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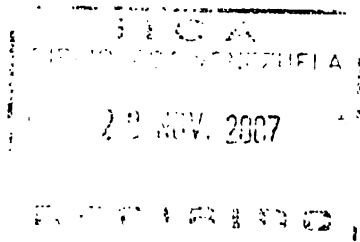
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EXPERIENCES IN DIVERSIFICATION AND THEIR
APPLICATION TO THE OECS

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**EXPERIENCES IN DIVERSIFICATION AND THEIR
APPLICATION TO THE OECS**

**BASED ON VISIT TO
NATIONAL FEDERATION OF COFFEE GROWERS OF COLOMBIA:
PROGRAM FOR DEVELOPMENT AND DIVERSIFICATION OF COFFEE ZONES**

IICA OFFICE IN SAINT LUCIA

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**THE RESPONSIBILITIES FOR THE OPINIONS
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ACRONYMS

CAEP	Caribbean Agriculture Extension Project
CARDI	Caribbean Agriculture Research and Development Institute
CENICAFE	Centro Nacional de Investigacion de Cafe
CIDA	Canadian International Development Agency
COROBASTOS	Corporacion de Abastecimiento de Bogota
FAO	Food and Agriculture Organization
HIAMP	High Impact Agricultural Marketing and Production
IICA	Interamerican Institute for Cooperation on Agriculture
MOA	Ministry of Agriculture
NFCG	National Federation of Coffee Growers
OECS	Organization of Eastern Caribbean States
USAID	United States Agency for International Development
UWI	University of the West Indies
WINBAN	Windward Island Banana Growers Association

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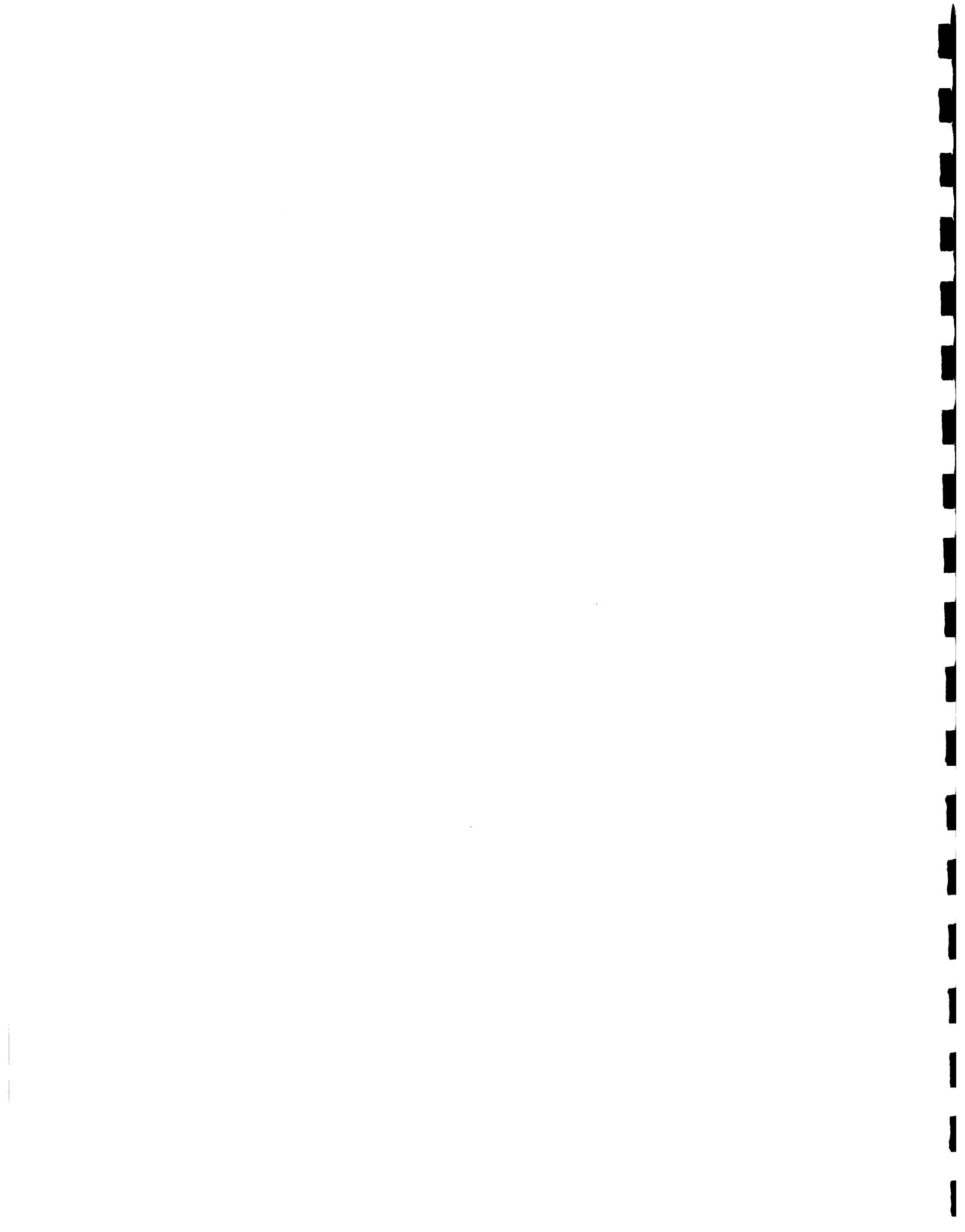
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ACKNOWLEDGEMENTS

