

# Role of cooperatives in agriculture in Africa

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## ROLE OF COOPERATIVES IN AGRICULTURAL DEVELOPMENT AND FOOD SECURITY IN AFRICA

BY

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### Introduction

**Agricultural co-operatives** are agricultural-producer-owned coops whose primary purpose is increase member producers' production and incomes by helping better link with finance, agricultural inputs, information, and output markets. Publication of the *ATA Agricultural Cooperatives Sector Development Strategy 2012-2016*, 2012

The large-scale introduction of agricultural coops in the 1970s and 1980s, with compulsory membership, was associated with declining agricultural output per capita. In Ethiopia, when farmers were allowed to join or leave cooperatives at will in 1991, cooperative membership fell drastically and yields rose.<sup>8</sup> Certainly, there have been cooperative success stories in the region for instance the dairy sector in Kenya, coffee in Ethiopia, and cotton in Mali, for example. The examples of Taiwan, India, and Vietnam also show that cooperatives can be instrumental in sector transformation. Unfortunately, to date, no African country has achieved a sustained and large scale increase in staple crop yields as a result of cooperative action and many cooperative development programs have failed to achieve their objectives or have even been counterproductive.

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The purpose of agricultural cooperatives is to help farmers increase their yields and incomes by pooling their resources to support collective service provisions and economic empowerment. Given their primary remit to contribute to smallholder farmer production, agricultural cooperatives are seen as critical in achieving the government's development targets in the Growth and Transformation Plan, and focusing on other types of cooperatives requires an alternative framework for analysis.

The main categories of agricultural co-operatives fall into mainstream activities of agricultural undertaking including **supply of agricultural inputs, joint production and agricultural marketing**.

Input supply includes the distribution of seeds and fertilizers to farmers. Co-operatives in joint agricultural production assume that members operate the co-operative on jointly owned agricultural plots. The third category consists of joint agricultural marketing of producer crops, where farmers pool resources for the transformation, packaging, distribution and marketing of an identified agricultural commodity.

In Africa, however, the most popular agricultural co-operative mode has historically been the marketing of agricultural produce after small farmers have individually completed their farm production operations. But in some cases, agricultural co-operatives have combined both input distribution and crop marketing.

### **Role of Co-operatives in agriculture**

Agricultural cooperatives facilitate small producers'

access to:

- Natural resources such as land and water
- Information, knowledge and extension services.

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- Markets, food, and productive assets such as seeds and tools.
- Policy and decision making

Cooperative development in many countries has shown that farmers who are effectively organized can benefit from aggregated links to markets and services, from accessing centralized services that can help them achieve higher yields and higher incomes, and from speaking with a collective voice to advocate for their needs. At a global level, countries with the highest share of cooperatives in marketed outputs (e.g., Taiwan, Korea, the Netherlands, France, etc.) also have high average yields for staple crops like rice and wheat, as well as substantial cash crop exports. In Ethiopia, farmers who are members of cooperatives tend to achieve higher yields, and staple crops that are marketed through cooperatives attain a price premium of around 7-8%.<sup>5</sup> Indeed, the 2008 World Development Report reviewed the evidence and concluded that “Producer organizations are essential to achieve competitiveness for small-scale producers.” (Wanyama, 2008)

Agricultural cooperatives help farmers solve a collective action problem, i.e. how to procure inputs most efficiently and market their outputs on more favorable terms than they could achieve by themselves. Accordingly, Ethiopia’s Growth and Transformation Plan foresees a central role for agricultural cooperatives in increasing the productivity and household income of smallholder farmers.

Co-operatives are used by the government and NGOs to extend training and other capacity building initiatives. Many stakeholders use co-operative structures to build capacity in post harvest handling techniques as well as commodity (maize and beans) quality. To date not only has post harvest losses reduced significantly, also become one which has improved market

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opportunities for the smallholder farmers.“ Some co-operatives offer services to members as a way of building their capacity. Farmers can receive training on production techniques and post harvest, as well as literacy training, or business and marketing building workshops.

