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Swaziland Commercial Agricultural Production and Marketing Project (CAPM)

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FINAL REPORT

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and

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SECTION I

Description of Markets

A. Marketing Activities

During 1976 when I was PRO for the Durban Market the Pongola area was our main supplier of tomatoes and we supplied other retail markets like Port Shepstone, Isipingo, Verulam, Stanger and the "Squatters" market in Durban.

An Additional market, specially created for the small scale farmer, called the Farmers Market, operated three days a week on the Durban Market premises. Here the farmer could sell his own produce to the public - mostly herbs, spices, and jam tomatoes.

The jam tomato is an essential ingredient of curry dishes made famous in Natal by its' large Asian population.

The juicier the tomato the better for the curry, consequently the Roma variety is preferred to the Nema.

The speculators travelled across the border at Golela into Swaziland where they bought crops of tomatoes directly from the farmers at a very cheap price and then resold the tomatoes directly to informal markets and street vendors at a substantial profit, but still at a lesser price than the graded rounds.

The arrangement suited the small time farmer very well because he had no transport, no packaging material and no communication to establish what current prices and market trends were. The speculators thrived on supplying the farmers with disinformation regarding marketing trends.

The Goverment of Swaziland, realising that the country needed a wholesale market sent a delegation led by the Executive Secretary, Mr Patrick K. Lukhele to the Johannesburg National Fresh Produce Market, where co-incidentally I had now become the Senior Assistant Director. I also alloted the task of conducting the Swazi delegation through the Johannesburg market. The Swaziland Fresh Produce Market was born in 1987 but unlike the South African system of consignment sales by commission agents, Encabeni market allows it's agents to act as wholesalers. Towards the end of 1989 another roll player entered the marketing arena.

The Commercial Agricultural Production and Marketing Project (CAPM), backed by a grant agreement between the goverments of the Kingdom of Swaziland and the United States of America and managed by Chemonics International, the project first aimed at creating a conducive enviroment within the public and private sectors for the development of agriculture.

The project was redirected in December 1991 to focus directly on assisting small scale farmers to produce horticultural products.

I joined the CAPM Project in September 1994 when the project was already three years in operation.

Packsheds were operating at Siphofaneni and Hhohho - interim committees were in place and produce was being harvested but the season was almost over.

Being mostly subsistence farmers maize would be the crop planted for summer season.

B. Identifying Markets

(i) My contract as Marketing Expert was from September 1994 until November 1995 - sufficient time, according to my estimation to organise and establish markets and trade links.

I reasoned that the crops were planted, the packsheds were in operation and, given the product, the marketing there of would not be a difficult task but I first had to identify the outlets.

1. Local Fresh Produce Market - a market established to assist the small scale farmers.
2. Regional Fresh Produce Markets - markets in South Africa in reasonable distance of Swaziland viz. Nelspruit, Witbank, Pretoria, Johannesburg and Durban.
3. Hotel & Catering Trade - Swaziland is a poular tourist venue, consequently it has some good hotels and restaurants.
4. Wholesale and retail trade.
5. Speculators (Natal & Mocambique)
6. Vendors.
7. Goverment contracts.
8. Export to neighbouring countries.

C. Description of Markets

1. Local Fresh Produce Market.

Encabeni Fresh Produce Market was established under the wing of the National Agricultural Marketing Board (NAMBOARD) which is cintrolled by the Goverment of Swaziland.

The Market is served by four market agents and was commissioned specifically to assist the smaller farmers of Swaziland to market locally produced fresh produce.

The market agents can either act as wholesalers and buy the produce from the farmer and resell it at the market at a profit to themselves, or sell the produce at the market on a commission basis.

2. Regional Fresh Produce Markets

Are situated in South Arica and each market is owned by the local authority of that city/town. All produce sold at the markets are received on a consignment basis and sold by the agencies on a commission basis. The transactions are in cash and the farmer has by law to be paid out within 15 days of the consignment being sold. The market agents may not function without a trust fund being established and registered with market authority. Market authority collects all payments, processes accounts and after deductions, authorises the relevant agency to pay out the farmer. Marketing expenses to the farmer are as follows:

- 5% market administration Costs
- 7.5% agency commission

Additional exspenses to be taken into consideration are:

- transport costs
- packaging costs.

Produce sent to SA markets has to be packed in prescribed standard packaging material.

