

UNITED STATES DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE
WASHINGTON, D.C. 20250

June 15, 1976

SUBJECT: Report on Small Farmer Marketing Project in Haiti
by Harry Carl Allam, March 9 to April 12, 1976

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Attached is a copy of subject report following one month TDY in Haiti to evaluate market development potentials. Primary emphasis was on coffee marketing for the small coffee producers.

Mr. Allam described his observations on pages 2-4, and presented his recommendations on pages 5-6.

Marshal D. Fox
MARSHAL D. FOX
Program Leader
Latin America Programs

Attachment

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SMALL FARMER MARKETING PROJECT REPORT

By: Harry Carl Allam, Marketing Consultant

FOREWORD

The consultant was provided by AID/W in response to a request from USAID/Haiti to assist the Mission in the evaluation of a proposed agricultural marketing program and more specifically to evaluate the potential of IHPCADE to perform new functions within the framework of this project proposal. The study was facilitated by the fact that the consultant has spent the past 20 years in agricultural marketing and market development for State and Federal agencies in the U.S.A. as well as market development in South America, agricultural production in North Africa, and most recently as an AID contractor assigned to the National Cereals Office of Upper Volta, West Africa.

History of Haitian Coffee Industry

The historic importance of coffee to the Haitian economy is well known. Ranking second to sugar before the Independence of the Nation, it became the most important crop afterward and continues in that position today. Coffee is cultivated throughout the mountain regions by the majority of Haitian farmers and accounts for 40% of foreign exchange earnings. The coffee industry can and should be expanded because:

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- 1) Haiti has the potential to produce high quality coffee
- 2) Since Haiti has never fulfilled its International marketing quota, any increase would have little impact on the world price situation.
- 3) Coffee is an annual cash crop for the small farmer in addition to his foodstuff production.
- 4) Average yield of 270 K/Ha is among the lowest in the world and leaves much opportunity for increased production.

PRESENT SITUATION

Coffee is produced throughout the country where sufficient rainfall occurs at elevations between 500 and 3500 feet. For these areas a tree crop such as coffee is the best form of land use other than forestry, which appears to have little interest. Although there are a few plantations, the majority is cultivated on individual plots of about one hectare. The word cultivated is a mis-nomer, as the coffee grows wild and appears at first glance to be underbrush. It is estimated that coffee is grown by 384,000 small farmers and is the major disposable income for 1.9 million members of the rural population. The AID Small Farmer Marketing project hopes to benefit 75,000 coffee farmers and eventually increase exports by 150,000. Part of a \$6,000,000 loan will go to construct coffee processing centers in the following areas:

- Fonds des Negres--under construction
- Dondon--bids just let
- Macary--bids just let
- Thiette--bids just let
- Beaumont, Pilate, & Baptiste will be considered later

Another part of the loan will be used for cleaning and drying equipment to be installed in a new coffee export facility to be constructed at Port-au-Prince in the next year by IHPCADE.

IHPCADE Institut Haitien de Promotion du Cafe et Autres Donnees
d' Exportation

This is the National Coffee Board and is an agency of the Department of Agriculture. It was preceded by:

L'Office National du Cafe, established 4 December 1946

Autonomous Institution, 12 November 1958

IHPCADE, 19 August 1968, created in place of ONC

IHPCADE, 13 September 1971, integrated into Dept. of Agriculture

The agency has broad powers and is involved from research to the licensing of coffee purchasers and exporters. In addition to the administrative staff in Port-au-Prince, a recent staffing chart listed 152 agricultural technicians and agents plus 25 agronomists working in rural areas. The Agency will move to a new office building in early 1977 to be constructed by GOH as their present office has been requisitioned by the Haitian air force.

The consultant met with the General Director, the Director of Commercialisation, and various agents in the Thiotte, Jacmel, Marbial, Cap Haitien, and Dondon regions. All were extremely open and cooperative in their discussions regarding the production, processing, and marketing of coffee in Haiti. Visits were also made to IHPCADE's rural stations where research is conducted on new varieties and seedlings grown for distribution to farmers.

