



## Partnerships for Food Industry Development – Fruits and Vegetables

Third Semi-Annual Report

January 15, 2002 through July 15, 2002

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USAID Project Award No. GDG-A-00-01-00001-00

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## Third Semi-Annual Report

### **Introduction**

This report highlights activities conducted and work accomplished under PFID-F&V during the period, January 15, 2002 through July 15, 2002. During this period we continued to establish PFID-F&V's presence, implemented the first steps of PFID-F&V programs in several nations, established further contacts with agribusinesses as well as building on those already established, and provided training to host country counterparts through in-country activities, distance learning, and on-campus courses.

### **Background**

PFID-F&V began on January 15, 2001. A “Leader with Associates” agreement between USAID and Michigan State University was signed in March 2001, with provision for expenses beginning on January 15<sup>th</sup>. Under the terms of the agreement, USAID and MSU agreed to work together globally to promote the following objectives:

1. Facilitate agribusiness partnerships and linkages between retailers/processors in the US and other industrialized nations and producers/exporters in developing nations so as to
  - a. expand the size and range of products of produce markets;
  - b. reduce transactions costs and risks for all partners; and
  - c. respond to requirements of retailers and processors with respect to quality, safety, timing, varieties, and volumes.
  
2. Provide training and technical support to firms, farms, associations, and governments of developing nations such that they can better meet international, national, and private sector standards with respect to quality, safety, environment and labor. This includes:
  - a. training entrepreneurs and farmers in quality and safety standards;
  - b. finding technology, packaging, logistics, and storage solutions; and
  - c. enabling workable certification and implementation systems for standards.
  
3. Increase smallholder participation in production for the market and expand employment in post-harvest enterprises so as to raise incomes. This will be accomplished through
  - a. identification of products for which smallholders have an advantage,
  - b. Facilitating linking smallholders together in marketing associations, and
  - c. improving post-harvest handling and processing capabilities.

4. Improve the quality and safety of fruits and vegetables for consumers worldwide by building more secure and effective supply chains and educating all participants on the importance of high quality and safety standards.

#### *Contacts with USAID/Washington*

- Lawrence Busch and Cheryl Danley met with USAID/Washington training workshop June 2002. The purpose of the session was to familiarize new PFID-F&V staff with USAID's development efforts and to discuss current projects and budget. In addition, Busch gave a talk entitled "Thought for Food: How Changes in the Global Agrifood System are Creating New Pitfalls, Alliances, Opportunities for Development."

#### *Management Entity*

- PFID-F&V hired a new Assistant Director, Cheryl Danley, agricultural economist, with international experience in teaching, research, and program management. She has worked for 20 years on issues of environment and sustainable development. Her areas of specialization are agricultural marketing, natural resource management, and agricultural policy.
- The management entity has been strengthened with the promotion of Pamela Fletcher to Administrative Officer and the hiring of Debra Beeuwsaert as Secretary to the project.
- PFID-F&V has established a 12 person Board of Directors. The inaugural Board Meeting, held at Michigan State University in June 2002, was a day and a half event with several guests from the food industry, among them keynote speakers Raymond and Wendy Ackerman, founders of Pick 'n Pay supermarket chain in South Africa, and Roland Waardenburg, director of Royal Ahold's African Sustainable Assistance Program, PFID-F&V's partner in Ghana.
- Upcoming: PFID-F&V will lead a three person team to examine potential for fruit and vegetable production at an irrigation scheme in Northern Nigeria and shipping and marketing nationwide. The mission is planned for January 2003.

#### *Collaboration within the Food Industry and Associated Organizations*

- *In the News*: Supermarket News (the industry's paper of record) reporter, Nancy Griffin, conducted extensive telephone interviews with Lawrence Busch; Director of PFID-F&V; Jack Allen; Bill Gerlach, Director of R&D, Melissa's World Variety Produce; and Phil

Brooks, Chairman, H. Brooks and Company (a leading produce wholesaler in the Minneapolis area). The article is a significant method of attracting industry participation in PFID-F&V projects. The article was published in the July 1, 2002 issue.

