

RELIEF TO BUSINESS

THE CASE OF COOPERATIVES "AWAKENING" IN SOUTH SUDAN

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"Fixing agriculture offers the best chance for creating jobs, improving incomes and reversing food insecurity' for a country with millions still dependent on food aid and in dire need of improvements in income in order to curb its 46 per cent poverty rate"

(Ian Bannon, Acting Country Director for World Bank in Sudan, 9th July 2011)

Context

These words of Ian Bannon, reached the ears of members of Women Consumer Cooperative society (WCCS) in Ikwoto county. Late October in 2011 in the village of Ikwotos about 60km South East of Torit, the chairperson of the almost collapsing Women Consumer Cooperatives society (WCCS) was seated under a tree shade surrounded by 34 disgruntled "former" cooperative members consisting of 27 women and 7 men. They were thinking together for an alternative plan of action to reclaim the glory of their cooperative society through agriculture. After realising that their subsidised grain-import business or government stores was not making business sense, they were now contemplating a fundamental change from being used as avenue for government food subsidy and relief programme to a more business-oriented and for-profit cooperative society.

Before the war, Eastern Equatoria had over 10 cooperative societies under Torit Cooperative Union. Cooperatives in South Sudan were previously reliant on government Subsidies. . Like the case with WCCS, most cooperatives in South Sudan were occasionally contracted by government to supply food (mainly grains) that would be sold at subsidised prices to the communities during period of production short-fall. . Operating with a total capital of about SSP11560 (about US\$4000), WCCS was buying and selling grains. They were making a gross margin of as meagre as 3%. While the social value of their work was favourable for the communities in previous years, the changing demands of consumers and increased drive for self reliance as well as dwindling government contracts in the last 5 years have rendered these cooperatives redundant. These changes are in part due to the changes in the political environment in which South Sudan finally became an independent country in 2011. With cooperative membership declining rapidly, the leadership of WCCS was tasked with charting an alternative course of action to remedy the situation. Today, WCCS has transformed from being perceived as "sleepy cooperative" to become an example of successful societal shift from relief to business orientation. Although it still maintains its name as 'consumer' cooperative society, it has become a market oriented producer cooperative society that has registered an increase in membership by over 45% to total of 50 members; 80% of whom are women. They have cultivated cumulatively about 50 acres of ground nuts (peanut) in the first season of the first year, which is expected to lead directly to increased production (22,500kg) and gross cooperative income of \$56,250 and food security for 300 household members of this cooperative society alone. This is possible, thanks to the Ikotos county cooperatives department through support from SNV Netherlands development organisation and its partners Caritas and Catholic Diocese of Torit (CDoT).

CLIENTS & PARTNERS

SNV in a consortium with Caritas Switzerland and CDOT secured funding from European Union (EU) for enhancing Food Security and livelihoods in Ikotos County of Eastern Equatoria State. Revitalisation and strengthening of community based cooperatives in this project was aimed at enabling farmers diversify their income sources and improved income and food security. In this intervention, SNV works in collaboration with the Department of Cooperative at state and county levels.

INTERVENTION LOGIC AND METHOD

Over the last 6 years, women consumer cooperatives have been benefiting from relief rations as part of the World Food Programme food supply scheme. In addition they received subsidy from government where they would procure grains at cheaper than market price and expected to sell at very low margins of about 3%. This was clearly distorting the market while weakening the creative and productive thinking of cooperatives. Promoting production of high value crops such as peanuts could easily drive Women consumer cooperative society into sustainability. Peanuts have high demands for both local consumption as well as for sale to urban markets. Enhancing

production and productivity presents higher potential for income and employment. Since peanuts are not alien to this community, the cooperative required an initial “push” that would see them progress to commercial farming. With no access to financial services and government extension service, this initial ‘push’ was what SNV intervention ensured. In Iotas County, all the members of this cooperative society have at least 2 acres each of their own family land for crop cultivation, an asset that provided very high potential for cooperative rejuvenation through production and marketing. This is an opportunity that SNV together with its partners have exploited to the advantage of this cooperative. However, detailed analysis of issues affecting production and productivity revealed constraining factors such as limited capital input (ability to raise cooperative share capital), lack of access to and knowledge of quality seeds, limited and expensive local labour¹, use of poor traditional agronomic practices and poor attitude towards farming due to ignorance of farming potential as a business.

Mobilisation and awareness: SNV worked jointly with county department of cooperatives to *remobilise and sensitise* former members of the cooperative society. To achieve the desired transformation it required change of attitude. Sensitisation focused particularly on potentials of cooperatives as a business to change the relief orientation. The cooperative members were trained on cooperatives governance and group dynamics in relation to the new cooperative act 2011. Members were encouraged to contribute to the cooperative in kind² by allocating a portion of individually owned agricultural land and labour since they could not afford cash contribution.

