

# LOCAL EMPOWERMENT THROUGH ECONOMIC DEVELOPMENT (LEED)



International  
Labour  
Organization

## Background of the project

The objective of the Local Empowerment through Economic Development (LEED) Project is to create decent work and livelihood opportunities for the most vulnerable in the post-conflict areas through the development of fair, equitable and sustainable value chains. The Project first commenced in the Northern Province in January 2011, in the districts of Vavuniya, Mullativu and Kilinochchi.

The Project approach is pragmatic conflict-sensitive and is ultimately aimed at empowering local farming, fishing communities, producer organizations and small and medium enterprises. The Project adopted the position that sustainable improvement in the lives of the poor and vulnerable can only be achieved by ensuring their beneficial inclusion and integration in a growing economy. Initiatives to address poverty and improve the well being of vulnerable groups may need to be creative, innovative even positively discriminatory but they must ultimately be designed and implemented with the same degree of critical economic analysis and consideration as a commercial intervention, so as to ensure sustainability.

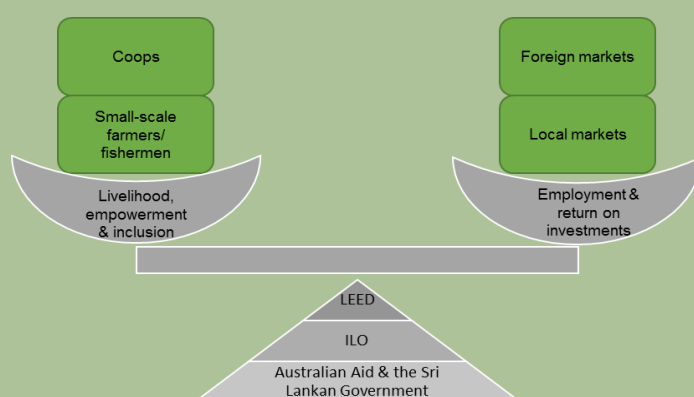
### LEED in Numbers

|               |                                                                    |
|---------------|--------------------------------------------------------------------|
| <b>35,000</b> | direct beneficiaries                                               |
| <b>70,000</b> | indirect beneficiaries                                             |
| <b>10,600</b> | female-headed households benefited from increased incomes          |
| <b>220</b>    | households with persons with disabilities supported                |
| <b>200</b>    | female entrepreneurs supported                                     |
| <b>500%</b>   | increase in income among female entrepreneurs                      |
| <b>900%</b>   | increase in income per household in the fruit and vegetable sector |
| <b>329%</b>   | increase in income per household in the fishery sector             |
| <b>4</b>      | medium scale rice mills re-equipped                                |
| <b>9</b>      | small scale private rice mills renovated                           |
| <b>26</b>     | cooperatives strengthened                                          |
| <b>10M</b>    | kg of papaya produced                                              |
| <b>5%</b>     | of the value of Sri Lankan fruit exports                           |
| <b>1.5M</b>   | US\$ per annum in farm incomes                                     |

\*data as of March 2017 collected by the ILO



### The overall framework



## LEED's support to cooperatives

- \* Expansion of membership base
- \* Support to essential infrastructure
- \* Training of board of directors, members and staff on management, system development, ethics and gender equality
- \* Facilitation of market linkages with private sector partners
- \* Review of cooperative by-laws

## Cooperative's support to their members

- \* Purchase of products at a guaranteed price
- \* Provision of input supplies
- \* Production and quality control
- \* Setting up of collection networks
- \* Value addition of products
- \* Linking producers with private sector partners and exporters
- \* Compulsory saving schemes
- \* Emergency intervention for drought and floods

## THE FRUIT AND VEGETABLE SECTOR

The Vavuniya North, Mullativu South and Kilinochchi South areas have become a national hub for the production of high quality fruits and vegetables, including papaya, cassava, passion fruits, moringa and many more. These crops are produced by small scale farmers and sold through their cooperatives to private sector buyers for local and export markets.



