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ANNUAL REPORT

AUGUST 1, 1993 - JULY 31, 1994

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August 3, 1994

FROM:

Richard J. Peters, Senior Technical Representative, Sigma One Corporation

RE:

Annual Report for August 1, 1993-July 31, 1994

TO:

Abrar Sattar, Research Associate, Sigma One Corporation

I. INTRODUCTION

I arrived in Amman, Jordan in late July 1993 at the invitation of Dr. Salem Lozi, Director General of the Agricultural Marketing Organization (AMO), to work as a long-term Consultant to the Agricultural Marketing Development Project (AMDP). This project is financed with a Grant from the United States Agency for International Development, through a contract with the Sigma One Corporation, who is my employer.

Contents of this report represent my personal and professional views, and they are based on at least 52 weekly and bi-weekly reports that were sent to all the above named institutions.¹ They do not necessarily represent the views of the Sigma One Corporation, the United States Agency for International Development (USAID), AMDP, nor AMO.

II. DISCUSSION

A. AGRICULTURAL MARKETING ORGANIZATION

According to the "Job Description of the Organizational Chart of the Agricultural Marketing Organization", prepared by AMO's Training and Administration Development Office, (no date on document), the objective of AMO is to:

Formulate the marketing policies pertaining to agricultural products within and outside of the Kingdom, follow up its implementation and organize and develop the marketing system.

In order to accomplish this objective, the AMO shall perform functions as listed in an endnote:¹

¹ Biweekly Reports are a requirement of my contract with the Sigma One Corporation. A total of 20 such reports were prepared from August 1993 to July 1994. Another report was prepared for Sigma One in July 1993 and based on my visits to various US companies in the West Coast of the United States. The report deals with possible Agribusiness Ventures in Jordan. Furthermore, in an attempt to keep AMDP, AMO, USAID and the Sigma One Corporation informed, I instituted a weekly statement of project accomplishments and problems encountered.

Most project activities to date have been carried out with AMO. A listing of AMDP accomplishments during the past year, and brief comments are in an endnote.²

B. EXPORTER'S ASSOCIATION

1. History of Association Establishment

Permission to establish the Exporter's Association was obtained by Dr. Lozi from the Ministry of Interior in December 1993. A Founder's Meeting took place on January 5, 1994. Twelve founders met and named an Interim Committee to address the details of activities leading up to the Association's First General Assembly. Mr. Tala'at Dougmush was appointed chairman of this interim committee, and the following individuals were members of the interim committee: Karim Haddadin, Abdul Mawla, Shioukhi, Abdullah Sabe', Nabil Rajibi, and Zuhair Jweihan. The Interim Committee requested that the Sigma One Group act as the Acting Manager until a General Manager could be selected.

The most important function of the Interim Committee was to establish the date and organize the First General Assembly. In addition, it was the function of this committee to develop an initial drive for membership. A key decision of the Interim Committee was the agreement to permit Farmers as members of the Association.

On March 24, 1994, approximately 72 members of the Association, plus proxies, participated in the General Assembly at the Regency Hotel. Board members elected at this meeting were: Karim Haddadin, Chairman; Tala'at Dougmush, Vice Chairman; Sayal Masalha, Treasurer; Abdullah Sabe', Secretary; Omar Haimour, Zuhair Jwihan, and, Yousef Barakat. The Board of Directors met that same day to name their four officers as indicated. The Board re-affirmed the Interim Committee decision to maintain the Sigma One Group as its acting Manager. On May 28, 1994, Maha Shawareb assumed responsibility for the Association as the Executive Director. Offices for the Association were obtained under lease, and purchase of furniture was initiated before the end of July 1994.

2. Organizational Concept

A constant and unanimous need in Jordan's Fresh Produce Production and Export Sector, is a truly representative, independent, non-governmental organization.

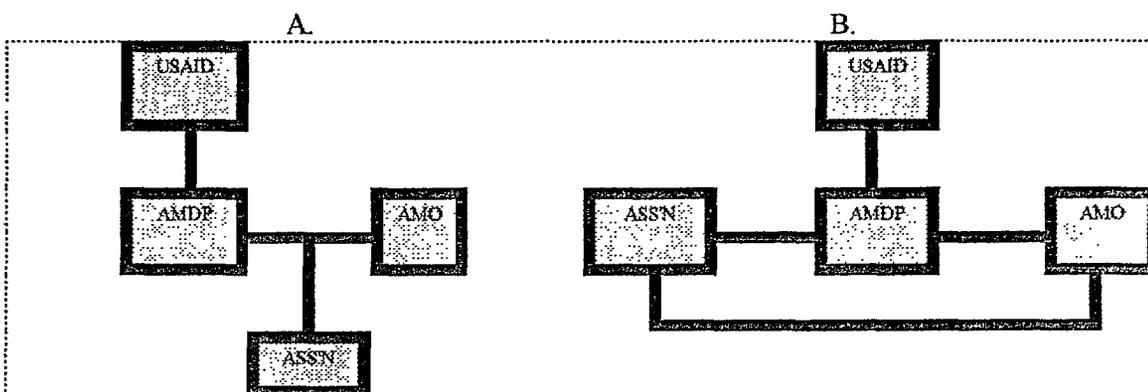
This concept seems, somehow, quite foreign to some in positions of Government Service. It seems, that various quasi-private organizations created in the past have become tools of the Government for purposes of control.

In my view, the Amendment to the Agricultural Marketing Development Project focusses on the importance and creation of the Exporter's Association. Unfortunately, the design of the project

extension does not easily facilitate creation of what exporters and farmers truly desire—a private, independent organization without Government intervention.

It is the hope of the AMD Project that the Exporter's Association become a meaningful vehicle for improvement of production and export conditions from Jordan. Whether we like it or not, improvement of these conditions will, at times, require confrontation with Government Institutions that have a vested interest in certain on-going practices. One example of this is the current need for several different documents in order to export fresh produce.

The following alternative organigrams present a simplified version of my view versus that presented in the Technical Services Proposal.



The Technical Services Proposal version is that described as the "A" version. My version is the "B" version.

In the "A" version, to be successful, one would have to assume that all of us live in an ideal world where no disagreements occur. Obviously, this is not the case. We have already seen a series of disagreements in the Association startup. First, AMO opined that, once started, the Association should not receive any more attention. Second, AMO said that since the Association had garnered some 50,000 JD in initial fees, there was no need for the Project to provide agreed upon financial support. Third, the Association quickly proposed a series of trips to 5 regions in order to marketing contacts for input to farmer planning for this coming cropping season. AMO disagreed saying that AMO staff should accompany each visit.

