



# Swaziland Farmers' Co-operative Union Limited

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# BACK GROUND INFO ON COOPERATIVES IN SWAZILAND

- ▶ Co-operatives in Swaziland started in 1964 when the first Co-operative Proclamation was introduced, during the Colonial Regime. The main objective for encouragement of cooperatives was to promote rural development for indigenous Swazi farmers. Back then, only a few co-operatives were registered mostly in the farming sector.
- ▶ The Department for Co-operative Development was set up within the Ministry of Agriculture in 1962 through funding by the British Relief Fund. The priority then was to lay down a cooperative legislation through which farmers groups and associations could register in order to operate as farmer's cooperative. To accomplish this, the Post of Registrar for Co-operatives was created in 1963.
- ▶ In 1964 the first legislation on co-operatives - The Co-operative Societies Proclamation No. 28 of 1964 which was later renamed the Co-operative Societies Act No.28 of 1964, by the King's Order in Council No.2 of 1975 came into operation. The act was repealed and replaced by the cooperative Societies Act No 5 of 2003 which is still operational today.

# BACK GROUND INFO ON COOPERATIVES IN SWAZILAND CONT'

- ▶ Between 1963 and 1968, 14 Farmers' Co-operative Societies had been registered, covering such crops as tobacco, sugar cane, and pineapple. The savings and Credit Cooperative Societies did not feature prominently in the movement as the emphasis was on farming related cooperatives. Savings schemes tended to feature as departments or sections within the multipurpose which were mostly rural based. Between 1964 and 1968, fourteen (14) savings and credit societies under multipurpose cooperatives were operational. In 1986 the first stand alone Savings and Credit Cooperative Society was established. Since then the number of registered cooperative societies has grown steadily to reach a total of 446 societies by 31st March, 2016. Their combined membership is 50 442 individuals. Savings and Credit Cooperatives- under SASCCO have a membership of 43 522 while multipurpose cooperatives- under SWAFCU and others is 6 920. The movement employed 494 individuals thus contributing to the national agenda of employment creation.
- ▶ In 1971 the Central Cooperative Union (CCU) was established. Due to operational problems CCU was unfortunately liquidated in 2006 and subsequently the Swaziland Farmers Cooperative Union (SWAFCU) was established to carry the mandate of CCU to her members.

# GENERAL INFO

## LEGAL

- ▶ The 2003 Cooperative Act and the 2006 Cooperative Regulations of Swaziland are fully in line with the ILO Recommendation 193 on the Promotion of Cooperatives which creates a positive environmental frame for cooperatives to exist in Swaziland.

# GENERAL INFO CONT'

## POLITICAL

- ▶ The first National Cooperative Development Policy was formulated in March 2000. The 2000 Policy serves as a basis for Cooperative legislation in the country, to guide the operations of all stake holders, shape the interventions of Cooperative promoters and provide a platform for the effective horizontal and vertical integration of the cooperative movement in the country.

# STATUS OF COOPERATIVES

- ▶ According to the Cooperative Data Analysis System (CODAS 2015) Report for the department of Cooperatives, states that, co-operatives in Swaziland are spread out in ten (10) sectors which are: SACCOs, Agriculture, Handicrafts, Consumer, Poultry, Service Providers, Industrial, Dairy, Livestock and Horticulture. The leading sector is SACCOS with 47% of cooperatives followed by agricultural co-operatives with 33% of cooperatives in the country. The statistics also reveals that cooperatives in the country employ a total of 494 people out of a population of one million people, whereby 412 people are employed by the cooperative societies and 82 by government under the cooperative department in the Ministry of Commerce.

# SWAFCU'S BACKGROUND

- ▶ SWAFCU is an apex body representing all farming cooperatives in Swaziland to improve access to inputs, equipment, markets and technical information. The mission of SWAFCU is to provide sector related services to its members, lobby government, the private sector and other stakeholders on issues relating to economic growth for its affiliates.