The number one problem seems to be that of guaranting the farmer a fair price and to assure that he receives it for the crop that he has so laboriously harvested, processed, and lugged to market. Farm to market roads are practically non-existent and the coffee must be carried either by hand or by horse and mule transport along mountain trails and paths. The elderly president of a small coffee cooperative near Marbial recounted with great emotion how he attempted to market last years crop in Jacmel, and not being satisfied with local offers, continued on to Port-au-Prince. The best offer he received was still several centimes under the support price being broadcast daily from the Port-au-Prince radio station. He was forced to accept the lower price for his group's crop, although all the members knew it was not the official price. A similar situation kept returning to mind as the consultant recalled the destitute position of Midwest grain producers in the 1930's when in addition to drought and dust bowl conditions, they were forced to accept the price that the private grain dealer would pay. This gave impetus to the creation of local, rural cooperatives, whose sales or "commission offices" soon marketed their member's grain so efficiently that they soon dominated the inland grain markets, a position they still occupy today. As the cooperatives grew in numbers, the private companies either diversified, or sold their elevators to larger companies, including the major exporting companies. This historical note is offered to encourage the creation of cooperatives in Haiti, however it would not serve any particular purpose to create scores of local cooperatives if they were still left to the mercies of the exporters at the time of sale.

IHPCADE could and should make a substantial contribution to the welfare of the coffee producer by becoming the alternate buyer for his crop, thus providing some leverage on the present group of exporters. I observed that the majority of coffee installations were old, with worn out machinery, and that apparently no capital investment was being made in rural areas with the exception of the then Minister of Agriculture's installation at Thiotte. Export houses in Port-au-Prince are still using hand methods to sort coffee. I also noted that several of the export houses were owned and managed by aging proprietors and wondered who will continue the business after their demise.

RECOMMENDATIONS

It appears timely for a new marketing agency to be established in Haiti. IHPCADE should enter into an active program to buy, process, and export coffee, with a reasonable goal of 25% of the market to be obtained in five years.

Export marketing personnel should be trained in all phases of the industry and posted in New York and a European continent office.

The present world shortage of coffee would enable the fledgling office to enter this specialized, competitive market and become established before the return of full world-wide production.

Technical assistance, especially in marketing, should be provided during this initial five year period.

I would caution the GOH and USAID planners not to envision the elimination of all exporters as their assistance will be needed to market the crop when world production returns to normal.

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The consultant was asked to meet with personnel of the Haitian Ministry of Agriculture's newly created Service National de Commercialisation Agricole (SENACA) and evaluate their program. This is a new agency which will begin operations July 1, 1976. Agronomist Verdy Duplan, presently employed by IICA, will be the Director. It is being funded for a five year period as follows:

ACDI -----	\$465,000
IICA -----	45,000
DARNDR-----	237,416
	<u>\$ 747,416</u>

A marketing specialist from Canada will serve as co-director, or in the case of non-availability, will be obtained from a South American Country. The first year will be devoted to recruiting of Haitian personnel. After completing certain courses at the Agricultural college in Haiti, they will be sent to study marketing in South American countries for one or two years. Mr. DuPlan has already made contact with the Centro de Estudios Investigaciones Sobre El Mercaderio Agropecuario in Bogota, Colombia. Studies will be made regarding all sectors of agriculture and including fish. The agency plans to diffuse market information i.e. stocks, location, price, imports and exports, to producers so they will be better informed and try to establish an equilibrium between producer, middleman, and consumer. Also planned are storage centers which will buy and sell commodities, primarily grain crops to begin with.

EVALUATION

Haitian agriculture needs all the assistance it can get from any quarter and this can make a contribution, however I would prefer a more action type program rather than a long term study approach.

PERSONS CONTACTED:

Oral reports were given by the Consultant at the completion of assignment to : USAID Mission, Port-au-Prince, Haiti

Mr. Scott Behoteguy, Director
Mr. LeRoy Rasmussen, Rural Development Officer

Other Mission personnel contacted:

Mr. Frank Schwenke
Raymond Douglas
Pierre Brisson

USDA, Washington, D.C.
Mr. Marshall Fox, Director, Latin America Programs
Oral report, April 5, 1976 ERS

USAID, Washington, D.C.

Mr. James Hawes/ LA/Dr, oral report given to
Mr. Hawes and two staff members, April 5, 1976.

Government of Haiti Officials:

Agr. Bertin Dadaille, Director IHPCADE
Agr. Antoine Augustin, Chief of IHPCADE Commercial
Section
Agr. Blot, Manager of Cape Haitien IHPCADE office
Agr. Etienne, Manager of coffee experiment station,
Dondon
Agr. Noel, Manager of SAC program at Dondon
Agr. Maturin, Manager of coffee experiment station,
Thiotte
Mr. Raymond Rabel, Manager of Jacmel IHPCADE office
Manager of Marbial experiment station, Mr. baptiste

The Consultant would like to express aporeciation for all the assistance and courtesies rendered by all persons contacted during his stay in Haiti.



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