



MODULE 1

The principles and benefits of farm-level co-operation

Basics principles, types and examples of cooperation in Europe

Overview

The scope of this module is to show how and in which different ways the cooperation between farmers can be an essential development factor for agriculture and rural areas. Starting from the definition of some basic principles, we'll guide you through different form of cooperation in different sectors, presenting to you concrete examples of farmers realizing cooperation experiences in Europe.

Learning objectives (knowledge/skills/attitudes acquired)

Knowledge

- Clear idea about the importance of cooperation in agriculture and a relationship system in rural areas.
- Clear picture about the different cooperation forms and experiences.

Skills

- Reflecting about the main principles and strategies involved in setting up a possible cooperation action relative to your specific own situation.

Attitudes

- Awareness for improving / maintaining a cooperation experience adequate to your own needs, managing marketing strategy and opportunities offered from EU policies,
- By following the offered links to the SUMMARY REPORT and the CASE STUDIES you can acquire some additional attitudes, that could represent a useful and practical guideline for farmers interested in setting up a cooperation process.

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1. Agriculture and cooperation: basic principles

1.1 Main contents

This chapter aims to define the role of cooperation as development and competitiveness factor in agriculture. In this context we'll give you an overview of different forms and sectors of cooperation in Europe. The chapter will give you some elements relevant to the European strategy for cooperation, in the framework of Rural Development policies.

1.2 Why the cooperation is essential for a competitive agriculture

The agricultural sector is founded on a particular structure:

- Agriculture is mainly based on small family farms.
- Farmers live in rural areas, often far from the towns and the market.
- Production costs for each production unit is high compared to industry and other sectors.

A good collaboration between farmers and with other actors of rural development can help farmers in different ways:

- Integration of production processes (i.e. Cultivation and transformation of products).
- Storage of products.
- Sharing of the management of machinery.
- Common marketing strategies to promote products and their quality.
- Common selling of products in the market.

FOR THESE REASONS IS VERY IMPORTANT FOR FARMERS TO CREATE
THERE OWN RELATIONSHIPS AND COOPERATION SYSTEM

1.3 What is cooperation

Following a definition of Polenske, Co-operation refers to when 'two or more actors agree through a formal or informal arrangement to share information, support managerial and technical training, supply capital and / or provide market information'.

This means that:

- A good cooperation is based on the strength of sharing management processes.
- A good cooperation could bring mutual benefit to the participants.
- In a good cooperation no participant would have a single dominant position.
- Read more in the summary report of COFARM Project – [web address LINK TO SUMMARY REPORT](#).

1.4 The policies of EU to support cooperation in agriculture

The European Regulation n. 1305/2013 designs the EU strategies for Rural Development in Europe

One of the six priority of the regulation is to: 'promoting food chain organisation, including processing and marketing of agricultural products...' (Article 5 – point 3).

- The rural development programs give financial support to the cooperation through:
- Integrated Chain Projects, aimed to foster the competitiveness of food chains.
- Cooperation actions (under measure 16) in the field of innovation, short supply chain, processes management, sustainable energy production, development of rural villages.

2. Farming cooperation in european experiences

2.1 Main contents

In this module we'll try to explain the different ways of cooperation, with the aim of offering a wide view of cooperation experiences in Europe. We'll explain the different forms of cooperation along different production chains. We'll show you some examples of good cooperation practices, that you can study further through case studies belonging to the training materials of COFARM project.

2.2 Model of cooperation in Europe

The cooperation in agriculture tries to answer to different needs of farmers; therefore the way in which cooperation practices are organised follows the basic economic and social exigency that determines their start up.

The type of cooperation can be divided following three different criteria.

- Form of cooperation: informal or formal cooperation, type of contract.
- Type of cooperation: scope and partnership of cooperation.

2.3 Contractual form of cooperation

A first classification of forms of cooperation is between:

- Informal cooperation: two or more subjects realize a mutual cooperation without formal agreement or contract.
- Formal cooperation: two or more subjects sign a formal agreement or contract defining objects, rules and obligations of cooperation. In the case of formal cooperation there are many type of contracts, that can be:
 - Without creation of new entities: e.g. farmer's agreements or contracts, temporary scope associations.
 - With the creation of new entities, that can be:
 - People's society (i.e. a new company created by two farmers).
 - Associations and networks(i.e. Farmer's association created to manage common activities).
 - Limited liability companies (cooperatives, consortium, other economic entities).

