



THE IMPORTANCE OF PACKING HOUSE MANAGEMENT IN VEGETABLE AND FRUIT VALUE CHAINS

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Oxfam's Economic Justice Programme in the Occupied Palestinian Territory is implementing several market system development projects focusing on the agricultural sector. Small-scale producers face several constraints including: high prices of agricultural inputs, limited extension services, weak post-harvest capacities and limited access to markets. This case study focuses on the role of the packing houses (preparing the produce for the market) and the contractual relationship between SSPs and vegetable and fruit packing houses. It will examine the management of the four packing houses in order to analyse the work implemented since 2017, document learning, and recommend key actions to scale up and sustain the interventions.

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This case study was written by Nabila El-Ahmed and Nada Nabris. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

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Cover photo: A juice factory worker in Gaza is observing the guava fruits at the juice maker machine supplied by Oxfam and Australian aid. © Khalid Tuam/Oxfam OPTI.
Back page photo: Workers from the cucumber packing house separating baby cucumbers according to their sizes. © Suhaib Jarrar /Oxfam OPTI.

1 INTRODUCTION

Oxfam's Economic Justice (EJ) Programme in the Occupied Palestinian Territory (OPT) is implementing several market system development (MSD) projects focusing on the agricultural sector. Small-scale producers (SSPs) face several constraints that include the following: high prices of agricultural inputs, limited extension services, weak post-harvest capacities (sorting, grading, packing, and storing) and limited access to markets. Through different interventions implemented under the EJ programme, the issues of post-harvest handling and marketing were tackled through facilitating the establishment and operationalization of four packing houses – three in the West Bank and one in the Gaza Strip.

Small-scale producers in the Occupied Palestinian Territory face multiple constraints

This case study focuses on the role of the packing houses (preparing the produce for the market) and the contractual relationship between SSPs and vegetable and fruit packing houses. It will examine the management of the four packing houses in order to analyse the work implemented since 2017, document learning, and recommend key actions to scale up and sustain the interventions.

PACKING HOUSE MANAGEMENT

Baby cucumber packing houses – West Bank

Oxfam's partner the Economic and Social Development Center (ESDC) developed an intervention strategy for baby cucumbers. Through the intervention, ESDC facilitated the rehabilitation of Ein Al Beida Packing House and the establishment of Al-Turab Packing House.

1. **Ein El Beida Packing House:** The packing house is located at Ein El Beida; it is owned by two cooperatives. Through funding from the Swedish International Development Agency (Sida), the packing house was rehabilitated and provided with equipment such as cooling units and pallets. The packing house buys baby cucumbers from SSPs in Kardala, Bardala and Ein El Beida, which it sorts and then sells to Palestinian and Israeli factories for pickling.
2. **Al-Turab Company:** Around 11 farmers decided to combine their efforts and establish Al-Turab Company at Al Faraa to serve the SSPs of Al Faraa and Tamoun. The company sells baby cucumber seeds to SSPs. It then buys the harvested baby cucumbers for sorting and sells them to Israeli factories for pickling.

ESDC managed to leverage investments from DAI-Compete project, which is funded by USAID, to provide sorting machines to the two packing houses. This means the baby cucumbers can be classified according to quality and size.

The relationship between the SSPs and the packing houses is managed through contractual agreements. Under the contractual agreement, SSPs receive 5.5 Israeli shekels (ILS) per kilo, and from this the packing house

takes 0.5 ILS for sorting, packing and transporting. In the first season, around 169 SSPs (167 males and 2 females) sold baby cucumbers to the two packing houses. This stark disparity between male and female beneficiaries reflects inequalities in land ownership between men and women in Palestine. According to the most recent statistics available, women owned only 7.8% of agricultural holdings in the year of 2009/2010.¹

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Shahd Grape Packing House and Marketing Company – West Bank

Oxfam's partner the Agricultural Development Association (PARC) facilitated the relationship between stakeholders (two traders, two cooperatives, three farmers and the North Hebron Chamber of Commerce) to establish the Shahd Grape Packing House and Marketing Company. Oxfam equipped the packing house with scales, hygiene kits, packing boxes and marketing materials. Shahd buys grapes in bulk from SSPs and then sorts/grades them before selling them per kilo to the local market. During the first season, 23 SSPs and 4 traders sold around 12.5 tonnes of grapes to the packing house, while in the second season around 60 SSPs sold around 50 tonnes to the packing house.

Cold storage facility

Cold chain management is part of the post-harvest handling process. PARC with Shahd company shareholders rented storage space in Jericho to pilot storing grapes, and Oxfam funded the cooling system for a cold storage facility. The initiative was successful, as grapes could be stored for up to three months in good condition then sold off-season at a higher price.

Guava packing house – Gaza Strip

Utilizing a co-investment financing model, a guava packing house has been introduced by a farmers' cooperative in the southern part of the Gaza Strip to serve a cluster of guava farmers. The packing house is facilitating collective marketing for the farmers and ensuring access to more rewarding and higher-value markets by brokering business relations with other market actors. The packing house sorts guava based on quality: high-quality produce is sold fresh for domestic consumption, while lower-quality fruit is sold to a juice factory at a fair price.

