July with H. Lindo in order to instruct him on some banking transactions, and to meet with the Steering Committee.

GUY'S HILL

I met with the Guy's Hill PMO "team" on the 12th to analyse the financial situation there in regards to membership and method of accounting. Although their methods are a bit unorthodox, it appears that a proper accounting system can easily be implemented there. Another date to do this was made, but had to be cancelled and consequently, another date has been made for July.

GENERAL ACTIVITIES

Matt Tokar and myself met with the new Director for MACD on the 18th. The main topics were the change of office from Christiana to Mandeville, the establishment of counterparts and the vehicle situation.

On the 25th of June, Matt Tokar and myself were officially moved to the Mandeville office of MACD, and I was introduced to the Regional Director, later, on the 1st of July.

OBJECTIVES - JULY

- Final budget report - CPGCA
- First draft of Southfield budget
- Completion of Douglas Castle Accounts
- Start Guys Hill's accounts
- Expand Dias's accounts to include bank transactions
- Supervise Southfield market exercise
- Seed Potato 84 report

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
MACD/ACDI/USAID
Mandeville

SUBJECT: Monthly Report - July, 1984

DATE: August 1, 1984

CHRISTIANA - CPGCA1984 Seed Potato

A final analysis was made on the 1984 seed situation and the results could not be more depressing (see memo: Update on Seed Potato Costs 1984, July 9, 1984).

Here is a breakdown of costs per bag:

Ave. Purchase cost	\$74.21
Handling cost	3.40
Finance cost	6.12
Shrink loss	<u>1.36</u>
Total	\$85.09

Since CPGCA sold each bag at \$80.00 there was a loss of \$5.09/bag or a total of \$321,422. This does not include the cost of storage or administration costs, which would probably raise that amount to over \$500,000.

This substantial loss could not have been foreseen due to the unpredictable nature of the foreign exchange rate at the end of 1983. CPGCA could have handled an exchange rate increase up to \$3.30, but the final average rate figures out to be \$3.83.

The original estimated cost of seed (based on \$2.96), valued at about \$1,000,000 US, was about \$3,000,000 JA. As mentioned before the margin could have absorbed an increase to about \$3,500,000 JA (or about \$3.30). But Agricultural Credit Bank has informed CPGCA that the final amount would be about \$4,000,000, almost \$1,000,000 more than originally anticipated.

The management of CPGCA and myself have calculated that using the exchange rates at time of delivery (since the letters of Credit were Payment on Sight) the total purchase cost should be closer to \$3,500,000. We are now waiting word from ACB on this matter.

1985 Seed Potato

A set of proposals concerning procedures for purchasing seed potato for 1985 was presented to each Board Member of CPGCA (see memo: Seed Potato 1985, June 14, 1985). These proposals were discussed at the Board of Directors meeting on the 27th and the main theme behind the discussion was how to decrease the amount of foreign exchange used for the importation of seed, while at the same time maintain the same level of production.

It can be assumed that about 25% of 1984 imported seed was never planted, but, due to its large size, was sold on the open market as a table potato. The objective of the board was to prevent this from happening again in 1985. It was agreed that one method would be the importation of much smaller seed (35mm to 40mm) at a higher price which would also decrease the volume of seed (by about 25%) needed to plant the same amount of acreage in 1984.

The objective of importing only 30,000 bags in 1985 compared to 56,000 bags in 1984 could be reached by:

- (1) eliminating the 25% of seed that were consumed
- (2) decreasing the size of seed

Number of Bags imported 1984	56,000
Less 25% consumed	-11,000
Less 25% for smaller seed size	<u>-14,000</u>
	28,000

The Board approved the following proposals:

1. Import smaller seed.
2. Raise booking fee to \$30.00.
3. Make booking fee non-refundable.
4. Eliminate the average price calculation between Dutch and Canadian seed and charge two separate prices.
5. Base all purchases at \$4.20 JA to \$1.00 US.

I believe that the price of seed will rise substantially, due to the purchase of smaller seed which is a few dollars more per bag, and due to the elimination of price averaging. Also using \$4.20 as a set exchange rate will also raise the cost, but I agree that these methods are absolute necessary in order to ensure that CPGCA does not lose another 1/2 million dollars as it did in 1984 (though no fault of its own).

SOUTHFIELD

Budget

The first draft of the 1984 budget as well as the 1983 accounts were presented to the Board on the 20th of this month. There was not much time for discussion, so they will be brought up again at the next meeting.

