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INTEGRATED RURAL DEVELOPMENT PROJECT

(Project number: 532-0046-C-00-3008-00/13 months)

AGRICULTURAL MARKETING DEVELOPMENT PROJECT

(Project number: 532-0060/16 months)

FINAL REPORT

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PREFACE

Agricultural Marketing Development Project

"The goal of the Project is to improve the living standards of farmers, consumers and market intermediaries. This will be achieved by reducing post harvest losses, increasing producers' share of final price for the product, cutting intermediaries' costs, and providing larger quantities of better quality food to consumers."

The purpose of the Project is to improve the efficiency of the marketing system.

To accomplish the goal and purpose, the Project provides for:

- the establishment of a Marketing Division in the Ministry of Agriculture;
- the construction of four Subterminal Wholesale Distribution Markets; and,
- the establishment and construction of 25 Assembly and Grading Stations in producing areas."

To achieve optimum marketing efficiency, farm produce should be assembled, graded and packed for distribution as near to the farmgate as possible. The Project provides for establishing 25 assembly and grading stations in selected producing areas. It was determined that the Marketing Division

would be able to handle approximately 25 stations over the five year life of the Project."*

*Extracted from Project Paper, Agricultural Marketing Development Project.

INTRODUCTION

The project was designed to increase farmers incomes, reduce food costs, and increase trader earnings. These goals were to be achieved by reducing post harvest losses, increasing the volume of produce marketed, and reducing marketing margins. The project paper also suggested parameters for post harvest loss reduction, increase in production, and reduction of marketing margins.

The Ministry of Agriculture Marketing and Credit Division devised a strategy to implement this policy. It had several broad elements which, among other parts included that producer organizations were to be established as an essential element of the strategy. The government recognized that, although the private sector approach is vital, the private sector must organize and utilize government's help to do so particularly as past experience with cooperatives has not been good. Also as part of the marketing improvement strategy, facilities were to be provided for both producer organizations and wholesalers which will permit them to operate effectively. Although these facilities were to be provided by the government, they are to be operated in a significant way by the private sector.

STATEMENT OF WORK:

A. Objective:

The first objective of this contract is to provide technical assistance to the Christiana Potato Growers Co-operative Association (CPGCA) by reorganizing and strengthening membership involvement in cooperative management. This will allow the cooperative to become a true private sector cooperative financed and directed by its membership. The cooperative is to be reorganized and strengthened to become a full service marketing and credit cooperative serving the cooperative's current membership. The cooperative will provide marketing services for farmers involved in the production of fruits, vegetables, root crops and legumes.

The second objective of this contract is to provide technical assistance to the Producer Marketing Organizations (PMO'S) and Assembly and Grading Stations (AGS) in organizing and strengthening membership involvement in management, and strengthening the PMO's/AGS' management so that they become true private sector enterprises, financed and directed by their members/owners. Additionally technical assistance will be provided to the CPGCA and other PMO's/AGS' in maintenance and management of AGS, CPGCA packing grading facilities as well as advisory services to be provided for the development and strengthening of their marketing programs.

The Advisor's time will be as equally divided as possible between the CPGCA and the other PMO's/AGS' over the term of the contract.

B. Scope of Work:

In order to meet the objectives stated above, the contractor shall provide the services of a market/packing house advisor, who will work under the general direction of the Director of the Marketing and Credit Division of the Ministry of Agriculture, for twenty nine (29) person months to be located in christiana Jamaica to perform the following functions:

- (i) Assist and train the AGS and CPGCA management in establishing, equipment;
- (ii) Provide assistance and training to the PMO/AGS and CPGCA in developing marketing contracts with grower members, and in developing a system of product acquisition, including planting schedules, harvesting methods and timing, delivery and transportation methods and scheduling, sampling, weighing and paying;
- (iii) Provide assistance and training to AGS/PMO; CPGCA personnel in developing and implementing a marketing program;

- (iv) Assist in developing and conducting training programs as required by the AGS/PMO and CPGCA and participate in training programs of the Marketing and Credit Division of the Ministry of Agriculture;
- (v) Work directly with and co-ordinate his activities relating to AGS/PMO operations with the fruit and vegetables marketing advisor and other RONCO/ACDI advisors.