The five members of the interinstitutional team from the Windward Islands would like to express their sincere appreciation to the National Federation of Coffee Growers of Colombia, and its specialized program for the Development and Diversification of Coffee Zones, for making this visit such a productive one. Throughout the one week visit Directors, Heads of Departments, Technicians and other staff members went out of their way to assure an effective transfer of experiences. The team would especially like to voice their appreciation to Dr. Hugo Valdes Sanchez and Dr. Gilberto Robledo R., Manager and Assistant Manager of the Development and Diversification Project. A special thanks is also due Dr. Luis Fernando Ceballos L., Head of the Technical Department, and Carlos Escobar Walker for their keen sense of detail and support in organizing the many presentations and visits.

The team would also like to express their thanks to the Inter-American Institute for Cooperation on Agriculture (IICA), the respective Banana Associations and the Ministry of Agriculture in Dominica for making this trip possible. A special thanks to Augusto Donoso E., Representative of IICA in Colombia and Ismael Pena Diaz, Head of the IICA Marketing Unit, for their efficient and warm administrative and organizational support. Last but not least we would like to thank Maria Cecilia Navas for her effective translation in Spanish and English.

Godwin Daniel,
Oliver Grell,
Jerry La Gra,
Fremont Lawrence, and
Anthony Peters

BACKGROUND

The four governments of the Windward Islands are embarked upon national diversification efforts which are to be eventually integrated into an OECS Diversification Program. Success of any diversification effort within the Sub-region will require an active participation of the respective Banana Growers Associations in each island.

Perhaps the most successful effort at integrated diversification within the Western Hemisphere is that carried out by the National Federation of Coffee Growers in Colombia over the past 26 years.

As one activity within its project to Strengthen Farmers Organizations within the OECS, IICA organized this working visit in an attempt to transfer experiences at diversification into fruits and vegetables from Colombia to the Eastern Caribbean.

The five member inter-institutional team making the trip was comprised of Godwin Daniel, Member Board of Directors, St. Vincent Banana Growers Association; Oliver Grell, Technical Officer, Ministry of Agriculture, Dominica; Fremont Lawrence, Assistant Field Operations Coordinator, St. Lucia Banana Growers Association; Anthony Peters, Extension Officer, Grenada Banana Cooperative Society, and Jerry La Gra, Marketing Specialist, IICA, St. Lucia.

The team visited Bogota, Pereira and Armenia, Colombia during the period March 11-19, 1989.

PURPOSE OF TRIP

One purpose of the visit was to meet with Directors and Heads of Departments of the National Federation of Coffee Growers of Colombia to obtain a clear understanding of their institutional and operational structure. Another purpose was to visit diversification projects in rural areas to obtain useful information and experiences for application in the development of diversification activities in the OECS.

SYNTHESIS OF ACTIVITIES

Places Visited:

- 1) Meetings with managers and directors of the National Federation of Coffee Growers (see listing of names of persons visited in Annex 1).
- 2) Visit to COMERCAFE, marketing arm for fruits and vegetables produced under the diversification program.
- 3) Visit to COROBASTOS, largest wholesale market and service complex for perishable produce in Colombia.
- 4) Field visits to the following places:
 - Hacienda Yarima (diversified farm with coffee, cassava, avocado, pitahaya, pineapple, citrus, onfarm packing facilities);
 - Experiment station "La Catalina" (avocado, pitahaya, citrus, macadamia, cardamom, silk worms, bamboo, plantain);
 - Coffee Committee of Risaralda (Pereira), administrative center;
 - Fundacion Manuel Mejia: training center for farmers, youth and women;
 - La Romelia: CENICAFE research center for dairy cattle and pasture/forage;
 - Coffee Committee of Armenia (administrative offices);
 - Las Margaritas (25 hectare intensive plantain/coffee farm);
 - Portugalito: diversified 200 hectare farm (citrus, cardamom, pineapple, passion fruit, sorghum, soya, beef cattle, others);
 - Pequena Granja de Mama Lulu: highly diversified family farm with vegetables, legumes, fruit trees, coffee, 4 cows, 2 goats, horse, chickens, ducks, pigeons, rabbits, bees, earth worms, pasture on 8,400 sq meters (2 acres).

Principal Results Achieved:

- 1) Obtained a clear understanding of the institutional and operational structure of the National Federation of Coffee Growers (NFCG) and their goals, operational programs, projects and services offered (see summary of NFCG presented in Annex 2).
- 2) Observed in rural areas the organization of the Federation and its Diversification Program, the quality of field personnel, types of diversification projects underway and the positive impact of the Federation's activities on integrated rural development, including actions in education (school construction), health (construction of facilities), law enforcement (financing and infrastructure), rural electrification and telephones and water supply systems.
- 3) Identified the principal elements of a successful diversification program.
- 4) Developed a better understanding of the importance of integrated rural development to improve the standard of living, using the whole rural family as the target group.