WHAT WORKED WELL

The project has contributed to changing the mind-set of farmers and cooperatives to think and operate strategically and to work holistically across the whole value chain – from planting to sorting, packaging, marketing and distribution. In addition, the initiative required all stakeholders to invest financially in the packing houses. This in turn engendered a sense of ownership and commitment to the entire process

The following are the main highlights:

1. The project connects the various actors within the value chain – farmers, cooperatives, input suppliers, traders, public and private sector companies – in a mutually beneficial way.
2. Several facilities have been established to manage post-harvest techniques and distribute sorted products to local markets and/or export companies. As a result of these interventions, SSPs have been able to increase their income by at least 10%.
3. Farmers are applying good agricultural practices to improve the quality of their produce – grade A grapes, guava or baby cucumbers – to receive better prices.
4. Additional SSPs are copying these agricultural practices and have also signed contracts with the packing houses.
5. The packing houses have established relationships with women’s cooperatives such Dawalina, which buys grade B grapes and produces grape by-products, and Kufr-Dan women’s cooperative, which buys cucumber to pickle it and sell it to the local market.
6. The packing houses have created job opportunities for youth and women. Around 12 youth (all males) are working at the two baby cucumber packing houses; 5 women and 3 young men received part-time job opportunities at Shahd grape packing house; and 16 youth (11 females and 5 males) and 4 women are working at the guava packing house.
7. Proper packing and packaging increased sales and income for both packing houses and SSPs. For example, consumers were more likely to buy grapes packed per kilo rather than in bulk.

‘Through the intervention, I was trained on sorting, grading and packing and received a full-time job opportunity during the season. I hope that the packing house will be open all year long so I can be employed all year.’

Ms. Zahra, employee at Shahd Grape Packing House and Marketing Company

WHAT WE LEARNED

Packing houses are a necessary component of the supply chain, as most of the post-harvest handling procedures occur here. As such, packing houses provide the critical link between SSPs’ products and the market. In order to be competitive in the market, products must meet specific standards, both in quality and in packaging/sorting. This is where the packing houses play a significant role. The following diagram shows the process flow in the packing houses:



The role of SSPs is also key to the successful implementation of this process. The SSPs must apply good pre- and post-harvest agricultural practices in order to deliver a high-quality product to the packing houses. Standardization of the quality of products is integral to selling at higher prices, which in turn leads to increased income.

This is where the contractual relationship between the SSPs and the packing houses comes into play. The added value of this relationship ensures the smooth running of the supply chain. In the first season of these interventions, SSPs did not regulate the quantity of the products according to market demand. This resulted in a surplus of products, specifically of baby cucumbers. The packing houses could not absorb all the produce from SSPs' harvest, which led to losses for some farmers. In the second season, a change in the process was implemented to regulate the quantity planted by each SSP, based on market demand, in order to avoid the losses of the previous season.

In the first season of the grape harvest, the contractual relationship between SSPs and the grape packing house did not specify that the packing house would buy both grade A and B grapes from the SSPs, who thought that the packing house only wanted grade A. Due to this, many SSPs did not sell to the packing house, preferring to sell their entire harvest to the central market in bulk. In the second season, the SSPs understood that the packing houses would in fact buy both grades from them, to sell in the market and to use in by-product processing.

Prior to this contractual relationship, SSPs had limited options for selling their produce. Packing houses took on the role of distributors, providing SSPs with new avenues to access the market. This enhanced the power of SSPs to negotiate better prices in the central market.

'I stopped planting all of my 10 dunums at the same time. Instead, I stagger planting parts of my field throughout the year.'

Mohammad Foqaha, baby cucumber SSP

WHAT IS NEXT – KEY RECOMMENDATIONS

A number of challenges were faced during the inception and implementation of this intervention. In particular: actors were initially resistant to adopting the new market system approach; there was no guidance on ways of working at the outset; maintaining quality control across all products was (and remains) an issue; and there was a lack of alignment between production and market demands.

The issue of the gender disparity in beneficiaries that owned land was not sufficiently addressed in the first phase of the project. Therefore, it is strongly recommended that a more strategic and targeted gender sensitive approach be applied at all levels to ensure equitable participation of women. This entails conducting a gender analysis and developing interventions to address social, political and economic issues. The goal should be to redress the disparity of control over assets and the power to make decisions that currently disproportionately favour men over women.

In addition to these challenges, one key risk must be addressed. Oxfam and partner organizations must be aware of the potential of creating monopolies through the establishment of the packing houses. The agency of SSPs to choose according to their best interests must be foremost, and it is crucial to avoid an imbalance of power that favours packing houses.

The following are key recommendations to ensure equitable and beneficial contractual agreements:

1. Selection criteria of participating beneficiaries should give priority to women land owners and engage them with the packing house.
2. Establish a working committee representative of beneficiaries and packing house managers with the provision that women (land owners, or household members) also participate in equal measure.
3. It is important to apply strict quality control standards throughout all operations at the packing house. This is needed to maintain high-quality products and increase the demand. To achieve this, quality control officers should be employed of which 50% should be women.
4. Develop a marketing plan and search for new markets to mitigate the risks associated with competition from Israeli and other foreign markets.
5. Monitor all procedures (of buying and selling) and document these in clear and detailed records.
6. Conduct market-demand analysis to inform production processes.
7. Oxfam and partner organizations should develop exit strategies for all interventions to ensure scalability and sustainability.

NOTES

- 1 ARIJ. (2015). *Palestinian Agricultural Production and Marketing Between Reality and Challenges*



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