



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

Local **E**mpowerment through **E**conomic **D**evelopment (LEED) /Employment Generation through Livelihood and Reconciliation

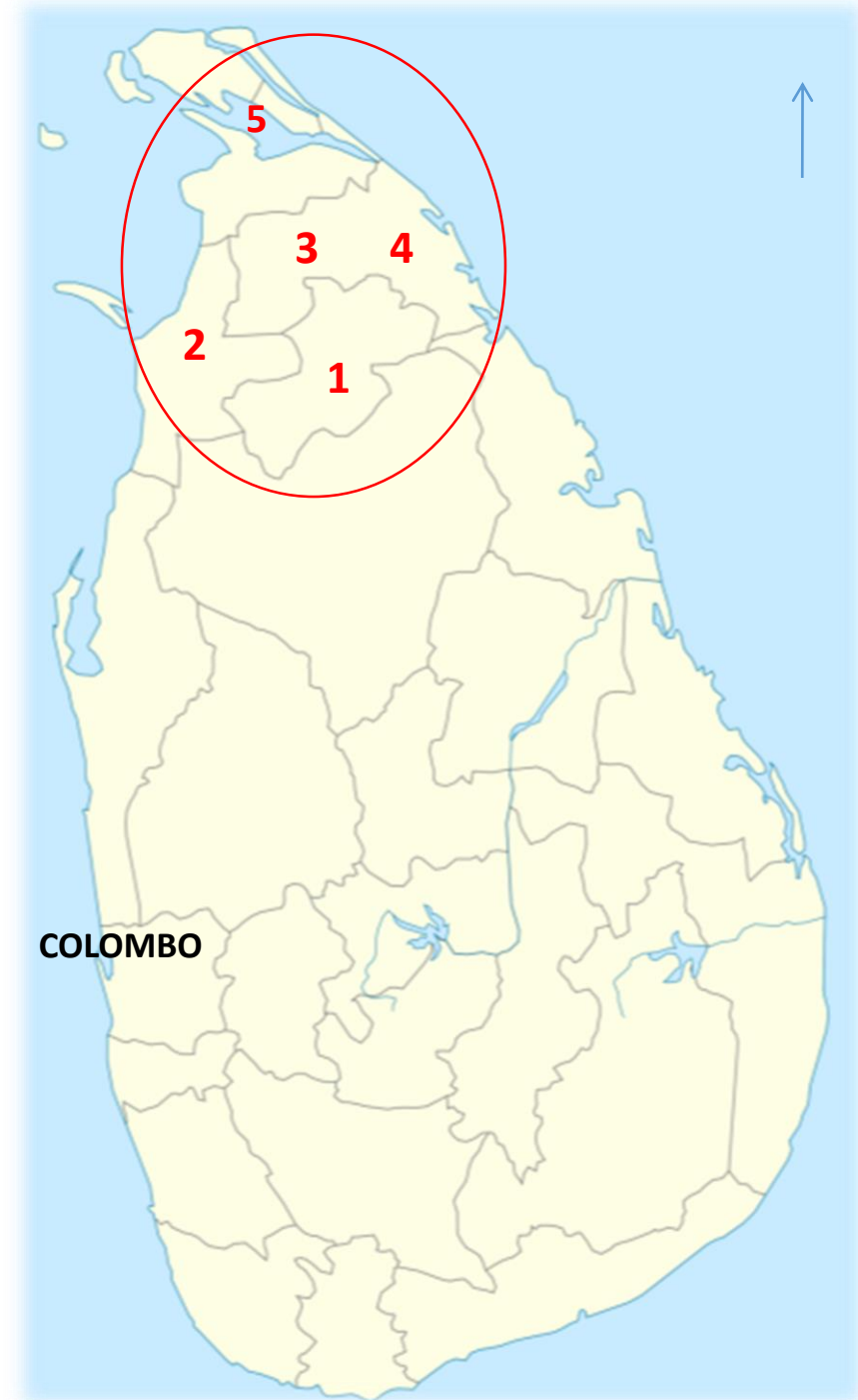
Nihal Devagiri

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

