

How to start or be in a Union or Cooperative

Area 3 – Social and Economic Aspects

Lesson 10 – Policy and Management

Sequence ID – 33

AUTH





DISCLAIMER

A3.L10.T2 How to start or be in a Union or Cooperative?

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Overview



- The International Cooperative Alliance (ICA, 2005) defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”
- An agricultural cooperative is a cooperative where farmers pool their resources in certain areas of activity.
- Agricultural cooperatives play an important role in supporting small agricultural producers and marginalized groups such as young people and women. They enhance their members power from economic and social aspect and create sustainable rural employment, providing a wide range of services, training, credit, information, communications and technologies.

References:

- <https://www.youtube.com/watch?v=iLkNZsDXLpw>
- Agricultural Cooperatives (2017) - <https://slideplayer.com/slide/13636355/>

Types of Agricultural Cooperatives

i) Supply Cooperatives:

They supply their members with inputs for agricultural production, including seeds, fertilizers, fuel, and machinery services.

ii) Marketing Cooperatives:

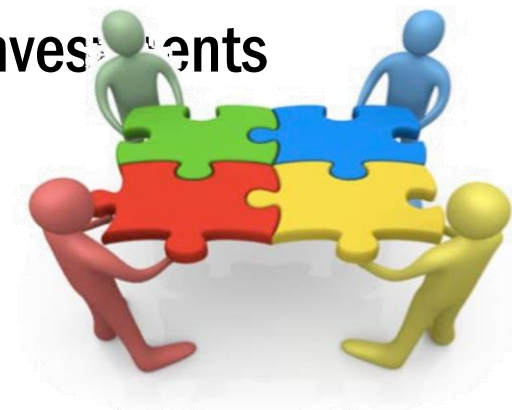
They are established by farmers to undertake transportation, packaging, distribution, and marketing of farm products

iii) Credit Cooperatives:

They constitute a source of financing for both working capital and investments

References:

- Definition of a cooperative - <https://www.ica.coop/en>
- Wikipedia agricultural cooperative - https://en.wikipedia.org/wiki/Agricultural_cooperative
- Role of agricultural cooperative - <http://www.fao.org/3/ap431e/ap431e.pdf>



1. Characteristics and Principles of Cooperatives



- Open and voluntary association
- Democratic structure with each member having one vote
- Economic stability
- Fair distribution of economic results according to the volume of operations made through cooperative
- Legal entity
- Education, training and information
- Autonomy and independence
- Concern for community

Some principles that apply for cooperatives are the following:

(a) the returns that its members receive on their individual financial investments into the cooperative are limited; (b) a cooperative is financed mostly by its members and those who use it; and (c) a cooperative distributes net margins to its members in proportion to their use of it.

References:

- Cooperative identity, values & principles - <https://www.ica.coop/en/cooperatives/cooperative-identity>
- Cooperatives – An Overview - <https://nationalaglawcenter.org/overview/cooperatives/>

2. Benefits of being a member

- Benefit from economies of scale (reduce costs, increase returns)
- Increase bargaining power
- Share risk
- Group discount on products/services
- Reduce transaction costs
- Deferred payment ability
- Improve supply chain efficiency
- Co-innovation

References:

- <http://www.ilka.lv/f/Agricultural-Cooperatives-in-Europe-Key-Challenges-and-Opportunities-Jos-Bijman-22.11.2018.pdf>

4. Guidelines for success

STEP 1: Keep members informed and involved

STEP 2: Use advisors and committees effectively

STEP 3: Maintain good board-manager relation

STEP 4: Conduct effective meetings

STEP 5: Follow sound business practices

STEP 6: Forge links with other co-operatives and organizations

References:

- http://cooperativesfirst.com/isl/uploads/2017/03/agricultural_cooperatives.pdf

5. A successful example

- Copa cogeca is the union of the two big agricultural organizations COPA and COGECA and the strongest interest group for European farmers.
- Copa represents over 23 million farmers, whilst Cogeca represents the interests of 22,000 agricultural cooperatives.
- Its activity focus is on the Common Agricultural Policy and other policy areas relevant to farmers and agri-cooperatives, such as: food safety, plant health, animal health and welfare, environment, trade, research and innovation.



References:

- <https://copa-cogeca.eu/Menu.aspx>
- <file:///C:/Users/Dell%20XPS%20User/Downloads/Copa%20and%20Cogeca%20position%20on%20the%20CAP%20post%202020%20.pdf>

6. Regulation of cooperatives

- Cooperatives in the EU Member States are subject to the provisions of the Council Regulation 1435/2003.
- Cooperative legislation is different among the EU states. In almost all European countries there is a cooperative law.
- Most countries have specific rules applicable to cooperatives, whereas the legislation derives mainly from national civil law.
- A minimum number of members is not always required by law.
- Most EU Member States have no mandatory provision regarding the minimum capital stock for setting up a cooperative.
- Whenever the statutes require a certain amount of capital stock, it is often less than €1.000.
- In many European countries, cooperatives can have a legal status either as a cooperative society with limited or unlimited liability, as an economic interest grouping or as a joint-stock company.
- Most cooperatives apply the 'one member, one vote' principle in order to maintain equality among members. However, certain countries, such as Germany, Sweden, Finland and, to some extent, Norway, provide for proportional representation.

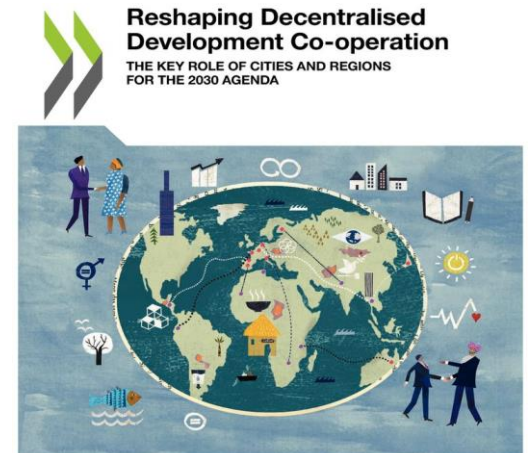
References:

- https://ec.europa.eu/growth/sectors/social-economy/cooperatives_en
- [http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS_BRI\(2019\)635541_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS_BRI(2019)635541_EN.pdf)

7. Co-operation among cities and regions



- The EU Program “International Urban Cooperation: Sustainable and Innovative Cities and Regions” supports cities and regions from the European Union to establish cooperation agreements with other cities and regions around the world, to share knowledge and create innovative solutions, and to generate new economic opportunities in the process.
- Its aim is mainly to:
 - Strengthen EU-LAC city-to-city cooperation on sustainable urban development.
 - To strengthen EU-LAC region-to region cooperation on innovation for local and regional development.
 - To strengthen EU-LAC cooperation on local and regional climate change.



References:

- <http://www.oecd.org/governance/reshaping-decentralised-development-co-operation-9789264302914-en.htm>



www.oecd.org