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**ASEAN ROADMAP FOR ENHANCING THE ROLE OF AGRICULTURAL COOPERATIVES
IN AGRICULTURAL GLOBAL VALUE CHAINS 2018-2025**

ASEAN SECTORAL WORKING GROUP ON AGRICULTURAL COOPERATIVES

2018

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List of Acronyms

ACEDAC	ASEAN Centre for the Development of Agricultural Cooperatives
AEC	ASEAN Economic Community
AMAF	ASEAN Ministerial Meeting on Agriculture and Forestry
AMs	ASEAN Member States
ASWGAC	ASEAN Sectoral Working Group on Agricultural Cooperatives
EU	European Union
FAF 2025	Food, Agriculture and Forestry 2016-2025
IFAD	International Fund for Agricultural Development and
GI	Geographical Indication
KPIs	Key Performance Indicators
MSMEs	Micro and Small Medium Enterprises

INTRODUCTION

Background

ASEAN aims to expand economic growth and harness trade potential by working towards an ASEAN Economic Community (AEC) that will bring prosperity for the whole region. Towards this goal, the ASEAN Leaders have set up a 2025 vision of a highly integrated, cohesive, competitive, innovative and dynamic ASEAN, specifically geared at 'enhanced connectivity and sectoral cooperation, and a more resilient, inclusive, and people-centred community that is integrated with the global economy'. One of the strategies for a successful growing economy in ASEAN is empowering agricultural cooperatives to deal with their challenges and enhance their roles in the agricultural global value chains.

Agricultural cooperatives in ASEAN can be described in general as small and multi-purpose. Although some have been well-established and nurtured with strong cooperative values, the right mindset and appropriate capacity building interventions vary from country to country. They also often have strong linkages with government institutions.

Agricultural cooperatives face the challenges of competitiveness in ASEAN and beyond. Large and small agricultural cooperatives in the region need to compete with the agribusiness companies or Micro and Small Medium Enterprises (MSMEs) in terms of access to markets, finance, and modern production techniques. Agricultural cooperatives need to improve governance and professionalize management to successfully compete as businesses in modern markets.

Based on a study conducted among ASEAN Member States (AMSs), the most important support needed by agricultural cooperatives are in the areas of institutional and capacity building, competitiveness, access to markets and access to finance to improve their positions in specific value chains. In addition, AMSs also work in many other areas to assist agricultural cooperatives.

In order to strengthen the participation of agricultural cooperatives in agricultural global value chains, ASEAN has been facilitating a dialogue on agricultural cooperative development through the ASEAN Sectoral Working Group on Agricultural Cooperatives (ASWGAC) and the ASEAN Centre for the Development of Agricultural Cooperatives (ACEDAC). One major need identified is the creation of a roadmap for agricultural cooperative development in ASEAN.

Following the endorsement of the Strategic Plan of Actions for ASEAN Cooperation on Agricultural Cooperatives (2016-2020) by the 38th ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF) in 2016 in Singapore, the 20th ASWGAC Meeting agreed to have an "ASEAN Roadmap for Agricultural Cooperatives Development in the context of Agricultural Global Value Chain".

Objectives

The "Roadmap for Enhancing the Role of ASEAN Agricultural Cooperatives in Agricultural Global Value Chains 2018-2025" aims to:

1. Provide guidance for enhancing participation of ASEAN agricultural cooperatives in the agricultural global value chains;
2. Advance the implementation of Strategic Thrusts 2 (Enhance trade facilitation, economic integration and market access) and 5 (Assist resource-constrained small producers and SMEs to improve productivity, technology and product quality, to meet global market standards and increase competitiveness in line with the ASEAN policy Blueprint on SME development) of the ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025 (FAF 2025); and,
3. Serve as a framework to harmonize agricultural cooperatives' legal structures and institutional arrangements within and among ASEAN member countries and share best practices.

Implementation and Coordination

ASWGAC shall be the overall coordinating and monitoring body in the implementation of the roadmap, while the AMSs will give updates on its implementation during its annual meeting.

