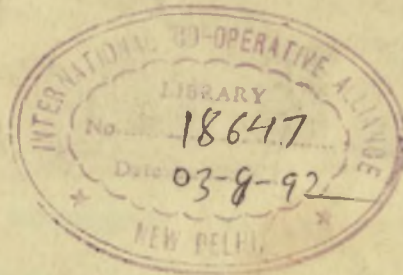


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INTERNATIONAL CO-OPERATIVE ALLIANCE

Regional Office for East, Central and Southern Africa
P.O. Box 946, MOSHI, Tanzania



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THE FEASIBILITY OF THE OPERATION
AND MANAGEMENT OF MAIZE SILOS IN
SWAZILAND BY THE CENTRAL CO-OPERATIVE
UNION OF SWAZILAND LTD

September 1983

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1. FOREWORD

At several meetings of the Regional Council of the International Co-operative Alliance, Regional Office for East, Central and Southern Africa, concern has been expressed about the need to utilize resource personnel available in the Region for consultancy work required by member Co-operative Movements.

Consequently, at the request of the Central Co-operative Union of Swaziland (CCU), the International Co-operative Alliance, Regional Office for East, Central and Southern Africa appointed a Consultancy Team to evaluate and establish the feasibility of the proposal by the Government of Swaziland that CCU should assume responsibility for the operation and management of the maize silos constructed by the Government throughout the Kingdom.

The Consultancy Team consisted of the following consultants:-

- M.W. Mukumbuta - Managing Director of Zambia Co-operative Federation Ltd, Zambia (Team Leader).
- S.M. Dlamini - General Manager, Central Co-operative Union of Swaziland Ltd, Manzini, Swaziland.
- C.H. Gashumba - Research and Planning Officer ICA Regional Office, Moshi, Tanzania.

I wish to thank the three colleagues for their determined and zealous efforts to embark on the above assignment at short notice and also to work tirelessly day and night and also through public holidays so as to produce this report as soon as possible.

This, I hope, will facilitate the timely consideration and implementation of the recommendations in the report.

I also wish to express my sincere thanks to the Government and Co-operative Leaders in Swaziland for welcoming the Consultancy Team and willingly giving them the information they needed to enable them to form an opinion, and make appropriate recommendations on the subject.

We wish the Co-operative Movement in Swaziland continued prosperity and growth.

E.M. ANANGISYE
REGIONAL DIRECTOR.

2. PREFACE

Maize is a staple food in Swaziland and as such Government attaches great importance to its availability to the population. The Government has, therefore, emphasised in several policy documents the need for self-sufficiency in maize.

Although this goal has not yet been realized, the Government of Swaziland realizes the vitality of keeping reserve maize stock, whether locally produced or supplemented by imports. In order to keep these stocks, adequate, safe and reliable storage facilities are necessary.

It is with this consideration that the Government undertook the construction of maize storage silos all over the Kingdom. Phase One of the Project is nearly completed and, thereafter, Phase II will be embarked upon. The Government has proposed that when completed, the CCU should assume responsibility for the operation and management of these silos.

Before committing themselves, the CCU requested the International Co-operative Alliance Regional Office for East, Central and Southern Africa (ICA) to assess the CCU capability in operating and managing the maize silos. The ICA therefore, appointed us to carry out this consultancy exercise, which we gladly accepted.

We wish to express our sincere gratitude to those who assisted us in our work. First and foremost we wish to thank the Minister of Agriculture and Co-operatives, Hon. A.K. Hlophe for sparing some of his scarce and valuable time to have discussions with us. We were greatly encouraged by his enthusiastic approach. We also wish to thank the Acting Permanent Secretary, Mr. G.F. Dlamini, the Commissioner for Co-operative Development, Mr. J.L. Mbingo and the Director of Agriculture and other Senior officials in the Ministry for giving us useful information.

Our profound gratitude also goes to the President of CCU, Mr. Thomas Gina for the assistance he gave throughout our stay in Swaziland. We thank the high ranking officials of the Umbutfo Swaziland Defence Forces who kindly gave us audience at their headquarters. A visit to SMC was useful.

We also acknowledge the valuable assistance we obtained from the Zambia Co-operative Federation Ltd and the practical briefings we received from the Central Province Co-operative Marketing Union Ltd, the Lusaka Province Co-operative Union Ltd and the National Agricultural Marketing Board staff at Natuseko in Central Province.

Last but not least we wish to thank Mrs. Catherine Mthombo, who typed the initial draft in Manzini, Miss Victoria Kumwenda who continued with the typing in Lusaka and also Mr. Joseph Samwel Laiser who typed the final draft in Moshi.

M.W. Mukumbuta
S.M. Dlamini
C.H. Gashumba.

September, 1983.

