



**Message from the Food and Agriculture Organization of the United Nations  
on the occasion of the 15<sup>th</sup> UN International Day of Cooperatives**

***Driving global recovery through cooperatives***

The current world economic crisis coupled with the recent soaring food prices and volatility, has deepened social inequalities between rich and poor countries and urban and rural areas, giving rise to higher numbers of hungry and vulnerable people in the world. The crisis is a consequence of a world economy largely dominated by financial interests that are driven primarily by short-term profitability as the main criterion to measure effective corporate performance. The economic and financial crisis has also produced a crisis of social values marked by uncertainty and a loss of confidence in the future. In this environment, rural cooperatives have been weathering the crisis well and, in some cases, seem to be thriving despite the combined effects of the food and financial crises. Why has the cooperative model proved to be more resilient? The reasons are manifold, but the main ones are listed here below:

- **A sustainable and effective business model**

Rural cooperatives exist to provide benefits to members rather than purely to generate profits. These businesses are aligned to the needs of members, who are both investors and consumers of the services that cooperatives provide. Above all, members of rural cooperatives expect certain types and a certain quality of services, such as marketing information and products, access to affordable inputs, increased earnings, better working conditions, and savings and loans. This has a significant impact on the investment decisions that cooperatives make: cooperatives plan their businesses with a long term vision, instead of looking for short term profitability and its associated risks. The cooperative business model is therefore a sustainable economic model.

- **More growth with more equity**

Rural cooperatives offer vulnerable people the opportunity to become market actors, in contexts where they are sometimes excluded from the economy because of failures in rural markets or the absence of markets or market services. Rural cooperatives thus promote equity and a better and more effective use of human resources in rural areas of developing countries, where the majority of poor men and women reside.

- **Irreplaceable organizing values**

The cooperative model provides vital organizing values that are indispensable when trying to overcome any crisis. These values include economic democracy, social responsibility and solidarity. Rural cooperatives are founded on the principle of "one member, one voice" rather than on the number of shares held by individuals. Joining a rural cooperative is a voluntary process and gives access to resources without which entrepreneurship is not possible. Unlike welfare policies and programmes that can create dependency, rural cooperatives give responsibilities and self-help opportunities to men and women who are often marginalized, offering them the chance to develop their entrepreneurial know-how, skills and capacities. Importantly rural cooperatives also exemplify the importance of individual engagement in the service of the community and they promote solidarity among members.

- **A more balanced economy**

Rural cooperatives can contribute to global economic recovery by promoting both economic growth and ethical values in rural areas. At the moment the model of an economy dominated by short term profitability is being brought into question; therefore, the cooperative model, with its organizing values, provides a basis for more equitable practices and long-term engagement of the men and women who are stakeholders in the process. However important cooperatives are for rural development, an appropriate balance between markets, the state and collective action is needed. The state has to provide the enabling environment in which rural cooperatives can operate and develop their capacities, so they can thrive in a free market, while at the same time continuing to provide essential services for rural development.