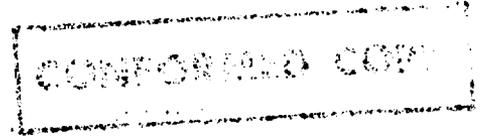


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99083



PROJECT ASSISTANCE COMPLETION REPORT

Project Title: West Indies Tropical Produce Support Project
Project Number: 538-0163
Funding Period: 9/29/89 to 3/31/96
LOP Funding: \$10,800,000
Implementing Agencies: Organization of Eastern Caribbean States and Caribbean Agricultural Research and Development Institute
PACD: March 31, 1996

PROJECT PURPOSE

The purpose of the Project was to increase regional and local capacity to export non-traditional agricultural commodities in the seven member countries of the Organization of Eastern Caribbean States (OECS). The seven countries, Grenada, St. Vincent and the Grenadines, St. Lucia, Dominica, Antigua and Barbuda, St. Kitts and Nevis, and Montserrat have a total land area of 1,063 square miles and a combined population of approximately 580,000 people. The Project also focused on strengthening the OECS, the Caribbean Agricultural Research and Development Institute (CARDI) and exporter associations in the region. It concentrated its resources on four areas: product quality and quantity, post harvest handling, transportation, and market knowledge. The Project purpose, or rationale for funding the project, stemmed from the realities and constraints of the existing non-traditional agricultural product marketing system in the Eastern Caribbean sub-region, which was (and to a lesser extent still is) characterized by small size, historical dependence on single export crops to protected markets, and an over reliance on government involvement in the productive sector.

BACKGROUND

Improving the performance of the agricultural sector is extremely important to increasing economic growth in the OECS region. Agriculture has been one of the two leading sectors, the other being tourism, which make a significant contribution to the regional economies. Excluding government, agriculture is the largest economic sector in each of the OECS countries, except for Antigua, where tourism dominates.

The traditional agricultural export commodities, largely bananas, sugar and sugar products, and spices, account for a significant part of the total exports of the OECS countries. The TROPRO Project began at the time when many, including USAID and the regional governments, thought that the OECS countries were threatened with the loss of their traditional protected markets for bananas and sugar in the United Kingdom, by the creation of a Single Market by the European Union. The Project, therefore, directly supported the plans of the OECS countries to diversify their agricultural export base in the face of this perceived threat. It was in fact, a threat that did not materialize when expected. However, the day when OECS exports must face full competition in the European Market was only delayed until a later date, and still faces them within the next 5-7 years.

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In response to this situation, the OECS countries outlined a strategy oriented towards (a) maintaining and increasing their market share in the ethnic market through increased reliability and quality of supply, (b) strengthening the development of potential "crossover" commodities that could go beyond the ethnic market, and (c) increasing sales to the U.S. market. The OECS Secretariat formed a unit called the Agricultural Diversification Coordinating Unit (ADCU) which was dedicated to promoting the export of non-traditional crops and coordinating agricultural diversification projects in the region. The TROPRO Project provided institutional support to this unit in an effort to help it to achieve its stated goals as mandated by the OECS.

The TROPRO Project, providing marketing support for OECS non-traditional crops, complemented a companion project, the Agricultural Research and Extension (AREP) Project, which provided research and extension support for diversified agricultural production in the region.

SUMMARY OF INPUTS AND ACCOMPLISHMENTS

Inputs

The Project was initially authorized at \$6.2 million. In June 1993 the authorized level of funding was increased to \$10.8 million. Only \$10.3 million was obligated. The Grantees provided about \$1 million in counterpart funds. The USAID funds were used to provide technical assistance, operational and logistical support costs for training, marketing information, agronomic trials, quality improvement, procurement of small equipment, logistical support and studies to improve air and sea freight of fresh produce, and limited infrastructure and facilities for improved storage of perishable agricultural produce. A detailed breakdown of the USAID funded inputs are shown in Table 1.

Table 1. USAID Funded Inputs (Illustrative)
(in U.S. Dollars \$'000)

Component	Expenditure
Field Operations	\$2,400
Technical Assistance	\$6,294
Commodities	\$538
Transport	\$30
Training	\$420
Project Liaison Officer	\$340
Evaluation and Audit	\$138
Dominica Diversification Activities	\$340
Total	\$10,500