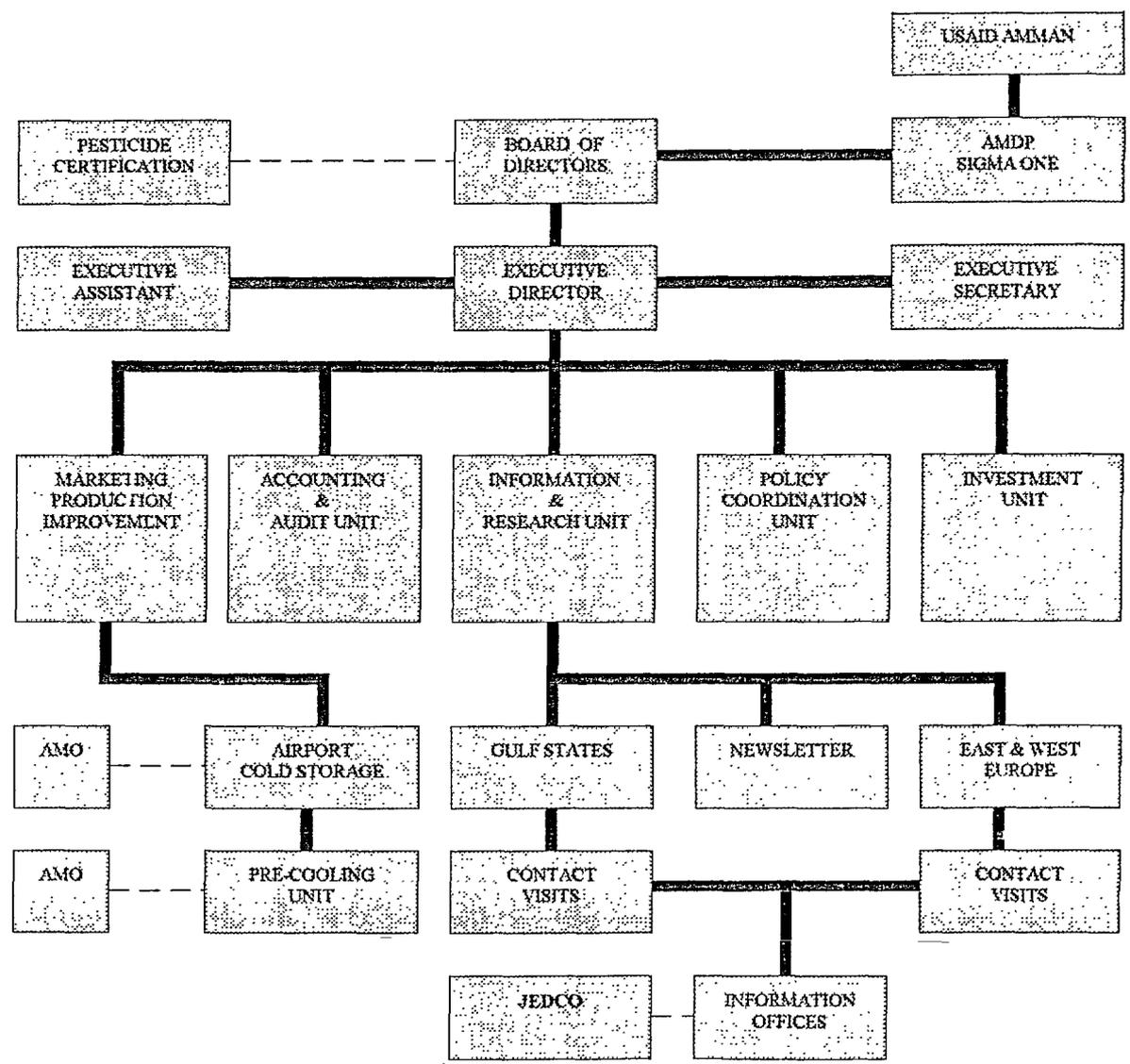
A free, independent and truly representative association will certainly have views that disagree with some aspects of Jordanian Government Policy. In version "A", it is clear that the Association risks Project support if, and when, they disagree with one or another Government policy.

Version "B" seeks to avoid the above problems by permitting the growth of a healthy, independent association of value to the farmers and exporters. As AMO moves closer to its role

as a regulatory agency, the association can take up the various functions needed to enhance the quality and quantity of fresh produce exports from Jordan.

3. Exporter's Association Vision

A five year vision for Jordan's fresh exporter's association might be portrayed graphically as follows:



Actual development of the Association's vision will evolve with experience as well as with success in obtaining sufficient support from Jordanian producers and exporters as well as from external sources.

4. Progress to date

The number of Association members has increased to 108 as of the end of July 1994. The Board of Directors has approved the incorporation of flower exporters as members of the Association. The Association office is ready for occupancy.

The pre-cooler is now complete and ready for use. A bulletin is being prepared on the use and benefits of the Pre-Cooler to be distributed to Association members as well as to the larger community of exporters and producers.

The Association is discussing the Pesticide Residue Certification concept with Mr. Abdul Qader Samara.

The Association developed a request to AMDP for a series of six trial shipments to Russia. The Association has also received a request from Oman for a trial shipment.

The Association has contacted VOCA about a fee collection study, and about a follow-on flower production and marketing activity. VOCA has responded positively in both cases.

The Association selected 5 members for the approved importer contact visit to Indonesia and Malaysia. Contacts are being made with the World Trade Center offices in Jakarta and Kuala Lumpur. The tentative date for departure is August 21.

III. PROBLEMS ENCOUNTERED

A listing of problems encountered in the course of this past year are noted.³ A review of this listing shows where I have spent a considerable amount of time. The AMO weekly newsletter, for example, has progressed slowly. It was the objective of the project to establish this weekly newsletter as a constant flow of information from AMO to the Exporter Community. Early AMO indifference to this idea has gradually been replaced by a somewhat grudging acceptance of this responsibility. Even so, the main responsibility still remains with the Senior Technical Representative in that I still develop most of the weekly information in the newsletter.

AMO seems to be rather slow in developing a relationship with the Ministry of Plan so that the USAID provided local currency designated to support the AMDP is sufficiently exploited. Perhaps, AMDP could be requested to assist in developing ways to use this resource more fully.

The idea of participation in foreign exhibitions has probably generated more heat than it has developed increased exports. As Senior Technical Representative, I participated in several Fairs. My observation now is that all future decisions to participate in exhibitions when financial support from AMDP is required should be made by the Exporter's Association. If the Exporter's Association believes it worth their while to participate by paying all the costs of transportation and lodging, then AMO with AMDP and Local Currency from the Ministry of Plan could assist in organization of these activities. I hasten to add here, that most Jordanian companies interviewed have indicated that they do not feel the fairs have been sufficiently beneficial to their business. The Sigma One Corporation, in their report, "A Strategy for Agribusiness Investment Promotion in Jordan" says, **If Jordanian firms require market access, they would attend the trade exhibitions as observers and not exhibitors. Jordanian firms should not exhibit at trade fairs until they have the capacity to fill commitments.**

Development of the Exporter's Association utilized a lot of time of the Sigma One Group in 1994. Many problems were encountered, and most of these were conflicts with AMO. AMO, for example, said that once the Association was established it should be left alone. Further, AMO said that since the Association has more than 50,000 JD it would not be necessary to provide financial support. As the Sigma One Representative, on the other hand, I argued with AMO and with USAID that full support should be provided to the Association for the rest of the life of the AMD Project.

IV. CONCLUSIONS

A. Project progress as measured against verifiable indicators.²

The goal of the Project is, *To increase productivity and incomes, including export earnings, for the fruit and vegetable production and marketing enterprises in Jordan.* The accomplishment of this goal is to be verified by a 25% increase in incomes of producers and exporters by 1995. In order to reach this goal it is assumed that the general level of political and economic stability in the region will not deteriorate.

I will not comment on this indicator at the present time because determination of results will require some type of survey and analysis at the end of the project.

The purpose of the project is, *To achieve sustained and substantial increases in the sales of Jordanian agricultural produce abroad.* Achievement of this purpose is to be measured by a 10 fold increase in European exports by 1995; in a 50% increase in exports to the Gulf by 1995; and in a 30% increase in proportions of high-value fruit and vegetables by 1995. It is assumed that import restrictions will not increase and that windows for Jordanian produce will remain open.

² Verifiable indicators are listed in Appendix IV of the Project Paper Supplement. Page 34 shows the Logical Framework for the AMD Project.

Following are the results as of the end of June 1994 according to AMO's office of Statistics and Studies:

Table #1 - Annual Fresh Produce Exports to Various Regions

Year	Gulf-MT	W. Europe-MT	E. Europe-MT	Other-MT*	Total-MT
1992	331,457	1,348	1,064	53,728	387,597
1993	277,547	1,783	1,969	63,225	344,524

*Other Arab countries, but mainly Lebanon.

According to Table #1, exports to Europe increased by 56% from 1992 to 1993. Clearly, exports to Europe will have to make a quantum leap to reach 10-fold increases by 1995! Exports to the Gulf decreased by 16% in the same period. Perhaps, this decrease has been replaced by increased, subsidized production in the United Arab Emirates. The Association has written to the Saudi Government to encourage re-opening of that market.

Table #2 - Comparison of fresh produce exports by month between regions.

