



Food and Agriculture Organization
of the United Nations



International Conference

Experience of ICF Community Wellbeing in
development of small family type farms
united into agricultural service coops

Viktor Teres, PhD, MBA
Chair of the Board

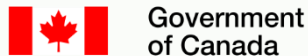
ICF Community Wellbeing (ICF CW)

- **Mission statement:** to improve the wellbeing of Ukrainian communities while caring for the environment
- Since 2000 – more than 23,000 rural families received support in frame of 72 projects.
- 80 agricultural service cooperatives supported, 52 of which are operational
- ICF CW is the go-to resource for international collaboration and experience regarding rural development, cooperatives and family farms development and operation
- ICF CW is actively engaged in dialogue at National, regional and local levels to influence and change policies, systems and practices thus creating enabling environment for small rural producers and relevant value chains.

Experiences of ICF Community Wellbeing

- Pro-small producer wealth creating value chains development and implementation
- Collaborating with the International donors, key Ministries and local government
- *Shared value partnership projects* including corporation Danone and Danone Ecosystem Fund, Union of coops, small farmers, commercial Banks, credit unions and local government
- EU and USAID, Canadian government and EBRD funded projects
- More than 16 years experience in agribusiness, cooperatives and family farming development, increasing access to finance for farmers
- Development Ukrainian policy enabling environment for small producers and their Unions
- Conducting different types of surveys related with social and economic aspects

ICF Community Wellbeing partners and donors



Historical projects of ICF Community Wellbeing








Current Projects

Project	Funding	Donors and partners
1. Milk Communities Project 2010-2016	6 417 kEUR	Danone Ecosystem Fund, Danone Ukraine Heifer International Socodevi/Agricultural Advisory Service Hospodar Union
2. USAID/Partnering for Innovation Project: Creating family farms united into cooperatives. 2015-2017		USAID/Partnering for Innovation Danone Ecosystem Fund Dnipropetrovsk Agricultural Advisory Service Hospodar Union (recipient) Ministry of Agrarian Policy and Food of Ukraine (beneficiary)
3. Cooperative Learning Farm 2012-2016	2 300 kEUR	Danone Ecosystem Fund Heifer International Government of Canada Danone Ukraine
4. Ukraine Strawberries Communities 2012-2017	1 900 kEUR	Danone Ecosystem Fund DanTrade, Danone Ukraine Heifer International
5. Milk Value Chain (coop Milk Processing facilities), Kirovohrad Oblast 2014 - 2017	141 kUSD	Heifer International Kirovohrad Oblast Council Znamianka Raion Administration and Council USAID/Agroinvest Project (co-funding)
6. Capacity Enhancement of the Coop Union Training Centre on Sustainable Farming, 2015- 2017	286 kUSAD	European Bank for Reconstruction and Development Danone Ecosystem Fund and Heifer International

Our Current Projects



-  Creating FF united into Cooperatives (3 synergy projects in 6 oblasts)
-  Cooperative Learning Farm and Services, Dnipropetrovsk Oblast
-  Capacity Enhancement of a Training Centre on Sustainable Farming (EBRD)
-  Strawberry Communities Development Project, Ternopil Oblast
-  Milk Value Chain (coop Milk Processing facilities), Kirovohrad Oblast

Ukrainian economy is decreasing 2015

- ✓ GDP **decreased by 7 %** vs. 2014, in 2014 decreased by 7,5% vs. 2013 (EBRD)
- ✓ Inflation - **43,3%** (Ministry of Economy)
- ✓ Official unemployment rate was **10%**, hidden– about 20% (Fund of Unemployment)
- ✓ **24 %** of population is **below poverty line** (UNDP)
- ✓ Global Wealth Report of bank Suisse showed that real income of Ukrainian households



Milk production trends

- ✓ Increasing number of households keeping 3+ cows, shrinking of the number of families having 1-3 cows in their households
- ✓ Raw Milk production: 22% big farms, 78 % comes from individuals (including those united in coops)
- ✓ Declining number of cows in Ukraine, while increasing cow productivity – No of cows decrease by 3,7% during last year

© Ukrainian Club of Agrarian Business



Why family farms?

