Cooperatives and Gari processing and marketing: Lessons from AGRA-FOSCA Initiative

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Outline

• Why cooperatives?
• Key principles and values
• The AGRA-FOSCA Strategy
• Issues for processing & marketing cooperatives
• Challenges and opportunities
• What needs to be done?
• Concluding remarks
Why cooperatives?

Single processor = little power or voice

Group can capture more value
- Extension and advisory services
- Output buyers
- Policy makers
- Cassava processors & production service providers

But processor groups are weak in:
- Governance
- Skills
- Policy advocacy
- Autonomy
FOSCA theory of change

Strong, durable farmer organization

- FO aggregates & accesses
  - Knowledge
  - Input & output markets
  - Policy sphere
  - Relationships with other FOs

- Wealth creation
- Improved farmer asset base
- More sustainable rural institutions
- Accountability and visibility
FOSCA Strategy

FOs: Vital for the African Green Revolution

Strengthen FOs

Improve enabling environment

FOSCA Goal

Strategic Objectives

Activities

> Enhance governance & management
> Lower transactional costs
> Generate revenue for FO
> Increase member participation

> Improve quality & quantity of services
> Enhance collective farmer voice & governance of the value chain
> Establish service standards
> Improve policy framework

Learning + Feedback
FOs - Transformation Enabler - with a voice

Enablers

- Gender
- Farmer organizations
- Financial Services
- Regulatory / Policy Environment
- Research & development capacity
FOSCA is making progress

**Strengthening FOSs**
- Increased membership **115** FOs
- Aggregated produce worth **$27.6 m**
- Trained **3,800** FOs, **158,000** farmers
- Members willing to pay

**Improving the FO Environment**
- AFOYA
- Service standards
- Capacity assessment tool
- Policy dialogue & advocacy
Strengthening Farmer Group is making a difference

Coamanya Cooperative
Nyanza province, Rwanda

**Before:**
The FO was
• Small
• No services
• Unable to tap ready opportunities

**AGRA’s integrated project provided support to:**
• Strengthen FOs
• Learn good farming practices & access inputs
• Learn post-harvest handling & aggregation
• Rehabilitate & equip a store
• Link to markets

**After:**
The FO is now
• Larger
• Achieving higher crop yields
• Obtaining credit from banks to buy farm inputs
• Aggregating produce & selling at higher prices
• Adding value
Key Principles (ICA, 1995)

- voluntary and open membership
- democratic member control
- member economic participation
- autonomy and independence
- education, training and information
- co-operation among cooperatives
- concern for community

FAO (1998)
Creating and sustaining cooperatives

Basis for creating a cooperative

- A group who share common problems
- no alternative to cooperative self-help
- advantages outweigh the duties of membership (e.g. contribution of resources such as at least one person has leadership ability and takes the initiative
- no legal or political restrictions

Conditions for continued success

- visible and tangible (economic and social) benefits
- motivated, experienced and dynamic managers
- members participate as both users and owners.
Potential Economic Benefits

**Business Functions**

- Economies of scale (bulk purchase)
- Access to external resources
- Reduced uncertainties (prices, inputs)
- Reduced transaction costs (e.g. info)

**Improving the Environment**

- Capacity Building
- Innovative Financing
- Women Empowerment
- Policy dialogue & advocacy
Prospects for effective delivery of services

Key Areas

- Integrated services
- Partnerships with other Agri-based actors
- Linkages with Private Sector
- Women and youth Empowerment
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Issues for marketing cooperatives

• Possible outlets for sale of members produce

• Customers needs identification (product type, quantity and quality desired)

• Advising the members on how to improve their produce and grow different products to suit the market.

• Possibility of long term contracts with suppliers and customers

• Competitors in the region

• building and maintaining storage facilities

• Logistics for reaching the markets
Challenges & Opportunities

**Challenges:**
- Capacity of FOs to absorb grants
- Retroactive alignment
- Integration and long grant process discriminates against the “hard to reach” targets
- Nature of investments does not yield immediate results
- Demand for FOSCA outstrips capacity

**Opportunities:**
- Influencing the FO movement in Africa
- Repository of information in regards to FOs and SPs for other AGRA programs and the FO space
- Centers of Excellence
- Curriculum Development
Outcomes of effective member participation

- a stronger sense of “ownership” on the part of the members.
- increased commitment to the outcome of cooperative activities.
- long term social sustainability.
- empowerment of weaker social groups.
What needs to be done

- African Union & Nation States
- Domestic & International Private Sector
- Promoting Inclusive Public-Private Partnerships
- AGRA an enabling Platform
Concluding remarks

- Cooperatives enable Gari processors take responsibility for their own development.

- Gari cooperatives can achieve strength in the market place and raise incomes for members.

- Through participatory activities, it is possible to mobilize local resources and local knowledge for self-reliant development of cooperatives.
Thank You