2.4 Type of cooperation

The choice of form of cooperation depend on the scope and the composition of the partnership. The common management of processes by two farmers, can be realized without a formal agreement or through a simple contract.

The management of an industrial plant producing e.g. wine or olives oil collected from many farmers, requires a legal entity based on a clear framework of rules and obligations of associated members.

In the European context of COFARM project, there are many experiences, based on different types of cooperation, in which the partners adopted the form of cooperation most appropriate to provide the best economic and social response to their development needs.

In the following sections we'll show the main types of cooperation, and some examples of their application.

2.5 Cooperation between farmers in agriculture

This is a simple way to establish a mutual collaboration between two or more farmers, with the scope to share and combine their work capacity, land, plants, machinery etc., optimizing the production processes along the chain. This type of cooperation can be informal or formal i.e through a signed agreement or contract.

In some case this cooperation don't require the creation of a new entity, while in other cases farmers decide to establish a new company for the management of the common business.

Two cases studies from the COFARM project are good examples of this type of cooperation.

EXAMPLES OF FARMER'S COOPERATION

COMMON CATTLE BREEDING IN GERMANY

Reutehof GbR is a company in which 3 family farms have jointly built a sustainable dairy cattle shed. The cooperation activity entailed the merger of the animal husbandry of 3 farms into a single stable. The construction of the stable took place in 1998 after extensive planning and advice on legal and taxation structures. [Read more \(Reutehof GbR\)](#)



COOPERATION INCREASING MILK PRODUCTION IN IRELAND

This case study describes a registered farm partnership involving two families. The partnership commenced on the 1st January 2016 and is legally recognised.

The plan for the partnership is to expand the size of the dairy herd and reach a target of 140 milking cows producing 1,000,000 litres of milk by 2019. [Read more \(IR04\)](#)

2.6 Cooperation for common services

A group of farmers can be interested to set up a common service structure, finalized to share the costs of activities which cannot be managed individually. The more common application of this type of cooperation concerns activities of training and consultancy, quality certification, common selling of products.

In most cases the farmers choose to establish a common association or network, sharing the cost of management and services of this structure.

Two cases studies from the COFARM project are good examples of this type of cooperation.

EXAMPLES OF COOPERATION FOR COMMON SERVICES

COOPERATION HELPING CZECHS YOUNG FARMERS

The Club of the Young Farmers (CYF) is a voluntary vocational organization dedicated to young people, offering meeting points and supporting them. CYF offers a helping hand to get businesses off the ground through start-up grants and other financial and practical supports (training, legal advice, knowledge of technological know-how about production).

[Read more \(Club of the Young Farmers\)](#)



A COMMON SHOP IN TUSCANY SELLING FARMER'S PRODUCTS

A group of farmers of the province of Siena established the local association "La Spesa in Campagna Siena" with the specific objective to create a collective selling shop for their products. Actually the shop collect and sells the products of 43 associated farmers. Each product is guaranteed by a special traceability system. [Read more \(La spesa in campagna Siena\)](#)



2.7 Cooperation for social farming

A special type of service cooperation is finalized to provide social supports for disadvantaged people, taking the opportunity to create job opportunities and supporting the integration of people into the society/economy.

Social farming is increasing in Europe, and many experiences show how contact with agriculture and nature can be very useful for helping such target groups.

This type of cooperation can be realized by individual farmers too, but is in most cases developed through cooperatives.

A very interesting example of this type of cooperation comes from Ireland.

EXAMPLES OF COOPERATION FOR SOCIAL FARMING

A SOCIAL FARMING EXAMPLE FROM IRELAND

Kerry Social Farming (KSF) is a voluntary, community-based, shared service that provides farming and social inclusion opportunities to people with disabilities, all within their local communities in Co. Kerry, Ireland. The vision of KSF is to promote Social Farming as a viable option for achieving improved quality of life for people who use health and social services and for farm families, connecting farmers with their communities'.

[Read more \(Kerry Social Farming\)](#)



2.8 Chain cooperation

The production process of some important food sectors, is based on the transformation of the primary product coming from farmers. To produce, for example, olives oil, wine or cheese, farmers need industrial plants for transformation of olives, grapes or milk. Many farmers invest individual in such plants, or establish forms of cooperation between farmers, as shown in a previous.

However some specialized chains, oriented to reach a wider market, require industrial plants with a much larger production capacity. In many of these situations the farmers are directly involved in cooperatives, legally established as limited liability companies, which collect the primary product from farmers, and produce and sell the final product.