In order to create long-term impact for the cooperative network in the implementation of the roadmap, the following principles should be embraced by ASEAN:

1. Working with agricultural cooperatives should be embedded in all agricultural projects in ASEAN to increase their sustainability and inclusiveness;
2. Focus should be on creating showcases and success stories by investing in practical projects with clear expected outcomes for agricultural cooperatives taking part in the roadmap; and,
3. A common message and joint vision on agricultural cooperatives should be continuously shared under the roadmap.

ROADMAP IN 2018-2025

In this roadmap, four main pillars have been identified as the foundation for agricultural cooperative development in ASEAN towards 2025:

1. Institutional and capacity development;
2. Competitiveness;
3. Access to finance; and
4. Access to markets.

Under each pillar, measures have been identified that are equally important and should be simultaneously strengthened to make ASEAN agricultural cooperative development successful in the long run.

Pillar 1: Institutional and Capacity Development

To successfully integrate into the agricultural global value chain, agricultural cooperatives need to be competitive in order to attract financing for investments and working capital and to efficiently access markets. For this to happen, institutional and capacity development of agricultural cooperatives through their management and board is crucial.

Measure 1 – Improve access to good quality advisory services

Success has been achieved in modernizing national legislation in ASEAN countries on agricultural cooperatives that are now almost completely in line with international principles. Nevertheless, these principles must be internalized by government officials and practical implementation frameworks need to be drafted to make sure real changes are seen in agricultural cooperative development on the ground.

At the same time, government institutions must support primary agricultural cooperatives by providing or creating frameworks for high quality services and advise agricultural cooperatives and their members. This support can be provided by private and public stakeholders, but the key source of service provision must be the cooperative sector itself.

The skills and awareness of agricultural cooperative board, management and members need to be improved. Agricultural cooperatives have to understand market developments and strengthen their market position by improving the quality and quantity of their produce through participation in supply and value chains as a consequence of investments in innovation and processing and activities to draw attention of market partners and cooperative members.

Cooperative federations, alliances or associations can play a role in the provision of services by conducting trainings, sharing knowledge and providing advice. Realistically, it is difficult to provide services to all agricultural cooperatives all at once as there are so many of them. In that sense it is important to prioritize service provision in a way that stimulates excellence and provides incentives for well-performing agricultural cooperatives to grow quickly. Showcases are needed to create enthusiasm for working with agricultural cooperatives.

Actions:

- Conduct trainings for government officials on the management and operation of agricultural cooperatives so that they can play the needed facilitation role in the provision of services.
- Benchmark the classification and support systems for agricultural cooperatives against the standard of excellence in order to attract investments and partnerships with business.
- Collect or develop materials for training and support to agricultural cooperatives in the field of production, management, finance and business development, especially in areas where they are most lacking.

Option:

- Provide access to specialised advisory services by agricultural cooperatives in the areas of feasibility studies, business planning, financial management, governance and marketing.

Measure 2 – Peer-to-peer learning and knowledge sharing

Agricultural cooperatives need to support their members in innovating their production systems and adding value to their produce. They should initiate proper service provision at farm level. On the other hand, agricultural cooperatives also require good management systems and human resources. The establishment of an ASEAN peer-to-peer network of agricultural cooperatives can inspire and motivate them to learn from one another in a practical and hands-on manner. Through knowledge sharing, training and advising among agricultural cooperative leaders, agricultural cooperative service provision will be strengthened.

Actions:

- Gather all available information on agricultural cooperative expertise in ASEAN and make them widely accessible through a centralized database system.
- Set up an exchange program on thematic agricultural cooperative policy issues (e.g. by-laws, taxation, financing instruments), especially for young agricultural cooperative managers and board members.
- Share information on youth programs in ASEAN countries that are directed at agricultural cooperatives.
- Improve the use of online learning tools on agricultural cooperatives that were developed by ASEAN sectoral working groups or those from reliable sources like the International Fund for Agricultural Development (IFAD) and European Union (EU).

Options:

- Organize an expert pool at national and ASEAN levels that can provide hands-on advisory services to agricultural cooperatives.
- Invite agricultural cooperative practitioners into the ACEDAC network and transform it into a structure for formulating policies that are based on actual practices of agricultural cooperatives.

