



Food and Agriculture Organization
of the United Nations



وزارة البيئة والمياه والزراعة
Ministry of Environment Water & Agriculture



Technical report on the organisational structure and governance system of agricultural cooperatives in the Kingdom of Saudi Arabia

COP/051/2022/2



*Strengthening MoEWA's Capacity to implement its Sustainable Rural Agricultural Development
Programme (2019-2025) (UTF/SAU/051/SAU)*

**Food and Agriculture Organization of the United Nations
Riyadh, Kingdom of Saudi Arabia**

Disclaimer

This report was prepared with funding from the Government of the Kingdom of Saudi Arabia and approved within the framework of the FAO-Saudi Technical Cooperation Program for Sustainable Rural Agricultural Development (SRAD) Program within NTP and Saudi Vision 2030. The views expressed in this report do not necessarily reflect the views of the Government of the Kingdom of Saudi Arabia.

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Abbreviation and Acronyms

ADF	Agricultural Development Fund
BoD	Board of Directors
CCCI	Council of Chambers of Commerce and Industry
CEI	Cooperative Economy Index
COPAC	Committee for the Promotion and Advancement of Cooperatives
CSC	Cooperative Societies' Council
FAO	Food and Agriculture Organization of the United Nations
FGD	Focus Group Discussion
GA	General Assembly
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
ICA	International Cooperative Alliance
ILO	International Labour Organization
JMDA	Jazan Mountains Development Authority
KII	Key Informant Interview
KSA	Kingdom of Saudi Arabia
MoCI	Ministry of Commerce and Industry
MoEWA	Ministry of Environment, Water and Agriculture
MoHRSD	Ministry of Human Resource and Social Development
MoMRA	Ministry of Municipalities and Rural Affairs
MSC	Multi-Stakeholder Cooperative
NAS	National Agriculture Strategy
NPO	National Program Officer
NTP	National Transformation Program
SAR	Saudi Arabia Riyal
SAS	Saudi Aquaculture Society
SC	Supervisory Committee
SDB	Social Development Bank
SMEA	Small and Medium Enterprises Authority
SPI	Social Progress Index
SRAD	Sustainable Rural Agriculture Development
SSE	Solidarity and Social Economy
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Advisor
TNA	Training Needs Assessment
UI	User Interface
UNDESA	United Nations Department for Economics and Social Affairs
UNDP	United Nations Development Program
USD	United States Dollar

Saudi Arabia Vision 2030

On April 25, 2016, the Kingdom of Saudi Arabia adopted its Vision 2030, which constitutes an ambitious plan to transform the Saudi economy away from its dependence on oil. The Saudi Arabia's Vision 2030 is built around three themes: a vibrant society, a thriving economy, and an ambitious nation. The Vision 2030 has 6 overarching objectives (level 1), 27 branch objectives (level 2) and 96 strategic objectives (level 3). Building rural institutions such as agricultural cooperatives is important in part of achieving the vision.

Foreword

The Sustainable Rural Agricultural Development (SRAD) Program (2019-2025) has been jointly formulated by FAO and the Ministry of Environment, Water and Agriculture (MoEWA). The Government of the Kingdom of Saudi Arabia (KSA) has requested, through MoEWA - from the FAO to support the implementation of this program.

The SRAD Project comprises nine components including the development of coffee Arabica production, processing and marketing; development of beekeeping and honey production; development of Rose production and trade; development of sub-tropical fruits production, processing and marketing; strengthening the capacity of artisanal fishermen and small-scale fish farmers; strengthening the capacity of small-scale livestock herders; development of rain-fed cereals production; enhancing value addition from smallholdings and rural activities; and strengthening MoEWA's capacity in sustainable management of rangelands, forests and natural resources to support rural livelihoods.

The assessment of the organizational structure and governance system of the agricultural cooperatives in the Kingdom was important to establish the gaps and understand the direction for their capacity building and strengthening. This report is therefore important for the cooperative practitioners in the Kingdom, who are mandated or obligated to promote and develop agricultural cooperatives.

**FAO Program Director
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Acknowledgements

This report benefited significantly from the contributions of several people.

First, appreciations go to the Sustainable Rural Agricultural Development (SRAD) program's senior team members in the Kingdom of Saudi Arabia, who guided the situational assessment process, and report development process: Dr. Abubakr Mohamed (FAO Programs Director); Dr. Kakol Gosh (Chief Technical Advisor), Dr. Shami Saeed (Programme Development and Implementation Support Expert), and Dr. Rajiv Mehta (Senior Economist).

Finally, special acknowledgements to the Government senior officers, for their receptivity on this noble course to rethink, refresh and re-energize the development of the cooperative in the agriculture sector. They include Eng. Saliman Sale Al Gtily (MoEWA – Director of Cooperatives and marketing); Maan Alangari (MoHRSD – Director-General for Cooperatives Development); Dr Abdullah Kidman- President, Cooperative Society Council; and all the leaders and managers from the participating cooperatives across KSA. Appreciations are further extended to the 12 agricultural cooperatives and cooperative leaders and officers across the six regions, who gave their views concerning their views on their respective cooperative organizational capacities. Special acknowledgements for the support of the Cooperative Societies Council (CSC) for giving guidance in the field, and respective Director Generals of MoEWA across the regions.

Executive Summary

The cooperative development in the Kingdom of Saudi Arabia has a history dating back to 1961. The cooperatives have gone through different phases of development to date, and there is much to be done especially as potential tools to realise the Saudi Vision 2030. The cooperatives are registered and regulated under the Saudi Cooperatives Law (Royal Decree No. M/14) issued on March 10, 2008. The cooperatives' development function is in the ambit of the Ministry of Human Resource and Social Development (MoHRSD). Under Article 41 of the law, the agricultural cooperatives' capacity-building role is under the Directorate of Cooperatives and Marketing at the Ministry of Environment, Water and Agriculture (MoEWA).

According to the Ministry of Human Resource and Social Development 2018/2019 Report, there are 268 registered cooperatives across various socio-economic sectors; out of which, 68 are agricultural-oriented cooperatives. The development of agricultural cooperatives is defined in the MoEWA's National Agricultural Strategy and the Cooperatives Society Council's 2017-2030 Strategic Plan. The cooperatives in the Kingdom are organized at two tiers/levels – the primary cooperative and the apex council.

Agricultural cooperatives in the Kingdom have numerous opportunities from the government – in both promotion and investments. Nonetheless, at the institutional level, the cooperatives still face issues of prompt registration, coordinated incentives for cooperative business operations, limited capacity building, proper supervision and regulation. Moreover, there is no strategic cooperation among cooperatives at the sector or sub-national level to ensure economies of scale and scope for the smallholder cooperatives. Internally, the agricultural cooperatives have governance issues that stagnate or collapse them, and there is limited understanding of the board on their roles and responsibilities.

The report, therefore, makes some suggestions for consideration by the government and cooperative stakeholders: restructuring and re-alignment of the government support to the agricultural cooperatives; formation of regional and/or sectoral agricultural cooperatives trade-offs of internal cooperative governance systems.

This report is, to help the line Ministries in charge of cooperatives and agriculture to broadly rethink and redefine the development of the cooperatives organization structure and governance systems in the Kingdom. The report is also meant to be a precursor for the development of a cooperative strengthening plan, continuous capacity assessments of cooperative, cooperative awareness creation, board's capacities and developing compatible cooperative governance models.

1. Introduction

1.1 Background

This assessment was developed under the Sustainable Rural Agricultural Development (SRAD) Project (2019-2025). The project has been jointly formulated and implemented by FAO and the Kingdom of Saudi Arabia's (KSA) Ministry of Environment, Water and Agriculture (MoEWA). Among other components, the project targets the development of smallholders in the fisheries sector. One of the SRAD project outputs is to strengthen smallholders' rural agricultural cooperatives and associations. It is on this basis; the assessment of the organizational structure and governance system of agricultural cooperatives in the Kingdom was conducted.

1.2 Objective of the Assessment

The objectives of this assessment were to:

1. Understand the organization structure and governance system of agricultural in KSA
1. Identify and understand the unique interrelationships in the cooperatives support system of agricultural cooperatives in KSA
2. Make suggestions on the areas for strengthening the organization and governance of agricultural cooperatives in KSA.

1.3 Scope of the Assessment

The scope of the assessment was to describe the organization and governance of agricultural cooperative – at institutional and cooperative levels.

1.4 Assessment Methodology

The assessment involved primary data collection through multiple methods, including observation, key informant interviews (KIIs) and focus group discussions (FGDs), as well as secondary data collection through a desk research of existing literature and legislation. The assessment was carried out in two phases:

1. **Desk research:** Available literature was gathered including published and unpublished research reports and articles, cooperative law, data from Ministry of Human Resource and Social Development (MoHRSD), MoEWA, Cooperative Society Council (CSC), other agencies including the Agricultural Development Fund (ADF). This provided a framework for the primary data collection process.
2. **Field research:** Primary data was collected through key informant interviews (KIIs) and focus group discussions (FGDs) in the target regions of the Kingdom. Semi-structured interview checklists and unstructured FGD guidelines were developed ahead of time and were checked and commented upon by a cooperative expert before implementation. KIIs were conducted with the MoHRSD, MoEWA, CSC and ADF at the national level and regional offices. KIIs and FGDs were conducted among agricultural cooperatives in target regions of the Kingdom; mainly targeting the cooperative leaders and managers.

1.4 Limitations of the Assessment process

Notwithstanding the design, this assessment process had its limitations.

1. Limited literature and data on the cooperatives in the Kingdom.
2. In some cases, findings from the analysis pointed to the need for wider analysis and investigation, as the mixed situation was noted among the individual cooperatives within the same region.

1.5 Outline of the Assessment Report

This report is organized into four sections. Section 1 introduces the report with the justification of and approach to the situation analysis. Section 2 discusses the general cooperative development in the Kingdom. It gives historical development perspectives and major milestones in the development of the cooperatives in the country. It further cooperative development strategies in the Kingdom. Section 3 focuses on the cooperative organisation structure, cooperative registration and data, capacity building, funding and supervision and monitoring. Section 4 makes conclusions and highlights the suggestions for consideration in strengthening the organizational structure and governance system of agricultural cooperatives in the Kingdom.

2. Cooperatives Development in the Kingdom

2.1 Historical Developments

The cooperatives' development in KSA began in 1961 with the establishment of the first multipurpose cooperative in Riyadh in 1962. Table 1 below highlights the major efforts and phases of the cooperative movement development in KSA:

Table 1: Historical landmarks of cooperatives development in the Kingdom

Period	Development Issues
1961	The first discussion begins with the establishment of the cooperative movement, and cooperatives begin to emerge to help with social amenities issues such as the provision of water and gas.
1962	Cooperative Law No. 26 (1962) is enacted on June 25, 1962. Under the Act, a cooperative is an organization in which persons, living in a defined area, voluntarily associate themselves with the principles of cooperatives, on a basis of equality, for the promotion of their economic and social interests. Conditions for registration include membership of at least 20 founder members and the approval of the Ministry of Labour and Social Development. Provides for an executive body, elected by the general assembly, in charge of the day-to-day work of the society and its employees and representatives. Specifies that the Minister of Labour and Social Affairs issues rules regulating the audit system for society. The general assembly is the supreme authority of the society and sanctions all the matters related to the affairs of the society like- inter alia- the distribution of net surplus. Cooperative Societies are under the supervision of the Ministry of Labour and Social Development. Other provisions cover the dissolution of cooperative associations. Also, it is in 1962 that the first cooperative – the <i>Diri'ya</i> Cooperative Society was established in Riyadh.
1963	Multipurpose Cooperative in Almadinah Almunawarah was established, which since then has been providing some agricultural services and inputs to its members.
1964	The Enaizah area, Qassim region, was established as the first cooperative specialized in the agriculture sector.
1966	Decree No. 1365/1/1 of 5-9-1386 (1966): Rules for Cooperative Lending. This Act applies to agricultural cooperative societies and multipurpose cooperative societies in which agricultural services constitute a major part of their activities. The decree set up that the Saudi Arabian Agricultural Bank (henceforth the Bank) when granting loans, shall deal with farmer members through cooperatives. It granted preferential treatment and loans to cooperatives. Determined a maximum limit for each kind of loan granted to cooperatives. Other provisions covered were the security of short-term and seasonal loans. Regulates the applications for a loan from the Bank. The decree also set forth exceptional loans exceeding the limit fixed for it.
1972	By 1972, only a total of 40 cooperatives had been established in the Kingdom. Out of these, only 2 were specialized agricultural cooperatives and 5 multipurpose cooperatives with some agricultural activities. The total membership in agricultural-oriented cooperatives stands at 1,064.
1973	This year, 7 more seven agricultural cooperatives and 8 multipurpose cooperatives were established.
1974	Council of Ministers' resolution No. 1622 dated 17 May 1974: The imposition of Zakat and exemption of cooperatives from all other taxes
1977	Royal court decree No. 4/F/2866 dated 31 January 1977: Exempt of cooperatives from previous orders prohibiting granting and sale of government land
1985	By 1985, there were 117 cooperatives had been established in the Kingdom, out of which 15 were agricultural cooperatives with a total membership of 6,444 members.
1991	A new executive order of the cooperative law was enacted, to rejuvenate the cooperative promotion and development
2001	Council of Ministers resolution No. 9349/8/7 dated 06 August 2001: Request Ministry of Labour and Social Development and Ministry of Environment, Water and Agriculture (MoEWA) to establish agricultural marketing cooperatives
2003	By 2003, the number of cooperatives registered had increased to 139 cooperatives; out of which 19 were agricultural cooperatives with a total membership of 7,257 members.
2005	Council of Ministers Resolution No. 162 on support and subsidies to agricultural cooperatives is made on