We believe that creating dairy family farms united into cooperatives is the key for sustainable rural development



Importance of family farms

- The UN declared 2014 as the International Year of Family Farming to raise the profile of family farming and smallholder farming
- Focusing world attention on its significant role (along with producer organizations and cooperatives) in providing food security and nutrition, improving livelihoods, managing natural resources, protecting the environment, and achieving sustainable development
- Providing a push to reposition family farming at the center of agricultural, environmental and social policies in the national agendas
- Identifying gaps and opportunities to promote a shift towards a more equal and balanced development

Family farming

- Family farming has an important socio-economic, environmental and cultural role
- Both in developing and developed countries, family farming is the predominant form of agriculture in the food production sector
- Family farming includes all family-based agricultural activities, and it is linked to several areas of rural development
- Family farming is a means of organizing production which is managed and operated by a family and predominantly reliant on family labor, including both women's and men's

Family farming

At national level, there are a number of factors that are key for a successful development of family farming, such as:

- agro-ecological conditions and territorial characteristics
- policy environment
- access to markets
- access to land and natural resources
- access to technology and extension services
- access to finance; demographic, economic and socio-cultural conditions
- availability of specialized education
- among others



Family farms

In general, family farms are:

- basis of sustainable production of food products
- way of social sphere improvement and culture development
- basis of rational use of natural resources



International characteristics of family farms

- Form of agricultural production
- Independently functioning
- Based on organization of family labor
- Addresses the needs of family
- And also - receiving revenue from sales of products

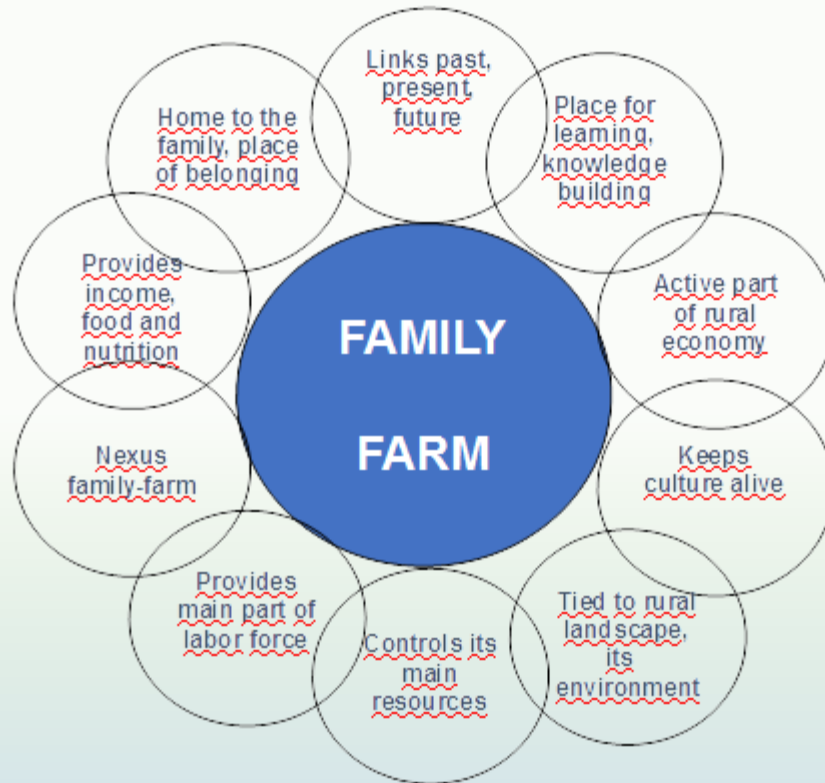


Impact of family farms on rural development

- Influence on the stabilization and development of the rural economy
- Have the flexibility and mobility in terms of solving the issues within their activity
- Allowing fully develop the potential of rural resident
- Allow to minimize the problem of employment in rural areas
- Create strong socio-economic motivation for owners toward effective operation



Ten qualities of family farming



Our vision of family farm in Ukraine

Family-type farm according to standards of developed countries (France, Canada 30-60 cows)

Individual rural household
1-2 cows

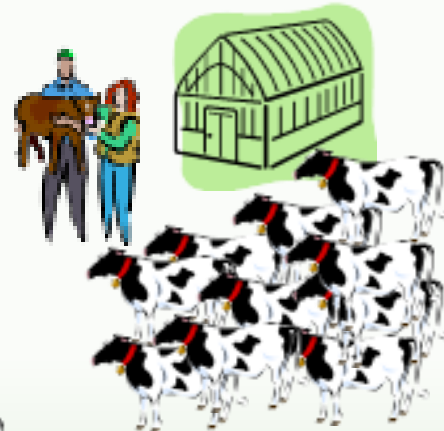


Cooperation and Training

Family farm
10 -20 cows



Cooperation and Training



COOP Union Hospodar

11 cooperatives members

Providing services in:

- Marketing and bulk purchases
- feed procurement,
- land cultivation,
- optimization of business processes (financial)
- analysis, milk collection points and routes, accounting, milking on pastures etc.