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Accomplishments

- TROPRO has succeeded through its marketing strategy in increasing export revenues to exporters by shifting the marketing thrust from the low value UK market to the higher value US market and the growing intra-regional market.
- New products and new markets were identified as a result of TROPRO sponsored trial shipments. These included hot peppers to the U.S.; graham mangoes to the U.K.; dasheen to France and Miami; lemon grass to the U.S.; mangoes to St. Thomas, and white potatoes and onions from St. Kitts throughout the region. The market for eddoes into Miami was also expanded.
- Hot peppers, coconuts, mangoes, breadfruit, avocado, and golden apples all reflected phenomenal increases in export volume and value over the life-of-project.
- There were a number of commodities that exhibited high growth for the period 1988/90 to 1993, including June plum (golden apple), hot pepper, mango, breadfruit and coconut, off-setting high declines in exports of sweet potato (loss of Trinidadian market) and tannia (disease problems). See Section 4.5 for a discussion on export performance for individual crops.
- Introduction and adoption of OECS grades and standards and distribution of posters and commodity specifications have contributed significantly to the achievement of a quality product for export. These grades and standards could be further strengthened with the enactment of appropriate legislation in each OECS member state.
- Twenty-five commercial product specifications were developed and disseminated under the auspices of the TROPRO project and quality management assessments were performed on twelve OECS export operations in four countries.
- Sustainable improvements to packhouse operations have been made in five islands which are attributable to extensive TROPRO inputs of training, packhouse equipment, and crop guideline posters. The majority of OECS exporters now pack to international standard weights in product-appropriate cartons as a result.
- New commercial pre-cooling facilities are available to exporters since 1996 in Antigua, Dominica, Grenada, St. Lucia, and St. Vincent due to TROPRO procurement and installation.
- National Exporters Associations have been formed. However, more time is needed for them to develop management skills and to build a vibrant organization with active and cooperative members.

- An increasing number of exporters are becoming producers or are expanding their production (e.g. 50% of exporters in St. Lucia are also producers). This is a demonstration of confidence in their ability to retain their export markets.
- TROPRO as a regional project has been a powerful bargaining agent for freight rates from the OECS to extra-regional markets. TROPRO has successfully obtained lower air and sea freight rates in the region.
- OECS transportation schedules have improved during the last several years; TROPRO was instrumental in negotiating Geest container services for non-banana trade in the Windward islands, and in establishing weekly Amerijet service into Dominica (through initial provision of minimum guarantees).
- Cocoa dryers and hot water treatment tanks were procured under the project in addition to cartons, field crates, seeds, labels, temperature recorders, scales, wash tanks, pallet jacks, conveyors, etc.
- Rapid increase in acreage planted under hot peppers in the region as a result of successful variety selection and market development strategy. Pineapple acreage has also expanded significantly in St. Lucia (from 63 acres in 1993 to 130 acres in 1995) and also pure stand mangoes between 5 - 50 acres in St. Lucia, Grenada and St. Vincent and the Grenadines. This approach of singling out commodities and working with them in their entirety has been an area of high impact.

DEVELOPMENT IMPACT

The TROPRO Project has had a direct impact on beneficiary knowledge base, marketable quality, technology development and adoption, markets and marketing systems development, and exports.

OECS exporters on the whole are enjoying better trading relationships because of increased awareness of marketable grades; a reduction in spoilage and market claims; improvements in packaging; increased usage of palletization and containerization, and overall quality improvement.

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The ADCU has been strengthened. The staff has been trained in the management of fresh produce export marketing, and marketing information systems. The marketing information system remains in the ADCU and will continue to disseminate marketing information to exporters and producers. The agricultural diversification officers which were funded by the

Project have returned to their respective Ministries of Agriculture in a similar capacity to continue providing the link between production and marketing.

LESSONS LEARNED

- Project management was improved with a consolidated implementation unit consisting of the Grantees responsible for implementation, accounting staff, and the technical assistance team. During the first three years the major players were dispersed over four different islands.
- Earlier support should have been provided to high valued crops for the regional market, not only because of untapped opportunities, but because of the same variety and quality obstacles to extra-regional markets. Even maintenance of regional market share in ethnic produce is being eroded now by high quality suppliers.
- Training was initially handled through seminars in which participation was heavier from public support institutions, and infrequently transferred to the private sector. Emphasis changed over time to a one-on-one approach, utilizing postharvest specialists working alongside packhouse staff to carry out improved grading procedures for instance. The direct interventions produced much better results.
- A "roll-over" fund established by the project to enable exporters to pay farmers and purchase inputs prior to receipt of importer payment met with only partial success, primarily because guidelines for access were not always applied, resulting in misuse of a few, and rejection of deserving requests by others. Several successful trading relationships (in hot peppers, Asian vegetables, and mangoes) were initiated as a direct result, however, underscoring potential benefit.
- Liaison with the Ministries of Agriculture improved when diversification officers were appointed within the ministries to directly work with the project. This move, in retrospect, should have been made much earlier.

Drafted by: HBatson

Clearances: A/C/GDO:ROwens (04/18/96)
A/DIR:PBisek (04/19/96)