Technology and enhanced access to inputs: Appropriate technological adoption formed part of the sensitisation campaign. While members were challenged to identify high value crops to be cultivated as a “Cash Crop”, they were encouraged to choose traditional varieties of crop that they could manage with little guidance. Based on its multiple uses and high local and Juba level market demand, an indigenous variety of



peanuts (“*lajaba*”) was selected as the ‘cash crop’. With ‘seed’ capital of \$5000, seeds were locally procured from progressive farmers in the area to cultivate over 50 acres in the first season.

While access to adequate quality seeds was a significant step, farmers in Ikotos County had hardly cultivated beyond 0.5acres³

due to *inadequate agricultural tools and expensive labour* to increase cropped land as well as ensure timely weeding. It was prudent to promote appropriate technologies such animal traction that would address this challenge of using rudimental hand hoe. Training on improved farming practices and business skills formed an integral part of our work with WCCS. Innovative use of limited grants to provide for “matching labour;” serving as start-up capital has enabled members double their cropped land sizes. Meanwhile training on the use and management of oxen and its implements, demonstration through trial plots has been integrated as part of Vocational Skills Development (VOSD) component at the farmer training centre (FTC).

Marketing and Markets development; although the cooperative members farm on their various farm land, marketing is conducted jointly. The cooperative society is being supported by the county department of cooperatives to establish a cooperative store for bulking purposes. It is here that their produce are bulked and marketed, while at the same time inputs for production are accessed. SNV, through Local Capacity Builders is offering customised trainings in cooperatives stores management, bulk marketing, as well as exploring opportunities for value addition to ground nuts. Linkages are being established between the cooperatives and buyers of peanuts. Suppliers of inputs like seed, tools, and services are being identified. Discussions with the leading store chain Phenicia, in Juba are under way; a breakthrough in this discussion will lead to establishment of sustainable market for value added peanut products⁴ from the cooperatives.

¹ Cost of agriculture labour in South Sudan is as high as about 50SSP (\$15) per day.
² Women consumer cooperative society contributed in land and labour as share capital
³ The average land cultivated per hh in Ikotos is about 0.25 acres
⁴ Phenicia will require supply of packaged peanut butter

OUTCOMES

Role of Government: The role of state and county cooperative department was sensitise WCCS on current Cooperative act and laws governing cooperatives. They acted as extension agents to sensitise farmers on significance of working as cooperatives. The cooperatives department also worked to ensure re-registration of WCCS as a producer cooperative. In order for co-operative societies at various levels to obtain benefits from cooperative businesses, government institution needs to take shape for it to render quality support services. This government role was enhanced by SNV through practical involvement in this intervention as well as through exposure visits of government officials to cooperative societies and unions in Uganda.

The number of membership in Ikotos Women Consumer cooperative society has increased by over 45% and overall cooperative membership in the county increased by 74%. Over 150 cooperative members and county cooperative officers were trained in various disciplines of cooperative management. Leadership qualities of WCCS performance has been improved through training and mentoring leading to correct use of accounting procedures, record keeping and cohesive groups. Land cover on agriculture increased from 0.5acre per individual, to at least 1acres for WCCS giving a total average of 50acres under cultivation by WCCS. Another 2 cooperatives are emerging from the county as a result of this success of WCCS, they currently registered a total of 80 members cultivating about 80acres; bringing total land cover by cooperative members in Ikotos County to 130acres.

Name of the Cooperatives	Number members 2011			Number of participants 2012		
	Female	Male	Total	Female	Male	Total
Ikotos Women Consumer Cooperative Society	27	07	34	41	09	50
Turukunyuk General Purpose Cooperative Society	19	06	25	20	25	45
Ifune Farmers' Cooperative Society	23	15	38	18	17	35
Total			97			130

Business and entrepreneurship spirit among members of the cooperative has increased; this has been illustrated by careful selection of the value chain based on crop of high commercial value. There is evidence of changed attitude through business skills trainings that have led to more cooperatives adopting farming as a business (see *table above*). Members have improved their business planning by doing cost-profit/benefit analyses.

Private sector linkages: Links with Juba buyers, WFP Purchase for Progress (P4P) form part of private sector drive for this cooperative. With exploration of value addition options, the cooperative society is being introduced to operate in business principles. Banks such as Equity Bank are already expressing interest in rural financing with focus on small holder farmers.