The scope of my assignment enabled me to spend time in all facets of organizing and strengthening the marketing positions of the various Producer Marketing Organizations (PMO's) established under the program. During the course of my term I have been involved with the planning and development of several PMO's of which two were established and others have been established and are operating in limited capabilities.

However, it has not been easy to register PMO's, sign up farmers and write contracts with Marketing and Credit Division (MACD) for expensive packing equipment. As such, of the six PMO's formed to date, only three are actually marketing on a regular basis. One of the others has started on a limited basis and the remaining groups are awaiting the start up of packing and marketing operations.

Because many of the PMO's are just being organized, coupled with a consequent lack of management staff and trainees, meant that much of my time was pointed at the preparation aspects of my scope of work with little time actually being spent on the packing and training of personnel connected with the PMO's.

Since January 1985, one of the PMO's, St. Elizabeth/Manchester Co-operative Growers Society, has become operational

and much of my time has been spent with their marketing manager training and assisting him with actual hands on training. At Christiana Potato Growers Cooperative Association (CPGCA), on the other hand being established and marketing on a large scale before my arrival, I was able to immediately start work with the General Manager and Marketing Manager to improve and strengthen their marketing position. During the first year of my assignment in Jamaica, my contract specified that I was to work exclusively with CPGCA through February 1984, which would then coincide with the termination of the Integrated Rural Development Project (IRDP) contract. Beginning March 1, 1984, I was to allot 50% of my time to CPGCA while dividing the remaining 50% as equally as possible between other specified PMO's according to priorities determined by the MACD or as they came on stream.

Though this project has been slow in getting off the ground and only limited achievements in marketing and packing have been accomplished over the period of this contract, I should have the opportunity to see these PMO's develop more fully over the next two years as I will continue work as PMO Marketing Advisor under a new contract. This final report is then a summary of progress and achievements to

date as related to my scope of work and the action taken to meet the objectives as set out in those terms of reference. It is not an evaluation nor analysis of the Agricultural Marketing Project, neither is it meant to criticize the appropriateness or necessity of equipment and building design for the Assembly and Grading Stations (AGS).

CHRISTIANA POTATO GROWERS CO-OPERATIVE ASSOCIATION LTD. (CPGCA)

- 1) assist and train CPGCA management in establishing, organizing, managing, grading, packing and storage facilities and equipment.

Significant progress has been made at CPGCA regarding the above point. During the life of the Agricultural Marketing Development Project, personnel changes have been made and a Marketing Manager was appointed. With the installation of this team, and the ACDI technical assistance inputs, management has been strengthened substantially and the staff is well orientated in the operation of the packing facility.

The majority of my time has been spent with the Marketing Manager strengthening his knowledge concerning the operations of the grading, packing and storage facility on a practical "learn by doing" basis. Time was spent on each aspect of training and reviewing operations of the facility.

Manuals were prepared detailing equipment maintenance and a training program was implemented detailing upkeep of the Assembly and Grading equipment. More specifically:

- a) A manpower analysis was undertaken at the packing and assembly station. Recommendations were made and implemented to strengthen staffing and improve operations. This resulted in a more efficient product flow through the Assembly and Grading Station at a lower cost to the co-op.
- b) An equipment review was made and recommendation was made that CPGCA only accept responsibility for the potato grading, washing, and packaging line.
- c) A manual yam washing, trimming and packaging line was set up and implemented. This resulted in a substantial reduction in yam packing cost for CPGCA.
- d) Training warehouse personnel in proper handling procedures for produce and the importance of maintaining proper sanitation around the facility to minimize post harvest losses.
 - ii) Provide assistance and training to CPGCA in developing market contracts with grower members, and in developing a system of

product acquisition, including planting schedules, harvesting methods and timing, delivery and transportation methods and scheduling, sampling, weighing and paying.

