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**Commercial Agriculture Production and Marketing Project**  
**CAPM**

**End of Tour Report**

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## BACKGROUND

The need to establish economically viable alternatives for the small-scale, semi-subsistence Swazi farmer was one of the basic reasons for the formation of the CAPM project. The first phase of the project was largely a sectoral analysis of agriculture in Swaziland. The aim of this phase was to identify areas of opportunity that could be successfully exploited by Swaziland and any constraints to the realisation of these opportunities.

One of the accomplishments of phase one was to identify an opportunity for the Swazi small farmer in commercial horticulture, specifically high value vegetable production for local and regional markets. It was hoped that development of a commercial horticulture industry in Swaziland would provide an economic alternative to the subsistence farming, while allowing the Swazi small farmer to make a positive contribution to the national economy. Several obstacles to the immediate participation of the small farmer in this industry were identified. Several of the constraints identified included: lack of experience in the commercial production and marketing of vegetables, access to local and regional markets, and the need for some form of marketing entity to assemble and distribute the production from a number of small farmers.

Phase two of the project was formulated to address these constraints and to assist the Swazi small holder make the transition from subsistence farming into commercial agriculture. It was anticipated that the establishment of private marketing firms would create a market led demand for high value vegetables, that would stimulate the small farmer into production. In other areas, the project was to work with small farmers to improve their ability to produce quality vegetables in sufficient quantities to supply the market demand. In many ways, this phase was a success in that it demonstrated that the small farmer could and would produce commercially acceptable vegetable crops given a market for his production. Unfortunately, there proved to be problems with the marketing firms themselves. They found it easier and more profitable to source produce in South Africa to supply the Swazi domestic market; then to invest the effort in working with the small farmer to penetrate the regional markets.

Failure of the marketing firms to fulfil their role in the project, led to a new approach and the third and current phase of the project. Since the marketing firms were not sensitive and responsive to the needs of the target audience, the small farmer. It was thought that by constituting the farmers into producer marketing organisations that they would be better able to meet their own needs with regards to the grading, packing, and marketing of their produce. The objective of the current phase of the CAPM project states that, "....the capability of the small farmer organisations will be developed to organise and expand production, and to manage the business of packing and marketing horticultural produce. To achieve inputs to farmer organisations will include training, technical assistance, and a modest amount of commodities. In addition, technical training and assistance will be provided in all aspects of

commercial horticultural production". The CAPM team was charged with being "directly responsible for developing the capability of small farmers to produce commercial quality and quantities of horticultural crops; and for developing the capability of farmer organisation businesses to assemble, grade, pack, and market horticultural crops raised by their members as well as other nearby farmers".

I was recruited as the marketing and farmer organisation specialist under the third phase of the project and arrived in Swaziland in mid April, 1994. The CAPM project interested me greatly as it was similar to the Small Farmer Production and Marketing Project on which I had served in Jamaica as project director. I saw tremendous potential to develop commercial producer marketing organisations along the lines that had been so successful in Jamaica. Even physically, apart from it's proximity to the sea, Swaziland is very reminiscent of Jamaica. So it was with high hopes that the McAvoy family arrived in Swaziland.

### SCOPE OF WORK

#### **Marketing / Farmer Organisational Specialist (MOS)**

**Responsibilities:** This specialist will be responsible for all postharvest and marketing activities in general. S/he will identify markets for participating small farmers and will facilitate the marketing of production through linkages with marketing entities and provide advice and assistance to all parties involved. While doing this, the specialist will make certain that the project serves in an advisory role, and does not undertake the actual marketing nor is perceived as the marketer by project farmers.

The MOS will work closely with the Farmer Organisation/Agribusiness Advisory (FOA) and the Field Agribusiness Advisors (FAAs) to train farmer organisation members in the preparation and sale of produce, in establishing necessary infrastructure, e.g. packing houses, and in organisation operational systems necessary for the success of the targeted group.

The MOS should assure that by end-of-project the majority of produce grown by farmers will be sold through organised market channels. The specialist will also, through market development efforts during the project, have formulated a description of a systematic strategy for dealing with the most opportune markets in the region.

#### **Specific Responsibilities:**

- The MOS, assisted by the FOA, will help each targeted organisation to develop business plans and strategies to develop the organisations' capability to manage horticultural packing houses and market produce.
- For each organisation, the MOS, working with the organisation management and assisted by short term technical assistance, will develop and train farmer organisation personnel in their use: procedures manuals, operational systems, and support materials for all aspects of horticultural business management, operations and marketing.

