



Centre Technique
de coopération Agricole et rurale

Logo

NOWEFOR

SUPPLY, DEMAND, AND EQUILIBRIUM PRICE:

KNOWN LAWS, A SCHOOL CASE TO (RE)-KNOW

**Amelioration of farmers' prices through the organisation of the local market
and the regulation of the supply of ginger by NOWEFOR in the Bafut village
(Cameroon, North West)**

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Inter-réseaux Développement rural

CTA (Technical Centre for rural and agricultural development)

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North West Farmer's Organisation (Farmers' organisation of the North West province of Cameroon)

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L'offre, la demande et le prix d'équilibre : des lois connues, un cas d'école à (re)-connaître : amélioration des prix aux paysans à travers l'organisation du marché local et la régulation de l'offre de gingembre par NOWEFOR dans le village Bafut (Cameroun, Nord Ouest). - Inter-réseaux Développement rural, SAILD, CTA, Septembre 2006. - 12 p.

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Introduction

NOWEFOR (North West Farmer's Organisation) is a federation created in 1995 with head quarters in Bamenda in the North West province of Cameroon. It comprises 12 unions of Common Initiative Groups (CIG) located in 4 divisions of the North West province (Mezam, Momo, Bui, and Donga-Mantung). Each union is made up of between 5 and 16 CIGs. The federation groups together about 1 200 farmers (men and women).

The objective of the federation is to defend the interest of farmers and to improve upon their living conditions. Several activities are carried out to achieve this aim, such as the development of a savings and loans scheme, multipurpose shops for the sale of farm inputs and farmers' produce, the promotion of economic activities etc. NOWEFOR has partnerships with support NGOs intervening in the North West (particularly SAILD¹) and other co operations and projects (SNV, DED, PNVRA,...).

The farmers of this zone of the North West of Cameroon, are seeking possible alternatives to maintain their level of income, in an environment, generally characterised by price reduction of export products (coffee). Different trials have been carried out, exist or are in the process, such as the rearing of pigs, the cultivation of Irish potatoes. Ginger is particularly an important marketing produce, with the increase in the national and international market, and since follow up of a support NGO (SAILD) has permitted to reinforce this produce since 2001.

We shall see here, how NOWEFOR, the member producers, through local authorities, and support organisations and also buyers managed the problem at the level of ginger production first ; then how these problems, solved at the level of production resulted in marketing problems : due to the very good results at the level of production, the excess in the supply of ginger with respect to the local demand reduced the prices in the local market.

1- VERY GOOD PRODUCTION, NOT VERY BENEFICIAL TO PRODUCERS

Ginger is an old crop in the Bafut zone, traditionally cultivated by women. In 2001, the zone had 600 ginger producers (the other zones had less : from 50 to 120 producers). The production then was only 33 tons, with an average yield of 7 t/ha, every two years (24 months production cycle). The price of ginger was 2 500 Fcfa/ per 15 kg bucket (166 Fcfa/kg).

The producers, at this time had already initiated activities aimed at improving this crop, but problems still existed at the level of its production (poor yields and low quality of produce), coupled with problems related to the management of soil fertility and the application of inputs.

1.1- From the improvement of production with the local management committee (2001-2003)...

In 2001, at the level of the BUFAG union (Bafut Union of Farming Groups) of Bafut, 61 members of NOWEFOR came together and organised themselves by putting in place a local management committee, LMC to improve their production. Thanks to the technical and financial assistance of the support NGO SAILD, and a considerable financial support of SOS Faim² the members of this committee worked to improve production through the amelioration of techniques at several levels:

- seeds : preparation before planting (multiplication, treatment,...), selection of rhizomes of good quality ;
- cultivation techniques : density of planting, ridges,... ;

¹ SAILD An international development support organization which has been working for more than 20 years in the promotion of rural development in central Africa.

² SOS Faim is a Belgian NGO which has been supporting NOWEFOR financially for several years.

- soil fertility : association (maize and ginger) and crop rotation, using organic manure (manure, maize straw).

Parallel to this, and to follow up these technical changes, an organisation support (for the supply of inputs and the follow-up of activities) and financial support (starting capital for the set up of a savings and credit scheme for the purchase of inputs) were carried out still through SAILD.