Period	Development Issues
	<p>July 17, 2005, to among others:</p> <ul style="list-style-type: none"> ▪ Allocate adequate land with symbolic price for cooperatives to build offices, sorting and grading stores, cold stores, and outlets in the vegetable and fruit markets ▪ Simplify procedures to be taken when cooperatives deal with various government lending funds, including procedures related to collateral ▪ Facilitate procedures for cooperatives when importing fertilizers, pesticides, seeds, spare parts, and equipment. ▪ Encourage and support cooperatives that export their members' products ▪ The MoEWA is to provide technical supervision and support for agricultural cooperatives in their activities in extension, agricultural services, and plant protection. ▪ The MoEWA and MoHRSD are to implement programs to raise farmers' awareness of cooperatives and demonstrate the importance and role of agricultural cooperatives. ▪ Form a committee from the MoEWA, MoHRSD, and Agriculture Development Bank (ADB) to follow up on the activities of agricultural cooperatives and address problems they may face
2008	<p>Council of Ministers' resolution No. 73 dated 17 March 2008: Approval of inclusion of the Ministry of Labour and Social Development subsidies and benefits provided to cooperatives in the cooperative law (Royal Decree No. M/14)</p> <p>Cooperative Society Council (CSC) is formed on March 17, 2008, under Article 29; with a leading role and initiative to support cooperative societies in the Kingdom.</p> <p>Under Article 41 of the law, the agricultural cooperatives' capacity-building role is under the Directorate of Cooperatives and Marketing at the Ministry of Environment, Water and Agriculture (MoEWA).</p>
2009	<p>Royal court decree No. 9/M dated 16 February 2009: The Agricultural Development Fund Law which includes the provision of loans to agricultural cooperatives</p>
2014	<p>Royal Court Decree No. 16836 dated 06 March 2014: Directing the Ministry of Municipal and Rural Affairs and the Ministry of Housing on the allocation of 5,000 square meters of sites for each cooperative for cooperative markets.</p> <p>Ministerial Order No. 49987 dated 06 August 2014 to facilitate cooperative access to 1500 square meters of land to establish headquarters/premises is made.</p>
2015	<p>Council of ministers' resolution No. 46/M dated 25 March 2015: Saudi Labour Law Regulating Employers and Employees</p> <p>By 2015, the total number of cooperatives established had increased to 248 cooperatives. Out of these, 44 were agricultural cooperatives</p>
2016	<p>CSC is affiliated with International Cooperative Alliance on January 28, 2016.</p> <p>The Kingdom of Saudi Arabia adapts its Vision 2030 on April 25, 2016 (See Saudi Vision 2030). Vision 2030 constitutes an ambitious plan to transform the Saudi economy away from its dependence on oil. Saudi Arabia's Vision 2030 is built around three themes: a vibrant society, a thriving economy, and an ambitious nation.</p>
2017	<p>Council of Ministers Resolution No. 271 on Human Resource Support to cooperatives is made on February 6, 2017, among other issues:</p> <ul style="list-style-type: none"> ▪ Approve the provision of support to agricultural cooperatives with the expertise of some employees of the MoEWA through secondment according to the following conditions: <ul style="list-style-type: none"> ○ The secondment period shall be one year renewable for two more periods of one year each ○ The employee who has completed the maximum secondment limit must not be seconded before at least three years from the date of the previous secondment ○ The number of seconded officers to one cooperative during a year shall not exceed three employees ○ The number of seconded employees from the MoEWA during a year shall not exceed one hundred employees ○ The MoEWA may add any conditions as he deems necessary <p>Agricultural Development Fund Bylaw dated 22 August 2017: Agricultural Development Fund Bylaw for lending agricultural cooperatives</p>

Period	Development Issues
2018	By this year, KSA had 248 registered cooperatives with a total membership of about 75,375 ¹ . Out of these 68 were agricultural cooperatives, with a total membership of about 11,760 members.
2019	National Agriculture and Environment Strategies are set and among other strategic programs, Sustainable Rural Agricultural Development (SRAD) Program (2019-2025) is developed to among other issues promote cooperatives, especially in the agriculture sector along with the coffee, beekeeping/honey, fish, cereals, livestock, subtropical fruits (dates) and Rose flowers value chains; in 8 out of 13 regions of the Kingdom. Royal Decree No.1366 approved budgetary allocations for the SRAD Project implementation in collaboration with FAO.
2021	The cooperative law under review, and re-structural of the cooperative office by the introduction of the: <ul style="list-style-type: none"> ▪ Director-General of Cooperatives office at MoHRSD, and ▪ Director of Cooperatives and Marketing office at MoEWA Agricultural cooperatives are being placed at the centre of the new dispensation of rejuvenating the cooperative movement in the Kingdom. The Gulf Cooperation Council (GCC) held a third Cooperatives Development Forum under the theme: "role of Cooperatives under Market Economy and its Mechanisms".

Source: Discussions with MoHRSD, MoEWA, and CSC officers and related reports

The cooperatives in KSA are generally, therefore, being described by 5-phase-periods of development (1) the inception phase (1961 to 1972 period) that so initiation and scale-up of cooperatives; (2) the growth surge phase (1973-1985 period) the received significant push for the cooperative establishment; (3) the stagnation phase (1986 – 2003 period) that exhibited slow growth of cooperatives sector; (4) the growth momentum phase (2004-2015 period) with important reforms that stimulated the growth of cooperatives particularly of the agricultural sector; and (5) towards realizing Saudi Vision 2030 (2016 – and the period beyond) that is to bring a positive transformation in economy and society with employment generation, economic diversification and improvement in quality of life using cooperatives.

Box 1: Initiation of Cooperative in KSA

Cooperatives in Saudi Arabia began in 1961-1962, about 120 years after the first modern cooperative in history was formed in Rochdale, close to Manchester, England in 1844. Major cooperative development efforts have only been witnessed since Mid-2000 and gained tangible momentum from about 2014 with deliberate government efforts to support the cooperatives.

The economic presence of cooperatives is still very small. The penetration rate of cooperatives among the Saudi population is about 0.29 per cent; while about 2.6 per cent among smallholders in the agriculture sector, and 34.9 per cent among Saudi fishermen. The cooperatives are only contributing about 0.2% of the Gross Domestic Product (GDP).

The development of the cooperatives in KSA is likely to experience a positive trajectory with possible regulations, restructuring, system, set-up, and strategy development for the promotion of the cooperatives, including those in the agriculture sector as envisaged by Saudi Vision 2030, and GCC resolutions.

Box 2: The 2021 Resolutions of the Gulf Cooperation Council (GCC) on Cooperatives Development

In January 2021, the GCC held a third [Cooperatives Development Forum](#) under the theme: "role of Cooperatives under Market Economy and its Mechanisms". Among other proposals for the development and strengthening of the cooperative movement were:

1. Need to adhere to the ICA principles of cooperative and interests of citizens;
2. Importance of and the need for training members, boards of directors, and executive management;
3. Establishment of a national institute for cooperatives to raise the technical capacity of cooperatives;

¹ CSC 2017, Strategic Plan

- unify the financial, administrative, and accounting systems in all cooperative societies;
- 4. Reduce the restrictions that limit the freedom of movement and creativity for cooperative societies;
- 5. Strengthen mutual trust between the government and cooperatives and avoid interference;
- 6. Collaboration among cooperatives on sales and marketing;
- 7. Emphasis on the authority of the General Assemblies in the regulatory and operational policies for the development of cooperative work; and
- 8. The establishment of a Gulf Cooperative Development Fund to provide financial support for the development of cooperative sectors.

2.2 Cooperative Development Strategies

The strategic approach for the development and growth of the cooperative sector gained momentum with the establishment of the Council of cooperative societies in KSA in 2008. In 2017, the Council formulated its strategy for the cooperatives. This strategy reflects the Saudi vision 2030 and the themes set in the national transformation program to achieve governmental operational excellence, improve economic enablers and enhance standards of living. Priority theme 4 of the NTP aims at spreading the culture of volunteerism, improving effectiveness and available opportunities as well as empowering the non-profit sector and expanding the services of non-profit organizations. Under priority theme 3, ensuring the sustainability of vital resources and the support to and improvement of the performance of agricultural cooperative societies is one of the identified initiatives of the NTP.

2.2.1 Cooperatives Development Strategies in Cooperative Societies Council Plan

The cooperative Society Council (CSC) developed its strategic plan in line with the Saudi Vision 2030. CSC envisions a sustainable cooperative development that makes Saudi Arabia in 2030 among the top ten countries in the world in the field of the cooperative economy. The strategic goals set by the Council in its strategy are as follows:

1. Enhance the level of social capital
2. Promote the principle of solidarity and social justice among members of society
3. Promote sustainable development based on the human element while rationally investing resources
4. Implement government policies in the area of commodity provision and price stability
5. Provide new job opportunities for a wide range of young men and women
6. Contribute to solving the housing problem
7. Achieve the Ministry of Human Resource and Social Development plan to shift from giving humanitarian and social assistance to developmental activities
8. Enhance rural development and reduce migration from rural areas and villages to major cities

The Cooperative Societies Council strategic plan evolved and identified five main dimensions of cooperative action:

1. The customers and shareholders' dimension:

The main objective in this dimension is to increase shareholders and improve the services provided to shareholders and customers. Its main elements are:

- a) Increase population participation rate in the cooperative societies from the current 55 thousand to 150,000 in five years and to 400,000 in 2030, by increasing the number of shareholders in the current associations and increasing number of cooperatives to 2,000 by 2030.
- b) Improve the services provided to customers and associations.
- c) Simplify and facilitate government administrative procedures related to the establishment of associations and cooperative work, in general, to reach the target number of cooperative societies in the Kingdom in 2030.
- d) Spread the culture of cooperative work in the Kingdom, consolidate its concept in society and among members, and strengthen its international relations.
- e) Generate new job opportunities for youth from both sexes by doubling the job opportunities in the cooperative sector in five years and raising it to 200,000 jobs by 2030.

The plan identified 36 initiatives (or implementation mechanisms) required to increase membership and improve services to shareholders and customers.

2. The council's work and performance dimension:

The main objective in this dimension is to activate the role of the CSC to improve its performance to participate in development. Five objectives have been set to achieve this goal as follows:

- a) Obtaining privileges and concessions from government ministries and agencies to participate in the implementation of their development projects with a focus on projects that respond to social needs and have economic returns.
- b) Marketing of local agricultural products and participation in the management of central markets for vegetables, meat and fish and providing health care and feed for livestock.
- c) Improving Cooperative Societies Council effectiveness and efficiency.
- d) Follow-up the implementation of the objectives of the CSC as stipulated in Article 54 of the Cooperative Executive Order of the cooperative law on the formation of the Cooperative Societies Council issued on 8/7/1429 H (August 8, 2008).
- e) Provide the necessary support to the cooperative societies per the terms and conditions for cooperatives' support.

The plan identified 72 initiatives (or an implementation mechanism) required to activate the role of the Cooperative Societies Council.

3. Improvement and development dimension:

The main objective in this dimension is the development, training and encouraging innovation and the use of modern administrative techniques and methods in all businesses. Three objectives have been identified to this end:

- a) Developing the administrative competencies of the employees of the CSC and the cooperatives.
- b) Carry out research and studies that contribute to the development of the work of cooperatives and improve their efficiency.
- c) Supervising the governance of cooperative work in cooperative societies.

The plan has identified 11 initiatives or (implementation mechanisms) required for the development, training, innovation and use of modern administrative techniques and methods in all businesses.

4. The financial dimension:

The main objective in this dimension is developing the cooperative sector resources and doing all business efficiently with the minimum cost possible. Four objectives have been identified for this purpose as follows:

- a) Expanding cooperative sector lending sources, simplifying procedures and managing loans effectively to oblige borrowing cooperatives to repay.
- b) Increase the capital of the cooperative sector and reduce the cost of services.
- c) Contribute to the implementation of government policies in providing goods and stabilizing prices and counteracting monopolies and reducing the trend of price increase.
- d) Increase cooperative contribution to agricultural GDP by 3% by 2030.