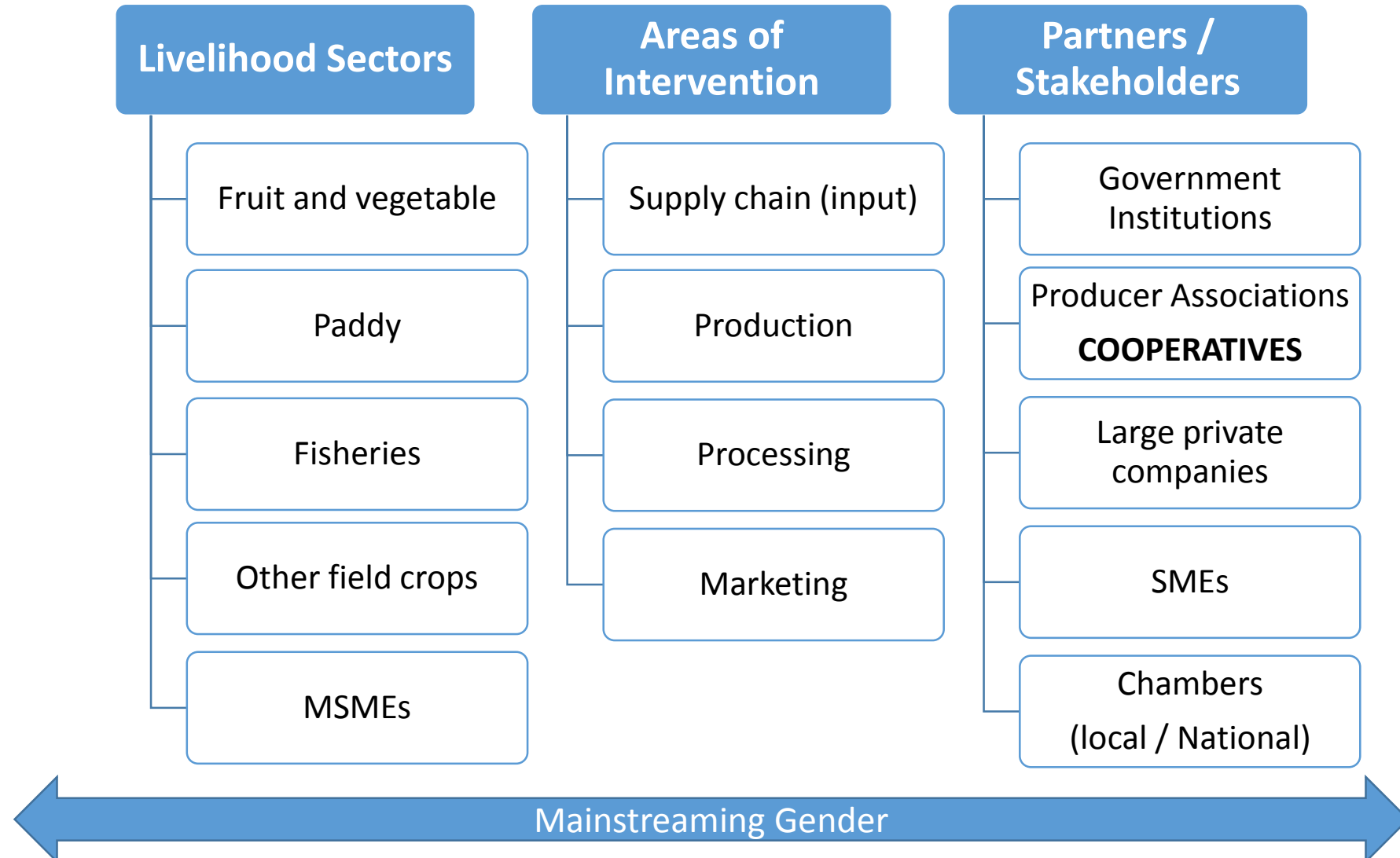
Approach

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



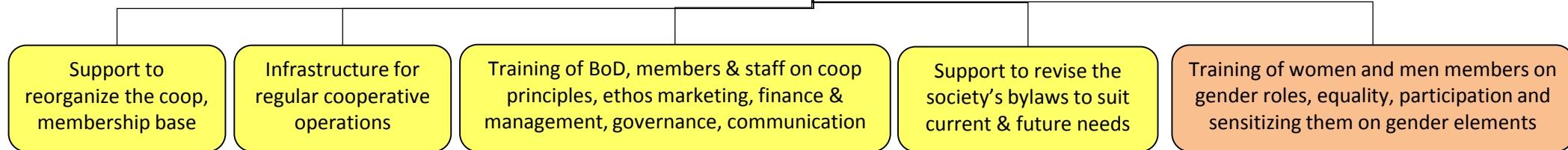
Building Bridges with Papaya

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, .FLOCERT (FT) , Dept of agriculture, Dept 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