Gulf	Jan	Feb	Mar	Apr	May	June	Total	% Inc*
1992	18,505	13,133	18,346	8129	25936	51313	135362	
1993	14,238	11,017	11,559	15,014	15,953	36,682	114,463	-15%
1994	19,377	15,043	13,250	17,398	26,793	30,461	122,362	-10%
W. Eur.								
1992	277	92	36	39	49	290	783	
1993	145	122	167	128	69	579	1210	+54%
1994	245	291	208	136	68	341	1289	+64%
E. Eur.								
1992	151	76	37	88	215	327	894	
1993	257	319	303	80	54	190	1203	+35%
1994	385	376	430	214	439	569	2413	+170%
Other								
1992	3626	3064	6352	4054	7459	11,432	35,987	
1993	8603	9342	10,690	5204	11,068	5827	50,734	+41%
1994	9713	10,680	6456	4079	9105	636	40,669	+8%

*The percentage increases are based on increase/decrease over 1992.

The outputs of the project are, 1. *A developed export agribusiness utilizing improved handling*

practices of produce and having well established trade links with European and Gulf Importers. and, 2. Institutional capability of AMO to: a) undertake, coordinate, and manage policy-related and other research; b) effectively carry out its responsibilities regarding the promotion of marketing, processing, and exporting. Verifiable indicators include an increased number of exporters adopting improved handling including grading, cooling, and packaging of produce; 2-3 joint ventures with US investors in operation; AMO undertakes, coordinates, and manages research and analysis on at least 5 major policy issues, resulting in policy reform recommendations; AMO completes and disseminates import demand analysis of EEC countries which are currently importing fruit and vegetables which might profitably be produced by Jordanian farmers, and exported by private agribusinesses; A marketing information system is established for transmitting timely information on prices, quantities, grades, and standards to farmers, middlemen, consumers, and exporters. Voluntary associations of farmers, processors and exporters, are organized and supported by AMO and serve as focal points for promoting private sector exporting of fruit and vegetables to Gulf, EEC and other markets. A system of Grades and Standards is established.

I will not comment on expected outputs in this report.

B. Project progress as measured against TSP.³

This document does not have a systematic procedure for measuring project accomplishment. There are, however, comments that can be made by comparing proposed project activities with the four project rubrics of Agribusiness Development, Education and Information, Marketing System Improvements and Investment Promotion.

1. Agribusiness Development in Jordan requires more knowledge about the risks involved in the production for export industry. The Project needs to collaborate closely with the private sector to identify the critical problem areas, to develop solutions, and to disseminate the recommendations rapidly and broadly. The Exporter's Association is the appropriate venue for creating the climate for agribusiness environment.

The first step in accomplishing that task has been taken. The Association is established and will soon be occupying its own offices. Much remains to be done with the Association in helping it to truly affect development of agribusiness in Jordan.

Consultants for development of fresh cut flower exports indicated that Jordan has the potential to increase its exports from the current less than \$1 million per year to \$20 million per year by the year 2000.

³ Technical Services Proposal which is the master implementation plan agreed to by all parties including USAID, AMO and Sigma One.

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2. Education and Information Services by AMO include events to receive reports from various consultants such as Pesticide Residue Certification, Airport Cold Storage, Fresh Cut Flowers and Grape Production and Marketing.

A weekly, one-page bulletin is produced by AMO and is faxed to exporters and other interested individuals. The bulletin contains information available from AMO about movement of fruit and vegetables, and information about technologies of interest to the industry. More work needs to be done to solicit feed-back from the readers in order to ascertain their interest, and to learn what they would like to have in the weekly bulletin.

3. Market System Improvements will address the problems of increased market information, establishment of a cold chain and establishment of a pesticide residue certification program. Some progress has been made by AMO in the recent accomplishment of the Gulf Market assessment by two AMO Economists. A great deal remains to be accomplished as outlined in the approved implementation plan.

A pre-cooler was developed in 1993. Need for improvements of the unit, lack of appropriate management framework and the only recent formation of the Exporter's Association means that the pre-cooler, to date, has not been utilized. I am hopeful that everything is now falling into place for effective use of this large investment.

Airport refrigeration requirements were determined to be economically feasible. USAID stipulated that a series of documents be signed by interested parties before construction can begin. The outstanding document awaiting signature is the Memorandum of Understanding, and USAID has undertaken the responsibility to have that document signed.

The AMDP carried out a study of the requirements to establish a private pesticide residue certification laboratory. One Jordanian laboratory, Environmental Laboratories, has expressed a strong interest in development of this capability. That laboratory is now beginning to work with the Exporter's Association to develop the capability to certify pesticide residue levels and to have that certification function as a component of a Logo already established by the Association.

4. Investment Promotion, according to the strategy developed by Dr. David Franklin, needs to work through the Exporter's Association to address policy, investment and business climate issues.

Aside from development of the strategy, little if any accomplishments can be cited. Hopefully, with firm establishment of the Exporter's Association, progress in this area will be reported at the end of my second year.

1. AMO Functions

Carry out studies and research related to the marketing of agricultural products within and outside the Kingdom with the objective of organizing and developing the marketing system. Disseminate the information and studies conclusion to benefit the public and private sectors.

2. Set up plan for export and import of agricultural products, and supervise its implementation.
3. Specify the products and quantities of agricultural products to be permitted for export and import, and pertinent schedule.
4. Set up the specifications for agricultural products whether to be imported or exported, and for sale in the local market. Make sure that these specifications are followed and supervise its implementation.
5. Set up specifications for packaging of agricultural products including weights and technical specifications, and supervise its implementation.
6. Participate in the conduct of technical and economic feasibility studies for agricultural production and food processing industry.
7. Participate in the agricultural products price control committee.
8. Make recommendations for granting export, import and re-export permits of Agricultural products by the concerned authorities, and issue the required marketing certificates and collect fees accordingly.
9. Encourage the establishment of specialized boards for the marketing of agricultural products, and contribute to its promotion.
10. Supervise all marketing activities at the delivery, storage, and point of sale of agricultural products.

2. Project accomplishments under the four rubrics as outlined in the Technical Services Proposal:

A. Agribusiness Development

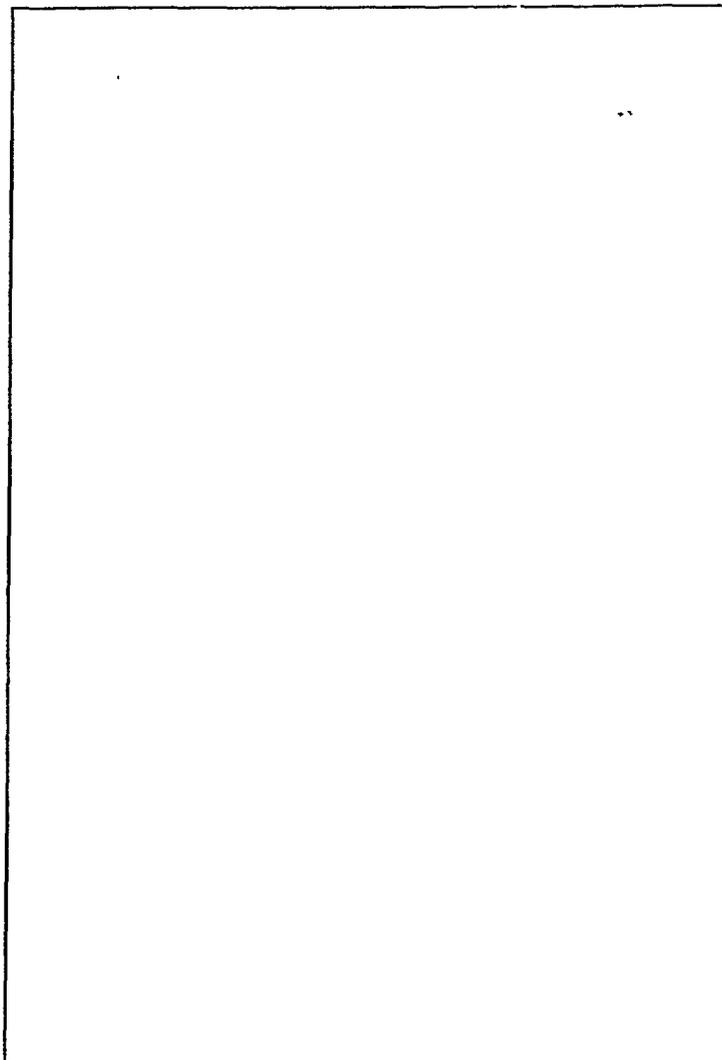
1. Flower Production and Marketing Study: The idea for this study originated during my first visit to Jordan from mid-May to mid-June 1993. At that time, Jordanian flower growers were forced to destroy a part of their crop because of production in excess of local market demand. A study was performed in early 1994 under the guidance of two High Value Horticulture Consultants. Conclusions of their study were that Jordan could, with adequate technical guidance, and with adequate investment in top quality technical inputs, reach up to \$20 million worth of exports of fresh cut flowers by the year 2000. The Consultants recommended that a follow-up activity be initiated to work with a limited number of flower growers willing to invest in quality production for the export market. A proposal was approved by AMO and USAID, but Sigma One has not moved ahead on this issue due to perceived budget constraints, and because Sigma One is worried about the proposed split funding between the USAID contract, and the involved growers.