3. SUMMARY OF
RECOMMENDATIONS

1. CCU should assume responsibility for the administration and management of the maize silos on their completion. The CCU should enter into a Technical Management Agreement with the Bessemer Construction (Pty) Limited under the auspices of Swaziland Government to ensure efficient technical operation of the silos for a transitional period of 3 years, during which local personnel should be trained to take over the silo operations themselves.
2. The four small hammer mills have magnetic separators to separate metal objects from the grain and they do not have any other cleaning mechanisms. This implies that the mealie meal which will come out of these hammer mills will contain impurities and may not, as a result, be attractive to human consumption. CCU should not use these hammer mills for production of mealie meal for human consumption. Instead, the hammer mills should be used as stock feed mixing plants.
3. Government should retain ownership of the Silos and the responsibility for the repayment of the capital investment loans. Phase II of the project should be implemented in stages on priority basis. This will enable the Government to implement Phase II as and when money becomes available but without necessarily waiting until the whole lump sum of £5.2 million is accumulated.
4. Government should formulate agricultural policies which will enable the nation to attain self-sufficiency in maize production. Explicit policies should be worked out in the field of maize marketing so as to enable CCU to provide adequate marketing incentives and as a result stimulate increased production.
5. Government should make arrangements for a special provision for CCU to obtain bank loans at a lower interest rate than has been the case hitherto. This will enable CCU and the Co-operatives generally to render better services to the small farmers at less cost.
6. There is need for careful planning and acquisition of appropriate skilled personnel whenever the Union has to embark on any new business undertaking, such as the maize storage silos. There is, therefore, need for further training of society managers in marketing operations. This could most effectively be done in the form of attachment to Co-operative Marketing Unions in one of the countries in the Region. Zambia was identified as the most ideal where marketing responsibilities have recently been assumed by Co-operatives.

4. TERMS OF REFERENCE

The Consultancy Team was not given specific Terms of Reference for its assignment. However, from discussions held with the President of the Central Co-operative Union of Swaziland Ltd. Mr. Thomas Gina; the Acting Permanent Secretary, Ministry of Agriculture and Co-operatives, Mr. G.F. Dlamini; the Commissioner for Co-operative Development, Mr. J.L. Mbingo; and other Swaziland Government Officials and Co-operative leaders, the Consultancy Team understood its broad Terms of Reference to include the following:-

- (a) To evaluate the proposal by the Ministry of Agriculture and Co-operatives of Swaziland that CCU should assume responsibility for the operation and management of the Maize Silos being constructed by the Swaziland Government throughout the Kingdom.
- (b) To make recommendations on the maize marketing and pricing policies with the objective of introducing practices which will boost maize production in order to attain higher levels of self-sufficiency in maize production.
- (c) To make recommendations on the creation and maintenance of strategic Emergency Maize Reserve (EMR).

5. METHODOLOGY

The Consultancy Team carried out its assignment as follows:-

- (i) From 30th August to 1st September, 1983, the Team examined the maize marketing, storage and pricing policies and practices in Zambia.

The purpose of this examination was to identify the aspects of cooperative maize marketing, storage and pricing practices which could be adapted to the Swaziland situation. The Team also examined the information available at the Zambia Co-operative Federation Ltd and visited the Lusaka Province Co-operative Union Ltd (LPCU), The Central Province Co-operative Marketing Union Ltd (CPCMU) and the National Agricultural Marketing Board (NAMBOARD) in Kabwe to see agricultural marketing practices and maize storage facilities in operation.

- (ii) Between 2nd and 9th September, 1983 the Team examined agricultural marketing policies and practices in Swaziland in order to form an opinion on the feasibility and viability of CCU assuming responsibility for the operation and management of the new silos. The Team visited the Silo Installations at Ngwempisi and Matsapa and held discussions with Senior officials at CCU, the Ministry of Agriculture and Co-operatives,

the Umtso Swaziland Defence Forces (USDF) Headquarters, the Swaziland Milling Company (SMC) and finally, had the opportunity of holding discussions with the Hon. Minister of Agriculture and Co-operatives.

- (iii) While in Swaziland, the Team studied several documents and publications on the agricultural marketing situation in the Kingdom, the CCU and the Maize Silo project itself.

Adequate data to facilitate our work was, however, not readily available and this posed a constraint.

6. BACKGROUND INFORMATION

6.1. The Agricultural Sector:

Swaziland is a land-locked country measuring 145 kms at its widest and 193 kms from north to south and covers a total area of 17,364.4 sq.kms. It has a population of 519,959 people (1976 census) of which about 8% live in the major towns of Mbabane, Manzini, Piggs Peak and Nhlangano. The national average annual population growth is estimated to be 2.8% while the annual rate of urbanisation is 5.2% and at this rate the population is expected to grow to 1 million by the year 2000.