Time spent in collaboration with Sam Scott, Marketing Manager, O. Reid and E. Henry, Field Managers, with reference to the above function was considerable. Though the co-op management staff responded well to training, relations with members regarding the above was quite frustrating. Due to the lack of involvement and absence of responsibility, members have drifted away from the co-op to such an extent that product acquisition is on a cash basis and planting schedules are determined on a seasonal basis. Harvest timing cannot be adhered to because of the high incidence of praedial larceny; that is, should growers leave potatoes in the ground to fully mature chances are great that crop theft will occur.

In an effort to improve the method crops were received by the co-op, especially with regards to traditional crops, farmers group meetings were held. At these meetings attempts were made to educate members to accept the idea that the co-op would operate on a straight weight basis; that is 100 lbs. of produce delivered would be accepted as 100 lbs. from the grower. This deviates from methods now used by the

higglers in that the weight accepted by the higgler as 100 lbs. is in fact 120 - 140 lbs. of actual produce delivered. The reasoning being that there will be shrinkage and other loss taking place until the product is sold by the higgler. During meetings held to educate CPGCA members, flip charts and other visual aids were extensively used to demonstrate the actual price received for each pound of produce delivered to the co-op as opposed to that sold to the higgler. Though it appears that members understand the concept of being paid for actual weight delivered, they still feel that they get a better deal from the higglers. In one frustrating instance Sam Scott, Marketing Manager, and myself spent the better part of a day explaining to a group of members that though CPGCA was paying \$75/cwt. for yellow yams as opposed to \$80/cwt. offered by a higgler, the co-op expected 100 lbs. of product while the higgler expected 120 lbs. saying that the extra 20 lbs. was for shrinkage and trimming loss. Therefore the farmers were getting a true .75¢/lb from CPGCA while they would be receiving a true .66¢/lb from the higgler. At the next delivery date we were told by the same farmers that the higgler price was still \$5/cwt. higher than the price offered by the co-op; so they would be selling to the higgler.

In the case of potatoes, a marketing plan was developed for each season while I was involved with CPGCA, in which the sampling, weighing, and payment procedures were addressed.

- iii) Provide assistance and training to CPGCA personnel in developing and implementing a marketing program.

One of the major weaknesses of CPGCA is the lack of a true Co-operative Marketing System. The co-op actually "buys" from the members rather than "markets" for the members. In following this policy the co-op purchases and assumes responsibility for the product; therefore taking all of the risks involved. In an attempt to persuade the Board of Directors to adopt a more reasonable marketing policy whereby the membership would assume more responsibility a Marketing Strategy Report was compiled by the Cooperative Management Advisor from ACDI, Tom Carr, and myself which set forth suggestions for a more practical marketing program.

At the start of the 1984 potato crop a marketing program was developed and presented to the CPGCA Board of Directors. This program, designed by Sam Scott, Tom Carr and myself pointed out the problems expected to be encountered with the crop. Large volumes expected during that year made it absolutely imperative that the co-op not over extend themselves

by offering a cash price, but rather offer a reasonable advance payment on delivery followed by later payments based on sales and operational costs. While the program was accepted by the Board of Directors, it was never adhered to and the BOD did not support or stand behind the program. As a result of their failure to follow a marketing plan the co-op suffered severe cash flow problems and were not able to market the crop in an orderly manner. Unfortunately the Board of Directors of CPGCA is made up of some selfserving members who are large growers. Many of their decisions are made in the interest of themselves, not considering the destruction of the co-op nor the betterment of its members.

I have endeavoured to develop a sales program with Sam Scott and as well have spent a considerable amount of time developing marketing contacts with him. As a result CPGCA implemented a marketing program including point of purchase sales promotion, consumer packaging to satisfy current demands, media advertisement, and development of a contract to supply processed french fries to Restaurants Associates Ltd., holders of the Burger King franchise in Jamaica.

- iv) Assist in developing and conducting training program as required by CPGCA

and participate in training program of the Marketing & Credit Division of the Ministry of Agriculture.

Over the course of my contract term I have assisted in the development of several grower/member training programs dealing with as mentioned earlier, delivery, weighing and paying of produce, and membership education. Programs have also been conducted during which the role of CPGCA and its marketing goals were discussed with member groups. With regards to staff training, programs have been developed including packing house maintenance and upkeep, packing procedures for various traditional crops, and post harvest handling and storage for crops handled by CPGCA.

