THE CO-OPERATIVE SECTOR IN LEBANON

WHAT ROLE? WHAT FUTURE?

International Labour Organization

TECHNICAL REPORT

Regional Office for the Arab States

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1. BACKGROUND

1.1 Cooperatives: A Key Economic Actor Worldwide

In many countries, cooperatives are an important contributor to the economy. Their value and governance systems have allowed them to overcome many of the challenges of small-scale economic actors in both rural and urban settings. Policy makers look at cooperatives as powerful structures able to create job opportunities, alleviate poverty and mitigate rural exodus. Cooperatives have also contributed in many communities to increasing social protection and security, including strengthened social networks (ILO, 2011). In particular, agricultural cooperatives provide small and medium-scale farmers with strong economic benefits including sharing assets, and resources, improved access to markets, strengthened bargaining power and therefore higher return on their production (ILO, 2011).

Cooperatives are key economic actors worldwide, in both developed and developing countries alike. For example, in France cooperatives provide over 1 million jobs representing 3.5per cent of the active working population, in Kenya 63 per cent of the population derive their livelihood from the cooperative sector; in Malaysia, Paraguay and Spain, respectively 27 per cent, 18 per cent and 15 per cent of the population are cooperative members while 91 per cent of Japanese farmers are cooperatives members[1]. Cooperatives' capacity of job creation is also reflected in their economic impact; for example, in Italy cooperatives represent 13 per cent of all bank counter operations, 30 per cent of consumption and distribution sector, 50 per cent of all agro-food "made in Italy", totaling 127 billion Euro of turnover and 7.5 per cent of Italy's national GDP in 2013[2].

THE COOPERATIVE PRINCIPLES

PRINCIPLE 1, VOLUNTARY AND OPEN MEMBERSHIP

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, and social, racial, political or religious discrimination.

PRINCIPLE 2, DEMOCRATIC MEMBER CONTROL

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. In co-operatives members have equal voting rights (one member, one vote).

PRINCIPLE 3, MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible, benefiting members in proportion to their transactions with the co-operative, supporting other activities approved by the membership.

PRINCIPLE 4, AUTONOMY AND INDEPENDENCE

Co-operatives are autonomous, self-help organizations controlled by their members.

PRINCIPLE 5, EDUCATION, TRAINING AND INFORMATION

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives.

PRINCIPLE 6, CO-OPERATION AMONG CO-OPERATIVES

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

PRINCIPLE 7, CONCERN FOR COMMUNITY

Co-operatives work for the sustainable development of their communities through policies approved by their members.

1 International Co-operative Alliance. Co-op facts and Stats. http://ica.coop/en/co-op-facts-and-stats.
2 This figure was 2.5per cent in the late 1990's. See Verasani (2013).

The International Cooperative Alliance (ICA)[3] defines cooperatives as businesses owned and run by their members. According to the ICA, cooperatives are businesses driven by values (self-help, self-responsibility, democracy, equality, equity and solidarity), they are not just for profit businesses. According to the ICA, cooperatives' success relies on their ability to implement international cooperative principles (see text-box above), or in other words, on their ability to put their values into practice.

1.2 Research Questions

The Lebanese agricultural sector faces many challenges, such as land fragmentation, high cost of production for small and medium scale farmers, lack of adequate and accessible post-harvest facilities and services. In contrast with the worldwide success of cooperatives, the weakness of Lebanese cooperatives has been often mentioned as one of the factors hampering growth and development of the agricultural and agro food sectors. For instance, the Lebanese Ministry of Agriculture Strategy (2015-2019) mentions:

> "The weakness of cooperative work in Lebanon is affecting negatively the agricultural sector as whole. National and local policies and programs for the development of cooperative work are absent, leading to a weak public sector support to cooperatives and for insurance against natural disasters at different levels: structural, regulatory and legislative, planning, operational, monitoring and control. There is a large number of inactive agricultural cooperatives, a decrease in the percentage of farmers' enrolment into cooperatives (because of lack of motivation), as well as a decrease in the number of young members. In addition, there is a lack of Cooperative Extension and Services Centres, and cooperatives are unable to obtain investment loans." (Ministry of Agriculture (2015, p27)

Against that background and in light of worldwide relative success of cooperatives systems in sustaining livelihoods, jobs and income of rural communities, the research questions are stated as follows:

- Why has the cooperative movement's ability to act as a driver of development and growth in the agricultural and agro-food sectors been limited?
- What are the challenges and obstacles hindering cooperatives' growth and expansion?
- What are the needed reforms and actions to allow the Lebanese cooperative sector to growth and succeed?

The present report will tackle these research questions by first presenting an overview of the Lebanese cooperatives sector (section 2). Then in section 3, it will present the research methodology, which uses the hypothesis that *"cooperatives' success relies on their ability to perform as business while pro-actively acting on the everyday implementation of the cooperative movement principles"* as a starting point for the development of the research tools. In section 4, the research findings are detailed, and finally section 5 concludes by answering the research questions and providing recommendations for policy changes and actions.

3 hhttps://ica.coop - In 1995, the ICA adopted the revised statement on the cooperative identity which contains the definition of a cooperative, the value of cooperatives and the seven cooperatives principles.

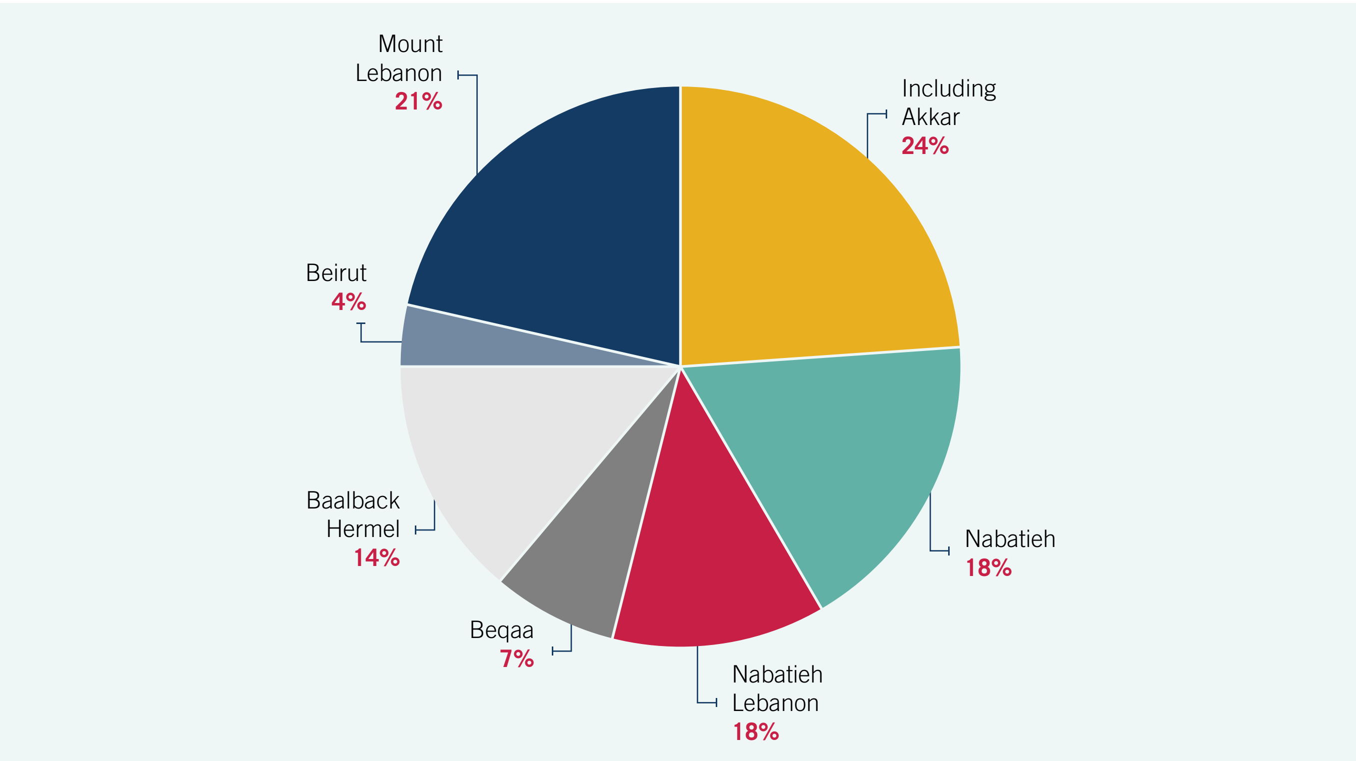
2. THE LEBANESE COOPERATIVE SECTOR

2.1 Sector Overview

2.1.1 Geographical Distribution of Cooperatives

The first cooperative to be established in Lebanon was the Abadiah Farmer cooperative in 1937. In 1971, there were 45 registered cooperatives in the country. In 2017, this number amounted to 1,238. Cooperatives are well distributed across the Lebanon with a high concentration in the South and Nabatieh (30 per cent, as shown in figure 7 below) and relatively low concentration in Beqaa, i.e. 7 per cent in Zahleh and West Beqaa, which are regions of intensive agricultural production and where medium and large agricultural estates prevail. According to the cooperative law, no more than one cooperative with the same purpose can be established in the same village, unless the town population is more than 20,000 inhabitants. Stakeholders estimate that only one third of registered cooperatives are active. Interviewed experts pointed out that many cooperatives were formed as vehicles for receiving funds and equipment from the ministry of agriculture and international donors.

Figure 1: Geographic distribution of registered cooperative per region (2017)



Source: Personal communication General Directorate of Cooperatives.

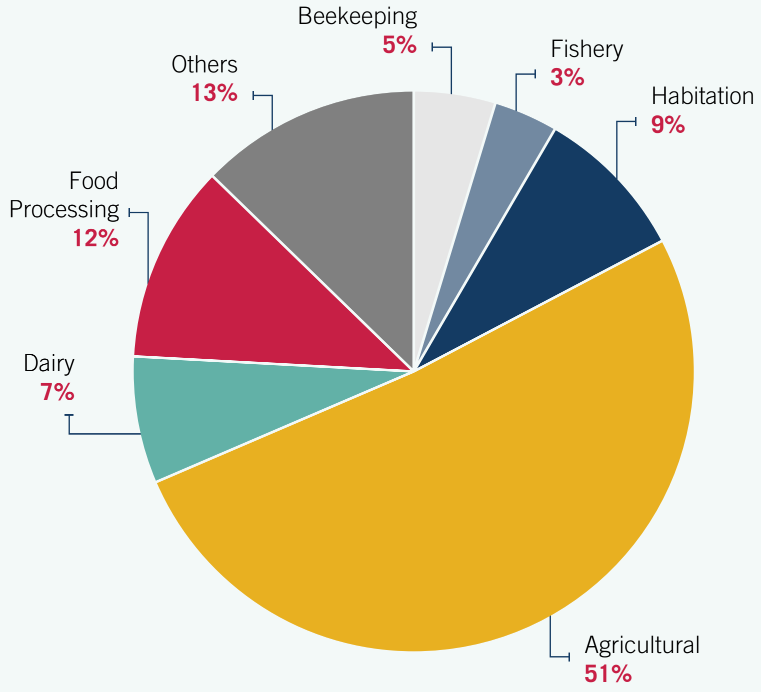
2.1.2 Cooperative Specialization

As shown in figure 2, half of the registered cooperative (51 per cent) are agricultural cooperative and around a quarter (27 per cent) work in agro-food sector, of which 125 registered women cooperatives, most of them produce Lebanese traditional food products[4].