5. The environmental dimension

The main objective in this dimension is supporting the government's efforts to achieve sustainable development that rationally exploits natural and environmental resources and maintains a clean environment. Two objectives have been identified for this purpose as follows:

- a) Expansion in environment-friendly industries.
- b) Optimal use of energy and water resources

2.2.2 Cooperative Development strategies in the National Agricultural Strategy

There is no specific strategy for agricultural cooperatives development in KSA. However, the National Agricultural Strategy (NAS) has recognized the important roles of agricultural cooperatives in contributing to several of the objectives of agricultural and rural development and in supporting small-scale producers to benefit from economies of scale and increase their competitiveness. These agricultural cooperatives' roles include the following:

1. **Improved input provision:** Cooperative societies play a major role in negotiating large contracts with suppliers of various agricultural inputs such as fertilizers, seeds, machinery, vaccines, etc. ... Cooperative can use their size and experience to achieve lower prices and better conditions for their members.
2. **Improved operation and maintenance of agricultural machinery and equipment:** This is especially true for young people who cannot afford routine and/or specialized maintenance because of the small size of their farm. Cooperatives can benefit from their network of relations and exchange labour, machinery and logistics services to provide services by themselves or through service providers

3. **Improve marketing and sales:** Improve small and young farmers' access to the wholesale and retail markets through cooperative societies that negotiate sales contracts and achieve better marketing conditions. Cooperatives can develop their marketing and sales channels and take advantage of their size to secure long-term contracts
4. **Support services:** large cooperatives can play a major role in defending and expressing the interests and concerns of small farmers. Cooperatives, especially large ones, can benefit from their access to decision-makers and the ability to put pressure on agricultural policies and support formulation.

Similar to CSC, NAS has also identified several limitations and performance constraints faced by most agricultural cooperatives. Consequently, NAS has devoted two initiatives to agricultural cooperatives development:

1. **The agricultural cooperative models' initiative:** Aims at:
 - a) Review the institutional and regulatory framework of agricultural cooperatives
 - b) Formulate operating models for different types of agricultural cooperatives
 - c) Provide training and enlightenment to cooperative staff regarding successful experiences and good practices
 - d) Design and organize awareness campaigns to increase farmers' understanding of roles, benefits, impacts and operating models of successful agricultural cooperatives
2. **Agricultural cooperatives' capacity development initiative.** It aims at:
 - a) Design and implement a comprehensive program to support and improve the performance of cooperatives through capacity building and development (organizational structure, focus areas, operating models, knowledge of the cooperative work system and its principles and advantages, accounting and finance, etc.).
 - b) Promoting the culture of performance and ensuring that the government links the provision of support to measurable performance indicators.

These two sets of MoEWA and CSC cooperative development strategy excerpts guide the respective agencies' work in the promotion and development of the agricultural cooperatives in the Kingdom. There is no specific agricultural cooperatives policy and/or strategy in the Kingdom.

2.3 Internal cooperative governance systems

Cooperatives² have a unique governance structure that reflects the fact that they are owned and controlled by their members. Effective cooperative operations depend on four groups: members, the board of directors, management, and employees. Cooperative governance is the act of steering cooperatively owned enterprises toward economic, social, and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability.

There are four types of governance models the agricultural cooperatives suggested for adoption by the agricultural cooperatives depending on their membership structure and level of operation: the extended traditional governance model, managerial governance model, corporate governance model, and the network governance model.

The **extended-traditional governance model** differs from the traditional governance model in the sense that all operational decisions are delegated to professional management hired by the BoD. In this model, the BoD maintains the *ex-ante* decision control function, but decision management is carried out by a professional manager³. In some countries (e.g., the Netherlands), the law requires that above a certain number of employees, the General Assembly appoints the members of a supervisory committee. The supervisory

² A cooperative is not only an association of smallholders but also an enterprise. The association is where democratic decision-making takes place, while the enterprise conducts the business activities in support of the members. In practice, there is often no clear-cut distinction between these two parts of the cooperative organization, certainly not in the mind of the cooperative members, especially in the Kingdom of Saudi Arabia.

³ . This process of replacing board management by professional management as the cooperative grows does not take place in countries where the board has the statutory obligation to manage the cooperative.

committee's *ex-post* decision control function focuses on ensuring that the interests of all stakeholders are taken into consideration (Bijman, et. al., [2013](#)). Figure 1 illustrates this.

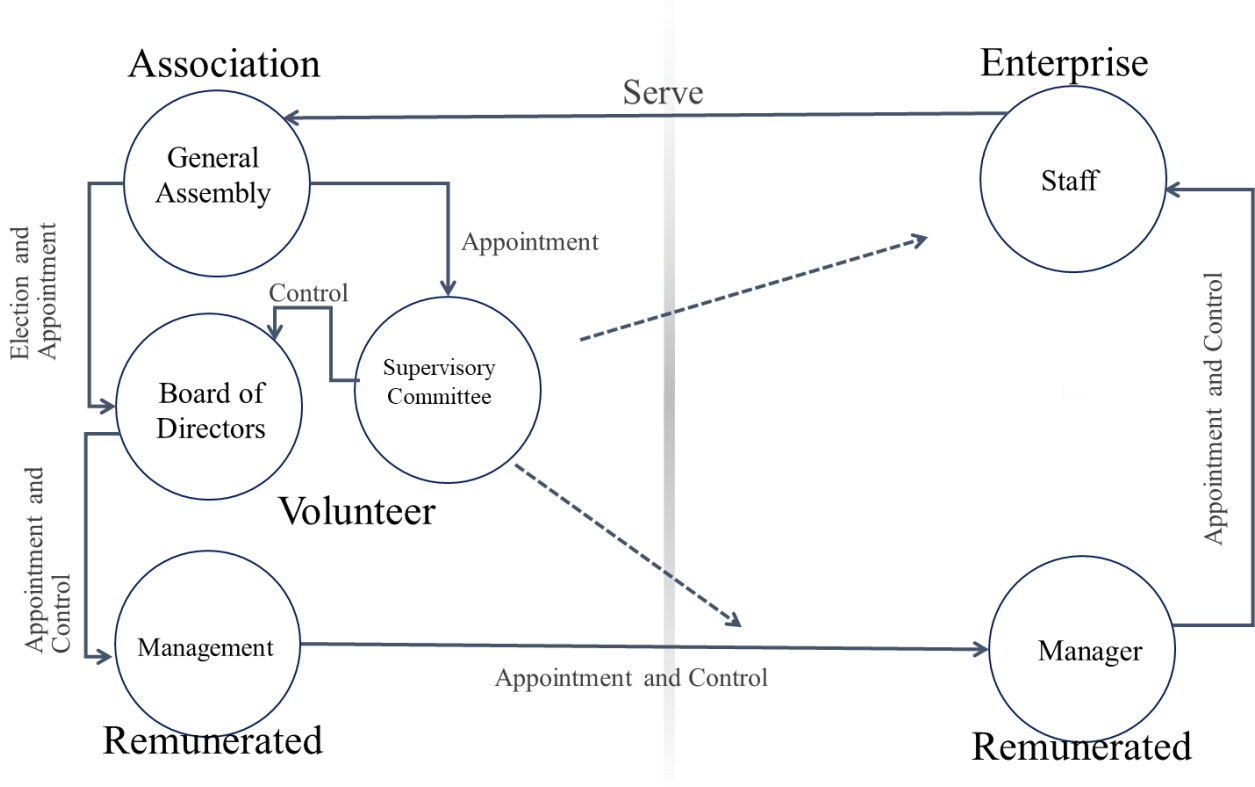


Figure 1: Extended Traditional Model of Cooperative Governance
 Source: Adapted from Bijman, J., Hendrikse, G. and A. van Oijen, ([2013](#)); Iliopoulos, ([2015](#)).

In the *management governance model*, the BoD and professional management are consolidated, thus eliminating one level of governance. The BoD is responsible for decision management functions performed exclusively by professionals who are not member-patrons. Consequently, the management model entrusts both formal and real authority to professional management. While formal control is still vested in the GA, it is professional managers that make all operational and strategic decisions. The supervisory (or the BoC in larger cooperatives) exercises *ex-post* control over decisions made by the BoD. However, in the management model, the SC/BoC has less authority over the BoD in contrast to the traditional model. This is illustrated in Figure 2.

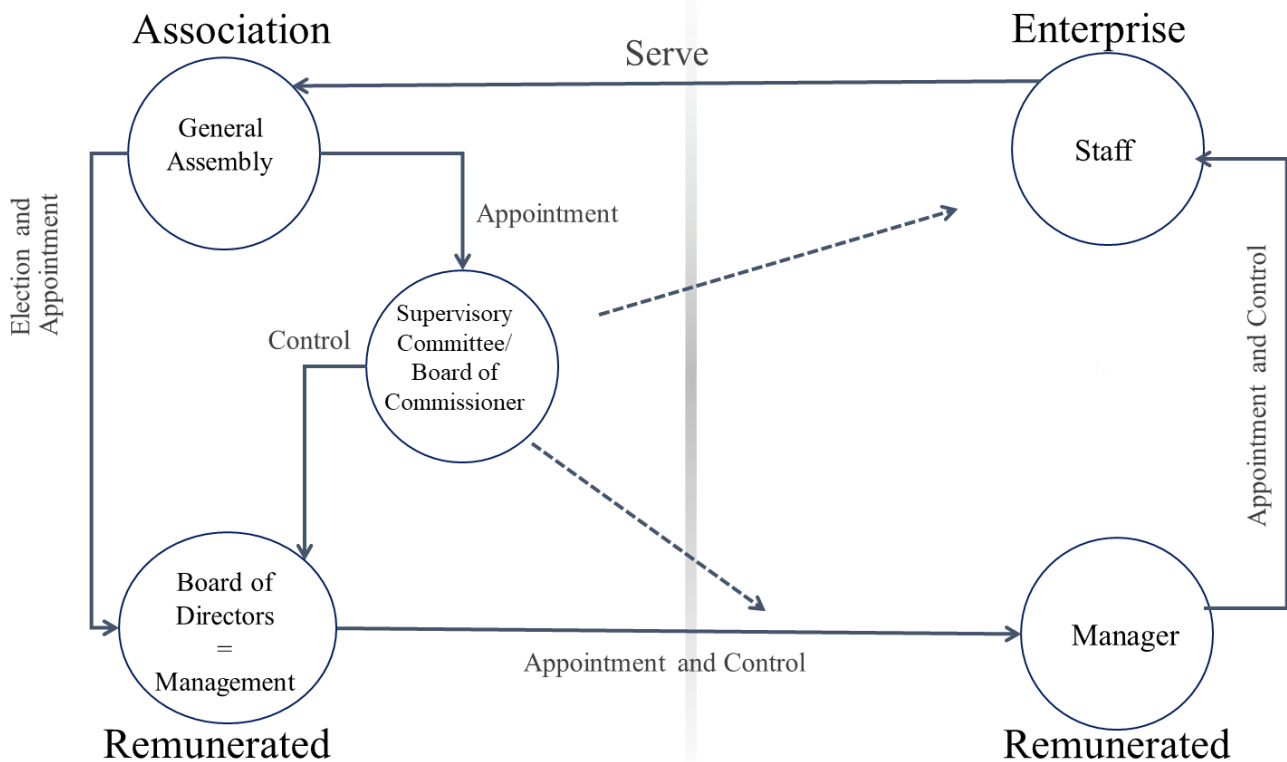


Figure 2: Management Model of Cooperative Governance

Source: Adapted from Bijman, J., Hendrikse, G. and A. van Oijen, (2013); Iliopoulos, (2015).

In this model, the BoD has been professionalised, and the supervisory committee supervises the association and enterprise simultaneously. Therefore, there is no longer a distinction between decision-making on and executing the strategies and policies of the cooperative.

In the *corporation governance model*, the BoD, and the SC or BoC are consolidated. Both members and non-members (usually the experts) participate in this extended BoD, but bylaws may stipulate that two-thirds of BoD members are also member-patrons of the cooperative. This model tends to be more visible in large cooperatives, and increasingly investor-owned cooperatives. The BoD of the cooperative association become the supervisory committee of the cooperative enterprise. A legal separation between association and enterprise has been established, turning the cooperative association into a 100% shareholder of the cooperative enterprise.

This model provides the management with relatively most autonomy to make appropriate, strategic and tactic responses to competitive pressures, without undue member influence on operational decisions, and to find new sources of equity capital and to professionalise the supervisory bodies. Professional managers exercise both formal and real authority. Most decisions are delegated to managers, and the BoD is merely responsible for *ex-post* decision control. This is illustrated in Figure 3.