Pillar 2: Competitiveness

Agricultural cooperatives in ASEAN must become more competitive in the growing global markets by 2025. This will require optimized institutions and enabling environments. They can grow more quickly in size and number when the legal framework and business environment in ASEAN countries are more firm and secure than those of their competitors worldwide.

Measure 1 – Create resilient cooperatives

In the next ten years, the biggest challenge in ASEAN agriculture will be climate change. It has significant impacts on how agricultural cooperatives will operate and do business. ASEAN countries are at the top of the list in the Global Climate Risk index. Strategies must be developed on how agricultural cooperatives can stay competitive amidst climate disruptions.

Actions:

- Promote a systemic and comprehensive approach to risk management for agricultural cooperatives, including diversification, insurance schemes and internal control mechanism.
- Expose and support agricultural cooperatives to access markets for high-value, organic and Geographical Indication (GI) food produce.

Options:

- Collect tools for agricultural cooperatives to train and assist members in tackling climate challenges in key commodities in line with the priorities of the different ASEAN working groups.
- Support the development and promotion of climate-resilient varieties and agriculture technologies such as agroecology and make them available to agricultural cooperatives through the ASEAN network.
- Promote an integrated area development approach by agricultural cooperatives based on a combination of tourism, biodiversity, local economy and global markets with Geographical Indications (GIs).
- Support farm advisory and extension services of agricultural cooperative for their members on sustainable agriculture.

Measure 2 – Create an enabling environment for agricultural cooperatives growth and viability

For agricultural cooperatives to survive in a competitive global market, governments must provide legal frameworks and policies that will stimulate growth and ensure long-term viability. Agricultural cooperatives must be mainstreamed in agricultural policies and public-private partnerships to create impact.

Actions:

- Allocate budget for capacity building and professionalization of agricultural cooperatives.
- Develop a strategic agenda in ASWGAC to strengthen the position of agricultural cooperatives in the AEC and to develop policies at ASEAN and national levels to enable agricultural cooperative development.
- AMSs to share experiences, improve regulations and intensify efforts in:
 - a) Regional infrastructure;
 - b) Tax policies;
 - c) Rural education on financial literacy, management and business;
 - d) Knowledge transfer through good academic and vocational networks in rural areas;
 - e) Land consolidation and ownership; and,
 - f) Streamlining of regulations and their costs.

Options:

- Provide policy guidelines and incentives for the consolidation or merger of small agricultural cooperatives to attain economies of scale.
- Support national agricultural cooperative federations in building their capacities to provide services to their member agricultural cooperatives.
- Improve auditing systems for agricultural cooperatives to ensure good governance and internal control.
- Encourage ASEAN governments to establish a clear and uniform legal framework for agricultural cooperatives and preferential treatment for ambitious and well-performing ones.
- Develop policies to require and support training for officers and staff of agricultural cooperatives.

Proposals, programs and projects on the actions above should be defined in close consultation with the respective key players in the agriculture sector, namely farmer organisations, agricultural cooperatives and public and private sector agribusiness. It is expected that these stakeholders will contribute to implementation and policy development based on actual challenges and opportunities on the ground.

Measure 3 - Stimulate commodity-specific agricultural cooperation

The creation of a competitive agricultural cooperative sector requires focus on commodity-specific or single-purpose cooperation. Governments may provide specific incentives for the establishment of commodity-specific or single-purpose agricultural cooperatives that can go hand in hand with the development of general or national agricultural cooperative federations representing the sector.

Action:

- Study the potential impact of agricultural cooperative federations in ASEAN and gather lessons learned from different countries.

Options:

- Design commodity-specific trainings for agricultural cooperatives.
- Research possibilities for cooperative-cooperative trading schemes to decrease costs and increase solidarity.

Measure 4 - Promotion and 'marketing' of agricultural cooperatives development

The role of agricultural cooperatives in agricultural global value chains should be promoted among public and private partners in ASEAN. A common vision to start cooperating with other stakeholders such as private companies and donor institutions must be developed by agricultural cooperatives. At the same time, a database of all agricultural cooperatives in ASEAN categorized according to turnover, membership, commodity and service provision should be made available to the public.