4 Traditional Lebanese processed food includes: Dry products: Wheat grits, freekeh, salty grilled wheat, kishk, pine kernel, vine leaves. Distillates: mint water, orange blossom, rose water, rosemary water, sage and thyme water. Dried fruits. Food preparation: artichoke in brine, green beans, okra in tomato sauce, ready-to-eat Mousakaa, spicy green beans. Herbs and spices: aniseed, basil, hyssop, laurel leaves, Lebanese tisane, mint, oregano, rosemary, sage, sumac, thyme mix. Honey. Jams. Dairy products: goats Labneh, green Kishk in olive oil, goats' shanklish. Molasses: Carob, grapes, pomegranate. Olive oil and olive preparation. Pickles. Preserves. Syrups: apricot, bitter orange, citrus, mulberry, rose. Vinegars. Cookies and biscuits: carob biscuit, salty sesame biscuit, sweet aniseed cookies, thyme cookies.

Agricultural cooperatives are usually organized around mechanical means of production, and focus on providing value chain upstream supply provision and downstream marketing support to farmers. In the case of olives and olive oil production, the cooperatives would be managing a milling facility. In very few – successful instances, fruits and vegetables cooperatives manage sorting, packaging and cold storage post-harvest facilities. Although there is a high number of agricultural cooperatives, only 4.5 per cent of registered farmers are members of a cooperative[5]. This is partly because of the lack of attractiveness of existing cooperatives, as well as the fact that many cooperatives do not respect the open membership principles. There is a widespread negative impression among farmers regarding cooperatives. The majority of members as well as non-members believe that cooperatives are channels to get government or donor contributions and not member-owned and controlled business enterprises (Polat, 2012).

Figure 2: Distribution of registered cooperative per sector of activities (2017)



Source: Personal communication General Directorate of Cooperatives

Food processing cooperatives operate with varying technological and production set-ups; some have up-to-date small-scale production technology, while others have more basic facilities. A clear majority of women cooperatives have received funds from international donors and/or from the ministry of agriculture. Support has been focused on cooperative infrastructure, the provision of equipment, as well as capacity building and training on management and production technics. This has allowed many cooperatives to meet the quality standards required for both the local and the export markets, although it has not yet fully solved marketing and sales challenges. Interviewed experts see that the capacity to improve and expand production is linked to the capacity of the cooperatives to diversity export markets as well as their capacity to create linkages with industrial firms as a suppliers of semi-processed goods.

Cooperatives gathering small producers of animal products, dairy, beekeeping, fisheries as well as poultry (limited), represent around 15 per cent of the total number of cooperatives. These cooperatives are usually specialized in gathering the production of small producers, including home based production in the case of poultry and beekeeping. Success stories exist in the beekeeping sub-sector were a limited number of cooperatives has been successful in gathering a large number of members (varying from 100 up to 300). These cooperatives offer fee-based honey extraction with centrifuges, honey humidity reduction, wax recycling, distributing anti-varroa treatments, and technical supports. Some honey cooperatives have also been successful in developing sustainable and competitive honey brands.

5 FAO and Ministry of Agriculture agricultural census 2010.

2.1.3 The Cooperative Movement

Overall, the evolution of cooperatives in Lebanon has been closely associated with the change in the state capacity, as well as with the evolution of agricultural and rural development policies. Within the dynamic of the Chehabist reforms (early 1960s) to reduce rural poverty, the Lebanese State has heavily supported the development of cooperatives – not necessarily in terms of number, but rather in terms of improving efficiency and potential impact on rural livelihoods.

The legacy of the civil war has divided the Lebanese territory into regional cultural and political blocks under the control of the different religious communities and their associated parties and local leaders, producing a fragile mosaic of small territories and social spaces.

As the contemporary Lebanese state has no specific agricultural and rural development policies, the coexistence of several political spaces has also impacted the development of cooperatives. Within that context, the reemergence of cooperatives in the post-war period was largely driven by political parties and donor initiatives.

This has hampered the development of a nationwide cooperative movement. Nonetheless, in several instances, cooperatives have been actors for social changes, as for example the case of rural women cooperatives. The development of capacity building and rural awareness raising programs on the role of cooperatives, targeting especially youth and women, could support the development of functioning and sustainable cooperatives, which act as voluntary social enterprises. Several stakeholders expressed the need for setting up training programs prior to the launching of the cooperatives. It is assumed that training people beforehand would anticipate and reduce a significant number of problems in the future. It will also ensure the members are aware of the principles of the cooperative movement as well as the basics of cooperative management before engaging in its establishment.

WOMEN'S COOPERATIVES

Although women cooperatives face difficulties in ensuring sustainability – especially regarding matching between products supplied and market demand. They have been active player in advocating for rural social changes, including women economic empowerment and access to financial and productive resources. After the 2006 war, rural women cooperatives played an active role in emergency relief and rehabilitation effort. They also have been participating in several public campaigns advocating for women equal political and economic rights.

Since the Start of the Syrian crisis in 2011, women cooperative has played a key role in peace building between refugees and host communities in rural areas. Through the development of mixed Syrian-Lebanese community Kitchens, training of Syrian women groups of the production of home based products – including training on food safety, Support to Syrian specialty cuisine event.

Nonetheless, women cooperatives still faced gender based challenges related to limited mobility. According a women cooperative movement leader, “women are still not able to explore markets, meet and negotiate with clients and suppliers, or deliver and/or buy merchandise.”

2.2 The Cooperative Regulatory Framework

The law that governs the cooperative sector was enacted in 1964 (decree law 17199), and further amended in 1972, 1977, and 1983. It defines cooperatives as non-profit organizations whose objective is to improve the socioeconomic conditions of their members through cooperation between them towards a common objective. The first amendments of 1972 and 1977 introduced changes to three articles related to the characteristics of the cooperative and the inspection of the Directorate of Cooperatives for the board of directors. The law was again amended in 1983 with changes in two articles concerning increased monitoring of the activities of cooperatives by the General Directorate for Cooperatives, which is responsible for registering, assisting, and monitoring all cooperatives in Lebanon[6].

By law, cooperatives are exempt from certain taxation the most important being the exemption from profit tax, municipal rent tax and the municipal construction tax, finance fee on contracts, and tax on owned real estate. These exemptions have encouraged traders as well as exporters of fruits and vegetables to establish and register as cooperatives.

THE DIRECTORATE GENERAL OF COOPERATIVES mandate includes in addition to the registration and issuance of permit, the supervision and monitoring of cooperatives, and the provision of financial support to cooperatives and their unions. The latter being a source of tension and institutional conflict with the ministry of agriculture, since 2005 this function has been under the direct supervision of the office of the minister. The directorate suffer from a lack of both human and financial resources. Approximatively 65per cent of the positions are vacant. This has highly impacted the ability of the directorate to offer technical support at the regional departments level. The lack of financial resources has also impacted the ability of the directorate to acquire equipment, including IT equipment and centralized data base.

THE LEBANESE FEDERATION OF COOPERATIVES (LFC) is the representative body of all registered cooperatives, their membership is mandatory. The LFC was established based on the decree 10659 dated August 28, 1968, as per the decree the mandate of the LFC includes the promotion of cooperatives, coordinating relation with the government, training and capacity building. The Federation is still active, it however lacks financial resources to develop a large scale and high impact strategy and action plan.

THE NATIONAL UNION FOR COOPERATIVE CREDIT (NUCC) was created in 1968 and is mandated by law to regulate disbursement of credit to cooperatives – that are members of the union. However, membership to the union is frozen because of the low required action stock price (based on the old low and not adjusted for deflation nor for the Lebanese Pounds crash of the mid-1980s). In total 206 cooperatives are member of the UNCC, of which 93 still exist and out of which 23 are still active (Polar, 2012). The NUCC has approximatively $6 mil. in available cash that could be lent to cooperatives.

6 Per law a cooperative should be composed of at least ten people, and it is governed by an executive board. The registration process entails that the cooperative submits an application to the Cooperative Department. This should include the name and signature of members, the name of the cooperative, its objectives, regional and sectorial scope, in addition to the profile of its founding members and the number and value of its shares. The Cooperative Department should come back with its decision within a period not exceeding two months after the submission of the application. Upon approval, at least 2/3 of the signatories on that application officially meet to ensure payment for shares, and vote for the board of directors (3-7 members) and the audit committee (3 members).

3. THE RESEARCH METHODOLOGY

3.1 The Approach

The research used a quantitative methodology based on the collection of primary data through a field survey questionnaire. The data were collected during the month of July, 2017 with a sample cooperative located in all Lebanese regions. The survey was directed toward agricultural and agro-food cooperatives only.

THE QUESTIONNAIRE WAS DIVIDED INTO 7 SECTIONS:

- Survey ID and consent.
- Cooperative profile: Including information on members and nature of activity.
- Employment: Including details on employees and their training.
- Establishing the cooperative: Namely the reasons for establishment and the support received during the establishment stage.
- Investment: Including information on investment in equipment, expansion and technology.
- Assets: Listing of all assets of the cooperative such as production machines and vehicles.
- Adherence to cooperative principles: This section included statements about each principle where the respondent expressed how much they agree or disagree with each statement.

In addition, the cooperatives were also asked to list their products and provide photographs of them, to support ILO efforts to develop an online marketing application.

A team of surveyors from the various Lebanese regions were hired based on their experience in data collection and familiarity with the areas they reside in. They were training on asking the questions of the survey and operating the tablet on which the questionnaire was uploaded. They performed a two-day pilot survey to test the questions on the ground and familiarize themselves with the survey collection process.

One of the major difficulties faced during the data collection phase is the low response rate of cooperatives. As a significant number of them reported being inactive. Therefore, the final results of the survey included mostly the active cooperatives and are representative of them rather than the entire population. Cooperatives were chosen randomly from a list made available by the Directorate of Cooperatives.

Results and findings of the qualitative survey were triangulated through a review of the available literature as well as interviews and personal communication with experts and field practitioners. In the following, the characteristics of the sample are detailed, subsection 3.2; then section 4 present the findings using the cooperatives principles as an *Adriane's threat* guiding us through the different issues and thematic.

3.1.1 The Sample

The surveyed sample consisted of 147 cooperatives, representing 15 per cent of all agro-food and agricultural cooperatives. The surveyed cooperatives were distributed across regions and sectors of activity as presented in table 1. The distribution of cooperatives across sectors reflects national distribution, empirically corrected for inactive cooperatives.

