

# FINTRAC CDA

Market-led production programs are a core component of the Fintrac CDA technical assistance program. Good agricultural practices and the systemization of production practices provide the technological base for grower competitiveness. This bulletin provides a summary of Project activities and results with Tabasco peppers, which is just one crop that growers produce as part of an overall market-driven integrated crop management program.

The overall farm is considered as the business base and, in any given year, growers will also produce other income generating crops as part of a rotation program which minimizes fixed and operating unit costs.

## Chile Tabasco

The Tabasco pepper contract production program was initiated in April 2003 after discussions with a local processor and production trials that demonstrated capabilities and determined costs and productivity. The local processor had more than 15 years of experience working with small outgrowers using limited technology that resulted in low yields of 7,000 to 11,000 lbs/hectare. With CDA production technology already developed and proven with Jalapeño peppers, the necessary modifications were made to the production systems and yields were increased to more than 35,000 lbs/hectare.

Based on trial results, the processor offered fixed price contracts (linked to \$US) and, as of June 2003, 37 lead partners had planted 40.5 hectares.

Production area for each grower ranges from 0.35 to 1.4 hectares, with plantings in the Departments of Cortes, Santa Barbara, Yoro, Comayagua and Copan. Expansion in 2004 is expected in El Paraiso and Choluteca.

Unlike Jalapeño, the Tabasco project can be downsized for the small yet technified growers. Production costs can be as low as \$2,500 for a 0.35-hectare program, and upgraded for larger growers with total costs of up to \$28,000 for 2.5 hectares.



### FIELD DAYS

After CDA has developed the market contacts and established prices, volumes, delivery and quality requirements, field days are carried out in trial plots to introduce the crop to interested growers. These cover production and handling systems, quality, costs, sales volumes, and an investment and profit analysis.



### TECHNOLOGY

Production technologies follow CDA standard Good Agricultural Practices, including raised beds, sticky traps, live barriers, plantlet production, drip irrigation, fertigation, integrated pest management, use of phytosanitary products, and crop rotation.

## SALES

Harvesting started in the third week of November, with deliveries over the six weeks in 2003 of 150,000 lbs and grower sales income of \$57,000. While harvests are still ongoing from the original plantings, gross income is expected at \$11,400/hectare with costs of \$7,800/hectare. For the 40.5 hectares planted in 2003, total gross grower income is projected at \$450 thousand. An additional 80 hectares scheduled for planting in 2004. In addition to sales to the processor with the production contracts, sales are also being made to local small-scale pepper sauce processors. With CDA market assistance, initial sales of Tabasco paste have also been made to processors in Guatemala. CDA is committed to expanding the markets and production areas for Tabasco peppers in 2004.

**TECHNICAL ASSISTANCE**

Technical assistance is provided to growers in production and postharvest handling systems, in addition to the market contracts with lead buyers. GAPs, fertilization, pest and disease control systems, record keeping, cost controls, logistics and programming are all included.



“The success of the Jalapeño production program opened the doors for starting the Tabasco program. This demonstrates again that implementation of the required production systems is the key to success and sustainability. Growers need to be able to change from crop to crop to maximize year round production, to rotate and to visualize the farming operations as an entire unit and not a specific crop”.

**Andy Medicott**  
Fintrac CDA Director

**EMPLOYMENT IMPACT**

Tabasco peppers are a labor intensive crop, particularly during transplant and harvest. Labor requirements average 900 person days/hectare, equivalent to 3.5 permanent positions. The 2003 Tabasco activities resulted in the generation of 140 new permanent positions. Between 40% and 50% of the labor is provided by women. The total amount of wages paid by growers in Tabasco operations in 2003/2004 is estimated at over \$130,000 for this planting.



Tabasco mash exports were valued at \$1.13 million in 2000, \$0.82 million in 2001, \$1.34 million in 2002 and \$0.8 million for the first nine months of 2003. In order for growth to continue, the lead processor requires more consistent delivery volumes and quality, both of which are now being achieved with CDA growers. In 2004, technical support will be provided to the processor's original outgrowers to increase productivity, quality and consistency, thus placing them in a stronger and more competitive position with the final buyer.

The growth in grower operations has also had a positive impact on the input, service and BDS sectors. 2003 grower expenditure benefited seed suppliers, plantlet producers, land preparation services, inputs suppliers, irrigation companies and hired labor, local transporters and customs services. Labor makes up an estimated 42 percent of total costs .

Other Tabasco related CDA activities have included assistance to local microprocessors with label design, product formulation, equipment and supplies, processing plant layouts, food safety, good manufacturing processes, distribution and marketing. Commercial links have also been made between growers and microprocessors , and between several microprocessors .

**END PRODUCTS**

More than 90% of the Tabasco pepper currently being produced is being made into pepper mash and then bulk shipped to the USA to McIlhenny where it is made into Tabasco sauce and sold worldwide.

Local processors and regional processors are also making pepper sauces with the Tabasco.