EVALUATION OF THE ACTIVITY

The trip permitted one representative from each of the four Windward Islands to obtain a first hand view of successful and unsuccessful efforts to achieve diversification from a monoculture (coffee) situation. As a result of this visit, very useful experiences can be transferred from Colombia to the Eastern Caribbean. Working as an inter-institutional and inter-disciplinary team, the group formulated a series of conclusions and recommendations relevant to any efforts at diversification in the OECS. At the end of the working visit the team formulated a project profile (Annex 3), which it is hoped will be discussed and analyzed in such forums as Banana Associations, Ministries of Agriculture and the Organization of Eastern Caribbean States (OECS).

It is hoped that this report and profile will serve to stimulate an integrated and inter-institutional approach to diversification and will prompt Banana Associations to internalize diversification efforts.

CONCLUSIONS

- 1) Although there are tremendous differences between Colombia and the Windward Islands and between the production and marketing characteristics of coffee and bananas, the experiences of Colombia can contribute greatly to the design of an effective agricultural diversification program in the Windward Islands.
- 2) The success of the coffee diversification program in Colombia is a direct result of private sector management with strong support from government and other public sector institutions.
- 3) The key element for a successful diversification program is the existence of an effective institutional structure which can coordinate effectively with the many participants and assure a comprehensive and integrated approach to development.
- 4) An effective diversification program cannot be developed without skilled and well motivated technical staff supporting the felt needs of the farmers; economic motivation of technical staff should be linked with periodic evaluations of performance.
- 5) Agricultural diversification, is a continuous process which can only be developed with effective planning and programming over the medium to long term.
- 6) Government must play an active supporting role in any diversification effort. This support must include subsidies in the early years to stimulate production and facilitate market development, otherwise farmers are unlikely to take up new crop opportunities.
- 7) Recommendations made to farmers in respect to the production and marketing of new crops must be based on good planning and analysis of costs and returns. Farmers must have confidence in the recommendations made and this can only be achieved if they receive the economic benefits promised them by the promoters of the new crops.
- 8) Effective diversification requires an integrated rural development approach oriented towards the uplifting of the living standards of the whole rural family, including: electricity, roads, water, health and education.
- 9) Diversification must concentrate on maintaining or increasing farmer income; this implies the need to

identify alternative economic enterprises based on production and market potential.

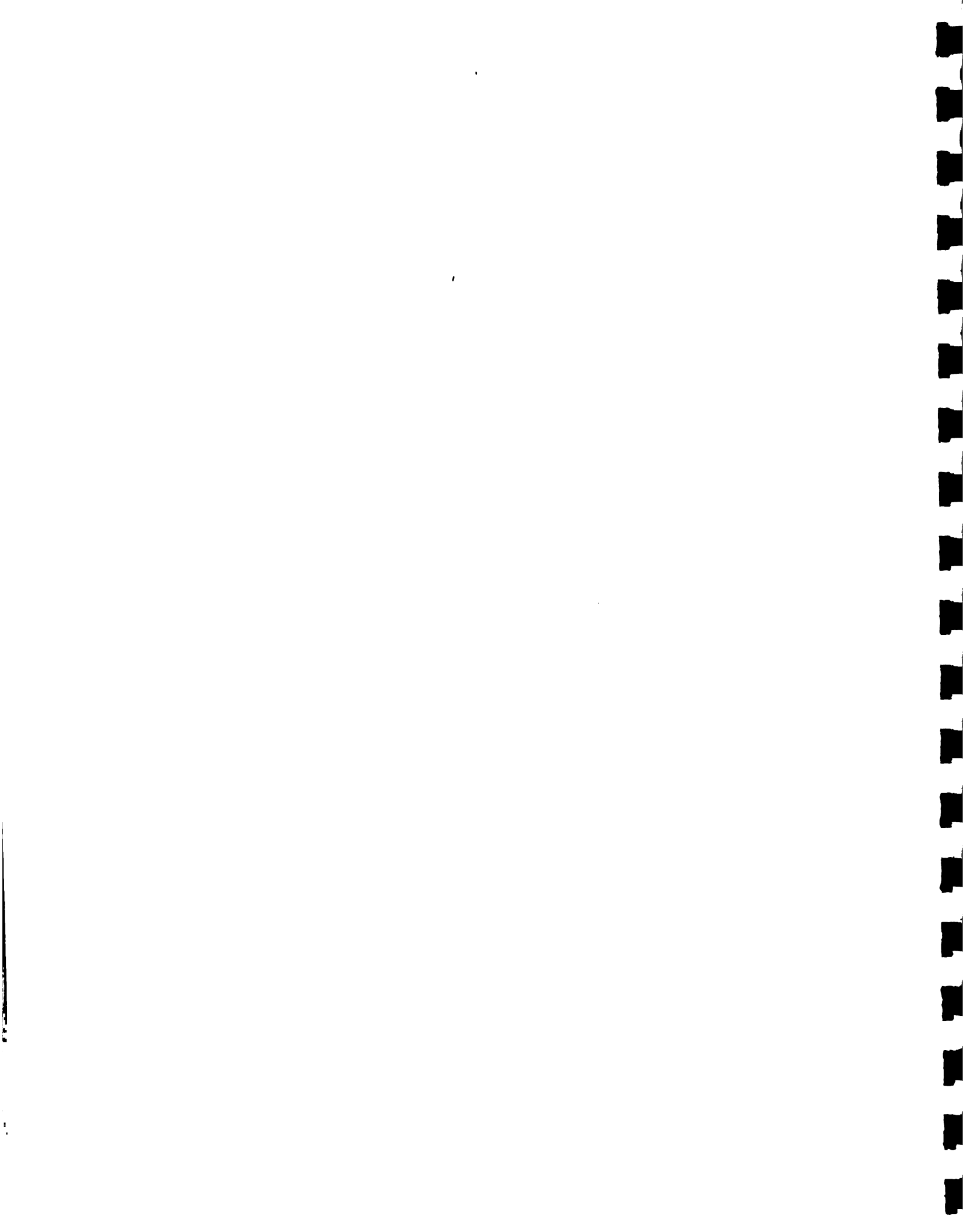
- 10) Given the difficulty of developing extra-regional markets, diversification efforts should begin by satisfying potential domestic and regional markets.
- 11) Given an effective institutional structure, the next most important aspect to achieving effective diversification is market development. Based on the Colombian experience, the following aspects should be kept in mind:
 - only the effective identification and development of markets will guarantee the producer a satisfactory level of income;
 - farmers must be offered guaranteed minimum prices sufficient to maintain and sustain their interest in the production of the crop;
 - extra-regional markets are extremely competitive, therefore it is important to identify those crops for which a country has comparative advantage, for example pitahaya (cactus fruit) in Colombia;
 - due to small volumes of production in the early years of diversification, exports are unlikely to have any significant impact upon international markets; therefore, there is little need for heavy investments in market studies; scarce resources should be channeled to identify and develop specific niche markets;
 - few reliable statistics exist on imports/exports of most exotic crops;
 - the most reliable statistics are readily available at little or no cost from secondary sources managed by specialized organizations;
 - quarantine problems are a serious threat to extra-regional marketing and must be taken into consideration at an early stage in the planning process, and
 - agro-processing should be evaluated as a means of overcoming quarantine and transportation bottlenecks.
- 12) One of the first steps in the development of a diversification program is the zoning of agricultural lands to determine those locations best suited for specific enterprises, based on agro-ecological and socio-economic factors and market requirements.
- 13) Effective diversification requires an active participation of farmers through some type of farmers association or co-operative, as well as organized training programs to develop their managerial and technical capabilities for conducting their enterprises.