Table 1: Distribution of surveyed sample per region and sector of activities

REGION	SECTOR OF ACTIVITY						
	OLIVES	FRUITS	VEGETABLES	FISHERIES	AGRO-FOOD	MARKETING	TOTAL
Beqaa, Baalbeck - Hermel	2.7%	4.1%	2.7%	1.4%	15.6%	0.7%	27.2%
Akkar	0.7%	2.0%	4.1%	-	6.8%	0.7%	14.3%
Mount Lebanon	5.4%	5.4%	2.0%	1.4%	2.0%	3.4%	19.7%
South Lebanon - Nabatiyeh	10.9%	0.7%	-	0.7%	10.9%	3.4%	26.5%
North Lebanon	8.2%	2.0%	-	0.7%	1.4%	-	12.2%
Total	27.9%	14.3%	8.8%	4.1%	36.7%	8.2%	100%

Most of the interviewed cooperatives were established between 2000 and 2009, (39.5per cent of cooperatives), which reflects the boom in cooperative establishment in South Lebanon following the Liberation in May 2000.

Table 2: Distribution of surveyed sample per year of establishment

	YEAR OF ESTABLISHMENT				
	PRIOR TO 1980	1980-1989	1990-1999	2000-2009	2010-2017
PERCENT. OF COOPERATIVES	4.8%	9.5%	26.5%	39.5%	19.7%

THE RESPONDENTS' PROFILE

The respondents were 83per cent male and 17per cent female. Female respondents were managers or members of agro-food cooperatives in 72per cent of the cases, i.e. approximatively one third of agro-food cooperative surveyed were women led cooperatives.

The respondent was the cooperative's manager in 83per cent of the cases, when the manager[7] of the cooperative was not available to answer the questionnaire respondents were either board members or cooperatives members (12 per cent and 5 per cent of the cases respectively). As show in table 3 below, 48.3 per cent of respondent have achieved university level education, while approximatively 21.5 per cent have only achieved elementary or intermediary education.

Table 3: Education level of respondents

	EDUCATIONAL LEVEL			
	ELEMENTARY	INTERMEDIARY	SECONDARY	UNIVERSITY
PERCENT. OF RESPONDENTS	2.0%	19.5%	30.2%	48.3%

7 Director or president of the board

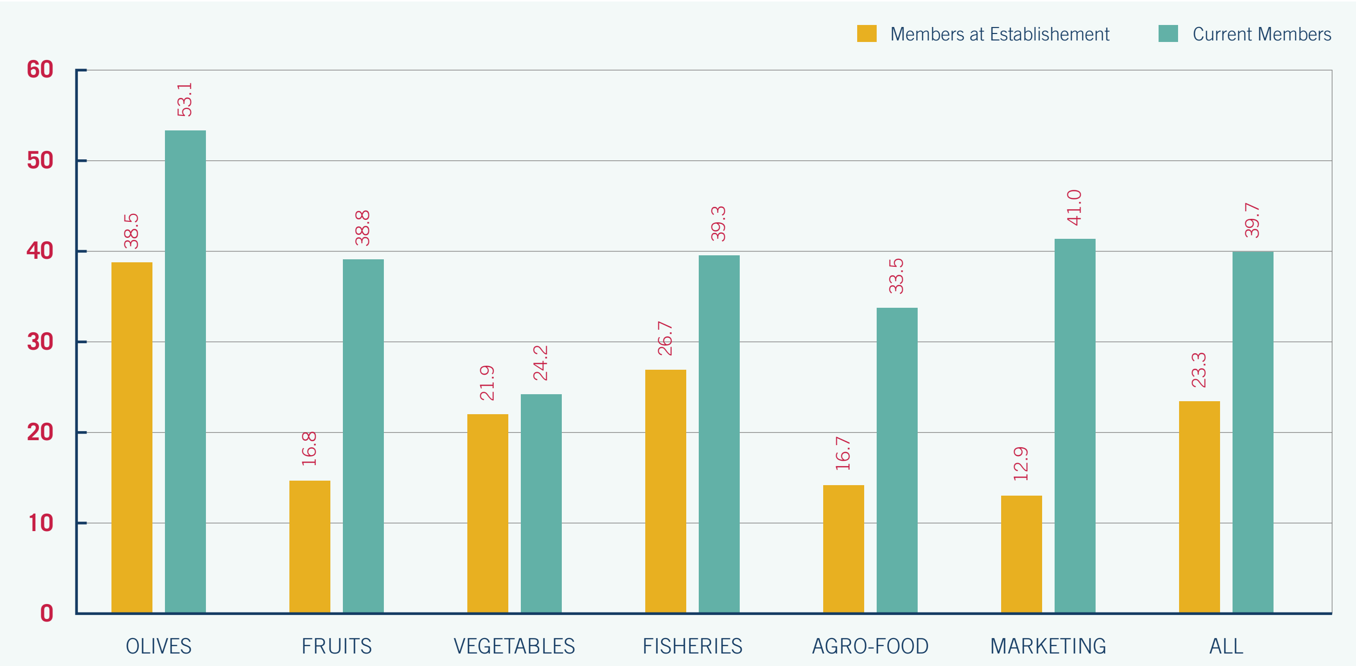
4. RESEARCH FINDINGS

4.1 Membership

4.1.1 Principle Endorsement and Membership in Figures

Despite the relatively high number of agricultural cooperatives, only 4.5 per cent of registered farmers are members of a cooperative[8]. The average number of cooperative members is around 40, while number of member at cooperative establish is average around 23. As show in Figure 3, the number of cooperative members differ based on the cooperative sector of activities. Cooperative specialized in the olive oil and vegetables sub-sectors gather the largest and lowest number of farmers respectively, with approximatively 53 members per olives 24 members for vegetables cooperatives. Cooperatives specialized in other sub sectors usually gather a number of member close to the average.

Figure 3: Average number of cooperative members currently and at establishment

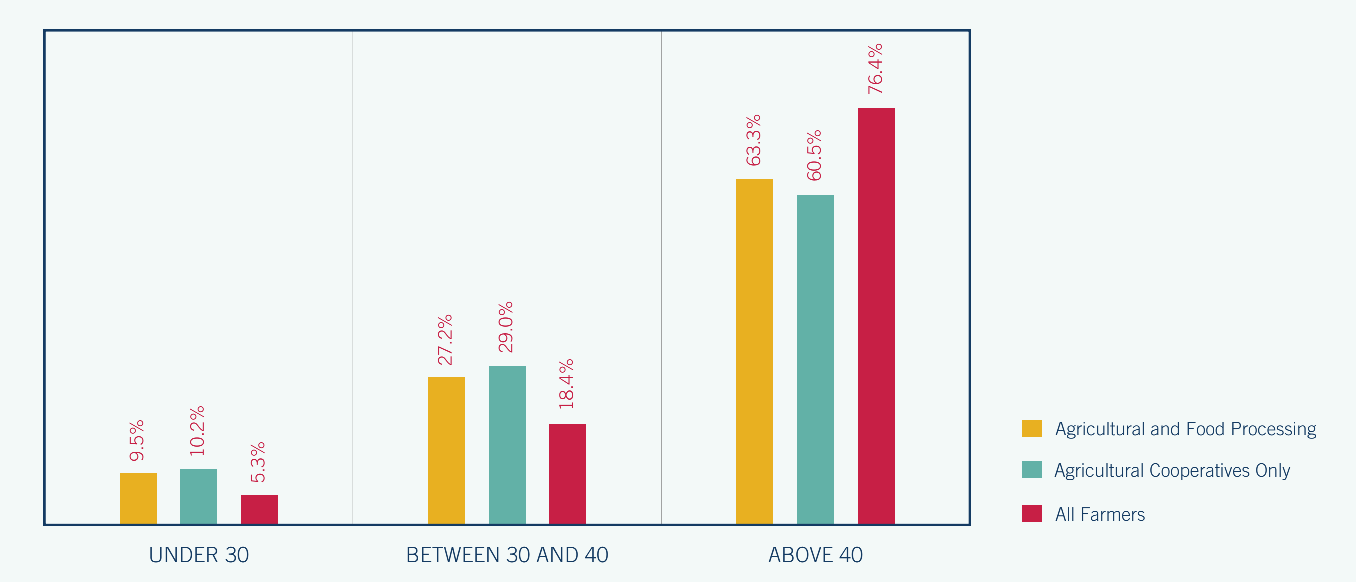


Cooperative members are in their vast majority men 81.5 per cent, while women only constitute a 18.5 per cent of cooperative members. The percentage of women member in agro-food cooperatives, i.e. food processing, is significantly higher reaching 35.3 per cent of members – in solely agricultural cooperative the number of women members is as low as a 10.7 per cent and reflect the low engagement of women in agricultural activities. Nonetheless, number of women member of agricultural cooperative is slightly higher than the number of registered women farmers, i.e. 8.6 per cent[9].

In terms of member age, around 60.5 per cent of agricultural cooperative members are above 40 years (see figure 4 below). This figure reflects the aging farmers' population; nonetheless, it remains significantly lower than the proportion of farmers above 40 years (76.4 per cent) in the total farmers' population. As a matter of fact, cooperatives have a capacity to attract young members, with approximatively 10.2 per cent of agricultural cooperative members being less than 30 years old and 29.0 per cent being between 30 and 40.

8 FAO and ministry of Agriculture agricultural census 2010. The 2015-2019 Strategy of the Ministry of Agriculture has set as one of its objectives to raise the number of farmers that are member of a cooperative to 7 per cent.
9 Idem

Figure 4: Distribution of cooperative members and farmers by age group



Source: Cooperative members: research survey. All farmers: FAO and Ministry of Agriculture agricultural census 2010

Actors in the agricultural and agro-food sector should capitalize on the capacity of cooperatives to attract youth and women farmers and producers. Building this capacity could allow cooperatives to play a major role in supporting the agricultural and agro-food sectors' workforce regeneration dynamism and therefore its ability to adopt innovation and to increase competitiveness.

4.1.2 Ability to Expand Membership

Overall, Lebanese cooperatives endorse the principles of open membership, with 72.8 per cent of respondents agreeing that open membership is the way of doing business (see table 4 hereunder). However, the open membership principle remains one of the fundamentals of the cooperative principles that cooperatives to do unanimously act by. As a matter of fact, 27.2 per cent of cooperatives have not registered any new members since their creation, while 15.6 per cent of cooperatives have witnessed a decrease in their members, i.e. only 57.2 per cent of cooperatives were in fact able to expand membership base.

Table 4: Membership principle endorsement

MEMBERSHIP PRINCIPLE	AGREE	DISAGREE	NEUTRAL
More members make the coop run more efficiently	68.0%	20.4%	11.6%
More members allow the cooperative to increase its bargaining power	72.1%	14.3%	13.6%
Open membership is the way of doing business	72.8%	11.6%	15.6%

The lack of attractiveness of existing cooperatives and - in many instances - the abandonment of the open membership principle are reported as factors influencing farmers' decisions and ability to join cooperative structures[10]. In addition, the geographical limitation of the cooperative activities to the municipal and/or village border are limiting their expansion capacity and opportunities.