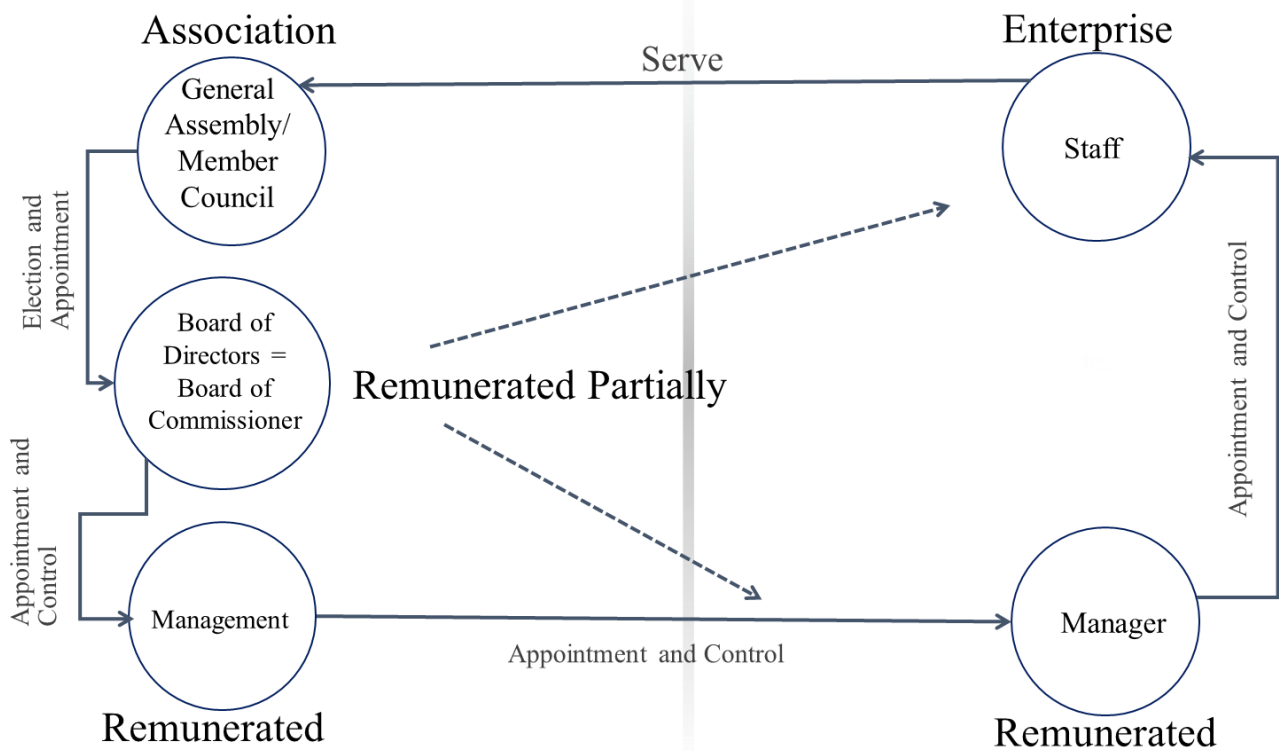


Figure 3: Corporation Model of Cooperative Governance

Source: Adapted from Bijman, J., Hendrikse, G. and A. van Oijen, (2013); Iliopoulos, (2015).

However, it is equally associated with numerous governance failures, which are attributable to a "monocentric" governance construct, in contrast to "polycentric" self-governance mechanisms which more effectively govern common goods.⁴ It is also argued that hierarchical command and control systems fail because of "the tendency of centralised power to corrupt; the difficulty in managing complexity; and the suppression of 'natural' – human – checks and balances" (Turnbull, 2002). Such a model of unitary board structures is deemed inadequate in cooperatives because it concentrates power; it does not facilitate access to information and is unable to deal with complexity. Complexity needs to be broken down into manageable units, simplifying the responsibilities and duties of directors, executives and employees. The central issue with the unitary board structure is the inability to access full information due to uncertainty, coupled with human fallibility (information overload, expertise limitations, bounded rationality, and skewed judgement with oligarchic tendencies).

Therefore, ICA (2015) proposes a design of a *network governance model* - based on the three inherent properties (humanism, democracy, and joint ownership and control) of cooperatives. Cooperatives need to break complexity down into manageable units and decompose decision-making into a network of independent control centres – in other words, polycentric, or network governance; hence the need for functional sub-committees. This is because, the complexities the cooperatives are operating in, require access to multiple sources of information that can come from and be dealt with best by a more diverse network of key stakeholders - employees, consumers and suppliers.

The cooperative networked governance model has four elements: (1) small independent basic units that can function alone, but also form a part of the larger network, such as federations, industry networks, or solidarity

⁴ Vincent and Elinor Ostrom call these 'monocentric' governance constructs, in contrast to 'polycentric' self-governance mechanisms which more effectively govern common goods. B. Allen (2014). A role for cooperatives in governance of the commons, in Novkovic S. and T. Webb Cooperatives in a post growth era. Zed books:242-263.

networks; (2) decisions are made at the level closest to the basic unit (subsidiarity principle); (3) multiple centres of control (polycentricity) in a nested structure; and (4) participation and engagement of multiple stakeholders/constituents with control over their domain of expertise (e.g., workers councils).

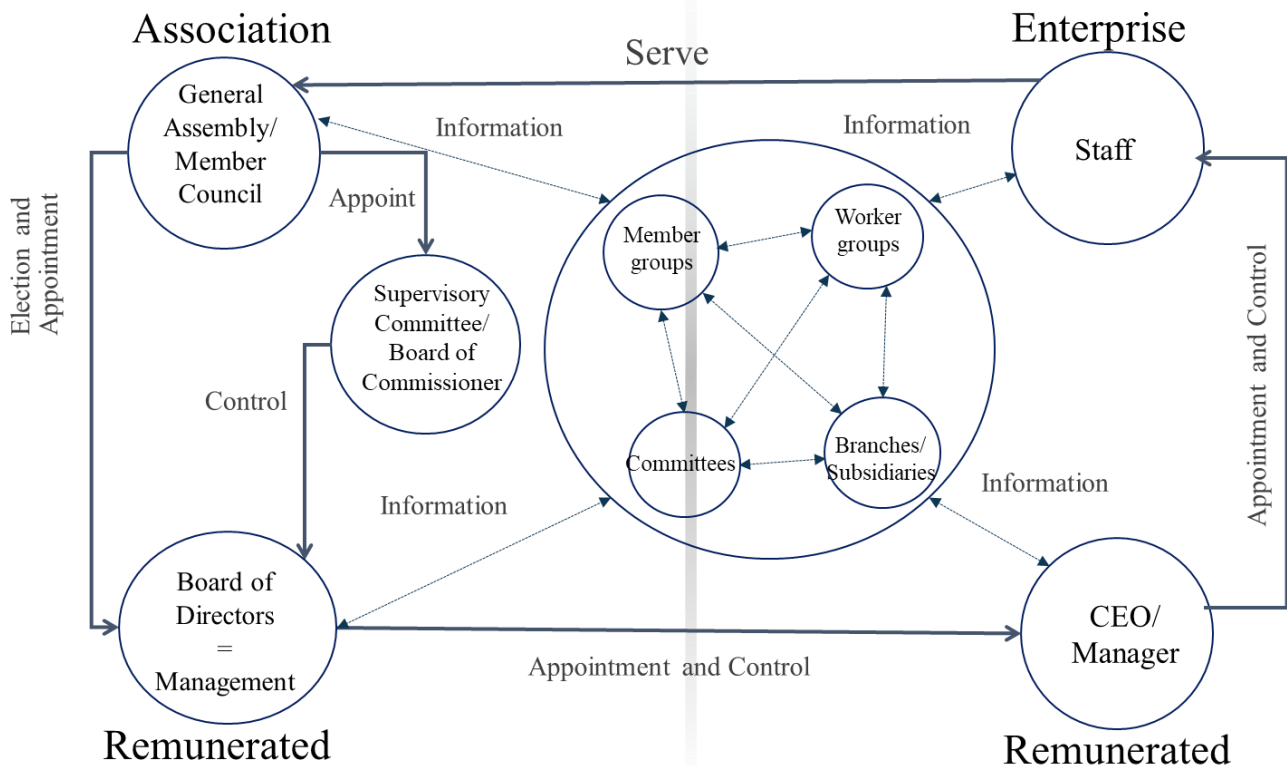


Figure 4: Sample Network Governance Model of Cooperative
 Source: Adapted from ICA (2015)

The *small independent units* ensure autonomous decision-making and the ability to adjust to changing circumstances on the ground. This may be a production improvement, a system improvement, or a simple observation that the working environment is changing. Small units also facilitate direct democracy.

The subsidiarity principle assumes decision-making at the lowest possible level in the cooperative. In case the basic units have the means and capacity to act on their own, the next tier in the network need not be involved. The subsequent tiers in the organization provide complementary services to basic units, rather than a substitute for their decisions and responsibilities.

Multiple control centres (polycentricity) in cooperatives need to protect joint assets, secure democratic voice and enhance stewardship/humanism within all layers of the cooperative. These centres/boards include independent conflict resolution mechanisms; small group coordination; general member meetings; representation in nested cooperative systems; feedback systems through double links; and access to various types of expertise (cooperative management and cooperative strategy expertise; technical expertise; business operations; risk; and so on).

Multiple stakeholders are a valuable source of information with access to many of the expert fields required for effective decision-making in a cooperative. Cooperative values, purpose and nature are conducive to the engagement of multiple constituents as they strive to benefit members and communities. Although some stakeholder participation and engagement may be developed without a membership status, in a network built on stewardship and solidarity, consultations with members are ongoing. The multi-stakeholder cooperative form would most easily enable substantial engagement of a broad group of stakeholders in the cooperative

governance, as all key stakeholders/patrons (consumers, workers, suppliers) are potential members. This creates an advantage in networked governance design for the cooperative form of organization over a single-member type cooperative. For some cooperatives, especially with a single membership type, it will possibly not feel natural to consider the implementation of the above elements of networked governance.

In small cooperatives where trust is high and members are closely connected to other constituents, they may not need to. However, even in small consumer cooperatives, employees ought to have decision-making powers on matters that impact their personal growth and the work environment; they are the frontline in cooperatives dealing with other stakeholders and the harbinger of cooperative health.

These elements and properties are powerful forces, which can elevate cooperative member participation to a new level and deliver a "potent combination of empowerment, autonomy, and efficiency" (Turnbull, 2002, p.22). This is because, in cooperatives, the individual member has a role to play that goes beyond the basic economic relationship of consumer, worker or producer. Jointly, members own their cooperative, and through democratic arrangements, they participate in its governance. Individually they have a right to information, a voice, and representation.

To achieve great corporate governance, the cooperatives should also evolve in terms of decision/control rights modelling – i.e., in terms of governance models. This evolution should show trade-offs between the cooperative governance models and cooperative ownership and purpose.

Therefore, there is a need to:

1. Guide agricultural cooperatives to adopt best-fit governance structures⁵ in compliance with the cooperative principles and best practices; depict a high level of transparency and accountability and build resilience in face of emerging complexities⁶.
2. Develop and share for adoption the model legal documents and guidelines on such tools as Articles of incorporation, by-laws, internal board and management policies, membership and marketing agreements.
3. Develop mentorship programs for the cooperative boards regularly to enhance their decision-making levels and critical thinking abilities and ensure implementation of regulations regarding cooperative' management and conduct regular internal and external auditing.

Generally, this assessment report is valuable not only to inform appropriate MoEWA-SRAD activities but also to provide the implementing team, government officers and cooperatives with a broad snapshot of the entire cooperative sector and the existing organizational and governance gaps in the cooperatives sector; and guide in the subsequent support activities. The resultant deliverables will continually strengthen the technical and management capacities of the key MoEWA and extend the MoHRSD, CSC and agricultural cooperatives.

⁵ Iliopoulos, C. (2015). *Ownership and Governance in Agricultural Cooperatives: An Update*. AGRERI Working Paper Series, 2015-1, Agricultural Economics Research Institute, Athens, Greece

⁶ International Cooperative Alliance. (2015). *Cooperative Governance Fit to Build Resilience in the Face of Complexity*. Brussels, Belgium

3. Organizational Structure and Governance System of Agricultural Cooperatives in KSA

The cooperatives' development function is currently under the armpit of the Ministry of Human Resource and Social Development. The cooperatives are regulated under Saudi Cooperative law ([Royal Decree No. M/14](#)).

3.1 Cooperatives' Organisation Structure

In the Kingdom of Saudi Arabia, cooperatives are organized at two tiers/levels – the primary cooperative and the apex council (i.e., CSC). A cooperative could engage in a single activity such as production, marketing, saving and credit, catering, bakery, etc., or it could be involved in multiple activities, in which case it is called a multipurpose cooperative. Accordingly, there are producers' cooperatives, marketing cooperatives, consumer cooperatives, handcrafts cooperatives, housing cooperatives, and service cooperatives, among others.