- *Produce Marketing Association*: Jack Allen (PFID-F&V) participated as a facilitator at the Produce Marketing Association 2002 Invitation Leadership Symposium in January, affording him the opportunity to describe PFID-F&V's program to over 100 leaders in the fruit and vegetable industry. Several organizations discussed possible participation in PFID-F&V projects. Allen has been invited to conduct this same role for the 2003 Symposium. Example of company executives who have invited follow-up communications include:
  - \* *Agribuys*: Minos Athanassiadis, Vice President. This company is innovating, and has Internet-based software for demand planning and management, procurement and logistics.
  - \* *Try Foods International*: Kevin Dunleavy, Vice President. Food marketing agency.
  - \* *Global Berry Farms*: Michael Klackle, Senior Vice President. Procures berries from many important growing areas of the world; has insight into challenges and opportunities for Guatemalan berries.
  - \* *Blue Book/Produce Reporter Company*: Ken Shultz, Vice President, Rating Services. Reports vital information on trends in the industry and among companies.
  
- *Melissa's (Los Angeles)*: Bill Gerlach, Vice President, Marketing, participated as a speaker at the March 2002 Hortifair exhibition and conference in Kenya. He also made an extensive search for fruits and vegetables as candidates for importation to the US. Products of special interest are baby pineapples and dried peppers (varieties not grown in the US). Gerlach has indicated an interest in participating in a follow-up trip with leading retailers to study importation opportunities, as well as to consider ways to advocate a more rapid product approval process to open the US market for these products—especially those not currently grown in the US. Bill Gerlach has accepted the invitation to join the PFID-F&V board of directors.
  
- *Royal Ahold (the Netherlands)*: In March 2002 Jack Allen participated in the new product development project, which is part of Ahold's Corporate Social Responsibility Initiative, currently being conducted in Ghana. (Royal Ahold is the world's largest distributor of food. It ranks in the top ten US in supermarkets and number two in food service. It accounts for a substantial market share of produce, and imports produce from virtually all parts of the world to supply retail outlets in all continents, except Africa. PFID-F&V is developing close working relationships with Ahold in Guatemala, Ghana and elsewhere.) In a follow-up visit to Ghana in May, Cheryl Danley toured the operations of fruit and vegetable producers, and food processors with Ahold's Roland Waardenburg, Program Director, and Onno Franse, Director of Corporate Brands, as part

of the planning and preparation for PFID-F&V's partnership in Ghana. In June, Tom Reardon met with David Rosenberg, Ahold's Director of Corporate Responsibility, in the Netherlands to discuss the challenges of including small producers in supply to supermarkets.

- *Central Market (Supermarket chain based in Austin, TX):* Lee Crenshaw, Director of Perishables, continues to report progress in the company's commitment to import fresh produce from Guatemala. In addition to having resolved the costly insurance obstacle to importing fruit, he reports having obtained the services of a lab to certify snow peas, which Central Market will import from a Guatemalan grower/shipper. (Central Market is the highly progressive and innovative division of the H.E. Butt Grocery Company (\$8 billion), which is acknowledged as one of the industry's best-managed supermarket companies. (April, 2002)
- *Processed Apple Institute (PAI):* Larry Busch and Jack Allen attended the PAI meeting in Florida April 2002 with marketing professionals from *Sterling Rice Group* (Buddy Ketchner and John Lundeen) and to meet *Whole Foods* representatives, Dennis Ring and Bob Johnson. This trip permitted PFID-F&V staff the opportunity to see members of the Sterling Rice Group (SRG) in action discussing the complexities and issues involved in marketing of new products. Buddy Ketchner made it clear that SRG occasionally does pro bono work and that they would consider doing something with PFID-F&V on Kenyan tea. This possibility will be pursued further. Busch and Allen also met briefly with representatives of Whole Foods. Equally important, they got a better understanding of the kinds of products that they market and how PFID-F&V partners' products might enter their marketing chain.
- *Arena CG:* Jack Haedicke, President, provided a web seminar from Minneapolis to the PFID-F&V staff at Michigan State University in May 2002 to illustrate how cutting-edge computer technology is currently being implemented by leading U.S. food companies. Discussion centered on ways by which the fresh fruit and vegetable industries in PFID-F&V client countries may be able to adopt these advanced tools and methods. The practices described focused on streamlining supply chain systems utilizing Activity Based Costing and creating incentives for each link in the supply chain to reduce costs and improve effectiveness. With relatively great geographical distances from farms to global markets, as well as underdeveloped supply chains in client countries, these tools will have promising applications. (Jack Haedicke is a member of the PFID-F&V board of directors.)
- *Food Marketing Institute (FMI) and Fancy Foods Show:* Delegates from four of the PFID-F&V tea producing client countries attended the Food Marketing Institute and Fancy Foods Meeting in Chicago in May 2002. Projects from Guatemala and Kenya joined the ASNAP/sponsored tea producing teams from Ghana and South Africa. Jack Allen, Cheryl Danley, Tom Reardon, Dave Weatherspoon, David Neven and Luis Flores attended from PFID-F&V. As a result, negotiations on tea sales are underway.

