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Cooperative farming: towards sustainable sugar in southern Africa

Farmers often do not have access to knowledge about better farm practices, or access to investment credit. Helping farmers organise themselves into cooperatives can reduce costs by allowing for bulk purchasing of seed and fertilisers and by pooling machinery, harvesting and transport to the mill. Cooperative farming can also enhance access to credit facilities, business services and support from agricultural extension services.

In some developing countries the expansion of high value crops, such as sugar cane, is being promoted as a poverty reduction strategy. Expansion entails risk of significant environmental damage, in turn affecting livelihoods of the poor, unless sustainable strategies of expansion are first determined. Cooperative farming models provide an opportunity for economic empowerment of the rural poor, while allowing environmental management systems and farm level planning to be established and audited, minimising the environmental impact of expansion.



Kaleya smallholder by his sugarcane crop

THE KALEYA SMALLHOLDERS SCHEME, MAZAMBUKA, ZAMBIA

In 1981 a Kaleya Smallholders scheme was initiated by four shareholders (Zambia Sugar, Barclays Bank, CDC and the Development Bank of Zambia) as a poverty alleviation strategy and to provide more cane for milling operations. Land for the scheme was made available by the government and the four shareholders formed a holding company (Kaleya Company).

In 1984 the Company selected around 160 small-holders for the scheme. Each small-holder was allocated a four-hectare plot and given six months agronomic training. During this phase the small-holders were paid a wage for managing the land as apprentices.

After six months the farmers who had proved themselves capable were given their four-hectare plot to manage, along with associated irrigation and haulage resources, on a renewable lease so the farm remained in the family. The costs and profits then became the responsibility of each farmer. Each smallholder was also given half a hectare with clean tapped water, for a home and to grow subsistence crops such as maize and vegetables. These smallholders formed the Kaleya Smallholders Farmer Association, which deals with all issues pertaining to the smallholders, including the purchase of seed and fertiliser. The Association has a contract with the Company for cutting cane. At no point did the smallholders have to pay to be part of the scheme.

There are now a total of 161 small-scale farmers, including 38 women, farming 1070 hectares. Many have increased their cane area from four to 6 - 7.5 hectares and earn around 12-15 million Kwacha a year (€2,500 – €3,000). Many people are waiting to join the scheme as it pays well and provides good social services, such as health clinics and a primary school, which are

supported by Zambia Sugar. The scheme also provides other services such as AIDS awareness-raising. Four years ago the death toll from AIDS was about one farmer per month and over 60 of the original farmers have been lost mainly to AIDS. AIDS awareness groups have made a dramatic difference.

Functioning as a cooperative unit enables bulk purchasing of inputs, cost sharing of machinery, access to credit, loans, business services and technical advice. The Kaleya scheme could be enhanced by an environmental assessment of the farm and the introduction of better farm management practices where required.



Maize at a smallholder homestead on the Kaleya Farm

“For the children of Kaleya Smallholders, their parents have money and are able to send them to secondary school. Some even go on to University. But for children in the rural areas, most children don’t go beyond grade seven or eight.”

Patrick Machokwende, Vice-chairman of Kaleya Smallholders Farmer Association.
Taken from: A Sweeter Future? The Potential for EU Sugar Reform to Contribute to Poverty Reduction in Southern Africa, Oxfam, 2004.

THE GQUQGUMA SCHEME, KWAZULU NATAL, SOUTH AFRICA

A commercial farmer in the Noodsberg area of KwaZulu-Natal Midlands decided to help his poor-yielding small-scale farming neighbours, assisting them with re-planning and replanting their fields and farming the field as a unit together with his land. This involved the development of soil conservation structures such as contours and waterways and properly planned roads, removing fences and combining individual fields. The result was so successful that the idea spread to the nearby Gququma community who have worked with commercial farmers to form the Gququma cooperative farming project.

The project is a partnership between the local Noodsberg Canegrowers Association, the South African Sugar Association, the local community and a commercial bank, each of which contributed either a loan, technical or business expertise. The project forms part of the government's Sugarcane Development Project which provided an initial grant for the infrastructure development such as roads and contours. The bank provided the loan on condition that a Closed Corporation was formed involving two members from the Noodsberg Canegrowers Association to mentor the farmers. The bank also stipulated the need for insurance against fire, business training for committee members and adequate accounting practices to be put in place.

