



**WORLD FARMERS'
ORGANISATION**

ADOPTED BY WFO GENERAL ASSEMBLY
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**WFO POLICY ON
THE CONTRIBUTION OF
THE ROLE OF COOPERATIVES
TO THE SUSTAINABILITY
OF AGRICULTURE AND
FOOD SYSTEMS**

Executive Summary

Guiding Principles

- **Voluntary and open membership:** The membership of a cooperative is open to all those who have a common interest, those who are convinced of its benefits and those who are prepared to share the benefits and responsibilities involved in such a membership.
- **Democratic member control:** Cooperatives, including agricultural cooperatives, are democratic organizations controlled by their members, who use the services of the cooperative and are equally and actively engaged in the decision-making process of the organisation.
- **Economic and social benefits:** Cooperatives are generally considered powerful vehicles of social inclusion, political and economic empowerment of their members. In fact, cooperatives represent an adequate business model to enhance cooperation and joint advocacy between different stakeholders and empower small size producers that would not have access to market otherwise.

Policy Recommendations to empower agricultural cooperatives

- Investments should be encouraged in the farming sector to strengthen organised agriculture. In fact, agricultural cooperatives play a key role in shaping the farming sector in different Countries by organizing farmers, empowering them both economically and socially, creating jobs and bringing farmers into business models that are resilient to both economic and environmental shocks.
- Cooperatives should be strengthened as they empower farmers, including women and youth, by increasing farmers' economic and bargaining power, shortening the value chain they operate in and linking them with consumers, creating economies of scales. Also, cooperatives facilitate farmers' access to resources, including land, technology, information education, funds, insurances, social services, that individual farmers may otherwise not be able to access alone.
- The cooperative model should be recognised as an innovative business model that strengthens the farming sector and unlock its potential by gathering members, enhancing cooperation and joint advocacy between different stakeholders, increasing members' livelihoods thus contributing to the sustainable development of both rural and urban communities. In this view, the cooperative model embodies the core principles of the 2030 Agenda: leaving no one behind and strengthen partnerships to succeed.

Preamble

Agriculture is central to the world economy, being the main source of income in many areas of the world, especially in developing Countries. Therefore, agricultural **cooperatives play a key role in shaping the farming sector in different Countries by organizing their members, empowering them both economically and socially.** In fact, **cooperatives support farmers, especially the most vulnerable and marginalized like for example women, youth and small-scale farmers in general, by bringing them together in an organized structure, by creating jobs and bringing farmers into business models that are resilient to both economic and environmental shocks.** Also, with regards to family farmers and considering the UN Decade on Family Farmers 2019-2028 that was launched by the UN in December 2017, cooperatives can strengthen farmers, help raise awareness on the key role of family farmers in the society as well as work as intermediary between family farmers and governments to make the farmers voice be heard and possibly lead to the adoption of favorable national policies¹. **Through cooperation, gender equality in family farming is also recognized and ensured and farmers have easier and equal access to markets, services, information, resources, training, technology, decision-making processes, as well as a stronger support while negotiating with other stakeholders like for example suppliers, retailers, middle-men, banks, insurers.**

Guiding Principles

Voluntary and open membership

A cooperative is a special type of organization, its business is determined based on its membership. The membership of a cooperative is open to all those who have a common interest, those who are convinced of its benefits and those who are prepared to share the benefits and responsibilities involved in such a membership.

Democratic member control

Cooperatives, including agricultural cooperatives, are democratic organizations controlled by their members, who use the services of the cooperative and are equally and actively engaged in the decision-making processed of the organisation.

Economic and social benefits

Regardless of the sector they belong to, **cooperatives are generally considered powerful vehicles of social inclusion, political and economic empowerment of their members. Farmers in agricultural cooperatives can get access to markets and value chains that would otherwise be beyond their reach.** In fact, cooperatives represent an **adequate business model to enhance cooperation and joint advocacy between different stakeholders and at the same time simultaneously, empower small size producers** that would not have access to market otherwise.

¹ <http://www.fao.org/3/ca4672en/ca4672en.pdf>

Main pillars for promoting and strengthening agricultural cooperatives

Recognising the role of agricultural cooperatives

Agricultural cooperatives play a crucial role in the implementation of a farmer driven approach towards sustainable development and food systems. In fact, given their structure and functioning, **agricultural cooperatives empower farmers** by increasing their livelihoods, reducing poverty, improving food security, contributing to the development of rural communities by creating jobs and generating incomes.