- Identify markets, both domestic and regional, for small farmer produce. From these determine the most profitable and sustainable markets for each season.
- Develop seasonal marketing strategies for each organisation consistent with assessed abilities of organisational management, market requirements, logistics and communication requirements.
- Develop linkages between farmer organisations and SFPM firms and other marketing entities in the region. Train farmer groups in produce marketing contracting with such entities.
- Collaborate with CAPM team members in scheduling production and marketing activities including the development of a quality control program.
- Train farmers in post harvest activities including grading, packing, storage and pricing.
- Develop a training program for small farmer organisation managers and other agribusiness managers in skills required for successful participation in the marketing system.
- Identify needs for postharvest/marketing infrastructure and assist in development of plans and assist in development of plans and programs to meet these needs.
- Assume an advisory role with the activities of the SFPM firms and ancillary agribusinesses that are deemed to be important to the small farmer marketing system. Provide this advice in collaboration with the SBGT agribusiness advisor whenever possible, while at the same time assisting with the SBGT advisor's professional development to provide agribusinesses in the sector.
- Develop a program to provide market information to small farmer organisations and train them in it's use and in market function in general.
- Arrange for and conduct workshops and field days as well as observation tours throughout the region for small scale farmers and produce marketing company personnel, relevant to their needs.
- Co-ordinate feasibility studies for crop diversification through new crops or marketing at different seasons.
- Carry out all activities necessary for implementing the CAPM Management Information System as assigned by the COP.
- Supervise the local Farmer Organisation/Ag Business Advisor (FOA), assisting this person in matters related to training farmer organisation members and management in their duties and responsibilities.

Note: This scope of work was later amended with the recruitment of a long term Marketing Advisor, who assumed responsibility for much of the marketing activity and a data management specialist, who took over implementing the CAPM Management Information System.

## CHRONOLOGY OF ACTIVITIES

April 14, 1994 - Arrive in country.

April 15 -June 1, 1994 - Conduct work shop and training of farmers and steering committees on organisation structures. Select organisation form (Co-op) with farmer groups. Establish rudimentary pack house at Siphofaneni. Arrange for transport for farmers produce to SFP. Procurement of lug boxes for all groups. Development of lug box control system for co-ops(not followed in any co-op). Maintain weekly visits/training sessions with three farmers groups at Northern Hhohho, Siphofaneni-Sithobela, and Vuvulane, in areas of business management, organisational development, marketing, etc.. Conduct workshop in collaboration with STA and BMEP trainers to establish budget and fix marketing charges for pack sheds as well as training on co-operative organisation and management. Identify and secure markets for winter season production. Assist steering committees in establishment of savings and current accounts. Establish linkages with MOAC/Co-ops personnel in various areas. Liase and co-operate with CAPM team members in all areas. Document and receive approval from co-ops department for proposed accounting system.

June 1 - July 31, 1994 - Open pack shed at Siphofaneni for receipt of winter season produce. Establish and maintain accounting records for Siphofaneni-Sithobela group. Assist Siphofaneni-Sithobela steering committee identify and implement marketing strategy. (initially two SFP agents, later three Durban traders and a number of local vendors were added as volumes increased). Assist treasurer at KK in calculation and preparation of farmer payments. Keep all accounts for KK co-operative. Attend weekly steering committee meeting at three farmer organisations and provide relevant topical training and guidance to each. Assist FAA in management of KK pack shed. Assist in recruitment of FAA for HFV and Vuvulane. Oversee construction work for renovation of KK pack shed and installation of electricity and grading line at KK. Assist KK steering committee in recruitment of pack shed grading and packing staff. Training of pack shed personnel in use of grading line and post harvest methods and techniques. Provide training to farmers in harvest and post harvest methods and techniques. Procure IBM computer and accounting software (Peachtree) to provide back up to co-operatives accounts. Have a baby son.

August 1 - September 15, 1994- Assist in recruitment of interim manager and bookkeeper for KK pack shed. Train bookkeeper with no prior experience in accounting techniques. Establish vendor sales at the KK pack shed. Identify, negotiate terms of trade, and commence market operations with Durban traders. Attend weekly steering committee meeting at three farmer organisations and provide relevant topical training and guidance to each. Formulate and implement marketing strategy with HFV farmers. Continue to maintain accounts for KK co-operative with exception of cash book, and current account. Continue to oversee improvements to

KK pack shed. Problems begin to develop at KK over interim manager and CAPM implementation strategy. Develop standard operating practices for co-op pack shed. Provide continuous hands on training to committees and staff. Arrange for transport for HFV pack shed. Collaborate with newly recruited MA on marketing issues. Major volumes of produce through KK pack shed.