# SWAFCU MANDATE

- ▶ According to the Cooperative Act 2003 as an apex for farming cooperatives often referred to as Multipurpose cooperatives-SWAFCU's functions include;
- ▶ To provide, organize and supervise central services such as jointly supply of inputs, raw material or implements, access to technical services and loans, joint marketing of produce and joint utilization of any other services and installation that may be necessary to help the officers and members of their cooperatives in achieving their objectives
- ▶ To operate as a central financing facility by mobilising savings of members and loans to members on a centralized basis
- ▶ To provide information, education, training and advisory services on cooperative principles and practices and on the management of cooperative enterprises
- ▶ To assist formation committees and cooperatives in determining the feasibility projects and to facilitate the registration of new cooperatives
- ▶ To conduct audit of member cooperatives according to the provision of the Act
- ▶ To provide insurance services to its members subject to any law which may regulate such insurance services
- ▶ To engage in any other services which may be necessary to promote the objectives of their members

# SWAFCU GENERAL INFO

- ▶ SWAFCU started with a membership of 26 primary cooperatives in 2006
- ▶ The number has increased to 55 in 2016/17 financial year end.
- ▶ There are still over 200 stand-alone cooperatives in the country. This hinders the purpose of creating cooperatives and the role of principle #6 of the Cooperative principles.
- ▶ SWAFCU aims to engage these cooperatives through her turnaround strategy- “Industrialization of Cooperatives in Swaziland” due to be launched in September 2017.

# STRATEGIC PROJECTS

- ▶ Following the 3 year strategic plan SWAFCU is involved in the following strategic projects;

## **FRUIT TREE PROJECT**

- ▶ SWAFCU intends to supply fruit tree seedlings in the national fruit tree production project and the organization is currently grouping farmers that that will produce fruit tree seedlings. These farmers will be trained on fruit tree propagation which would be followed by the establishment of handling nurseries for MPCs. In the second phase of the project SWAFCU identifies farmers in cooperatives that will or have already ventured into fruit tree production at a large scale. The farmers/cooperatives in fruit tree production will then be brought together to form a national fruit tree production commodity cooperative. The Union in the third stage of the project shall identify and train farmers on food processing so that more farmers get into value addition. The creation of the commodity group will ensure there is a centralised technical, marketing and financial support to the farmers.

# STRATEGIC PROJECTS-CONT'

## CENTRAL FINANCING FACILITY

- ▶ SWAFCU intends to create an enabling environment for commercialization of cooperatives. The apex is in the process of establishing a Saving and Credit wing that shall provide financial solutions to farmers in full view of a dream to establish a Farmer's Cooperative bank in the long term. SWAFCU is in the process of acquiring FSRA license so as to adhere to regulatory standards in the country for SACCO entities. The initiative is in line with SWAFCU's mandate which is to operate as a central financing facility by mobilising savings of members and loans to members on a centralized basis.

# STRATEGIC PROJECTS-CONT'

## FIELD CROPS AND VEGETABLE MARKETING PROJECT

- ▶ SWAFCU intends to create a formal market for field crops and vegetables grown by members. The organization is in the process of creating commodity groups for the different crops and vegetables in an aim to intensify production so that the individual farmers that grow specific crops/vegetables are identified and given technical support together. The farmers in the commodity groupings after trainings will be contracted to supply the formal market that is being created by the organization. The commodity groups shall include farmers that will be involved in seed production, production of white and yellow maize, sugar beans, groundnuts, sunflower, sorghum, sweet potato and vegetables. Farmers that have interests in processing of farmer produce shall be identified and given support and encouraged in their processing ventures. At the moment we are piloting sweet potato to encourage a full cycle production- from sweet potato seed production to processing.
- ▶ We have partnered with FAO in Swaziland to pilot the Sweet Potato production project. This is at the inception stage.

# PICTURES OF FARMERS ON THE ACT



# SWAFCU- HANDS OVER A PACK- HOUSE TO A MEMBER COOPERATIVE



# SWAFCU EMBRACING GOOD FARMING PRACTICES UNDER-FAO

Conservation Agriculture 

## Implementing Partners

National: Ministry of Agriculture, FAO, NGOs (COSPE, World Vision, Red Cross, ACAT, Swaziland Farmers Development Foundation), GRM, IRD  
Farmers' Union, SWAFCU, University of Swaziland

Regional (REOSA, SADC, ACT)



# STRATEGIC PROJECTS-CONT'

## GRAIN PROCESSING

- ▶ Swafcu has acquired a small milling machine that produces 2 tons of mealie meal per day. This machine is used to empower members who produce maize in bigger volumes to process it and supply it to the market using Swafcu branded packaging. Swafcu only gets a small commission out of that. The main aim is to empower our members and encourage that they add value to their produce in order to get higher returns. The only challenge in this initiative has been the drought experienced in the southern part of Africa in the past couple of years.