Cooperatives for youth empowerment and generational shift in family business and farms

Young farmers represent the future of agriculture. However, as well as women, they usually face several barriers in accessing and/or remaining in the farming sector. Unfortunately, it is difficult for young farmers in many Countries, both developed and developing, to perceive agriculture as a remunerative profession, increasing incomes that can boost farmers', including family farmers', livelihoods. This leads to youth migration to cities, with consequent negative impacts in terms of over-urbanization and depopulation of rural areas. Also, especially in the case of developing Countries, where rural communities are based on cultural traditions and customary practices characterized by hierarchical relationships, youth participation in organizations and cooperatives is complicated as leading and active roles are usually taken up by older members of the community. **Agricultural cooperatives can empower rural youth by providing a network, job and skills training on on/off farms jobs, training and capacity building opportunities, engagement in decision-making processes at all levels, easier access to financial and non-financial services.** Youth can receive the financial and non-financial services along with the introduction to new agriculture enterprises through cooperatives.

Empowering women farmer

Cooperatives are of key relevance for women farmers especially in developing Countries **as they offer support and network**, strengthening women's self-esteem and confidence first, as well as **providing them with greater power in negotiating prices and contract terms and in the decision-making processes of their organizations and communities.** Cooperatives are widely regarded as a vehicle for development and empowerment of people. The importance of the cooperative model is seen in terms of expanding women's opportunities to participate in different social and economic activities, thereby contributing to their empowerment and financial independence, and gender equality as clearly indicated in the targets of SDG 5: Gender Equality. **Gender integration in cooperatives, active and equitable participation of members, both men and women, is a necessary condition for a sustainable cooperative development.**

Increasing farmers' resilience

Given their structure, where both risks and benefits are shared, **agricultural cooperatives can help farmers, including small scale and family farmers, to better cope with challenges** that affect rural communities, **including climate change, resource scarcity, food insecurity and malnutrition, food loss and waste**, boosting the potential of agriculture to contribute to carbon sequestration, sustainable management of natural resources, reforestation, renewable energy production among others.

Policy Recommendations to empower agricultural cooperatives

1. Boosting the adoption of the cooperative model as an innovative approach to agriculture and sustainable development

Innovation goes beyond the mere adoption of new technologies, also meaning a new approach to agriculture and a new way of involving farmers in the decision-making process. With this perspective, the **cooperative model is innovative itself and embodies the core principles of the 2030 Agenda** namely, leaving no one behind and strengthen partnerships to succeed. **Through cooperatives, farmers get power as they improve their access to services and resources, including knowledge, information and technology as they can afford such inputs better together and also learn to utilize them in the best manner to maximize their incomes.** Also, they innovate the way people think of agriculture because **cooperatives strengthen farmers and unlock the potentials of the sector in many ways.** In many Countries, especially developing ones, the cooperative model is still far from being available. Areas where agriculture is not organized, and farmers are disaggregated and thus weaker as economic and social actors. Therefore, **investments should be made in the agricultural sector to favor the creation of farmers' organizations and cooperatives to strengthen the farming sector with a positive impact on the three pillars of sustainability: economic, social and environmental. To do so, farmers' voices need to be heard** to create an enabling policy environment that recognizes the role of agriculture in achieving the SDGs, ensuring farmers' leading role in the decision-making processes.

2. Making value chains fairer

Farmers are the first actors of usually very long supply chains, facing several constraints in maintaining their bargaining power and accessing the markets, in bringing forward the concept that they are producing much more than just raw materials (food is nutrients, culture, traditions), **often victims of unfair commercial practices, especially in case of small-scale farmers in developing Countries.** In such contexts, despite the risk for farmers to become dependent of cooperatives' support, **cooperatives can truly play a key role in mobilizing farmers, shortening**

the value chain thus linking closer farmers and consumers, creating economies of scale for the farmers as they join efforts in the production and marketing of the products. Moreover, they can also facilitate, with the concerned stakeholders, the establishment of small-scale industries and the promotion of cooperative farming. Labelling systems are also useful tools for farmers to ensure more value added for their products, enhancing local markets and sustainable development, shortening value chains.

3. Investing on cooperatives to enhance agricultural data retrieval and retention

In spite of the global impact and achievements of cooperatives worldwide, their effectiveness and outcomes in the competitive world economy is not as visible or their development impact is yet to be highlighted. Data on cooperatives around the world are collected in different ways, without a harmonized statistical definition of cooperative, without referring to comparable classifications of types of cooperatives and types of members, or to comparable methodology for measuring workers employed or cooperatives' economic contribution. This results in widely varying statistics and different types of information being collected and prioritized. **Governments, as well as other relevant public and private stakeholders, should invest more to strengthen organized agriculture as well as to support farmers and their cooperatives in collecting data, make them accessible to farmers as well as other actors, while always ensuring farmer' ownership.** Private and public extension services would support cooperatives to increase effectiveness in data retrieval and repository.