The results were immediate. From 2002, the quality and yields were increased in the Bafut union up to a production of more than 300 tonnes (yield of 10-11 t/ha), with production cycles of only 10-11 months (against the previous 24 months). New farmers registered in the union, which now has 120 members (94 women, 26 men). In 2003 the increase in production continues with new members and a better mastery of the production (reduction in the cost of production and less expenditure and dependence on fertilizers and insecticides³).

1.2- ... to the fall in prices at the local market (2003)

These improvements at the level of the production of ginger were such that it resulted in a rapid increase in the supply at the local Bafut market and a reduction by 5 of the price of ginger: with ins increasing supply, the buyers took advantage to reduce the price at the local market, whereas the prices at the urban markets remained high. The price therefore dropped 2 500 Fcfa/bucket in 2001 (166 Fcfa/kg) to 500 Fcfa/ bucket in 2003 (33 Fcfa/kg), bringing the gross product of about 1 million Fcfa/ha to about 400 000 Fcfa/ha.

Costs of production increase to 500 000 Fcfa/ha, producers are henceforth losing money (100 000 Fcfa/ha) and it was very necessary to seek means to attain adequate prices.

Table : Evolutions of Ginger production and economic results in Bafut

	2000	2001	2002	2003
Surface cultivated (ha)	23	15	30	45
Production (t)	100	105	330	495
Yield (t/ha/an)	4	7	10	11
Duration of the production cycle	24 months	10-11 months	10-11 months	10-11 months
Number of union members	-	60	120	117
Price/bucket (Fcfa/15kg)	2 500	1 500	700	500
Price/kg (Fcfa/kg)	167	100	47	33
Gross production/ha (Fcfa/ha)	724 638	700 000	466 667	366 667

(Source : DENIEL Estelle, 2005)

2- STRATEGIES TO RE ATTAIN A REMUNERATING PRICE : REGULATE SUPPLY IN THE LOCAL MARKET

What should be done to better sell, increase their negotiation power and better control prices? Very important questions from 2004. Several stages /strategies were tried, based on a prior principle : Put in place rules to manage the supply and force prices upwards, in collaboration with local authorities.

³ The treatment of seeds limits the attack of insects and treatment needs (costly and not always available); Organic manure reduces the cost of production and expenditure related to the acquisition of chemical fertilizers.

2.1- A pre-requisite : To see clearly and understand the functioning of the market *Organisation of the market control committee (2004)*

In order to build a collective reflection and strategy, there was the creation within the federation of a Market Control Committee made up of three union leaders and a local animator. This committee had as mandate, to animate reflections, information and sensitisation on the mechanisms to community members as well as the follow-up of decisions taken for the improvement of the marketing of Ginger.

Negotiation of a unique selling place to master the flow of ginger and to control transactions

The market control committee proposed to Bafut producers to seek a unique place in the local market to sell their ginger together. The idea was to group the supply in the market, in order to have more visibility: The volume available and put in the market, by whom? Who buys? What volume ? At which price ?. In fact, the ginger sellers did not have any specific place for sale in the market and hence were spread throughout the market. This rendered the sellers vulnerable against the middlemen bayam/sellams and rendered difficult the put in place of measures to regulate supply.

In order to negotiate a unique selling place in the market, the Control committee undertook negotiations with the Fon of Bafut and the rural council for them to be involved in the establishment of this new strategy by giving their accord. It was very difficult to meet the Fon, but finally he received the Control committee and accepted that the Committee could use his authority to control the market.

A unique place that permits to group Ginger and its sale at the market was thus obtained with the approval of the authorities. The committee chose a strategic place at the entrance of the market, very accessible to buyers and sellers permitting easy loading and off-loading of bags⁴ from taxis and vehicles.

Realisation of disequilibrium : A supply which greatly exceeds local demand and reduces the prices of producers

Once the grouping of Ginger effectively started, producers realised that the prices were low because of the excessive supply of the produce : it was in fact analysed that the supply was 7 200 kg, for a demand of 2 400 kg⁵. The buyers or Bayam sellams, who were few (10-12) and mainly whole sellers, therefore had all the latitude to impose low prices : with a supply of Ginger that exceeded the demand by 3, producers were forced to give way their produce for as low as 400 Fcfa/bucket (26 Fcfa/kg).