# MARKETING OF SWAFCU SERVICES

- ▶ SWAFCU is preparing for her re-launch and the turnaround strategy launch in the last week of September. The main aim through this initiative is to reach out to the many individual cooperatives to come under SWAFCU in order to increase our scale in terms of production for centralized marketing of cooperative farmer's produce. We also want to re-engage farmer cooperatives to understand the cooperative philosophy as it seems to be corroded in many areas in our country.
- ▶ As cooperatives register with SWAFCU, they will be channeled on what to produce, at a large scale, when to produce and how to produce and such necessitates continuous trainings to capacitate the farmers and capacity building requires considerable knowledge and funds.

# CHALLENGES FACED BY COOPERATIVES

- ▶ Lack of good management and cooperatives capacity building has been identified as the central problem encountered by the Swazi cooperative movement. Consequently, capacity building will be the cornerstone of the new SWAFCU's turnaround strategy.
- ▶ Lack of effective monitoring of Cooperative Societies at constituency level. SWAFCU endeavours to regulate the operations of her individual members by ensuring accountability from committee members to their electorate and to the mother body. This will enable SWAFCU to instantly attend to issues in each Cooperative Society before much damage is done to the cooperative operations.

# CHALLENGES FACED BY COOPERATIVES; CONT.

- ▶ Staff incompetence and high turnover- Most cooperative societies hire incompetent staff due to the many small groups and pay lower wages. This leads to embezzlement of cooperative's funds and high staff turnover. SWAFCU intends to capacitate farmers on large scale production for commercial purposes and entrepreneurial skills in order for them to realize good returns on their investments and thus improving the contribution to the lives of their employees.
- ▶ Lack of proper record keeping in Cooperative society. Member Societies will be required to submit quarterly reports to SWAFCU to encourage them in the practice of record keeping. SWAFCU will incentivise all member cooperatives that are well performing in this area after the main trainings on good governance.

# IMMEDIATE TRAINING NEEDS ARE ON THE FOLLOWING

- ▶ SWAFCU intends to capacitate a team of professionals that will work hand in hand with SWAFCU in ensuring that all the projects in the cooperatives run smoothly. Through the existing partnership MFU has with the University of Swaziland, a team of professionals that are members of cooperatives will be given short term courses and get accredited by the university. The team of professionals that will be capacitated will be members of the National Consultants Cooperative that will be established. Members expected to join this cooperative are professionals in Cooperative research, Accounting, Business Management, Economics, Agriculture, etc. These will assist farmers in cooperatives run their projects as a business through good advises, helping them with business plans, keeping of proper accounting books as well as technical assistance on good agriculture practices.
- ▶ This aims to create a sustainable performance for all our cooperatives.

# JCCU STUDY TOUR

- ▶ Firstly, I would like to pass my sincere thanks to ILO, ICA, JCCU and all of you according to your different sectors for this wonderful programme. It is an honour for us as SWAFCU and our country to partake in such an empowerment study. I am really grateful for this opportunity and I will do all possible to show you my appreciation by going back home and ensure to apply the lessons learnt here. I undertake to update you all continuously on our progress.
- ▶ The training and exposure to cooperatives trade in Japan has helped me individually to better understand how cooperatives ought to operate, the roles of different players to make cooperatives a success in your country has really inspired me to want to go back home and engage all the relevant stakeholders in cooperative development in Swaziland to influence them to consider what I have learnt here and try to align our selves with what is done here in Japan.

# JCCU STUDY TOUR - Cont.

- ▶ Friday was my special day, as I have learnt from JA in many ways how even our Union can better position itself to better service its affiliates.
- ▶ The relationship between farmers and JA is impressive their understanding of producing quality for their customers as a basis of competing effectively in the market place is one good lesson I learnt.
- ▶ I am very happy to have had the opportunity to visit the various cooperative sectors here in Japan and learnt that, all the work is in the hands of cooperative members and the figures each sector displayed showed the great work done and the contribution of cooperatives to the economy of this country.

# JCCU STUDY TOUR - Cont.

- ▶ Swafcu will look into partnering with our Government- as learnt here in Japan, other NGO's, and other partners such as JCCU in order to overhaul our current way of doing cooperative business to embrace this ideal formula experienced here in Japan.
- ▶ I here-by request you all, after this programme, to find every possible way that you can support us in most of the initiatives that we will start to promote your way of doing cooperative business. This can not be money only but also technical support and cross-training programmes that can also assist us get more in-depth knowledge for ease of implementation and thus improving our members economical status.

**THANK YOU**

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.