



Looking for strategies that permit to insert small and middle agricultural and livestock producers into favorable markets

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Objective

To suggest strategies to establish a fair web for the commercialization of agricultural and livestock products, that benefit small and middle producers, as well as consumers, in the department Estelí.

Introduction

The eventual signing of Free trade agreements (FTA)¹ between Nicaragua and The United States that should mean and opportunity to end poverty, was designed in order to benefit big producers of industrialized countries, who in addition to possessing the most modern technology for the transformation of alimentary products, count on better subsidiary and credit policies for their products. This is a disadvantage for our small and middle producers who get worse and worse each day, that have not reached competitive levels in an adverse market, due to a series of factors that contribute so that the agricultural and livestock commercialization concentrate the major risks in agricultural and livestock producers; they present limitations in relation to education, infrastructure for storage and transformation of agricultural products, services, management of information about commercialization, among other

aspects that obstacle its insertion to the market.

Our subjects of study are small and middle agricultural and livestock producers who represent in our department an 88% of registered producers in the census, and represent a 75.36% in terms of surface expressed in hectares of land. They have advantages whose benefits should be properly used, this advantages are: natural resources availability, capacity and will towards ecological production, a production that always have a good demand in the market, all these elements should be valued and reinforced, searching more efficient strategies that allow them an insertion into more favorable markets starting from a fair commercialization.

The high levels of poverty are still concentrated in rural sectors and leave us the next question: how can small and middle producers improve their levels of life through agricultural and livestock production? Facing this problem it is necessary to propone, discuss and make a consensus of strategies that permit small and middle producers to improve their competitive levels through more efficient steps that involve different sectors of society.

The objective of the present study was to find out elements that permit us to create strategies in order to establish a fair web of commercialization for agricultural and livestock producers, that limit the concentration of wealth in

¹ Free trade agreements



intermediary sectors and that improve the life standards for producers and consumers.

Universe and Sample

The universe of our study are the 6,978 small and middle producers registered in the department of Estelí (according to a census made by CENAGRO², 2001), that was the starting point to select the sample of this study, taking as main sources of information: 493 small and middle agricultural and livestock producers, 120 intermediaries of agricultural and livestock products (wholesalers, gatherers, retailers, and small store owners), who are involved in the chain of production-transformation-commercialization and four representatives of NGOs who have experience on support for peasants' commercialization.

Method

According to its design, this is a descriptive research reinforced with qualitative method. The level of each individual who was subject of our study was taken into account at the moment of definition of methodologies and techniques to obtain the information, according to defined categories by their academic level, roll within the chain: production-transformation-commercialization, level of responsibility in the process of production, experience on projects of commercialization, this is the way that we combined qualitative and quantitative techniques, that allowed us to obtain as much information as possible and to guaranty its reliability.

² National agricultural and livestock census 2001

Used techniques

Workshops with focal groups: six workshops with focal groups, in San Juan de Limay, Pueblo Nuevo, Condega, Estelí, La Trinidad, and San Nicolás, convoking small and middle producers (basic grains, garden vegetables, tobacco, coffee bean, nontraditional crops, and cattle rising), technicians and representatives of NGOs who promote the production and commercialization, technicians and representatives of the government who are directly related with rural development.

With these workshops we expected to identify internal and external factors that positively and negatively influence the commercialization, to elaborate proposals to improve the process of commercialization, to identify capacities of the producers, to identify management capacities of small and middle producers and to identify commercialization ways.

Focal and individual interviews to key informants: These were open and structured interviews in order to allow the researcher to adjust to an established order of questions and to make easier its process and socialization.

The key informants were selected among those elements of interest that were not surveyed nor convoked to workshops.

Chart 1 distribution of interviews

interviewed	number
Intermediaries	41
Producers	37



Representatives of NGOs	4
Representatives of cooperatives	1
Technicians of NGOs	1
Total interviewed	94

Surveys: 347, surveys were made (for an accomplishment of 139% according to the plans), addressed to different sectors of production and commercialization, being applied specially to small and middle producers.

Chart 2 distributions of surveys

surveyed	Number
Producers	278
Intermediaries	79
Total surveys	347

The statistical analysis of the surveys was carried out through SPSS, in order to produce all necessary information that could verify the obtained information in workshops and the interviews.

Documental research: The bibliographic research was made consulting books and researches on the topic as well as texts issued through the INTERNET.

Results

The chain of commercialization and the number of intermediaries who form it is fundamentally determined by the type of agricultural and livestock production, this is the way we classify different chains with the following behavior:

a) Basic grains are suitable to establish a chain of commercialization with several integrants,

producer...consumer, since this product lasts long periods of time in good conditions, they are easy to be handled and transported, they do not lose quality in this process; their transportation can be terrestrial without difficulties in and out of the country, it does not require expensive and complex packing.

b) Garden vegetables have a shorter chain of commercialization, because they are susceptible to diseases caused by fungus and bacteria; highly demanding temperatures are necessary in order to keep them in good conditions they can not be moved without risk of damages. Certain conditions for their storage must be created, conditions that exist only in supermarkets (but in short scales); therefore it is necessary to establish a fast route so it reaches the consumer in the best possible conditions.

c) Coffee bean also presents a large chain of commercialization; even though Estelí is not the principal area of production of coffee, it has considerable zones of coffee plantations that supply the local market and a considerable amount for exportation. It is a product that demands an exclusively demanding post harvest control, those who produce it, must have the necessary conditions for its treatment; otherwise, he or she must face other expenses or sell it for a lower price.

d) Tobacco is directly commercialized with the processing, and packing factories also with the exporters in the international market.

e) Dairy products are sold by three canals: producer – consumer, producer – retailer, producer- gatherer.



f) Meat is also sold through an intermediary, either butchers or cattle buyers, in hot canal (Managua) (hot canal = recently slaughtered cows), from hot canal is leaded to the butcheries and finally to the consumer.