- *CIES-The Food Business Forum*: Jack Allen was invited to attend, as a guest, the World Food Business Summit, Atlanta, GA June 2002. This was an excellent opportunity to network with companies on behalf of PFID-F&V's mission and objectives. (CIES-The Food Business Forum is an international food business network, strategically placed at the interface between retailers and suppliers. Membership is by invitation only and is made up of more than 200 major food retailers drawn from 50 countries and an equal number of their suppliers worldwide.)
- *IAMA (International Food and Agribusiness Management Association)*: In June Tom Reardon participated in the IAMA symposium in the Netherlands, presenting papers co-authored with Juan Manuel Estrada on food safety, and with David Neven on horizontal alliances in the produce industry. While in Europe, Estrada conducted interviews with importers and distributors in wholesale markets in the London Area (New Covent Garden and Spitalfields). He also held meetings with Sainsbury's (the second largest retailer in the UK), and Mack Multiples (an importer of specialty produce), to gain market intelligence for Guatemalan producers and general information for other PFID-F&V clients.
- Upcoming: *Brooks (wholesalers, Minneapolis)*: Phil Brooks, Chairman, H. Brooks and Company, has agreed to host a contingent from Guatemala to study best industry practices in wholesaling. Also the group will visit the fresh fruit and vegetable cutting and packaging operation, which features leading edge processes to achieve efficiencies and high safety standards.

*Collaboration with PFID-F&V Primary Partners (supported by PFID-F&V core funding)*

- **Guatemala.** In Guatemala, the 2002 activities are funded by a PL 480 grant (from USDA) to our partner AGEXPRONT. (Details of the actions undertaken taken by PFID-F&V in Guatemala are below.)
- **Kenya.** Our partners in Kenya, BioSystems, helped set up a session at the Nairobi Hortifair in March 2002. They identified additional students for MSU's Food Law course. BioSystems also handled all logistics for the Horticultural Sector Design Team's visit to Kenya.
- **South Africa.** Phase I of the collaboration with University of Fort Hare, our partner in South Africa, has been completed. This involved an analysis of the state of small scale fruit and vegetable production in the Eastern Cape. The second phase will be to identify markets for targeted products. This will be followed by a third phase of training to improve quality and quantity of produce, increase access to markets (internally and externally) and increase sales volume at a lower cost, and a final evaluation.

## Activities in PFID-F&V Partner Countries

### Guatemala

#### *Coordination and Personnel*

- Rodolfo Estrada ([rodolfo.estrada@agexpront.org.gt](mailto:rodolfo.estrada@agexpront.org.gt)), Coordinator from AGEXPRONT (Guatemalan Association of Non-Traditional Product Exporters, [www.agexpront.org.gt](http://www.agexpront.org.gt)), and Chief of AGEXPRONT Development Division
- Thomas Reardon, ([reardon@msu.edu](mailto:reardon@msu.edu)) Coordinator from MSU side, and Deputy Director of PFID-F&V
- Jack Allen ([jwallen@msu.edu](mailto:jwallen@msu.edu)), MSU Professor, expert in food retailing
- Diana Twede ([twede@msu.edu](mailto:twede@msu.edu)), Professor, Department of Packaging, MSU
- Juan Manuel Estrada ([estrada@msu.edu](mailto:estrada@msu.edu)), Research Assistant, Resource Development, MSU
- Luis Flores ([floresl3@msu.edu](mailto:floresl3@msu.edu)), Research Assistant, Agricultural Economics, MSU
- Maria Paz Gonzales, ([gonza221@msu.edu](mailto:gonza221@msu.edu)), Research Assistant, Packaging, MSU
- Other MSU and AGEXPRONT personnel as needs arise