3.1.1 Primary cooperatives

A cooperative in which membership consists of 12 or more individuals with a similar economic and social interests. According to the Ministry of Human Resource and Social Development 2018/2019 Report, the cooperative movement in KSA has approximately 248 registered cooperatives from different sectors including agriculture, insurance, and transport industries. The distribution of the status of cooperatives per sector in KSA is as in Table 2 below:

Table 2: Number of registered cooperatives in the Kingdom

Region	Type of Cooperative Society								Total
	Agricultural	Fishermen	Multi-Purpose	Consumptive	Professional	Marketing	Artisan	Services	
Al-Riyadh	15	0	33	0	1	0	2	3	54
Makkah Al-Mokarramah	8	3	17	2	0	0	1	1	32
Al-Madinah Al-Monawarah	5	1	11	1	0	0	0	3	21
Al-Qaseem	7	0	12	2	0	1	1	0	23
Eastern Region	6	1	15	1	0	1	0	0	24
Aseer	7	1	22	1	0	0	0	1	32
Tabouk	1	1	2	0	0	0	0	0	4
Hail	7	0	18	0	0	0	0	0	25
Northern Borders	2	0	1	0	0	0	0	0	3
Jazan	2	1	3	0	0	0	0	0	6
Najran	1	0	6	0	0	0	0	0	7
Al-Baha	5	0	4	3	0	0	0	0	12
Al-Jouf	2	0	3	0	0	0	0	0	5
Total	68	8	147	10	1	2	4	8	248

Source: MoHRSD – 2018/2019

Multipurpose cooperatives are constituting the majority of the cooperatives in the Kingdom. Most of the multipurpose cooperatives also undertake agricultural activities, exhibiting a high level of specialized agricultural cooperatives in the Kingdom. This makes it difficult to specifically quantify the contribution of cooperatives in the agricultural sector. The most specialized agricultural cooperatives in the Kingdom are the livestock cooperatives (which were 13, as at end of 2021) beekeepers' cooperatives (which were 10, as at end of 2021), and fishermen cooperatives (which were 8, as at end of 2021).

Specifically, agricultural-oriented cooperatives are the cooperatives that generally operate in three broad areas.

1. First, is the agricultural marketing that enables members to sell their products at the first-handler level, to processing, distributing, retailing, and exporting and thus enhancing market integration of producers.
2. Secondly, in accessing the supply of high-quality inputs and material products at reasonable prices the members.
3. Thirdly, it enables the provision of specialized services to the member producers such as credit, extension, utilities, insurance, quality maintenance, common infrastructures and utilities.

In summary, agricultural-oriented cooperatives have the potential to render wide-ranging benefits to the agriculture sector:

1. Assured sources of input supply at a reasonable cost
2. Improved service access and delivery
3. More marketing power through greater size, brand identification, quality control, etc.
4. Reduced per-unit handling or processing costs
5. Dividends are based on how much each member uses and invests in the cooperative
6. Engagement in policy dialogues
7. Education to help members improve business practices
8. Support for family farms o Income generated in the local community
9. Better opportunities for smallholders with information, communications, technologies, training and warehouses.

Box 3: Issues on Primary Cooperatives' Organisation

It was established that:

1. There is still limited knowledge and understanding of cooperative work among various segments of the society in the Kingdom. There is still some social attitude in forming and/or joining the cooperatives in the Kingdom, with less than 5% of the population being members and users of the cooperatives.
2. There is still unclear cooperative's objective and role in the cooperative organisation. Some cooperative societies are formed for social privilege or to get government support and not necessarily for the provision of goods and services to their members. Cooperatives are still largely considered the community-based organisation
3. Cooperatives are often established in a specific geographical area and cover a wide range of agricultural products (dates, livestock, poultry etc.), as well as functions (irrigation, animal health, etc.) and do lack focus on a specific product or function. For instance, we have more multi-purpose cooperatives with different agricultural functions, compared to the specialised agricultural cooperatives.
4. Cooperatives have an inappropriate business and operating model. Cooperatives have mostly feasibility study reports, which are not translated into business and operational plans. Cooperatives' business function operations are not clear, and most management teams lack a vision that is based on viable business principles and management. Absence of self-financing and limited pre-emptive approaches.
5. Cooperatives have inappropriate organizational systems. The structures lack clear roles and responsibilities for General Assemblies, Board of Directors, and Management staff. There are gaps in the check and balances of eh cooperatives. Management systems are not well developed and integrated for the efficient running of most cooperatives. Most cooperatives lack internal rules, strategies, and business and action plans.
6. Most cooperatives lack competencies. There is no mechanism to attract and develop effective administrative competencies for the management of cooperative societies. There is limited knowledge among the existing members, leaders and managers on cooperative work systems, principles and advantages. Some cooperatives lack qualified personnel in key areas of member-customer relations, accounting and financial management, marketing, advocacy and support.

3.1.2 Apex (and federal) cooperatives

Article 29 of the Saudi cooperatives law provides for the formation of the semi-autonomous Cooperative Society Council (CSC). CSC was formed on March 17, 2008. The primary cooperatives are affiliated with CSC. CSC is composed of 4 nominees from the relevant government agencies and 13 representatives of the cooperatives, one from each of the 13 regions. CSC aims to support cooperative societies in the Kingdom through activating the role of the Board of Cooperative Societies, the deployment of collaborative work culture, building human, financial, and technical capabilities, and establishing effective partnerships to establish collaborative work culture for the benefit of the community and the Saudi economy.

Box 4: Issues on CSC Organisation

It was established that:

1. The weak organisational structure, weak competencies and administrative challenges of the Cooperative Societies Council are limiting it to perform its roles and tasks.
2. There is still poor communication between the Council of Cooperative Societies and the primary cooperative societies in the regions
3. The current cooperative law does not provide for the formation of cooperation among cooperatives, to

strengthen the CSC structure to the regions, enhance economies of scale and scope, and negative the Cooperative Principle 6.

4. There is no consolidated national cooperatives development strategy to guide the development of the cooperatives in the Kingdom.
5. The legal and regulatory framework lack full compliance with some cooperative principles and international standards that would adequately promote the cooperatives.

Under Article 41 of the law, the agricultural cooperatives' capacity-building role is under the Directorate of Cooperatives and Marketing at the Ministry of Environment, Water and Agriculture (MoEWA).

3.2 Cooperatives' Registration and Database

The first cooperative was registered in 1962. By 2021, there were 248 registered cooperatives in the kingdom, implying that the average rate of registration of agricultural cooperatives in the Kingdom to the year 2020, has been one agriculture cooperative per year. These low numbers could be still justifiable and advantageous if the fewer cooperatives' performances are high in terms of members, asset base, revenues and even percentage revenue contribution to the GDP. Moreover, this may be due to low cooperative consciousness among the population regarding the establishment of cooperatives.

The registration process of an agricultural cooperative in KSA:

1. A request is submitted to MoHRSD or one of its branches indicating the desire of the applicants to establish a cooperative and clarifying the objectives of the proposed association and its services area. The request is usually signed by one of the persons authorized on behalf of the applicants or by a group of them, provided that the application is attached. Statement of the founders of the cooperative.
2. After receiving the application to the Department of Cooperative Societies in the MoHRSD, arrange with the applicants to meet with them and discuss the idea of the cooperative to determine the availability of its success factors.
3. A preliminary report is prepared to request the establishment of the association, including clarifying the objectives of the association and all aspects related to the founding of the association.
4. After studying the report and the conviction of the feasibility of the cooperative, the Minister for MoHRSD undertakes the preliminary approval of the idea of the cooperative and completes the steps of its establishment.
5. To address the relevant authorities (the Minister - the Ministry of Agriculture - the Agricultural Development Fund), which are usually in the city or province where the cooperative will be established, to get their views on the establishment of the applying cooperative.
6. After receiving the views of the relevant authorities, coordination with the applicants to fill the legal justification of registration, which is three copies of each of the registration applications - the memorandum of association - the basic regulations of the cooperative.
7. The founders of the cooperative are then required to prepare the initial establishment contract and the basic bylaw after coordination with the supervising authority in the MoEWA and ratify it from the branch of the MoHRSD, which is in the supervising area.
8. Applicants are then required to submit a technical and economic study of the activities of the proposed association.
9. After completing the registration justification, the founders are baptized by collecting capital and depositing it in a bank and providing the supervising authority with a bank certificate representing the final balance of the collected capital.
10. The offer is made to His Excellency the Minister by requesting the approval of the cooperative's registration and a certificate is given.
11. The cooperative then acquire a legal personality once the registration and publicity process stipulated in the Law has been completed and published in two local newspapers and commences its activities.

12. To open a branch or an outlet, the cooperative is required to again apply and receive a license from MoHRSD, which may take the registration process route, by the regulations.

Importantly, the registration process by MoHRSD at least mitigates the human resource capacities and administrative at the Ministry-in-charge (see the cooperative society system [link](#)).

Box 5: Issues with cooperatives' registration and data

It was established that:

1. There is a lack of regularly updated and properly disaggregated (by purpose, geographical, and demographic parameters) databases on cooperative work in the Kingdom. The cooperative data is not well institutionalized. There are three sources of data that are not in coherence with each other – the MoHRSD, MoEWA, and CSC. Sometimes the numbers reported include those cooperatives that are still under the registration process.
2. Conditions for registration include membership of at least 12 founder members (or 5 members under special cases) and the approval of the Ministry of Human Resource and Social Development (MoHRSD). This may not be feasible for
3. The registration process is automated (see Cooperative Society System [link](#)), but not easily navigated by the smallholders. The cooperative registration process is reportedly cumbersome, and sometimes issuance of a certificate takes six months to two years – with no clear communication of the stage of the application. This is contrary to the stipulated 60-day provision as per Article 12 of the cooperatives law.
4. There is a lean government structure for cooperatives development to fast-track the registration process and database management

3.3 Cooperatives' Business Operations

The cooperatives in the Kingdom are largely considered as associations – with larger community development mandate – and as such their regulation is largely domiciled under the MoHRSD. Cooperatives with business activities are expected to register those business activities separately under the Ministry of Commerce and Industry⁷ (MoCI). In such circumstances, cooperatives are subjected to the same licencing and tax treatment as other business establishments, eroding their uniqueness. The business⁸, tax⁹ and finance policies and statutes (See Annex 3 on the list of policies and decrees consulted) in the Kingdom have no special and incentivising policy and regulatory provisions for the cooperatives with business-like activities that will sustain their operations, without government direct financial support. This, in turn, leads to a high level of dormancy, and or potential collapse of many cooperatives. In the spirit of Saudi Vision 2030, the policies should be harmonised to encourage the self-financing of the cooperatives, as they equally contribute to community development and the national economy.

Moreover, the vibrancy of the specific agricultural and fishery-oriented cooperatives is largely affected by the respective regulation of the agricultural sector. Fishery¹⁰, Beekeeping and honey, coffee¹¹, and livestock¹² sectors are well regulated, hence potential success and sustainability. There is a need to develop and adequately regulate other target sectors such as cereals, fruits and Roses.

⁷ See: <https://mci.gov.sa/en/pages/default.aspx>

⁸ See: <https://www.lw.com/thoughtleadership/doing-business-in-saudia-arabia>;
https://agriexchange.apeda.gov.in/IR_Standards/Import_Regulation/Food%20and%20Agricultural%20ImportRegulationSandStandardsReportRiyadhSaudiArabia432019.pdf

⁹ See: https://www2.deloitte.com/content/dam/Deloitte/xs/Documents/tax/me_doing-business-guide-ksa-2021.pdf

¹⁰ See: <http://extwprlegs1.fao.org/docs/pdf/sau4907E.pdf> : This Regulation is composed of 3 Parts: Artisanal Fishermen's Boats (I); Modern Fishing Boats (II); Licences and Permits (III). Provisions of Part I and II specify technical requirements for traditional and modern boats. Provisions of Part III apply to fishing licences granted to Saudi nationals and permits for the employment of foreign workers on Saudi vessels.

¹¹ See: <https://thosecoffeepeople.com/a-guide-to-importing-coffee-beans-into-saudi-arabia/> ;
<https://mc.gov.sa/en/mediacenter/News/Pages/17-09-20-02.aspx>;

https://old.sfda.gov.sa/ar/food/about/administration/management_regulations/Documents/InstantCoffee-en.pdf

¹² See: <https://www.mewa.gov.sa/en/MediaCenter/News/Pages/News-23-7-2018.aspx>; <http://riyadhshelter.org/wp-content/uploads/2020/09/saudi-animal-welfare-laws-en.pdf>

3.4 Cooperatives' Capacity Building

The whole cooperative development function of promotion, registration and development is squarely under the armpit of the MoHRSD. Until recently, under Article 41 of the Cooperatives' Law, cooperatives' capacity building has been relegated to sector ministries. For instance, the promotion and training function of agricultural cooperatives has now been incorporated in MoEWA, with the establishment of the office of the General Director of Cooperative Associations.

