

**Enterprise Development within the Natural Product Sector:  
A case study of Eudafano Women's Cooperative**



**August 2007**

More than half the population of Namibia (approximately 1.9million) lives in marginalised rural communities where rainfed agriculture often results in poor yields and social amenities such as electricity, running water, health and schooling facilities are scarce or unavailable (De Beers, 2005). The creation of sustainable income generation opportunities in these marginalised rural areas is therefore of paramount importance, especially to women, who are often responsible for the upbringing of children and meeting other household needs. Despite being marginalised, this rural landscape has abundant natural resources such as Marula trees that are easy to harvest and are also prolific bearers of fruit. Traditionally, the Marula fruit has been used as a food supplement by the San and the Ovambo peoples. The kernel is crushed to extract a stable cooking-oil rich in unsaturated fatty acids (Ref) while fresh fruit is used for producing Marula juice that is consumed fresh or fermented into beer.

In recent years, Marula kernels were identified as high potential resources for both domestic consumption and the export market. This was the driving force behind the formation of the Eudafano Women's Cooperative (EWC) in northern Namibia. The Eudafano Women's Cooperative was the brainchild of rural women in Namibia's four north central regions, namely Oshikoto, Oshana and Omusati regions, the then Namibian Department of Women's Affairs and Namdeb Diamond Corporation. The former The Namdeb Social Fund provided financial support in excess of N\$1 million (US\$156 000) as well as equipment and business ideas at the start of the cooperative. Eudafano Women's Cooperative was registered in 1999 with the aim:

*“to promote the economic and social interests of its member group women by providing effective services to its members according sound business principles and the requirements of the market”*

The Cooperative uses a unique business model that brings together rural women with leading business partners such as the Body Shop International from the United Kingdom.

The EWC comprises approximately 4,800 women. It comprises of 14 associations in different villages in the north of Namibia – Ovamboland with their headquarters in Ondangwa (Max Havelaar report, 2006). The broad aims of EWC are to:

- Process and market the Marula and Kalahari Melon Seed (KMS) oils on behalf of members
- Contribute towards regional economic development
- Help women earn an improved income from the sale of natural products
- Provide information, education and training to member group women
- Encourage sustainable harvesting of the natural products

### **Management structure**

The Eudafano Women's Cooperative is managed by a 9-member board that is elected by secret ballot. The board term is three years and every year a third of the board retires and fresh elections are held. EWC has a written constitution that guides its operations. A full membership list is kept and updated annually. Members have to pay N\$20 (US\$3.30). The accounts of the cooperative are audited by a recognised and

registered firm of auditors. The EWC also has a supervisory committee that keeps records of product delivered, and makes payment to the primary producers according to the kernels they bring to the factory.

### **Development of the factory**

The development of the factory involved the construction of colourful premises that comprise a factory, offices and a very large cold room. The activities that take place at the factory include receiving and offloading of raw materials and oil extraction. The EWC premises factory was officially opened on 11 March 2005. On the day there were demonstrations of juice extraction and beer brewing. The factory uses four hydraulic oil presses, a new screw press recently bought, three hydraulic juice extractors and two manually operated juice extractors.

### **Collection and harvesting of fruits**

Members of the cooperative harvest fruit from wild Marula trees and deliver kernels and seeds to the EWC processing factory.



Marula oil is the main product produced from kernels and is used in cosmetics and skin care products. The products are sold in Body Shops in both the domestic as well as international markets like the European Union (EU). Marula juice is another product produced but sold in the local market.

### **Certification grant**

The certification grant that was awarded to EWC through the Natural Futures Programme benefited the cooperative in various ways. The grant was given in 2006 and amounted to USD20, 000.00. Through this grant the women received various training for the harvesters and at factory level. There has been capacity building for the cooperative on how to harvest organic kernels, dry and store and hygienic standards to be maintained. It was further used to train the EWC coordinator.

The certification grant also covered the following areas:

- Training and supervision of community level staff
- Establishing and training of the organic committee, the producer groups, internal inspectors

- Development of the processing facility
- Training of participating households in the process organic certification
- Training community-based field staff as internal inspectors
- Training of the staff of the processing facility in organic certification requirements, standards and record keeping
- Developing the Organic Management Plan
- Training of key persons from the producer groups in record keeping

The organic certification inspection for EWC, along with other Community Based Natural Resource Management (CBNRM) groups in northern Namibia was done by Ecocert in August 2006. The certificate of conformity was finally granted in February 2007. As a result of the organic certification, EWC members now realise higher prices for the oils they produce. Prices for the organic lipids have been negotiated to 150% of the price of conventional products (Saskia den Adel, 2007). The prices for organically certified oils are US\$30.67 (€22.48)/kg for Marula and US\$20.46 (€15)/kg for KMS while the prices for conventional oils are US\$20.46 (€15)/kg for Marula and US\$13.64 (€10)/kg for KMS respectively. Due to the three-fold increase in prices of organic oils, there has been a huge increase in total amounts of revenues generated from both Marula and KMS lipid oils as can be seen from the Table below.

**Summary Table for volumes and revenues generated between 2005 and 2007**

	2005	2006	First half 2007
Volume (kg)	7159	4139	3749
Value (US\$)	42,797	31,660	74,748

(Source: PhytoTrade Africa M & E data)

### **Impacts of the grant**

Both economic and non-economic benefits have been realised by the EWC women. Economic benefits have seen women being able to pay school fees for their children, buy school uniforms, buy food for the family and invest in livestock. The women involved in the project report that the benefits to them go beyond money, affording them a sense of independence, competence and confidence. Other non-economic benefits include:

- Gaining a sense of independence from their husbands and men in general
- Gaining self-confidence and business management competence
- Building the future generation through education
- Strengthening the capacity of the primary producers through training and enhancing their understanding of the market requirements, record keeping and organic certification principles.

The awarding of organic certification has shown that the rural women can comply to international standards if appropriate training is done. This has improved the access to better markets with better prices for the women's Marula and KMS oils. Overall it means better incomes for the entire supply chain, from the primary producers to other higher levels of the market chain. With higher incomes the women members of the EWC cooperative can fend for their families much easier and their standard of life has improved. They can surpass their basic needs.

For instance, EWC has joined the Body Shop's Community Trade Programme. The Body Shop Community Trade Programme was established in 1987 as the first Fair Trade Programme of its kind in the cosmetics industry. This programme pays a fair price to the primary producers and this has improved incomes realised by EWC and has been further enhanced by the organic certification of the oils sold by the cooperative. The EWC project is also said to be contributing to Namibia's Vision 2030 by supporting more equitable wealth creation and economic development.

### **Looking ahead**

- EWC future is promising given that it's a holder of two very important marks, organic certification and fair trade label,
- Direct link with commercial partners such as the Body Shop
- Their experience may influence them to work with other natural products or venture into new products.

### **References**

De Beers. 2005. *Living up to Diamonds: A focus on Group Corporate Social Investment*. De Beers. South Africa.

Den Adel, Saskia. 2007. *NACSO Grants – LIFE Phase II: Obtaining Organic Certification for Natural Products Produced by Namibian CBNRM Groups. Annual Impact Report – Year 1*. CRIAA SA-DC. Windhoek.

Den Adel, Saskia. 2002. *The Use of Marula products for domestic and commercial purposes by households in North-Central Namibia*. CRIAA SA-DC. Windhoek.

Max Havelaar France. 2006. *Preparation of Eudafano for Fair Trade Certification*.