AMDP, working with the Exporter's Association, has contacted VOCA to enquire into the possibility of developing this follow on service with their volunteers. Their initial response is positive. VOCA will only consent to work with private entities.



Carnation selection provides employment for Jordanian women from Menfieh at the Sukhtian flower farms near Mafraq.

2. Grape Production and Marketing Study: It is believed that Jordan can significantly expand its production and export of top quality grapes, and particularly seedless grapes. Jim Surabian, a former grower in the Coachella Valley of California, was contracted by Sigma One Corporation to carry out the production aspects of this study. He arrived in late June 1994, and will complete his work by August 4. He will be followed by a Grape Marketing Consultant who will evaluate the marketing potential for top quality grapes from Jordan.



The Egyptian Field Manager proudly displays Early White Superior seedless grapes at the Abu Ghazaleh Farm during the 1993 harvest.

3. Melon Production and Marketing Study: Melons are widely produced in Jordan. Lindemann, a California production and marketing company for melons, has expressed an interest to come to Jordan to carry out this proposed study. It was hoped this could be done in summer of 1994, and that, as a result, Lindemanns might decide to export melons from Jordan for the European market. Unfortunately, this proposed study has been held in abeyance by the Sigma One Corporation because of budgeting questions.

4. Risk Assessment: Abrar Sattar, from Sigma One's home office, spent several weeks in Jordan working with Jihad Abu Sondos of AMO and with Mohamed Hadi of AMDP. The final report has not yet been received.

5. **Safi Field Trip:** Recognizing that the principal constraints to increased exports probably lie at the nexus between exporters and producers, Dr. Lozi accepted the idea of a field trip to Safi. A number of exporters traveled with Dr. Lozi and the Senior Technical Representative. Comments heard at the Safi meeting with producers, strengthened the idea that farmers should be included in the Exporter's Association.

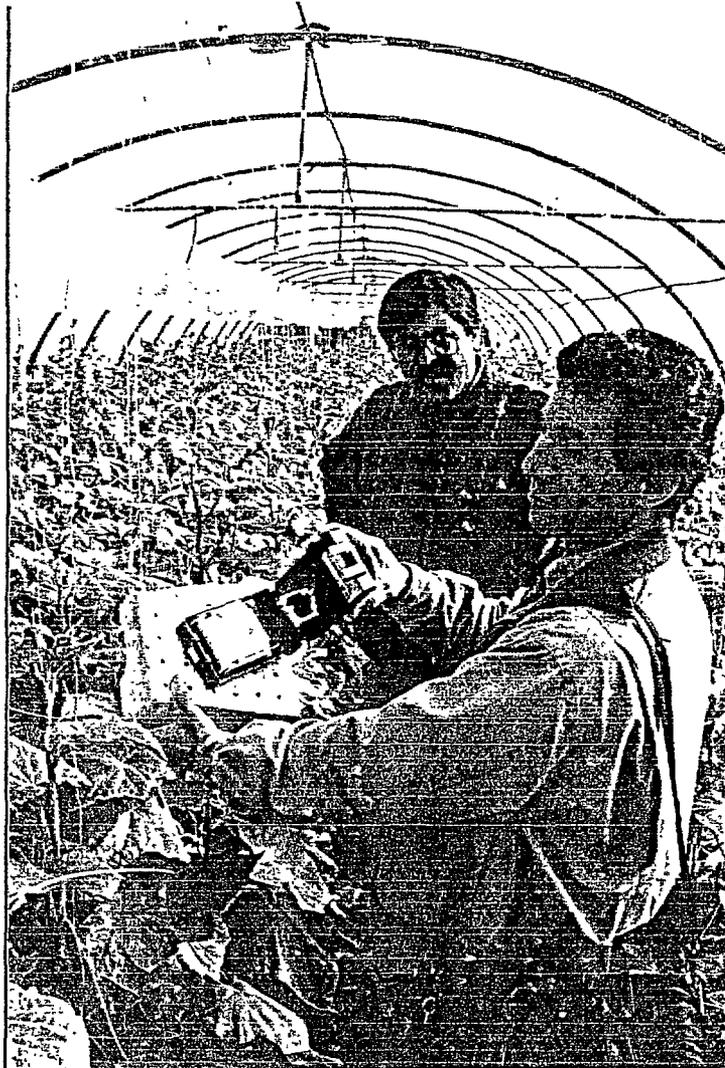


AMO, with AMDP assistance, organized a field visit to Safi in order to bring some exporters in contact with Safi farmers.

6. **Morocco Study Tour:** AMDP proposed that a study tour to Morocco be conducted in early 1994. The intent of this study was to expose Jordanians to some of the reasons for Morocco's recent success in the modernization of their fresh produce export sector. AMO selected participants, and a ten-day tour of Morocco occurred in late January and early February of 1994.

A group of twelve Jordanians and the Senior Technical Representative participated in the above mentioned trip. Of the ten travellers, five represented AMO; and seven represented Jordan's agricultural sector. The travellers were as follows: Dr. & Mrs. Salem Lozi, Director General, AMO; Mr. Abdullah Mussalam, Department of Food Processing, AMO; Ahmed J. Shawbaki, Queen Alia International Airport, AMO; Mrs. Safa Fanek, Technical Researcher for Studies and Statistics, AMO; Rakan Faour, Jordan Valley Farmer; Mr. Talal Ghezawi, Citrus farmer in North Jordan Valley; Mr. Salameh Khashman, farmer near Mafraq; Ms. Najwa Shasha', farmer in Jordan Valley; Mr. Hassan Khouma, flower grower near Madaba, and in Jordan Valley; Mr. Zuhair Jweihan, farmer in Safi; Mr. Khalil Abu Ghannam, farmer in Jordan Valley; and, Richard J. Peters, Sigma One Corporation.

Perhaps, the greatest benefit of this trip was the observation of functional private organizations that greatly aided the Moroccans in their achievement of fruit and vegetable exports. Travellers, in general, did not see a great deal of difference between the technological levels of agricultural production in Morocco and in Jordan.



Abdullah Musallam, AMO employee of Post Harvest Technology, listens as Dr. Ylmas Ylker, Sigma One Consultant, discusses use of the "Ryan" in measuring continuous green house temps.



Exporter Nabil Rajibi discusses the state of maturity of a flat bean with a Safi Farmer.

7. Trial Shipments: Dr. Yilmaz Ylker was on a three month contract at the urging of the USAID Project Officer. He was assigned the main responsibility to develop a series of trial shipments to Indonesia. He worked on this idea for about 3 months, but was not able to put together a shipment for a number of reasons. Lack of adequate product was the main factor. In the three month period, he also worked with producers to help identify some of the constraints to production. One result of this work was the concept of "trial production". No more progress on that aspect.

8. Airline Strategy Study: It is believed that interested exporters will respond to potential markets in connection with the first destinations (and sometimes second destinations) of many of the more than 100 flights that depart from Amman on a weekly basis. AMO agreed this would be worth doing, and proposed that an AMO employee carry out the work. AMDP indicated their acceptance of this approach, and indicated willingness to provide outside support from such sources as the University of Jordan. So far, nothing has been done.

9. Indonesia Study Tour: Initially proposed to USAID in early March 1994 and approved by USAID in late March. USAID disapproved participation of AMO and of the Senior Technical Representative. Objective of this tour is to help Jordanian exporters develop contacts with additional Indonesian buyers. The Exporter's Association solicited member participation, and five association members have been selected to travel to Indonesia.

