

## COOPERATIVES KEY TO ACHIEVING SUSTAINABLE

### AGRICULTURAL DEVELOPMENT

*By Emma McInerney<sup>1</sup>*

Agricultural and food cooperatives and other forms of collective action, including farmers associations and producer organizations, are critical to achieving food security, ending hunger and reducing poverty. Their unique nature, which combines both economic and social goals, makes them special types of enterprises that are motivated by supporting their members to run their own business rather than solely seeking profit gains. As member-driven organizations, agricultural and food cooperatives serve their members and communities by providing inputs without which their business would not be productive, processing their output, adding value and marketing it. Their contributions to poverty reduction, sustainable agricultural development and food security are becoming increasingly recognized.

Extreme poverty continues to be mainly concentrated in rural areas, affecting many subsistence producers, family farmers and landless agricultural workers. Many of these people also make up the majority of the 805 million people who still suffer from hunger<sup>2</sup>. Empowering small-scale producers, so that they can participate in rural development, is one of the main pillars of the Food and Agriculture Organization of the United Nations (FAO) efforts to reduce poverty and achieve food security.

In many developing countries, smallholder farmers face various barriers: they are dispersed, fragmented, face high transaction costs and have poor access to infrastructure. Small-scale farmers are typically unable to seize economic opportunities in the marketplace or influence policies that could affect them. Asymmetric asset endowment and unbalanced power with other actors, as well as lack of information, limit smallholder farmers' access to the resources they need in order to improve productivity, market their outputs, and participate in decision-making processes. Smallholder farmers are often excluded from markets, social choices and, in a broader way, development opportunities. (Herbel, Crowley, Ourabah, Lee, 2012).

#### **Cooperatives and producer organizations as service providers**

When small-scale farmers group themselves together in cooperatives and producer organizations, they can become active in shaping their own path out of poverty, overcoming the barriers they face and broadening their capabilities to play a greater role in meeting the world's growing food needs<sup>3</sup>. This is possible because of the

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<sup>2</sup> FAO, IFAD and WFP. 2014. *The State of Food Insecurity in the World 2014. Strengthening the enabling environment for food security and nutrition*. Rome, FAO.

<sup>3</sup> With the world's population projected to grow from around 7.2 billion today to 9.3 billion

broad array of services available to members of cooperatives and other innovative organizational arrangements. These services include enhancing access to and management of natural resources, inputs and outputs markets, as well as information and knowledge. Cooperatives and producer organizations also facilitate their members' engagement in policy and decision-making processes, so that they can make their voices heard.

### **Enhancing the capacities of agricultural cooperatives and producer organizations**

In order for agricultural cooperatives and producer organizations to become fully efficient and sustainable providers of services, they need to be empowered and build their own capacities. Three important dimensions need to be addressed in a capacity strengthening process. The first relates to building the technical, managerial and leadership skills of *individuals* within the cooperative and improving their access to the information and knowledge needed to perform their roles effectively. A second dimension is strengthening the *organizational* capacities of the cooperative itself so that it is self-directed, cohesive and responsive to its members' needs. This involves processes by which the organization sets – and adjusts, as needed – its vision, goals and structures in order to ensure its competitiveness and ability to provide high quality services to its members. A third and important dimension is the creation of an *enabling environment* within which the cooperative can develop and thrive. This includes developing transparent and sound regulatory and legal frameworks, a climate conducive to investment, as well as facilitating the creation of consultation frameworks and policy dialogue spaces between governments and various stakeholders including cooperatives. Addressing all these dimensions is critical to ensuring that cooperatives and their members can become empowered agents of change for sustainable agricultural development.

FAO recognizes that as important agents of change, agricultural cooperatives that are efficient and equitable (i.e. inclusive and gender-sensitive) bring essential and innovative solutions to the challenge of achieving food security and eradicating poverty worldwide. Indeed, cooperatives and producer organizations are strategic partners for FAO in the implementation of its Strategic Framework 2010-2019.

The International Year of Family Farming 2014 has been an occasion for FAO to promote the important role of cooperatives and producer organizations in unlocking the potential of the family farming sector for more sustainable agricultural development. This potential can be realised through the collective action of smallholder family farmers in cooperatives and other organizational arrangements that enable smallholders to enhance their productivity and livelihoods and benefit from a wide range of economic and social services. Efficient, inclusive and well-performing cooperatives that provide a variety of beneficial services to their members can play a key role in ensuring enhanced contributions of smallholders and small family farmers to the achievement of food security and sustainable development.