Actions:

- Set up an ASEAN Agricultural Cooperative Network based on existing agricultural cooperative federation structures to represent agricultural cooperatives and their members in networking events and policy dialogues.
- Expand the relationship of ASGWAC with donors, companies and financiers in the ASEAN region, such as Grow Asia, EU, IFAD, USAID agri-agencies and others.
- Claim a bigger role for agricultural cooperatives in public-private partnerships and development programs in the region.

Options:

- Develop a marketing and fundraising plan towards 2025.
- Promote agricultural cooperative development in ASEAN through the production of brochures and flyers for donors and financing institutions.
- Develop a computerized and centralized database of agricultural cooperatives in ASEAN for benchmarking, marketing and fundraising.
- Define Key Performance Indicators (KPIs) for the database and establish a baseline for all agricultural cooperatives that will be updated annually.
- Mainstream agricultural cooperatives as important institutions for development programs in the ASEAN Economic Community.
- Develop voluntary guidelines on agricultural project financing by third parties involving agricultural cooperatives.

Pillar 3: Access to Finance

Access to finance for required investments and working capital is crucial for ASEAN farmers to seize existing and arising market opportunities. The establishment of national programs that provide access to finance is a corner stone of agricultural cooperative development. Agricultural cooperatives might also engage in partnerships with agribusinesses when the terms and conditions are beneficial to them and their members.

Measure 1 - Promote sustainable financing systems for agricultural cooperatives

A big challenge in agricultural business is access to finance for investments, especially for smallholders and their cooperatives. Normally, the big stumbling blocks are lack of business plans, collateral and, specifically for cooperatives, lack of member capital. However, some financial institutions are interested in entering the agribusiness sector, despite the risks involved.

It is important to construct mechanisms and programs at different levels to ensure financial access for medium-sized borrowers (e.g. agricultural cooperatives) by reducing risks for commercial financial institutions. The design of programs shall depend on the commodities, areas and available chain partners.

Actions:

- Promote internal capital mobilization within agricultural cooperatives.
- Provide preferential credit to agricultural cooperatives and farmer associations through soft loans from government or financial institutions.

Options:

- Establish collateral security and create transparency in lending mechanisms for agricultural cooperatives.
- Provide guidelines, benchmarks or examples for agricultural cooperatives regarding the need for collateral, business plan and member capital.

Pillar 4: Access to Market

The projected economic growth in ASEAN will bring huge market possibilities for agricultural cooperatives. The growing middle class and the globalization of trade will lead to new opportunities for agricultural cooperatives to add more value and sell their members' produce in a competitive manner.

Measure 1 – Access to existing and to new markets, and outreach to business by agricultural cooperatives

Agricultural cooperatives need to access new and existing markets and trade opportunities for agricultural commodities, which are rapidly growing in Asia and beyond. The challenge is how to add value and integrate into the value chain.

At the same time, cooperation with private sector is needed to deliver agricultural products to the consumers and to bargain for fair price. Sustainability and quality assurance can be challenging for small agricultural cooperatives. Nevertheless, agricultural cooperatives can focus on existing agriculture markets or develop new ones using the branding approaches like agro-tourism, environmental services, carbon credit business, agro-forestry and many others.

ASEAN governments can play the role of facilitator of business deals to ensure fair sharing in the value chains.

Actions:

- Support agricultural cooperatives in using market information systems on consumer patterns, new business opportunities and competitiveness.
- Allocate R&D funding for development of new products by agricultural cooperatives identified through the market information systems.
- Support and attend business fora and match-making events between businesses and agricultural cooperatives.
- Develop a code of conduct for agribusiness in relation to working with smallholders and their cooperatives, e.g. regional certifications and the use of a “cooperative and smallholder benefit logo”.