Technology transfer: Improved agricultural practices and appropriate technology promotion has led to 100% increased land under cultivation for cooperative members. There is appreciation of improved farming skills that have been transferred through county extension as well as demonstration at the farmer training centre (FTC). 5 demonstration sites were established at the TFC; 3 demonstration sites in Ikotos including 1 established by the county extension department. While member plots are as little as 1acre, a cumulative effect of produce from members will give farmers bigger voice for better price.

Animal traction as an appropriate technology promoted by SNV in the area has resulted in increased efficiency in land opening and it is being adopted by neighbouring farmers of the cooperative. The WCCS is being encouraged to establish ox-plough hire scheme in which, members of the cooperative will have an advantage to hire services of oxen owned by the cooperative. The use of oxen on a small scale to demonstrate its comparative advantage has informed members practically on how animal traction is an appropriate remedy to labour shortage. For those owning the oxen and plough, adoption of this technology would yield additional income and on farm employment. Oxen training and ox plough fabricating will form part of the curriculum of the Farmer Training Centre to constitute VOSD.

IMPACTS

With all 50 members of Women Consumer Cooperatives society (WCCS) cumulatively cultivating about 50 acres in the first year, this intervention is expected to lead directly to increased peanut production (22,500kg), leading to total cooperative income of \$56,250 (about US\$1,125) per household and food security for 300 household. There is increased adoption of the approach by other cooperative societies in Ikotos County. Learning from WCCS, two of the previously dormant cooperatives in the area have started to remobilise their membership who have now cumulatively cultivated over 80 acres, bring a total acreage to 130 acres this season with expected total production estimate of 58,500kgs leading to income of about \$146250 and food security of over 780 household members. Similar approach is being used to revitalise commercial agriculture through innovative support to farmer groups, progressive farm Central Equatoria.



Demonstrating line planting for farmers

LESSONS LEARNED

Members are now more committed to fulfil their roles and responsibilities in the society and understand that cooperative work is not a group work but individual work in a group. They have also realised that the level of benefit is directly proportional to their respective level of contribution in terms of investment; i.e. doing individual businesses together. This has weeded out non-performing members, and has sent out there a clear message that only active individuals can become members of cooperative societies.

Increased involvement has seen the county department of cooperatives realising their role in building capacities of cooperative societies. Ikotos county cooperative department has set an example as an active department with impacts of rejuvenating the old and almost collapsed cooperative societies. Thanks to exposure visits, trainings and planning facilitated by SNV and its partners

While cooperative members were not able to afford cash contribution for membership, in-kind alternatives were readily available. The approach to focus on individual work in a group motivated members to work harder on their own garden in order to reap higher dividend. Individual work instils the spirit of ownership and brings about commitment and dedication to realisation of better results.

“All I always thought about crop cultivation was to produce food for feeding the family, but now I have just realised that I can also get cash income from groundnut”
Betty Nakwang,
cooperative member

Demonstration of a technology speeds up the process of its adoption. For instance the simple demonstration of the comparative advantage of animal traction has already prompted the farmers into taking it up.

Adherence to better farming practices has not been observed, especially planting in rows. Though many have planted by dibbling, a few have broadcast their groundnut seed. They attributed this to time factor and labour shortage. Row planting or dibbling would require both primary and secondary tillage to first take place while the broadcasting method only require primary tillage; the secondary cultivation is done when the seed is already been broadcast.

Establishment of Agriculture Knowledge and Institutional Learning (AKIL) Centre designed as Farmer Training Centre (FTC) with a capacity to serve over 10,000 farmers in Eastern Equatoria as a whole forms part of the sustainability strategy. This centre is a strategy for sustainability of local capacity building; a hub for exchange of agricultural experiences, ideas and disseminating best practice. The centre focuses on practical demonstrations and takes into consideration the learning abilities of the target population. Cooperatives like Women Consumer Cooperatives are already benefiting from hands-on training and demonstrations from the centre. In addition there is a strategic support to State Ministry of agriculture in development of robust extension system meeting the capacity needs of smallholder farmers. At least each of these members is engaged in farming for cash, and now recognising farming as source of income.

These members will not need another grant financial they will be able to save from the sale of their harvest for next season's labour requirement as we explore potentials to link them to financial institutions for loans. . A saving and lending scheme is being initiated so that farmers can save their incomes in the scheme where they can borrow loans at responsive rates to enable them access production and marketing inputs.

The Women Consumer Cooperatives and the two other cooperatives are being encouraged to form an agribusiness cluster in Ikotos that will lead to better organized production and value addition; while securing sustainable markets. The mechanism for this is an on-going discussion.