### Vavuniya North Fruit Growers' Cooperative Society – Fairtrade Certification

The cooperative, in partnership with CR Exports, a Sri Lankan exporter, formed a joint venture company, North South Fruit Processors Ltd (the cooperative has 55% of the shares). The company now exports fruits to the Gulf market. The cooperative provides various support to its members. These include; provision of seedlings, technical support on disease prevention, animal fences, savings schemes and emergency support during floods or droughts. The cooperative makes use of its' bargaining power to negotiate for better prices for inputs and for farm gate prices for its members.

**350** members  
**210 acres** of land  
**1,461,969 kg** of 1st and 2nd grade papaya produced in 2016  
**120 M** SL Rupees worth of annual sales in 2016

\*data as of February 2017 provided by the cooperative

Five years since its establishment, the cooperative society has achieved Fairtrade Certification by FLOCERT for their Red Lady Papaya in February 2017. The cooperative is the first institution in South Asia and the Pacific to achieve this certification. Certification guarantees that the product is produced under ethical standards, are not genetically modified and are grown in a sustainable manner. For the producers, the certification is advantageous because it guarantees fair trade minimum and premium prices, and improves market access to the EU and US.

**60** employees  
**80%** of the employees are women  
**6 M** SL Rupees worth of products are exported per month  
**200,000** SL Rupees in total per month are given to 40 persons with disabilities  
**200,000** SL Rupees per month is donated to an orphanage  
**1.4M** SL Rupees per month in wages to workers  
**100-120M** SL Rupees annual turnover

### Sivanarul Vocational Training and Production Centre

Sivanarul is a social enterprise that generates income from processing and sale of organic products, including flour, spices and curry powder. The LEED project provided infrastructure and equipment as well as technical assistance on re-engineering their business processes, e.g. sourcing, purchasing, storage, production engineering, packaging and marketing. The enterprise was the first organization in the Northern Province to receive the ISO certification (ISO 22000) for Food Safety Management System by the Sri Lanka Standards Institution.

Their products are being sold in both local and global markets. The social enterprise created employment opportunities for the local community, especially for women and persons with disabilities. The enterprise redistributes a proportion of the income to various social causes. For example, the enterprise has financed common wells for communities, sanitary facilities for persons with disabilities, an orphanage, and scholarships for children of the employees.

The partnership has witnessed a growth of over 300% in annual turnover, an increase in staff numbers and wages and an improvement in working conditions and occupational safety and health.



\*data as of February 2017, provided by the enterprise

## THE FISHERY SECTOR

The Palk Bay Fishery is one of the main sources of income for a large number of households in the Northern Province. The LEED project works closely with various local institutions, such as National Aquaculture Development Authority, the Department of Fisheries, Poonakari Divisional Secretariat, the Fishermen's Cooperative Society Union and its 14 cooperatives and the private sector to promote sustainable jobs and livelihood opportunities in this sector.

### The Crab Processing Factory

In December 2012, a crab processing factory was opened in partnership with Taprobane Seafoods Exporters (Pvt) Ltd and the Fishermen's Cooperative Society of Irranaimathanagar. In the first three years of operations production was low with only 370,000 kg of crab processed. However, following the reduction of incursions by Indian trawlers, in 2016 alone the catch increased to 273,000 kg, earning 18M SL Rupees for women employed at the factory. Altogether over 32M SL Rupees has been injected into the local economy through workers' wages since 2013. In addition, the cooperative has been able to purchase over 500,000kg of crab at 100 SL Rupees per kg, higher than the prevailing landing site prices earning its' members an additional 50M SL Rupees in income.