September 16 - November 30, 1994- STA arrives to co-ordinate activities at KK. Warn project management of consequences of failure to maintain accounting system at KK. Terminate activities at KK- no contact at all with KK for the period. Commence nearly full-time effort to opening and advising operation at HFV. Continue weekly visits to steering committee at Vuvulane. Participate in decision to terminate activities at Vuvulane due to lack of interest. In conjunction with FAA, advise and assist steering committee in the establishment of operating procedures, accounting systems, marketing operations at HFV. Provide hands on training to pack shed staff at HFV in operation of grading line, grading and packing of produce, and post harvest handling techniques. Liase with CAPM team members on all aspects of project implementation. Problems with KK over interim manager and CAPM implementation strategy magnify. Bookkeeper recruited at HFV. DMS begins implementation of Peachtree accounting system in November, 1994 for KK co-op. Major volumes of produce through HFV pack shed.

December 1- December 31, 1994- Discontinue full time activity at HFV. Resume attendance of weekly committee meetings at KK and HFV to provide advise and training on issues relating to business and organisational matters. Continue to assist both groups in local and Durban marketing issues. Reassigned to develop training programs to aid in solving impasse between KK and CAPM. Work closely with Senior Co-ops officer for Lubombo region to develop four week training program aimed at educating KK steering committee on co-op by-laws, co-op management, roles of committee and management, planning and control techniques etc., with hopes of resolving conflicts and paving way for AGM and elections of committee in the new year. No co-operation from KK committee with regards to training - no training conducted. Assist STA in development of business plans for co-ops. Assist DMS in inputting KK financial records in Peachtree system, data to be entered is massive. Make arrangements and assist auditor in audit of KK books in preparation of AGM. KK accounts found to be in shambles with all ledger accounts eliminated, farmer records in disarray and only cash book being maintained. KK committee and manager at odds, no co-operation from committee on CAPM team activities. Liase with CAPM team members on all aspects of project implementation. Volumes fall off at both pack sheds.

January 1 - February 28, 1995- Continue to assist auditor at both KK and HFV, audits finished in mid January. Commence membership training at KK with Co-ops Department in areas of co-op by-laws, co-op management, roles of committee and management, planning and control techniques etc. despite continued unco-operative behaviour from steering committee. Diesel sales started at KK. Committee dismisses entire grading and packing crew at KK. Assist FAA and steering committee at HFV in assessing and identifying new pack shed site. Develop plan with Co-ops department to conduct joint training in accounting in an attempt to reorganise and

correct bookkeeping system at KK. No co-operation from committee and bookkeeper results in reorganisation attempt to be abandoned after 2 weeks. Collaborate in the development of the 1995 CAPM Project Plan of Work. Liase with CAPM team members on all aspects of project implementation. Decision to abandon use of Peachtree accounting program. Assist team members in development of winter production and marketing program. Participate and present paper in CAPM Sustainability Workshop. Attend weekly committee meeting at KK and HFV to advise and plan areas of organisational and business development. HFV bookkeeper abandons post. Little co-operation at KK to the extent of often being deprived of opportunity to address committee meetings. Little produce through pack shed.

March 1 - May 31, 1995 - Co-op training in conjunction with Co-ops Department in areas of co-op by-laws, co-op management, roles of committee and management, planning and control techniques etc. continued with KK and HFV. AGM and election of committee held in April at KK. Assist KK committee with development and ratification of operating policies in 14 key areas of co-operative organisation. CAPM interim manager removed from KK. Assist KK committee in recruitment of new manager. Select site for HFV pack shed at Msahweni, Northern Hhohho. Develop training modules for operation of co-op business (never presented due to lack of interest by both committees). Participate in fact finding committee to resolve problems between CAPM and KK. report produced, but no action taken on findings. Meeting held with Director of Agriculture, Commissioner of Co-ops, KK committee and CAPM team in an attempt to resolve KK/CAPM friction. Advisory group formed with major advisory groups participating in CAPM project. Relations begin to thaw between KK and CAPM team but not entirely smooth. No activity with KK on bookkeeping due to lack of co-operation. Liase with CAPM team members on all aspects of project implementation. Advise KK and HFV committees of urgency to put into place necessary arrangements (i.e. lug boxes, transport) to accommodate winter crop. Advise not acted on. KK committee assumes increasingly large management role, ignoring quality standards and operating procedures, etc. which were previously in place. Little produce through either pack shed. Decision to put Peachtree accounting program back in use (massive backlog of data at this time).

