



## **INTERNATIONAL DAY OF CO-OPERATIVES 5 July 2003**

### **FAO cooperative development activities**

#### **The changing context: "Cooperatives make development happen!"**

More than a decade of decline in government assistance to the agriculture, coupled with governmental decentralization and liberalization of market conditions have led to a dramatic fall in public services to rural areas that has led to a weakening of farmer organization business competitiveness, increased rural poverty and restricted national economic growth.

These have been difficult times for farmers' organizations and rural co-operatives, but they have also encouraged needed innovation and change. Many of the weaker co-operatives heavily dependent on state support have perished, yet many more still are learning how to survive under the new market conditions, to mobilize their own capital to finance growth and to compete. In a positive sense, these challenges cooperatives face have stimulated more innovative thinking within the movement and placed more emphasis on promoting member-driven and financed approaches to co-operative development. In short, it has led to a rediscovery of those basic cooperative values of group solidarity and collective self-help.

Governments, international lending institutions and donors alike are also beginning again to realize that years of neglect in development assistance to the rural sector needs to be redressed and that farmer based -organizations, including co-operatives, do have the potential to make development happen. The World Bank's new Rural Development Strategy echoes this shift in emphasis towards financing more people-centered Community Driven Development approaches to reduce rural poverty and promote more sustainable rural development.

#### **FAO emphasis: agricultural co-operative business development**

FAO's co-operative development programme aims at building farmer self-help capacities by strengthening agricultural co-operative business competitiveness in liberalized markets. This has been done through:

- Provision of policy advice on co-operative and farmer group enterprise development to member countries
- Preparation of issue papers and normative guidelines on key problems affecting co-operative development.

- Development and production of training materials and resource books on agricultural and farmer group development

*In 2002-2003 FAO is paying special attention to:*

- Strengthening farmer organization competitiveness in global markets within context of EU accession in Central and Eastern Europe as well as in LDCs.
- Computerization of agricultural co-operatives;
- Co-operative finance and co-operative governance; and
- Strengthening of multi-stakeholder consultative mechanisms at local and higher levels.

### **FAO normative products in support of agricultural co-operative development**

FAO's co-operative development assistance field programme is based on the Organization's normative products, including the following policy papers, guidelines and manuals and resource books on group enterprise and co-operative development:

#### ***Developing producer groups and rural organizations in Central and Eastern Europe – issues and challenges***

- This study is a synthesis analysis of information gained through series of recent workshops and conferences on farmer organization and co-operatives development in Eastern Europe. The objective of the study was to assess the present status, problems and technical assistance needs of co-operatives and other farmer/producer organizations in the ten "EU accession countries" of the sub-region. The lessons learned from experiences in those ten countries will prove useful in developing policies and strategies and formulating and implementing technical assistance programmes and projects aimed at promoting more autonomous and financially sustainable farmers/producers organizations in other CEE countries.

#### ***Agricultural development and the empowerment of African farmers: perspectives and policy recommendations***

- This paper is based on a review of case studies on local government-private sector-farmer organization partnership experiences conducted during 2000-2001 by local researchers in seven African countries: Cameroon, Ethiopia, Kenya, Mali, Rwanda, Senegal and Zambia and on the results of discussions at an FAO-ICA sub-regional workshop on the topic in March 2002.

### ***Co-operative finance and improved member governance:***

- In collaboration with the University of Missouri USA, a draft issue paper is being prepared that reviews a variety of approaches that agricultural co-operatives in North American European and Australasia use to finance their business operations and examines their impact on co-operative governance and potential for strengthening co-operative self-financing capacities in developing countries.

### ***Guidelines on agricultural co-operative business computerization***

- Preparation of regional issues papers on experiences in computerization of agricultural co-operatives in Africa, Asia and Latin America in 2003 that will be used as an input into development of normative guidelines on computerization of agricultural co-operatives in 2004.