The Agricultural sector generates one-third of the Gross Domestic Product, contributes more than 70% of the national export earnings while at the same time providing employment to about 75% of the indigenous population.

The agricultural sector is a dualistic one with two subsectors. The Individual Tenure Farms (ITF's) constitutes a modern highly mechanised subsector of about 850 farms averaging 800 hectares each but actively utilising 691,000 hectares, since only 70% of these farms are economically exploited. They cover 40% of the total land area and their output contributes 60% of the total agricultural output.

The other is the Swazi Nation Farms (SNF's), a traditional subsistence subsector comprising 42,000 farms each with an average of 3 hectares and actively utilizing 114,000 hectares of land. This subsector carries 70% of the population and is least mechanised, mainly relying on family labour and **drought** animals. As such the marketable surplus from this subsector is low due to low productivity, lack of adequate marketing facilities and lack of sufficient incentives.

6.2. The Maize Industry:

6.2.1. Present Production:

Maize, as a single crop occupies a position of significance in the Swazi economy. It is the staple food and the most widely grown crop in the traditional Swazi Nation Land areas of the Country, occupying two thirds of the arable land area.

The production of maize, according to the four topographical regions is as follows:

<u>REGION</u>	<u>AREA</u>	<u>% PRODUCTION</u>
The Highveld	5,029.5 sq.kms.	18
The Middleveld	4,597.5 " "	40
The Lowveld	6,416.2 " "	34
The Lubombo		
The Plateau	1,321.2 " "	8

Source: Swaziland Third National Development Plan, 1978/79 - 1982/83.

The national production of maize according to the subsectors is as follows:-

<u>CROP YEAR</u>	<u>INDIVIDUAL TENURE FARMS</u>		<u>SWAZI NATION LAND</u>		<u>TOTALS</u>	<u>%INCREASE (DECREASE)</u>
	<u>HECTARES</u>	<u>PRODUCTION M.T.</u>	<u>HECTARES</u>	<u>PRODUCT. M.T.</u>		
1975/76	7640	11,358	59,799	86,105	97,463	
1976/77	6113	9,100	53,902	68,764	77,864	(20)
1977/78	5990	8,900	53,902	96,329	105,229	35
1978/79	5870	8,700	71,145	67,090	75,790	(28)
1979/80	3738	8,800	71,145	96,735	105,535	39

Source: Maize Grain Storage Project (1978), Ministry of Agriculture & Co-operatives, Swaziland.

The figures above clearly indicate that the annual increase in maize production is more or less stagnant as opposed to the annually increasing population. In other words, current production is not keeping pace with demand, contrary to the government policy which stresses self-reliance and which had targets of attaining self-sufficiency in maize by the year 1983 according to the Third National Development Plan. This has given rise to increase in imports of maize in recent years rising from 22,004 tonnes in the 1976/77 crop year to 43,743 tonnes in the 1979/80 year.

6.2.2. Future Production:

The potential for increased production of maize exists in Swaziland. The available arable land is sufficient to cater for expanded maize production. Rather, the problem lies in land usage. Experimental yields have indicated that the present yields can be increased five fold or more through application of improved varieties, optimum inputs and modern farming techniques. This is particularly so in the Middleveld and Highveld areas of the Kingdom. In this connection more expectations will be placed on the agricultural research centres to extend maize adaptive research to a cross-section of the whole country, especially the small farmers in the SML areas. The extension services will also need to be stepped up in order to improve cultural practices in the traditional sector and the recently established RDA's.

More efficient marketing and storage facilities would significantly reduce maize losses thereby increasing the maize available for consumption. Present storage losses are estimated to be 8%. This figure, however, rises to 20% when we consider actual handling losses in addition to maize rendered unfit for human consumption due to damage in storage.

At the present moment the main buyer of maize is the SMC but it was learnt during the survey that the SMC, on economic considerations, would not collect/purchase up-country maize from collecting centres if it were less than 30 bags. This means, therefore, that small farmers up-country find it difficult to market their maize, hence little incentive to produce, and on the contrary, sufficient reason to make them reduce the maize hectarages.

It is with these marketing and storage considerations that the ICA Regional Office was requested, as indicated in the terms of reference, to appoint a team to examine the possibility and viability of the CCU playing an increasing role in maize marketing and storage functions. This major function involves the movement of maize in the country, storage and maintenance of the government built silos all over the country.