Roadmap Pillars	Measures	Actions and Options:
1. Institutional and Capacity Development	Improve access to good quality advisory services	<p>Actions:</p> <ul style="list-style-type: none"> • Conduct trainings for government officials on the management and operation of agricultural cooperatives so that they can play the needed facilitation role in the provision of services. • Benchmark the classification and support systems for agricultural cooperatives against the standard of excellence in order to attract investments and partnerships with business. • Collect or develop materials for training and support to agricultural cooperatives in the field of production, management, finance and business development, especially in areas where they are most lacking. <p>Option</p> <ul style="list-style-type: none"> • Provide access to specialised advisory services by agricultural cooperatives in the areas of feasibility studies, business planning, financial management, governance and marketing.
	Peer-to-peer learning and knowledge sharing	<p>Actions:</p> <ul style="list-style-type: none"> • Gather all available information on agricultural cooperative expertise in ASEAN and make them widely accessible through a centralized database system. • Set up an exchange program on thematic agricultural cooperative policy issues (e.g. by-laws, taxation, financing instruments), especially for young agricultural cooperative managers and board members. • Share information on youth programs in ASEAN countries that are directed at agricultural cooperatives. • Improve the use of online learning tools on agricultural cooperatives that were developed by ASEAN sectoral working groups or those from reliable sources like IFAD and EU. <p>Options:</p> <ul style="list-style-type: none"> • Organize an expert pool at national and ASEAN levels that can provide hands-on advisory services to agricultural cooperatives. • Invite agricultural cooperative practitioners into the ACEDAC network and transform it into a structure for formulating policies that are based on actual practices of agricultural cooperatives.
2. Competitiveness	Create resilient cooperatives	<p>Actions:</p> <ul style="list-style-type: none"> • Promote a systemic and comprehensive approach to risk management for agricultural cooperatives, including diversification and insurance schemes. • Expose and support agricultural cooperatives to access markets for high-value, organic and Geographical Indication (GI) food produce. <p>Options:</p> <ul style="list-style-type: none"> • Collect tools for agricultural cooperatives to train and assist members in tackling climate challenges in key commodities in line with the priorities of the different ASEAN working groups. • Support the development and promotion of climate-resilient varieties and agriculture technologies such as agroecology and make them available to agricultural cooperatives through the ASEAN network.

		<ul style="list-style-type: none"> Promote an integrated area development approach by agricultural cooperatives based on a combination of tourism, biodiversity, local economy and global markets with geographical Indications (GIs). Support farm advisory and extension services of agricultural cooperative for their members on sustainable agriculture.
	Create an enabling environment for agricultural cooperatives growth and viability	<p>Actions:</p> <ul style="list-style-type: none"> Allocate budget for capacity building and professionalization of agricultural cooperatives. Develop a strategic agenda in ASWGAC to strengthen the position of agricultural cooperatives in the AEC and to develop policies at ASEAN and national levels to enable agricultural cooperative development. AMSS to share experiences, improve regulations and intensify efforts in: <ul style="list-style-type: none"> Regional infrastructure; Tax policies; Rural education on financial literacy, management and business; Knowledge transfer through good academic and vocational networks in rural areas; Land consolidation and ownership; and, Streamlining of regulations and their costs. <p>Options:</p> <ul style="list-style-type: none"> Provide policy guidelines and incentives for the consolidation or merger of small agricultural cooperatives to attain economies of scale. Support national agricultural cooperative federations in building their capacities to provide services to their member agricultural cooperatives. Improve auditing systems for agricultural cooperatives to ensure good governance and internal control. Encourage ASEAN governments to establish a clear and uniform legal framework for agricultural cooperatives and preferential treatment for ambitious and well-performing ones. <p>Develop policies to require and support training for officers and staff of agricultural cooperatives.</p>
	Stimulate commodity-specific agricultural cooperation	<p>Action:</p> <ul style="list-style-type: none"> Study the potential impact of agricultural cooperative federations in ASEAN and gather lessons learned from different countries. <p>Options:</p> <ul style="list-style-type: none"> Design commodity-specific trainings for agricultural cooperatives. Research possibilities for cooperative-cooperative trading schemes to decrease costs and increase solidarity.
	Promotion and 'marketing' of agricultural cooperatives development	<p>Actions:</p> <ul style="list-style-type: none"> Set up an ASEAN Agricultural Cooperative Network based on existing agricultural cooperative federation structures to represent agricultural cooperatives and their members in networking events and policy dialogues. Expand the relationship of ASGWAC with donors, companies and financiers in the ASEAN region, such as