The General Directorate of Cooperative Associations MoEWA¹³ directly liaises with the deputy minister for Agriculture, with the overall objective of studying and improving agricultural marketing and its marketing mechanisms, and supervising, developing, and supporting cooperative and civil associations, and civil institutions in the agricultural sector. The roles of MoEWA's cooperative office are:

1. Preparing clear criteria and controls for value-added chains and agricultural marketing mechanisms and services and ensuring that they meet the requirements of beneficiaries.
2. Cooperating with cooperative societies, outside parties and other specialized companies to develop the mechanisms of marketing operations locally and abroad.
3. Study the regional and international target markets and ensure their dissemination to the concerned authorities.
4. Developing policies, frameworks and mechanisms aimed at developing and improving the role of agricultural associations in the technical and marketing fields.
5. Providing technical support to agricultural associations and others and enabling them to make full benefit from means of support provided by the Ministry.
6. Encouraging the establishment and sponsorship of associations and activating their role in the development of agricultural production and increasing the participation of farmers and training its employee and studies that contribute to the development of its functions.
7. Act as a link between associations and organizational units concerned in the Ministry to meet their needs and provide the necessary support.
8. Assessing the current state of agricultural cooperatives associations based on local data from reports, field visits, market surveys and questionnaires to develop a detailed plan for the Ministry's vision towards agricultural associations and cooperatives.
9. Coordinating all matters related to operationalizing and supporting agricultural cooperatives associations with governmental and private bodies.
10. Coordinating with multi-purpose cooperative societies which include agriculture in their activities.
11. Proposing programs of empowerment, technical support, sustainability, and long-term and specialized investment programs for civil and cooperative societies.
12. Encouraging communication and visits and exchange of information and experiences between the agricultural cooperative associations, and organizing periodic meetings in coordination with the concerned authorities
13. Studying the current situation of the agricultural cooperative associations that are stalled or halted, addressing challenges encountered and creating unique models that could be replicated.
14. Examining new license applications (for civil cooperative societies) and coordinating with the competent sectors within the Ministry.
15. Supervising the preparation of the executive regulations for the technical supervision of the civil and cooperative associations and coordinating with the specialized advisory bodies and relevant bodies in the Ministry.

Box 6: Issues on cooperatives' capacity building

It was established that:

1. The MoEWA cooperative office is still in its nascent stage of structuring and set-up. The cooperative development team is still small, both at the national and the sub-national levels.
2. The officers in the mandated institutions – MoEWA, MoHRSD, and CSC – have inadequate knowledge and skills in the promotion and development of the target cooperatives.

¹³ See: <https://www.mewa.gov.sa/en/Ministry/Agencies/AgencyofAgriculture/Departments/Pages/General-Directorate-of-Communities.aspx> (Accessed in June 12, 2021)

3. Cooperative awareness and training program is not institutionalized to build the capacity of the cooperative members, officers, leaders and manager. The pieces of training are ad-hoc by consultants engaged on an irregular basis by the mandated institutions.
4. There is a lack of studies and research on cooperatives to stimulate, promote and develop cooperative work in the Kingdom.
5. There is no proper leveraging on such other bodies as the Council of Chambers of Commerce and Industry (CCCI) and Small and Medium Enterprises General Authority (Monsha'at) that could collaborate with CSC and agricultural cooperatives to advance market issues. The media agencies inadequately publicize cooperatives in the Kingdom.
6. There is no academic program with higher learning institutions or blended-in community and business schools/departments of such institutions to develop cooperatives professionals and experts.
7. There is still an ineffective marketing communication plan (media and advertising) to publicize the cooperative work in the Kingdom and the importance of its role and the role of the Cooperative Societies Council and its importance in the development and activation of cooperative work in the Kingdom.

3.5 Cooperatives' Funding and Incentives

The Saudi cooperatives' total shareholding is estimated at SAR 0.4 billion. Cooperatives are much financial support from the government. Articles 30 to 35 of the Cooperatives law provide for 12 cooperative subsidies, and incentives for government loans, land, facilities, and importation procedures. These are meant to capitalize and quickly operationalize the cooperatives.

Box 7: The Government Subsidies for Cooperatives

1. A one-time subsidy not exceeding 20% of an association's capital, upon registration of the said association, to help with the start-up costs.
2. A subsidy for constructing the association's offices, to carry out its business and activities, provided that the subsidy does not exceed 50% of the estimated construction costs paid in instalments according to construction stages and does not exceed 50% of the actual construction costs.
3. A project subsidy not exceeding 50% of the project's costs if an association undertakes a production or marketing cooperative project within the scope of its objectives.
4. A risk subsidy is for an association that suffers a substantial loss due to force majeure, provided that the subsidy does not exceed 90% of the said loss.
5. A management subsidy if an association appoints a competent and adequately qualified full-time Saudi manager, provided that the subsidy does not exceed 50% of the manager's monthly salary for three years. Such a subsidy may be extended for additional years, subject to the Minister's approval.
6. A subsidy for the remuneration of members of the Board of Directors when Board meetings become regular and not less than twelve per year. Said subsidy shall not exceed 20% of the association's annual profits.
7. An operation subsidy not exceeding 50% of the average wage of three machine operators, if an association owns not less than three machines continuously operating for more than three months a year in the area served by the association.
8. A training subsidy for members of staff of an association enrolled in courses, seminars, or conferences in the field of cooperation within the Kingdom or abroad. Said subsidy shall not exceed 90% of the costs, provided that the Ministry does not bear the costs of more than two individuals a year.
9. An accounting subsidy for the association in the following cases:
 - a) If an association agrees with a registered accounting firm to audit its closing accounts and balance sheet, provided that the subsidy does not exceed 50% of agreed-upon costs for two years. Such a period may be extended subject to the Minister's approval, provided that the subsidy does not exceed 20% of the costs.
 - b) If an association agrees with an adequately experienced accountant, provided that the subsidy does not exceed 50% of the accountant's salary for two years and 20% for the third year.
10. A study and research subsidy not exceeding 50% of the costs.

11. A technical subsidy to aid the association, when necessary, to develop its business, including assigning some Ministry staff to work at the association for specified periods.
12. A social service subsidy not exceeding 50% of the amounts spent from the funds allocated for such purpose in the association's budget.

Moreover, the government has set in place distinct programmes (especially in MoEWA) that cooperatives can tap into to enhance their service delivery to members and the community. For instance, there is the "Seventh Initiation" for fisheries development by MoEWA and ADF) supports incentives to promote fisheries development (i.e., 1 million MT fish production by 2029) and youth employment (400,000 jobs). The "TAWTEEN" program is supporting fishermen with boat and training for the youth in the fish sector.

Box 8: Support of Fishery and Aquaculture Cooperatives by the Fisheries Department under the "TAWTEEN" program

The program is one of the initiatives of The National Plan for Employment in the Public and Private Sectors. By 2021, the program had done the following for the fishery and aquaculture cooperatives:

1. Supplying fishing modern boats to the coastal areas of the Kingdom- two kinds of boats (small boat 9-m and big boat 16-m) with a target of 183 boats.
2. Supplying mobile 100 truck (refrigerated truck for fisheries supply chain)- two kinds of truck (small 2 ton- big 4 ton).
3. Supplying mobile trucks for supporting services (ice- fuel- maintenance- food trucks)
4. Training and rehabilitation of 3,200 young men and women- We trained 560 in the first stage and the second stage is about to start soon to train the rest number in four different programs (fishing program - transportation and distribution program- Sales and marketing program- Supporting and Operation Services program)
5. Supporting the Governance of the cooperative societies- in terms of the implementation plan (business modal consisting of a platform with all processes).

There are also established loan facilities for agricultural ventures. They include the Agriculture Development Fund (ADF) which is available for agricultural cooperatives. Since its establishment in 1963, ADF (based on its 56th (2019) annual report,) has issued over SAR 8.8 billion among the producers with agricultural projects by 2019.

Table 3: Agriculture projects loaned by the Agricultural Development Fund from 1963 to 2019

Project type	Loans count	Capacity	Unit	Value (in SAR)
Broiler chicken	956	10,861,770	1000 birds/year	3,373,178,022
Laying chicken	281	109,340,798	1000 eggs/year	886,036,535
Dairy production	70	37,450	Cow	735,049,698
Fattening calves	11	42,600	Animal/year	44,451,788
Breeding and fattening sheep	170	315,343	Animal/year	879,703,117
Greenhouses	435	456,552	Ton/year	2,029,497,141
Fish	20	4,533	Ton/year	46,015,110
Caviar and fish eggs	2	420	Ton/year	15,254,490
Fish and shrimp	5	645	Ton/year	11,119,280
Breeding fish in fence cage	3	25,300	Ton/year	190,563,983
Shrimp breeding	19	39,192	Ton/year	599,053,618
Fishing boats	7	2,161	Ton/year	7,879,690
Agricultural investment abroad	2			644,217,000
Total	1,979			8,817,802,472

Source: ADF Report 2019.

In the same fiscal year 2019, ADF approved 11 loans for various agricultural marketing activities, with a value of over SAR 257 million) for: Automatic slaughterhouse (SAR 157 million), Agricultural Products Marketing Centre (SAR 28 million), Dates factories (SAR 25 million), Cold stores (SAR 13 million), and Feed factories (SAR 13 million).

In addition, ADF reported having processed 112 agricultural cooperative loans amounting to SAR 394,697,341. The cooperative societies are funded with 85 per cent for the first SAR 3 million of the total investment costs, which the ADF approves. Such cooperatives are funded with 75 per cent in case the loan

alone or what the society owes exceeds SAR 3 million. To cover the value of the inputs of plant, animal and fish production, and the fields and projects directed to raise production, service, and marketing efficiency.

Table 4: Agricultural Development Fund (ADF) loan and subsidy approvals for cooperatives in 2019

Branches	Number of Beneficiaries cooperatives	Number of Loans	Loan Value (in SAR)
Riyadh	10	29	49,302,822
Makkah	2	4	404,044
Qassim	6	21	69,028,807
Asir	4	6	195,247,736
Eastern Province	0	0	0
Al Madinah	3	6	1,242,746
Hail	8	14	837,877
Al Jawf	2	4	1,940,963
Jazan	2	4	31,407,579
Tabuk	1	3	1,662,441
Al-Kharj	5	15	24,536,459
Najran	2	5	670,959
Al Baha	1	1	18,414,908
Northern Borders Province	0	0	0
Total	46	112	394,697,341

Source: ADF Report 2019.

Social Development Bank (SDB) also provides funding for the cooperative. The *Sharia'h* banking practices are applied in KSA, and so the loans attract zero-per cent interest (see the SDB [website](#)) with a grace period of up to 18 months. But in most cases, about a 2 per cent processing fee is charged by the financial institutions.

Box 9: Feature of the Funding for Cooperative Societies at Social Development Bank (SDB)

1. Interest-free financing
2. Funding up to 10 million Saudi Riyals
3. A grace period of up to 18 months.
4. If the investment cost of the project is more than 500,000 riyals, it is required that the self-contribution required by the applicant should not be less than 8 per cent of the investment cost of the project, and not more than 50 per cent.
5. The total duration of the financing contract is divided as described in the following table:

The maximum duration of the financing contract	Maximum repayment period	Maximum grace period	Statement
90 months	84 months	6 months	Ready-to-operate projects
102 months	84 months	18 months	Projects under foundation

6. The amount of funding is disbursed following the exchange procedures and the financing distribution plan adopted in the program.
7. The beneficiary is obliged to pay the amount of funding in regular monthly instalments, which are specified in the financing agreement.
8. The beneficiary is late in payment (default) if the maturity date of the instalment passes for six months from the date of maturity and the bank is entitled to claim payment of the financing disbursed and take the necessary legal action to preserve its right.
9. Funding payments are disbursed in one or two of the following ways, according to the Bank: - directly for the association's account or Payment to contractors and suppliers.

Furthermore, recently, with the CoVID-19 pandemic, when the government introduced the 15 per cent value-added tax (VAT), there was no taxation. But based on Islamic practices, cooperatives have always been paying 2.5 per cent *Zakat*¹⁴ from their surplus. The cooperatives also are to pay customs and government licensing fees annually. Agricultural cooperatives are decrying multiple annual licenses for various cooperative business activities and services they run. They further decry delays in accessing the promised

¹⁴ Zakat is one of the five pillars of Islam, and in various Islamic polities of the past was expected to be paid by all practicing Muslims who have the financial means (*nisab*)

incentives. Furthermore, the agricultural cooperatives also do not get some import and export tax reliefs they expect. These make them no different from other forms of businesses such as companies. However, according to [PwC](#), the government of Saudi Arabia has granted tax concessions (to attract more investment even by cooperatives) to the six less-developed regions in Saudi Arabia, including Hail, Jazan, Najran, Al-Baha, Al-Jouf, and Northern territory¹⁵.

Box 10: Issues on cooperatives' funding

It was established that:

1. Cooperative internal funding is relatively low compared to their respective objectives, focus and roles. Member involvement as investors in the cooperatives is low.
2. There is an over-reliance on government subsidies and programs. This dependence syndrome stagnates cooperatives' internal growth processes, and most of the time leads to the collapse of such cooperatives.
3. About 5 per cent of cooperatives are poised to be applying for loans from lending institutions, as some decry the long process. Additionally, banks do not adequately recognize cooperatives as unique businesses eligible for a loan, to even make customized cooperative loan products. This could be because of the high GNI, or failure of the cooperatives to seize these finance opportunities, or smallholders have not adequately organized themselves to seek credit finance for agriculture development.
4. There are no tax reliefs and incentives for cooperatives as unique forms of business, to encourage the establishment of more cooperatives.

3.6 Cooperative Supervision and Monitoring

The cooperative development function in the Kingdom is the armpit of the MoHRSD. The Minister in charge has the power of the control on registration, operation, audit, and dissolution of cooperatives.