This stage of realisation reinforced the cohesion of the producers, sellers of Ginger : By grouping themselves, they realised that they could evaluate the supply on the market day and take a common negotiating position with the buyers on the selling price.

2.2- Organisation of the local market for more transparency in transactions and a supply that matches demand (Axis 1)

Definition of a strategy : Management of local supply with respect to the local demand

The strategy of the market Control committee and producers consisted in a first axis, articulated around 2 types of complementary actions : the management of supply at the local market by:

- 1) limiting local supply (Sale of part of the ginger production at the local market) ;

⁴ 1 bag = 8 buckets of 15 kg of ginger = 120 kg.

⁵ 7 200 kg = 60 bags or 480 buckets; 2 400 kg = 20 bags or 160 buckets.

- 2) and disposing of the excess produce with respect of the local demand out of the production zone (the sale of the other part of the produce to private business persons in far away urban markets).

At the level of the local market, the aim is to better manage the volume of produce put into the market in order to limit local supply to levels that are adequate to the local demand: no excess produce to avoid price drops; but no strong intention of producers to artificially increase prices and discourage buyers. It was first agreed with the Fon of Bafut to “truly” test this strategy.

Practical test of the management of local supply : operation « zero ginger »

After consultations with the authorities, two weekly markets were granted to the committee to practically test the strategy dubbed “zero ginger” (All ginger brought to the market had to be sold at a correct price: no ginger returned to the house). The aim was to limit the supply of ginger to 3 000 kg (equivalent to 200 buckets, which had previously been estimated as the level of demand), on the basis of a list of sellers, established according to a marketing calendar. It was realised that the prices increased from 700 Fcfa/bucket the following days to 1 000 Fcfa. The demonstration was very clear : The reduction of the supply of ginger at the local market permitted to increase the price. The producers therefore accepted to maintain the mechanism of managing the supply at the local market, through rounds of supplying in the market, and as collorary, the necessity to seek other external outlets for the ginger exceeding the local supply.

Organisation of rounds of supply in the market to limit supply with respect to existing demand and consolidation of the system

The committee proposed to divide the producers into 4 production zones, according to well defined quarters, each zone having a turn to bring their ginger production to the market: Groups of 50-75 farmers rotated for each market day that was fixed in advance, in an organisation that consisted in a rotation of the sale of ginger by the different quarters. This limited the market day for each zone to once a month, a frequency that permitted each farmer to have revenues each month. Thanks to this system, the supply on the market reduced to 2 400-3 000 kg (equivalent to 20-25 bags or 160-200 buckets).

There again, the decisions were discussed lengthily between the producers, but there was also the involvement of local traditional and administrative authorities, to seek their approval, caution and support for the zoning of the marketing rounds. The rotation calendar of the market days of producers were signed by the local authorities, His Royal Highness the Fon of Bafut and the market Control committee representing the producers. The traditional leaders recognise this system and reinforce it, as well as the Control committee.

The local animator of the Control committee plays an important role : each market day, he supervises the respect of the marketing calendar and denounces defaulters of the calendar/market days by farmers ; he controls the entry and exit of produce, which permits to follow the supply and demand of ginger in the market.

To follow-up and control the good behaviour of the farmers and to continue “sensitisations”, observers were elected and assigned quarters to ensure the good functioning of the system in the local market (particularly the respect of the calendar). The rotation system (1 time/month / production zone) limited the passage of farmers in the market, and therefore their possibility to sell and generates revenues. In fact, the increase in prices due to the limitation of the supply in that market compensated the less number of times of selling locally. Also, in case of an emergency need, the farmer could submit a request to sell to the Control committee, which after examining it could exceptionally permit the farmer to join the authorised zone to sell.

To be able to regulate and have decisions respected members of the committee met law makers of the palace and the council to put in place sanctions to punish defaulting buyers and sellers of ginger. The sanctions range from a simple fine by the local animator to a convocation at the palace.

In the system of promotion of production sectors developed by NOWEFOR, the local animators are compensated by NOWEFOR each year. Furthermore, there are interest on the sector loans which are shared between NOWEFOR, the savings and loans scheme and the local management committee. The functioning of the LMC is financed by these interests.