The produce remains the property of the farmer until it is sold - any losses through deterioration is born by the producer - unless the agency has been negligent in which case the market authority will compell the agency to pay the farmer.

Consignment control is done by market authority from the time that the produce enters the market gates until it leaves. Any variation from standard procedures, low prices, damage or loss has to be accounted for by the agent to market authority who determines compensation.

Prices are daily determined by the market agents and is based on historical data combined with the current supply and demand ratio.

Point of sale data is also fed into a common data base and the 15 national markets and any other interested parties can virtually obtain prices as sales are taking place.

Some factors which influence the prices in a positive ways are

- shortage of product at the market (drought. inclement weather, strikes, political climate, mechanical breakdown of transport etc.)
  holiday season, big sport events

Some factors that influence the prices in a negative ways are:

- producers sending part consignments to the market and selling part consignment to a customer who normally buys at the market (usually at a reduced price)
- an over supply of low quality produce
- an over production of a specific product

Other short term factors influencing a particular consignment:

- time of transportation
- duration of transportation
- day of the week
- attractive packaging
- quality

3. Speculators

Traditionally, one of the oldest and important marketing outlets in Swaziland for the local farmers and the one outlet that will probably survive ad infinitum.

Selling to the speculator has many advantages for the producer

- the price agreed upon, is the price paid i.e. there is no hidden charges
- payment is made in cash
- no bank commission or charges to be paid by the farmer
- produce is collected on the farm, consequently no transport charges are involved i.e. from the farm to the packshed and from the packshed to other markets.
- the speculators provide their own plastic crates so no packaging charges are involved for the producer.
- oft times the speculator harvests the crop with his own labour, thereby saving the farmer from hiring casual labour.
- The speculator also moves the product in bulk

The speculator has a thorough knowledge of marketing trends and prices and feeds the uniformed farmer with dis-information thereby paying pitifully low prices for the produce they buy.

Making huge profits is the name of the game that is played by the speculator, and they become totally unscrupulous in their business dealing - cash payments is the one form of guarantee that a producer can utilise.

4. **Vendors**

Mbabane, Mhlanya, Manzini and Hlangano all have retail markets where hawkers sell their fresh produce.

Vendors also establish informal selling points at busy parts in towns and along main roads. They are a very important link un the marketing chain as they buy up the lesser quality - which would otherwise be unsold - either from Encobeni FP Market or directly from the packsheds. The farmer is not involved in any transport costs and the transactionis in cash.

5. **Catering trade**

The tourists trade in Swaziland is indeed a thriving industry, and apart from the many hotels which cater for the tourists, there are also many good restaurants.

Some of the hotels occasionally buy directly from the producer but the inconsistency of supplies and the indifferent quality of the product motivates them to buy from wholesalers who are able to obtain consistent quality produce from across the border.

Midway Wholesalers at Ezulweni is the local wholesaler who has a firm hold on the catering trade and apart from sending produce weekly to regional markets in South Africa, they are also able to obtain produce which is in short supply in Swaziland for the caterers.

Produce from Hectorspruit (RSA) is another main supplier to the catering trade.

6. **Goverment contracts**

For prisons, hospitals and goverment institutions are supplied directly from Encobeni.

7. **Export trade**

A potential lucrative trade is busy building up from the Mocambique side and Nelspruit FP Market is getting most of the trade. Large cold stores are in the process of

being built at Hectorspruit and a wholesaler at Komatipoort is also gearing up by extending his premises.

Encabeni gets an off-spin of the business but then it is mainly potatoes which is imported from the RSA.

Swaziland, being closer to Maputo, the main town of Mozambique could eventually realise the full potential of the fresh produce trade from that country, but irregularities at the border posts need to be addressed.

8. **Other Packsheds** (RSA).

The Checkers - Shoprite group of companies are supplied with fresh produce from packsheds close to Swaziland. Prodcure at Hectorspruit buys up supplies from producers at market related prices and after grading and packing sends the bulk to Gauteng for distribution.

Prodcure also markets fair quantities of pre-packed produce to supermarkets in Swaziland - notably Spar and Score.

Freshmark (the main company of Prodcure) also have packsheds at Badplaas and Whiteriver.

A ready market awaits the producer who can send produce to these packsheds.

D. Market Data and Price Information.

Swaziland, due to its close proximity to South Africa shares many similarities with that country with regards to Agriculture, eg weather, siol, climatic conditions, monetary values, to name but a few.

