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ICA Statement to the FAO 124th FAO Council

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Thank you Chairperson,

The International Co-operative Alliance (ICA) would like to express its concern on the proposed cuts to the 2004-2005 budget for the Major Programme 2.5.3 in particular those that will negatively impact the work of the Rural Development Division (SDA) with farmers' organisations and co-operatives. These proposed cuts will lead to the end of specific technical expertise in co-operatives by the end of 2004 due to the freezing if not cancellation of professional posts in the Co-operatives and Farmers' Organizations Group that would otherwise require filling in 2004.

ICA as the representative organisation of co-operatives serving over 760 million individuals through its 230 member organizations in over 90 countries is concerned that FAO, an organisation that has effectively reiterated its commitment to reducing poverty and hunger and building links with civil society will reduce its capacity to work with farmers' organizations and co-operatives. This is even more preoccupying since Member States have reiterated their conviction that co-operatives are a means for people around the world to fight poverty and hunger, create and maintain decent employment especially in rural areas, and enable civil society organizations to prosper to enable people to help themselves. This support has been expressed with policy documents and official statements issued in such fora as the United Nations¹, the International Labour Organisation², the World Bank³, the European Union⁴, the Pan-African Conference⁵ and most recently the MERCOSUR Presidential Summit⁶ not to mention the specific reference found in FAO's own World Food Summit Plan of Action⁷. Noteworthy too is the fact that Brazil will launch an ambitious programme to combat hunger through co-operative development on July 4th of this year, on the occasion of the International Day of Co-operatives 2003.

May I take this opportunity to remind the distinguished delegates here today of the significant continuing contribution of co-operatives in building economic and social development around the world. Agricultural co-operatives are primary actors in many economies responsible for food production and processing, creating and maintaining rural employment and income, and making rural development a reality in many countries of the world.

¹ UN Guidelines aimed at creating a supportive environment for the development of co-operatives (included in A/56/73-E/2001/68 and adopted through UN General Assembly resolution A/RES/56/114

² ILO Recommendation No. 193: "Promotion of Co-operatives" – June 2002

³ "Most countries are looking for new institutional mechanisms (such as co-operatives) to provide agricultural inputs, rural credit, extension services, and maintenance of rural roads." World Bank - 2001

⁴ European Co-operative Statute

⁵ Yaoundé - 2000

⁶ XXIV Reunión del Consejo del Mercado Común, Comunicado Conjunto de los Presidentes de los Estados Partes del Mercosur, 18 June 2003, para 16: "Coincidieron en la necesidad de dar impulso al movimiento cooperativo en el MERCOSUR, reconociendo en dicha actividad una importante herramienta para el desarrollo. En ese sentido, instaron a la Reunión Especializada de Cooperativas del MERCOSUR a seguir avanzando en sus discusiones, en el entendido de que el cooperativismo es un importante agente de desarrollo regional, integración económica, inclusión y cohesión social;"

⁷ World Food Summit Plan of Action, Objective 3.5 (j).

The United Nations estimated in 1994 that the livelihood of nearly 3 billion people, or half of the world's population, was made secure by co-operative enterprises. Nearly 800 million individuals are members of co-operatives today, compared with about 184 million in 1960. They account for an estimated 100 million jobs around the world – more than that of multinational enterprises - and are economically significant in a large number of countries providing foodstuffs, housing, financial and a wide variety of consumer services.

The macroeconomic significance of co-operatives may be seen by the market shares they hold. In Burkina Faso, agricultural co-operatives are the largest producers of fruit and vegetables for the national market and in Côte d'Ivoire they are responsible for 77 per cent of cotton production. Co-operatives in Kenya cut across all sectors of the economy including finance, agriculture, livestock, manufacturing and distribution trade, contributing to 45 per cent of the national GDP. In Uruguay co-operatives produce 90 per cent of national milk production and export 70 per cent of the surplus wheat production. In the United States, in 1998, 33 per cent of the agricultural market was comprised of co-operatives and rural electricity co-operatives operated more than half of the electrical lines, providing power to more than 25 million people in 46 states. In 1997, the contribution of cooperatives to GDP in the Philippines was 16 per cent. In the Republic of Korea, 40 per cent of local agriculture was marketed through co-operatives. These are but illustrations of the magnitude and importance of co-operatives.

We understand that FAO is in a difficult position that requires the prioritisation of how to use its limited resources, however the ICA urges Member States to find alternate proposals that will enable FAO to retain a specific technical focus on farmers' organisations and co-operatives. We note in particular FAO's long standing assistance to many Member States in the area of capacity-building, and assistance to co-operatives in restructuring and enhancing their entrepreneurial skills to increase incomes, and in engaging in dialogue with decision-makers on policy including that related to food production and food security. Without an FAO focal point, much of the work currently undertaken will no longer be completed. We note in particular that FAO expertise in promoting rural people's organization participation in support of World Bank-financed PRSP processes and Community Driven Development (CDD) initiatives as well as FAO's participation in the inter-agency coordinating body, the Committee for the Promotion and Advancement of Co-operatives (COPAC) will be seriously compromised.

Finally, may I take this opportunity to reiterate ICA's continued support to FAO and ICA's commitment to ensure co-operation between FAO and ICA as stated in the Memorandum of Understanding signed with FAO in 1999. We hope that together the Co-operative Movement and FAO can work together to address poverty eradication and hunger and find effective solutions.

Thank you.