A collorary : dispose of the excess ginger over the local demand in external markets

To dispose of the excess ginger with respect of the local demand, it is necessary to seek for new markets and buyers outside the production zone. The committee therefore went to Douala and Yaoundé, where potential buyers were contacted and agreements were reached to send ginger to these buyers, to assemble the produce and hire a truck. 15 tonnes were therefore sold in these towns.

Table : Destination of sales of ginger in 2004.

Place of sale :	production Zone :	Sales outside to privates :	
	Bafut Market	Yaoundé	Douala
Volume (t)	3 -3,7 t/ market day	2 x 5 t =10 t	5 t
Price/bucket(Fcfa/15kg)	1 000	1 400	2 100
Price/kg (Fcfa/kg)	67	93	140
Condition of purchase	Cash	Cash	On credit

Immediate results and lessons learnt from the strategy of limiting local supply

- At the local level : An increasing price and satisfied actors

The sanctions and the recognition of the system of rotation of market days by the local authorities discouraged the farmers and buyers to default the management system established. Clandestine sales in quarters have reduced, and so is the influence of the Bayam sellams.

There is a rapid and regular disposal of a greater quantity of quality ginger : 3 000-3 750 kg (200-250 buckets) sold each market day in a few hours only by 50 to 75 farmers. The price in Bafut has increased from 450 to 900 then to 1 000 Fcfa/bucket (67 Fcfa/kg).

The producers are satisfied of the security of sales: they are sure to sell at a negotiated and correct price. The buyers accept the mechanism, even though the prices are higher as compared to when the supply was higher : They are very satisfied with the level of the quality⁶. Producers and buyers are satisfied in the gain in time. It is however interesting to note that the system put in place has reduced the number of buyers.

The women, who are the principal ginger producers, have seen their revenues increase with the sale of increasing quantities of ginger at high prices. This contributes without any doubt to help these farmers assume certain family responsibilities such as feeding, the health care of children etc. Also, the quick disposal of their stock on the market day, gives them time for other family activities.

- In the external markets : dissatisfied producers due to a poor mastery of transactions

The strategy to sell ginger in external markets was interesting... more in terms of learning than on economic results as such. The selling prices of the ginger were good (93 Fcfa/kg at Yaoundé and 140 Fcfa/kg at Douala), but these operations had their limits :

⁶ A strong revandication however remains suspended at the level of measuring units (Producers' buckets / kg of buyers, with great differences).

- in Yaoundé, the transaction was not very satisfactory for the producers : Once the producers had transported the produce to the agreed selling place, the buyer reduced the price which had been negotiated and agreed upon before hand by both parties....With neither a written contract, nor another buyer, the farmers had to accept to sell at the reduced price;
- in Douala, the buyer took the produce on credit as was agreed upon but was not regular in the payment.

This type of problem, and concrete loss by producers could have created suspicion by the producers of the team in charge of transporting the produce and sell them at Yaoundé and Douala (The driver and local animator who followed up the trip)... and thus destabilise this type of group experience: The transportation of produce out of the zone. But the constraint perceived as the highest for the producers was the delay in the payment, from the moment when the produce was collected from them to the time when they were effectively paid (about 10 weeks)

The producers sought another alternative, through the organisation of sales to the FO who then is responsible to sell the produce grouped to external buyers.

2.3- Purchase from producers, storage and sale of stock by Nowefor (Axis 2)

Organisation of activities

In the zones of Bafut and Bafut and Mforyah, there were several activities:

- collection in the production zones from producers members of NOWEFOR after receiving a command from a buyer who indicates the quantity needed. Each producer brings his/her ginger to the local NOWEFOR which is received by the LMC.
- each producer supplies the quantity possible until the required quantity is obtained. The LMC takes upon itself to determine the quantities to supply by each farmer when the demand is not very high, while ensuring that the maximum possible number of producers participates in the sale.
- the Credit House (Savings and loans scheme) gives loans to members who have supplied ginger for the operation. This loan is to enable them take care of their most urgent needs, while waiting for the group sales which permits them to sell at interesting prices. The producers reimburse the loans when the ginger mobilised has been sold.
- the agreements with the buyers are not written. These usually take place through negotiation meetings or telephone communications during which the buyer indicates the quantities needed, the delivery date. The producers take engagements according to the quantity that they can possibly mobilise at the delivery date.