\*Data as of February 2017, provided by the factory



|                  |                                                                          |
|------------------|--------------------------------------------------------------------------|
| <b>12M</b>       | SL Rupees initial investment                                             |
| <b>32M</b>       | SL Rupees generated in wages employees of crab meat processed since 2013 |
| <b>74</b>        | average annual increase in crab meat processed                           |
| <b>650,000kg</b> |                                                                          |
| <b>100%</b>      |                                                                          |

|             |                                               |
|-------------|-----------------------------------------------|
| <b>200M</b> | SL Rupees initial investment (yard and boats) |
| <b>200M</b> | SL Rupees to procure 50 outboard engines      |
| <b>250</b>  | boats produced and distributed                |
| <b>8</b>    | local women and men trained in boat building  |

\*Data as of February 2017

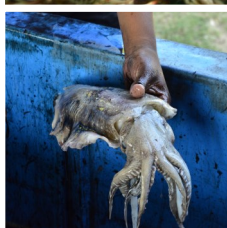


### Poonakari Fishermen's Coop Society Union — Boatyard —

The boatyard was established in 2012 in Poonakari and is managed by the Poonakari Fishermen's Coop Society Union (PFCSU). Training and mentoring was provided by Neil Marine, the largest private sector boat builder in Sri Lanka. Through the boatyard the PFCSU has also established strong supply chains in the fishery sector. Boats, engines and nets distributed by the PFCSU on a 50% pay back system.

### St. Anne's Fishermen Cooperative Society in Valaipadu

|             |                                                                            |
|-------------|----------------------------------------------------------------------------|
| <b>280</b>  | members                                                                    |
| <b>5</b>    | widows are supported with fishing gears                                    |
| <b>1</b>    | ton of crab sold daily                                                     |
| <b>470%</b> | increase in the price of cuttlefish in the last year                       |
| <b>10</b>   | SL Rupees per each kilo sold is transferred to savings accounts of members |



The local fishermen in Valaipadu replicated the model of the Fishermen's Cooperative Society of Iranaimatha Nagar and established their own cooperative approximately a year ago. In addition to providing capital to the cooperative, the LEED project linked them with private sector partners. Using their bargaining power, the cooperative has been able to negotiate for a better price for their members.

In fact, members have been able to sell their produce at 50 Sri Lankan Rupees more on average than they did before joining the cooperative. The cooperative provides financial support to the fishermen to pay back their loans, open bank accounts, and manage household finances. Furthermore, the management team updates their members on the sales, losses and accounts of the cooperative at their monthly meetings.

Data as of February 2017, provided by the cooperative



## Empowering women

The Project approach is pragmatic and has proven to be effective. It involves focusing firstly on economic empowerment by ensuring the beneficial integration of women and the excluded in economically viable value chains. Next it involves building awareness of men and women on gender issues and reinforcing assertiveness and leadership capacity of women particularly in relation to the management of cooperatives. The third component involves addressing institutional constraints through review and revision of legislation, practices and service provision. The fourth component involves the development with government and private sector (cooperatives) adapted and integrated guidelines on gender mainstreaming into development activities. This also includes training and sensitization of government officials and the private sector.

## Partnerships

Supporting partnerships between the well developed private sector in the South and enterprises and producers in the North is a key feature of the Project. It recognizes the development gap and uses the process of partnership development as a neutral forum for dialogue.

Working with a wide range of stakeholders; government, private sector, exporters, importers, producers, cooperatives, development partners and opinion makers and from the ground to national level is necessary to ensure economic growth, and that workers, fishermen and small farmers benefit from this growth. It is also an example of how Australian partnership with Sri Lanka has had a positive impact on the lives of ordinary people.

### The next targets

- 500%** increase in production in the fruit and vegetable sector over 4 years
- 6,000** small farmers to be equipped with half acre of drip irrigation and be earning incomes sufficient to lift themselves out of poverty
- 4** medium scale social enterprises to be established employing a total of 200 people
- 3,000** indebted fishermen to be debt free
- 3** new marine value chains developed
- 6** value added fish processing or semi processing centers established in Palk Bay Fishery
- Increase** the representation of women in Boards of Directors of cooperatives to reflect a more gender equitable composition



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