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in 2050, agriculture will need to produce 60 percent more food globally, and 100 percent more in developing countries, if it is to meet demand at current levels of consumption: *Building a common vision for sustainable food and agriculture: principles and approaches*, FAO 2014

## **FAO's support to cooperatives and producer organizations**

The Organization's support to cooperatives and producer organizations is provided in four key areas: (i) through capacity development activities (based on the three dimensions outlined above) that aim to support the development of producers' technical, managerial, organizational and marketing skills as well as their inclusion in value chains and networks; (ii) through the production of knowledge sharing materials and disseminating information and knowledge to cooperatives and producer organizations as well as to wider audiences; (iii) assisting member governments to foster an enabling environment for cooperatives and producer organizations to form, develop and thrive; and (iv) enhancing the ability of cooperatives and producer organizations to effectively participate in policy dialogue processes and to advocate for their members, making their voice heard.

Empowering marginalized social groups is an important focus of FAO's work. There is a need to enhance gender equality within agricultural cooperatives. The role of rural women in agriculture is crucial, however they often have less access than men to the resources and opportunities they need to ensure productivity in agriculture and the wellbeing of their families and the generations of the future<sup>4</sup>. Ensuring rural women's equal participation in cooperatives is key to overcoming these barriers and to enhancing their important contributions to food and nutrition security. FAO also recognizes that rural youth need to be supported, including through their engagement in agricultural cooperatives, as they are the future of food security.

## **FAO partnering with cooperatives and producer organizations**

Meeting the challenge of global food security and sustainable agricultural development cannot be done by any one actor alone. An important role of FAO is facilitating *multi-stakeholder platforms and processes*, in which cooperatives may voice their needs and interests in dialogue with other strategic actors, including governments, private sector, civil society and other relevant actors. At the global level, FAO facilitates the participation of cooperatives and producer organizations in multi-stakeholder processes and policy-making fora. Examples include in the Committee on World Food Security (CFS), the Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, the Second International Conference on Nutrition (ICN2), the International Symposium on Agroecology for Food Security and Nutrition, as well as FAO Technical Committees and Governing Bodies<sup>5</sup>.

FAO also promotes and engages in *multi-stakeholder partnerships* involving agricultural cooperatives and producer organizations to support achievement of food security. A strategic partnership for FAO at the global level is the Committee for the Promotion and Advancement of Cooperatives (COPAC), currently chaired by FAO. This is an important platform for FAO to advocate, along with the other COPAC

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<sup>4</sup> International Year of Cooperatives, Issue Brief Series, *Agricultural cooperatives and gender equality*, FAO, IFAD, WFP. 2012

<sup>5</sup> FAO Technical Committees include: the Committee on Agriculture, the Committee on Commodity Problems, the Committee on Fisheries; and the Committee on Forestry.  
<http://www.fao.org/unfao/govbodies/gsbhome/gsb-home/en/>

members<sup>6</sup> for the critical role cooperatives play in food security and sustainable development.

Facilitating the development of peer-to-peer, multi-stakeholder partnership approaches among farmers at country and regional levels in support of agricultural cooperatives and producer organizations is another key area of FAO's work. An example is the multi-stakeholder, peer-to-peer partnership in Burkina Faso for the development of the national oilseed value chain to support achievement of food security in the country. This innovative partnership is aimed at strengthening the position of farmers from Burkina Faso along the oilseed value chain by developing strategic partnerships with various stakeholders, thereby supporting their income and national food security. FAO is playing a key facilitation role in the partnership, drawing on the respective contributions of each partner in the initiative and realizing synergies, to ensure that the results of the programme are maximized.

Building on the momentum generated by the International Year of Cooperatives 2012 and the International Year of Family Farming 2014, FAO continues to support the advancement of the global agenda for cooperatives and producer organizations for food security and sustainable development. As important vehicles for reducing rural poverty and generating employment opportunities for women, men and youth in rural areas, agricultural and food cooperatives are critical partners in efforts to achieve sustainable agricultural development and food security worldwide.

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<sup>6</sup> The other members of COPAC are: the UN Department of Economic and Social Affairs (DESA); the International Labour Organization (ILO); the International Co-operative Alliance (ICA); and the World Farmers' Organisation (WFO).