6.2.3. Maize Consumption Trends:

Recently, there have not been reliable data to show the levels of maize consumption in Swaziland. The major maize buyer, processor and maize product distributor, the Swaziland Milling Company (SMC) stopped keeping records of locally procured maize in 1975. The Team has, therefore, no alternative but to use the maize consumption projections calculated by the Food and Agriculture Organisation Mission on Food Security Assistance Scheme for Swaziland which have been stated as follows:-

Projected Demand for Maize:

<u>YEAR</u>	<u>METRIC TONS</u>
1978	81,250
1982	94,459
1987	111,589
1992	128,253
2002	156,765

Source: FAO Report on Food Security Assistance for Swaziland, 1981.

It is the declared policy of the Government of Swaziland to achieve self-reliance in food production, especially in the staple food - MAIZE. In order to achieve a higher level of self-sufficiency in maize production, marketing incentives, inter alia, should be provided to small-scale maize producers cultivating Swazi Nation Land (SNL). The usefulness of marketing incentives to small-scale maize producers has been clearly demonstrated by the pilot maize marketing scheme undertaken by the Central Co-operative Union of Swaziland (CCU) in 1980 in Mahlangatsha and Ngwempisi Rural Development Areas (RDA's) whereby CCU offered to reduce minimum quantity acceptable at its depots from 30 bag lots to one bag (70Kg) and arranged to transport the maize to the millers.

These incentives increased actual maize intake at the two RDA's from the expected 5,000 bags to 11,136 bags; 75% of which came from small-scale producers delivering less than 30 bags each.

However, provision of agricultural marketing incentives is both expensive and risky. If the CCU is to continue to provide adequate marketing incentives in order to realize the Government policy of increased self-sufficiency in maize production, it should be allowed to control the national maize market so that it can realize sufficient volume of business to alleviate the costs and risks of providing the necessary incentives.

6.3. Crop Purchase Finance:

When the above argument is accepted, the CCU will need to take up the responsibility to provide all the commercial maize requirements of Swaziland estimated at about 9,000 mt. per month costing about E200 per mt. giving the necessary working capital of E1.8 million at any time. In addition to this it will be necessary to maintain an emergency maize reserve of 9,000 tonnes or more to give Government sufficient opportunity to obtain alternative supplies in time of need.

The CCU should raise funds for purchasing commercial stocks while Government should raise the money required for the procurement and maintenance of Emergency Maize Reserve (EMR).

However, in view of the high cost of money, Government may assist the CCU to obtain initial working capital for procurement of commercial stock; such money should be used in form of a Crop Purchase Revolving Fund.

Under the present crop financing arrangements CCU raises bank facilities for primary societies to purchase crops from farmers. In order to facilitate marketing of grain crops at the lowest possible cost, government through the Central Bank of Swaziland, should make a special provision for CCU to obtain loans at lower interest rates than has been the case hitherto. According to current Commercial Banking regulations in Swaziland, a peasant farmer can get a bank loan at about 8% interest rate. But, when farmers come together under a Co-operative, the Co-operative Society is charged interest at about 16%. This defeats the purpose of farmers coming together so as to get cheaper and better services from their Co-operatives. It makes it difficult for the Co-operatives or for that matter the CCU to procure loans to provide services to primary societies and their members because it will be much more expensive credit than an individual could have got from the same source.

6.4. Financing Operating Costs:

It is the current policy of the Swaziland Government to make food available to the consumer at the lowest possible cost without Government subventions but with Government maintaining the regulatory and control function. If Government intends to implement agricultural policies which will enable the nation to attain self-sufficiency in maize production, it must work out more explicit policies especially in the field of maize marketing to enable CCU to provide adequate marketing incentives to the small-scale producers. In this regard, Government can follow one or both of the following alternatives:-

- (a) Government should take steps to fix economic producer and resale prices for maize which will enable the CCU to provide the necessary incentives and cover its costs, and/or
- (b) Provide maize production subsidies to reduce the ultimate food cost to the consumer while CCU can still have sufficient margins to cover its costs.

The first alternative will pass the cost of attaining increased self-sufficiency directly to the consumer. The second alternative will pass the cost to the taxpayer more indirectly. The best course of action is to use both alternatives initially and gradually phase out the second alternative. Under the present policy of non-intervention, the nation should not hope to attain self-sufficiency in maize production in the near future.

We, therefore, recommend that Government should adopt more explicit maize marketing and pricing policies to enable CCU to stimulate production through appropriate marketing incentives.

7. THE SWAZI CO-OPERATIVE MOVEMENT

7.1. Historical Background:

The first Co-operative Society in Swaziland was established and registered in 1931 under the Co-operative Societies Proclamation (SWAZILAND) No. 8 of 1931. This was the Swaziland Co-operative Tobacco Company whose membership was the commercial (white) farmers and its conditions for membership were prohibitive to the small Swazi farmer. It was not until 1964 when the British Colonial Administration established a Department of Co-operative Societies Proclamation No. 28 of 1964 which replaced the 1931 one that indigenous Swazi nationals began to form Co-operative Societies.