Marketing Exercise - Supercenter

The first delivery of produce totalling 2,101 lbs was made to Supercenter on the 4th of July. A 20% Gross Margin was made amounting to \$310.30. There were two more deliveries made on the 11th and 25th with gross margins of \$3,202.00 (52%) and \$403.00 (24%) respectively.

I travelled to Southfield on the 9th, 10th and 26th to work with Mr. Elliot who is currently acting as Marketing Manager. We developed purchase and sale documents as well as a produce purchase/sales book. I drew up some forms which could be used for weekly summaries and checked on accounting methods being used for the exercise.

I am trying to convince the Southfield management to improve the vehicle accounting method and to break-down vehicle usage/costs among the various accounts. This is vital to effective cost accounting and I am hopeful that they will accept my suggestions.

Peanut

The first peanut delivery was made to JAYANA LTD. on the 4th of July (coinciding very nicely with the first delivery of produce to Supercenter). Although the huller was not cleaning the nuts as effectively as was expected (thereby resulting in the hiring of workers to hand-sift the nuts) the peanuts were of good grade and were delivered on time.

Although I included a section for the peanut operation in the Southfield budget, I met with Mr. Ebanks on the 26th to update and analyze the whole operation. On the suggestion of Mr. R.C. King of MACD Central Region, it was decided that Southfield should stock up on a 10 week supply of nuts to bridge the gap between spring and fall crops. This would guarantee a steady weekly supply to JAYANA and would satisfy the terms of the contract.

Financing for this stock pile would require about \$150,000 order, and on the suggestion of Herbert Knight of MACD, I developed a viability study/loan proposal report which can be used to procure a loan from ACB with MACD acting as guarantee (see Loan Proposal: Peanut Operation - July 26, 1984).

MASON RIVER

Accounts

After three more visits to Douglas Castle on the 5th, 11th and 12th I finally succeeded in establishing a financial position for the Mason River PMO. The analysis has been enclosed on a separate paper in this report.

Due to the amount of share and member fee collected on the morning of the AGM (about \$960.00) the total cash received has increased to about \$2,336.00 and when expenses of \$1,139.90 are subtracted, cash on hand comes to about \$1,496.10. This financial position was presented to the members at the First Annual General Meeting which took place on the 17th.

I met with C. Chambers (MACD) Grey Hubert (PCV/MACD), F. Drummond (PMO) and H. Douglas (PMO) on the 24th to supervise a handing-over of duties (Secretary and Treasurer) between Drummond and Douglas.

GENERAL ACTIVITIES

I attended the MACD Extension Staff meeting on the 2nd.

I participated in the NUCS Annual Congress and AGM on the 5th and 6th in Ochio Rios.

OBJECTIVES. - AUGUST.

- Compile Guy's Hill Accounts
- Expand Bias Accounts to include bank transaction
- Supervise Southfield's market exercise
- Follow up on ACB 1984 seed potato loan to CPGCA
- Half year accounts/budget analysis CPGCA
- Follow up on Peanut Loan to Southfield

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
MACD/ACDP/USAID
Mandeville

SUBJECT: Monthly Report - August, 1984

DATE: September 3, 1984

CHRISTIANA POTATO CO-OPFinance

A mid-year financial analysis was completed this month using the computer run-out for the month of June (see memo: Mid-year Financial Analysis, August 27). Christiana Potato Growers Co-operative Association is operating at a loss of about \$98,000 for the period ending June 30, and this trend seems as if it may continue to the end of the year. Although most expenditure accounts are following the 1984 budget fairly closely, anticipated revenues from the farm store and export crop operation have not been realized, thus causing the large imbalance of costs over revenues. The main theme of the report is that only an intelligent marketing strategy for table potato will prevent the Co-op from serious losses. Some advice towards this strategy will be presented to the Board and management by Matt Tokar and myself in the next two weeks, and this report will be made available to all concerned parties.

While working on the financial analysis I developed a financial report form which can be easily compiled by the Financial Controller every month, and submitted to the Board, MACD and management of the Co-op. MACD should request this three page form from CPGCA at the end of each month.

The ACB - CPGCA seed potato loan dispute which was described in my July 1984 report is still unresolved. The amount in question, over 1/2 million dollars is a substantial amount of money which affects both the Co-op's liabilities as well as the trading accounts. I am not sure how close we are to a solution (I started the process back in June) but I am surprised at the seemingly lack of interest to solve the problem, especially when one considers the size of the amount in question.