To further deepen our understanding of the factors influencing the cooperatives' ability to expand membership, regression analysis was performed, using an Ordinary Least Square (OLS) model, to evaluate the relationship between membership growth and other variables. The membership growth was defined in terms of percentage increase of membership base from the time of establishment.

10 Refer to Ministry of Agriculture Strategy.

THE EXPLANATORY VARIABLES OF THE MODEL ARE

- Variables related to the cooperative human capital:
  - The gender of the respondent,
  - The level of education of the respondent, (a binary variable that takes the value 1 if the respondent has achieved university education and the value 0 otherwise).
- Variables related to the cooperative physical capital:
  - The size of the cooperative facility,
  - An investment variable comprising a binary variable that shows whether the cooperative had undertaken a recent investment in equipment or not.
- The "age" of the cooperative- i.e. the number of years passed since its establishment.

Dummy control variables for sector of activity were added to account for any potential sectorial effects that might explain the ability of the cooperative to expand membership.

The OLS model can be written as follows:

$$= C_0 + b_1 Gender + \ b_2 Education + b_3 Size + b_4 Equip + \ b_5 Age + \sum_i b_i sector_i$$

The OLS regression results, presented in Table 5, shows that the coefficient for the age of the cooperative (0.233) is significant at 5 per cent, whereas the coefficient for both human capital variables, level of education of respondent (0.203) and gender of respondent (-0.160) are both significant at 5 per cent and 10 per cent respectively.

Table 5: Results of the OLS regression explaining cooperatives capacity to expand membership[11]

VARIABLES	COEFFICIENT	SIG.
Constant		0.943
Gender of respondent	**- 0.160***	0.076
Education - University	**0.197****	0.019
Size of coop. facilities	0.005	0.953
Investment in equipment	0.075	0.379
Age	**0.216*****	0.018
Sector - Olives	- 0.065	0.730
Sector - Fruits	0.126	0.402
Sector - Vegetables	- 0.101	0.444
Sector - Agro-Food	0.047	0.711
Sector - Marketing	- 0.028	0.891

The ability of the cooperative to expand membership is not related to its facility size or to its recent investment in equipment. Further, the control variables are not significant, meaning that there is no specific sectorial behavior that affects the cooperatives' ability to expand membership.

The positive relationship between the cooperative membership expansion and the cooperative "age" reflect the fact that the more a cooperative has been present the more it would have attracted additional numbers of people throughout the years. This is particularly true for cooperatives established between the 1990 and the 2000 that show the highest rate of membership expansion.

11 R=0.439

The respondents, which in 95 per cent of the interviewed cases were either the direct cooperative managers, the president or a board member, has a direct positive relation with the ability of the cooperative to expand membership. This finding is in line with Polat's (2010) report on the effect of "poor management and poor governance" of cooperatives being a factor in reducing its ability to expand and grow sustainably. In the absence of proper technical support and training to cooperative managers, managers who had access to formal university education are more likely to encourage and manage the cooperative's member base growth and/or its success in increasing membership.

The respondent gender has a negative relationship with the ability of the cooperative to grow. In other words, it is more likely for a woman led cooperative to witness lower member growth. Cooperatives that are managed by women witness a membership growth of an average of 0.3 per cent compared to 1.7 per cent for cooperative where the survey respondent was a man[12].

This negative relationship can be partially explained by the following factors:

- Women-led cooperatives are on average younger than man-led cooperatives (11.1 years for women cooperatives compared to 20.0 years old for man-lead cooperatives), and therefore did not have the same time to plan and manage member expansion.
- There are more social and economic obstacles hindering women adhesion to cooperatives compared to man.
- There is overall a more detailed planning for the creation of women cooperatives, and efforts to attract women members is undertaken prior to the cooperative establishment.
- Since most women cooperatives are food processing cooperatives where membership does not require capital investment[13], the opportunity cost of dropping out of the cooperative is lower than in agricultural cooperatives where agricultural (and land) investment is, in the vast majority of the cases, a *sine qua none* condition for membership.

The above findings show that there is a need to improve cooperative management and build the capacity of cooperative managers and board members. The problem faced by women cooperatives needs to be tackled not only through training of cooperative members, but also through projects and actions that help reduce gender inequality and access to resources in rural areas, and encourage and empower women to undergo income generating activities.

4.2 Democratic Members Control, Autonomy and Independence

4.2.1 Principle Endorsement

Respondents to the survey have in their vast majority endorsed democratic member control as well as the autonomy and independence principles; however, a relatively lower proportion agree to the one-person-one vote principle as constituting a source of strength, where 74.8 per cent of cooperatives endorse the other principle related statement compared to more than 90 per cent for the other statements. The results are presented in table 6 below.

95.9 per cent of cooperatives have agreed that periodic elections of the board ensure democratic and efficient governance of the cooperative. Indeed, only 16 per cent of the cooperatives' boards have not been renewed within the last three years.[14]

12 Value for membership expansion averages are low as 42.8 per cent of cooperatives have negative or zero membership expansion growth.
13 Often equipment are granted by international donors and/or local organizations.
14 Side note. The monitoring efforts of the Directorate of Cooperative has also helped endorsing the principle of regular board election. Further specialized and specific assessment need to be undertaken to assess democratic dynamic inside the cooperative and whether democratic and regular board election are the fruits of dynamic participation of cooperative members in decision making or the result of regulation enforcement by the cooperative directorate. Personal communication from key staff at the Directorate of Cooperative suggest that: the lack of knowledge of cooperative principles and basic governance guidelines have translated into weak cooperative conception, especially during establishment process. This has further led to the emergence of cooperatives controlled by one person, or to sow the seed for future conflicts between members. These conflicts have in several cases causes the dissolving of the cooperative.

Table 6: Democratic members control, autonomy and independence principles endorsement

DEMOCRATIC MEMBERS CONTROL, AUTONOMY AND INDEPENDENCE PRINCIPLES	AGREE	DISAGREE	NEUTRAL
One-person-one-vote principle is a source of strength for the coop	74.8%	17.0%	8.2%
Periodic meetings of the general assembly contribute to running the coop more efficiently	95.2%	1.4%	3.4%
Periodic elections of the board ensure democratic and efficient governance	95.9%	2.0%	2.0%
My cooperative is independent from external influence including family or political parties.	92.5%	5.4%	2.0%
Cooperatives receiving support from international donors or NGOS, remain independent and autonomous	93.9%	2.7%	3.4%
Cooperatives receiving support from the government, remain independent and autonomous	94.6%	1.4%	4.1%

The vast majority of cooperatives consider that receiving funds from public as well as donor institutions does not lessen the cooperative's autonomy and independence.

However, donor dependency has been reported by many interviewed field practitioners and experts as one of the challenges and dilemmas faced by the cooperative sector. On one hand, donor funds (including public Ministry of Agriculture funds) are a major source of investment as well as technical support for the cooperatives. On the other hand, relying on donor funds has abridged cooperatives' reliance on own resources as well as business mindsets, leading this support having an overall negative impact on the sector, e.g. the creation of "fake cooperatives".

4.2.2 Ability to Invest

Approximately, 55.1 per cent of cooperatives have undertaken an investment in the last three years. Investment constitutes investment in equipment, physical expansion and/or the implementation and adoption of a new technology. As shown in figure 5 below, most of the investment (64.2 per cent) has been made in equipment. The limited number of cooperatives (only 3) that have invested in innovative technology[15] have also invested in the two other categories, while 35.8 per cent of surveyed cooperatives have invested in both equipment and new expansion.

Investment in technology was related to computerized data management, and use of solar energy. Investment in facilities are mainly related to physical expansion, i.e. additional built facilities, moving to a new building, or enlargement of the existing facility. In one third of the cases this expansion was related to the addition of storage and packing units and in few cases to agricultural land reclamation.

15 Investment in technology in the context of the current study refer to the implementation of innovative ICT, innovative use of renewable energy sources, implementation of advance irrigation technics and advance production technic such as trellis systems. It does not refer to potential implementation of new honey extraction technics, or electric harvesters and pruning shears, or the use of new equipment.

Figure 5: Distribution of type of cooperative investment (last 3 years)

