

CASE STUDY 65

Socio-economic Impact of palm oil producers in Basankusu territory – The result of organisation and structuring of associations, Democratic Republic of Congo

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Context

Introduction

In the rural sector, farming organisations experience serious difficulties in accessing good quality inputs, lucrative markets and financial backing. The Palm Oil Synergy platform (Synergie huile de palme) has not been spared from this sad reality.

Various surveys have in fact revealed that despite all efforts, palm oil producers, who once laboured in isolation, remain poor today, unable to acquire necessary agricultural inputs and goods to meet their daily needs.

A shortage of organisational and institutional skills is one of the main causes.

To improve this situation, SNV has worked on the organisation and structuring of member producers in associations belonging to Palm Oil Synergy, as well as facilitating commercial intermediation with the agro-industrial CCP (Company of Trade and Plantations) in Basankusu territory.

Results

14 associations structured and organised: basic documents notarised; weekly contributions and meetings regulated, group activities and sales launched and a palm oil common fund or tontine began. This is all favourable to increased palm oil production, enabling the allocation of funds for daily needs in households (food, medicine, school fees and the purchase of goods including bicycles, radios, mattresses, sewing machines, oil presses for small farmers and plastic chairs.)

1 partnership set up involving the CCP agro- industrial and palm oil producers from the Synergy platform: 6,000 improved plants supplied to producers have added 42 hectares of farmable soil to palm groves.

The challenge

Situated in the far north, 300 km from Mbandaka, the capital of Equateur Province, Basankusu is one of four regions where SNV is engaged in Equateur. 80% of the population is rural, with farming and fishing the main activities. The inhabitants live in unprecedented poverty, common to so many other areas in Equateur Province, which was battered in the past by the Rwandan-Burundi-Ugandan war of invasion. Without prospects of employment, people derive their basic income from what they forage in the wild. Strongly affected by the presence of the CCP, the only palm oil producer in the district, people work on the plantations with the least productive natural palm groves. In this rural environment, the production of palm oil which is sold on the local market is a principal means of survival in the fight against poverty. Nevertheless, various surveys demonstrate that, despite their efforts, these isolated producers remain poor, unable to acquire necessary agricultural inputs and goods to meet their

basic daily needs. A study conducted among the population reveals that this situation is due to a lack of organisational and institutional skills.

Client

Synergy is a platform comprised of seven civil society organisations formerly operating independently in the palm oil sector. Once these associations understood the importance of palm oil to the survival of the surrounding population, and having seen their efforts fall short of that need, they regrouped and formed the dynamic 'Palm Oil Synergy.'

Acknowledging the skills gap, the client sought collaboration with SNV to improve performance and better the cooperation with producers, following a plan of consensual reinforcement in the areas of production, intermediation and entrepreneurship.

Intervention logic and methods

As part of its anti-poverty strategy, SNV is at work in this territory with its client Synergy. Developing the value chains in the palm oil network entails assisting producers with organisational improvement, thereby contributing to improved living conditions through increased production, higher wages and more jobs. Gender and social inclusion are equally important aspects in the process, and all actors in all links of the value chain are involved.

At the same time, by way of implementing the strategy of supporting society in general by ensuring the efficiency of a number of crucial local organisations able to supply services for skills reinforcement, in 2009 SNV recruited the LCB CRAFOP to carry out the necessary tasks in collaboration with the organisation and, under supervision of SNV advisers, to improve the structure of the associations in the client's organisation.

Between 2009 and 2010, SNV advisers, the LCB and other consultants carried out numerous activities, including:

- Organisational and management reinforcement
- Technical skills reinforcement
- Facilitation of business relations between producers and processors
- Commercial and financial brokerage

Outcome

With improved performance, the client offered good service to the producer associations in the platform:

- 14 associations have ratified documents
- 14 associations are structured and organised, with weekly meetings and regular collection of membership fees
- The client has trained member association producers in techniques applied in oil palm cultivation.
- The client has facilitated business relations between producers and processors
- Ties between the client and CCP now give member producers access to better palm plants and a lucrative market, as they can sell their palm nut bunches to the CCP.

Impact

Thanks to SNV intermediation, a partnership has been established between the agro-industrial CCP and palm oil producers who are members of Synergy. Producers have cultivated a larger area of palm groves (42 new hectares in 2009-2010), with 6,000 plants of improved quality, all of which works favourably for producers in the client's member associations.

Producer household incomes have gone up as well. The figures below, from the 'APN' Farmer's Association of Nsongo, illustrate the increase in production and income:

- 2 jerry cans/per member/weekly rotation added to association stocks as of 23/01/2010
 - Available funds : FC 50,000.- (US\$ 55) on 5 August 2010
 - When members work in groups, each person contribute FC 500.- towards food
 - Palm oil common fund / member / week / rotation :
 - 1st rotation : 1 5l. jerry can per member per week
 - 2nd rotation : 2 5l. jerry cans per member per week
 - 3rd rotation : 3 5l. jerry cans per member per week
 - 4th rotation : (the final one on 5 August 2010) 4 5l. jerry cans X 9 members
- X FC2,000.- = FC 72,000.- = **US\$ 80 per member every 2 months.**

New jobs have been created as a result of the producer association activities: across the board 30 households are supported by production improvement and processing of palm oil products. This boost affects 329 people who have developed 42 hectares, with average annual sales totalling US\$ 119.40 per hectare. The revival of the network on the level of small-scale producers with Synergy has yielded an annual creation of 80 jobs in several areas: maintenance (10.5%), harvesting (28%) and processing (61.5%).

Lessons learnt

The impact on producer households is not solely related to financial support, as some may think. The private sector can also play a key role in developing the sector through a win-win partnership with well organised producers.

Photos and quotes



'By working with SNV, we have improved our organisational, technical and institutional skills and are able to work better with the grass-roots organisations. The 14 associations which we created on the 4-way intervention plan are structured and organised. Our activities have follow-up plans and we are in the process of mapping out viable micro-projects. SNV mediation paved the way for permanent contact with CCP, where our associations are supplied with improved plant material.' Templar LUFUKIA, President, Palm Oil Synergy – SNV's client

'The presence of Synergy advisers has been very beneficial for us, in that they have helped us become an organisation recognised by the government, with statutes. We are one of the best organised associations in the territory, with an office, regular meetings, a plan of action, minutes of all meetings on file, reports, production and sales records. We engage in group activities and sales. We use the tontine system, the common fund, paying in natura, with palm oil, which allows us to increase production and attract financial backing to cover some of our basic costs at home: school fees, doctors, goods such as bicycles, radios, mattresses, sewing machines, cottage industry oil presses, plastic chairs...We hope that the Synergy will continue to supervise us until we have reached our full strength as an association.' Jean Joël LIKOSI, Secretary, APN Association / Palm Planters Group, Nsongo region – SNV's beneficiary.