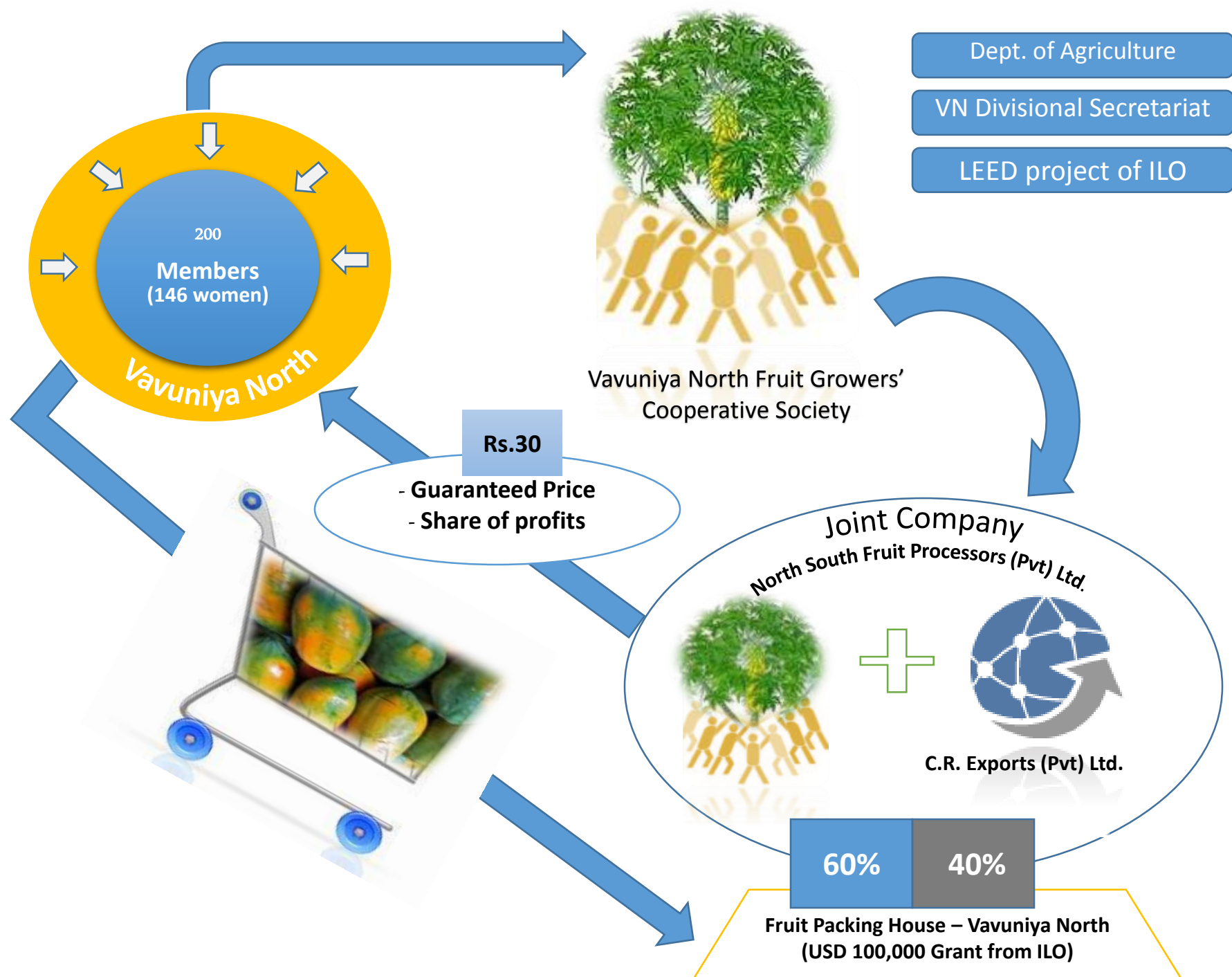
146 women, agreements signed, inputs and training provided, 75 acres