By 1968 when the country attained independence, 14 Co-operative Societies had already been registered, and by 1979 the number had increased to 116. Co-operative Societies were started by the government with the objective of utilizing them as instruments for the implementation of Government development policy after independence.

7.2. Structure of the Co-operative Movement:

The Co-operative Movement comprises primary co-operative societies of different types, which affiliate to form the District Co-operative Unions. The Kingdom of Swaziland is divided into four administrative districts each of which has a Co-operative Union. These four Unions in turn affiliate to form the Central Co-operative Union of Swaziland Ltd which is the apex organisation for Co-operatives. Appendix 1 depicts the structure of the Swaziland Co-operative Movement.

In the Hhohho District, there are, in addition to the District Union, two sub-unions to which a number of primary societies are affiliated. In addition there are two country-wide societies but which have also affiliated to District Unions. These are the Swaziland Tobacco Co-operative Society and the Swaziland Cotton Co-operative Society.

7.3. The Central Co-operative Union of Swaziland Ltd:

The functions of the Central Co-operative Union of Swaziland include the procurement and distribution of farm requisites to all member societies and member unions. Produce marketing is carried out by the CCU through primary co-operative societies, by way of securing loans from the bank on behalf of the societies and which buy from farmers for resale to other societies which need maize and/or the Swaziland Milling Company.

Recently, the CCU has been using the grain storage bins which were installed at Mahlangatsha, Ngwempisi and Ntonjeni RDA's by the Government under the auspices of Prevention of Food Losses Project of FAO. More such bins have also been installed at co-operative stores in the maize deficit areas. These are used by those societies for storing the maize purchased from Co-operatives in the surplus areas.

The structure of the CCU is indicated in Appendix 2.

7.3.1. The Marketing Department of CCU

7.3.1.1. Functions of the Department:

As mentioned earlier, the Marketing Department of the CCU is engaged in market intelligence, marketing co-ordination and the arrangements for finance and transportation. The buying and storage of maize has continued to be the functions of the Societies themselves, because they handle small volumes of maize.

It is also the function of the Marketing Department to conduct market research and to try to meet demand for farm produce particularly in deficit areas. In 1980, for example, while 98% of the maize was sold to SMC and only 2% was sold direct to other co-operative societies, because of the demand from other co-operatives in 1981 only 17.5% was delivered to SMC while 82.5% went direct to deficit areas. In 1982 only 7.7% was sold to SMC and the rest to co-operative societies. In 1983, because of the drought, a very small quantity of maize has been handled by the co-operatives and all of it was sold to other co-operative societies.

7.3.1.2. Personnel:

At the CCU Headquarters, there is a Marketing Manager and two Assistants. There are also two FAC Associate Experts attached to CCU by the Marketing Advisory Unit of the Ministry of Agriculture and Co-operatives.

The two major maize marketing Co-operative Societies, Mahlangatsha and Egwempisi, have reasonably qualified managers who, if given relevant orientation would run the silos in their respective areas.

The Consultancy Team identified the need for further training of society managers in marketing operations. Such training could be provided in the form of attachment to Co-operative Marketing Unions in Zambia, where marketing responsibilities have recently been assumed by Co-operatives. The Central Province Co-operative Marketing Union Ltd has already indicated willingness to participate in such exercise.

7.4. The Financial Position of the Central Co-operative Union:

As at 31st May, 1982, the financial position of the Central Co-operative Union of Swaziland Ltd could be summarized as follows:-

Total value of Assets	E2,870,674
Members' Share Capital	-
Provisions and Reserves	347,748
Profit (loss) for the Year	(554,850)

The above picture can be examined in detail in terms of Profit and Loss Statement as follows:-

Profit and Loss Statement:

Description	1979	1980	1981	1982
Turnover	E1,473,052	1,597,492	436,761	980,402
Cost of Turnover	1,461,396	1,602,799	440,307	903,362
Gross Profit(Loss)	11,656	(5,307)	(3,546)	77,040
Other Income	135,911	210,923	562,338	307,177
Gross Income	147,567	205,616	558,792	384,217
Less Expenses	185,888	382,449	690,152	554,850
Net Profit (Loss)	(38,321)	(176,833)	(131,360)	(170,633)
	=====	=====	=====	=====
% Operating Result	- 2.6%	- 11%	-30%	-17.4%

The above figures show that there was a sudden increase in percentage loss (net loss as a percentage of turnover) in year 1980/81 from -11% in 1979/80 to - 30% in 1980/81. This sudden increase in percentage loss was followed by a sharp decrease of the same ratio in 1981/82 to - 17%. These sharp changes are explained by two structural changes in the business undertakings of Central Co-operative Union of Swaziland Ltd:-

- (a) In 1980/81, CCU acquired a large consumer shop in Manzini and embarked on retail business without the necessary retail business management know - how.
- (b) In the same year, CCU embarked on livestock marketing - again without adequate preparation in the field of livestock business management.