South Africa however is a vast country and has a population of 43 million people compared to Swaziland's 900,000 inhabitants, but one can safely assume that the market forces affecting the South African fresh produce industry will have a similar effect on the Swazi scene.

The SA markets operate on afree market system and although each market is owned by a specific local authority, the markets do not enjoy any protection or special priviledges from legislation.

Each market, through its agents and own initiative - has to attract produce from the farmers on a consignment basis and custom from the fresh produce industry, creating the suply and demand ratio from which prices are determined as described earlier in the report.

One of the strong points of this system is that it is completely transparent and farmers in the remotest af areas are still able to assess marketing trends and current prices.

- Prices are obtainable from each market individually by fax or phone
- Prices are marketing trends are published daily in the press
- Daily pricesand marketing trends are broadcast after the noon news radio broadcast
- Johannesburg market assimmilates prices from all 15 national markets throughout the country, summarises and then disseminates this data to interested parties
- Data is assimilated in a central computer and interested parties with PC's can log into the very latest trends and parties

• Data is fed into the computer at the point of sale

Johannesburg market, being the biggest market in th ecountry, with a turnover of R880m is generally considered to be the price barometer of the country and it was therefore essential tp receive price print outs on a weekly basis.

Gerstaldi (agency at Encabeni) and Lowveld Market Agents (Nelspruit FP Market) base their price determination on Pretoria market prices.

The better marketing days being Tuesdays and Thursdays faxed prices were arranged for those days.
The Natal speculators had knowledge of the Durban Market prices, consequently data was also obtained from that sauce in order to form a more realistic picture.

In stark contrast to the South African markets, Encabeni was not properly geared to disseminate information timeously and it is expected that the new computer system will improve the situation.

Contact persons at the various markets are as follows:

- Johannesburg	0711 613-2049	Monique van Jaarsveld
- Pretoria	0712 326-0972	Erika
- Durban	0731 465-4222	Peter Wilke

Information is supplied to Beltel by all the markets, the latter processing the data and making it available through computor.

SECTION II

Strageties

A. Development of strageties

Having identified various markets it now became necessary to develop a plan to service them and as there were two packsheds in operation slightly differing strategies had to be planned.

Both packsheds had sorting machines and and it was planned that co-op member harvest their tomatoes and deliver it to the packshed. The tomatoes would be sorted into different grades, sizes and colour.

Lack of transportation was a big problem for the farmer, not only from the farm to the packshed but also from latter to the markets.

Namboard contracted to provide transportation at an economic tariff - but, produce would only be delivered to Encabeni and to no other customer.

Encabeni Fresh Produce Martket is the only wholesale market in Swaziland and was specifically commissioned to benefit the small farmer, obviously with CAPM's connecton with the GOS the first priority would have to be Encabeni.

1. The strategy for KK because of its centeral situation would be as follows:

• Good quality produce would be sent to Encabeni FP market twice per week. The product would be sold to the Agent and only if the ageny is reluctant to buy, a consignment delivery would be implemented.

• Verbal agreements would be negotiated with the Durban based speculators to buy supplies from the packsheds and not from the farms. This would be mostly unsorted tomatoes and not necessarily the best quality.

• Vendors would be encouraged to buy from the packsheds.

• Arrangements were made with Protea Market Agents, Pretoria to receive produce on aconsignment basis.

• Similar arrangements were concluded with Dapper Agency, Johannesburg.

• Peter & Co, Market Agency, Durban also agreed to receive consignments of produce.

• Midway Wholesaler agreed to receive a weekly delivery and pay cash - (catering trade)

• Bellamy Farm also placed a weekly order and pay fortnightly.

• Gerstaldi from encabeni had a contract with OK Bazaars and he also supplied the Spar shops with pre-packs (bubble packs). There was no sense in supplying both Gerstaldi and his customers unless he did not service his customers properly.

I would monitor the situation very carefully.

The marketing strategy for HFV would be slightly different because they were situated closer to the RSA border in the North of Swaziland and had some excellent marketing opportunities in the close proximity to the packshed.

The packshed was also situated on a dirt road and almost impossible for heavy vehicles to reach it in wet weather.

HFV farmers also produced more round tomatoes than processing tomatoes.

A fully loaded vehicle would also take approximately 2 hours to travel between Hhohho and Encabeni.