Box 11: Article 36 of Cooperatives Law on cooperative's control

1. Cooperative associations shall be subject to the Ministry's control, which includes examining the association's activities to ensure compliance with the laws, the basic bylaws, and the resolutions of the General Assembly, as well as monitoring the association's accounts by auditors.
2. The Minister may stay the execution of the General Assembly's resolutions if they violate the laws or the association's basic bylaws.
3. The Ministry shall have the right to act on behalf of the General Assembly in recovering its dues.

These Ministerial powers compromise the adherence to cooperatives principles as envisaged by ICA and ILO [Recommendation No. 193](#)¹⁶, 2002 on Policy Framework and Role of Governments.

Box 12: Issues on cooperatives' supervision and regulation

It was established that:

1. The MoHRSD exhibits weakness in follow-up and guidance as it focuses on the direct provision of financial support to cooperatives without monitoring expenditures and performance mechanisms. This inefficiency and ineffectiveness affect the optimization of such government support.
2. There is a limited mechanism to evaluate the effectiveness of cooperative societies to develop cooperative work in the Kingdom.
3. Some cooperatives abscond from the legal requirement for annual financial auditing. This is attributable to sometimes, irregular government supervision.
4. There are few officers at the mandated institutions to adequately supervise the increasing number, at the national or branch levels; and to continually monitor and evaluate the performance and capacities of the cooperatives.
5. There is a lack of performance and compliance systems and tools (concerning Cooperative

¹⁵ See, PwC Website: <https://taxsummaries.pwc.com/saudi-arabia/corporate/taxes-on-corporate-income>.

¹⁶ R193 - Promotion of Cooperatives Recommendation, 2002 ([No. 193](#))

Economic Indexes and Social Progress Indexes), that could be digitalized to aid cooperatives' self-regulation, and also performance monitoring.

In essence, there are still several issues to streamline the cooperative sector at both the government and individual cooperative levels.

4. Conclusion and Suggestions

4.1 Conclusion

Generally, organization structure and governance system are hinged on the institutional framework of the cooperative development function among various government agencies – especially MoHRSD, MoEWA and CSC. The three agencies are not well tied to ensure proper registration and database maintenance, optimization of the government subsidies and related investment support, compatible cooperative business model and their smooth operations, awareness creation and capacity building, and supervision and regulation.

Specifically, the agricultural cooperatives' organization structure and governance system are still weak.

4.1.1 Agricultural cooperatives' organizational structure

The KSA agricultural cooperatives' organisational structure is a two-tier movement – the primary agricultural cooperatives and the Cooperative Society Council (CSC). There are no cooperatives of cooperatives (secondary cooperatives) in the Kingdom either by region or sector (see Figure 5).

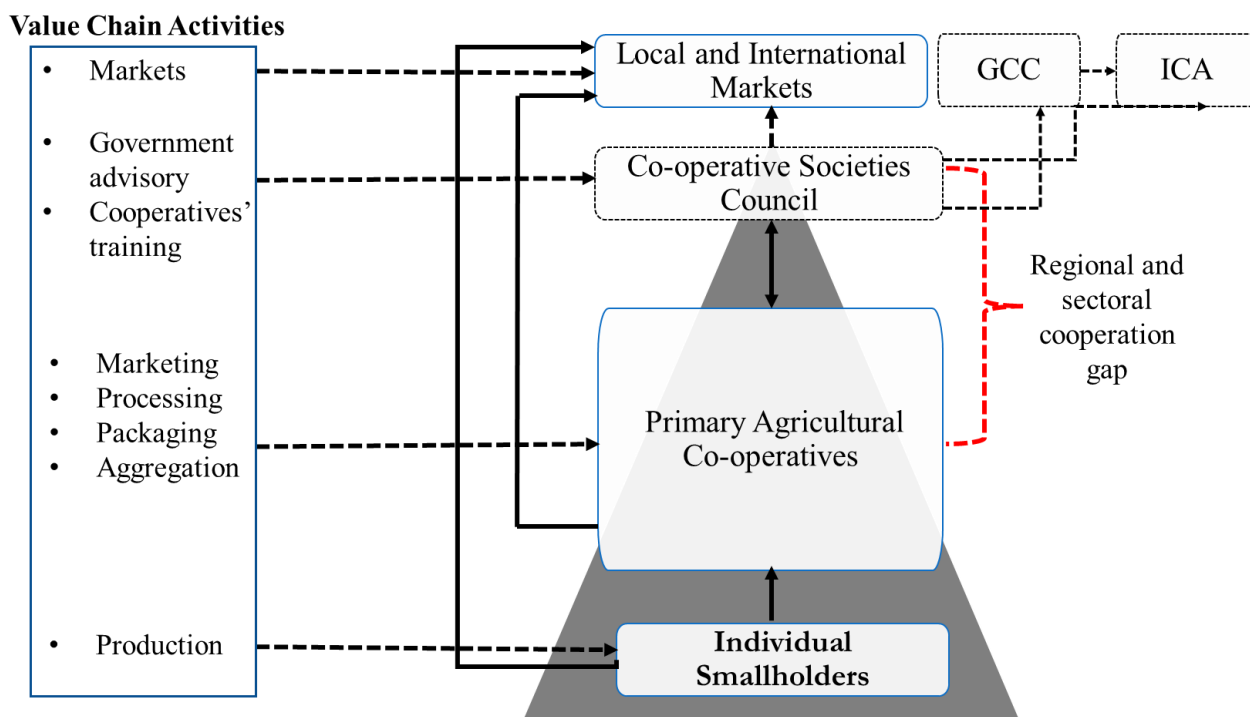


Figure 5: Current 2-tier cooperatives' movement structure for agricultural cooperatives

The structure remains weak to support the smallholder agricultural cooperatives to maximize the member benefits nor adequately address market failures faced by the smallholders in the value chains. Most of the primary smallholder agricultural cooperatives have limited capacity to effectively undertake the value chain core processes – especially from processing, and marketing – to adequately meet the needs of the smallholder members and ensure their ultimate inclusivity in the value chains.

Furthermore, this is negating Cooperative Principle 6 on cooperation among cooperatives; which has a ripple effect on the redress of Cooperative Principle 5 on Information, Education and Training; hence lack or limited knowledge among the smallholders on cooperatives, and low penetration of the cooperatives in the Kingdom.

4.1.2 Cooperatives' governance system

In terms of cooperative internal governance, leadership and management, the cooperative law (Article 22 of the cooperatives law) provides for a board of directors (BoD), elected by the general assembly (GA), in charge of the day-to-day work of the cooperative association and its employees.

Most of the agricultural cooperatives are applying the traditional governance model. The GA of members exercises *ex-post* decision control based on an equal or proportional allocation of residual control rights, while the BoD exercises *ex-ante* decision control and decision management except on certain types of decisions requiring GA approval¹⁷. The members of the board allocate among themselves duties and responsibilities (e.g., the member who received the most votes, is elected as the chairman). Interestingly, in most small agricultural cooperatives, the Board is controlling almost every activity, with no clear job description for the management staff teams. Even if they have the Executive Director or Manager, they still appoint and control the other staff members.

Furthermore, it is reported that most of the would-be elections of the BoD at the cooperatives are not carried out in the manner prescribed, negating the cooperative Principle 2 on member democratic control. There are continuous cases of conflict of interest among the leaders, who engage in the same business the cooperative is engaging in. Leadership wrangles and break-away for dissatisfied leaders to form other outfits are other issues exhibited at the cooperatives. There is no proper mechanism for solving some of these issues. Furthermore, the founder member syndrome has crippled the progress of many cooperatives, as they fail to allow new entry membership, hence negating the Cooperative Principle 1 on Voluntary and Open Membership. This points also to the capacity (in the number of staff or also their guidance knowledge required) of MoHRSD on the enforcement of the law among cooperatives. But more importantly, limited understanding of the choice of the cooperative business model they make.

4.2 Suggestions

A strong agricultural cooperative organisational structure and governance system will ensure the inclusive involvement of smallholders through strong agricultural cooperatives, in accessing resources, services and markets.

The following suggestions are made for consideration: restructuring and re-alignment of the government support to the agricultural cooperatives; formation of Regional and/or Sectoral agricultural cooperatives trade-offs of internal cooperative governance systems.

4.2.1 Restructuring and re-alignment of the government support to the agricultural cooperatives

There is a need to restructure and re-align government agencies to adequately support agricultural cooperatives (see Figure 3). First, the MoHRSD should establish and/or strengthen the directorates of the Directorate of Cooperatives Registration, Statistics and Relations; and Directorate of Cooperatives Audit and Compliance. MoEWA on the other hand should strengthen the Directorate(s) of Cooperatives Promotions, Training and Marketing. CS should be strengthened to ensure KSA cooperatives' representation at International Cooperative Alliance (ICA) and other international and regional bodies such as Gulf Cooperation Council (GCC) and the Arab Cooperative Union (ACU). The three vital agencies should work coherently with other ministries, agencies (e.g., agency for tax and agency for statistics) and regional governments through the Council of Economic and Development Affairs (CEDA), and local marketing and financial agencies.

¹⁷ All around the world, cooperative governance structures consist of a General Assembly and a Board of Directors, and most cooperatives also have some kind of Supervisory Committee (Henrij, 2005).

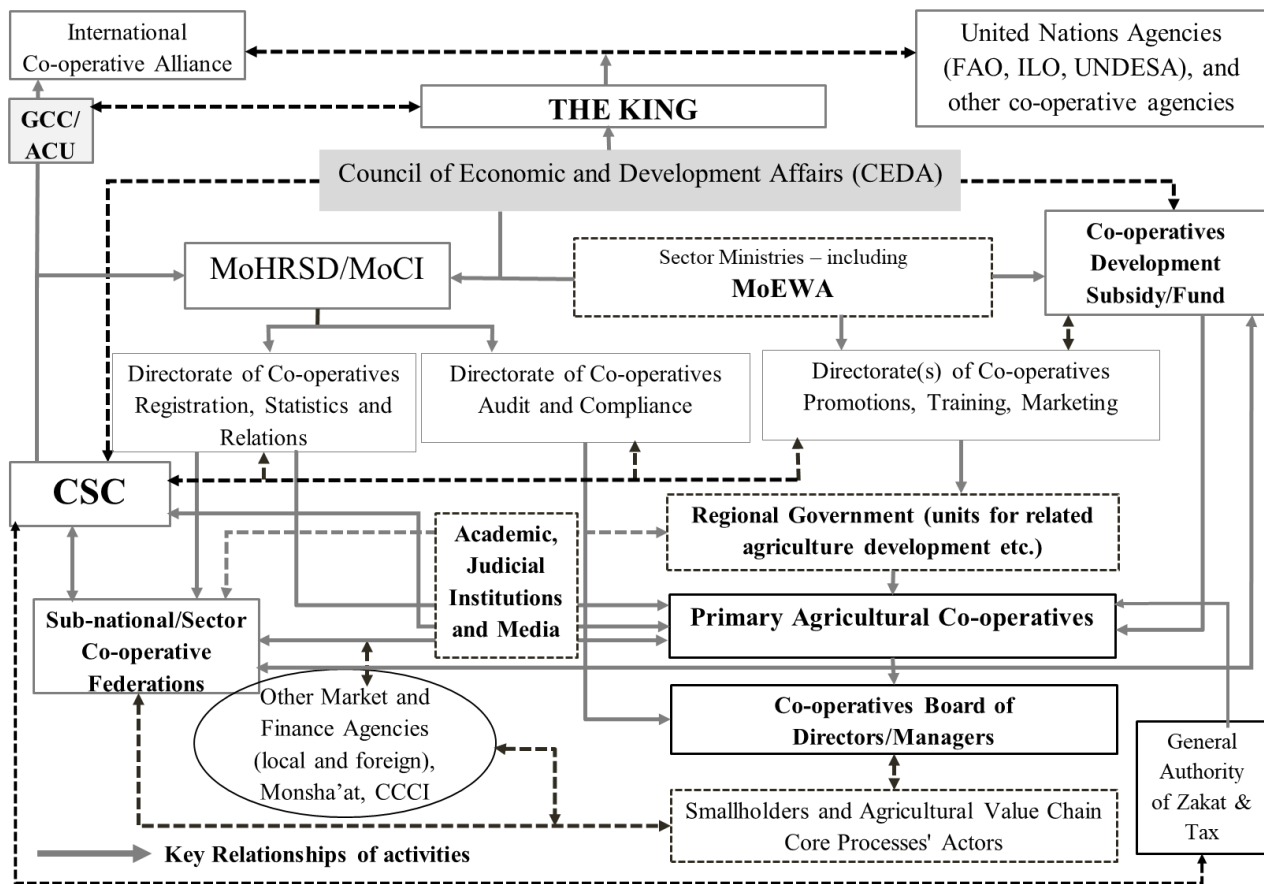


Figure 6: A proposed system for the agricultural cooperative inter-linkages with the government and other agencies

The effectiveness of the restructured institutional framework of cooperative development in the Kingdom will be bolstered by:

1. Equipping the cooperative promotion and development units in the mandated agencies – MoHRSD, MoEWA, and CSC – with staff, skills, guidelines and technology.
2. Promoting the culture of performance and ensuring that the government links the provision of support to measurable performance indicators for the agricultural cooperatives.
3. Developing digital platforms that are embedded with cooperative monitoring tools should be developed and regularly administered among the fishery cooperatives, to determine the cooperative economic indexes (CEIs) and social progress indexes (SPIs) in the Kingdom, as advocated for by the World Cooperative Monitor ([WCM](#)). The digital platforms by the agencies should also be used to advance online awareness creation campaigns, information sharing, and training.
4. Re-developing the cooperatives' registration system, and possibly integrating it as an Online Application and into the individual cooperatives' websites and systems – with multiple user interfaces (UIs). CSC by its participation in ICA should encourage fishery and aquaculture cooperatives to change their website domains to the ICA's recommended domain i.e., [.coop](#), to enhance and deepen their cooperative identity.
5. Re-organizing the cooperatives register, with clear and consistent agricultural cooperative certificate names.
6. Streamlining the funding initiatives to the cooperatives – for instance by establishing cooperative development funds (from the project initiation to monitoring). The CSC should also advocate for the review of funds applications at the Agricultural Development Fund (ADF), and Social Development Bank (SDB), with specialized cooperative loan products.