Pending questions

The problems that can arise from this type of action are worth mentioning: The same type of problems, as those encountered in 2004 could still be faced in subsequent transactions in Douala or Yaoundé (Late payment, drop in prices once the produce has been delivered...). The difference here is that it is the FO that bears the risk, and that will pay the price (the untimely repayment of loans ; loss resulting from a drastic price reduction...). Is there no risk, if the price paid to the producer is higher than that paid by the external buyer? Risk for the FO to run at a deficit?

Instead of transporting the surplus ginger above the local demand to external markets, under conditions that producers do not necessarily master (Insecurity of payments, transportation conditions/hiring of vehicles, high cost on small quantities, inexperience...), and risky (for producers and FO), why no work to instead incite new external buyers to come for supplies on the spot at the local level. It is always a question of adjustment between the demand and supply, but

here there is a reverse of the vision : we pass from a strategy of “limiting the local supply to one of adjusting to a limited local demand”. But again there is the need for the new buyers to be interested! There lies the challenge: ensure the quantity and quality announced in order to satisfy the buyers, and avoid external buyers having to go back with half loaded vehicles...from there, the idea to develop other axis, group sales, working in a network.

2.4- Extending the experience throughout the province (Axis 3)

The challenge is to make ginger a crop on which producers can count on through involvement of the sector in a marketing which will permit then to reinforce this sector and their position in a manner that secures their incomes.

In order to reduce the risks related to the non-respect of contracts, and to increase their capacity to negotiate and attract buyers, at a scale greater than the zone but of the whole province in dynamism of structuring farmers and working in a network is a possible means. This is another important challenge to this day that Nowefor farmers have embarked on.

In fact, in 2004 following the encouraging results realised at the local market in Bafut, Nowefor farmers are making efforts to share their experience and extend it throughout the province to other farmers, unions, markets. There are several objectives:

- exchange experiences in a network, particularly achievements in terms of the mastery of production (practical knowledge, technical process, quality...) and marketing and regulation of markets (limitation of local supply to match local demand to avoid price drops ; external group sales,...);
- ensure that greater volumes of production is mastered by more producers, to attain new markets/buyers, honour new contracts in group marketing, achieve economies of scale (particularly in transportation) and reinforce the negotiation capacity of producers against the power of buyers in external markets and mostly to incite them to move to the local markets to be supplied (an bear the cost of transportation). There will be 5000 ginger producers, (with 1200 NOWEFOR members) in the North West province of Cameroon;
- launch new activities (transformation) which could necessitate more investments(and a regular supply of raw materials in quantity and quality to amortise the investment) ;
- reinforce the collective dynamism of unions to render services to members (access to information, to quickly know what is happening in the regions, to be able to organise group mobilisation and sales and to ensure a better disposal of produce...);
- be more visible and recognised as trustworthy actors in the sector, by the out side (partners, other actors in the sector, local authorities...).

A network committee exists. Presently, only the basis of the network has been put in place, but it is not yet functioning as it ought to due to some problems of communication, organisation and management which have not yet been regulated. A network meeting was held in 2006 with 40 members, and priority activities were defined: dissemination of the system of control of the local market, group marketing in all the production zones of ginger in the North West etc. But the real problem at this time is that of financial means to literally sit the network and give it life and dynamism. We refer here to means to permit the network carry out the work of sensitisation, communication and in supporting the organisation of other unions (members and non-members of NOWEFOR), etc.

At the level of Bafut, the local market control committee already has much to do (The local animator is present at all market days ; the production zone is increased and the means of transportation for the management in the quarters is reduced...). Within the framework of the network which is estimated to group together 5 000 producers in the province, in order to inform and train all these producers on technical production procedures, on strategies to master the market

(control of the supply, management of surpluses...), needless to say that the needs are very great, among others in terms of mobilising more leaders in order to increase the burden on the present nucleus which is already mobilised. How to evolve to a higher scale to mobilise more producers who are dispersed in a vast territory. This requires other financial means and tools.

3- SOME ELEMENTS TO HIGHLIGHT ON THIS EXPERIENCE

3.1- At the level of production : Improvement in technical procedures to increase production and quality

The producers are able to produce at the expected time, the expected quantities and quality of ginger, with reduced costs of production and a lesser dependence on fertilizers and insecticides : mastery of cultivation techniques, for consolidated quantities and besides the question of marketing, with production costs that permit the producers to be competitive. (It's not easy to organise and negotiate whatsoever there is no mastery of production: all organisational efforts for marketing will be in vain and poorly compensated if technically, the productive capacity does not follow suit).