Prior to me taking up my assignment at CAPM I met with Dr Johan van Deventer, Business Development Manager of Freshmark and a top fresh produce marketing man. He encouraged me to supply their packshed at Hectorspruit (Prodcure Lowveld (pty) Ltd) as it was only 42 kms away from Hhohho, and in so doing I would have an immediate entree into Checkers - Shoprite supermarkets throughout South Africa.

2. The marketing strategy for HFV would then be as follows:

• Good quality produce would be sent to Encabeni FP Market at least twice a week. The produce would be sold to the agent and only if the agency was reluctant to buy, would a consignment delivery be considered.

• Good quality bulk supplies of Floradades would be marketed through Hectorspruit.

• Lowveld Market Agents at Nelspruit were keen to sell HFV produce which should be delivered at least twice per week..

• Bad roads not with standing, Natal speculators verbally entered into an agreement to obtain tomatoes from HFV.

• Vendors would also play a vital role in the marketing chain by buying up the lesser quality product.

• Both co-operatives would supply plastic crates to the farmers on aloan basis and,

- the latter would harvest the tomatoes in the crates and send it to the packshed
- the packshed would grade and market the tomatoes in plastic crates
- Speculators and vendors would have to provide their own crates in exchange
- plastic crates would be recovered from Encabeni market after the tomatoes had been sold
- stanardised packaging would be used for South African markets

Preference to the local fresh produce market, vendors catered for, regional fresh produce markets getting a share, speculators receiveing the bulk of supplies and a start made with the catering trade - I seemed to have my basis covered.

Two futher opportunities presents itself but would require quite a bit of research, and they are as follows:

1. Mocambique signed peace treaties after their country had been ravaged by years of war. Agriculture is virtually at a standstill and speculators are crossing the bordersin ever increasing numbers to convey food back from Swaziland and (mostly) from South Africa. Unfortunately the level of crime and corruption, at the border and en route is still so high that it is not vaible propsition to export in quantity to Mocambique. Following reports of motorists being robbed at gun point and of families being shot, I have not pursued the market prospects in Maputo.

2. Most SA towns round the borders of Swaziland seem to have Saturday morning markets along the pavements on their main streets where hawkers sell fresh produce bought from local farmers and mostly from regional markets in South Africa viz Witbank, Nelspruit, Springs, ect.

Nelspruit, Barberton and Malalane hawkers sell fresh good quality products, but in towns like Coralina, Ermelo, and Piet Retief the quality is poor. This could be a good marketing opportunity especially with pre-packs, but more research is needed.

B. Agreements.

In order to implement the marketing stragety it was necessary for all the roll players to conform to some basic principals which would be to the mutual benefit of all.

• Members of the co-op would only market their produce through the co-op and NOT sell off the lands.
• Vendors verbally undertook to buy only from the packsheds
• Speculators also verbally undertook to collect from the packsheds
• Midway Wholesalers placed a weekly order which had to be delivered
• Protea Market Agency, Pretoria agreed to receive and sell any consignments that could be sent to them

• Dapper Market Agents, Johannesburg was very keen on Nema tomatoes and agreed to accept at least one delivery per week

• Peter & Co, Durban would accept consignment on a weekly basis

• Prodcure, Hectorspruit would purchase outright, but wanted the farmers first to visit the packshed in order tht they might see the quality and sizes which would be required

• Through a series of meetings between Encabeni Market Authority, Market Agents aand the two respective committees, product transportation and tariffs were arranged, marketing procedure and payments finalised, agreement reached on the handling of the plastic crates and finally the quality of product to be sent to the market.

• Bellamy Farm placed a weekly order which I presumed was for prepacking

C. Implementation.

The marketing scene was set, the product had noe to be produced. Tomatoes would be the main product although Floradade was not popular with the marketing fraternity due to its quick ripening qualities which resulted in the variety having virtually no shelf life. Roma tomatoes were also asked for by the Natal Speculators in preference to the Nema variety, but the latter had become so adapted to the weather conditions in Swaziland that it made no sense to try and alter a well tried variety.

Also to be considered was that time at this stage was of the essense, considering that the Capm Project had only one growing season left!

A variety of other vegetables was also asked for, continuity of supplies was essential, and quality of product had to be enhanced.

