

**CO-OPERATIVES BUILD A
BETTER WORLD THROUGH**



Food



Contents

3. Contents
4. About this eBook
5. Introduction: Dame Pauline Green
7. Co-operation sweetens the deal
8. Promoting female equality through dairy farming
10. Making global cheese local
11. Growing wheat for the world
12. Creating an agricultural eco-system
14. Keeping fisheries afloat
15. Acknowledgements

About this eBook

Co-operative enterprises build a better world. To celebrate the International Year of Co-operatives, this series of eBooks will show how co-operatives provide an ethical alternative to business across the world in many different sectors from small shops to global organisations.

This first eBook looks at how co-operatives contribute to the world through food production. All topics covered by these eBooks will be discussed at one of the largest ethical business events this year at Co-operatives United in Manchester (31st October–2nd November, 2012). This conference will give you the chance to hear first hand accounts from the people who represent the billion members that make co-operatives happen.

Key sessions from Co-operatives United will also be streamed through the Global News Hub; and an interactive platform will connect you with delegates at the event and thousands of co-operators across the globe.

This eBook is written and designed by Co-operative News, the Global News Hub for co-operatives (www.thenews.coop), and supported by the International Co-operative Alliance.

To find out more about Co-operatives United, visit: www.manchester2012.coop

Introduction

By Dame Pauline Green, President, International Co-operative Alliance

What was the motivation of The Rochdale Pioneers, who codified the values and principles on which the co-operative movement has based since 1844? We know it today as food security.

For the Pioneers it was the need to ensure their fellow mill workers could buy clean unadulterated food at fair prices to stave off illness and early deaths for their children and families.

How is motivation that different to the one that has seen a co-operative network of roadside shacks that populate many Indian towns today and provide cheap staple food stuffs for the poorest families?

Co-operatives are arguably the single most successful initiative for taking people out of poverty with dignity that the world has ever seen. What's more it is a business model that puts people at centre of the economic model, rather than at its mercy!

Today it's in the developing world that co-operatives can have their greatest human impact, with the potential to lift billions of people out of poverty.

Food security exists "when all people at all times have access to sufficient safe nutritious food to maintain a healthy and active life".

For those of us in the developed world, it's hard to imagine that this isn't the norm for most.

Yet sadly close to one billion people in the world can not rely on adequate availability and access to food and even worse than that; six million children die of hunger every year.

Food insecurity is particularly prevalent when food prices rise as they did during the 2006-2008 food crisis, and again in 2010 and 2011. Food prices reached a historic high in 2011 and continue to be volatile.

Other factors that impact on food security include trade policies, energy prices, environmental degradation, natural disasters, political turmoil and poor health. In other words food security is linked to a complex set of social and economic factors that lead to disastrous outcomes for the poorest and most vulnerable people. 80 percent of the food consumed in the developing world is produced by small-holder farmers. There is broad consensus among key actors that achieving food security hinges on creating effective support structures for these farmers.

Co-operatives or producer associations can facilitate the exchange of market information, improve access to credit and technology, or enhance water management and logistics.

According to the Global Forum on Local Development, investments which support the establishment and operation of farmer and producer co-operatives have demonstrated success in improving food security, and can help to address the imbalance between smallholder farmers and other stakeholders in the value chain. Ultimately having increased rural incomes through improved production, access to markets and greater access to food at the local levels, builds resilience of poor families and communities and makes them less vulnerable to external impacts.

Co-operatives strengthen the bargaining power and livelihoods of small farmers who are less vulnerable to price fluctuations, through working together.

Co-operatives from the UK, Sweden, Canada, the US, Norway, Japan and many other countries are working around the world to combat food insecurity and fight poverty.

The Food and Agriculture Organization of the United Nations also recognises the role co-operatives can play in ending hunger in the world, and with the appointment of its new Director General has reinforced its co-operative infrastructure so as to further support the growth of the model in the developing world in particular.

The UN designated 2012 as the International Year of Co-operatives demonstrating its recognition of the power of this business model to do good in the world.

In a world where food insecurity threatens to increase in the coming decades, co-operatives are an important part of the solution.