The resultant sharp increase in operating loss signifies the need for careful planning and acquisition of appropriate skilled personnel whenever the Union has to embark on any new business undertaking. The same careful considerations should be undertaken when the management of grain storage silos is taken on by the Central Co-operative Union of Swaziland Ltd.

8. THE MAIZE SILO STORAGE PROJECT :

The maize Silo storage Project is composed of three 700 tonne silos. One at Ngwempisi, the other one at Madulini and the third one at Mpolonjeni. There is one 2,000 tonne silo at Ntonjeni and a 12,000 tonne silo complex at Matsapa.

Further expansion to these installations is supposed to be carried under phase II of the Project which is estimated to be completed in 1986.

The 700 tonne silo at Ngwempisi will be operated by electric power although loading of maize will be done manually. It has no maize cleaning facilities and it has no automatic weighing facilities. One hammer mill forms part of the silo complex. It is situated close to a storage shed which is being operated by CCU.

The 700 tonne silo complex at Mpolonjeni will be operated similarly to the facilities at Ngwempisi. However, it may prove to be difficult to supply electric power at Mpolonjeni because the electric transformer there is too small. When completed it will be close to a co-operative shed under construction. It will also have a hammer mill.

The 700 tonne complex to be installed at Madulini will not have electric power at all when completed. It will, therefore, be necessary to install a diessel generator to supply the necessary power.

It should be noted that even if the diessel generator is installed there it will be difficult and expensive to maintain as it will be running intermittently. Like the other two silo complexes mentioned above it will have a hammer mill.

The 2,000 tonne silo complex at Ntonjeni is yet to be constructed and will have access to electric power. It will be installed near a storage shed which is currently being operated by the CCU. It will also not have automatic weighing facilities and rotary aspirators for cleaning the grain. Like the others above it will also have a hammer mill.

The hammer mills at the 4 silos have magnetic separators to separate metal objects from the grain but do not have any other cleaning mechanism to clean the grain. This implies that the mealie meal which will come out of these hammer mills will contain impurities and may, therefore, not be attractive to consumers.

The proximity of these silo facilities to storage sheds which are already being managed by the CCU is advantageous in that it will make it feasible for the CCU to administer the silos without substantial additions to management personnel strength.

The Matsapa 12,000 tonne silo complex will have storage bins completed by the end of phase I of project. However, the silo complex will not be operational until the electricity sub-station, access roads and the rail siding will be completed together with automatic weighing facilities at both the railway and road intake points under phase 2 of the project.

Since the Matsapa silo complex is situated near the storage facilities belonging to the SMC, the Matsapa silo complex should not be used to feed maize to SMC. Instead the SMC should be fed from the silo satellite complexes, leaving the Matsapa silo complex to hold national Emergency Maize Reserve which will cater for periods of unforeseen food shortages. The Emergency Maize Reserve will be used to alleviate famine while the nation looks for other sources of maize.