With access to market being one of the most difficult challenges, the role of co-operatives in helping them to exercise economies of scale is increasingly important. Through co-operatives, farmers can attract traders and institutional buyers, and increase their negotiating power.

Co-operatives have also started apart from agriculture to emerge in other sectors such as transport or commodity transformation, with people buying trucks and milling machines and starting their own enterprises. These new activities benefit the communities through employment creation as well as service provision. This creates more income within the community and enhances food security.

### **Best practices**

#### **Agricultural co-operatives in Ethiopia**

In Ethiopia Agriculture accounts for 84 percent of Ethiopia’s labor force, and because of the country’s fertile land, available water resources and large labor pool, agriculture holds significant potential to improve incomes and food security, especially in rural areas. Yet, at a learning consultation in Addis Ababa earlier this year, Increasing Women’s Participation in Cooperatives in Ethiopia, sponsored by AGP-AMDe and the Ethiopia Agriculture Transformation Agency (ATA), stakeholders agreed that Ethiopia cannot realize its potential if it does not more fully engage women in agricultural development activities and decision making.

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These co-operatives look at ways of incorporating women in productive activities. the government of Ethiopia is creating more common interest groups similar to self-help groups, with between 15 and 20 members—to support and improve women’s involvement in various agricultural enterprises.

### **Agriculture in Morocco**

The IFAD programme in Morocco which targets women and youths into agriculture has created more than 20,000 jobs enabling the groups to become more integrated into the communities. Young farmers have become role models in contributing to the wealth and stability and making the place where agricultural business can thrive.

### **Catfish and vegetables transform life for vulnerable youth in Nigeria**

Not only is Nigeria the most populous country in Africa, it also has the largest youth population in the region. Moreover, about 70 per cent of Nigerians aged 15 to 24 are unemployed.

Harnessing this creative energy could help transform the country, and push the entire continent forward. Publication by IFAD, fulfilling the promise of African agriculture IFAD IN AFRICA

Retrieved from [www.ifad.org/.../africa](http://www.ifad.org/.../africa)

In the Niger Delta, an area better known best for violence than farming, IFAD targets disadvantaged youth through the Community-Based Natural Resource Management Programme. By providing financial and technical resources, the programme has helped youth turn catfish and vegetable farms into vibrant, profitable businesses. At the same time, it has enhanced community cohesion, reduced violence and increased access to nutritious food. Publication by IFAD, fulfilling the promise of African agriculture IFAD IN AFRICA Retrieved from [www.ifad.org/.../africa](http://www.ifad.org/.../africa)

### **Agricultural cooperatives transform lives in Kenya**

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The Githunguri coffee and daily agricultural co-operatives are making lives of many Kenyans flourish.

Currently the cooperative has grown tremendously to 17,000 registered members, annual turnover of Ksh 3 billion and an average of 170,000 litres of milk per day. This growth has emanated from a proactive response to be successful in pursuit of significant growth in a rapidly changing economic, social and political environment. In July 2004 the society commissioned its own milk processing plant and was able to access wide market through value addition and wide range of dairy products. The investment resulted from members contributing Kshs 1 for every kg of milk sold. Today Fresha has revolutionized the Dairy industry in Kenya. Retrieved from [www.fresha.co.ke/](http://www.fresha.co.ke/)

### **Challenges**

Some of the problems faced by agricultural cooperatives have been, among others, poor management, lack of capital resources, inadequate training, extension and education programmes, lack of communication and participation among members, feudalistic Characteristics of society, unclear and inadequate government policies on the development of agricultural cooperatives, high fragmentation of land holdings, and weak linkages among the activities of the cooperatives e.g., production, credit, marketing etc (FAO. 2010).

**To overcome such problems**, some of the measures taken by the governments and movements have been: re-assessment and improvement of farm policies, human resource development through formal and informal training of members, development of commercial partnership and joint ventures with private enterprises, development of marketing and agro-processing, implementation of self-reliance projects, diversification of agricultural products including the

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development of export-oriented crops through contract farming, promotion of universal membership, and strengthening of legal framework of cooperatives (Birchall, 2003).

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