The increase in productivity that resulted, are surely related to the fact that transformations at the level of the production systems were not very great or did not affect the global functioning of the production system: The cultivation of ginger was already known: there were merely improvements of the already existing (The technical procedure, soil fertility management) which did not entail a lot of risks. It should be also noted that the engagement of farmers towards the success of this initiative, following the decline of coffee cultivation, on which most of them depended. The cultivation of ginger was therefore a welcome alternative.

3.2- At the level of marketing

There is success at the local market, with a mastery of the market through a limitation of the local supply. Mastery of the economic process of price determination.

The new mechanism of selling in rounds in the market is functioning well, and is respected by the producers. We can note that this success is related to the fact that the farmers are obtaining concrete results, and more precisely, the increase in their selling prices.

In the external markets, the quest for new market outlets beyond the local market is difficult and less easy to control.

3.3- At the local level

The women are the principal producers of ginger in the zone. The sales of greater quantities of ginger at good prices have increased their incomes. More and more women are part of different committees (LMC, local market control committee) where they are assuming more responsibilities. Their involvement in this operation has increased their capacity to negotiate and valorise them in their community as actors of development. More and more, they are taken into consideration by the men, the council and the traditional authority.

This operation has permitted enabled the traditional authorities to better understand the activities of the FO. These authorities are in favour of this operation which has as result, an increase in household incomes, increase in council revenues, through dues paid by the buyers who are now better located. The operation has also reduced the power of the buyers who can no longer dictate prices to the producers.

3.4- At the level of the method

Continuous process of collective reflection building among members of the union

- “trainings” conceived more as aids to the co-analysis of the market situation : the quantities supplied in the market, the buyers, price fixing mechanisms...
- aid in the organisation of reflections and discussions ;
- the involvement of the principal producing actors in the putting in place of the actions;
- broad information: radio announcements in local languages, to diffuse the mechanism put in place.

The demonstration effect : We learn by doing

Progressive work with a hard core and extension afterwards

There was first of all close work among producers and local authorities with a test and putting in place of the strategy in a single local market (Bafut) before thinking to work with more producers on a greater areas (the province)

There was progression in the problems handled: production, then marketing / organisation of the market. The questions of transformation / diversification of ginger products are emerging after having consolidated a certain number of parameters (cost of production, quantity, quality, organisation / communication among producers, knowledge of the market, confidence among producers...).

Concertation with the collectivity, traditional and administrative authorities

Beyond the process of collective construction of reference at the level of the producers, there was a continuous process of continuous concertation with the collectivity, administrative authorities, and sensitisation of the community to explain and discuss the strategies envisaged by the producers. The palace and local authorities were involved in the process, notably to achieve a unique place to sell ginger at the local market.

They were kept informed through radio announcements, meetings, and visits made by the local market control committee.

Work in partnership with support NGOs

Not refusing the existing : external support which are based on local dynamisms

The cultivation of ginger already existed in the region and was known by a number of producers : Bafut had about 600 ginger producers in 2001 before the intervention of SAILD. Moreover, initiatives had already been initiated by the farmers : there was therefore a certain dynamism existing on the question.

The support of SAILD came to reinforce and improve on something that already existed (it was not a completely new concept that was brutally introduced), as a response to farmers’ needs and constraints. There was therefore certain continuity between what the farmers were doing and what the NGO brought: we are not starting from scratch, things already exist; it is a question of relying on these to re-launch a pre-existing dynamism

The support of such an initiative is a learning process for all the parties. The ONG has to inculcate this in their approach, be open to dialogue and avoid the posture of a reservoir of knowledge. Planning workshops have to permit the clarification of responsibilities and mostly allow the FO to assume its responsibility when it is capable. These are imaginable occasions for the training of leaders. It is also important to organise follow-up while trying not to see who is wrong but more to identify weaknesses and find common solutions.

