



# Cooperative Model Farmer Corporation for Fisheries

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# Agriterra

- an agri-agency since 1997
- Organisation for international agricultural cooperation
- Founded by Dutch farmers organisations and cooperatives
- From farmer to farmer and from cooperative to cooperative





# Agriterra's Assets



# Agricultural Industrialisation in Ethiopia



# Agricultural Industrialisation in Peru



**Coopecan Cooperative has more than 1,000 farmer members**

- Producing alpaca fibre for **export**
- Coopecan cooperates with Agriterra since 2011 and **Agriterra supports them to set up their own factory.**
- Agriterra assisted Coopecan to get loan EUR 10 million from financier to buy the factory previously owned by investor-non-farmer

# AGRITERRA: THEORY OF CHANGE

- **Agrarian producers organisations** are crucial in the battle against poverty and hunger and are **an instrument for food security**
- Successfully developed countries are those that have **shifted their resources from agriculture to manufacture**
- **Farmer led enterprises** are the most important means for farmers to take development in own hands



# Farmer Corporation

"**Farmers and fishermen** need to get out of on-farm activities towards **off-farm by adding value** to their farming activities and fisheries through processing agricultural and fishery products as well as developing agriculture and fisheries-based businesses"



President Joko Widodo during a limited meeting discussed the acceleration of the economic strengthening of the agriculture and fisheries sector at the Presidential Office, Jakarta, Tuesday (10/12/2019)



Souser: <https://nasional.kompas.com/read/2019/12/10/16515621/presiden-jokowi-ingin-petani-dan-nelayan-fokus-ke-pascaproduksi>.

# Business Model (Farming/Fishery)

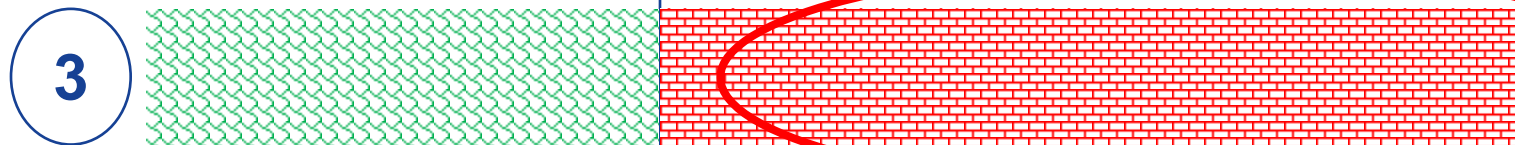
**On-farm**

**Off-farm**

**Farmer in developing countries**



**Farmer in develop countries**



**Need to co-operate  
to achieve  
economies of scale  
(large investment)**



# Paradigm Shift

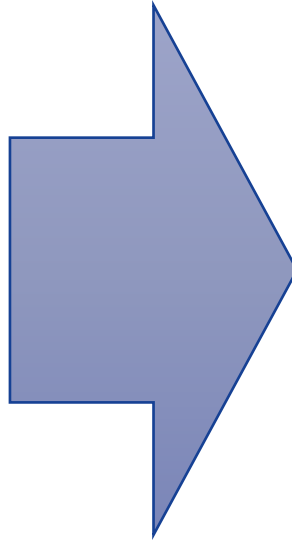
## Developing countries

Cluster 1: **Farmer**

Cluster 2:  
**Middlemen -  
Cooperative**

Cluster 3:  
**Processing  
Industries**

Farmer = Small Holder, land-owner, worker, business-person



## Develop countries

Cluster:  
**FARMER**

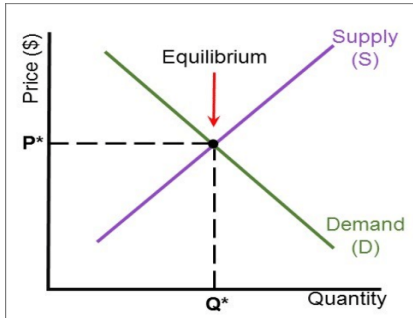
Business person who run **on-farm business, and joint-invest in off-farm industry of** farm input dan output. **1 farmer may employ more than 1 labor.**