		<p>Grow Asia, EU, IFAD, USAID, agri-agencies and others.</p> <ul style="list-style-type: none"> • Claim a bigger role for agricultural cooperatives in public-private partnerships and development programs in the region. <p>Options:</p> <ul style="list-style-type: none"> • Develop a marketing and fundraising plan towards 2025. • Promote agricultural cooperative development in ASEAN through the production of brochures and flyers for donors and financing institutions. • Develop a computerized and centralized database of agricultural cooperatives in ASEAN for benchmarking, marketing and fundraising. • Define key performance indicators (KPIs) for the database and establish a baseline for all agricultural cooperatives that will be updated annually. • Mainstream agricultural cooperatives as important institutions for development programs in the ASEAN Economic Community. • Develop voluntary guidelines on agricultural project financing by third parties involving agricultural cooperatives.
3. Access to Finance	Promote sustainable financing systems for agricultural cooperatives	<p>Actions:</p> <ul style="list-style-type: none"> • Promote internal capital mobilization within agricultural cooperatives. • Provide preferential credit to agricultural cooperatives and farmer associations through soft loans from government or financial institutions. <p>Options:</p> <ul style="list-style-type: none"> • Establish collateral security and create transparency in lending mechanisms for agricultural cooperatives. • Provide guidelines, benchmarks or examples for agricultural cooperatives regarding the need for collateral, business plan and member capital.
4. Access to Market	Access to existing and to new markets, and outreach to business by agricultural cooperatives	<p>Actions:</p> <ul style="list-style-type: none"> • Support agricultural cooperatives in using market information systems on consumer patterns, new business opportunities and competitiveness. • Allocate R&D funding for development of new products by agricultural cooperatives identified through the market information systems. • Support and attend business fora and match-making events between businesses and agricultural cooperatives. • Develop a code of conduct for agribusiness in relation to working with smallholders and their cooperatives, e.g. regional certifications and the use of a “cooperative and smallholder benefit logo”.

IMPLEMENTATION GUIDE AT NATIONAL AND LOCAL LEVEL

1. Advisory trajectory for individual agricultural cooperatives and recommended eight steps to set-up a cooperative towards global value chains

In different ASEAN countries, farmers' collective action for their businesses activities differ in scope and stage of organisation. Some are cooperatives founded by the state decades ago, while others are newly formed by farmers working together to improve their business scale.

The various steps from forming farmer groups until transformation into an operational agricultural cooperative business engaged in the value chain have been analysed and observed. This observation gives us insights into the process from the beginning to the establishment of an ongoing agricultural cooperative business. This is of interest, because if agricultural cooperative support and development intends to bypass some of these 8 steps, normally the results will not be as efficient, sustainable and resilient as when all of the steps are followed.

PHASES OF GROUP/COOP S DEVELOPMENT	BASIC STEPS	MAIN ACTIVITY
Pre-inception Phase	1. Developing the initiative	<ul style="list-style-type: none"> - Work out proposed initiative and ideas - Pull together committed core group & define critical questions - Discuss cooperative as one of several options - Collect information - Explore relevant market/economic need - Study economic and social aspects of problem
	2. Building consensus	<ul style="list-style-type: none"> - Discuss within core group whether a new cooperative can adequately address identified problems and opportunities - Study organisational alternatives - Hold initial meetings to review the nature of a cooperative solution - Propose cooperative approach in public meeting - If sufficient interest among potential members: create initial budget
Inception Phase	3. Establishing a steering committee	<ul style="list-style-type: none"> - Identify leadership and establish steering committee - Install working groups and agree on timetable and tasks - Assign tasks to potential members for subsequent steps - Build trust among potential members
	4. Feasibility study and member survey	<ul style="list-style-type: none"> - Conduct feasibility study - Survey potential members - Agree on feasibility and inform stakeholders - Obtain support and expertise from third parties
	5. Organisational design	<ul style="list-style-type: none"> - Determine organisational structure - Prepare preliminary statutes and rules or by-laws - Determine basic capital need - Raise initial basic capital (members, third parties)
	6. Member commitment	<ul style="list-style-type: none"> - Develop a detailed business plan, get advice when needed (most of times) - Explain and confirm legal identity - Hold first members' meeting to approve the business plan - Set up books/accounting system - Conduct member equity drive and sign-up - Appoint interim board of directors
	7. Involving other stakeholders	<ul style="list-style-type: none"> - Appoint manager (when possible and/or needed) or appoint a leader to manage the coop. - Secure necessary additional financing - Formalise relations with customers or suppliers -
Formation Phase	8.	<ul style="list-style-type: none"> - Hold general meeting and establish committees