- 14) Diversification requires an effective credit program to satisfy the needs of participating farmers.
- 15) Diversification requires the development of technological packages which cover production, harvest and postharvest handling of specific target crops.
- 16) Diversification requires the development of an effective price and market information system.
- 17) Diversification requires the development of an effective institutionalized research capacity to resolve priority problems related to production, harvest, postharvest handling and transformation, as they arise.
- 18) Diversification requires an effective program to transfer technologies to participating farmers.
- 19) Each project (by crop or group of crops or livestock) forming part of a diversification program should have a project manager specialized in the particular enterprise and responsible for coordination of all actions dealing with the production, marketing or transformation of the commodity (at the national or sub-regional level).
- 20) Diversification requires effective planning, programing and coordination with participating institutions to assure an effective supply, of services, including technical assistance, credit, information, research and transfer/training.
- 21) Programing of production and marketing targets forming part of a diversification project should be realistic and attainable, therefore, they must be based on reliable research dealing with production and marketing costs and crop productivity.
- 22) In the initial stages of any crop diversification program progressive farmers should be identified to play the leading role in crop/livestock development.
- 23) Effective diversification requires the development of a highly integrated commodity system package which is market led and includes planned production and proper postharvest handling (in some cases agro-processing).
- 24) Windward Island farmers are familiar with the techniques for proper postharvest handling of bananas. This will facilitate the transfer of technologies for the proper postharvest handling of other fresh produce.

RECOMMENDATIONS

- 1) The banana associations in the Windward Islands should play an active role in any diversification effort in the OECS (considering that approximately 80% of Windward Island farmers are banana producers).
- 2) WINBAN and each banana association should internalize diversification efforts by establishing a position of "Diversification Officer." This Officer would be responsible for the coordination of diversification activities with MOA, OECS, CARDI, CIDA, IICA and other organizations supporting diversification in the OECS.
- 3) National and OECS efforts at diversification should be reevaluated, in light of what can be learned from the 26 years of experience at diversification in Colombia, the content of this report and the need to integrate Banana Associations into the diversification process.
- 4) The OECS Diversification Program should be formulated with an active input from the Windward Islands Banana Associations, with the purpose of formulating an integrated diversification program with specific targets by crop/livestock enterprises and for each participating country.
- 5) Considerable attention should be given to the development of an effective institutional mechanism to coordinate the OECS diversification effort. Such a mechanism should include an active participation of Banana Associations.
- 6) Research undertaken by CARDI, WINBAN and UWI should be adaptive research, oriented towards priority problems affecting priority crops and forming part of the OECS diversification program.
- 7) Based on their vast experience, technicians within the Program for the Development and Diversification of Coffee Zones in Colombia should be utilized to provide horizontal technical cooperation in some or all of the following areas, as related to diversification:
 - planning and programing;
 - development of credit programs;
 - zoning of crop production areas;
 - developing marketing programs;
 - establishment of research programs, and
 - development of support services.

- 8) CATCO, Geest, CIDA, HIAMP, IICA and other agencies/institutions should be called upon to identify niche markets for specific crops from the OECS for which one or more countries have comparative advantage.
- 9) Banana Growers Associations should take an active role in integrated rural development, including the promotion of services in the areas of training, agro-processing and community development.
- 10) Given the relatively large number of support organizations in the Sub-region, the OECS Diversification Program should be utilized as a catalyst for integrating the actions of the diverse institutions towards a common goal.