Tentatively, the trip to Indonesia is scheduled for August 1994.

10. Sharjah Fair: AMO developed participation in the Sharjah Fair in September 1993. About 6 Jordanian companies participated in this fair. The participants included: Mr. Abdel Hafeeth al-Jidi, Holy Land Honey; Mr. Mazen Kalbouneh, Farah Agricultural Industries; Ghazi al Jabali, Ghazi Jabali Co.; Mr. Shaker Kawar, Jordan Green Valley Food Industries & Trade; Mr. Sae'd Shakshir, Jordan Greenhouse Manufacturing Co.; and, Mr. Adbel Rahim Akel, Munir Sukhtian Co.

The Sharjah fair was a "consumer" fair. Most of the Jordanian participants were attending this fair in order to make business

contacts. Green Valley was, perhaps, the only company that felt they did well at this fair.



Hassan Khourmah discusses greenhouse carnation production with the Moroccan manager of a fresh cut flower project south of Casablanca.

11. ANUGA Fair: The ANUGA Fair contained participants in both fresh and processed foods. According to the ANUGA publication, there were approximately 3960 different companies participating from at least 75 countries. It is said that more than 500,000 people attended this fair.

Jordanian participants in this fair included: Moutaz Khalili, BLUEBIRD; Nabil Rajibi, S. RAJABI SONS CO.; Malik Zureigat, AGRIPCO; Ahmed Al-Bashir, IBN HAYYAN IND.; and, Abdel Rahim Akel, SUKHTIAN.

The Jordanian participants at this fair agreed that the exposure of the fair was valuable to them. None had, however, specific results to cite as a result of the fair. Several indicated they would not have participated if their transportation costs were not covered. They said that they only export about 200 metric tons to the European market each year.



A potential United Arab Emirates client at the Sharjah Fair discusses business with Mr. Abdel Rahman of Munir Sukhtian while Sae'd Shakshir looks on.

12. Berlin Green Week: Held in early 1994, this fair was supported by AMDP to pay for the shipping cost of decoration, a brochure, designer fees and lodging for Madanat farms representative. The participants included Haddadin Farms, Awwad Farms, the Cut Flower Cooperative; Madanat Farms, Awamleh Farms, Banat Trading Establishment, Green Valley Establishment and AMPCO.

13. British Royal Show: AMDP agreed to support the Royal Show with up to 3000 JD for publication of a brochure. A beautiful brochure was prepared. As an artistic event, the Jordanian presentation was certainly a success. From AMDP's point of view, however, the value of this event must be calculated in the willingness of Jordanian producers and exporters to participate in future events on the basis of economic return to the investment.

B. Education and Information

14. Weekly Newsletter: AMO established a weekly newsletter in September 1993. The intent of this newsletter is to keep exporters informed of marketing information, technology and other items of interest to fresh produce exporters. This newsletter is sent out to Exporters on a weekly basis by fax, and in the Arabic language. The Senior Technical Representative has supplied the editor, Ali Dhumour, with English summaries of information from such sources as the Fresh Produce Journal, the Packer, etc. The news has gone out in Arabic on a fairly regular basis. An English version has been less regular, but is considered important in terms of making various donor agencies aware of the work with AMO.

It is, perhaps, time to review performance of this function by determining who reads it, and what exporters might desire as content. Training funds are available for this function if and when AMO deems it is needed.

15. Video for AMO and Exports: AMDP financed the professional production of a video to describe Jordan's capabilities in the fresh produce sector. It was intended to use this video in various fairs where AMO participates

16. CIMO Conference: The 1993 CIMO Conference was held in the Sheraton Hotel in Brussels, Belgium. Some 31 countries were at the conference with approximately 283 people in attendance. CIMO is the European association of the import trade of fresh fruit and vegetables originating in overseas countries and imported into the EU.

The purpose of CIMO is to represent and defend the interests of companies dealing with fresh fruit and vegetable imports to Europe. In addition to lobbying activities, this body is also a forum for discussion of technical subjects such as harmonization of deck heights of reefer ships, risk management, etc. AMO became an associate member of CIMO in 1992.

USAID authorized the Senior Technical Representative to attend this event. No Jordanian was present. The value of this conference for a Jordanian representative would include the development of insight into how the European market functions, new potential market contacts at the conference; and, possibly, some insight into the importance of free market principles

17. Jordan Potential Workshop: Discussion about this workshop began in January 1994. Eventually, a proposal was put together. Once the Exporter's Association was established, this proposal was presented to the Board of Directors for their consideration. Initially, they rejected the proposal because they felt this was an AMO idea. Subsequently, the Executive Director of the Association has approached AMDP and AMO's Mahmoud Hiyari to finalize the concept.

C. Marketing System Improvements

18. Gulf Market Study: A proposal to send two AMO economists, Yusuf Qat and Jihad Abu Sondos to Qatar, Bahrain, the United Arab Emirates and Oman was initiated in October 1993. AMO conducted a meeting with several Exporters to the Gulf who indicated they had sufficient information about the Gulf market from their truck drivers. In April 1994, the two economists presented their proposal to the Exporter's Association. The Exporter's Association facilitated further contact with Gulf Exporters in the offices of exporters to discuss the proposed study.

The difficulty in obtaining visas for the four countries was a delaying factor that was eventually resolved with the assistance of Gulf Exporter, Nabil Rajibi.

The two economists conducted their study over a month long period in April and May 1994. They completed their report in June 1994. Presentation of their findings to Gulf Exporters through the Exporter's Association has yet to be accomplished.

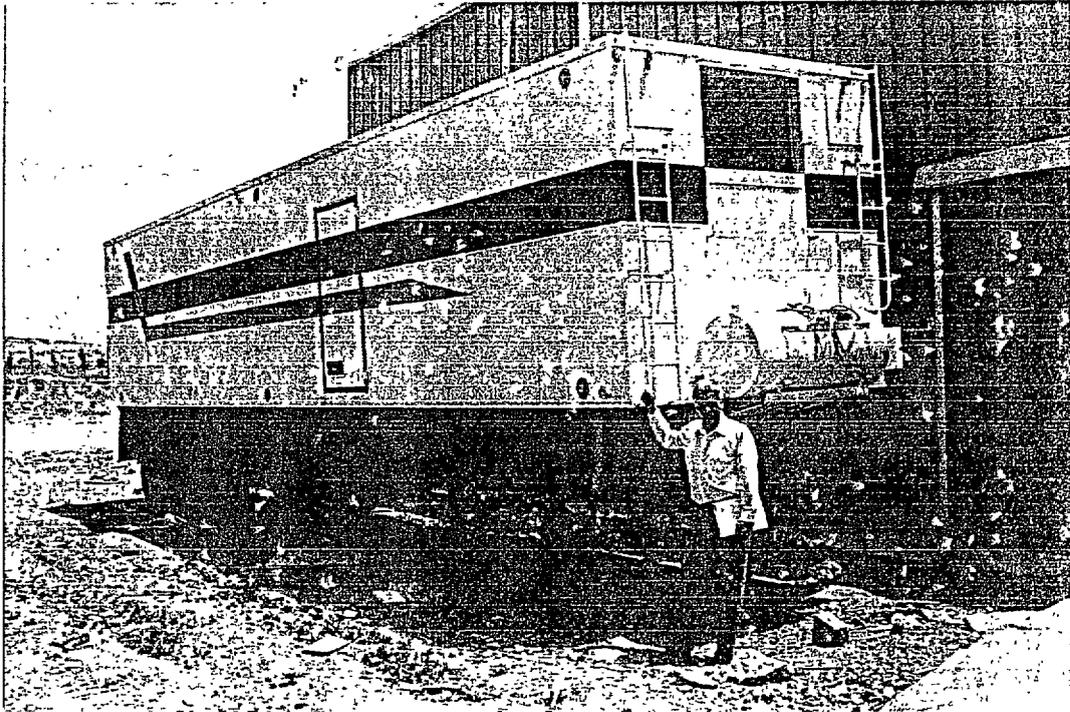
19. Pre-Cooler: AMDP constructed a mobile pre-cooler prior to my arrival in Jordan. First tests of this pre-cooler were conducted in August 1993. These initial tests were conducted by Ousama Najdawi of AMO's office of Post Harvest Technology. In November 1993, David Cayton, in Amman to analyse the economic feasibility of a cold storage unit at the airport; and Dr. Yilmas Ylker, consultant for developing trial shipments, indicated that the pre-cooler was not correctly designed to serve as a pre-cooler.