# Agriterra and The Ministry of Cooperative & SME of the Republic of Indonesia

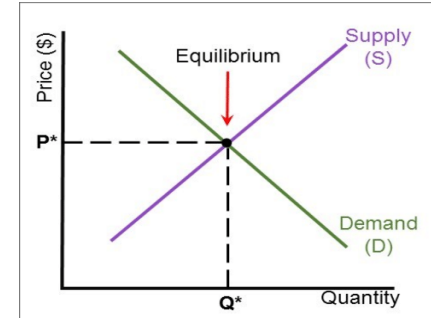
Accompany 10-15 agricultural cooperatives that have plan in incorporating value-added processing facilities with minimum investment of EUR 1 million:

- Develop a business plan
- Assist access to financing
- Road show to convince farmers to join invest in the cooperative business
- Execute business plan

# Business Risk (Indonesian Farmer)



All handled alone  
and **compete** with  
each other



Input  
(off farm)



On farm

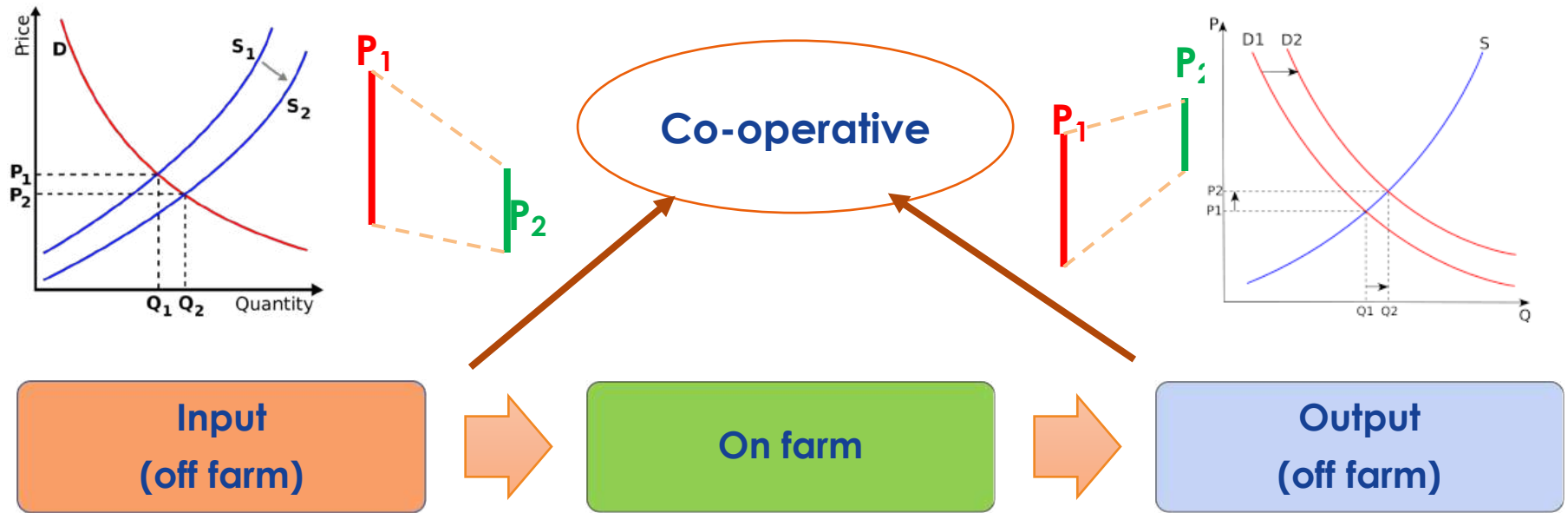


Output  
(off farm)

- **Business risks** are **borne individually**
- **Business is chaotic** when there are **fluctuations in input and output prices**
- Farmers are **dealing directly** with the **Free Market**
- There is **no buffer** in risk of input and output (**risk mitigation**)



