

Business Models for Farmer Marketing, Supply, and Credit Cooperatives

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The course was presented by Dr. James R. Baarda and moderated by Dr. Kenneth R. Hinga, both from the United States Department of Agriculture. The course focused on the role and characteristics of rural cooperatives, related laws and the principles on which the cooperatives operate, as well as their operation process and financing including tax and credit systems. The lectures addressed challenges faced, and lessons learned over the years by the cooperatives in the United States as a case in point.

According to Dr. Baarda, there were over 15,000 cooperatives in the United States, with largest of them having been agricultural ones. In essence, cooperatives could be defined as businesses with special purpose that were service oriented, based on principles and covering practically all sectors of US economy. It was emphasized that the cooperative's main purpose was to provide and distribute benefits to its members, and to be effective, decisions needed to be made collectively in a participatory manner, including investment decisions. The role of facilitators and government assistance was highlighted at different stages of cooperative development. Such assistance could include not only financial but also technical assistance, education and research support.

Farming, or rural cooperatives were principally organized to facilitate their members' access to markets, give them bargaining power, and add value through enabling them to receive better supplies and services. From the risk management perspective, cooperatives were created to shield their members against market system failures, market uncertainties, enable them to profit from economies of scale, or identify and develop new markets, improve supply management, and provide other social, and possibly environmental benefits.

Besides purely economic benefits that the concept of cooperatives could bring as added value to its members, there were significant social and environmental benefits that might be derived from such approach. For example, maintaining and preserving land, increasing efficiency were activities that could be greatly facilitated by this mechanism. On the social dimension, benefits could include reinvestment of profits into infrastructure development and improved social services.

Through interactive discussions, the course stressed the relevance of this cooperative approach in other countries. References were made to different international assistance in cooperative development, given through government, international and non-governmental channels. Farmer-to-farmer technical assistance and exchange of experiences were also mentioned as happening in some cases.