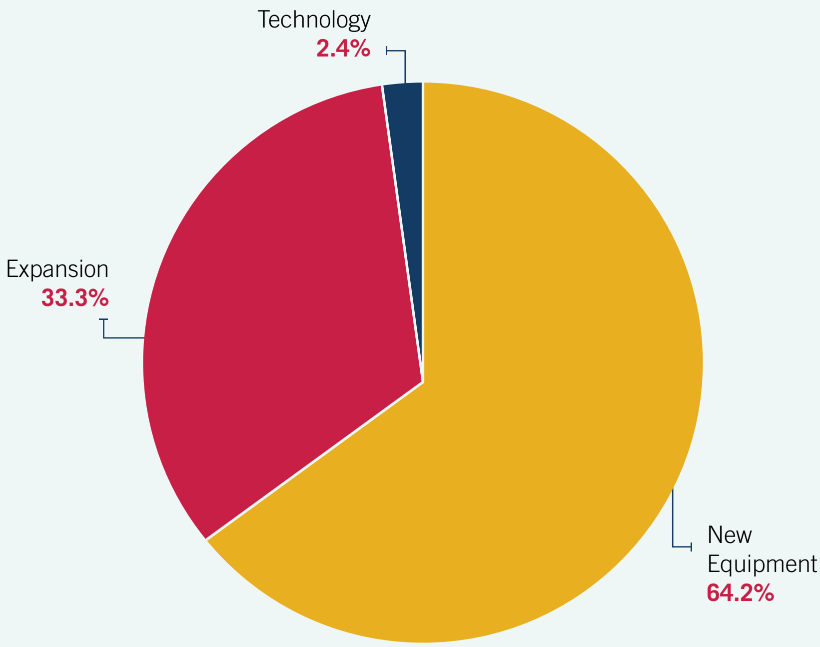


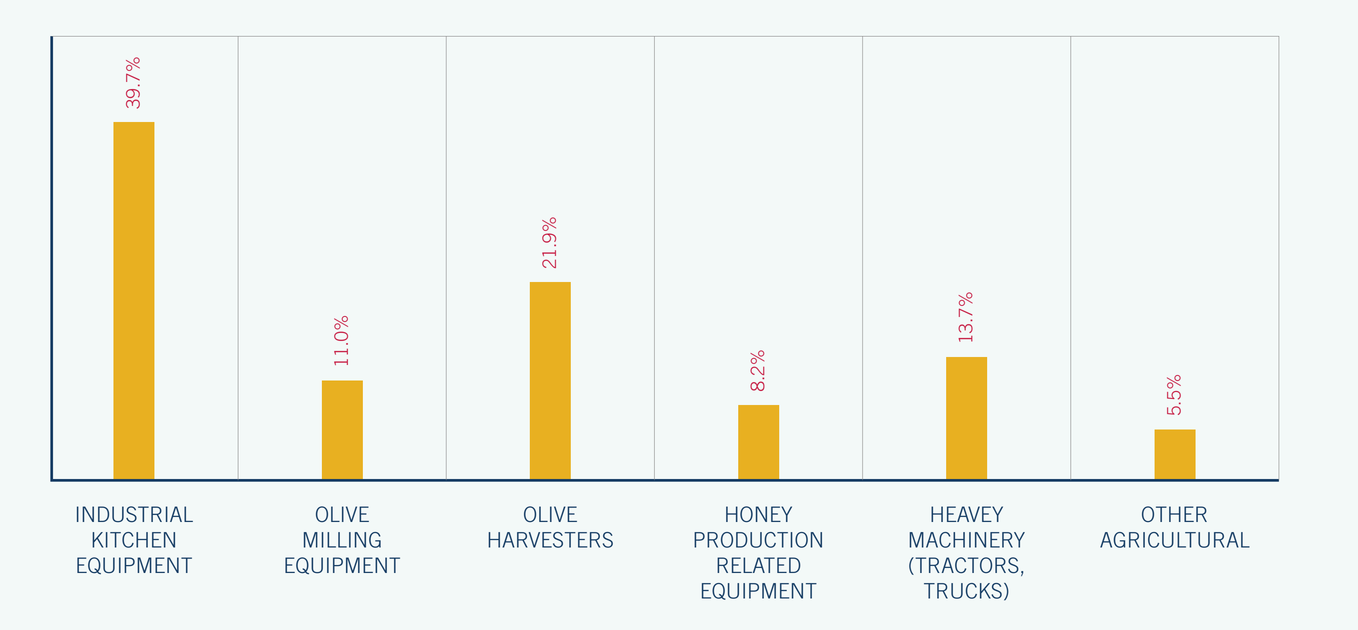
Figure 6 below shows the distribution of the different types of equipment cooperatives have acquired in the past three years. Most of the investment (39.7 per cent) in equipment has been in industrial kitchen equipment (i.e. agro-food processing material), followed by investment related to olives and olive oil production (32.9 per cent), and only 18.7 per cent of investment has been made in agriculture related activities such as heavy machinery and other agricultural needed production tools. Also, a significant share (30.1 per cent) of the investment reported has been made in small equipment such as olive harvesters and or honey production material such as honey extractors.

Cooperative investment in equipment reflects the types of donor support programs, and most programs have focused on the support of agro-food cooperatives, as well as the olive oil sector. Support to the honey sector has also intensified between 2014- 2017 with the implementation of a large USAID program.

Overall, around one third of the investment only has been made through the cooperatives' own funds. This figure increases to 41.0 per cent when the investment is made in the physical facilities of the cooperative[16]. In 16.0 per cent of the cases, investments are made with support funds from the Ministry of Agriculture and in slightly above half of the cases with support from international donors.

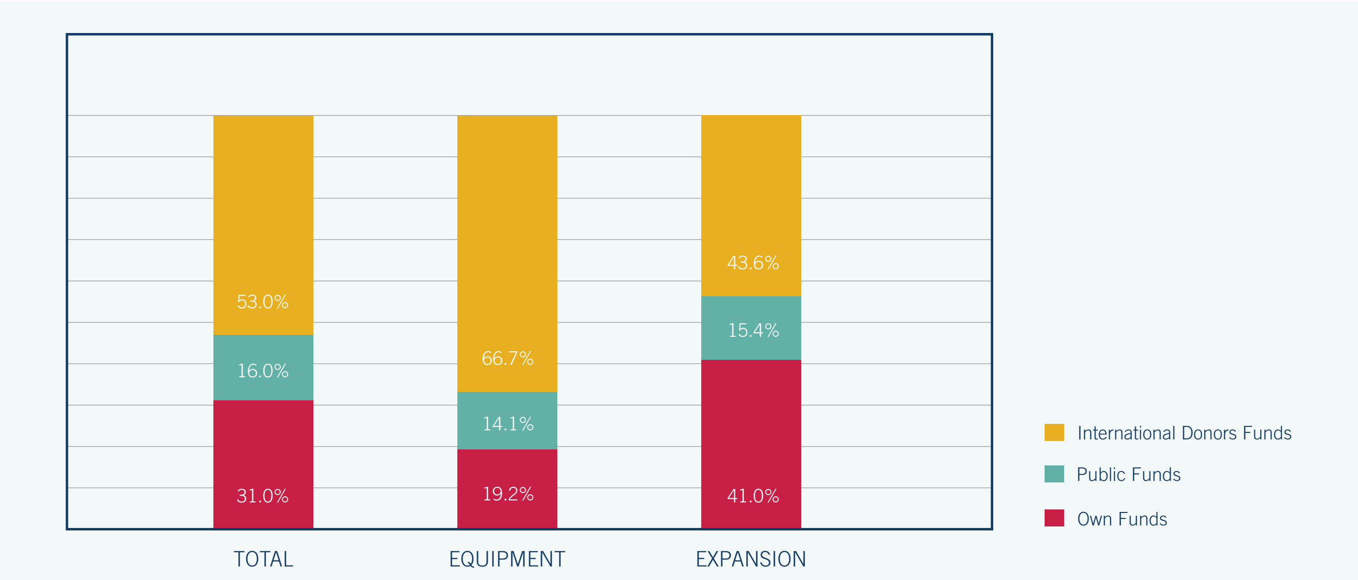
16 Cross checking this information with field practitioner showed that in most of the cases physical expansion of cooperative is done through a partnership with the local municipality, that often grant the land.

Figure 6: Distribution of different type of equipment investment



Cooperatives' inability to undertake investment using their own funds (and/or credit funds) has created a donor dependency undermining their independence and autonomy[17]. In the absence of funding and support, approximatively half of the cooperatives have not undertaken any investment, including basic equipment investment, between 2014 and 2017. There is need to support the creation of specific financing tools and institutions to support cooperative capacity to undertake investments and improve and grow cooperatives' income generating activities. The reform and re-foundation of the National Union for Cooperative Credit (NUCC) – including potentially the dissolution of the current entity – constitutes a step toward improving cooperative access to funds.

Figure 7: Source of investment funds



Furthermore, the cooperative movement institutions and governance bodies – as well as international donors - must gradually engage in a process that encourages self-managed and autonomous cooperatives through refraining from providing non-matched financial grants. The cooperative sector needs to move from being aid dependent to becoming a sustainable private-sector-led economic sector, in-line with the cooperative movement values and principles.

17 Since the end of the civil war in the 1990s, a significant number of cooperatives were established in anticipation of government assistance or donations and assistance from international organizations. Moreover, cooperatives were established irrespective of whether they would carry out a specific project or not. This was reinforced by the fact that the license to establish a cooperative does not require a large amount of initial capital. By law the share is as low as 100 Lebanese pounds. LBP. This has induced technical problems including long-term and strategic planning, marketing and promotion, safety and product quality, are major constrains for cooperatives to achieve economic sustainability. Personal communication from key staff at the Cooperative Directorate.

4.3 Members Economic Participation

4.3.1 Principle Endorsement and Cooperative Turnover

Surveyed cooperatives agree with the main elements of the members' economic participation principles, see table 7 below. However, in comparison with the full endorsement of other principles, nuances could be spotted as approximately 20 per cent of respondent did not agree that members' revenues should be linked to the size of business and operations with the cooperative but rather to the capital initially invested. These nuances reflect a tendency within the Lebanese cooperative sector to advocate for the liberalization of the cooperative structure through dropping restriction on voting right and maximum shares[18].

Table 7: Members economic participation principle endorsement

MEMBERS ECONOMIC PARTICIPATION PRINCIPLE	AGREE	DISAGREE	NEUTRAL
Members revenue should be linked to the size of business done with the cooperative not based on the capital they have initially invested	73.5%	19.7%	6.8%
Members should contribute equally to the capital of the cooperative	80.3%	12.9%	6.8%

The majority of interviewed cooperatives (59.2 per cent) have refused to disclose turnover value, while 10.8 per cent of cooperatives have stated that they have been inactive during the past two years. The remaining, 40 per cent of respondents who answered the question provided the following data:

- 50.0 per cent reported an annual turnover lower or equal to $10,000.
- 34.1 per cent reported an annual turnover higher ranging between $10,000 and $100,000.
- 9.0 per cent reported an annual turnover higher ranging between $100,000 and $1,000,000.
- 6.9 per cent reported an annual turnover higher than $1,000,000.

Although, the survey results are not highly accurate and reliable due to the high non-response rate, they show important characteristics and trends within the sector:

- A significant proportion (underrepresented in this sample – refer to section 2: methodology) of cooperatives are inactive and do not act for the economic benefit of their members. They just seek financial aid and support – mostly from public entities.
- Most cooperatives generate limited income to their members.
- There is a high heterogeneity in the cooperative sector and a high difference in the capability to generate income and return for members.

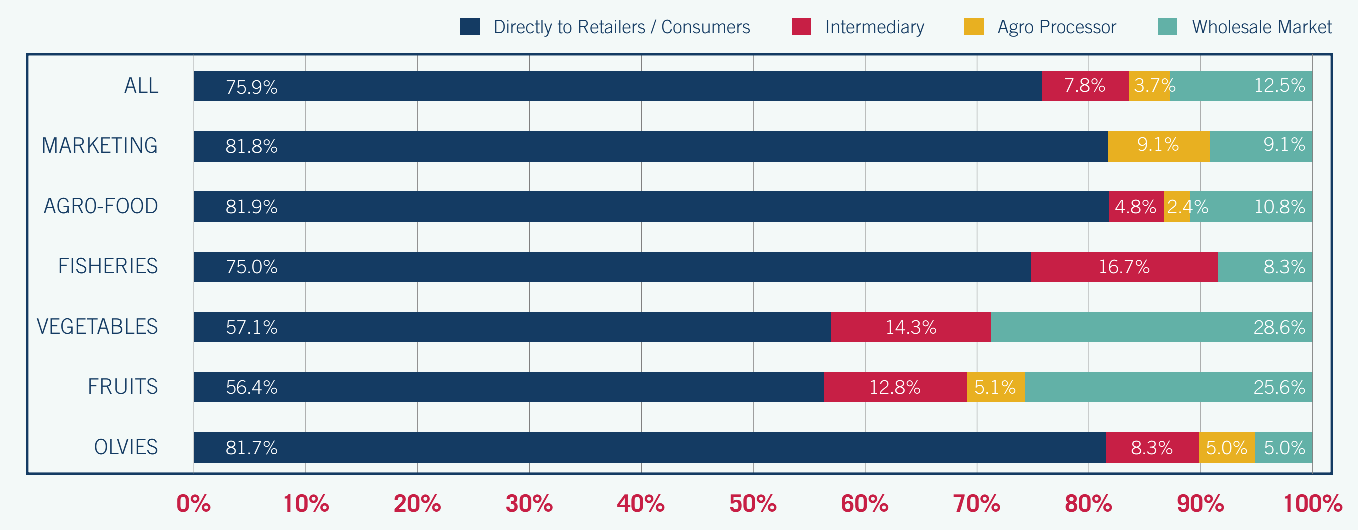
4.3.2 Cooperative Integration in Food and Agricultural Value Chains

As shown in Figure 10 below, cooperatives work on overcoming marketing challenges by prioritizing the development of direct sales channels, either directly to retailers and/or to consumers. On average, 75.9 per cent of cooperative sales are done through direct sales channels, and only 20.3 per cent go through an intermediary or through the wholesale market. Cooperatives specialized in fruits and vegetables production still significantly use the wholesale market which represent 25.6 per cent and 28.6 per cent of their respective sales.