4. Create and enabling policy environment to foster rural communities' resilience

Governments should create an enabling policy environment for cooperatives to operate and help rural communities adopt local prevention and adaptation practices to reduce the impacts of natural hazards including alternative production practices, as well as in affording insurance schemes that can increase the resilience of rural communities to counter climatic hazards. Climate change effects cause severe impacts on people's livelihoods globally, particularly in the remote rural areas of developing Countries, affecting marginalized groups such as women, children, and the elderly, farmers, as well as resources and infrastructures. **Agricultural cooperatives can play an effective role in leading community level responses to natural disasters and climate change effects.** Furthermore, **they also facilitate links between rural communities and public - private institutions,** as well as disseminate useful weather information amongst rural communities to ensure timely early warning about disasters or to promote adaptation and mitigation strategies.

5. Boosting the use of renewable energy at the farm and community level

In rural communities, **cooperatives can play a central role also in the development of renewable energy communities** which include the voluntary participation of the various subjects involved in the processes and finalized, through production and the use of renewable energy sources, **to provide environmental, economic and social benefits to members as well as in the local areas in which they operate.** In this context, the participation of farmers and their organisations is strategic to improve integration of agricultural realities in the local socio-economic context. **In addition to this, cooperatives can work in close collaboration with different stakeholders to facilitate the increasing use of environment friendly alternative energy models** such as biogas, solar energy, preservation of local seeds, conservation of agroforests, promotion of family farming activities and climate smart agricultural practices.

6. Promoting the adoption and implementation of cooperatives as a business model to boost food security

According to 2021 SOFI, **between 720 and 811 million people in the world faced hunger in 2020²**, a year that saw great economic and social losses and an exacerbation in the level of undernourishment and malnutrition due to the Covid-19 pandemic outbreak. **Governments should commit to adopt and implement food security policies focused on the need to increase domestic food self-sufficiency by strengthening production. This would mean creating an enabling environment to fostering diverse farming entities, including agricultural cooperatives, farmers' organisations, family farmers, providing them with adequate assistance against challenges** including natural disasters, lack of infrastructures, access to inputs, as well as fair trade policies. Also, policies and financial mechanisms should be put in place to facilitate the adoption and implementation of cooperatives as business models.

7. Promoting the cooperative model to foster social development

Agricultural cooperatives can also play a key role in what is called *social or care farming*. This term **refers to the multi-functional aspect of agriculture**, meaning that **agriculture can produce so much more than food, many non-commodity outputs.** This includes **social, health and educational services for marginalized and vulnerable groups** like women, children and youth, persons with disabilities, elderly, **while at the same time creating jobs in rural areas and possibly strengthen rural-urban linkages through farming and farm-related activities.** Those activities can include job and skills training, information sharing, networking, volunteer opportunities, awareness raising activities, therapy groups, school farms, advocacy activities.

² <https://www.fao.org/3/cb4474en/online/cb4474en.html#>

Governments and other stakeholders in the value chain should recognize, support and promote this innovative way to perceive farmers and agriculture as key persons and key sectors of the society, to unlock the potential of the agricultural sector towards more sustainable, inclusive and resilient food systems.

8. Fostering investments on cooperatives for the transition to sustainable food systems

The increase in the demand and quality of food, the rising levels of malnutrition and non-communicable diseases (NCDs), as well as other global threats such as climate change, biodiversity loss, scarcity of natural resources, **is pushing our society towards a radical change on how food is produced and consumed and towards more sustainable and resilient food systems. Agricultural cooperatives**, with their collaborative and inclusive nature, **can contribute to this challenge in many ways** both on the consumers' and producers' side, including for small scale farmers and family farmers: generating incomes for farmers, increasing farmers' access to financial and non-financial services (i.e. technologies, education, market access) building and strengthening local communities also in remote rural areas, bridging the gap between rural and urban areas, linking farmers to consumers, achieving risk sharing for the farmers thus facilitating the use of sustainable farming practices. Therefore **governments**, as well as **other stakeholders including private sector and financial institutions, should invest more in cooperatives to apply a systemic approach to the transition towards sustainable food systems.** The overall value chain should be engaged in this shift from the production to the consumption phase.

9. Increasing risk management through cooperatives

Agriculture is an economic activity and a very risky business as farmers face huge trade and production risks that make their incomes volatile and vulnerable to different kind of shocks. These risks represent a major challenge and a financial problem for all farmers, especially small-scale ones and particularly in developing Countries, causing economic and social crisis, poverty, food insecurity among others. **Investing in strengthening cooperatives could mitigate those risks thus empowering farmers and rural communities.** In fact, **cooperatives play a key role** as the agency representing farmers' interests and requests against insurance providers like NGOs, development banks, private foundations, insurance companies, also reducing credit risks and guaranteeing that their members honour their financial commitments. Moreover, alternative instruments to insurance can be developed on a voluntary basis, such as mutual funds, for a shared climatic and phytosanitary risk and health emergencies management among the participating farmers. Creating a common solidarity fund would play an important role in agricultural risk alleviation.



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