Co-operation sweetens the deal

The Sugar Cane Grower's Co-operative in Florida produces more than 300,000 tons of raw sugar annually, which is enough to feed nearly 12 million people.

Founded in 1960, by local growers, the co-operative harvested its first crop in 1962. It has become the backbone of the Belle Glade community, 20 miles from West Palm Beach in the Florida Everglades, United States.

The co-operative now comprises of 46 small-to-medium sized grower members and generates over 550 full time and seasonable jobs with an annual payroll of \$25 million, making it Belle Glade's single largest employer.

Manny Leazno from the Sugar Cane Growers, believes the co-op "brings hope and jobs, it helps people better themselves and be proud of somewhere they can work, do something in their community and help out".

Steve Prielozny, a member of the Belle Glade community, says: "The co-operative is part of the DNA of the economic structure of the community, where you have the independent farmers who are actually the owners and growers."

The work of the co-operative has stretched much further than the growing of sugarcane.

The co-operative has one of the largest mills in the world, which runs for 24 hours a day during harvest season and grinds as much as 26,000 tons of sugarcane per day.

Environmental sustainability is also important for the co-operative. Every portion of the sugarcane is used, by using the fibrous portion of the stalk, called bagasse, as a fuel source the co-op saves more than 31 million gallons of fuel oil each year. The annual fuel savings is the equivalent of powering 79,000 households per year.

Not only that, but the farmers provide more 173 billion gallons of clean water to the Everglades ecosystem each year and sugarcane production serves as an important function of generating 21 tons of oxygen and taking up to 33 tons of carbon dioxide from the atmosphere.

"The farming community has been the hub, its been the centrepiece, its been the glue that has held this community together;" explained Robert Edgley, from Glades Day School.

The co-operative jointly owns with its partner, Florida Crystals Corporation, the largest cane refining company in world, American Sugar Refining, Inc. (ASR).

ASR is the world's largest cane sugar refining company with global production capacity of six million tons of refined sugar annually. The refining operation spans across North America and Europe consisting of eight sugar refineries located in five countries.

Through ASR, the co-operative is responsible for big brands such as Domino, Redpath and the sugar-arm of Tate & Lyle, including worldwide rights for Lyle's Golden Syrup.

Florida is the nation's largest producer of cane sugar accounting for one in every five teaspoons consumed. Matt Hoffman, from the Sugar Cane Growers Co-op, which celebrates its 50th anniversary in 2012, adds: "Through vertical integration were able to bring safe, affordable sugar from our fields at the co-operative, to the table tops in a very efficient sustainable practice."

Promoting female equality through dairy farming

Helen Usiri, a widow with seven children, did something that changed her and the women in her village's lives forever in 1987. She set up the Nronga Women's Co-operative.

In Tanzania's rural Arusha-Moshi region, many women lack access to household assets. Men are responsible for crop farming and women for dairying.

When Helen was left to care for her children and six cows — three heifers and three calves — she could not afford to support them as well as her children, so she set up her own heifer 'pass-on scheme'.

She kept two of the cows and gave the other four to women in her community. Each recipient agreed that when the cows began to give birth, they would each keep one female and give any others who were born back to Helen.

Helen was mocked when she set up her business by the local men in her community, but the co-operative continued to grow. It has since helped to provide women in her community with a critical dairy asset and even the men started to agree it was a success.

"No matter what you are going through, I've learned to never give up," says Helen.

In 2001, through a USAID-funded Cooperative Development Programme, Land O'Lakes co-operative, provided the Nronga co-operative with a 1,300-litre cooling tank, which meant they could collect milk twice day and it would not spoil.

Helen says that she and the other women in Nronga Women's Co-operative have derived an incredible sense of self-worth and pride from earning an income from all of their labour. Since the co-operative was founded, Helen has been able to send all her children through school and is now considering pursuing her own degree.

Helen is one of many people who have had their lives changed by co-operation.

In the Manica Province, in central Mozambique, families rely on small scale crop farming for their livelihood, but due to a lack of rainfall they struggle to earn a steady income.

After joining the USAID-funded Manica Dairy Development Programme, set up by Land O'Lakes, farmers such as Sabado Jose Maira has been given a new lease of life.

