



Agricultural Cooperatives

FLS Meeting

12th October, 2022

Presentation Outline:

- What is Cooperative?
- Conditions needed to create a cooperative
- Principles of Cooperative
- Types and Benefits of Agricultural Cooperatives
- Registration of Cooperatives
- Legal Framework (By-Laws) of Cooperatives
- Cooperatives Management
- Challenges of Agricultural Cooperatives
- References



WHAT IS
COOPERATIVE?

&

WHY SHOULD
FARMERS THINK OF
FORMING
COOPERATIVE RATHER
THAN WORKING
INDIVIDUALLY?



What is Cooperative?

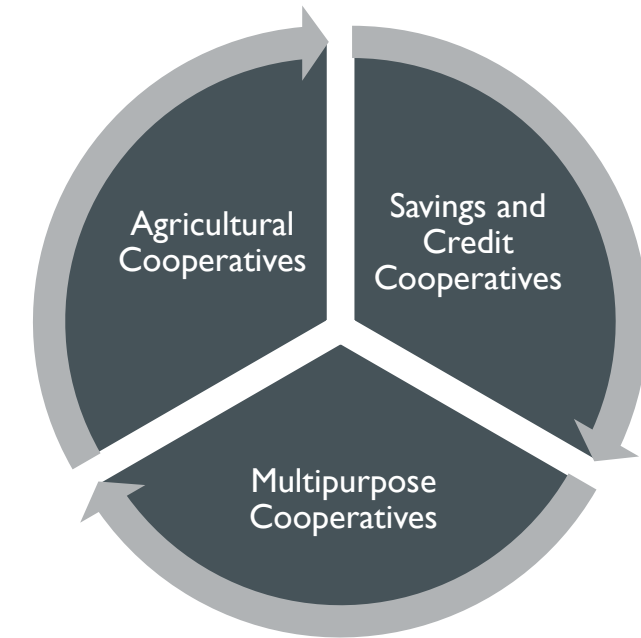
Cooperative are group of individuals with common values and goals who come together to improve their economic and social conditions through joint action for the good of all members:

- Members are united through at least one common interest
- Members pursue the goal of improving their economic and social situation through joint actions
- Members use jointly owned resources

Conditions needed to create a Cooperative

- Existing problems cannot be solved individually, a group of motivated persons who share common problems is needed.
- The advantages of working in group (access to goods, inputs, loans, services, markets, etc.)
- Help cannot easily be provided from family, social institution, or government – individuals self –help needed through cooperative

Types of Cooperatives



Seven Principles of Cooperative

1st - Voluntary and open membership

Cooperatives are voluntary organizations open to all persons, willing to accept the responsibilities of membership, without gender, social, racial political. or religious discrimination

2nd - Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership.

3rd - Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative

4th - Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. They have control over their resources

5th - Education, training and information

Cooperatives provide education and training for their members, so that they can contribute effectively to the development of their cooperatives.

6th - Co-operation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional. and international structures

7th - Concern for community

Cooperatives work for the sustainable development of their communities

WHAT TYPES OF
AGRICULTURAL
COOPERATIVE HAVE YOU
WORKED WITH (CURRENT
OR PAST)?

WHAT ARE THE BENEFITS
OF FORMING
AGRICULTURAL
COOPERATIVE?



Agricultural Cooperatives

Types of Agricultural Cooperatives

➤ **Agricultural Marketing Cooperatives**

- ✓ Collective marketing of produce
- ✓ Collective bargaining/negotiation of prices
- ✓ Collective Storage/warehousing
- ✓ Market information sharing

➤ **Agricultural Supply Cooperatives**

- ✓ Supply inputs to members including seeds, fertilizers, chemicals and tools
- ✓ Operate machinery pool services (e.g., group ploughing & harvesting) to their members.
- ✓ Value chain processing services - Rice milling, Groundnut Milling,

Benefits of Agricultural Cooperatives

- Market facilitation – Collective marketing, group storage/warehousing, market information sharing
- Access to finance – Group Savings, Group loans/credit, livestock and crop insurance, facilitate group loan/credit from financial institutions
- Increase access to quality agricultural inputs - Inputs supplies (Seeds, fertilizers, tools, pesticides)
- Group services – Group tractor and ploughing services
- Access to machinery – Tractor, thresher, Value chain machines – groundnut milling machine etc
- External support from INGO/NGO's , UN Agencies, Donors (World Bank)



WHAT ARE THE
PROCESSES FOR
COOPERATIVE
REGISTRATION IN
SOUTH SUDAN?