#### *Fundraising*

- The 2002 activities are funded by USDA: AGEXPRONT and MSU submitted a proposal to USDA in May 2001 for \$100,000 (from PL 480 funds). This was granted in December 2001 and the funds received by AGEXPRONT. The budget and scope of work were approved at the end of May. Activities began in June 2002.
- A proposal is being prepared for the USAID/Guatemala Mission for 2003 activities.

#### *Section 1.01 Establishment of collaboration with primary partner in Guatemala*

- Trip by Tom Reardon to Guatemala, March 2002. He met with AGEXPRONT to finalize 2002 plans for work based on USDA \$100,000 funding via PL 480 mechanism.
- In June 2002, Luis Flores began field work under the sub-agreement with AGEXPRONT in Guatemala.

#### *Establishment of links with identified and potential secondary collaborators and beneficiary firms/cooperatives*

- Cooperativa Integral de Produccion El Limon sent representatives Ruth Wheeler and

Gonzalo Arriaza to attend the FMI and Fancy Foods Show in Chicago in May 2002. Cooperativa El Limon produces both tea and a cold soft drink through a unique dehydration process used on their limes. The dried fruit also can be used as an ingredient or flavoring. In Chicago, the Cooperative was able to explore the tea market, compare with others to evaluate their strengths and weaknesses understanding better what the leading firms are doing. Honest Tea, currently selling South African teas, was interested in exploring the development of a lime tea. The sun-dried lime attracted a number of contacts with an interest in using the product as a spice. Companies such as McCormick, Hormel Foods Corporation and others tried the ground dried lime and are currently evaluating its potential as a spice. Cooperativa El Limon is also involved in developing a website.

- PFID- F&V is also working with the Aproacha farmers, organization to provide marketing assistance with its chamomile tea.

#### *Project Actions by Workplan Category*

##### *Market Development*

Conventions, Workshops: Business Development, Networking, Market Information

- Reardon gave a talk to a large and varied audience of representatives of farmer associations and companies, project managers, and technical staff assembled by USAID/Guatemala. The talk was entitled, “The Rapid Rise of Supermarkets in Latin America: Challenges and Opportunities for Horticultural Producers.”
- Exploration of potential demand for Guatemalan F&V in Central America; one person from AGEXPRONT, one from the Ministry of Agriculture, and one representative of a smallholder farmers organization will visit retailers and wholesalers in Central American countries in March 2002 (USDA-funded activity)
- Reardon made a presentation to Central American regional mission’s economic development staff. Interest was expressed in a buy-in to PFID-F&V. Reardon worked up a pre-proposal that he sent to Marta Rodriguez in mid April. The pre-proposal focused on food safety and food laws and regulations training, and analysis of the rise of supermarkets in Central America.

### Business Development with specific non-Guatemalan Firms

- PFID-F&V worked with Planessa to overcome a constraint in their shipping of berries to Central Market. At an early stage of the negotiation the lack of food safety insurance was a barrier to trade. PFID-F&V worked with Planessa to find alternative solutions. After solving the insurance issue, Planessa has started trial shipments of raspberries and blackberries to Central Market. We are waiting for information from Lee Crenshaw on eventual bottlenecks, in order to provide further support. Planessa grows its own raspberries but buys blackberries from over 200 smallholder farmers.
- Frutesa hopes to start trial shipments of snow peas to H. Brooks (Minnesota). Frutesa buys snow peas on the spot market, but also contracts with nearly 180 producers. Both snow peas from the spot market and those procured under contract are produced by smallholder farmers.
- Guatemalan exporters are being encouraged to make arrangements to sell melons to Melissa's. Bill Gerlach of Melissa's has also offered to work with the Guatemalans on a strategy to export their pitahaya fruit, which is currently inadmissible, to the U.S.
- Upcoming: Facilitation of contacts with US and European food retailers, food service, and wholesalers (USDA-funded activity) in 2002 (firms to be identified).
- Upcoming: A contingent of Guatemalan small scale producers are to visit the U.S. to learn from existing fruit/vegetable production and commercial chains, and has agreed to host a contingent from Guatemala to study best industry practices in wholesaling, including H. Brooks and Company. Also the group will visit the fresh fruit and vegetable cutting and packaging operations, which features leading edge processes to achieve efficiencies and high safety standards.
- Upcoming: 10 representatives of Guatemalan firms and associations will attend the Produce Marketing Association Fresh Summit in October 2002 as the AGEXPRONT-organized group assisted by MSU/PFID-F&V.

