Challenges and opportunities for the LEED supported cooperatives in marketing products and realizing coop-to-coop trade

Local Empowerment through Economic Development (LEED)/Employment Generation through Livelihood and Reconciliation

Nihal Devagiri
National Programme Manager/ILO LEED/EGLR Projects
Geographical Areas of Operation

Northern Province of Sri Lanka
(Vavuniya, Mannar, Kilinochchi, Mullaitivu & Jaffna Districts)
Local Empowerment through Economic Development (LEED) Project (2010 – 2016)

**Objective**

To create employment and increase income for the vulnerable and poor people in the post conflict Northern Province of Sri Lanka

**Approach**

Economic sector based, partnership development and inclusive

**Tools**

Territorial Diagnosis and Institutional Mapping (TDIM), Value Chain Development, My.Coop, End Market Analysis
Main sectors, key interventions and partners

Livelihood Sectors:
- Fruit and vegetable
- Paddy
- Fisheries
- Other field crops
- MSMEs

Areas of Intervention:
- Supply chain (input)
- Production
- Processing
- Marketing

Partners / Stakeholders:
- Government Institutions
- Producer Associations
- Large private companies
- SMEs
- Chambers (local / National)

Mainstreaming Gender
Building Bridges with Papaya

Linking the most vulnerable farmers through cooperatives with exporters to grow and export red lady papaya
Fruit and Vegetable Value Chain Development - Approach and interventions of ILO LEED Project

**Supply input**
- Input support packages & Support to produce seeds, seedlings
- Facilitation and technical support to process organic fertilizers
- Strengthen the accessibility of farmers to inputs; retail outlet attached to coop.
- Information services to farmers

**Production**
- Establish supply chain - Assistance to grow pro- red lady papaya for export and local markets.
- Establish supply network
- Support to diversify into other crops

**Processing**
- Support to set-up primary processing center
- Potential infrastructure and technical support for the processing of fruit and vegetable
- Development of a cold chain

**Marketing**
- Facilitation to establish market linkages for red lady papaya for export
- Support to identify markets for other fruits and vegetable (national and international)

**Supporting Institutions**
- Private Sector Partners (market and embedded service – FT certification)
  - National Chambers of Exporters, FLOCERT (FT), Dept of agriculture, Dept of cooperative development, DS office
  - Department of Agriculture, Department of Cooperative Development, Divisional Secretariat
Making the linkage stronger: joint venture between the coop and the exporter

Emergence of North South Fruit Processors Pvt. Ltd, 60:40, establishment of a pack house, direct export

Formalization of the initiative: formation of a fruit growers cooperative society

first model, registered and governed by the DoCD

Getting 200 vulnerable women and men farmers organized

146 women, agreements signed, inputs and training provided, 75 acres

End market analysis on fruit and vegetable sector

strong potential to grow crops for export, demand for 200 MT of red lady papaya / month for export

2011: pilot programme to initiate the linkages

At a time when papaya had never been commercially grown, lack of trust between communities due to prolonged conflict, reluctance of exporters due to physical and social factors

8 months of motivation and support to keep the programme on the run and to see the first harvest

How and why Vavuniya North Cooperative was formed

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Fruit Packing House – Vavuniya North

200 Members (146 women)

Vavuniya North Fruit Growers’ Cooperative Society

Dept. of Agriculture
VN Divisional Secretariat
LEED project of ILO

Joint Company
North South Fruit Processors (Pvt) Ltd.
C.R. Exports (Pvt) Ltd.

- Guaranteed Price
- Share of profits

Rs.30

60%
40%

Fruit Packing House – Vavuniya North (USD 100,000 Grant from ILO)
# Production and income

<table>
<thead>
<tr>
<th>Year</th>
<th>Production of Papaya (MT)</th>
<th>Income</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>LKR</td>
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<tr>
<td>March 2012</td>
<td>375 kg</td>
<td>11,250</td>
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<tr>
<td>2012</td>
<td>125 MT</td>
<td>3,750,000</td>
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<tr>
<td>2013</td>
<td>230 MT</td>
<td>6,900,000</td>
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<tr>
<td>2014</td>
<td>964 MT</td>
<td>28,915,020</td>
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<tr>
<td>2015 (to December)</td>
<td>1525 MT</td>
<td>45,750,000</td>
</tr>
<tr>
<td>2016</td>
<td>1645 MT</td>
<td>57,575,000</td>
</tr>
<tr>
<td>2017</td>
<td>1456 MT</td>
<td>51,275,000</td>
</tr>
</tbody>
</table>