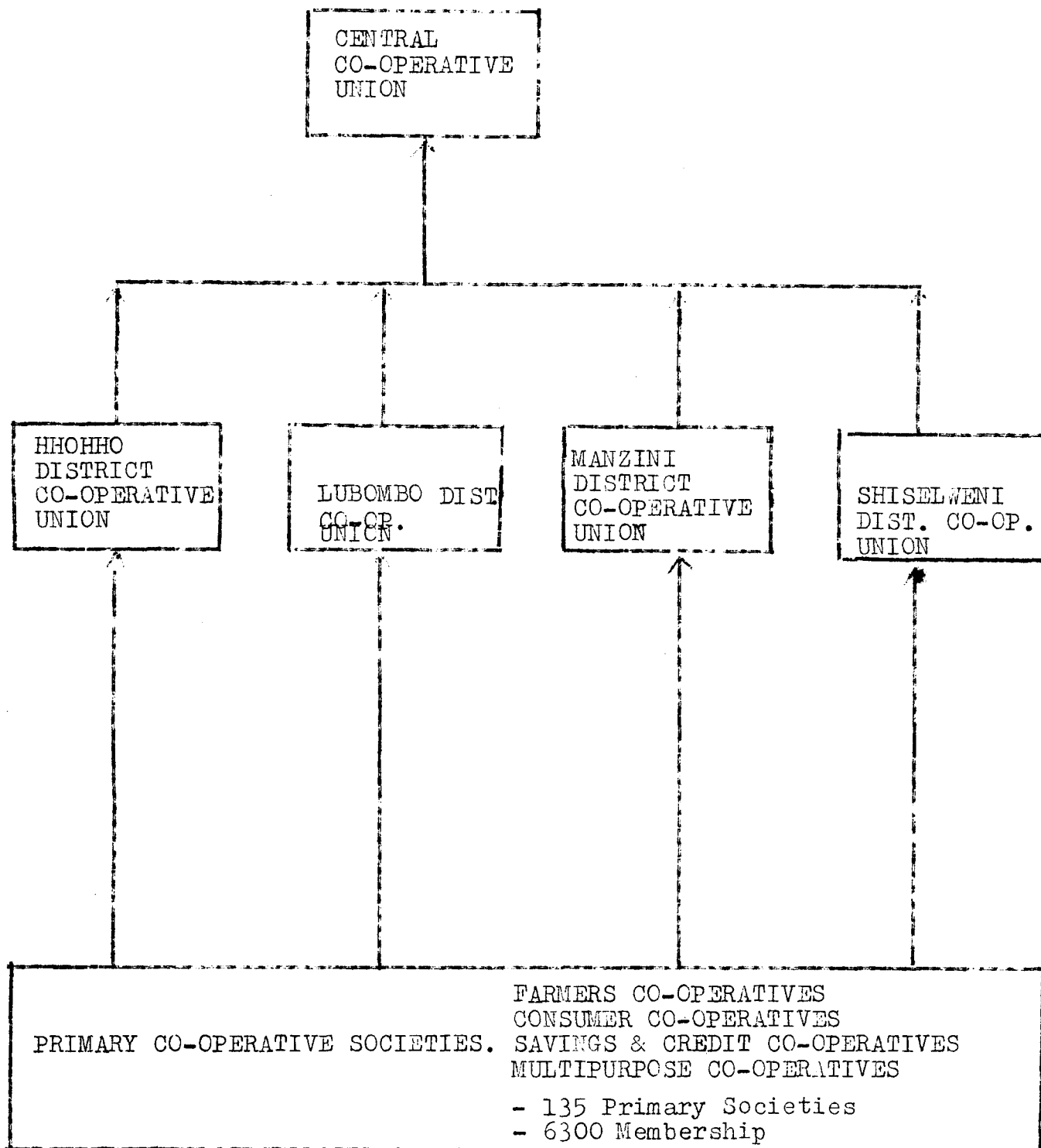
Due to considerable cost of working capital required to stock the Matsapa silos with EMR, we suggest that the Government makes available funds to provide the necessary capital to CCU for this purpose.

8.1. Investment Capital:

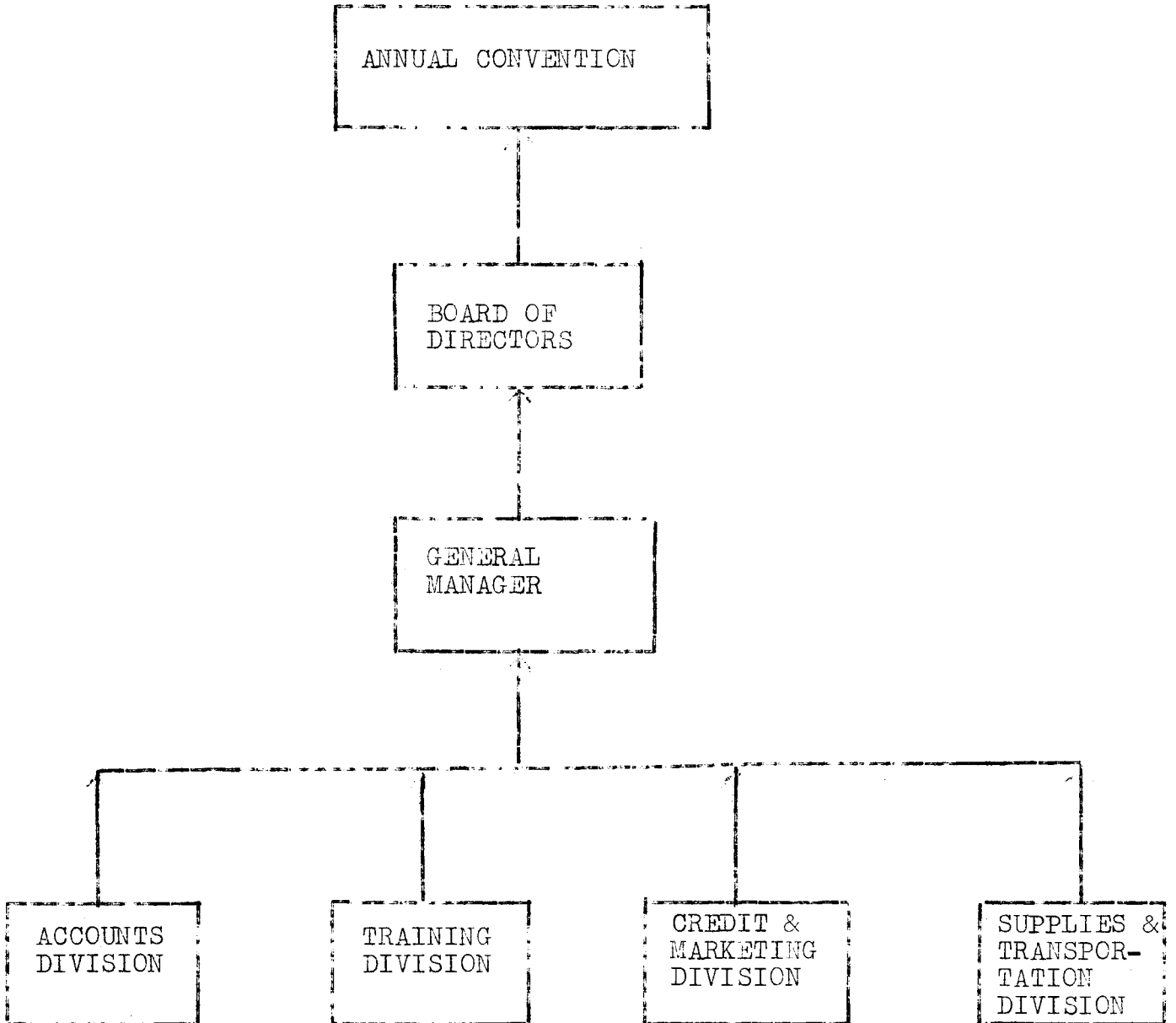
It is estimated that by the end of phase I a total of E1.9 million will have been invested in the project. A further E5.2 million will be required to finance Phase II of the project. The interest charges to service a loan of E7.1 million will be too heavy for CCU to bear. In order to alleviate the financial burden on the operations of CCU the Team recommends that:-