ANNEX 1

NAMES OF PERSONS VISITED OR ASSISTING TEAM

IICA, Bogota, Colombia:

- Augusto Donoso E., Representative of IICA, Colombia
- Ismael Pena Diaz, Head of Marketing Unit and Coordinator of visit to Colombia
- Maria Cecilia Navas, Translator

Federacion Nacional de Cafeteros de Colombia:

- Dr. Hugo Valdes Sanchez, Manager of Development and Diversification Project;
- Dr. Gilberto Robledo R., Assistant Manager of Development and Diversification Project;
- Dr. Eduardo Antonio Hoyos, Head of Marketing Department, Dev. and Diversification Project;
- Dr. Fabio Velasquez, Head Investigation and Programing Department;
- Dr. Jairo Chavarriaga, Head of Agro-ecology Section;
- Dr. Francisco Jimenez Medina, Head of Farm Management Section;
- Dr. Luis Fernando Ceballos L., Head of the Technical Department;
- Dr. German Mesa, Head of Credit Department;
- Carlos Escobar Walker, Assistent ETIA (Federacion Nacional de Cafeteros de Colombia, Calle 73, No.8-13, Bogota, Colombia, Tel. 217-06-00, Ext. 441).

COMERCAFE:

- Dr. Jairo Jaller Chamat, Head of COMERCAFE, Marketing arm of the Diversification Program;
- Gustavo Villabon, Coordinator of purchases;
- Germain Viatela, Agronomist in Technical Department;

Committee of Coffee Growers of Risaralda:

- Omar Acevedo Chamorro, Director of Technical Division;
- Luciano Riviera, Coffee Extension Agent and Driver;
- Hector Heli Valencia Franco, Assistant Citrus Project, Diversification Projects, Cra 12, No. 17-33, Pereira, Tel 51931.

Hacienda Yarima (large diversified farm: avocado, pitahaya, cassava, coffee, pineapple) Alvaro Mejia Marulanda, Agronomist/owner;

Fundacion Manuel Mejia, Chinchina, Caldas:

- Fidel Rodriguez, Academic Secretary;

CENICAFE:

- Jaime Rubio, Coordinator Animal Production Program, Finca Romelia, Chinchina;
- Carlos Franco Arboleda, Assistant Section Animal Investigation, Finca Romelia, Chinchina; Granja La Catalina:
- Oscar Perea, Med. Vet, Administrator

Finca Las Margaritas (plantain/coffee):

- Guillermo Gomez Velez, Owner

Committee Department of Coffee Growers - Quindio:

- Hugo Baena Arango, Agronomist.;
- Jose Dario Arbelaez, Agronomist Head Plantain/Banana Project;
- Mauricio Lozano, Agronomist, Assistant Fruit Project, Federacion Nacional de Cafeteros, Comite Quindio, Edificio Banco Cafetero, Piso 4, Armenia, Quindio, Colombia;
- Javier Mejia Gonzalez, Veterinary;
- Gustavo Tisnes Ocampo, Agronomist, Assistant Cacao Project;

Granja Portugalito (200 hectares of citrus, beef cattle, passion fruit, cardamom, pineapple, others):

- Ana Maria Arango, Owner.

Pequena Granja de Mama Lulu, Quimbaya :

- Hernando Hincapie, owner of micro-diversified farm (8400 sq meters) with 4 cows, 2 goats, one horse, one sow, pasture, fruit trees, vegetables, legumes, cacao, cafe, bees, ducks, chickens, pigeons, earth worms.

ANNEX 2

SUMMARY

NATIONAL FEDERATION OF COFFEE GROWERS OF COLOMBIA

Introduction:

The National Federation of Coffee Growers of Colombia (NFCGC) is one of the most important institutions in that country. It is dedicated to the coffee grower and his family. The actions of the Federation are oriented to increase his income, improve his standard of living and bring about a harmonic development in coffee growing regions. To achieve this the Federation works in many areas, including: coffee policy, research and extension, education, marketing, rural development, conservation of resources and Diversification.

Some statistics which testify to the socio-economic importance of coffee production in Colombia are the following:

- Coffee growing municipalities: 551
- Number coffee farms: 302,945
- Area planted in coffee: 1,051,336 hectares
- Annual production (1986/87) 10.9 million sacks (60kgs)
- Farmers gross income
(1986/87): 256.3 billion pesos (US\$1.00
= P\$350.00)
- Number workers in coffee
zones: 934,000

Coffee has been the pillar of the Colombian economy for over a century; thanks to coffee, Colombia has been able to generate employment opportunities, distribute income, finance internal development and open new stable markets for other sectors of the economy. Some 50% of foreign reserves are generated from coffee.

As is commonly known, income from foreign exchange is dependent not only on national production but also on such things as the world market, International Coffee Agreement, economic, political and social conditions in producing and consuming countries and weather conditions. All of these circumstances and others, led to the exploration of ways of putting into practice a Program for the Development and Diversification of Coffee Zones.