### Business Development with Guatemalan Produce Buyers

- MSU organized a mini-workshop on the development of supermarkets and the opportunities for suppliers, in March 2002 at USAID-Guatemala.
- Juan Estrada and Thomas Reardon have undertaken an analysis of the way that changes in US food safety requirements are affecting the structure, conduct, and performance of Guatemala produce chains, drawing implications for project actions. This will serve to help Guatemalans develop strategies for meeting those requirements as well as providing a dissertation topic for Estrada.

- Luis Flores moved in January 2002 from AGEXPRONT to pursue a masters in Agricultural Economics from Michigan State University.
- Maria Gonzales spent the spring semester 2002 at MSU taking courses in the School of Packaging for her masters degree. She is undertaking research on horticulture and packaging.

#### Improvement of the F&V Supply Chains

- Stakeholder workshops to identify actions to improve supply chains for two products, snow peas and frozen vegetables, May 2002.
- MSU and AGEXPRONT are partnering in an effort to align and increase the efficiency of the horticultural supply chains stretching between Guatemalan exporters (as suppliers) and U.S retail chains (as consumers). Market analysis and private sector contacts were made in 2001 and 2002.
- MSU and AGEXPRONT have engaged in a comprehensive initiative aimed to support both the supply and the demand sides. Activities on the supply side include training in food safety standards, a strategic assessment of two major export crops, and enhancement of the local capacity by enabling representatives of small farmer organizations to engage in benchmarking activities by visiting producer organizations and retail chains in the U.S. In May 2002 AGEGXPRONT identified the two crop subsectors for analysis and further study: fresh snow peas and frozen vegetables. On the demand side, commercial contacts are being established with retailers.
- Upcoming: Technical assistance by MSU to supply chains, in particular packaging, cold chain, and distribution/logistics/regulations/marketing, and other critical areas identified through the stakeholder workshops during the year.

#### *Food Safety and Phytosanitary Development*

- Luis Flores continues to work closely with and for the PFID-F&V project with focus on food safety and phytosanitary and market issues and collaborates closely with AGEXPRONT.

## Kenya

### *Coordination and Personnel*

- Lawrence Busch, Coordinator from the MSU side, and Director of PFID-F&V
- Richard Bawden, Design Team Leader, MSU Institute of International Agriculture
- Jane Ngige, President of BioSystems Quality Management Services, Nairobi
- Alex Thiru, Agricultural Economist, BioSystems Quality Management Services, Nairobi
- Chris Mukindia, Agronomist, BioSystems Quality Management Services, Nairobi
- Romano Kiome, Director of the Kenya Agricultural Research Institute, Nairobi
- Gordon Kunde, Country Director for TechnoServe, Nairobi
- Patricia Aust Sterns, Design Team, Michigan State University
- Steven Harris, TechnoServe
- Julio Berdegue, Design Team (RIMISP)
- David Neven, Research Assistant, MSU Agricultural Economist
- Other BioSystems personnel as needs arise

### *Establishment of Collaboration with primary partner in Kenya*

- A subagreement between PFID-F&V and BioSystems is now in place and operating.
- In February, 2002 PFID-F&V fielded a team to design the USAID Kenya Mission's program for the Kenyan horticultural sector. The team included MSU's Richard Bawden (Team Leader) and Patricia Aust Sterns, Steven Harris (TechnoServe), and Julio Berdegue (RIMISP). The report was submitted in March. Key contributors to the report were David Neven (MSU), Virginia Kimani (Pesticides and Agricultural Resource Centre), Jane Ngige (Biosystems), Alex Thiru (Biosystems) Margaret Muchui (Kenya Agricultural Research Institute), and Lydia Kimenye (University of Nairobi).
- Pamela Fletcher visited Kenya in February 2002 to work with BioSystems on coordinating its reporting and accounting for the project.