However, the cooperatives' efforts in developing direct sales marketing channels was not focused on, the creation of value chain linkages with agro-industrialist. Sales to agro-industrialist represents only 3.7 per cent of total cooperatives sales. In addition, sub-contracting of agro-food cooperatives by large agro-industrialists remains limited and agro-food cooperatives' sales to other industrialists is almost negligible and accounts for only 2.4 per cent of their total sales.

18 Interview with field practitioners.

Figure 10: Cooperatives sale channels



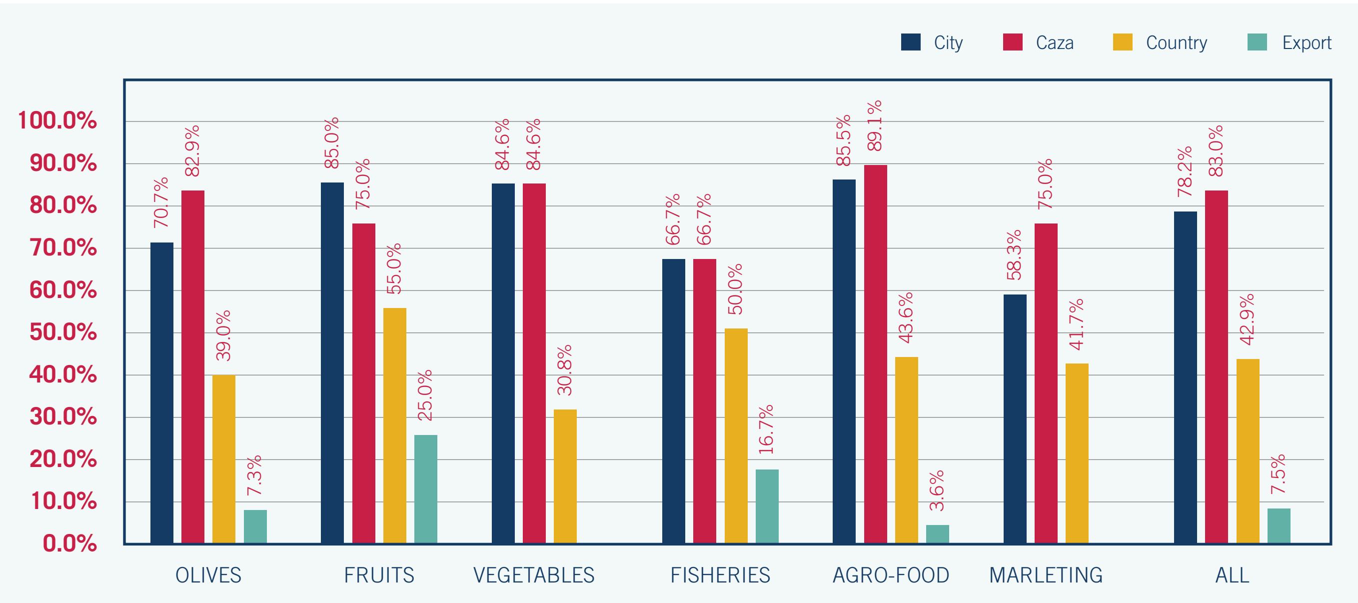
Donor-funded programs have also encourage cooperatives to rely on direct sales channels, through the support of production of high value added agro-food products, valorization of traditional agro-food preparation and linkages between cooperatives and supermarkets. Although, this strategy has yielded relatively positive results for many cooperatives, experts and field practitioners suggest that the reliance on such marketing channels has a limit and that the local traditional and high value product market is increasingly competitive and starting to show signs of saturation.

Cooperatives must work on diversifying their marketing channels, while improving and strengthening the existing direct sales channels. In this regard, creating linkages between cooperatives and agro-industrials – including contract farming agreements – constitutes an opportunity for cooperative to increase sales and provides guarantees in terms of product quantity and quality. In addition, cooperatives are legal commercial entities for which contracts are binding and be enforced. Similar agreements with positive impact on both parties can be undertaken between cooperatives and exporters, especially exported that which to diversity export markets by entering high value market such as the EU and North-American Markets.

SALES LOCATION AND COOPERATIVE OUTREACH

Cooperatives market linkages are often limited to the nearby regional market infrastructures, i.e. wholesale market, or through regional direct sales. Only 42.9 per cent of cooperatives are able to sell their production outside their direct vicinity.

Figure 11: Cooperative sales location



Only 7.5 per cent are able to export production. This figure rises to 25.0 per cent for fruits cooperatives[19]-[20] who capitalize on Lebanon's regional comparative advantage in fruits productions. The ability of the fruits cooperatives to access export markets has been made possible thanks to cooperative donor supported investments in cold storage, storing and packaging integrated facilities. On the other hand, none of the surveyed vegetables cooperatives had access to export markets. This finding is partly explained by the fact that Lebanon has no specific comparative advantage when it comes to exporting vegetables, with the exception of potatoes. Cooperatives have difficulty operating in the potato subsector because it remains highly monopolized downstream (seeds and inputs) and upstream (post-harvest and export trade to the Gulf Council Countries) the value chain. Donor supported programs aiming at supporting Akkar's cooperatives' export of potatoes to the EU[21] have not yielded positive results to date.

Agro-food cooperatives have limited access to export market. Only 3.6 per cent agro-food cooperatives have exported their production. While there is a high demand for Lebanese food preparation in the Gulf as well as in European and North American Ethnic market, the limited export capacity of agro-food cooperatives is due to several factors, of which:

- Low production volumes and incapacity to supply importer with the needed quantities on regular basis.
- Lack of food safety and food quality control and HACCP certification of cooperatives' production.
- High – till now sustained - local demand for Lebanese traditional food preparations.

Nonetheless, there is scope to support and encourage investment in cooperative agro-food production structures that could benefit from growing export opportunities for Lebanese food products.

COOPERATIVE CAPACITY TO CREATE JOBS

Approximately 70 per cent of cooperatives do not hire any full-time employees, and a similar proportion (76 per cent) does not hire part-time employees. This further highlights the heterogeneity of the sector, in which the economic activity of most cooperatives is limited and where a relatively small segment is sustainable and competitive.

As presented in Table 8 below, a cooperative employee in average 1.4 full time workers and 1.6 part-time worker[22]. If only cooperatives that do hire employees are taken into consideration the adjusted average full-time and part-time employees are respectively 4.7 and 6.4 employee per cooperative. Fruits cooperatives have the high number full-time employee with an adjusted average of 9.0 employee per cooperatives – this higher average is explained by the workers required to run operations of cold storage and packaging centers that are often the main investment of cooperatives specialized in fruit production. Similarly, vegetables cooperatives have the higher average of part-time employees with an adjusted average of 31.2 employees per cooperative, and this is explained by the labor-intensive nature of vegetables production especially in greenhouses.

Table 8: Average number of full time and part-time employee according to different type of cooperatives

	ALL	OLIVES	FRUITS	VEGETABLES	FISHERIES	AGRO-FOOD	MARKETING
Full-time Employees	1.4	1.2	2.7	0.8	2.0	1.0	1.7
Part-time Employees	1.6	1.6	1.2	7.8	0.2	0.8	0.2
Adjusted Full-time Employee	4.7	4.0	9.0	2.7	6.7	3.3	5.7
Adjusted Part-time Employee	6.4	6.4	4.8	31.2	0.8	3.2	0.8

19 Most specialized marketing cooperatives are not able to access export markets, and have only received limited support from international donors to build capacities in that regards. As a matter of fact, most donors tend to preferred crops specialized cooperatives.

20 16.5 per cent of fisheries cooperative are able to access markets. This value need to be relativize as interviewed sample of cooperative fisheries was limited. Nonetheless, Lebanon fish export is limited to river fish (trout) from the Assi area, Lebanon does not export sea fish (local demand is significantly superior to supply).

21 The EU-Lebanon trade agreement allows for a tariffs free quota of potatoes. As it is harvested earlier than the European production, Akkar's potatoes benefits from a 10 day to 2 weeks window during which the European markets are importing. Beqaa's producers do not benefit from this window as harvest happens at the same time as in Europe.

22 Part-time workers" category does not take into consideration, seasonal workers hired by individual farmers to undergo labor intensive agricultural practices, such as weeding, sowing and harvest.

Table 9 shows the distribution of cooperative employees by sex and nationality. On average, a quarter of cooperative employees are women. This share rises to approximately one third for fruits and vegetables cooperatives, where women are hired as part-time employees and in most of the cases receive lower wages than their man counterparts.

Table 9: Distribution of employees by sex and nationality

	ALL	OLIVES	FRUITS	VEGETABLES	FISHERIES	AGRO-FOOD	MARKETING
Male employees	74.2%	82.1%	66.7%	66.3%	90.5%	72.2%	78.9%
Female Employees	25.8%	17.9%	33.3%	33.7%	9.5%	27.8%	21.1%
Lebanese employees	64.5%	82.1%	69.2%	43.0%	26.2%	83.3%	47.4%
Syrian employees	35.5%	17.9%	30.8%	57.0%	73.8%	22.2%	52.6%

Approximatively one third are Syrian employees. However, cooperatives' capacity to absorb Syrian labor, including refugee labor, remains limited as operations and overall business turnover is limited.

This further highlight the need for the cooperative sector to undergo restructuration reforms, and behavioral changes to move from an aid dependent sector to a sustainable job creating economic sector.

4.4 Education, Training and Information

Cooperatives unanimously endorsed their role as providers of education, training and information for their members as well as for the general public and the cooperation among cooperatives principles (refer to Table 10). However, Lebanese cooperatives – in their vast majority – do not yet have the capacity to undergo such mandate. Cooperatives still rely on local organization as well as international donors programs for education, training and information.

Furthermore, donors prefer that the provision of training and capacity building programs be done through local CBOs, rather than directly build the capacity of cooperatives and their organizations. This has further increased cooperative's dependency on donors.

Future programs should emphasize the building of capacity of cooperatives and their representative organizations through direct training and information sharing systems. This would reduce donor dependency and have a positive impact on their ability to attract new members and sustainably plan and manage their expansion. Such approach would also encourage cooperation among cooperatives, which in turn would lead to positive externalities in terms of horizontal and vertical value chain linkages.