In early 1994, slight modifications of the pre-cooler were conducted by the original manufacturer, Hitachi.

Once the Exporter's Association was established, Omer Haimour, a member of the Board of Directors, led the initiative to

actually begin demonstration of the pre-cooler unit. An additional problem, however, was immediately identified in that most pre-cooling sites do not have 3-phase electricity. It was decided to procure a diesel generator which was installed and ready for operation by late June 1994.

The Exporter's Association organized a management unit for conducting the pre-cooler demonstrations. Ousama Najdawi is providing technical guidance to precooling, and Mr. Musa is providing mechanical maintenance and movement for the unit.



Paul Forrest shows off the insulated container ready to be equipped with refrigeration equipment so it can serve as a pre-cooling demonstration unit.

20. Airport Cold Storage: David Cayton led the economic feasibility study for the possible construction of a cold storage facility at the airport. He was assisted in this early work in November 1993 by Riad Khoury. Conclusions of the study, which included a technical design, led to the conclusion that a facility should be constructed. The study and its conclusions were presented to Royal Jordanian Airlines, the Civil Aviation Authority and USAID. Dr. Salem Lozi, Director General of AMO, took firm leadership in these early meetings with Royal Jordanian, and was, eventually instrumental in obtaining Royal Jordanian Airlines agreement to invest some of their money in the development of the facility.

USAID agreed to finance the majority of the costs through the Sigma One Contract. Tom Oliver, the USAID Mission Director, stipulated three requirements prior to moving ahead with actual construction:

- 1) Facility management agreement to be signed by Royal Jordanian Airlines, the Exporter's Association, and

by AMO;

- 2) Investment agreement to be signed by Royal Jordanian Airlines and the Civil Aviation Authority;
- 3) Memorandum of Understanding to be signed by Royal Jordanian, Civil Aviation Authority, AMO and USAID.

To date, the management agreement has been signed. Civil Aviation and Royal Jordanian are arguing that they can only sign an investment agreement after the facility is in place.

One factor of urgency for this effort is the need to spend \$120,000 obtained from USAID's NCARTT Project which terminates in September 1994.

21. Pesticide Residue Certification Consultant: A scope of work for this study was drafted in August 1993. Mr. Steve Morgan and Dr. Don Peterson were contracted by the Sigma One Corporation, and they conducted their work in December 1993.

A final report of that study was prepared by the Sigma One Corporation, and copies were provided to interested Jordanian individuals and companies. Ultimately, one Jordanian firm, Environmental Laboratories, took a keen interest in the possibility of expanding its capability to carry out the functions of a pesticide residue certification program. That company has informed AMDP that they believe they could launch a program if they could receive financial relief for initial chemical purchases as well as for initial operational costs. They indicate a need for approximately 76,000 JD.

The owner of Environmental Laboratories, Mr. Abdul Qader Samara, was invited to present his concepts of a Pesticide Residue Certification Program to the Exporter's Association Board of Directors. Mr. Samara has an excellent grasp of what is required, but he allowed himself to be overcome by the financial difficulties he faces in trying to achieve the goal of a program in his presentation. Board members were not impressed with his presentation.

More recently, Mr. Samara has approached the Exporter's Association with a proposal that the Association purchase the estimated 20,000 JD per year for chemicals required, and provide one full-time employee to work with the Environmental Laboratory on this activity. In exchange, the Exporter's Association would then gain some eventual income from the pesticide residue certification program.

AMO's office of Post Harvest Technology has opened another avenue to try and solve this dilemma. They are discussing the possibility of having the Ministry of Agriculture's Bqa laboratory take on the role of pesticide residue testing. They are suggesting this service could be offered free to the producers/exporters.

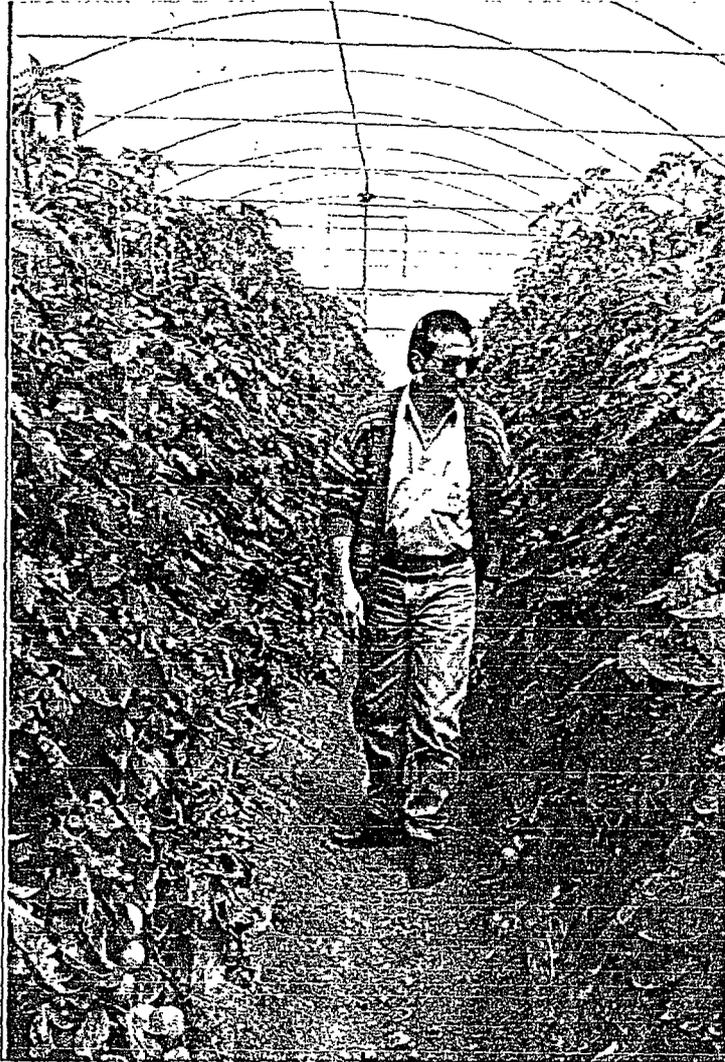
D. Investment Promotion

22. A Strategy for Agribusiness Investment Promotion in Jordan: Dr. David Franklin, President of the Sigma One Corporation, spent about one month in Jordan to develop a strategy for agribusiness investment promotion in Jordan.

He suggests a two-step process. The first phase is to prepare Jordan's fresh produce export sector, on a firm and sectoral level, to attract investment. The second phase will seek international firms to fill specific market access and technical needs that have been identified in the first phase.

The Exporter's Association must play a key role in addressing policy, investment and climate issues. Fresh produce businessmen must be encouraged to tap domestic investment resources and to develop vertically integrated companies that will handle export crops from production to export. Integrated firms will sort produce in the field and ship to Europe, Eastern Europe and the former Russian States, the Gulf and the domestic market.

The second phase will be an intensive effort to identify international firms interested in a joint-venture or investment. These firms are those that have a presence in the European fruit and vegetable market. All elements of the first phase need to be well established before any intensive efforts begin in the second phase.