Not included: Production and income from 2\textsuperscript{nd} grade, green papaya and papaya leaves

Source: Export Ledger, Vavuniya North Fruit Growers’ Cooperative Society
Impact through the intervention

- Markets established and stable income sources guaranteed for the most vulnerable population
- An estimated income of US$ 3 million to the local economy including 6400 direct income opportunities created
- Entry of new exporters, more competitive, benefit for farmers, extension into other districts, potential of a declaration of export agriculture zone
- Cooperatives’ bargaining power strengthened
- A model cooperative developed with high representation of women/young people at membership and board levels
- Trust between communities restored through economic activities. Room for peace and reconciliation between North and South through partnerships
Cultivation and maintenance of the crop
Transport to pack house, packaging and ready for export
Building bridges with the blue swimmer crab

Linking vulnerable fishermen and women with the export market
Market development model in the fishery sector

22 Fisheries Sector primary & secondary CO-OPERATIVES
- Kilinochchi & Mullaitivu Districts -

Supporting Institutions
- NAQDA
  - Dept. of Fisheries
- Dept. of Cooperative Development
- Dept. Coastal Conservation
- Central Environmental Authority
- Divisional Secretariats
- Dept. of Labour

Input Supply
- Support to establish boat yards
- Support for fishing gears
- Support to establish hatcheries

Private sector partners
- Neil Marine Pvt. Ltd.
- Private companies

Support to aquaculture feed industry

Production
- Wild Catch
  - Blue swimmer crab
- Aquaculture
  - Sea bass
  - Milk fish
  - Sea cucumber
  - Tiger prawns

Processing
- Blue swimmer crab
  - Sea cucumber
  - Milk fish
  - Tiger prawns
  - Sea bass
- Local
  - Blue swimmer crab
  - Sea bass
  - Milk fish
- International
  - Blue swimmer crab
  - Sea bass
  - Tiger prawns
  - Sea cucumber

Marketing
- 22 Fisheries Sector primary & secondary CO-OPERATIVES
- Kilinochchi & Mullaitivu Districts -

Fisheries Sector Improvement Plan
(National Fisheries Institute (US), Seafood Exporters’ Association of Sri Lanka, Fisheries Coop Federation, NAQDA, NARA, ILO LEED) ject )

Support to strengthen the cooperatives: membership, management and mainstreaming gender

Revision of cooperative bylaws
The impact on the Local Economy

• 15 partnerships established (at export and national market levels)
• 3200 direct employment created with 32 cooperatives involved (processing plants and aquaculture)
• Cooperative enterprises established to address indebtedness:
• An estimated US$ 2 million contribution to the local economy
How does the ILO LEED/ELGR intervene in the cooperative development

• Developing economic infrastructures for production, processing, packaging, marketing
• Organizing and setting up supply chains
• Organizing and linking BDS (government and private sector)
• Developing cooperatives’ core services
• Setting up internal management systems (e.g. finance, human resources, ect.)
• Establishing partnerships (Public and private)
• Processing and quality assurance
Opportunities for C2C trade: Producer coop perspective

- Growing appreciation for common values (sustainability, decent work)
- Potential in developing new business models (C2B, C2C)
- Potential to expand on existing product chains (fisheries, crab, lobster)
- New product opportunities (medicinal herbs, squid ink)
- Knowledge and facilities are there to upscale value-added products (marunga powder)

- ILO LEED project is there to facilitate. It is already engaged in making C2B market links nationally. It has experience:
  - In organizing and mobilizing coop base for fairer supply chains
  - In FT certification for papaya and other
  - Working with the private sector
Challenges to C2C trade: Producer coop perspective

• General lack of appreciation of export opportunities and risks
• Lack of information and dialogue between coops (producer and buyer)
• Lack of knowledge on export procedures
• Lack of business literacy and weak governance among producer coops
• Ability to fulfill quality/technical requirements of buyers, including coops
• Lack of market facilitation services for access to high end markets such as EU
• Regulatory restrictions on coop financing and export