### *Fundraising*

- Upcoming: PFID-F&V plans to develop large-scale program of support for Kenyan producers through a USAID/Kenya mission buy-in.

## *Project Actions by Workplan Category*

### *Market Development*

- In March 2002, Lawrence Busch and Jack Allen of PFID-F&V attended the Hortifair (Kenya's premier event for showcasing its horticultural products) with Bill Gerlach of Melissa's (broker) and Ivor Knight of USAID. As a result of this visit, Gerlach has decided to explore sourcing baby pineapples (the Queen Victoria variety). Our partner, BioSystems, is actively identifying growers. PFID-F&V continues to identify several US and EU retailers and brokers with an interest in collaborating on the project to invite to the Hortifair in the future.
- In May 2002, a delegation of representatives from the Kenya tea producers attended the Food Marketing Institute and Fancy Food Shows in Chicago. They met with other tea producers supported by PFID-F&V. In addition, they made contacts with potential buyers and gained a better understanding of the competition.
- The BioSystems staff continues to work on the three product subsectors identified in earlier reports: mangoes, avocados, and organic tea. PFID-F&V is currently attempting to identify potential buyers in the US and elsewhere for the three products.
- Upcoming: Follow-up on the Design Team recommendations: development of the domestic market for horticultural products, and helping smallholders to improve quality and quantity of their products.
- Upcoming: We are exploring market opportunities for Kenyan black tea. Through PFID-F&V, Kenyan tea producers will be introduced to the Sterling Rice group and other marketing firms for help with image development.

### *Food Safety and Phytosanitary Development*

- Additional participants have been identified to participate in Michigan State University's on-line courses in Food Law.
- Upcoming: PFID-F&V are exploring the possibilities of meeting APHIS requirements for importation of tropical fruits to the US.
- Upcoming: We are in the process of identifying the procedures and processes needed for certification to produce organic tea.

## **South Africa**

### *Coordination and Personnel*

- Lawrence Busch, coordinator from the MSU side and PFID-F&V director
- Dave Weatherspoon, MSU agricultural economist
- Andile Siyengo, University of Fort Hare
- Other South African personnel to be determined

### *Establishment of Collaboration with primary partner in South Africa*

- Dave Weatherspoon traveled to the University of Fort Hare (UFH), in order to discuss the first and second phases of the project and to finalize agreement so that funds can be transferred. Weatherspoon met with Pindiwe Ndumgane, Special Assistant to the Vice Chancellor, so that she would be able to sign the final papers for the funds to be transferred from MSU to UFH. UFH has already completed Phase I: an analysis of the state of small scale fruit and vegetable production in the Eastern Cape.

### *Fundraising*

- Upcoming: Weatherspoon met with EM&I to review initial results of the project and discuss partnering and future grant writing. EM&I will work with PFID-F&V to develop project proposals that will formally link the PFID-F&V and AgriLink activities in South Africa.

### *Project Actions by Workplan Category*

#### *Market Development*

Conventions, Workshops: Business Development, Networking, Market Information

- In May 2002, The University of Ft. Hare and MSU hosted a workshop entitled, “Fruit and Vegetable Market Development Workshop,” for approximately 30 producers, extension workers and provincial government officials. Dave Weatherspoon spoke about, “The Significance of Production Standards.” Mr. Duse of EM&I assisted by sharing what AgriLink could do for producers.
- Weatherspoon met with Jamie Reibel, Executive Vice President and Mr. Solile Duse of EM&I (contract for AgriLink II) to discuss how the two projects can work together. Duse traveled with Weatherspoon to the Eastern Cape to further determine how to

partner. While in the Eastern Cape, Duse and Weatherspoon visited a future paprika production location, gave a presentation to producers at the University of Fort Hare and talked with Ft. Hare about how we can all work together. While at EM&I, Jamie mentioned that there will be some smaller components of AgriLink and that he would like to go in on those with MSU. Agreement was made to work with EM&I on marketing paprika from the Eastern Cape