The growers elected a committee to manage all the affairs of the project on behalf of their members. Responsibilities of the committee involve overseeing the development and maintenance of new cane, management of contractors to plant cane, ratoon management and harvest and transport of cane to the mill. The committee also takes responsibility for liaising with neighbouring farmers and keeping accounts for the Closed Corporation. They also recommend how dividends are paid out to members at the end of a season. As cooperative cane growing enables farmers to work part-time, this system allows households to pursue other income generating activities as well.



Members of the Gququma Closed Corporation and committee discussing farm planning

In KwaZulu-Natal indigenous peoples place a high importance on their area of land and access to that land as it is often their only asset. One of the key successes of this cooperative model is that there is no land disenfranchisement; each farmer retains his or her original acreage. Whatever the growers contributes in area, will determine their share of the profits. Rentals and costs are calculated accordingly.

From an environmental perspective the farming operation is planned at the outset according to accepted environmental and production standards. This involves the development of a farm plan which includes the road network, mapping of soils for crop variety matching, planning of soil conservation structures (contour banks and waterways) and sensitive 'no-go' areas such as wetlands, which are both of biodiversity importance and of marginal economic value to the farmer if planted. The cooperative approach also allows for environmental and production performance auditing, an important tool in reducing the environmental footprint of agricultural enterprises.



Contoured fields for soil and water conservation at the Gququma cooperative

In the three seasons that the project has been operational, incomes have increased from a pre-cooperative value of €500 per hectare per year to €1000 per hectare. The project has a positive cash flow so that no overdraft requirements are needed. At the end of ten years the project will have sufficient funds to finance the replanting required and will have generated more than €375,000 in profits as well as repaying the initial loan and contributing significant amounts to the economic status of the small-scale rural poor farmers.

CONSIDERATIONS

These cooperative schemes are models for working towards the sustainable social, environmental and economic expansion of sugarcane cultivation. Cooperative schemes allow economic and technical empowerment of rural poor, enabling people to take responsibility for their own livelihoods. While the replication of such models provides an opportunity where expansion is planned, there are a number of factors which need to be taken into account and addressed:

- New and existing cooperative schemes need to ensure that the most appropriate "better management practices" or BMPs are applied prior to establishment. This can be done by developing an environmental management system for sugarcane cultivation in collaboration with existing estate and smallholder schemes in the country and producing a farm land use plan for each new zone of cultivation. WWF and sugarcane partners in southern Africa are able to encourage and provide guidance.
- The labourers of smallholders are often worse off than equivalent workers on large estates and labour and social conditions are lower.

- Most countries do not have any government regulation for small-holders and as a result, smallholders are dependent on the sugar estates (where the milling takes place) to set fair rules and prices.
- Small-holder cooperatives assume a level of risk. Where there are high levels of climatic variation this can be problematic as each individual smallholder does not have the resources to face the consequences of a poor harvest. Options for the small-holder farmer in the event of such a disaster are low as the farmer depends solely on the earnings from this crop.
- The establishment of new cooperatives has to be realistic requiring a feasibility study to assess how water would be transferred to the region, whether there are suitable small-holders for the scheme, the environmental impact of establishment, as well as availability of credit for the establishment of new roads and irrigation infrastructure.
- There must be a definite long-term market for sugarcane and the milling capacity for extra sugar production. Schemes that cannot repay their debts will undermine the banks' willingness to extend finance to the agricultural sector in general. The government, and others, therefore need to take careful consideration of how they can successfully support such an arrangement for the economic empowerment of small-holder farmers.
- The support role of sugar estates to small-holder operations should not be overlooked, in terms of milling the cane, providing technical, social and business services and injecting initial investment. Thus small-holder expansion plans need to be developed in collaboration with existing estates.

The mission of WWF is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:

- conserving the world's biological diversity
- ensuring that the use of renewable resources is sustainable
- promoting the reduction of pollution and wasteful consumption



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