----- Operation Phase	Starting up the enterprise	<ul style="list-style-type: none"> - Secure necessary assets - Registration, and obtaining needed permits, ----- - Carry out preparatory financial and administrative tasks - Recruit personnel
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2. Thematic milestones for an efficient cooperative promotion and support roadmap at country level

In addition to the eight logical steps for forming a cooperative business, another challenge is how to ensure that the promoted and formed business will be sustainable, safe and reliable.

Sustainable, safe and reliable agricultural cooperative business will need sufficient attention to the thematic milestones. The milestones listed here are further explained in the tables below:

- PLANNING THE COOPERATIVE AND ITS BUSINESS
- LEADERSHIP AND MEMBERS' COMMITMENT
- COOPERATIVES MANAGEMENT
- INFORMATION MANAGEMENT

PLANNING the COOPERATIVE and its business	USUAL RISKS UNDERMINING THE EFFICIENCY OF COOPERATIVES PROMOTION PROGRAMS	MAIN SUPPORT SYSTEMS REQUIRED TO PREVENT USUAL RISKS
<p>Clear objectives and strategy</p>	<ul style="list-style-type: none"> - Cooperatives formed without clear focus and purpose (just for the sake of forming it) - The members lack a clear vision, purpose and objectives for forming the cooperative - Lack of clear strategy to achieve the objectives and goals 	<ul style="list-style-type: none"> - Capacity building (trainings and coaching) on: <ol style="list-style-type: none"> a. Generalities of cooperatives, including basic objectives, strategizing for achieving an objective and identification of risks. b. Planning (basic and business planning): interpreting the vision (objectives and strategy) into implementable business plan for actions. - Advisory support: make access to expert advisors on strategic planning possible, by subsidizing or co-financing. - Improve capacities of extension agents and other service providers
<p>Strong assumptions - based market research and costs analysis.</p>	<ul style="list-style-type: none"> - Overestimating the volume of production and underestimating the cost of production - Feasibility and business plans based on assumptions without clear information to the farmers. 	
<p>Identify risks and avoiding starting up cooperatives just because these are promoted by the State.</p>	<ul style="list-style-type: none"> - Risks in starting cooperatives are not fully analysed (a careful study and deeper understanding of factors influencing cooperative such as government regulations, policy, production and market trends, environmental issues, etc. is required before the start of the cooperative). - Governmental agencies and their employees might have a “mandate” to create coops, what might end in groups of farmers getting together because of a ‘benefit’ offered to them. 	
<p>Propper business planning</p> <ul style="list-style-type: none"> - In-depth survey (feasibility studies); - Groups formed with authenticated members interest. 	<ul style="list-style-type: none"> - Groups with set-up that is not economically sound or are risky - Detail planning to achieve the goals and purposes are not identified properly. 	