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



Production and income

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

Not included: Production and income from 2nd 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

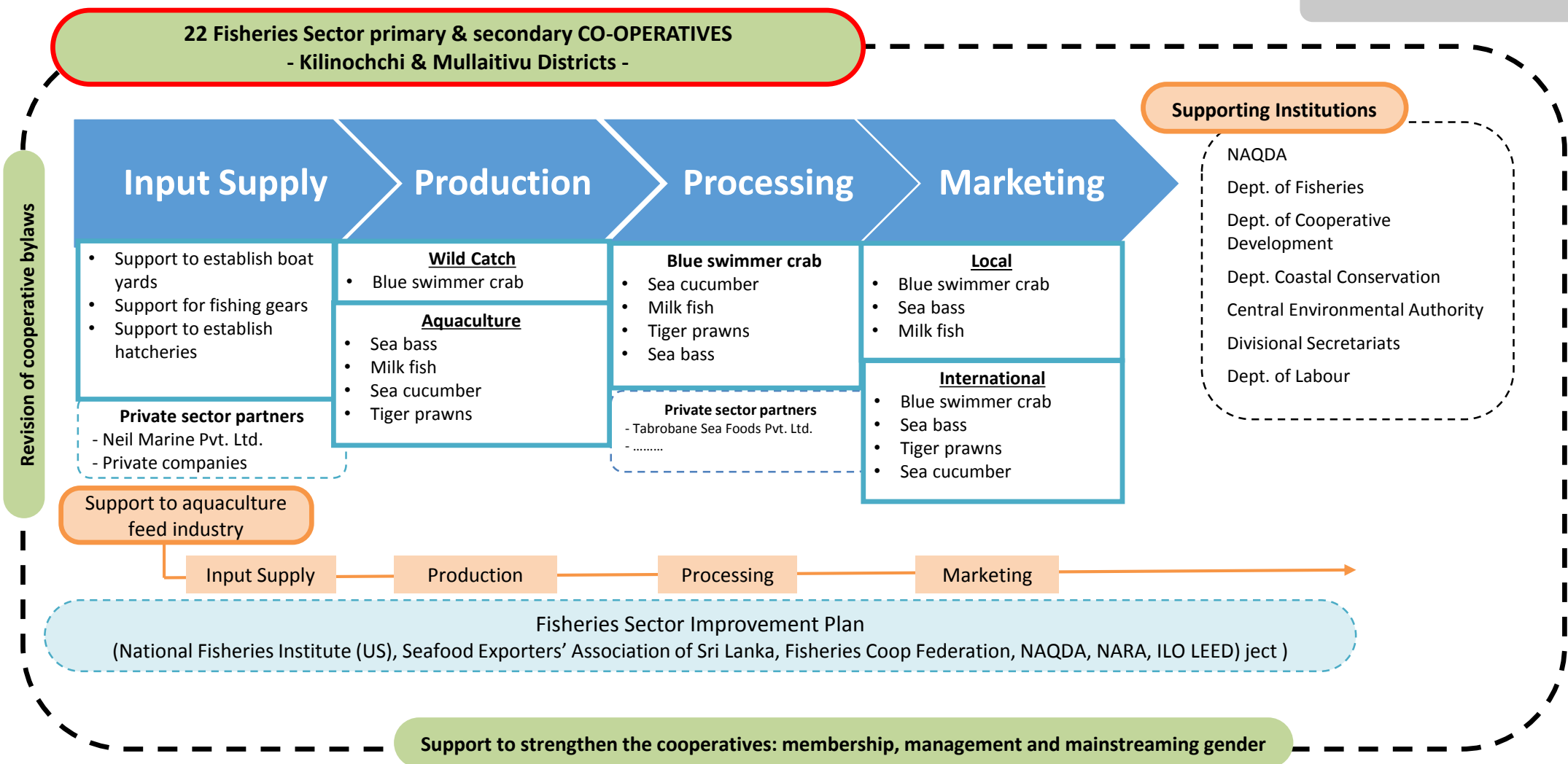
Building bridges with the blue swimmer crab

Linking vulnerable fishermen and women with the export market



Market development model in the fishery sector

Fisheries & Aquaculture Sector



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