4- CONCLUSION: LIMITS IN THE SPONTANEOUS FUNCTIONNING OF THE MARKET AND ACTIONS OF PRODUCERS FOR MORE EFFICIENCY

4.1- What classical theory says

Supply and demand evolve as a function of price

According to the well known classical theory, the market refers to the decision of producers (which results in the supply of products in the market) and the demand of buyers (households, individuals, businesses who more or less buy products according to the price). Production decisions are subject to market prices: “the higher the price, the more I produce”; and purchasing decisions are also subjected to prices: the lesser the price, the more I buy.

The interaction between supply and demand determines a just and efficient market price

The decisions to supply and to demand result in the determination of the price “market price”. The theory says that if the market operates freely, with many buyers and sellers, freely expressing themselves in a competitive market (what is generally known as a pure and perfect market⁷), Supply interact with demand to determine the quantity produced and supplied, the quantity demanded and also the price. Prices fixed by the market, under these conditions are flexible (free prices with variations in the demand and supply), efficient (prices determined by the market create the maximum wealth from limited resources), just and equitable (it satisfies both the buyer and seller, and doesn’t favour one to the detriment of the other: non-discrimination as a principle of justice), and contributes to the market sustainability.

In theory the mechanisms of competitive markets permits to regulate the economy and lead to a general equilibrium with an optimal allocation of resources which satisfies both buyers and sellers at the same time (efficiency).

4.2- What we observe with the local Nowefor producers at the Bafut market

This Nowefor experience show different important points which illustrates the fact that before organising producers for more transparency in transactions and management of supply in the local market, different problems existed:

Spontaneously, a market that is neither pure nor perfect

There are a certain number of prior hypotheses of the theory which were not found in the Bafut market before 2004, particularly :

- non competitive market : certain actors –buyers Bayam sellams- were in a dominating position with a strong power of influence on the market price (non existence of many buyers);
- no easy access of the produces to the market : problems of transport (lack of transportation means, uncontrolled “taxes” and difficult access to credit;
- imperfect information: Before their operation zero ginger, dispersed and not organised, the producers had no visibility on the supply, the demand, and were subjected to the price. To this could be added the duping on the quantity (Unit of measure), the quality, to the detriment of producers who cannot, when they are isolated have guarantees on the quality of the goods that they buy (seeds, fertilisers...).

⁷ The market is said to be “pure and perfect” if there exist: on one side (the supply side) many suppliers of products (sellers), of small economic size (very small to influence the market price directly), having perfect information on the quantities and price, and free entry and exit on the product market (fluidity) ; and on the other side (the demand side) many consumers and buyers, of small economic size (very small to influence the market price directly), perfectly informed on quantities and prices and free entry and exit on the product market (fluidity) .

The supply does not adjust spontaneously to price : rigidity in the supply if ginger

- the sale of the harvest is often compulsory in order to take care of their purchasing needs, or repay their debts ;
- it requires a certain time (24 months to improve seedlings, then 10-11 months) to produce, and it is difficult to immediately adjust the supply to the price of a weekly market : Once the produce is brought to the market, we are obliged to sell, if not we loose;
- due to the duration of the production cycle, there could be counter productive effects of anticipation : If prices rise, producers produce more, which immediately leads to excess supply in the market and a drop in prices;
- there could be random effects of production : the quantity supplied is partly random, and very related to the climate, irrespective of the price or demand level;
- one cannot easily reallocate his capital to a different activity because the production system cannot be easily changed in the short run if prices drop : high risk taking, and forcibly not many alternatives (zero opportunity cost).

On the supply side of the balance sheet, the classical law “supply is a function of price” is rarely verified. This rigidity in supply is also confronted with a certain rigidity in demand.

The demand for ginger does not necessarily increase as prices drop

The 10-12 buyers come to buy a certain quantity given quantity of ginger from the Bafut local market to re-sell to other places where they know how to sell : they buy as a result of their financial means but also and mostly on the basis of their capacity to re-sell. Also, as the supply increase and the price drops, the demand does not increase consequently : it remains rigid in the short run, and the classical law, “demand is a function of price” is not always verified.

In the balance sheet, unstable and inequitable prices

In the balance sheet, supply does not adjust rapidly to demand, and variations in supply are most often greater than variations in demand : variations in supply, do not lead to adjustments in demand but rather to powerful price fluctuations, unstable, volatile, independent of the situation but inherent to the agricultural activity because of the rigidity in supply. Also the price in the market is not an optimum equilibrium price, derived from demand and supply. The price determination is not equitable, principally because the producers are isolated and poorly informed whereas the buyers have a very strong market power due to their financial position and their better access to information. The existence of market failures reduces the allocating efficiency of the price system.