LEADERSHIP AND MEMBERS' COMMITMENT	USUAL RISKS UNDERMINING THE EFFICACY OF COOPERATIVES PROMOTION PROGRAMS	MAIN SUPPORT SYSTEMS REQUIRED TO PREVENT USUAL RISKS
<p>Good and 'professionalized' leadership</p>	<ul style="list-style-type: none"> - Outside resource persons shouldn't be the leaders for the group - Leaders from within the group normally lack good leadership abilities - Outsiders professionals get involved in decision-making and leaders follow (this must be avoided) 	<ul style="list-style-type: none"> - Capacity building on leadership attitude and skills with focus on accountability towards members as the key for member commitment (training and coaching with long term follow up)
<p>Lack of members' Commitment</p>	<ul style="list-style-type: none"> - Members lack a broad-based support, they see more obligations than rights. To bring their produce sometime is seen as an obligation which doesn't payoff. - Lack of accountability of leaders and staff as a result of lack of information to members and no feedback, nor validation asked to them they become 'outsiders' of the steering, management and control of the cooperative. - Members are not fully informed about all issues related with the coops and mistrust takes place. - Support of all stakeholders will not take place due to evident lack of members' commitment. 	<ul style="list-style-type: none"> - Support for covering the cost of advisors, ensuring professional advice for planning, which will include a face of identifying members' concerns, therefore ensuring their awareness and interest in the planning process - and afterwards, ensuring their commitment. - Capacity building on Governance related issues, leadership and members' commitment. - National regulations for cooperatives include rules for ensuring that planning processes compels leaders' and staff's accountability to members through information and validation processes (e.g. social control takes place). - Extension agents do monitor and control that the above rules takes place (or others who can take this up)

COOPERATIVES MANAGEMENT	USUAL RISKS UNDERMINING THE EFFICENCY OF COOPERATIVES PROMOTION PROGRAMS	MAIN SUPPORT SYSTEMS REQUIRED TO PREVENT USUAL RISKS
<p>Proper, modern and professional management</p>	<ul style="list-style-type: none"> - Cooperative members, inexperienced in cooperatives and busy in their own farm leads to low participation and therefore improper management of cooperatives. - This is reinforced by low transparency and lack of periodic information on the cooperative's decision-making processes. 	<ul style="list-style-type: none"> - Access to expert advisors (including a system to make possible for coops to hire 'managers' for a period of time, after which the coops would cover the cost with the operations done by the manager). - Improve capacities of extension agents - Improve Coops capacities by trainings

INFORMATION	USUAL RISKS UNDERMINING THE EFFICENCY OF COOPERATIVES PROMOTION PROGRAMS	MAIN SUPPORT SYSTEMS REQUIRED TO PREVENT USUAL RISKS
<p>Access to adequate and timely information</p> <p>And existence of communication systems</p>	<ul style="list-style-type: none"> - Members of the cooperatives do not have proper or enough access to information in a range of matters (technical, market, cooperatives activities, implications of new regulations, and many others). - Members do not have ideas on the suppliers, marketing and other support avenues. - Members are not exposed to other cases in which cooperatives are successful with farmer members in similar farming conditions. 	<ul style="list-style-type: none"> - On-line information systems and extension agents connected to the system in some way (computers, smartphones). - Radio programs at key hours in the day (farmers' breakfast time and after-dinner time): basic information on market issues, existing support programs, technical issues, and many others. - Create a system to cover all or part of the cost of exchange visits and study trips.

ACCESS TO GOOD QUALITY ADVISORS	USUAL RISKS UNDERMINING THE EFFICENCY OF COOPERATIVES PROMOTION PROGRAMS	MAIN SUPPORT SYSTEMS REQUIRED TO PREVENT USUAL RISKS
<p>Access to experienced advisors</p>	<ul style="list-style-type: none"> - Members lack cooperative experience when starting a cooperative, and frequently this remains in time. - Outside resource persons and/or advisors lack specific experiences in cooperatives and their uniqueness (there is a need of advisors in topics like cooperatives in general, planning, management and marketing for cooperatives). 	<ul style="list-style-type: none"> - Generate access to advisors: a system of subsidies or co-financing to cover part or all the cost of private advisors or from experts coming from the professional organisation of the cooperatives (federations or associations) for a certain time. - Use of extension services with professionals specialized in cooperative management matters. - Improve the existing advisors' capacities: a system of subsidy to cover part or all costs of specialization of for advisors (trainings, courses, graduate studies, equipment, and many others).