According, a planting programme was drawn up which the field staff would try and implement and accurate records would be kept allowing pre-planned marketing.

Both committees were taken on a visit to Hektorspruit, where it soon became apparent that neither the KK nor the HFV farmers were up to the standard that was required of them to supply Prodcure. Perhaps at some future date!

Responsibilities of Individuals.

• The Chairman and his committee would decide on marketing strategy according to prevailing circumstances at their normal weekly meetings and the Packshed Manager would be instructed to implement their decision

• The Packshed Manager would contact all the roll players - farmers, buyers, agents ect - and arrange the transaction.

• The Farmers, who should ALL be fully paid-up co-op members, should without exception send their fresh produce to the packshed for marketing.

• CAPM Advisors would assist by advising each roll player in his task and providing training courses in the various aspects of marketing. Apart from lectures audio-visual aids were also used.

Markets used.

• Nelspruit Fresh Produce Market unlike the other 15 Regional National Fresh Produce Markets in South Africa is privately owned but works on exactly the same principals as the other markets:

(a) Produce is sold on a consignment basis by registeredcommission market agents,

(b) The forces of a free marketing system - supply vs demand - dictates the daily prices acheived by the salesmen,

(c) Grading, packaging, rejections and pay-outs conform to the Agricultural Acts approved by Parliament, and

(d) Market fees (5%) and sales commission (up to 7 1/2 %) are in line with the South African system.

Lowveld Market Agents were keen to receive the first consignments of butternuts and green peppers.

Salesmen George and Enoch were delighted with the quality sent in from Hhohho and achieved very good prices.

Payment was made when the following consignment was delivered to the market - and I hoped that deliveries could be made at the least once a week to Nelspruit as that market was much more accessible to HFV than Encabeni.

Ezrom (PS Manager of HFV) took several consignments of various vegetables to Nelspruit and became well known to the Agency. Unfortunately there was no continuity of supplies to Nelspruit but I received 'phone calls regularly requesting consignments. NFP Market has a big Mocambique trade and is not as easily over - supplied as Encabeni

Difficulties to overcome in marketing at NFP Market are:

- Transport from HFV to Nelspruit,
- Quality produce must be sent to compete with South African standards, tomatoes must be graded
- Standard size aand shape packaging material must be used
- Graded produce must conform to certain weight limits
- The co-op (or farmer) who exports produce is required by law to register as a trader at Namboard (E15-00) and
- obtain a permit for the prodct, stating variety and quantity,
- the papers being valid for a period of one month
- A certificate declaring the product free of disease must also be obtained from Mr Leonard Sibandze or Ms Gnabede, Permits Office at Malkerns Research Station who needs to inspect a fair sample of the product, brought in from the farming area
- delivery of cheques through the normal postal services is time consuming

All things considered Nelspruit Fresh Produce Market is the best option for HFV and by the lack of progress and other considerations affecting Encabeni Market, KK may have to look in that direction.

Johannesburg Fresh Produce Market.

This market is the largest market by far in the Southern Hemisphere, and the 6th largest in the world. Top class producers send to this market and the buyers are experts in their field regarding choice of quality vs price. However a trial run of sending a consignment of produce to the market was undertaken in order to assess the viability of using Johannesburg market.

The venture turned out to be an abysmal failure due to lack of expertise but all things being equal, deliveries to far off markets can be successful.

Various points to be considered are:

- Tuesdays, Thursdays and Fridays are considered the busiest days at the market (most buyers present). Deliveries to the market on Fridays should not be undertaken.
- Check with the selected agent before dispatch that an over supply situation is not apparent at the market and ascertain the current prices.

• The market is over 400kms away, consequently a reasonably big load (20 tonnes of low priced produce) must be considered to cover costs. Currently, the co-ops do not produce enough to even contemplate such quantities on a continuous basis.

• Produce should be dispatched in the coolof the night to avoid deterioration during the journey.

Pretoria Fresh Produce Market.

A trial consignment of tomatoes was dispatched through Gistaldi and achieved reasonable success.

- Floradades were packed into corrugated cardboard containers,
- approximately 6.5 kgs in weight
- unblemished, same size and color in carton,
- the carton properly labelled with name and address of consignee,
- grade and variety of contents

Floradades unfortunately do not travel well and 30 % of the consignment was down graded as being too ripe and eventually destroyed when it remained unsold.