He successfully completed the training and received an in-calf dairy heifer. He was able to double his monthly income through his new found knowledge.

Now his family of six have realised the health benefits from drinking fresh milk every day — a luxury that was unimaginable before joining the program.

The heifer Sabado acquired has given birth to a female calf. Sabado notes: "I am rearing the calf as if she were a diamond. This animal belongs to the program and will be passed on to another deserving family in the community."

He is now investing his profits in local-breed livestock — using them for draft power to till and transport forage for his dairy cow — and he uses other profits to purchase essential household groceries.

He now helps to train other farmers and sharing the secrets of his success and is just one of the farmers who have benefitted from this programme. Now these co-operatives have begun to share their knowledge with others across the world.

In 2012, to mark the International Year of Co-operatives, dairy co-operatives from around the world set out to work together at the 'Co-operative-to-Co-operative Learning Series'.

Over 40 participants attended the first session from a variety of co-operatives afar afield as Nicaragua, India and the United States; and despite the differing sizes they found similar problems existed around the world.

Rebecca Savoie, Practice Manager for the CDP, who helped to organise the event, says: "The event was magical. Participants walked away with actionable items and took back ideas to their co-operatives to help transform their businesses."

The Cooperative Development Program (CDP) is funded by the U.S. Agency for International Development (USAID) and managed by Land O'Lakes International Development to provide information, resources and technology to help dairy co-operatives thrive in national and regional markets.

Making global cheese local

One of the world's most famous cheeses, which is exported all over the globe, is made by a chain of co-operatives working together.

Ninety per cent of Parmigiano Reggiano Parmesan cheese, which can only be made in a specific region in Italy, is produced by co-operatives and the sector also makes almost 60% of Grana Padano cheese.

Milk for the cheese comes from around 500 dairy co-operatives, which makes over a third of the milk produced in Italy.

In the 1940s and 1950s, the Emilia-Romagna region faced a problem of people leaving the rural area and officials realised they needed a way to keep good high paying jobs in the area.

Emilia-Romagna has seen a long tradition of co-operation, with over 8,100 co-ops in the region. Co-operative expert David Thompson explains: "That is what the co-operative mechanism has kept in society. It has kept the dairies in the villages, it has kept the employees local, it's kept the money local — and they store all the cheese at village level."

He went on to say that if the cheese maker in Emilia-Romagna had become an international dairy company, such as Parmalat which ceased trading in 2003, then the area would lose 46,000 high-paid jobs.

Mr Thompson adds: "That's how Emilia-Romagna looks at it. They look at it from the point of view; that they have to keep people there because if they don't, they will almost all emigrate and the key to all of that is creating jobs and creating high-paying jobs.

"All the value is there. They borrow locally from the local bank, and when you think about all the money that's involved by keeping it local, it's really truly amazing."

In May, the area was hit by an earthquake, which devastated people's lives and homes.

But, it was Emilia-Romagna's strong co-operative ethos that became key in helping the hundreds of dairy farmers who had been affected.

During the quake, 330,000 wheels of cheese fell off the shelves of warehouses and were damaged. The loss to the Parmesan sector was around €80 million, with a huge €200 million loss to the whole agricultural sector.

Through co-operation, schemes were quickly put in place to help the cheese makers, from 6,000 volunteers helping the dairies empty their stores, to a plan to sell the cheese as quickly as possible to limit economic loss, with help from supermarkets including Coop Italy.

Local co-operatives also set up a scheme with a portion of the proceeds of the stock going towards "Progetto Cheese" (Project Cheese) to help organise days out and trips for children living in the area.

The Co-operative Emilia Earthquake Fund has also been put in place by several co-operatives including: Agci, Confcooperative, Legacoop and the unions CGIL, CISL, UIL.

Growing wheat for the world

In the late 1920s and early 1930s, Australia was in the grip of the Great Depression. The price of wheat was so low that it was barely worth harvesting.

When it became apparent that cheap and efficient bulk handling systems would reduce growers' costs, Co-operative Bulk Handling (CBH) was born.

CBH is now Australia's biggest co-operative and one of the country's leading grain organisations. It receives, handles, stores and outloads up to 12 million tons of grain per year.