- Weatherspoon began talks of partnering with Mr. R. Mohamed, Head of International Marketing for the Western Cape Investment and Trade Promotion Agency (WESGRO). He also talked with the following producers: Jabulani and Trevor Steyn of Thabani Wines and Enathi Co.; Mr. Gxotiwe, fruit producer in the Eastern Cape; Elton Jefthas of the ASNAPP project; Marthinus Saunderson, General Manager of the South African Wine Industry Trust; Danny Peterson, Rooibus marketing agent; Ms. Naidon, small supermarket in Durban area; Mr. Wilfred Wentzel, Agrarian Reform; Mr. Kafaar, sparkling grape juice producer. Weatherspoon facilitated the collaboration between two producers in the fruit industry who are both exporting fruit to Europe, Mr. Ntshangase and Mr. Gxotiwe.
- In May 2002, the Food Marketing Institute and Fancy Food Shows, PFID-F&V and ASNAPP (Agribusiness in Sustainable Natural Africal Plant Products) worked together to help tea producers gain a new market and a better contract for the Rooibos and Honeybush producers with the US-based Honest Tea company.

#### Business Development with specific non-South African Firms

- Weatherspoon advised Mr. Jeffthas of ASNAPP on negotiating a contract with Honest Tea (USA) and on marketing and organizational issues for the project.

#### Business Development with South African Produce Buyers

- Mr. Maharaj of Housewives Market (Durban area) has agreed to purchase any good quality products we can produce, particularly baby vegetables.
- Weatherspoon identified the central buyer in the Durban area where producers can take their product directly to the market.
- PFID-F&V will work with Mr. Kenyon of Equity Africa on marketing mushrooms from the Eastern Cape.
- Raymond and Wendy Ackerman, directors of Pick 'n Pay supermarkets of South Africa, have agreed to work directly with PFID-F&V to incorporate more smallholders into produce marketing chains. (See the video interview posted on our website for more details).

- Upcoming: A number of collaborative activities are planned: partnering with EM&I, Equity Africa and WESGRO on specific projects; continuing talks with Capespan, Enathi, ASNAPP, South African Wine Industry Trust and other organizations concerning partnering possibilities; working with Jack Allen to finalize the partnership with Pick-n-Pay.

#### *Food Safety and Phytosanitary Development*

- Upcoming: Given the success of the on-line food law courses in Kenya, PFID-F&V intends to offer them in South Africa as well. UFH will be involved by recruiting students, offering computer and internet connections to interested participants.

#### **Other PFID-F&V Activities**

##### **Southern Africa**

- PFID-F&V was asked by the Regional Commission for Southern Africa (RCSA) and USAID/Washington to take the lead in developing a series of papers and workshops to aid in the development of a regional project designed to address standard issues for several commodities blocking regional trade. To date, PFID-F&V has completed studies of food and agricultural standards in Mozambique, Malawi and Zambia.
- A report was developed synthesizing the findings of country reports commissioned by RCSA. The objective of this report was to allow RCSA to select three to four commodities that are common to two or more of the countries in southern Africa.
- Upcoming: PFID-F&V accounts for action by RCSA staff.

##### **Ghana**

- Fenton Sands of the USAID/Ghana mission has invited exploration of PFID-F&V involvement in Ghana. This comes at a particularly opportune time as Royal Ahold, the world's largest food retailer, is exploring work in Ghana. Royal Ahold has already been extraordinarily helpful to PFID-F&V in Guatemala (see above).
- Jack Allen traveled to Ghana in February, 2002 to explore what PFID-F&V might do there. His trip coincided with that of Royal Ahold executives, thereby enhancing the likelihood of a fruitful collaboration with them.
- PFID-F&V was invited to join the Royal Ahold Table Dance brainstorming session for product development in Ghana in May 2002. Ahold's goals, simply put, are to 1) buy Ghanaian products, 2) develop new ones and 3) provide technical assistance. Our Ahold

counterpart, Roland Waardenburg, invited Cheryl Danley to join him in his 2 weeks of appointments with producers of pineapples and other fruits, and with food processing companies in Ghana, prior to the Table Dance. (The proposal to USAID/Ghana covering activities relating to the Private-Public Partnership Food Industry Development Program with MSU, Ahold, TechnoServe, Amex International and Care is still pending).