The following statistics are interesting:

- 200 ctns sent which sold at R8-50 each		1700 - 00
- less 60 ctns not sold and destroyed		510 - 00
		1290 - 00
- less 5% market fees	64 - 50	
- less 7.5% agency commission	96 - 75	
- less transport 200 @ 50c per ctn	100 - 00	
- less packaging @ R1-35 each	270 - 00	531 - 25
		728 -75

- Average profit per carton = R3-64 per kg = 52c

Should the product have arrived at the market in a good condition and the whole consignment had been R1118 - 00 after deductions and the average profit per carton R5-91 i.e. ,86c per kg.

The shelf life of the product was not good and the distance travelled in the heat of the day was another factor which contributed to a loss in revenue.

Transportation is again a major stumbling block in using this market together with continuity of supply. A different variety of tomato is also essential.

Durban Fresh Produce Market.

This market is situated in excess 600 kms from the Swaziland border and is well supplied by highly professional farmers from the Pongola area The Durban Speculators, our main customers for the Nema tomato service this market, and no advantage would be gained by doing our own marketing in Kwa-Zulu Natal.

Encabeni Fresh Produce Market.

This market, unlike the South African counterparts is under Central Goverment control and not under local goverment. Four market agencies serve the market and in 1992 when

produce was scarce, they achieved a turnover of E14m. Since that period the turnover has shown a downward trend every year and unless positive action is taken, I personally cannot see much of a future for the market.

Two systems of receiving and selling produce from farmers are in operation and is not of benefit to either the market, rhe farmer or end user, is conductive of fraudulent practise and price manipulation.

The co-ops however can use Namboard transport at a special low tarriff to get their produce to Encabeni Market which is of tremendous assistance to them.

Quality produce is consigned to Encabeni in plastic crates and when the product is sold the crates are returned to the packsheds.

Payments to the co-ops occur twice a month and market authority acts as arbitrator in respect of any dispute arising between the buyer and seller.

D. Deliveries.

- Namboard provides a fairly efficient service between the production area, packshed and Encabeni market.
- Light delivery vehicles (bakkies) and one tonne trailers were provided to each co-op for farm collections, deliveries to buyers and also to markets in South Africa
- Bulk consignments to South African markets are catered for by hiring transport on a quoation basis.
- Plastic crates are mainly used for consignments to be sold in Swaziland.

The advantages of using crates are:
- they are re-useable
- well ventilated
- easily cleanable
- stackable
- sturdy constructive
- can be used as furniture!

The disadvantages are:
- stock control
- can't be sealed
- expensive
- can be used as furniture!

- corrugated cardboard containers for the marketing of tomatoes, beans, green peppers ect are least expensive when bought from Nampac in Pinetown, Kwa Zulu, Natal. Local supplies are 54% more expensive.

Any product sold on the South African markets must be packaged in a standardised container.

- wooden boxes for tomatoes and green peppers are obtainable from Graskop and is the least expensive container.

Assembly of the boxes must be done at the packsheds.

- plastic 1/2 pockets, full pockets and bags used for a variety of vegetables and acceptable on South African markets are obtainable from Encabeni market but less expensive when bought in bulk from South Africa.

E. Communications.

The only form of communication at KK was per radio 'phone which due to being solar powered, never worked during inclement weather. HFV was dependent on getting messages through per public telephone at a local super market.

Subsequently both packsheds have had telephones installed and KK also has a fax machine.

Market trends and prices are are faxed from South African markets on a regular basis which enables the respective managers to calculate proper prices and be more of marketing trends. Transport can be more effectively arranged and orders can be speedily accepted or confirmed.

HFV should also invest in a fax machine.

F. Linkages.

A lot of time and money was spent on taking committee members and managers to other markets and packsheds but at the end of the day, it resulted in little success.

The manager at HFV, Ezrom was relieved of his post after building up good relationship with Nelspruit. His successor will no doubt be able to re-establish the links, should the committee so desire.

The discharge of Bonnyface effectively broke the links between KK and Nelspruit as the new manager never had a chance to leave the country, having no passport.

At the time of writing, a consignment of approximately 8 tonnes of mixed vegetables is due to leave for Nelspruit and this may be the start of things to come.

Linkages with van Rensburg of Prodcure (Hectorspruit) and Kieviet at Badplaas is not to my satisfaction because we have visited then often enough, enjoyed their hospitality and never reciprocated.