In Spain there is an important development of this type of cooperation, as shown in one of the case study of COFARM.

EXAMPLES OF CHAIN COOPERATION

A COOPERATIVE PRODUCING OLIVES OIL IN SPAIN

Oro de Cánava is a cooperative that consists of a group of farmers (704 members) who come together to grind olives with specific machinery in order to produce olive oil.

This type of co-operation enables cost savings and better prices in the marketplace. It is a democratic organization whose administration and management is agreed by the partners/members.

[Read more \(Sociedad Cooperativa Andaluza \(S.C.A.\) Nuestra Señora de los Remedios\)](#)



2.9 Temporary scope cooperation

The last type of cooperation, is represented by temporary associations, established with the scope to realize common actions and projects. Many temporary associations in agriculture were encouraged by the Rural Development Program of European Union, which provided financial support for cooperation processes between farmers and other actors of rural areas.

A special experience of this type of cooperation is the creation of operational groups for innovation (OG), putting together farmers and researchers in a common framework aimed to introduce technological and management innovations aimed to improve the sustainability and/or the competitiveness of agriculture.

One example of this type of cooperation come from Tuscany (Italy) and concerns the production of wood-fuel for heating.

EXAMPLES OF TEMPORARY COOPERATION FOR INNOVATION

A CHAIN PRODUCING "MICRO WOODCHIP" FOR HEATING IN TUSCANY

The main focus of this cooperation experience is to improve, with the support of a University, an innovative chain to produce "micro woodchip" for heating, particularly for pellet stoves. The biggest threat facing this project is the progressive abandonment of forest cultivation. Therefore, the main challenge is to create an innovative supply chain, thereby valorizing wood as an ecological energy source.

[Read more \(CIPPATO & CIPPATINO \(C&C\)\)](#)



3. Benefits and future challenges of cooperation in agriculture

3.1 Main contents

In this final module we'll summarize some elements emerged from the analysis of the framework of cooperation and from the experiences collected by the COFARM project, that can be divided in:

- Economic benefit of cooperation in agriculture.
- Social benefit of cooperation in agriculture.

We'll focus finally on the evolution of cooperation, defining the main challenges of cooperation for the future of agriculture, reporting a synthesis of the opinions collected in many interviews of people involved in cooperation experiences.

3.2 Main economic benefit of cooperation in agriculture

From the analysis of the target group of COFARM project the following main possible economic benefits of cooperation in agriculture were identified:

- Increased scale of business and activities.
- Achievement of economies of scale.
- Increased purchasing power.
- Lower costs thanks to the sharing of tools (i.e. services, machinery).
- Sharing of labour.
- Reduced capital expenditure for investment.
- More efficient management.
- Taxation benefits.
- More opportunity to access financial support.

3.3 Main social benefit of cooperation in agriculture

In terms of the possible social benefits of cooperation in agriculture the following elements emerged:

- Quality of life, more time off, less work stress.
- Reduced isolation, exchange with other family farmers.
- Increasing the satisfaction from farming.
- Less problems due to illness or being unable to work.
- Increases knowledge sharing.
- Creation of local communities.
- Increasing of social cohesion.
- Opportunity for social inclusion (social farming).

3.4 The future challenges for cooperation in agriculture

Cooperation in agriculture increased in last years, thanks to the development processes and to the European policies. However it's necessary to continue promoting the awareness of the role of cooperation and improving some aspects of cooperation systems. The main challenges include the need to:

- Increase the confidence of farmers.
- Extend the cooperation between farmers.
- Support the creation of forms of cooperation adequate to the needs of farmers.
- Increase the decisional role of farmers in the cooperatives.
- Increase the role of cooperation in the market.
- Foster the innovative spirit of cooperatives.
- Improve the competences and skills of the management of cooperatives.

Cooperation is a basic instinct of human community. The collaboration between families represented the traditional way of life of rural population. We hope that you can get from the content and from the experiences of other farmers, new ideas for your cooperation activity, following these quotes:

Choose your allies and learn to fight in company, because nobody wins a war alone. - (PAOLO COELHO - Writer)

Personal growth, business and investment are team sports. - (ROBERT TORU KYIOSAKI – Manager)

Co-operation approaches among different actors in the Union agriculture sector, forestry sector and food chain and other actors that contribute to achieving the objectives and priorities of rural development policy, - (EU Regulation n. 1305/13 Article 35)