Advancing decent work in rural economies through cooperatives – ILO LEED/EGLR projects in post conflict Northern Province in Sri Lanka

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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
  - COOPERATIVES
- Large private companies
- SMEs
- Chambers (local / National)

Mainstreaming Gender
Contextual analysis

• Impact of multiple displacements
• Resettlement schemes with humanitarian assistance
• Absence of sustainable income generation opportunities
• Increasing indebtedness
• Market distortion and unfair competition
• High dependence on agriculture for livelihoods
Contextual analysis (contd.)

What observed in 2011

- Disempowerment at different levels
- Need of sustainable employment opportunities
- Shift in the delivery approach
- Widening economic gap

Project approach developed

Cooperative as implementing partners

What ILO LEED designed

- Address long term economic development challenges

Why coops?
Added value for ILO?
Roles and challenges for coops
Cooperatives in the northern Sri Lanka

- Roles of cooperatives in the north in terms of delivering services - before 1970s and there after

- Presence of cooperatives in agriculture, fisheries and other sectors

- Challenges faced by cooperatives after the conflict (at the grassroots, provincial and national levels)
How does the ILO intervene in the cooperative development

**Community level**
- Raise awareness
- Strengthen existing cooperatives/establish new coops
- Develop capacities of coop
- Provide inputs/economic infrastructures
- Link with the BDS
- Quality assurance

**Private sector level**
- Facilitate buyer-seller meetings
- Conduct pilot studies
- Establish supply networks
- Arrange the supply chain
- Facilitate dialogues
- Facilitate contractual agreements

**Outcome**
- Trust & credibility
- Partnerships

**TDIM, Sector Studies, Value Chain Studies, End Market Studies, Feasibility Studies**
How does the ILO intervene in the cooperative development (contd.)

**Each coop level**
- Economic infrastructure
- Organize and set up supply networks
- Organize and link BDS
- Establish partnerships (Public/Private)

**Market level**
- Obtain certifications (GAP, Organic, FT, HACCAP, GMP)
- Diversify products
- Support marketing
- Strengthen forward and backward linkages

**Policy level**
- Revise cooperative bylaws and statues
- Revise National cooperative policy
- Develop fishery improvement plan
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

Vavuiya North Farmers’ Cooperative Society – Mulankavil, YFCC, PTK women coop

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, .FLOCEET (FT), Dept of agriculture, depat of cooperative development, DS office

Department of Agriculture, Department of Cooperative Development, Divisional Secretariat
How and why Vavuniya North Cooperative was formed

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

Getting 200 vulnerable women and men farmers organized
146 women, agreements signed, inputs and training provided, 75 acres

Formalization of the initiative: formation of a fruit growers cooperative society
first model, registered and governed by the DoCD

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
Vavuniya North Fruit Growers’ Cooperative Society

Rs.30
- Guaranteed Price
- Share of profits

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

60% 40%

Fruit Packing House – Vavuniya North
(USD 100,000 Grant from ILO)

Members (146 women)

Dept. of Agriculture
VN Divisional Secretariat
LEED project of ILO
## Production and income

<table>
<thead>
<tr>
<th>Year</th>
<th>Production of Papaya (MT)</th>
<th>Income</th>
<th>Income</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>LKR</td>
<td>USD</td>
</tr>
<tr>
<td>March 2012</td>
<td>375 kg</td>
<td>11,250</td>
<td>102</td>
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<tr>
<td>2012</td>
<td>125 MT</td>
<td>3,750,000</td>
<td>34,090</td>
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<tr>
<td>2013</td>
<td>230 MT</td>
<td>6,900,000</td>
<td>57,500</td>
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<tr>
<td>2014</td>
<td>964 MT</td>
<td>28,915,020</td>
<td>231,320</td>
</tr>
<tr>
<td>2015 (to December)</td>
<td>1525 MT</td>
<td>45,750,000</td>
<td>338,890</td>
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<tr>
<td>2016</td>
<td>1645 MT</td>
<td>57,575,000</td>
<td>383,833</td>
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<tr>
<td>2017</td>
<td>1456 MT</td>
<td>51,275,000</td>
<td>341,833</td>
</tr>
</tbody>
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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
Production of seedlings
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 -

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

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

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

**Marketing**
- **Local**
  - Blue swimmer crab
  - Sea bass
  - Tiger prawns
  - Sea cucumber

- **International**
  - Blue swimmer crab
  - Sea bass
  - Tiger prawns
  - Sea cucumber

**Support to aquaculture feed industry**

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

**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**
The impact on the Local Economy

- 15 partnerships established (at export and national market levels)
- 3,200 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
Overall effect of the project with cooperatives

• Changing in the traditional roles of cooperatives (from humanitarian to active partner in rural economic development)
• Change in cooperatives’ approach (from supply driven to demand driven)
• Employment and income generation
• Partnerships and its intended and unintended implications
• Excising services of the cooperatives improved and new demand driven services introduced
Challenges faced by the project

• Building trust and credibility
• Inculcating entrepreneurship culture
• Natural disasters/man made disasters
• Implementing the intervention by targeting only the most vulnerable (Female Headed Households, Persians with Disabilities)
• Challenges within the cooperatives
• Creating value added enterprises
• Creating high end jobs for young people along the supply chain
Future prospects

• Cooperatives widely recognized as key partner in rural development and peacebuilding
• More funds available for decent work through cooperatives in Sri Lanka
• More young people/women joining cooperatives
• Private sector partners increasingly interested in working with cooperatives
• New ILO programme to support vulnerable groups through cooperatives initiated