### ***Agricultural co-operative development – a manual for trainers***

- In the framework of its cooperative training of trainers programme aimed at helping developing countries and countries in transition transform their agricultural cooperatives into genuine self-help organizations, FAO has published an innovative manual geared to encouraging greater membership participation, improving management and familiarizing political and administrative decision-makers with new cooperative development approaches. The original version of the training manual is composed of seven modules, as follows: Understanding Cooperatives; Participation & Learning; Communication; Organizational Development; Cooperative Management; Tools for Planning and Organizing Cooperative Activities; Participatory Appraisal, Monitoring and Evaluation.
- The English version of the manual, originally published in 1998, has been reprinted in 500 copies in 2002. This issue includes an additional module on accounting and is now widely disseminated
- In 2001, the French version, in 2003 the Spanish version of the Manual were also published and are being disseminated. The French version was prepared in collaboration with the ICA Regional Office for West Africa (ROWA).
- Preparation of the Arabic language version is in progress and it is expected to be published later this year.
- For web publishing the PDF files in English, French and Spanish have been prepared.

### ***Group savings resource book***

- This FAO manual on group-based approaches to enterprise development has now been printed and is being distributed. The book highlights the important role that informal savings plays in capital accumulation and development, on how to organize a savings group; it introduces a variety of

informal and formal mechanisms for group savings and credit; and provides a set of tools for monitoring financial performance.

- The Arabic, Spanish and French versions of the manual will be completed and ready for distribution later this year.

### Ongoing field projects:

- **Thailand:** TCP/THA/0165 Capacity Building for Promotion of Co-operative Small Farmer and Women Group Activities (Approved in March 2001). Nearing completion, a final evaluation workshop was held in March 2003.
- **Uganda:** TCP/UGA/2904 (T) Strengthening sustainable farmer groups and associations. This project, which is in support of the World Bank-financed NAADS Service Programme, has just commenced field operations. The duration of the project is 16 months.
- **Sierra Leone:** TCP/SIL/2803 (T) Emergency Assistance for the Reintegration of War-Handicapped and other Disabled Persons.
- **Albania:** GCP/ALB/005/ITA "Agriculture Production Support in Albania". Project implementation started in January 2003. The project has a strong farmers' associations' component.
- **Serbia:** GCP/FRY/001/NET "Development Assistance to Livestock Farmers in Serbia," Project implementation is in progress, three livestock farmers' cooperatives will be established.
- **Ghana:** Agricultural Services Sub sector Investment Project (AgSSIP), This World bank funded project has a Farmer-Based Organization (FBO) Development component composed of five sub-components: (1) Policy and regulatory framework (2) Strengthening the capacity of agencies promoting FBOs (3) Promotion of the development of FBOs at grassroots level (4) Education and training of FBOs and (5) : Establishment of FBO Development Fund. FAO provides technical assistance in the implementation of the FBO component. An Implementation Support Mission was carried out by FAO in February 2003.

### Projects under development

- **Kenya:** Computerization of agricultural co-operatives and emerging producer associations. The revision of the draft TCP project document presented by the Kenya Government is now being finalized and will be submitted for FAO funding approval next week. It will involve the development and field testing-- in one primary co-operative society--of a prototype computerized information system for agricultural co-operatives.

- **Mozambique:** Livelihoods Support Programme sub-programme on “Participatory Policy Reform.” A project identification mission has just returned from Mozambique and FAO is now in the process of examining a series of project intervention options probably in Manica Province. Some project field activities are likely begun before end of this year.
- **Nepal:** Poverty Alleviation and Enhanced Food Security through Institutional capacity Building for Agricultural Co-operative Development in Nepal (TCP project still in the pipeline)
- **Malta:** Assistance in strengthening the organizational and business capacities of agricultural co-operatives in Malta. A project identification mission was carried out by FAO in late 2002. A TCP project request has been submitted, project document is being prepared.

## Meetings held

- *Sub-Regional Workshop on Agricultural Development and the Empowerment of African Farmers*, FAO-ICA, Nairobi, Kenya, 13-15 March, 2002, attended by national researchers, practitioners and policy makers from eight African countries.
- *Round Table on Globalization and Liberalization – Challenges Options for Agricultural Co-operatives & Strategic Action Plans for Agricultural Co-operative Development and Executive Committee Meeting of NEDAC* (Network for the Development of Agricultural Co-operatives in Asia and the Pacific) held at the Regional Office for Asia and the Pacific (RAP) from 29 January – 1 February and on 2 February, 2003 respectively.