Registration of Cooperative

Documentation for Registration:

- ✓ Name of the Cooperative and physical address, of operation
- ✓ Names of members of the cooperative - Not less than 20, but should not be more than 35 to 40 for effective group management
- ✓ Names and address of Management committee; mostly 4-to-5-person(s) management committee (Chairperson, Vice Chairperson, Treasurer, Secretary, Public Relation)
- ✓ Minutes of Meeting of Resolution for formation of the cooperative
- ✓ Draft copy of By-Law of the Cooperative (Objectives, shares capital of members, management committee, schedules of meetings and annual general meeting, funds management etc)

Cost of Registration: 10,000 SSP to 15,000 SSP

Application Form: Obtain application form from the Directorate of Cooperatives, State Ministry of Agriculture, Forestry, Cooperative and Rural Development

Certificate of the Registration: Upon successful completion of registration from the Directorate of Cooperative, a Certificate of Registration will be issued to the cooperative

LEGAL FRAMEWORK (COOPERATIVE BY-LAWS)



The by-laws of the Cooperative contain the following:

- The functions of the cooperative, its system of work and areas of operation.
- The manner of raising its funds, the value of one share, the maximum possession of one member, how to transfer or refund it
- The number of members of the committee, their qualifications and tenure of office, manner of meetings and election of members
- The functions of annual general meeting, procedure of its convening and of voting procedures.
- Determination of the financial year, books of accounts, method of preparation, auditing and ratification of the accounts.
- Formation of a reserve fund, distribution of net profit and adjustment of losses.
- Procedure for the amendment of the by-laws.

Cooperative Management

Management Committee/Board of Directors

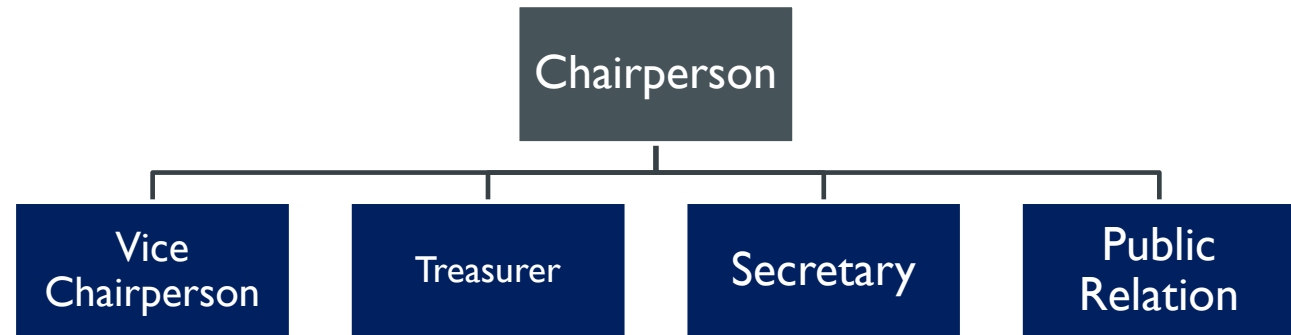
- ✓ 4 to 5 members (Chairperson, Vice Chairperson, Treasurer, Secretary, Public Relation)
- ✓ The members of the committee hold office for the term prescribed by the by-laws (Mostly One year)
- ✓ Management committee are elected during annual general meeting
- ✓ Subject to approval of the general meeting, members of committee may be granted remuneration.

Financial Management

- ✓ Head by the Treasurer
- ✓ Operate a financial account
- ✓ Have an updated financial records
- ✓ Yearly financial audit before annual general meeting
- ✓ External Auditor

Annual General Meeting

- ✓ External Auditor
- ✓ May invite Directorate of Cooperative from Ministry of Agric
- ✓ All Members in attendance



WHAT ARE SOME OF THE
CHALLENGES OF
AGRICULTURAL
COOPERATIVES?



Challenges of Agricultural Cooperative

- Low financial sustainability. The funds of cooperative is often insufficient to ensure the constant operationalization of activities
- Poor marketing skills. Managers of agricultural producers' cooperatives lack the skills to develop a good marketing strategy and promote their goods and services in the market.
- Conflicts and lack of understanding. At times, there are miscommunication, misunderstanding and conflict of interest resulting to conflict among members.
- Lack of active participation and cooperation among some members
- Poor Leadership – leaders lack skills and experience in resources mobilization, organizational development, conflict management, problem management
- Access to market
- Poor management of Storage facilities
- Lack of government incentives for cooperatives
- Poor road network to access urban markets

References

Agricultural Cooperative Development – A Manual for trainer

Guidelines for Establishing Agricultural Cooperatives