Table 10: Education training and information- and – cooperation among cooperatives principles endorsement

EDUCATION TRAINING AND INFORMATION AND - COOPERATION AMONG COOPERATIVES PRINCIPLES	AGREE	DISAGREE	NEUTRAL
Cooperatives provide education and training for members, elected representatives, managers and employees	89.8%	4.1%	6.1%
Trainings provided by the cooperative should aim at contributing effectively to the development of the cooperative	96.6%	-	3.4%
Members should inform the general public about the nature and benefits of cooperatives	98.0%	-	2.0%
My cooperative's Membership in the national and regional unions of cooperatives is beneficial to my cooperatives performance	81.0%	7.5%	11.6%
Cooperation between cooperatives is important and useful	95.2%	0.0%	4.8%
International cooperation between cooperatives is important for my coop	89.8%	3.4%	6.8%

4.5 Concern for Community

4.5.1 Principles Endorsement

More that 90 per cent of cooperatives endorse the principles that cooperatives should be actively supporting community development, and that a cooperatives that does not work for the benefit of the community should not be registered. As it will be discussed in the following section, cooperatives are often perceived as CBOs rather that private business with a “concern for community”.

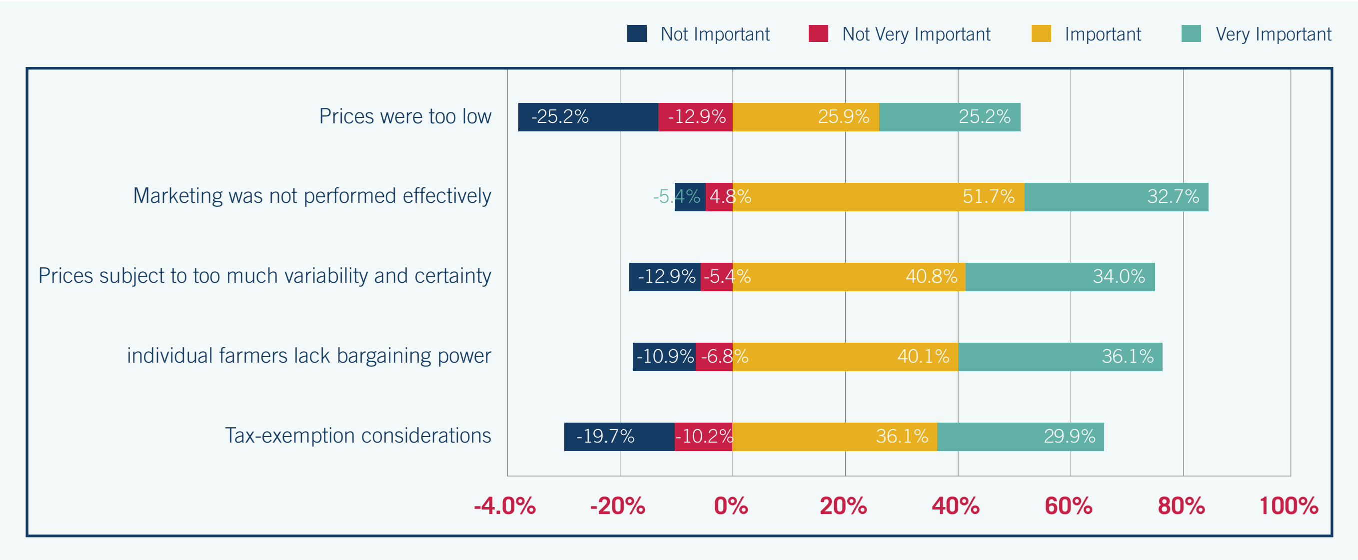
Table 12: Concern for community principle endorsement

CONCERN FOR COMMUNITY PRINCIPLE	AGREE	DISAGREE	NEUTRAL
The coop that does not work to the community’s benefit should not be registered	90.5%	6.1%	3.4%
My coop is actively supporting community development in my region	91.8%	2.7%	5.4%

4.5.2 Factors Influencing Cooperative Creation

Cooperatives were asked to rate the importance of price (including sales and cost factors affecting prices) in the decision-making process that lead to the creation of their cooperative. It comes out from the results reported in figure 11, that issue related to marketing[23] and bargaining power, i.e. the ability to sell production, were perceived as important by 84.4 per cent and 76.2 per cent of respondents respectively. Tax-exemption considerations were also considered important by 76 per cent of respondent.

Figure 11: Importance of price related factors in farmers’ decision to establish the cooperatives



Furthermore, cooperatives where requested to list additional factors they found as important drivers of their decision to create the cooperative. Marketing and access to market was further highlighted by respondents, together with improved bargaining power although to a lower extent (as presented in Figure 12 below). In addition to re-emphasize these factors, respondents mentioned a series of other factors that reflect their perception of the role of the cooperative within their community.

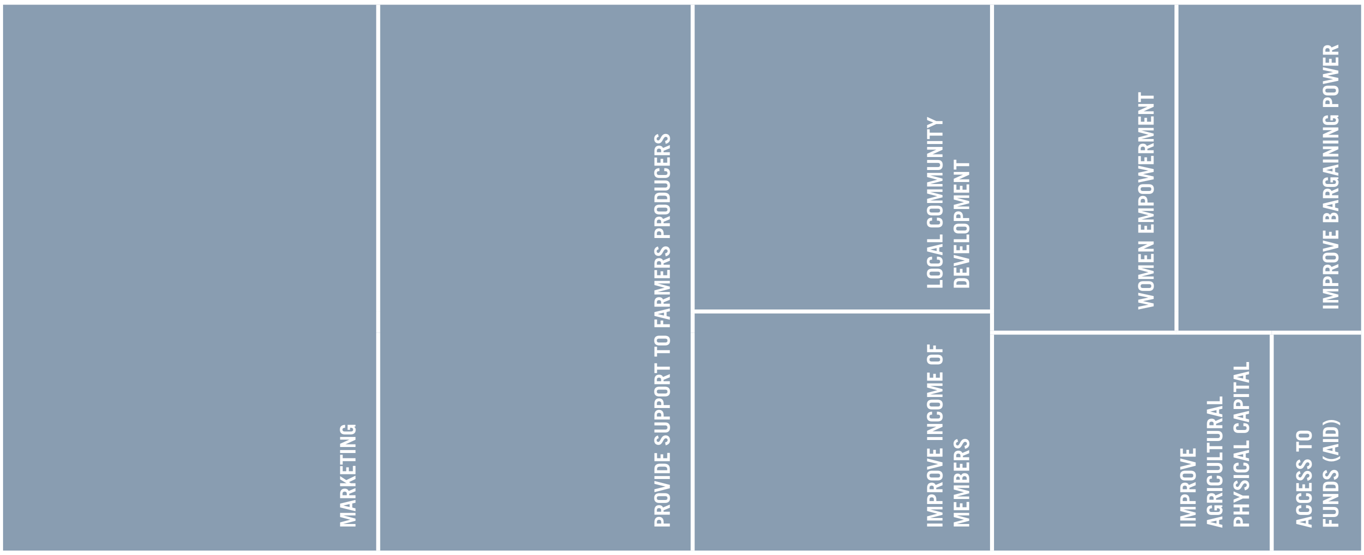
23 This finding is supported by the several field studies and reports where marketing is reported as one of the main constraint faced by farmers. Marketing challenges arise from two main factors: the high cost of production, inadequate production quality and lack of post-harvest services accessible by small and medium-size farmers.

Provide support to farmers / producers, was the second most mentioned factors. The respondents' expressions and discourse in that regards are often vague statements on the need to support "farmers" and position the cooperative not as a farmer owned entity but rather as an entity that is "working for the farmers" – i.e. not being "a farmer" itself. This type of discourse is the reflection of an existing perception of the cooperative not as a private business actor but rather as a social actor supporting farmers, as a CBOs or public entity would do. Some interviewed practitioners mentioned the tendency of cooperative leaders to adopt the public and donors discourse to justify access to funds. Although less present, direct statements on the need to improve member's income and to improve agricultural physical capital (land reclamation, irrigation and acquisition of heavy agricultural machinery).

Local community development and women empowerment were also significantly mentioned as factors that influence the creation of the cooperative. These statements reflect the understanding of local rural activists and cooperative leaders of the positive externalities of cooperative actions as well as their effort and concern for their community; which include in the Lebanese context, in addition to women empowerment, and as mentioned by respondent:

- Support farmers to stay in their rural home and not to sell their land.
- Support farmers to overcome the effect of war and displacement (Mount Lebanon).
- Support local development after the Liberation (from the Israeli occupation in South Lebanon).
- Reduce rural exodus.
- Improve the village infrastructure.
- Support war and mine victims (South Lebanon).

Figure 12: Hierarchy of importance of factors leading to cooperatives creation as expressed by the respondent



The Lebanese cooperative movement has played an essential role in supporting rural development and women empowerment. Cooperatives as forms of endogenous rural development practice are often able to redistribute resources as well as political power, albeit on a small scale, towards the less powerful, by changing everyday life and social habits and norms in rural area[24].

Nonetheless, the cooperative role in supporting rural communities should not become the primary mission of organization which primary mandate are to act as private business aiming at profit while respecting set values and principles.

24 See Hamade *et al.* (2014)

5. SYNTHESIS AND RECOMMENDATIONS

FOR A PARADIGM SHIFT FROM AID DEPENDENCY TO SUSTAINABLE BUSINESS

The research findings show that the cooperative movement is not able to act as a driver for development and growth in the agricultural and agro-food sector. Four critical factors do not allow cooperatives to take this role:

FIRST, THE COOPERATIVES' LOW ATTRACTIVENESS TO FARMERS, ESPECIALLY YOUTH AND WOMEN FARMERS, NEED TO BE IMPROVED. Building this capacity is a must to allow cooperatives to play a major role in supporting the agricultural and agro-food sectors' workforce regeneration dynamism and therefore its ability to adopt innovation and to increase competitiveness. As the research findings showed, only cooperatives with educated and therefore skilled, cooperative managers and board members are more likely to grow and expand. Also, specific attention should be given to women cooperatives not only through training and capacity building, but also through projects and actions that help reduce gender inequality and access to resources in rural areas, and encourage and empower women to engage in income generating activities.

SECOND, COOPERATIVES ARE NOT INTEGRATED IN AGRICULTURAL AND AGRO-FOOD VALUE CHAINS. Donor funded programs have also encouraged cooperatives to rely on direct sales channels, through the support of production of high value added agro-food product, valorization of traditional agro-food preparation and linkages between cooperatives and supermarkets. Although, this strategy has yielded relative positive results for many cooperatives, the reliance on such marketing channels has its limits and the internal traditional and high value product market is increasingly competitive and starting to show signs of saturation.