June 1 - October 31, 1995 - New manager recruited at KK. Bookkeeping in a shambles, farmers unpaid back to January 1995. Assigned to work closely with new manager at KK to provide advice and training in all areas business, marketing, and packshed operation. Winter production begins at KK, lug boxes and transport not in place, resulting in large losses of produce. KK recognises problem and authorises manager to order lug boxes. Initiation of farm supply sales at KK and HFV. KK committee requests assistance in bookkeeping to help get farmers paid for past deliveries and get accounts in order. Nearly full time spent advising, assisting, training pack shed manager and staff at KK. Training of pack shed personnel in use of grading line and post harvest methods and techniques. AGM and election of committee held at HFV. Attend weekly committee meeting at HFV, advise and train in business, co-operative development, and marketing matters. Entirely new committee elected. Review and adopt co-op policies at HFV(not completed due to lack of interest). CAPM project begins with drawing subsidies to KK and HFV. Both co-ops provided with bakkies and trailers increasing expenses. Job descriptions

developed for all positions at KK. (never reviewed and adopted by the committee). Assist STA in preparation of 5 year business plans and pack shed manual. Presentation of business plans to both committees. Nearly daily work with bookkeeper and manager assisting in putting co-operative accounts in order. Bookkeeper takes maternity leave for months of August and September, provide manager assistance in maintaining books. Great progress in updating accounts. Accounts payable and receivable still problematic, all other books (cash book, journal and ledger accounts bought up to date). STA assists packing and grading operation for two months, with little real progress. KK committee instructs packshed manager to accept all produce into packshed. Massive losses incurred from payments for unsaleable produce. Committee instruction to stop grading results in complaints from farmers due to single price for all grades. In response to complaints of members , grading is resumed at KK. Committee continues to continue to take active role in management, overriding manager frequently. Pressure from committee and members results in pack shed upgrading produce to higher grades than sold. Again resulting in financial losses. Committee authorises credit to buyers and members, coupled with lack of workable accounts receivable, co-op accrues further losses. Large volumes at KK, small volumes at HFV. KK co-op's cash in bank slowly dwindles over period until co-op begins experiencing cash flow problems. Analysis reveals co-op to be in serious financial difficulty. Friction between CAPM and KK unabated.

November 1 - December 31, 1995 - Project enters no-cost extension until March 31, 1995. HFV fires manager, bookkeeper unable to cope with accounts, co-ops officer providing limited assistance to HFV. Two day training program at each co-op with BMEP trainers to train co-op management and committee in co-operative organisation issues and understanding accounts. Former manager at HFV recruited to assist in finalising accounts at KK, accounts bought up to date through combined effort, profit and loss statement and balance sheet produced as at 31 December, 1995. Analysis and report on financial losses at KK presented to committee and members. Despite concern by members and advice on possible courses of action little is done, manager is directed to adhere to market grades and reject low quality produce. Chemonics VP and project manager visits to attempt to solicit extension and to discuss close out of project. No extension of project forthcoming. Very little volume at KK or HFV. Problems continue between CAPM and KK committee.

January 1 - February 29, 1996 - I cease activity in field, total attention given to updating sections of pack shed manual, contributing to project final report, and preparing end of tour report. Assist project evaluation team in evaluation of project. STA assigned to carry on work with farmer organisations.

Note: If this chronology of events appears to be hectic, it was. On most days, 10 -12 hours was spent on the job. During the entire period, about ten days leave time were used, a day here or a day there. Much was accomplished, but more remains to be done.

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## MAJOR ACCOMPLISHMENTS

- Formation of two legally registered, fully operational farmer co-operatives with democratically elected committees are actively engaged in the production, grading, packing, and marketing of horticultural crops.
- Establishment of two vegetable pack sheds to serve each co-operative, each has the capacity to grade and pack in excess of 60 tonnes of vegetables per week.
- Some 250 farmers on 420 hectares have been trained under the CAPM project in co-operative organisation development, business management, and marketing and post harvest techniques and have demonstrated the capability of producing quality horticultural crops to meet market demand using advanced methods of agricultural technology.
- 130 of these farmers are members of one of the two co-operatives created under the CAPM project.
- In 1995, growers associated with the two CAPM assisted co-operatives produced and successfully marketed 1.579 tonnes of vegetables on 98 hectares with a total value of E1,210,591.
- Over 49,000 person hours of training in the areas of farmer development, crop production, marketing, quality control, business management, and record keeping has been extended to targeted participants in the CAPM project.
- Development of training modules in co-operative and small business management.
- Collaborate with other CAPM team members in the preparation of 5 year business plans for each co-operative society as well as a pack shed reference manual.
- One farmer co-operative (Khulumela Kwenta Vegetable Growers) has exceeded over E1,000,000 in sales in 1995, demonstrating the inherent capability of a properly organised small farmers co-operative to contribute positively to the national economy of Swaziland.
- Over 20 committee members, elected by their fellow farmers, have been trained and have demonstrated the ability to direct a complex agricultural production and marketing co-operative business.
- A practical working accounting system has been established at both co-operatives, both were able to produce complete end of year financial reports as at 31 December, 1995.