# Business Risk (Farmer in Develop Countries)

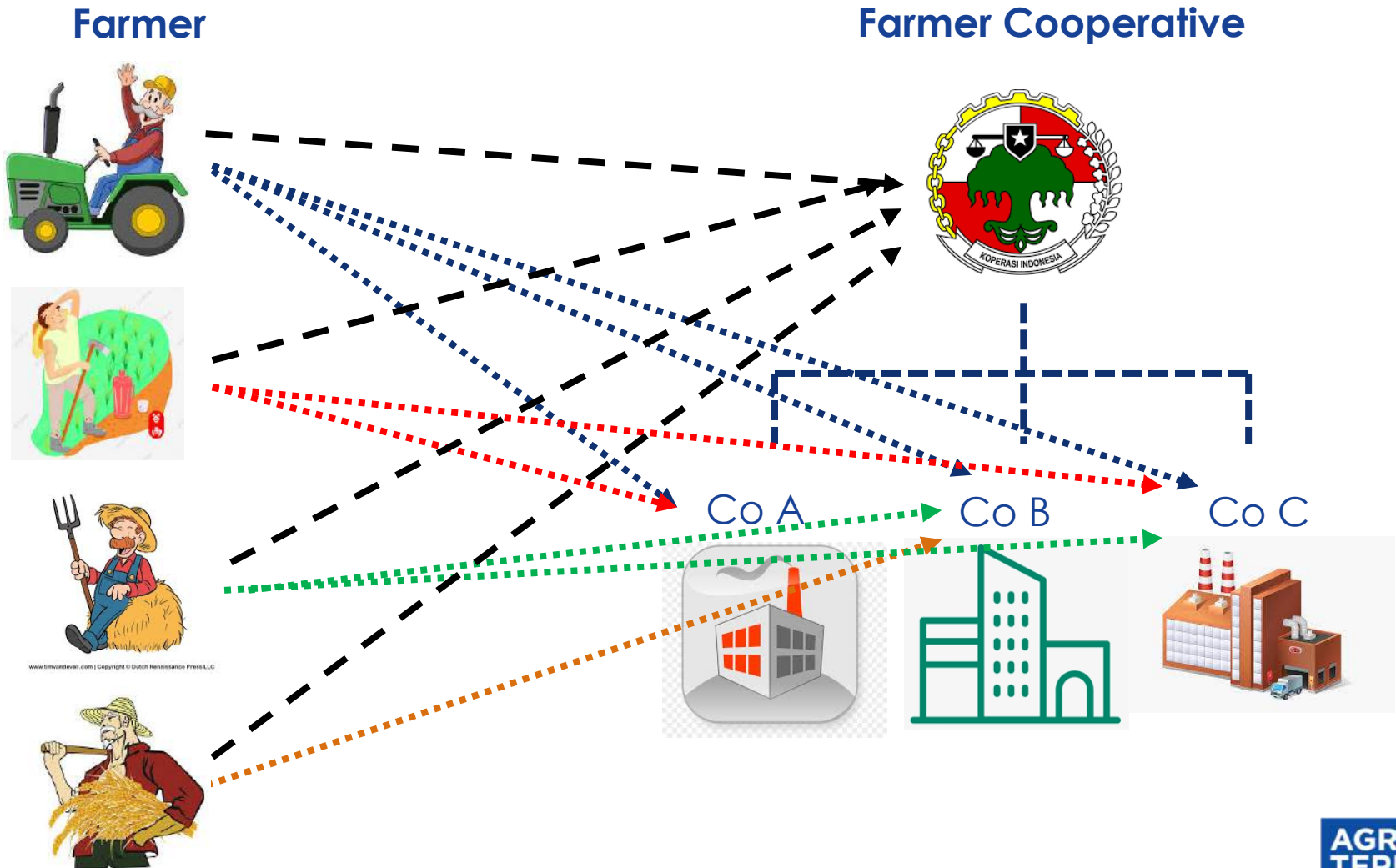


- The **risk of on-farm business** is borne **individually**
- Join the Cooperative **to mitigate input and output business risk**
- Farmers do **NOT** deal directly with the **Free Market**
- Cooperatives as a **cushion/buffer** in the risk of input and output (risk mitigation)

# Target of Farmer Corporation Program

- **Off-farm business:** **input or output** (above the minimum economic scale)
- **Sustainable business** (there are audited financial statements and annual tax returns)
- Company (legal entity) **owned by majority of farmers** (> 51%)
- The **income** of the farmer-**member-owner increases** (from the patronage price of the cooperative company)