4.3- What the producers did to render the market more fluid, efficient and equitable

Increase the quantity and quality produced, while reducing the cost of production for more competitiveness of the produce, but also the organisation for a better access to credits, organisation of the local market and transactions resulting from agreements between producers, with the local traditional and administrative authorities, as the result of a long process of social learning with the support of a local NGO, which has permitted more efficiency and social justice.

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- **Experience of group marketing of ginger by the North West Farmer's Organisation /** Tangie Joseph Che LA, Forbah David N. (Vice-President). – NOWEFOR, with SAILD Support. – presented at Forum « Commercialisation et accès au marché des produits agricoles » Yaoundé 10-11 May 2006. - Inter-réseaux, CTA, MINADER-PARI, 2006. - 16 slides.
(NOWEFOR: noweforbamenda@yahoo.fr; SAILD Bamenda: saildbda@yahoo.com)
- **The role of SAILD in the support of the development of marketing strategies for fresh ginger in the North West Province of Cameroon /** Deniel Estelle. – Internship report ISTOM, under the direction of Ngendakumana Serge, SAILD. – 2005. – 62p.

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Summary

NOWEFOR has known the benefits of its successes realised in the production of ginger: via the technical and organisational advice that they benefited, the members of this federation of farmers' unions of Cameroon have ameliorated their production technique of ginger, the organisation for the supply of farm inputs, the savings and loan scheme, the follow-up of production (2001-2002). So well that the production has consequently increase, in terms of quality and quantity,... and this great production lead to the saturation of the local market. The effect was an immediate one : the supply of ginger increased in the local market, with respect of the demand, and this quickly lead to a drastic fall in prices in the market. In fact, the price of the benefit of success was a division of the price of ginger by 5 in less than 3 years !

Moral of the story : "It is needless to produce by one who does not know how to sell : To produce is good, but to sell at a remunerating price, is even better !".

The farmers organised themselves, in concertation with the local administrative and traditional authorities, and the support of the NGO SAILD, in order to put in place different strategies to improve the marketing of ginger :

- In 2004, they first of all initiated a strategy of organising the local market with more transparency in transactions and a better management of supply at the local level (Axis 1) articulated around the regulation, by limiting the weekly supply of ginger at the local market on one part, in order to permit producers to better negotiate prices, and on the other hand supplying the excess ginger in new external markets through the organisation of transportation and sales to distant buyers;
- Following disappointments experienced at the level of sales in these distant markets, a second axis was introduced : in 2005, to attempt to better sell the excess ginger out of the local market, the producers started to carry out more classical actions such as **purchase and storage** through their organisation NOWEFOR, which is therefore in charge of organising **the sale of the produce to external buyers** (Axis 2) ;
- Finally, in order to market greater quantities, with more producers, and to reinforce their position in the ginger sector, the NOWEFOR producers have as perspective to extend this experience to the whole north west province, by **working as a network** (Axis 3).

This paper, illustrates these 3 strategic axes put in place by NOWEFOR to improve the marketing of its members' ginger, and at the same time illustrates the innovative capacity, of mobilisation and to react by the latter to better position themselves on the market in order to improve the income derived from their agricultural work, within an environment where middlemen Bayam sellams⁸. Seem to dominate the market.

This experience shows that an increase in production can lead to a reduction in selling prices for producers, and reduce their income, thereby affecting the profitability of the production, and hence the interest of producers to produce. In fact, due to lack of transparency in the supply, demand and prices, with a certain distortion in the information that producers have (Many are wide spread and not organised in the market) and buyers (Few in the market, know each other and have a better knowledge of prices in different places in local and urban markets, and a strong power to highly influence prices), the market may not play its theoretical role of coordinating production activities, exchange and consumption equitably to the benefit of all the actors. We therefore talk of market failure. We shall see here how "Paradoxically" the organisation of the market and producers permits to realise a reduction of the inequalities, an increase in commercial equity and at the same time an increase in market efficiency.

⁸ Bayam sellam: Person who buys and sells products.

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