Organizational Structure:

Nearly all coffee growers are members of the National Federation of Coffee Growers of Colombia. At the farm level the farmers select delegates to represent the growers in Municipal Committees. These in turn select representatives to

participate in Departmental Committees. Members of the Department Committees are selected to participate in the national Coffee Congress which is held every two years. Policies are made and handed down by the Coffee Congress through a Coffee Conference, a National Committee and an Executive Sub-Committee and a General Manager assisted by a Management Sub-Committee (see organizational chart). The Program for the Development and Diversification of Coffee Zones is one of five sub-divisions which include Administration, Planning, Trade and Technology.

At the operational level the Development and Diversification Program is divided into three operative programs: Production, Marketing and Agro-industry, and five support programs: Information, Investigation, Training, Technical Assistance and Credit. Since each of the five support programs are applicable to each of the three operational programs, in fact there are 15 areas of operational activity.

The Central Administrative Office of NFCG is located in Bogota. Operational offices, having a great deal of autonomy, are located in each of the 17 Departments where the Coffee Federation is active. Each of these has an administrative staff which oversees and supports the Federation's diverse activities. Technical personnel in each Department are divided between those who assist farmers with coffee production and those who work with farmers on one or more of the crops within the Diversification Program.

Ten of the 17 Departments where the Federation operates has marketing groups developed by the Federation for the organized marketing of produce grown under the diversification program. Farmers are free to sell through traditional channels or through the Federation marketing arm. The marketing units sell produce to Federation owned supermarkets, to other supermarkets, to agro-industries, other institutions and to COMERCAFE - the Federation marketing organization in Bogota which distributes produce in Bogota and exports selected items.

Many of the small and medium size producers are organized into associations of which there are over 200 at the national level. These organizations have access to credit, technical assistance and a variety of other services offered by the Federation.

The income for the operation and management of the Federation is derived from a tax on coffee which goes into the National Coffee Fund. Members of Government, coffee growers and members of the National Committee actively participate in the management of the Fund. Resources are allocated through the Federation to the diverse Departments, based on the percentage each contributes to national production.

The activities of the Coffee Federation are very diverse and, in addition to all those areas related to production and marketing, also include such things as the construction of schools and health facilities which are turned over to the respective national institutions for operation. The Federation contracts with Public Works the construction of roads and provides funds to the relevant authorities to police rural areas during times of harvest when there is a large inflow of non-resident farm workers. Extension agents with the Federation are trained to identify eye problems with rural children and the Federation finances the first pair of glasses for children and adults alike. Water and electrical systems and telephone services in rural communities are financed and sometimes operated by the Federation. The Coffee Federation plays a central role in rural development in all coffee growing areas.

Program Objectives and Strategy:

The objectives of the Program for the Development and Diversification of Coffee Zones are the following:

- 1) Increase the income of coffee growers while protecting their investments;
- 2) Create stable and remunerative employment in coffee growing areas;
- 3) Increase the production of food crops;
- 4) Stimulate import substitution and export development;
- 5) Promote the good use and defense of natural resources, and
- 6) Complement the income of small and medium size coffee growers.

To achieve these objectives the principal strategy is that of promoting crop adjustments and modifications in coffee growing areas by identifying and offering crops with economic potential and with minimum risks. In all cases the production should be:

- concentrated in specific areas based on market opportunities and suitable ecological growing conditions;
- agreed upon by those involved (farmers, institutions, others) through agreements on crops and growing areas;
- programed in a rational manner, and
- contracted for specific markets for predetermined quality and price.

The overall goal is to spread farm income between many crops so as to stabilize income and job opportunities throughout the year. By offering continuous employment, rural living standards will improve and rural to urban migration will decrease.

Success of the Diversification Program:

1988 was the 25th Anniversary of the Program for Development and Diversification of Coffee Zones in Colombia. In the early years the coffee growers had little experience with non-coffee crops and there was a wide variety in quality and quantity of products. Markets were unknown, postharvest handling was poor and diversification was a very slow process. In the most recent 10 years, however, diversification has been accelerating at a much faster rate. The keys to success are thought to be the following:

- 1) A strong and vibrant institutional support structure, i.e. the Coffee Federation, with effective services;
- 2) Identification and selection of crops with market opportunities;
- 3) Crop development using a commodity systems approach (know what, where, when, how and how much to produce and when, where and how to sell);
- 4) Sound information base:
 - clear definition of agro-ecological zones;
 - knowledge of socio-economic conditions;
 - tech-packs by crop;
 - price and market information;
- 5) Good inter-institutional arrangements for both research and credit;
- 6) Sufficient credit available to meet demands from farmers;
- 7) Skilled technical assistance available to farmers upon demand;
- 8) Development of farmers managerial skills;
- 9) Clearly defined support policy on the part of Government;
- 10) Good planning and integration of such things as: potential land use, market opportunities, available infrastructure, farmers organizations and public sector support services, and
- 11) Viable farmers organizations.