Inventory Procedure

On the 22nd I instructed a few key people in a more efficient method of stock taking than what had been used previously, and the next day (23rd) stock was counted using this new procedure. This exercise was followed by an updating of all stock cards and a revamping of the posting system. It is recommended that either the inventory control system be computerized (which is very possible) or a better stock record system be purchased and implemented.

Computer

Mr. Lyman Conover, a computer systems analyst, a consultant with the Washington firm, Checchi and Co., who is assigned to the ACB under an USAID short term contract, came to Christiana on my request to offer unbiased advice on the present computer system and the software programs being used. He agreed that the Co-op didn't need the IBM system 36 that IBM had tried to sell CPGCA, but he did advise that a large storage capacity would be beneficial. He offered to investigate the possibility of purchasing a second hand storage unit, which could be interfaced with our model at a fraction of the cost of buying a new system.

Mr. Conover also suggested that the Co-op implement a check writing program which would save hundreds of man-hours, and which could be implemented using the existing equipment. The main purpose of his visit was to determine whether the member register could be stored on one or two disks. Although total membership over the past twenty five years has accumulated to over 15,000, active members may be no more than two or three thousand. This being the case, a master list could be drawn up on the computer for share capital/membership while active members would have on-going accounts. Since he is still investigating the possibilities, more of this subject will be reported at a later date.

Seed Potato

The seed potato program for 1985 which was described in last month's report, has been started this month. Meetings were held at every group branch to explain booking procedure, varieties offered, prices and seed size. Attendance at these meetings was quite poor ranging from five to forty with the average about twenty. With twenty-four groups, at twenty members per group, a total membership of 480 farmers was reached during this exercise. What happened to the 15,000 members?

Groups have started making bookings (at \$30.00/bag) this month, and second payment of \$20.00/bag for the spring crop has been so scheduled to assist farmers with booking fee.

SOUTHFIELD

NUCS

Since there was some confusion among the Board and management of Southfield concerning the role of NUCS in the PMO program, Mr. H. Deltrick, General Manager of NUCS, came to Southfield on the 1st to address the Board on this subject. Due to poor attendance, however, it had to be postponed to the 10th, when Sam James, head of the NUCS/PMO education program, advised the Board on the program.

Peanut Operation

On the 8th I worked with Mr. Ebanks, Manager of Southfield, in recalculating peanut processing statistics using real numbers obtained from recent operations. Since volume of clean nuts per bushel dropped from 15 lbs to 12.6 lbs it was no longer viable to operate under the present conditions, especially seeing the purchase price of a bushel was \$42.00. (see enclosed statistics)

Mr. Ebanks and myself met with Mr. Tang of Jayana Ltd. in Kingston on the 16th to negotiate new terms of the contract. He agreed that: (1) sale price be increased from \$3.50/lb to \$3.83/lb for the next six weeks, and (2) an additional \$0.10/lb be paid on all previous deliveries (about \$3,000.00). After six weeks a new sale price will be negotiated.

Board Meeting

The board met on the 24th to review the report on the Co-op's operations which had been drawn up by Mr. Smith, a private consultant, contracted to the Co-op Department. Many of his recommendations (stock control, vehicle control, budget) have already been implemented by the manager with my assistance, and others will be followed up.

The 1983 audit which showed a deficit of \$12,000 was reviewed by the Board and the 1984 operating budget was also discussed. An updated financial report prepared by the manager was distributed and used to present the present financial

situation as of July 31st (which wasn't good - a loss of \$9,258). At this meeting four different financial documents were shown to the BOD and discussed at length. The members are fully aware of the situation and are as well briefed as any board could be.

The BOD agreed to hold their AGM on November the 10th at 10:00. Meeting at all the branches have to be held to elect delegates.

MASON RIVER PMA

I visited Douglas-Castle on three different occasions this month (2nd, 7th, 21st) to work with Mr. Drummond on the accounts. Despite all the receipt problems, the cash book is now complete, all cash is accounted for and has been handed over to the Treasurer for deposit in the PMO's bank accounts.

Mr. Drummond and the Treasurer have been instructed in the accounting procedures for bank/cash transactions.

It is now time for the PMO to do something other than collect shares and hold meetings. After two years they are ready to start a small scale marketing program and a small farm store holds high interest among members. This could easily be started through a cooperative effort with Kellits farm store which is operated by CPGCA.