Factors that influence negatively or positively the process of production, transformation and commercialization

Positive factors:

1. There is a diversified offer of production (basic grains, coffee bean, tobacco, vegetable garden, fruits, eggs, meat, and milk), which is closely related to agro climatic conditions that benefit the agriculture in our department.
2. The geographical location of Estelí allows it to be an important regional center of commercialization, its access to the Pan-American road allows to gather agricultural and livestock products coming from the whole northern region of the country and to commercialize them without obstacles.
3. According to surveys in the process of production, the family, represented by women, participates in a 78% and sons in a 71%, which represents a good level of family participation in the economical activities of the rural sector.
4. 65% of dairy producers sell the milk directly to the consumers, and 41% sell the meat through private butcheries. These are initiatives of commercialization in which the producer knows that he loses if he sells it through an intermediary.

5. Agricultural producers recognize the demand in the market; sorghum 94.8%, maize 91.7%, beans 91.5%, black beans 91.4%, and vegetable garden 85.7%.
6. A high incidence of NGOs that encourage the agricultural and livestock production above all in Pueblo Nuevo, Condega and Estelí.

Negative factors:

79% of agricultural production and 72% of cattle risers who were surveyed recognize that the quality of the agricultural and livestock production that they offer is regular, which makes them less competitive, mentioning as fundamental causes pests and diseases (65.4%), little financing (57.9%), and unstable winters (43.1%).

Through the census made by CENAGRO 2001 it is known that 41% of rural population do not have a specific educational level, 48% are literate and in primary level of education, 6% have secondary school or technical studies.

70% of intermediaries expressed that the prices are established by merchants; 50% recognize that prices are established based on costs of commercialization, 75% expressed that they assume the loss caused by deterioration, but this is in relation to the prices established by costs of commercialization where the 50% takes it as a base in order to establish the prices of buying and selling.



There are farms that have a high incidence of pests and diseases, of vegetable gardens and basic grains farming. Also some lands have used up their productive potential because of overexploitation, whose result is a low production level to supply the markets.

Attitude of small and middle producers facing foreign or nontraditional technologies, who assume them while the organizations or institutions are present, but they do not adopt them definitively. This provokes the interruption and the not self sustainability of the productive process, they provoke the continuous restart of rehearses and experiments leaving the Impression that there is not a well-defined purpose of development.

Conclusions

The market in our department is an imperfect market due to the fact that:

- 1) There are agreements between intermediaries in order to oblige the producers to sell their products for the price that they establish. They have formed a monopoly that allows them to stockpile the production and to establish the prices.
- 2) The producers do not know any existing alternative of commercialization and do not understand the marketing conditions.
- 3) They do not count on the necessary economic resources to offer a quality production or to add value to their products so they can be more competitive.

- 4) A very long chain of commercialization that increases the cost of production on its way to the consumer.
- 5) There are no local or central government policies or regulations that benefit small and middle producers, facing the instability of prices, natural phenomena, etc.

The chain of production- transformation –commercialization is formed by a number of intermediary agents that make it costly difficult to be used by producers, which cause two fundamental problems:

1. The low prices that producers receive for their production make contrast with the high costs of production.
2. The high prices that consumers have to pay year after year for alimentary products, with a salary that does not grow proportionally with the prices of basic products.

Recommendations

The government, local governments, NGOs and other institutions should give priority to the economical problems of the country, above all to those of agricultural and livestock nature, since this is the sector that generates the gross internal product. It is necessary to discuss topics about:

- 1) Incentive and subsidies for small and middle producers
- 2) Formal education and trainings to encourage the rural development, since many aspects that are related to the economy and the administration, are related with logical and mathematical



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- criteria as well as criteria of social relationships, which are easier to understand as social subjects forget underdeveloped practices of socialization and behavior.
- 3) High costs of production and how to reduce them
 - 4) Road improvements
 - 5) Creation of adequate infrastructure according to the agricultural and livestock production of our country
 - 6) To suggest plans of training led to empower administrative, management and negotiation capacities between small and middle producers
 - 7) To promote the researches around strong and weak points that small and middle producers sector has at the moment of commercialization
 - 8) We should not forget that some towns during summer time face a water crisis to supply the water of human and agricultural use, it is evident that even though new irrigation systems are introduced, it is not possible to irrigate during summer time.
 - 9) A good characterization of the rural sector, which permits to define who has to be benefited by policies of agricultural and livestock development should be done.
 - 10) The evolution of internal and external markets of reinvestments, goods, and agricultural and livestock products should be studied, as well as to propose modifications in policies and strategies of sectors, and the flows of finance and insurance destined for agricultural and livestock sector, and also to suggest policies to encourage its development.
 - 11) To encourage the creation of centers of gathering in the places where the agricultural and livestock production takes place, so that it makes possible a fair distribution of profits, and that limits the concentration of the capital in the less productive sector.
 - 12) To encourage the creation of an information system that permit small and middle producers to know the better markets for their production.



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