The co-op was established on 5 April, 1933, by the trustees of the Wheat Pool of Western Australia and Wesfarmers Ltd.

In 1932-33, CBH received just 42,565 tonnes of wheat. By the 2003-04 season this had risen to 14,695,392 tonnes — a record which still stands today.

“Our co-operative model has seen us grow from strength to strength over more than 75 years, reflected in the fact that we are now Australia's largest co-operative,” says CBH Group Chairman Neil Wandel. “Our research and independent expert advice shows that co-ops can be equally as successful and globally competitive as corporate models, providing they adapt to a changing environment and the different needs of their members. That is what we are doing.”

The co-operative is now controlled by more than 4,700 grain growers and in 2002 merged with the grower-controlled grain marketing organisation, the Grain Pool of Western Australia.

It is the only major player in the Australian grain industry that is owned by its growers.

The co-operative exports a range of grains to more than 20 markets and has nine regional offices in Western Australia, four in eastern Australia and international marketing offices in Hong Kong and Tokyo.

Western Australian grain is now exported to countries including Japan, South Korea, Indonesia, Iran, Pakistan and China.

However since its beginnings the company has suffered many challenges, from pest infestation, disastrous droughts and adapting to changing customer demands to compete more effectively within world grain markets.

Despite this, the co-operative has remained strong and continues to be a grower-owned business.

Mr Wandel adds: “In the Australian context, there are a number of examples of grain storage, handling and marketing organisations formerly controlled by growers which have gone down the demutualisation and corporatisation path, only to lose their focus on growers and be taken over by multinational companies seeking to provide returns to external shareholders.

“Many growers in Eastern Australia have since commented that they are envious of the services and value provided to growers in Western Australia by CBH, the only remaining grain organisation owned by growers and which has their interests at heart.”

In 2008, CBH celebrated its 75th anniversary. The Group has net assets of AUS\$1.1 billion and an annual turnover of around AUS\$1.5 billion.

Creating an agricultural eco-system

A long-established Argentine co-operative is helping to feed the country by farming crucial commodities such as wheat, corn and soy. But it remains self-sufficient by producing its own fuels — and even offers healthcare to its workers.

Federal Argentinian Farmers (Agricultores Federados Argentinos/AFA) is an agricultural co-operative formed in 1932, and comprises of 26 co-operative centres across the country. Its work is co-ordinated by a head office located in Rosario and it works across more than 90 areas around Argentina and has over 30,000 affiliated producers.

AFA's creation played a fundamental role in the food security of Argentina. In the context of a severe political crisis and the first financial crisis of 1929, 28 farmers from 26 farms in three different provinces formed the organisation with the aim of running the business as a co-operative.

The co-operative has become the biggest cereal grains producers in Argentina with an stockpile capacity of over three million tons.

It has proven to be a successful enterprise, due to its members' dedication and participation, as well as its transparent working style and the quality of services provided. AFA managed to maintain constant growth, thus enabling producers to have access to the best conditions on the market.

Following his appointment as President of the Administration Council, Néstor Perera, said in his inaugural speech: "This year is very special since 2012 is the International Year of Co-operatives and we have to show the strength of the co-operative movement at global level as a way of trading our products with equity and fairness.

"Furthermore, 2012 is an important year for us, as on 3 November the AFA is celebrating 80 years of existence. We are today a strong, solid and vigorous co-operative."

Keeping its co-operative principles alive, AFA runs various training, educational and research programmes to promote and encourage the development of the co-operative model. Through its research projects, AFA ensures farmers are aware of the climate and economic changes that might impact on the agricultural sector. In this way they are better prepared to face challenges from both inside and outside the country.

The Economic Structural Regulation adopted in mid-1950s ensures solidarity among the various centres of the co-operative, which all abide by the motto "all for one and one for all". All members are committed to finding solutions to a member's problem, should one ever occur.

The co-operative not only continues to fight for the recognition of farmers, but — through its various subsidiaries across Argentina — also provides services such as cereal grain distribution, packaging and other products.