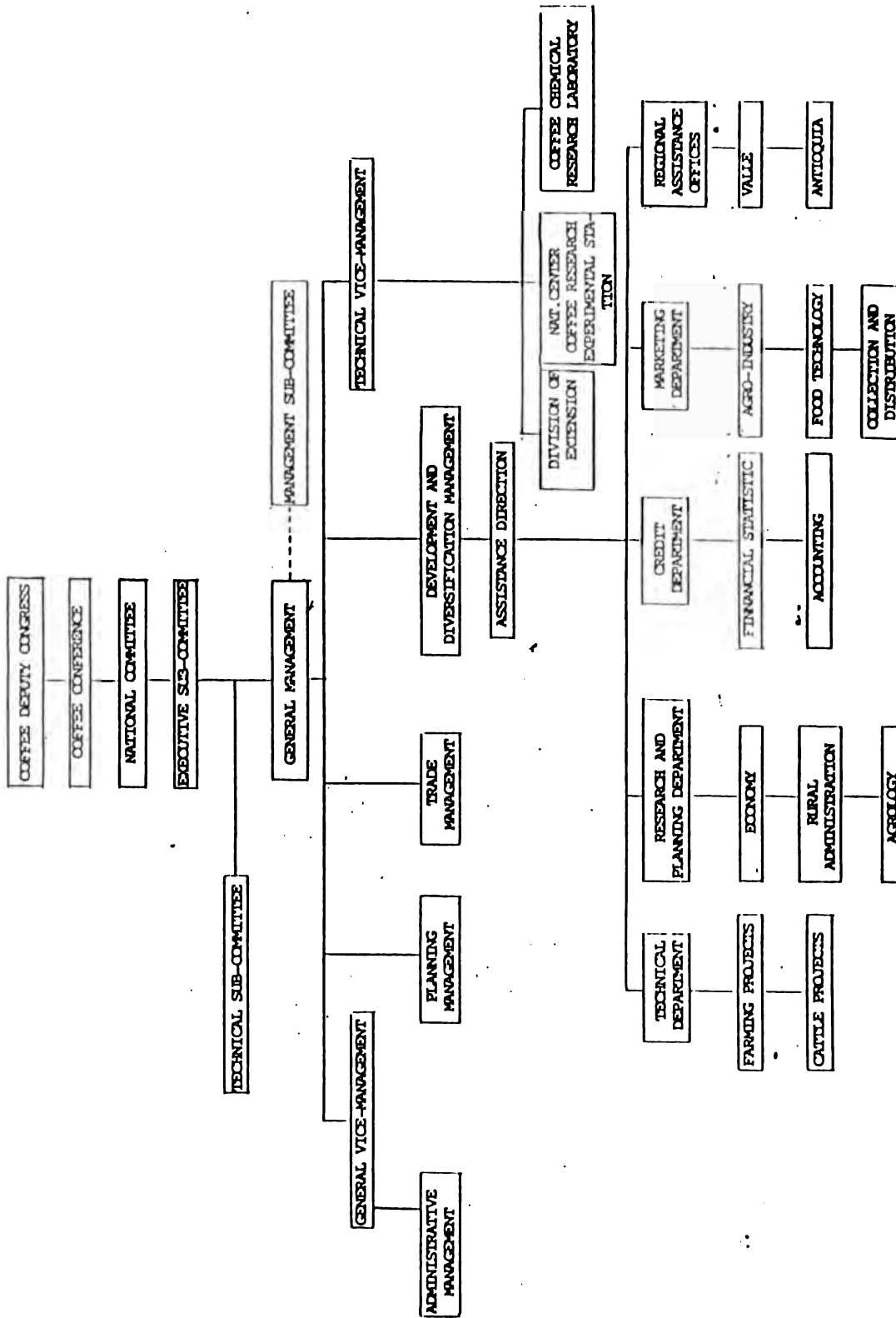
Over the period 1963 to 1988 the results of the Coffee Diversification Program can be summarized as follows:

1)	Total investment for diversification:	39.4 billion pesos
2)	Number farmers assisted:	57,696
3)	Number hectares diversified:	211,182
4)	Number jobs created:	846,405
5)	Tons agricultural production:	27 million
6)	Value of production:	410.6 billion pesos

In an analysis of the most recent 5 year plan (4 years of it), October 1984 - September 1988, a comparison of diversification goals and results shows the following:

<u>PRODUCTION</u>	<u>GOALS</u>	<u>RESULTS</u>	<u>% ACHIEVED</u>
Agriculture (hectares)	60,400	102,179	169
Cattle (No. head)	63,967	122,087	191
Investment (Million pesos)	31,450	27,998	89
Agroindustries:			
- No. projects	34	100	294
- Costs (Million pesos)	5,818	3,097	53
Marketing:			
- No. projects	172	209	122
- Costs (Million pesos)	2,153	2,241	104
- Tons marketed	n.a.	222,100	
- Value (million pesos)	n.a.	13,886	

NATIONAL FEDERATION OF COFFEE GROWERS OF COLOMBIA



ANNEX 3

PROJECT PROFILE

SUPPORT TO AGRICULTURAL DIVERSIFICATION IN THE OECS THROUGH THE BANANA INDUSTRY

GEOGRAPHICAL COVERAGE OF PROJECT: Windward Islands

BACKGROUND/JUSTIFICATION:

The four Windward Islands produce and export to the UK over 200,000 tonnes of bananas annually. These exports represent from 20% of total agricultural exports from Grenada to 80% of agricultural exports from St. Lucia. Thus bananas represent the number one monoculture within the sub-region and have a very broad effect on the overall economies of at least three of the four islands.

Bananas are an ideal crop for the small farming systems in the Windward Islands as they generate weekly income, can be easily replaced after windstorms and have a relatively stable and guaranteed market in the UK. As a result of this favorable situation, banana production has spread across all available lands, including steep hillsides and land once used for animal pasture. This has caused an increase in erosion and a decrease in the production and export of traditional food crops.