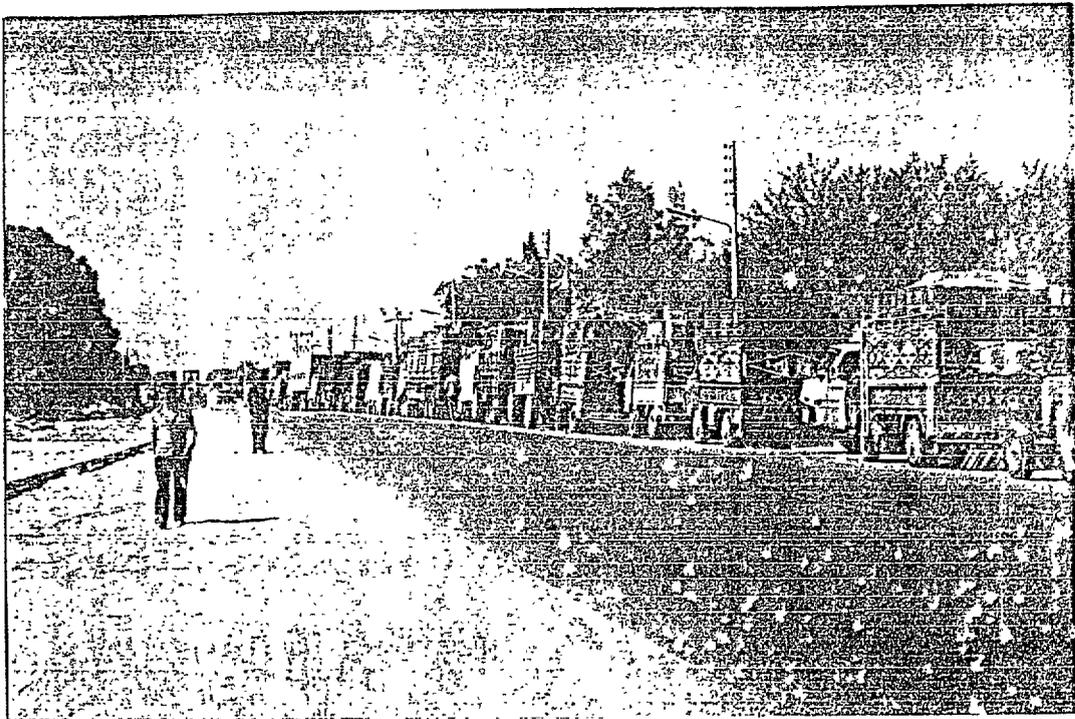
Mazen Odeh is leading the way in the use of multi-span greenhouses in the Jordan Valley. He erected the first multi-spans in 1993 to produce cucumbers, tomatoes, etc. He is expanding his production to additional multispans in the Jordan Valley as well as in the Highlands in order to have a longer production season.



Khalil Abu Ghannam is the "king" of strawberry production in Jordan. He produces strawberries in the Jordan Valley both in greenhouses as well as in open fields. Mr. Ghannam is well known for his work with students, some of whom have become farmers as a result of their association with Mr. Ghannam.

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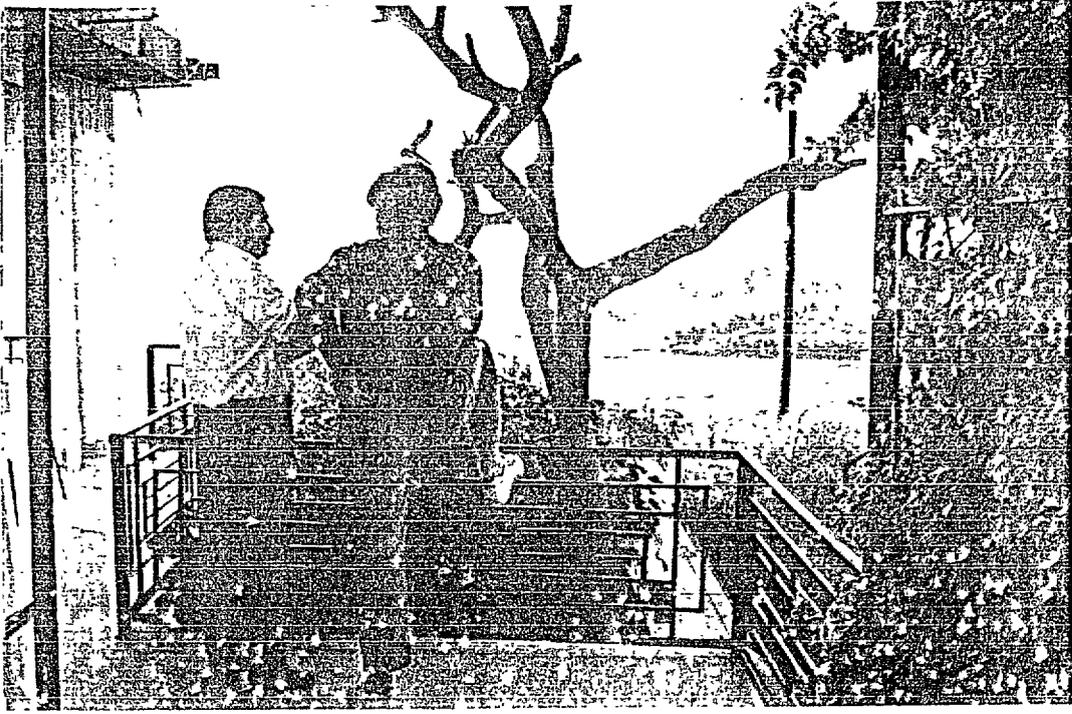


The Government of Jordan offers a guaranteed price for tomatoes. A strike by tomato paste factory workers resulted in a several day wait of a six-kilometer line of trucks in 1993.



Shatha Rabadi and, Safa Faneq, AMO Economist discuss greenhouse production of tomatoes at the farm of Najwa Shasha' in the Jordan Valley.

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Dr. Salem Lozi, Director General of AMO, and Richard Peters converse at the Jordan Valley Retreat Center.



Zuhair Jweihan, Abdullah Sabe', Talaa't Dougmush, and Karim Haddadin at the First General Assembly of the Exporter's Association held on March 24, 1994.

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24

Problems encountered in the implementation of the Agricultural Marketing Development Project.

8/31/93:

1. Increasing indifference to association on the part of exporters due to length of time this has been an issue, and because some exporters have been diverted to the World Bank proposal for a company. An exacerbating factor is a continued conflict between the big gulf exporters and the small quantity European exporters. Finally, an existing union of exporters and wholesalers, established 10-15 years ago has been proposed as an alternative to the Jordan Trade Association approach.
2. The newsletter may encounter further delays for a variety of reasons. One problem is desire to emphasize information to the producers. A second problem is the inadequate computer power to use windows and the arabic language.
3. AMO/AMDP is troubled by my continual desire to meet with exporters in their places of business. They have requested that an AMO employee accompany me in all visits with the export sector.
4. AMO/AMDP is troubled by the USAID Project's change in operating procedure. In earlier phases, the project, apparently paid the costs of AMO employees for a variety of trips. According to current understandings, AMO has to provide the resources either from the regular government budget or from a USAID CIP financed budget controlled by the Ministry of Planning. AMO staff are very negative about approaching the Ministry of Planning for use of those resources because they have not allocated sufficient resources even though USAID has designated funds to support the AMD Project.

9/30/93:

5. The Sigma One Technical Services Proposal indicates that a final work plan cannot be in place until the Agricultural Exporter's Association has been established. USAID, however, is requesting that a work plan be submitted in the near future. I have no problem doing that, but it must be recognized that the plan will have to be amended once the association is in place.
6. Use of the pre-cooler has not been satisfactory. The problems include exporter indifference as well as the inherent problem of a government bureaucracy. Individual employees of AMO are among some of the finest people I know, but they have no incentive to work the extra hours needed to make use of the pre-cooler a success. Despite this inherent problem, I hasten to add that both Marwan Haddadin, the director of Post Harvest Technology, and Usama Najidawi are dedicated, professional individuals. Possibly, this issue can be resolved with the proposed year-long trial shipment to Indonesia.
7. I wish it were possible to communicate in adequate arabic so that I could participate in some of the meetings. To date, I have not initiated taking a course because of lack of time. Maybe, I can do so upon return from Europe.

10/17/93:

8. Unfortunately, I developed a cold prior to departure on the European trip. It stayed with me throughout the ten days, and cut into my efficiency.
9. The AMO employee assigned to publish the weekly, Ali Dhumour, was sent to the ANUGA Fair. As a result, the Weekly Newsletter was not published for one week.

10/31/93:

10. USAID has been putting pressure on the project to stop using car rentals. Meanwhile, the three project vehicles

are licensed and ready to go. We are awaiting USAID clarification as to management of the three vehicles.