- (a) Phase II of the Silo Construction Project should be split in sub-projects to be undertaken at different stages. The first stage of Phase II should provide exclusively for the construction of access roads, electricity sub-Station, railway siding and automatic weighing facilities at the Matsapa Silo Complex, to make it fully operational. The second stage of Phase II should concentrate on provision of automatic weighing facilities and grain cleaning facilities at the satellite silo complexes. The third stage should then provide for the general expansion of the facilities as and when required.
- (b) Although the Silo complexes should be operated by CCU, they should remain the property of the Swaziland Government which should retain the responsibility for the repayment of the investment loans.

ORGANISATION STRUCTURE OF THE CO-OPERATIVE MOVEMENT
IN SWAZILAND



THE STRUCTURE OF THE CENTRAL COOPERATIVE UNION OF SWAZILAND LTD



LIST OF PERSONS MET

ZAMBIA

1. Chief B. L. Nalubamba, Chairman,
Zambia Cooperative Federation Ltd
2. Mr S. C. Muyakwa, General Manager,
Lusaka Province Cooperative Union Ltd
3. Mr O. E. Gondwe, General Manager
Central Province Marketing Cooperative Union Ltd
4. Mr S. Mantina, Manager, Natuseko Storage Silos
National Agricultural Marketing Board
5. Mr S. Chimpuku, Assistant Manager
Natuseko Storage Silos
National Agricultural Marketing Board

SWAZILAND

1. Hon A. K. Hlope, Minister of Agriculture
and Cooperatives
2. Mr T. Gina, President,
Central Cooperative Union of Swaziland
3. Mr G. F. Dlamini, Acting Permanent Secretary
Ministry of Agriculture and Cooperatives
4. Mr J. L. Mbingo, Commissioner for Cooperative
Development
5. Mr. V. Phungwayo, Director of Agriculture
Ministry of Agriculture and Cooperatives
6. Mr E. V. Dlamini, Senior Agricultural Economist
Ministry of Agriculture and Cooperatives
7. Mr R. Thwala, Senior Agricultural Officer
Ministry of Agriculture and Cooperatives
8. Mr R. Must, FAO Senior Marketing Adviser
9. Mr F. Bucham, Chief Research Officer
Ministry of Agriculture and Cooperatives
10. Mr Bill Craw, Adviser, Ministry of Agriculture
and Cooperatives
11. Mr A. Kunene, Director of Information
12. Senior Officials, Umbutfo Swaziland Defence Forces
13. Mr. S. Dlamini, Storage Agronomist
Ministry of Agriculture and Cooperatives
14. The Construction Manager, Bessemer Construction (Pty) Ltd
15. Mr Z. Nkosi, Managing Director, Swaziland Milling Co.