The co-operative also promotes social balance and involvement of the whole family in the production process. The co-op has a women's group, which encourages women to take part in AFA and also a young men's group who receive training to help them become future leaders.

Although it places a strong emphasis on cereals and grain agriculture, AFA operates in other sectors such as animal feed, the edible oil industry, metallurgy, biodiesel, medicine and financing. This enables the AFA a high degree of self-sufficiency.

In 1993 the AFA built a facility for solvent extraction of oil in Los Cardos, with a seed stockpile capacity of 250,000 tons. Currently, 500 tons of soy is processed per day, obtaining raw oils and soy pellets of protein

flours. All the raw material used comes from the associated producers.

The co-op also has an animal feed manufacturing plant that ensures 2,000 tons of monthly production and a metallurgy plant in Las Rosas, which manufactures all the necessary components for the functioning and maintenance of silo plants at AFA's 26 primary co-operative centres.

Through its biodiesel producing plant the co-operative ensures its energy use is self-sufficient. Furthermore, a health service is provided for all producers and they can also access financing. This makes the co-op a unique and complex entity with a major role to play in the Argentinian agricultural sector.

Keeping fisheries afloat

Working in the fisheries sector is complex; and it is even more complicated when only five per cent of a five-million-strong workforce have any form of education.

This is the situation in Vietnam, which has been experiencing a year-on-year growth of six per cent over the past decade. Even though the country is in the top 20 countries that catch fish; and the sixth largest exporter of fish, the industry is in crisis.

People in the fisheries sector are some of the poorest workers in the world and continue to face many problems of poor health and safety, exploitation and illegal and unsustainable fishing methods.

“It has always been a very poor industry, even today fishermen are some of the poorest of the different sectors, poorer even than farmers,” says Charles Gould, Director General of the International Co-operative Alliance, which is supporting the sector through its sectoral body the International Co-operative Fisheries Organisation (ICFO).

However co-operatives have become a saving grace.

Francesca Ottolenghi, from the non-governmental organisation Lega Pesca, part of Legacoop in Italy, which offers support to the workers, adds: “The fisheries sector is a very complex universe, there is a complex chain starting from the catcher point to arriving at commercialism. Internationally the fisheries problems are common. I think that we have the key in our hand, and that is the co-operatives.”

Vietnam is one of newest countries to embrace the co-operative movement, jumping from 79 to 500 co-operatives in just over ten years.

Co-operatives such as the Song Lam Cooperative, that has was set up in 1971, based in Cua Lo beach, have become the lifesaver of many local economies. The co-op provides vital services to the local workers such as repairing vessels, running training courses and helping them market their fish.

Vietnam implemented legislative framework for co-operatives in the late 1990s, which has continued to be improved over time. As well as the rise in co-operatives, there are 4,000 ‘pre-co-operatives’ — which are co-operatives that depend on economical and/or technical assistance from the state.

The rise of co-operatives in fisheries isn’t new, in many countries they have had rapid growth over the last 50 years.

The Korean National Federation of Fisheries Cooperatives (KNFC) is one of the most successful programmes of co-operative fisheries in the world. It has offered a huge amount of support to the International Fisheries Co-operative Organisation, the leading organisation for world fisheries, and has set up a number of support systems for fishery workers.

In 1962, the KNFC was established to promote the social, economic and cultural status of fishermen and increase welfare of fishing communities in Korea.

“As the world faces serious food shortages, the sustainability of our fisheries has never been more essential. ICFO and KNFC are showing how to make that a reality,” said Charles Gould.

In other areas such a Japan, the establishment of co-operatives helped to create rapid support systems in the wake of the Tsunami in 2011.

The National Federation of Fisheries Co-operative Associations of Japan created legislation in 1948, that

quickly grew allowing for mutual aid, marketing, fish freezing and marine resource management.

The fisheries industry still faces huge problems, but with the help of co-operatives they are able to put in support systems that not only provide food security and ensure their livelihoods, but can revitalise communities and nations.

Francesca Ottolenghi added: “Co-operatives are working very well, they are working successfully, and they are facing the crisis better than other societies and associations. I think 2012 is a very important point for the future.”

World Cooperative Fisheries day is held on June 15 every year.

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