In 1992, with the expected consolidation of the European market and the effective "removal of country borders," the banana market is expected to become much more competitive. Windward Islands' bananas will be competing more directly with banana production from South and Central America. Although bananas are expected to remain an important crop in the Windward Islands, those producers unable to produce quality fruit at competitive prices will be forced out of the industry. Marginal lands on productive farms will also be removed from banana production due to their relatively higher costs of production.

The end result for banana farmers within the Sub-region will be lower income and increased production costs. The rest of the economy dependent on the banana industry will also be negatively affected, resulting in increased socio-economic problems for the majority of the populations.

Over the past few years, individual governments within the Sub-region have been promoting import substitution and export development as a means of achieving diversification. Leadership in this area has been carried out through the respective Ministries of Agriculture. In 1988 the OECS formulated a Sub-regional Diversification Program, with the assistance of the Caribbean

Development Bank, CARDI and IICA. Neither the Banana Associations in the Windward Islands nor WINBAN participated in the design of this Sub-regional Diversification Program.

OBJECTIVES:

General:

Increase or maintain the level of income of banana farmers through the introduction or expansion of crops with production and market opportunities.

Specific:

1. Promote the utilization of marginal banana lands for the production of non-banana produce with market potential.
2. Improve the technical and managerial capabilities of banana farmers.
3. Facilitate the supply of farm inputs for non-banana crops.
4. Promote the development of land management practices which will maximize soil and water conservation.
5. Improve coordination between banana associations and other institutions involved in the OECS Diversification Effort.

EXPECTED OUTPUTS:

1. Design of an integrated diversification program.
2. Increased production of a broader range of foods within the Sub-region.
3. Improved services for Windward Island farmers.
4. More efficient banana farmers.
5. More consolidated farmers organizations.
6. More efficient use of available resources.

DESCRIPTION OF PROJECT:

As international competition increases, marginal lands will be taken out of banana production. Alternative uses must be found for these lands, which may be optimal for some other fruit or vegetable crop. This goal can best be achieved if the banana associations

themselves are directly involved in the identification of best alternatives. The first step in this internalization process should be the development of an institutional structure which will permit the banana associations to interface effectively with ongoing efforts at diversification within the Sub-region.

Internalization of the Diversification Process:

WINBAN and each of the four banana associations will designate one person as Diversification Officer (DO) to coordinate the respective diversification activities. This person will be amply familiar with the banana industry and have planning and programming skills. This DO will form part of a National Diversification team having members from the MOA and other selected institutions. The five DO from the respective Banana Associations and WINBAN will together comprise the banana industry's Diversification Unit and will together develop policy recommendations and program guidelines. As a group they will monitor and coordinate closely with CARDI, UWI, OECS, IICA and other institutions supporting the OECS Diversification Program. They will be responsible for identification and recommendations related to the development of non-banana crops with market opportunities and suitable to existing ecological conditions. They will coordinate with MOA and others the development of tech-packs for high priority crops and such things as the supply of farm inputs, development of credit and training services. They will receive administrative backstopping from banana associations existing structure. They will identify progressive banana farmers to take the leading role in the development of non-banana crops for export.

Development of Technical/Managerial Capability:

The diversification into non-banana crops will require upgrading of the technical and managerial skills of banana farmers. Surveys and diagnoses of the needs of banana farmers will be undertaken and training activities and programs designed and executed. The development of the technical skills will be undertaken with technical cooperation from the MOAs, CARDI, CAEP, UWI, IICA and other regional/international organizations. Coordination, identification of needs and the design and execution of training programs and activities will be undertaken as an interinstitutional effort.

Supply of Farm Inputs for Non-banana Crops:

The banana associations presently supply necessary farm inputs to their members. Given their existing administrative and physical infrastructure, they are the most indicated potential suppliers of farm inputs for non-banana crops; including bulk purchasing, storage and retail. This service will benefit not only banana farmers diversifying into non-banana crops but non-banana farmers as well. Over the medium term, added costs of an expansion of the

present service will be covered by the increase in returns from volumes handled. Coordination of the identification of farm input needs and sourcing will be one of the functions of the banana industry Diversification/Development Unit, in close coordination with the respective MOA.

Credit Mechanism:

Banana farmers moving into non-banana crops will need a source of credit sufficient to meet their needs for capital investments and operational expenses. A credit mechanism will be established to facilitate these needs. Design and coordination of such a mechanism will be the responsibility of the banana industry Diversification/Development Unit, in the first instance.

DURATION AND IMPLEMENTATION PLAN:

The Diversification/Development Unit will be established upon the initiation of the project and will become a permanent part of the banana industry structure. Five-year development plans will be formulated to guide the Unit and annual operational goals will be established and monitored by each association.

MAGNITUDE OF COSTS:

The costs of this project are within the means of each Banana Association and WINBAN and consist of the salary and operational costs of one professional within each Association. Expanded farm input supply and credit for non-banana crops will be self-supporting.

SOURCE OF FINANCING:

Alternative sources of financing and technical assistance will include the banana associations, OECS Diversification Program and diverse regional and international development organizations (CIDA, CARDI, IICA, USAID, FAO, CAEP, UWI and others) to be identified. The MOA in each country will contribute with human resources for training and transfer of technology.

EXECUTING AGENCY:

Banana Associations in each of the Windward Islands and WINBAN. However, this may entail a change in the law governing the banana industry since it specifies that banana associations can only deal with bananas.





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