# Cooperative Model Farmer Corporation



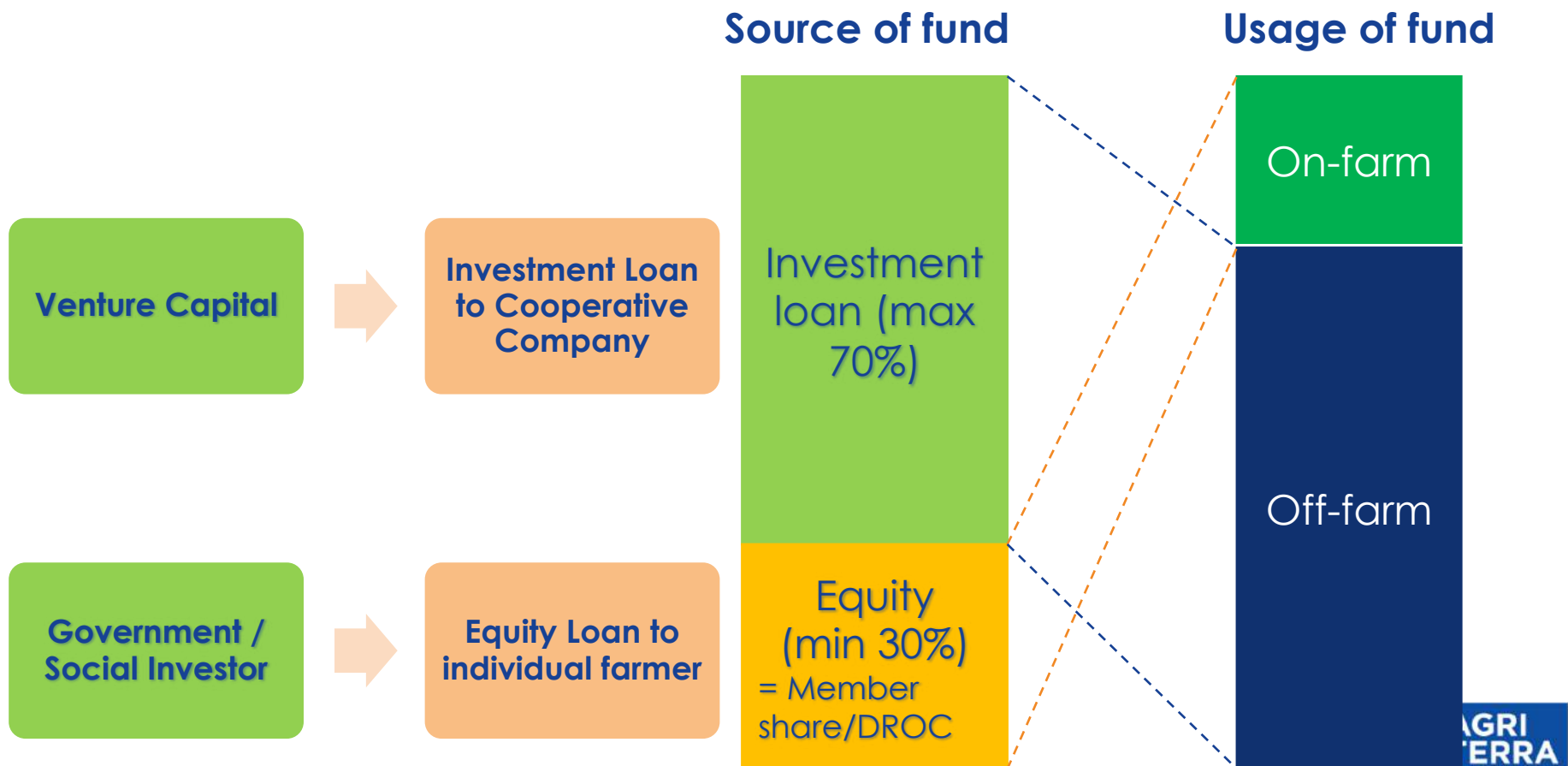
— — — — — ► = Member Common Share  
..... ► = Cooperative transaction



# Model of Cooperative Membership

- DROC (Delivery Right & Obligation Certificate)
- LLB (Leden Leverings Bewijs)
- Simpanan Wajib berupa **Sertifikat Hak dan Kewajiban Transaksi (SHKT)** dengan Koperasi
- Example:
  - DROC Paddy= IDR15 million/14-ton wet paddy per year
  - DROC Coconut = IDR17 million/10.000 coconut-per-year
  - DROC Milk = IDR10 million/liter-per-day

# Cooperative Model of Farmer Corporation (Financing Plan)



# Farmer Corporation (Solution of National Problem)

- **Food Security:** Rice, Corn
- **Import Substitution:** Rice, Corn, Salt
- Increasing **Exports:** Coconut, Palm, Lobster, Fish (processed products with abundant raw materials in Indonesia)
- **Stunting alleviation:** Milk, Fish, Meat
- **Climate Change Mitigation:** climate smart agriculture
- **Special Economic Region Development**
- **Job Creation in Rural Areas**





**THANK YOU**