THIRD, DONOR AND PUBLIC AID DEPENDENCY IS A MAJOR OBSTACLE TO THE SECTOR SUSTAINABLE DEVELOPMENT. This dependency is further exacerbated by the absence of a unified cooperative movement and the lack of a common discourse and action. Aid dependency has also drastically reduced the cooperative capacity and willingness to invest in productive assets. It has also allowed for the multiplication of inactive and phantom cooperatives which aims only for accessing political based public support. In that regards, the cooperatives movement institutions and governance body – as well as international donors – must gradually engage in a process that encourages self-managed and autonomous cooperatives through refraining from providing non-matched financial grants. The cooperative sector needs to move from being aid dependent to becoming a sustainable private-sector-led economic sector, in-line with the cooperative movement values and principles.

FOURTH, AN OUTDATED REGULATORY FRAMEWORK: there is a need to update the current legal and regulatory framework, which has often been cited as one of the major bottleneck of the sector. The legal reform should include a revision a clear definition of the role of the General directorate for cooperative and reduce registration and monitoring formalities. It should as well engage in a reform of the UNCC or take provision for the establishment of a cooperative bank.

Future public policies as well as international agencies' interventions should tackle these factors in an integrated approach, together with an in-depth review of the outdated legal and regulatory framework, to support a sector paradigm shift from aid dependency to sustainable business.

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7. ANNEX: SURVEY QUESTIONNAIRE

SURVEY OF AGRICULTURAL AND AGRO-FOOD COOPERATIVES IN LEBANON- JULY 2017

SECTION ZERO: SURVEY ID							
0.1	Name of surveyor	1.	2.	3.	4.	5.	6.
0.2	Date	DD	MM	YYYY			
0.3	Location	1.	2.	3.	4.		

SECTION 1: CONSENT			
Introductory sentence: I am part of a team commissioned by the ILO to perform a quantitative study on cooperatives in Lebanon. Would you be willing to answer some questions regarding the cooperative's main characteristics and reasons for establishment?			
1.1	Are you willing to participate in this survey?	Yes	No

SECTION 2 : COOPERATIVE PROFILE						
2.1	Name of Cooperative					
2.2	Address					
2.3	Contact Number					
2.4	Sector of Activity	1. Olives	2. Marketing	3. Fisheries		
		4. Fruits	5. Vegetables	6. Agro-processing		
2.5	Name of Respondent					
2.6	Position of Respondent	1. Director/Manager	2. Board member	3. Member	4. Other, specify ________	
2.7	Gender of Respondent	0. Female	1. Male			
2.8	Education Level of Respondent	1. Elementary or less	2. Intermediate	3. Secondary	4.University	5. Doctoral
2.9	Year of Establishment of Coop	YYYY				
2.10	Number of Members at Establishment	___				
2.11	Current Number of Members	___				
2.12	How many current members are males?	___				
2.13	How many current members are females?	___				
	AGE DISTRIBUTION OF MEMBERS					
2.14	Number of members Under 30	___				
2.15	Number of members between 30 – 40	___				
2.16	Number of members above 40	___				
2.17	When was the last time you held board elections?	YYYY				
2.18	Average Estimated Annual Turnover in the Last Couple of Years	$ ___				
	WHERE DO YOU SELL YOUR PRODUCTS?					
2.19	In the City	Yes	No			
2.20	In the Caza	Yes	No			
2.21	Across the Country	Yes	No			
2.22	Internationally (I export)	Yes	No			
	HOW YOU DISTRIBUTE YOUR PRODUCT?					

SECTION 2 : COOPERATIVE PROFILE		
2.23	Directly to Retailers	___ %
2.24	Intermediary / Middle Man	___ %
2.25	Agro-processor	___ %
2.26	Wholesale Market	___ %
2.27	Direct Sales	___ %
		100%

SECTION 3: EMPLOYMENT		
3.1	Number of Full-time Employees	___
3.2	Number of Part-time Employees	___
3.3	Number of Seasonal Employees	___
3.4	How Many of Your Employees are Males?	___
3.5	How Many of Your Employees are Females?	___
3.6	How Many of Your Employees are Lebanese?	___
3.7	How Many of Your Employees are Syrian?	___

SECTION 4: ESTABLISHMENT

PLEASE INDICATE THE DEGREE OF IMPORTANCE OF THE FOLLOWING FACTORS FOR ESTABLISHING YOUR COOPERATIVE

		NOT IMPORTANT AT ALL	NOT VERY IMPORTANT	NEITHER	IMPORTANT	VERY IMPORTANT
4.1	Prices were too low	1	2	3	4	5
4.2	Marketing services were not performed effectively	1	2	3	4	5
4.3	Prices were subject to too much variability and uncertainty	1	2	3	4	5
4.4	Individual farmers lacked bargaining power	1	2	3	4	5
4.5	Tax-exemption considerations	1	2	3	4	5
	Others , please list (up to 2)					
4.6	1. ______________________	1	2	3	4	5
4.7	2. _______________________	1	2	3	4	5

SEVERAL SOURCES ARE AVAILABLE TO PROVIDE INFORMATION OR CONSULTING TO INDIVIDUALS CONSIDERING FORMING COOPERATIVES, INDICATE THE DEGREE OF IMPORTANCE OF THE EACH OF THE SOURCES LISTED BELOW FOR YOUR COOPERATIVE

		NOT IMPORTANT AT ALL	NOT VERY IMPORTANT	NEITHER	IMPORTANT	VERY IMPORTANT
4.8	Cooperative directorate	1	2	3	4	5
4.9	Ministry of agriculture, extension services department	1	2	3	4	5
4.10	National union of cooperatives	1	2	3	4	5
4.11	Private extension services / paid consultant	1	2	3	4	5
4.12	EU	1	2	3	4	5
4.13	Italian Cooperation	1	2	3	4	5
4.14	USAID	1	2	3	4	5
4.15	UNDP	1	2	3	4	5

SECTION 4: ESTABLISHMENT						
PLEASE INDICATE THE DEGREE OF IMPORTANCE OF THE FOLLOWING FACTORS FOR ESTABLISHING YOUR COOPERATIVE						
4.16	Other international organizations	1	2	3	4	5
4.17	Caritas	1	2	3	4	5
4.18	Renee Mowad foundation	1	2	3	4	5
4.19	Safadi Foundation	1	2	3	4	5
4.20	Jihad Al Binaa	1	2	3	4	5
4.21	Other local organizations	1	2	3	4	5
4.22	Did you perform a feasibility study when establishing the cooperative? Yes, no	1. Yes	0. No			

SECTION 5: INVESTMENT					
5.1	Invest in new equipment?	1. Yes	0. No		
5.2	If yes, where did you get the funds?	Own Funds	NGO / Donor Support	Credit	Ministry Support
5.3	If yes, please provide details on the new equipment				
5.4	Invest in physical expansion of your enterprise?	1. Yes	0. No		
5.5	If yes, where did you get the funds?	Own funds	NGO / Donor Support	Credit	Ministry Support
5.6	If yes, please provide details on the physical expansion				
5.7	Invest in new technology?	1. Yes	0. No		
5.8	If yes, where did you get the funds?	Own Funds	NGO / donor Support	Credit	Ministry Support
5.9	If yes, please provide details on the new technology				

HOW IMPORTANT ARE THE FOLLOWING TYPES OF INVESTMENT FOR YOUR BUSINESS? RATE FROM 1 TO 5

		NOT IMPORTANT AT ALL	NOT VERY IMPORTANT	NEITHER	IMPORTANT	VERY IMPORTANT
5.10	Investing in equipment	1	2	3	4	5
5.11	Investing in physical expansion	1	2	3	4	5
5.12	Investing in new technology	1	2	3	4	5

SECTION 6: ASSETS

6.1 What is the size of your facility? __ Sqm

PLEASE PROVIDE SOME DETAILS ON THE ASSETS OF THE COOPERATIVE

		Name of Equipment	Price of Purchase	Year of Purchase	1 Own Fund 2 Grant 3 Credit	If grant or credit, from who?
	Production Related Equipment					
6.2			$ __ __ __ __	YYYY		
6.3			$ __ __ __ __	YYYY		
6.4			$ __ __ __ __	YYYY		
6.5			$ __ __ __ __	YYYY		

SECTION 6: ASSETS			
6.6		$ _ _ _ _	YYYY
	Vehicles (tractor / car / truck)		
6.7		$ _ _ _ _	YYYY
6.8		$ _ _ _ _	YYYY
6.9		$ _ _ _ _	YYYY
6.10		$ _ _ _ _	YYYY
6.11		$ _ _ _ _	YYYY

SECTION 7: COOPERATIVE PRINCIPLES

PLEASE INDICATE HOW STRONGLY YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS

		STRONGLY DISAGREE	DISAGREE	NEITHER	AGREE	STRONGLY AGREE
7.1	More members make the coop run more efficiently	1	2	3	4	5
7.2	More members allow the cooperative to put more products at the market and increase its bargaining power	1	2	3	4	5
7.3	Open membership is the way of doing business	1	2	3	4	5
7.4	One-person-one-vote principle is a source of strength for the coop	1	2	3	4	5
7.5	Periodic meetings of the general assembly contribute to running the coop more efficiently	1	2	3	4	5
7.6	Periodic elections of the board ensure democratic and efficient governance	1	2	3	4	5
7.7	Members revenue should be linked to the size of business done with the cooperative not based on the capital they have initially invested	1	2	3	4	5
7.8	Members should contribute equally to the capital of the cooperative	1	2	3	4	5
7.9	My cooperative is independent from external influence including family or political parties	1	2	3	4	5
7.10	Cooperatives receiving support from international donors or NGOS, remain independent and autonomous	1	2	3	4	5
7.11	Cooperatives receiving support from the government, remain independent and autonomous	1	2	3	4	5
7.12	Cooperatives provide education and training for members, elected representatives, managers and employees	1	2	3	4	5
7.13	Trainings provided by the cooperative should aim at contributing effectively to the development of the cooperative	1	2	3	4	5
7.14	Members should inform the general public about the nature and benefits of cooperatives	1	2	3	4	5
7.15	My cooperative's Membership in the national and regional unions of cooperatives is beneficial to my cooperatives performance	1	2	3	4	5

SECTION 7: COOPERATIVE PRINCIPLES						
PLEASE INDICATE HOW STRONGLY YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS						
7.16	Cooperation between cooperatives is important and useful	1	2	3	4	5
7.17	International cooperation between cooperatives is important for my coop	1	2	3	4	5
7.18	The cooperative that does not work to the benefit of the community should not be registered	1	2	3	4	5
7.19	My coop is actively supporting community development in my region	1	2	3	4	5

SECTION 8: LIST OF PRODUCTS			
ILO IS WORKING ON THE DEVELOPMENT OF AN ONLINE APPLICATION FOR MARKETING COOPERATIVE PRODUCTS, IF YOU WISH TO GIVE US A LIST OF YOUR PRODUCTS AS WELL AS TAKE A PICTURE OF A SAMPLE OF YOUR PRODUCTS			
8.1	List of Products	1. ___	2. ___
	3. ___	4. ___	5. ___
	6. ___	7. ___	8. ___
8.2	Picture	Yes	No

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