DIAS

A trip to Dias on the 14th proved fruitless when Mr. H. Lindo failed to meet me at the agreed time.

GUY'S HILL

I worked with Ms. Olive Downer and Mrs. Russel on the 15th to organize their documents and receipts. Although much was accomplished there remains a lot to be done.

OBJECTIVES - SEPTEMBER

- Present mid-year financial analysis to Board of CPGCA
- Compile and present report on table potato marketing to Board of CPGCA
- Follow up on ACB 1984 seed potato loan to CPGCA
- Compile Guy's Hill accounts
- Develop 1st draft AGS/Marketing budget for Southfield.

receival/delivery book was designed which can be used for stock inventory as well as a check and balance against comparable books at head office. Prior to this new system there was no co-ordination of records between camp and head office nor were any reconciliation done to determine accuracy of accounts.

Finance/Marketing

The mid-year Financial analysis prepared last month was presented to the Finance Committee on the 25th in co-ordination with the presentation of the marketing situation by Matt Tokar.

The Financial Report explained the seriousness of the decline in anticipated revenues in relation of rather high overhead costs, as well as how the substantial deficit of 1983 will affect the Co-op's ability to finance future operations. The marketing report meshed in very well with this presentation since only an improvement in the present marketing policy will allow the Co-op to operate effectively. The situation is extremely serious and interested parties should read the following memos: Mid-year Financial Analysis - CPGCA, 29.8.84 and Table Potato Marketing Analysis 1984, 21.9.84.

The Finance Committee received the presentation with interest but with a noticeable lack of real concern especially toward the marketing situation. Only time will determine whether our predictions are on target, and it is totally up to the Board whether the Co-op survives or not. It's a shame that the Board doesn't take the advantage of fully utilizing two technical advisors when they have them at their disposal.

SOUTHFIELD

Due to the preparation and presentation of the financial report to CPGCA I made only one visit to St. Elizabeth/Manchester Co-op this month. The Board met on the 27th and the minutes will be forwarded when they are prepared.

MASON RIVER PMA

Sam James (NUCS) and myself conducted an education seminar for the BOD of Mason River on the 11th. Sam covered the "role of the Board" and I presented the "PMO operation and Co-op marketing concept". It lasted most of the day with NUCS providing lunch and concluded with a regular Board Meeting. Also participating in the discussions were Matt Tokar and Alan Poole.

One of the main topics brought up during the seminar and later during the Board Meeting was the procedure for hiring a Manager, so the PMO can start marketing operations. They have every reason for wanting to start after two years of meetings and discussions. I believe that NUCS should include Mason River in its management training project.

GUY'S HILL

After two visits this month (7th and 26th) to Guy's Hill, the records are finally completed. Both the Members' Register and Cash Book have been posted, cross checked and reconciled and Mrs. Russel has been trained in proper bookkeeping methods. However, there is a cash short problem that should be resolved as soon as possible (see memo: "Accounts/Cash Situation at Guy's Hill - 27.9.84).

Due to the problems these new PMO's are having with their receipt books (those used by steering committee members) I suggest that all shares and fees be collected at a central location or that training session be held to teach members how to write receipts. Even Douglas Castle and Guy's Hill, which have had numerous instructions from me regarding the correct documentation procedure are still experiencing difficulties in keeping money and records straight due to lack of discipline or understanding. A centralized collection/recording system could solve this, but would have to be approved by all members.

OTHER ACTIVITIES

- Sept. 3 - Kingston: Co-ordination meeting between NUCS and MACD.
- Sept. 14 - Mandeville: Discussion with MACD Director and Matt Tokar on CPGCA situation.
- Sept. 28 - Christiana: Planning session with Sam James of NUCS for future training sessions. _____

OBJECTIVES - OCTOBER

- Develop 1st Draft of Southfield AGS operating budget.
- Attend 2 or 3 courses at Eltham Training Centre

MEMORANDUM

TO: The Director
MACD
Ministry of Agriculture

FROM: Thomas Carr
MACD/ACDI/USAID
Mandeville

SUBJECT: Monthly Report - October 1984

DATE: November 5, 1984

CHRISTIANA POTATO CO-OPACB

As a result of the meeting held between CPGCA management and officials from ACB on September 6, the ACB account has been adjusted by \$146,693.54 but this is a reduction due mostly to a recalculation of the US dollar value of the original loan. The controversial method that ACB used to calculate the Jamaican dollar value and related interest charges are still in dispute. CPGCA is still insisting that an additional J\$350,000 should be deducted from the original seed loan and that the ACB interest charges be recalculated. Although ACB, through J. Batchelor, has admitted that the Jamaican dollar amount of the seed loan was over inflated, I am not encouraged by the lack of interest ACB is showing to solve this problem.