ST. ELIZABETH/MANCHESTER CO-OPERATIVE GROWERS SOCIETY LTD.

The St. Elizabeth/Manchester Co-operative Growers Society also referred to as the Southfield Co-op has been established for several years and boasts of membership in excess of 6,000. In fact the co-op has existed on the operation of a farm supply store for the past few years. The co-op is located in an area with relatively low rainfall and over the years its members have become extremely skilled in successfully producing vegetable crops under adverse conditions. The AGS was completed in January 1985 and since that date a great deal of my time has been spent working with the management and the Marketing Manager Trainee. I have concentrated my efforts in three areas within my terms of reference.

- i) Assist and train the AGS management in establishing, organizing, managing, grading, packing, and storage facilities and equipment.
- ii) Assistance and training to the PMO/AGS in developing marketing contracts with grower members, and in developing a system of product acquisition.

- iii) Provide assistance and training to the AGS/PMO personnel in developing and implementing a marketing program.

Following the installation of the packing equipment at the AGS, a Marketing Manager Trainee was hired. The position was funded by NUCS (National Union of Cooperatives Society) for the trainee's initial six month period. During this time a training program developed by the MACD and NUCS with NUCS administrating, was to be undertaken at the end of which the co-op would assess the trainee to determine if he would continue work with the group. Both the program and the trainee have been slow to start and his progress during the first few months has been disappointing. This is not to say he'll not become successful, but rather NUCS and the MACD should in future have a more structured program for Marketing Manager Trainees.

I have set up a program for the Southfield personnel to follow in the upkeep and maintenance of packing equipment. Though Southfield has not had the volume of produce needed to operate the packing line installed at the AGS, manual assembly and grading of produce has been carried out for some months. Several companies involved in the export of winter vegetables and melons into the U.S. market have been

introduced to the co-op and its members and through these introductions it is expected that contracts will be signed whereby the co-op will provide graded and packed produce for exporters.

I have developed a crop scheduling report form with the Marketing Manager Trainee and he has implemented a program whereby as members are contacted, information as to crops produced, planting dates, acreages, and expected harvest dates are documented. With the help of MACD, a marketing program has been implemented between Southfield and a supermarket chain in Kingston. To date the program has been successful in that weekly sales and deliveries to the supermarket chain have consistently increased. Marketing is also being conducted with other outlets in Kingston and an outlet for undergrade produce is being tried with wholesalers.

The Marketing Manager Trainee has been able to learn "hands on" the importance of maintaining quality standards and guaranteeing delivery as well as the importance of personnel contact with buyers. However, the Southfield group faces several constraints in the growth of the AGS. Two of the most important are: lack of a communication link between the co-op and the market and the lack of irrigation in the area. Under the Agricultural Marketing Development Program

the communication problem could be corrected with the installation of telephone service to the area, but the absence of irrigation will probably mean that full development of the facility will never take place.

My other activities have included work with the Mason River Produce Marketing Association Ltd., Guy's Hill JAS Food Crop Association, Hanover Food Marketing Association, and the South Trelawny Packing and Grading Association. However, as none of these associations are presently operational, I have concerned myself only in the planning stages of them.

Conclusion:

As with the other advisor I worked with in the Agricultural Marketing Development Project, my work for the most part has been confined to the two existing PMO's. Unfortunately, he departed when his work was starting and as I will continue under a new contract I should see the development of these other PMO's and AGS's completed. The progress of this project has been slow due to constraints and policies in effect prior to its start up. Fortunately the MACD has worked well in the field and during the past year significant progress has been made in the development of the project. The MACD has taken decisions to scale down both equipment and buildings in future AGS construction. Top of the line

mechanical grading and packing equipment has been replaced with manual work stations and the use of more appropriate technology is being encouraged. While eventually as the need arises at a given AGS, the mechanical equipment will be used, the MACD has recognised that the success of the project is dependent on the development of organizations that are capable of assuming responsibility for a successful AGS. The PMO's now recognise the need for more orderly marketing and the ultimate success of the program is dependent on how the small farmer members of these PMO's react to accepting cooperative marketing.