G. Training.

Lectures were given at both packsheds with great difficulty as the venue was not really conductive to learning - usually under a tree with all sorts of distractions taking place. Inside the building was again unbearably hot and an interpreter had always to be used.

The Chairman at KK had no compunction about stopping a training session in mid-stride and getting on with some other business.

The use of flip charts and audio-visual apparatus invariably sparked some interest. Meetings and lectureres in the Boardroom of Encabeni maarket tend to be more popular and successful.

H. The Roll of Encabeni Market.

Encabeni Market is the only wholesale fresh produce market in Swaziland, has been in existence for almost 10 years and is centrally situated between Mbabane and Manzini.

Unfortunately the access road is not good and the market cannot be seen from the main road, so any hope of attracting passing trade is very slight.

The Goverment of Swaziland established the National Marketing Board (Namboard) in November 1985 in terms of the National Marketing Board Act 1985 (Act 13 of 1985), and stands on two legs viz:

1. The regulation of the import and export of scheduled products.
2. To improve a marketing outlet for local farmers and their produce.

Theoretically can be concluded that Namboard will protect the fresh forces of supply and demand to establish prices to the benefit of the farmer and consumer.

Practically the more that is imported the more Namboard makes money by 6.75% levy on imports, because a high demand and a moderate supply is neutralised the Swazi farmer gets a lower price for his product.

On occasions the imports of produce like cabbage, green peppers and tomatoes were stopped "to enable local farmers to sell their produce," but that occurred when the country was in a state of over-production and imports had no effect on the price structure. Looking at the mission statement of the Swaziland Fresh Produce Market the first point refers to "providing an efficient and relevent infrastructure where horticultural and other products can be traded, particularly those of Swazi origin"

According to statistics which I ob tained from Encabeni for 1994 the following percentages were ascribed to local thoughput:

Potatoes 4.7%
Onions 3.7%
Cabbage 61.5%
Tomatoes 30.9%
Carrots 29.6%
Beetroot 7.2%
Cauliflower 3.8%
Lettuce 13.2%
Pumpkin 18.2%

The grand throughput of local produce was 10.5%

The second part of the mission statement is "Establishing and maintaining efficient and cost-effective systems and methods whereby prices on the market can be negotiated ACCORDING TO SUPPLY AND DEMAND and to the benefit of both producers and consumers.

Firstly, one person by name Mariano Barajas of R. Gastaldi (market agency) dominates the price setting scene at Encabeni as neither Paul Davidson nor any of the other "salesmen " have the expertise to be effective.

The agents have the choice of either buying the farmers produce outright and re-selling at a profit or receiving the consignment and selling it on a commission basis of 7.5%. Having exercised the first option he can choose to either sell the produce at Encabeni, directly to a buyer off-market or export to South Africa - the buying price must be low enough to cover transport costs and still make a profit. Co-op members prefer to sell

outright to the agencies because they are at least assured that the product is off their hands at a certain price, whereas consignment stocks are not placed in the first line scale, many times not sold and after deterioration has set in, sold for no price at all or dumped. A problem now arises - should the farmer at the outset want a choice, (i) accept the price offered or (ii) ask the agent to sell it for him on a consignment basis. Should option (ii) be effected the agent will make sure that the produce which he owns will be offered to the buyers first and invariably the consignment stock will not be sold or eventually sold at a pittance when the fresh label has worn off.

One other practise which is plainly fraudulent is when the agent sells his own stock for a lower price than he sells the consignment stock and then swops the invoices so that he gets the higher price. I picked this up practise up on one occasion and the mattter was eventually set right after a bitter argument between market authority and agent.
In south Africa the agency would have been closed down.

Consignment management by Market Agents and Market Management leaves a lot to be desired. The Market Agents do not actively canvas farmers to send produce to the market - in the event that there is a shortage of produce in Swaziland they just import more from South Africa. The higher prices for Swazi product created by shortage is thus neutralised.

There is lack of consistent and adequate supplies of good quality Swazi fresh produce reaching the market, simply because of the lack of communication between agent and farmer.

The transparency of the South African markets regarding regarding prices and tendencies is a major publicity asset as farmers all over the country have access to the information which contains the prices paid for the farmers produce - but Encabeni Market publishes selling prices attained at the market and prices paid to the producer. The steady annual decline of the market turnover needs to be halted and both market authority and agents need to urgently adopt a more professional approach to the illnesses affecting the market.