Protection of interests, lobbying

Providing training, information and methodological support



COOP Union Hospodar



Coop Leaning
Farm

FOR COOP MEMBERS

PROVISION OF LAND CULTIVATION AND FEED PROCUREMENT SERVICES

Feed procurement in 2 years

Hay procurement, t	901
Silage procurement, t	2 342
Haylage procurement, t	400

Land cultivation and other services in 2 years

Tilling, ha	90
Sowing, ha	113
Cultivation, ha	863
Harrowing, ha	550
Disc harrowing, ha	170
Spraying, ha	189
Cutting, ha	181
Windrowing, ha	71
Baling, bales	87 261



Training Activities

Coop Learning Farm as a training and coordinating center and place of training and demonstrations on general and specified agricultural issues



New family type demo farms for

10 animals

Demonstration of new approaches to animal keeping.
Building of family type farm and its benefit cost analysis.
Demonstration of technological processes

Reconstruction family type

demo farms for 5-10 animals as an example of establishment of small family farms, demonstration based on interests of target group of small holders, including system of animal keeping, feeding, hygiene and milk quality, ecological factors

Young animals raising

Demonstration of practices of raising productive animals on early stages (40 days)

Training activities results (2012-2016)



TYPE OF EVENT	# OF EVENTS	# OF PARTICIPANTS
Trainings on small family type development	40	452
Animal well-being and milk quality trainings	45	580
Total	85	1032

Perspectives of Coop Learning Farm

ACTIONS	Detailed actions	What is expected?
TRAINING	<ul style="list-style-type: none"> • Development of the Training course with engagement of the experienced local consultants and Western lead consultant • ToT for regional teams of multidisciplinary trainers • 5 trainings for 100 trainees at the cooperative learning farm • 10 trainings for 200 trainees in 5 oblasts of project • 5 three-day trainings for 100 students of agricultural institutes at the cooperative learning farm 	<ul style="list-style-type: none"> • Training course meets needs of small farmers • Improved farmer education • Improved access to Demofarm trainings; self-financing mechanisms • Improved rural youth education, integrating training course in the University curriculum

USAID/Partnering for Innovation Project: Development of Family Farms United in Agricultural Service Cooperatives



Government of Canada



Achievements of dairy projects

As of March, 2016:

1. **64** family farms for 7-20 cows opened, **57** more are currently under reconstruction
2. **23** mini milk cooling tanks purchased and installed on family farms, **40** more will be purchased and installed by the end of July 2016
3. **Four** educational modules developed such as family farm reconstruction and management; milk quality and hygiene; animal feeding and veterinary
4. Introduced **system of young stock growing** and breeding of highly-productive animals on Coop Learning Farm

Achievements of dairy projects (continuation)

5. **24** dairy cooperatives created, 21 of them are operational
6. **First grade milk** received in Mohuchyi coop from 16 mini-tanks and in Dobrobut Andriivky from family farms
7. Cooperatives provided with **318** highly productive heifers, milk collection equipment, milk trucks, cooling tanks, laboratory and veterinary equipment, bale rollers
8. **98** news jobs created in the cooperatives



Impact by August 2017:

1. **90%** of 170 family farms and 1000 smallholder farms will supply milk of first grade to the coops
2. **206 family type businesses** will be created and will unite around them 1,000 smallholder farms
3. **Danone sourcing strategy** will include FFs and smallholders united into the cooperatives and supplying milk of the First Grade
4. Training/consultations will be provided to **1,170 farms**



Advantages of family farming over predominant for Ukraine smallholder farming

- The **productivity** of cows increased on the average **by 25 %**
- **Profit** of the family farms increased on the average **by 30 %**
- Farmers' working hours **decreased from 7 to 4 hours per day** and the number of cows increased from 3-4 to 7-20
- **Milk quality** reached stable **first (tendency to high!) grade**, which is the same as produced by big modern farms
- **Proper Manure management** system and ecological approach is implemented



Main Challenges and solutions with FF creation



Challenge	What to do
1. Recruitment of the first candidate in the region	More time and resources to find the first candidate
2. Lack of funds to finish reconstruction	Microcredit mechanism for FFs that are 70-80% ready
3. Separation of First grade milk in bulk	Critical number of FF who produce only First grade milk to be able operate viable routes of milk supply

Strawberry Communities Development Project



Family farms development in Ecofruit project

- ✓ DEMO/production field - 22 hectares, yield in 2015 – **210 tons**
- ✓ In 2014 **five family farms** were created (total field – 7 hectares)
- ✓ In 2015 first harvest of 56 tons was obtained by family farmers
- ✓ Major part (about 80%) was **sold to Danone** and less (20%) to fresh market
- ✓ Total family farms **income was 900 kUAH (30 kUSD)** for sold strawberry
- ✓ 180 kUAH and per family (6 kUSD), 128 kUAH (4.3 kUSD) per hectare



Social impact of Ecofruit project

- ✓ **300+ people got seasonal work** (70 of them in family farms) and increase their income for 30-50% annually
- ✓ **60 permanent jobs** (20 of them in family farms)
- ✓ Decreased labor migration of local people abroad
- ✓ More than **1000** people trained



Results 2016

Since 2014, first in Ukraine strawberry coop covers the needs of Danone Ukraine milk processing plants in strawberry for 100% and family farm united in coop make their input and receive their benefit in frame of SHARED Value project