Marketing

I was pleased by the result of a study done to compare purchases of potatoes at the branch level to the volume of potatoes actually received at the warehouse. Last year the difference between purchases and receivals was over 102,000 lbs or more than 1,000 bags which represented a loss of about \$62,000. This year (spring crop) the difference was only 50 bags with a value of about \$4,000. The vast improvement was probably due to an improved acceptance and documentation procedure at the warehouse, as well as a strong warning to those who were in charge of accepting and transporting potatoes from the groups. Let's hope that next year can be even better.

BOD Meetings

There were two BOD meetings this month; one on the 5th (postponed from September) and the other held on the 26th. Mr. D.B. Irving, Director of MACD, along with Sam James of NUCS attended the first meeting. Although financial matters are still not discussed in depth at these meetings, which is unfortunate considering the Co-op's precarious economic state, the Board does seem to finally understand the seriousness of their marketing situation and has accepted somewhat belatedly the information that Matt Tokar and myself presented to them regarding both the financial and marketing positions. Whether or not they will take our advice is still another question. If we have made any impact on the Board it is to make them aware that the Cooperative is in serious financial trouble, and that they will have to change from this self-centered style of directorship to that of a Board which is representative of the members of the Cooperative and which has the viability of the business as their major objective.

There was also a Group Secretary Meeting on the 24th during which the participants were informed about the present condition of the Co-op and why the fall crop would be purchased at \$80.00. Representatives from MACD, Kingston, conducted a presentation on potato quality in the afternoon session.

ST. ELIZABETH/MANCHESTER COOPERATIVE GROWERS SOCIETY

AGS Budget

The main objective this month was to complete the 1st draft of the Southfield AGS budget. The intention of this draft was to compile a budget which was as specific and realistic as possible. With considerable assistance from Matt Tokar who compiled information regarding purchases costs, volumes and variable costs, the budget was prepared in time for the meeting at MACD, Kingston, on October 1st, which was attended by personnel from MACD and NUCS. The meeting was extremely productive and several key problems were brought up and discussed. The presentation of a detailed budget raised many questions concerning such issues as insurance, employees, advertising and depreciation. Major topics concerning financing, transportation and chain of command were discussed at length and are to be further analysed.

A second draft was developed incorporating suggestions brought up during the meeting and was presented to the BOD of Southfield the following day (19th). Although time was insufficient to discuss it at that meeting, copies were given to those Directors on the Marketing Committee and it will be discussed at a later date.

I strongly suggest that this AGS budget be used as the foundation for an AGS business plan and be fed into the computer program which has already been developed specifically for this purpose. As the start up date for Southfield draws nearer, changes can be expected to be made as more realistic up to date data is collected and fed into the program. By following this procedure one can keep the budget current and relative despite the numerous input changes.

GUY'S HILL

There was a Board of Director's meeting on the 30th to discuss the cash shortage situation. Due to the fact that the money unaccounted for (\$1,067.00) was probably used for the Area Council business, Mr. Martin suggested that Area Council money (which he had control over) could be used to make up the shortage. I applaud Mr. Martin for this decision and I hope that with the completion of the books and the opening of a bank account that this problem does not arise again.

MASON RIVER

The Board met on the 9th for a two hour training session with Sam James, which was followed by a regularly scheduled Board Meeting. The board is anxious to start a marketing program and immediate attention should be focused on hiring a manager and settling the land acquisition issue.

OTHER ACTIVITIES

- October 8th - Eltham Agricultural Training Centre:
Attended one of the courses that related to PMO development.
- October 31st - Astra Hotel, Mandeville: Assisted Sam James of NUCS in conducting a marketing seminar for the Board of Southfield and Christiana Co-ops.

OBJECTIVES - NOVEMBER

- My contract terminates the 13th of November; therefore.. I will be concentrating on tying up loose ends in regards to specific programs I had initiated at the various PMOs.
- Most of my last few days will be spent compiling my final report which will be submitted after the 13th.