11. Lack of product is a major constraint facing Jordan's export sector. My view has been re-inforced by both Dr. Ylker and by Steve Morgan. I believe the project should begin to address this issue by developing a "trial production" concept.
12. The development and improvement of the weekly newsletter is seriously lagging.

12/15/93:

13. Several weeks ago, USAID held a review of their project portfolio. One of the issues of concern is the need to emphasize the woman's role in the various aspects of Jordan's marketing sector. The project response has been to develop a list of what women are doing with regard to production, marketing and exports. USAID is insisting that the project immediately include women in activities such as Berlin Green Week and the Morocco Study Tour. We have requested USAID to allow us to develop a solid, meaningful approach as measured against a background of what is already taking place. Meanwhile, we are attempting to comply with USAID's insistence that women be included in both the mentioned activities.
14. The World Bank team of more than 25 consultants is in country. I had asked Steve Morgan to call on the World Bank in Washington prior to arrival in Jordan. The problem is that rumours of big pots of money threaten to slow down achievement of our objective of installing a pesticide residue certification program. My own view is that this can be achieved without financial assistance from the World Bank. I base this view on the belief that entrepreneurial Jordanians are willing to invest in this enterprise if they have the information. I have tried to keep our consultants from simply talking with the World Bank Consultants, rather focusing on their scope of work which is description of the pesticide residue problem, and a proposed private sector solution.

12/30/93:

15. There appears to be a great deal of inertia in the Agricultural Marketing Development Project. Many of the problems we have identified now, were already identified two years ago. The project, however, is very slow in coming up with new ways of addressing the problems identified. Clearly, the principal constraints to increased exports are not in post harvest handling. Rather, the principal constraints appear to occur at the nexus between exporters and producers. I am pleased that Dr. Lozi recognizes this problem and has initiated a trip to Safi in the company of several exporters. A separate report details some of the problems encountered. Hopefully, in 1994, we will be able to re-direct the project towards the bigger constraints.
16. There appears to be a lack of commitment to the idea that Jordan's exporters should receive a constant flow of updated information relevant to their needs. AMO personnel have insisted, more-or-less, that this is something introduced by the AMD Project, therefore it is their responsibility!

1/15/94:

17. Future participation in Exhibitions should be based on a stronger commitment from exporters. Details of this problem will be fully discussed following return from Berlin's Green Week. Meanwhile, we have received a request from Soukhlian's Mr. A.S. Akel, to participate with them in an International Plant Exhibition in Essen, Germany in February. They propose to send two people to that event, and indicate their total expenses at \$3500. I believe it would be appropriate for AMO/AMDP to participate, but we should probably invite the other tissue culture company, HASAD, to participate as well.

1/31/94:

18. The interim committee assigned to organize for the Exporter's Association has encountered one concern. Gulf exporters are concerned that producers proposing to enter the association will dominate.

2/16/94:

19. The Senior Technical Representative was hospitalized for several days in this reporting period due to a bacterial infection.

3/2/94:

20. The bacterial infection mentioned in the last report led to removal of a defective gall bladder in this reporting period. This major surgery necessitated staying at home for the major part of a week for the Senior Technical Representative.
21. The senseless killing of Hebron worshippers has seriously jeopardized the peace process. In turn, the lack of progress toward peace may postpone the development of investment promotion.

3/16/94:

22. Jordanian farmers threatened to strike on March 10. Fortunately, the strike was averted. The farmers are, apparently, hoping to convince the Government to provide grace or forgiveness for loans from the ACC.

4/2/94:

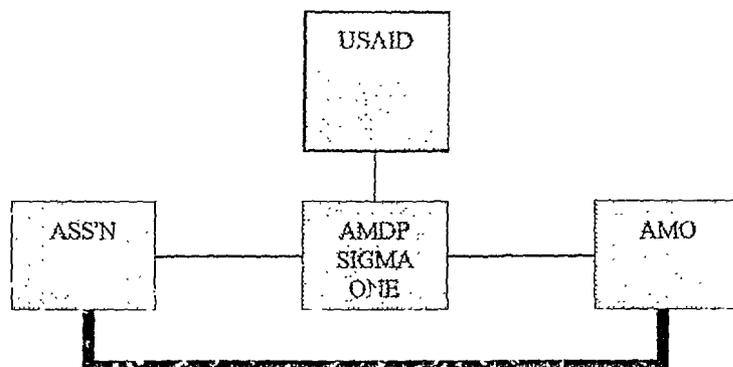
22. I've encountered some complaints about my reporting to the effect that I'm writing too much. I have not heard that the project is not doing enough work!
23. I'm concerned that the weekly newsletter is still not functioning as well as it should. The problem, at this point, is a failure to publish an English language version. I'm also concerned in that most of the source of information is coming from me. I am willing to do this, but I'm only here for another 22 months, more or less.
24. There have been some comments to the effect that, now that the Exporter's Association has been established, we should let it alone and let it figure out how to walk by itself. My own view is that Sigma One must provide assistance to enable the Association to define its vision and to learn how it wants to manage its affairs.

4/15/94:

25. The General Assembly elected a Board of Directors based on its membership, and on the adroit politics of those who were seeking to become elected. The election process itself was a model of transparent democracy. Usually, democracies allow a time of grace, say 90 days, before aggressive criticism surfaces. In this case, however, some Gulf Exporters (rumored to have support from some Government sources) have threatened to withdraw from the Association because they feel they are not properly represented on the Board of Directors.
26. A very important question is how AMDP will work with the Association in the longer term. For the moment, the Sigma One Group is operating as the acting executive manager of the Association, and this will continue until the Association's own executive director has been selected and is ready to assume responsibility. My own view is that the project should work in two parallel modes as follows: 1) USAID-SIGMA ONE-AMDP-AMO, and, 2) USAID-SIGMA ONE-ASSOCIATION.

4/30/94:

27. Tensions between AMDP and AMO seem to have abated. I like to think this is because AMO believes we are moving in the right direction in our strong support for the Exporter's Association.
28. I propose that USAID clarify to the Government of Jordan that the Sigma One Corporation be empowered to work directly with AMDP-AMO as well as directly with the Exporter's Association. Schematically, the relationships could be portrayed as follows:



Please note the line that connects the Exporter's Association with AMO. This is a linkage of equivalence which seeks to demonstrate the mutual interdependence of both the governmental as well as the private sector agency.

5/16/94:

29. Informally, USAID's response to my definition of the problem about working directly with the Association on some project aspects rather than through AMO, has been the suggestion that we define which activities are clearly those of AMO and which are activities clearly belonging to the Association.

I developed an initial draft of a memo (MEMO.506, May 11, 1994) that was meant to elicit consensus on this issue, but, unfortunately, we have not been able to discuss this between USAID, AMO and the Association. All three entities have seen the document. The Association is very supportive, and I believe that USAID favors this approach. I had hoped that, following a discussion, we could actually apply money to the various components.

Reaction from AMO, so far, has been to argue that they are as supportive as Sigma One Corporation to the establishment of the Association. The issue, however, is control. My view as a professional in development with extensive experience with development of institutions, is that control must rest with the institution being developed - the Exporter's Association in this case.

30. The impact of the regional peace process has yet to be measured. I understand, from various business contacts, that the Amman Stock Market has declined, at least momentarily.

I've been told that much of Jordan's private capital is in the hands of Palestinians. Some believe that, with access to the West Bank, much of the capital will flow to that area leaving Jordan high and dry. Others discredit that view. One fruit and vegetable grower with whom I visited yesterday, says that he is able to find adequate capital to expand his multi-span greenhouse operation to a much larger operation both in the Jordan Valley as well as in the highlands. He is developing this venture with domestic capital and his objective is an export strategy.

6/15/94:

31. The issue of how to work with the Exporter's Association is being addressed. I am developing an implementation plan which will contain a component for the Association. Hopefully, this component will be approved by USAID and AMO for a one-year period.

32. The time remaining to construct the Cold Storage facility at the airport, and use the funds available from USAID's other project is becoming worrisome. Hopefully, signatures can be obtained as scheduled, and Fakhri Nustas can proceed with the development of the next steps in this process--which requires a concrete platform in place before Sigma One is willing to move ahead with a construction contract.