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- More than 15 individuals employed by the co-operative societies established under the CAPM project have been trained in accounting and business management techniques. These individuals are currently running and have shown that they can effectively manage multi-faceted co-operative enterprises.
- Employing a market led strategy, both co-operatives have demonstrated the ability to identify commodities in demand by a particular market, produce these crops in a programmed fashion aggregate the production of a large number of small growers, and efficiently grade and package and transport these crops in a commercially acceptable manner and form to meet the demands of target markets.
- The societies have been successful in penetrating and establishing themselves as an entity in both local and regional markets. In the local arena, the co-operatives are effectively supplying produce to the Encabeni Fresh Produce Market, the Piggs Peak, Mbabane, Mahlanya, and Manzini produce markets, supermarkets, wholesalers, a processor and large and small vendors. On the regional scene, the co-ops are dominating the market to supply the Durban traders operating in Swaziland, and have made well received shipments to markets in Johannesburg, Pretoria, and Nelspruit.
- Establish linkages between farmers co-operatives and key personnel within the GOS, local and regional marketing entities, horticultural supply dealers, and small agribusiness credit and support institutions.
- By having organised themselves into co-operative societies, the farmers have empowered themselves socially and economically. Income levels have increased dramatically for co-op members. In addition, they have been able to attract a disproportionate share of attention and support from government and other agencies.
- Through their production and marketing activities under the CAPM project, many small farmers were able to access agricultural credit as a result of their project related activity elevating them to the level of a improved credit risk.
- The establishment of agricultural input sales depots at both co-operatives has greatly increased farmers access to higher levels of agricultural technology. These shops have made chemicals, fertilisers, seeds, and seedlings easily available at competitive rates.
- CAPM sponsored activities have had the spin-off effect of exposing other Swazi small farmers to the benefits that can be derived from co-operative organisation and commercial horticulture. This has raised the level of interest in becoming involved in similar activities within the agricultural community across Swaziland. (The CAPM office receives several telephone calls a week requesting information, guidance, and assistance.)

- The CAPM project has sustained a high level of interest and awareness of the benefits of high value horticulture, specifically vegetable production, in Swaziland.
- The CAPM project has provided a series of models for the stimulation and organisation of commercial small farmer vegetable production and marketing. While by no means perfect, the examples provided by CAPM have provided models for others to follow and improve upon.

## CONCLUSIONS

It is hoped that the CAPM project will mark the beginning rather than the end of the development of a commercial horticulture sector in Swaziland. The project has provided a model upon which to build in both its successes as well as its failures. Time has been the major constraint during the current phase of the project. The project has attempted with a notable degree of success to develop sustainable producer marketing organisations in less than two years. This activity should have been more correctly designed and implemented with a minimum of a five year project life. Future activities should place more emphasis on the development of business, management, organisational and marketing aspects of the development of the commercial horticultural sector. Over the years through past interventions, the productive capacity of the Swazi-small farmer has been elevated to a relatively high level. The present challenge is to develop local business entities that can support and nurture this capacity in an economically viable, integrated fashion that results in the social and economic upliftment of the growers, and a positive contribution to the national economy. Ultimately, the Swazi farmer will have to adopt fundamental changes of attitude and approaches to doing business that will result in successful production and marketing of high value horticultural crops.

## THANKS

I wish to express my sincerest thanks to all those who made my experience in Swaziland a positive one. This includes the CAPM team, Chemonics support personnel, officials from various GOS branches, the USAID team, the Encabeni market officers and agents, vendors and traders, various individuals from private and public sector institutions, and most especially the members, management, and staff of the farmers co-operative with whom I have spent so much of my time in Swaziland. Friends one and all I thank you, and honestly hope I have been able to contribute positively to your efforts in equal measure to the rich contribution that has been made to my life experience. The McAvoy's have sincerely enjoyed their stay in Swaziland and will sorely miss the many friends we have come to know and love.