Unfortunate part is that the problems experienced at the market affects the whole fresh produce industry and has definitely had an adverse reaction concerning KK and HFV.

For a financially viable fresh produce market industry to exist in Swaziland it is very important that a cost efficient and effective central wholesale market supports the industry.

To my way of thinking research and implementation of the following suggestions would have a positive effect on Encabeni:

- Convert all sales onto a consignment/commission basis - the higher the price achieved by the agent the more money he earns.
- The importance of having at least two depots (preferably at border posts) must be emphasised - Mocambique trade.
- Serious consideration must be given to establishing a Co-op agency at the market or
- allocating an area where farmers could set up stalls and conduct out of hand sales of their own produce on specified days. Auction sales are time consuming and tend to encourage "price rings".
- daily contact with farmers is essential - prices, market tendencies and produce needed at the market is important information.
- Accurate farmer friendly consignment management by Market Authority and Agent must be introduced.

I. The Future.

Looking at the general picture it would seem that the goals which the CAPM Project set out to achieve, was realised.

Two farming communities had each successfully registered a co-operative society, elected committees, erected fully operational packsheds, aquired transport, established marketing links and committees together with packshed personnel trained in their respective duties.

Closer scrutiny causes concern.

- I have the perception that a change of attitude is neededin the farming community where subsistence farming is still firmly entrenched in the minds of the majority of farmers.
- not all the farmers making use of the co-op facilities are members of the society, consequently bona fide members are disadvantaged by having to pay membership fees.
- farmers are disloyal to the co-ops by selling quality produce off the land for cash and delivering poor quality to the packsheds for marketing.
- poor farming practises, mainly through financial constraints results in the production of non marketable produce or,
- not enough production per hectare as the farms are very small to be viable with a low production.
- the packshed manager is remiss by accepting poor quality produce, the slackers must fall by the wayside - not the packshed.
- the paying of farmers for their tomatoes (and other produce) BEFORE grading - let alone selling - is committing economic suicide and is the one single factor which will ensure the none-continuance of the project.
- financially the co-ops are not viable and possibly more time should have elasped before assuming independence - the committees needed to build up more knowledge and expertise.
- the lack of continuity of supplies and poor quality of product created tensions in the marketing world insteadof solidifying linkages.
- Encabeni Market is a very important link in the marketing chain of KK and HFV Co-ops consequently it is vital that positive changes must speedily come into effect or else the link must be removed.

The Co-op members themselves need to strengthen their links by becoming high yield, quality conscious producers and to discard the "subsistence farming" syndrome.

- The vendors buying from the co-ops are being harassed from doing honest business in the towns. They are as an important a link in the marketing chain of the Co-ops as the FP Markets - indeed theirs is the only business that is showing a growth rate.
- Namboard is making money out of imports, putting local farmers at a disadvantage and causing inflated prices in the shops.

The GOS needs to regard the fresh produce industry in a far more serious light and need to know how valuable farmers and vendors are to the economy of the country.

- The CAPM Project unfortunately ran out of time and could not round off the project properly.

Personally I am not very optimistic that the co-ops will survive for long after CAPM pulls out. The future for them it would seem, is to join forces with Encabeni and act as depots for the market. A co-operative agency should then come into being at Encabeni or stalls should be provided for farmers from where they could sell their own produce.

Encabeni Market would urgently have to change to consignment sales only and more realistic prices will result as the market forces of supply and demand take over.

Auction sales - even the electronic Dutch system - is time consuming and subject to price manipulation.

SECTION III

Conclusion

Finding buyers for fresh produce from Swaziland was not difficult as many opportunities presented itself.

There are however many constraints which my colleagues and I had to try and overcome in order to compete in a highly professional marketing world.

Indifferent farming practises and post harvest handling resulted in poor quality produce reaching the market.

Inconsistent supplies, inaccuracy of statistical information, lack of communication, transportation and finances all added up to a difficult but interesting experience.

However, there was never a lack of buyers for quality produce. In the final analysis, Father Time was the ultimate winner.

I wish to express nmy appreciation to Doyle Grenoble and the remainder of my colleagues in the CAPM Project team for their assistance and respect.

To my colleagues at Chemonics International in Washington, thank you for giving me this wonderful opportunity, I thoroughly enjoyed the experience.