

UN Economic and Social Council High-Level Segment  
First Informal Dialogue  
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Cooperatives  
Worldwide Engine of Rural Development

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### **Slide 1 - Title slide**

It is an honor for me to have an opportunity to share with you what we believe is an important message from a voice not often heard--from members of a working agricultural cooperative, a major U.S. agribusiness on this issue of rural development.

### **Slide 2 – Land O'Lakes Since 1921**

It is important to understand that Land O'Lakes sprang from working farmers. Founded in 1921 by a small group of Minnesota dairy producers, Land O'Lakes today is the premier US dairy food and input supply producer with sales all across the United States and in more than 50 countries. It is still member-owned, now more than 300,000 members, either directly or through 1,000 community cooperatives that span 38 states representing a growing business; representing one of the world's largest producer networks; representing one of the main contributors to America's rural development.

Our vision is to bring our business concepts and support to producers and communities worldwide, helping them add value to the resources they have and the resources they can attract thereby helping them contribute economically to their own rural development.

### **Slide 3 – Cooperatives equal member strength**

Land O'Lakes approach is highly practical and very producer sensitive. We help producers improve the businesses they do well. Cooperative success has been enormous and extends far beyond farming to all of rural community life; and, it is beginning to succeed in poor urban areas.

About 25 percent of all US farm production is handled by cooperatives -- for milk the figure is 80 percent. Cooperatives have brought amenities to millions.

Electricity, telephones, housing credit services and many others by grouping their business and social needs.

And, work overseas is supported by the US cooperative community in the conviction that the tested techniques which have helped millions in developed countries can be adapted to support people in lesser developed countries attain a better way of life.

#### **Slide 4 – A Cooperative Perspective**

Central Planning caused the term “cooperative” to become pejorative to some. But to us and others worldwide, it represents a proven, effective approach to business development and therefore, to economic development in rural communities. It is applied in many ways, all based on the six basic concepts on the slide. Simple as it seems, it works because it empowers members, represents equity, represents a stronger negotiating position, and is based on well-tested market principles.

#### **Slide 5 – Cooperative Development Secret**

There is no secret to the success of cooperatives. It is not rocket science. It is all about people. The cooperative approach succeeds because it represents voluntary organization to build on whatever resources are available. As long as cooperation continues, the effort enhances the value of member resources.

For more than 40 years, American cooperatives have been an effective partner with the US Agency for International Development and the US Department of agriculture applying free market cooperative systems to achieve sustainable rural development. The biggest lesson-learned in cooperative development is that cooperatives must not operate in isolation. They must take their blinders off and realize that the cooperative is but one component in a marketing system. Our message to ECOSOC is that rural development practitioners and strategies also must remove blinders and realize that rural development can not be a stand alone activity. A strategy needs to be closely linked with efforts to build business systems, establish an enabling environment, create markets and trade opportunities.

Why are cooperatives integral to rural development?

Cooperative enterprises are based on economic incentive, solid business plans and a clear linkage within marketing systems that bring people into the mainstream economy.

The cooperative approach promotes grassroots democracy and empowers people through self-help, community action resulting in ownership of their cooperative business and long-term dedication to making the business work for its members.

Cooperatives jump-start rural development and lay the foundation for greater prosperity that enables community investment in their infrastructure.

## **Slide 6 – Land O’Lakes Approach; The Business of Food, Farming and People**

Since formation of our International Development Division in 1981, Land O'Lakes' has worked in over 100 countries, contributing to rural development driven by business solutions that eliminate production constraints, boost efficiency, introduce quality control systems, and increase the flow of agricultural products through a marketing chain.

## **Slide 7 – Land O’Lakes in Action**

Today our division implements food systems development projects in 30 countries including school nutrition programs in 5 countries in Asia funded by USDA. Let me provide you with a brief description of a few Land O’Lakes rural development activities where cooperative development is a strong component of the initiative.

### **Albania - Effective Producer Group Organization**

Our initial effort in Albania included more than 8,000 smallholder farmers – mainly women -- in intensive programs of education and outreach. Farmers were organized into 400 highly effective working business associations of 15 to 20 families. A team of 20 women extension agents, together with the groups, facilitated what is today Albania’s formal milk procurement system linked to processors, who’s products compete for market share with imported equivalents.

### **Uganda - Value-adding and Consumer Marketing**

In Uganda, Land O’Lakes has successfully organized 80 small farmer producer cooperatives and helped establish seven processing plants who are producing affordable, high quality products. These investments have stimulated growth of per capita consumption of dairy products by 15 percent. And Uganda is now a net exporter of dairy products;

### **Montenegro - Access to Services**

In Montenegro, a country-wide network of 33 rural producer associations with more than 9,000 members is operating. These associations have solved feed distribution problems by forming a Producer Trade Association. Last year alone,

one million dollars worth of feed inputs at bulk prices were purchased by the association directly from suppliers. Livestock productivity has significantly improved;

### **Malawi – Productivity through Breeding Services**

In Malawi, Land O'Lakes has assisted more than 18 Milk Bulking Groups to organize and provide extension to some 2,000 dairy producers. In partnership with World Wide Sires, 54 artificial insemination technicians have been trained including nine women that were the first female technicians in Malawi. These technicians have established 15 profitable breeding services. Processors are competing for this milk source, paying price incentives to farmers. Malawi's dairying capacity is improving;

### **Macedonia - Quality Control and Market Share Improvement**

The Land O'Lakes Macedonia Activity supported dairy and meat processing entities and sheep producers of special "mountain" cheese to sharply improve product quality and presentation. The meat and dairy producer market was overtaken with imports. A new industry association's quality certification program and branding strategy effectively promoted import quality domestic products to Macedonian consumers and encouraged processors to achieve ISO 2001 and HACCP quality standards. The result? They re-captured domestic market share and are exporting product.

### **Slide 8 - Summary**

There is effective power when farmers' cooperate around their shared needs and common purposes. Cooperatives, associations, special groups, call it what you will, this concept and approach effectively harnesses group power for the good of each member without compromising individual freedoms. Cooperatives continue to prove themselves the world over, performing even in the most seemingly chaotic circumstances. These are enterprises structured around the individual, functioning for the whole, and helping to propel both markets and societies into self determined prosperity.

Thank you for allowing me to share our perspective with you.