- Danley was invited to visit projects of the USAID funded ASNAPP (Agribusiness for Sustainable Natural African Plant Products) program by their west Africa coordinator based in Ghana, Dan Acquaye, and Jerry Brown of USAID Washington, D.C., in order to explore the possibility of future cooperation, along the lines of the work with ASNAPP in South Africa.

### **Latin America Regional**

- Reardon went to Washington mid January 2002 (paid by Farm Foundation) and gave a plenary speech on the rise of supermarkets in Latin America and their implications for rural development and agrifood system change at a USDA/World Bank Seminar on Middle Class/Middle Income Countries and development. The speech has given rise to great interest in the subject (supermarkets, development, global produce markets) by USDA/ERS and various invitations this year pertinent to the PFID-F&V work and potential future funding.
- Reardon went to Washington in mid February (paid for by USAID/LAC) and gave a keynote speech to the LAC Conference on New Rural Development Strategy on the same theme as above. The reaction was quite positive with invitations to come to Guatemala, Nicaragua, and Peru to give the same talk and discuss follow-up activities. This was seen as a vehicle for discussion of potential PFID-F&V work.

### *Inter-American Development Bank*

- Thomas Reardon was invited to the IADB Board of Governors Meeting and rural economy conference in Fortaleza, Brazil, in March 2002. The conference was partly sponsored by the Inter-Donor committee for agricultural and rural development in Latin America. He explored collaborative links with IADB and PFID-F&V.

### **Central America**

- In March 2002, Reardon traveled to Central America, specifically Guatemala and Nicaragua. Reardon gave talks in Guatemala in March to representatives of farmer associations and companies, project managers and technical staff assembled by USAID/Guatemala. The talk was “The Rapid Rise of Supermarkets in Latin America: Challenges and Opportunities for Horticultural Producers”, and gave the same talk to the

Central American regional mission's economic development staff. Interest was expressed in a buy-in to PFID-F&V and we drafted up a pre-proposal. The pre-proposal focused on food safety and food laws and regulations training, and analysis of the rise of supermarkets in Central America.

- Reardon held discussions with USAID/Nicaragua in March 2002 and their show of interest in funding PFID-F&V work. The USAID/Nicaragua mission arranged, in collaboration with IICA, for Reardon to give 3 talks on the rise of supermarkets. The first was to a meeting on regional trade policy and development with the presence of the US Ambassador to Nicaragua, the Ministers of Agriculture of Nicaragua and Honduras, and a mission from the minister in El Salvador. The second talk was to a broad range of producer groups' representatives. The third talk was to a broad range of donor and project and government-technical persons.
- USAID/Nicaragua expressed strong interest in the PFID-F&V project, inspired by their interest in the rise of supermarkets, both from US and the region, as a new market for small farmers' produce from the country. Reardon met with USAID persons at the end of the trip and they said that they would contact Ivor Knight to begin the process of buying in to the project.

### **Ecuador and Peru**

- In April 2002, a trip was made by Thomas Reardon (MSU) and Carol Wilson (USAID) to Ecuador and Peru to explore bilateral and regional actions of the PFID-F&V project. Preparatory work is already underway, with invitations from the Ministry of Agriculture and associations among others. Discussions were held with Comunidad Andina, and various potential collaborators from various Andean countries in preparation for potential regional work.
- CAN (Andean Community, the 5-country regional trade grouping with headquarters in Lima, Peru) arranged for Reardon to give a talk on, "The Rise of Supermarkets – Regional and Global – and the Challenges and Opportunities This Presents to Regional Suppliers of Fruits and Vegetables." The talk was at the CAN headquarters to a diverse audience of private sector associations (exporters, small farmers), government representatives, CAN persons, and academics. The talk was then given at USAID, and twice at La Molina University.

### **Bangladesh**

- Due to budgetary constraints, it was decided not to initiate any action in Bangladesh for the time being, and to reconsider our involvement there. If budgetary considerations improve and opportunities for PFID-F&V appear in the future, we may pursue that option.