4.2.2 Formation of Regional and/or Sectoral agricultural cooperatives

Supporting the cooperation among cooperatives within the regions or by sector to ensure economies of scope and scale, and for success and sustainability.

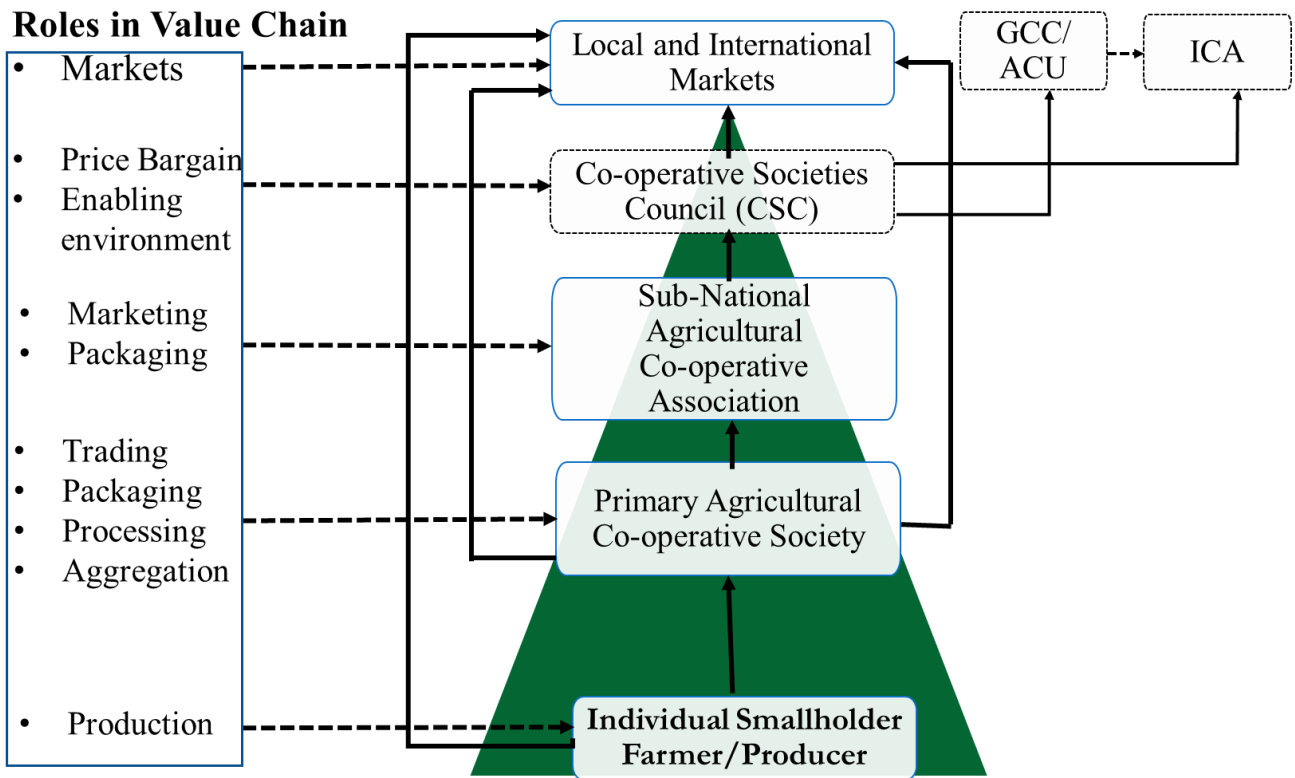


Figure 7: Proposed structure for the cooperation among cooperatives

The primary cooperatives should be encouraged to work together all year to the market, warehouse, deliver and process members' produce; and guarantee power in numbers. This should also be anchored in the Cooperatives' law.

Annexes

Annexe 1: List of Key Informants

S/No.	Name	Tel.	Email	Position	Organization
1.	Mr. Suliman Saleh Al-Gtily	+966553131559		Director of Cooperatives & Marketing	MoEWA
2.	Adel Mohammed Al Mutlaq		adalmutlaq@mewa.gov.sa	Director of Sectors in Sustainable Rural Development Program	MoEWA
3.	Abdullatif AlJabr	+966533300300	Amaljabr@mewa.gov.sa	Director Strategy and Operations	MoEWA – REEF and Agriculture Subsidies
4.	Maan Alangari	+966555109998		Director General Cooperatives	MoHRSD
5.	Jueezaed	+966568863645		Cooperative Officer	MoHRSD
6.	Eng. Adel Aljumah			Strategy Deputy General Manager	Agricultural Development Fund
7.	Dr. Abdullah Kidman	+966500020404		President	Cooperative Societies Council
8.	Mr. Fawaz Z. Alanizi	+9665500062222	fawazi@cscs.org.sa	Secretary-General	Cooperative Societies Council
9.	Ziyad Alharbi	+966541100020	ziyad@cscs.org.sa	Director of Empowerment	Cooperative Societies Council
10.	Eng. Khalid Albatea			Financial Secretary	Cooperative Societies Council
11.	Mr. Waleed Alahmadi	+966543338644		Projects Director	Cooperative Societies Council
12.	Eng. Naif Almasoudi	+966505372189		Projects Manager	Cooperative Societies Council
13.	Mr. Salah Alshammari	+966500294611		Projects Specialist	Cooperative Societies Council
14.	Mr. Khalid Alshemimry			Member	Central Consumer Cooperative Association
15.	Ms Munera Alwateed			Member	Central Consumer Cooperative Association
16.	Sevag Papazian	+966556225322	spapazian@sparc.sa	Cooperative Expert	Sparc Consulting
17.	Abdulaziz AlOwais	+966554110260	aalowais@sparc.sa	Cooperative Expert	Sparc Consulting
18.	Dr. Ahmad Al Khazmi	+966505782019		Chairman	Beekeepers Cooperative Association, Al-Baha
19.	Basim Ali	+966505540965		Manager – Wood Works Unit	Beekeepers Cooperative Association, Al-Baha
20.	Rolly Gayorgor	+966507304945		Manager – Metal Works Unit	Beekeepers Cooperative Association, Al-Baha
21.	Zafar Khan	+966550347610		Manager – Honey Processing Unit	Beekeepers Cooperative Association, Al-Baha
22.	Reyfuiddin Ahmad	+966557645367		Manager – Honey Quality	Beekeepers Cooperative Association, Al-Baha

S/No.	Name	Tel.	Email	Position	Organization
				Laboratory	
23.	Gamal Khalid	+966533531246		Manager – Input Shop	Beekeepers Cooperative Association, Al-Baha
24.	Yilma Tadesse	+966502172635		Research – Beekeeping Technologies	Beekeepers Cooperative Association, Al-Baha
25.	Abdullah Assaf Al Ghamdi	+966555718172	alassafcompany@hotmail.com	Chairman (Also Board member of Al Baha Chamber of Commerce)	Agriculture and marketing cooperative association – Bualjrashi, Al Baha
26.	Mohamed Saidi Al Ghamdi	+966563799997	Ziraeih.baujurashi@hotmail.com	Board Member	Agriculture and marketing cooperative association – Bualjrashi, Al Baha
27.	Yusuf Ali Mohamed	+966504585637	Ziraeih.baujurashi@hotmail.com	Board Member	Agriculture and marketing cooperative association – Bualjrashi, Al Baha
28.	Eng. Mohamed Jamal Husein	+966559960307	Zaki.m.gamal@gmail.com	Board Member	Agriculture and marketing cooperative association – Bualjrashi, Al Baha
29.	Kheled Abdulrahmani Abdullah Al Ghamdi	+966534930740	Khaled-4278@hotmail.com	Officer	Agriculture and marketing cooperative association – Bualjrashi, Al Baha
30.	Major Abdullah Alqahtani	+966500334355	Tareeb999@gmail.com	Chairman	Cooperative Association of Assir Poultry Producers
31.	Ibrahim Dhafeer Abdullah Al-Shahrani	+966557733000		Chairman	Cooperative Agriculture Marketing Association in Khamis Mushayt
32.	Masfer Saleh	+966534691999	ggqpp.7777@gmail.com	Office Administrator	Cooperative Agriculture Marketing Association in Khamis Mushayt
33.	Ahmed Muhammed Mobarak Barkoot Al-Shahrani	+9665462292626/ +966596166260	barkootahmad@gmail.com	Project Manager	Cooperative Agriculture Marketing Association in Khamis Mushayt
34.	Fare Boushi	+966580366507	fareboushi@gmail.com	Finance Manager	Cooperative Agriculture Marketing Association in Khamis Mushayt
35.	Talal Abushusha	+966503629611	talal.lotfi2013@hotmail.com	Chairperson	Fishermen Cooperative Society of Makka Region
36.	Khalid Saeed Alshowaiki	+966503011142	Kh_sh44@yahoo.com	General manager	Fishermen Cooperative Society of Makka Region
37.	Abdullah Awad Alhmranei	+966544450559	alhmranei@cscs.org.sa	CSC Board Member - Makkah Region Representative	Cooperative Societies Council (CSC)
38.	Dr. Al Saaidi Ghaleb	+966543477722	ghaleb@mewa.gov.sa	Deputy Director-General	Ministry of Environment, Water and Agriculture – Makkah Region
39.	Eng. Waseem Abdulla Al-mohaibadi	+966567274111	E20885@mewa.gov.sa	Provincial Supervisor – Organic Agriculture	Ministry of Environment, Water and Agriculture – Makkah Region
40.	Ibrahim bin Awad bin Ahmed al-Maliki	+966506770563	-	Director of Jeddah Fisheries Unit	Ministry of Environment, Water and Agriculture – Makkah Region

S/No.	Name	Tel.	Email	Position	Organization
41.	Sulman Ahmed Al-Ghamdi	+966598183815		Fisheries Officer	Ministry of Environment, Water and Agriculture – Makkah Region
42.	Issam Kabbani	+41788011708	issam.kabbani@novaton.com	CEO	Novaton – Clean technologies, positive aquaculture
43.	Abdul Rahim Awad Al-Jahdali	+966505645987		Chairman	Cooperative Society of Fishermen - Thuwal
44.	Hamid bin Yahya Shaleh Al-Nazzawi	+966557150000		Chairman	Cooperative Society for Fishermen in Yanbu Governorate
45.	Ahmad Balghith	+966557513330		General Manager	Cooperative Society for Fishermen in Jazan
46.	Mohamed Al Zraa	+966 505379937		Chairman	Professional Cooperative Society Umluj
47.	Aid Al Johani	+9665440792240		Treasurer	Professional Cooperative Society Umluj
48.	Mr. Abdul Rahman Ashribe	+966504720453		Chairperson	Agricultural Marketing Cooperative, at Taif
49.	Mohamed Abzeid	+966505709020		Chairperson	Taif Rose Cooperative Association
50.	Rashid Hussain Al Qurashi Corporation			Firm	Rose processing factory, Al-Hada, Taif, Saudia.
51.	Faleh Shafi Al-Khrasani	+966505213156	asoolmatb@gmail.com	Chairperson	Al-Kharj Cooperative Society for Livestock, Riyadh
52.	Sultan Ali Al-Hammadi	+966554455122	E3laan22@gmail.com	Chairperson	Riyadh Cooperative Society for Livestock (Thrwah)
53.	Ibrahim Egair Al-Thaqafi	+966553232103	Abokalel_1434@hotmail.com	Chairperson	Cooperative Society for Livestock and Forage, Makkah
54.	Abdullah Meqbel Al-Meqbel	+966506147123	info@cslbur.com	Chairperson	Buraydah Cooperative Society for Livestock, Quassim
55.	Abdullah Mohammad Al-Ghamdi	+966502629715	Abdullah.alajeebah@gmail.com	Chairperson	Hafr Al-Batin Cooperative Society for Livestock and Marketing, Eastern Region
56.	Saeed Oudhah Al-Shahrani	+966505742196	Irack2020@gmail.com	Chairperson	Khamis Mushait Cooperative Society for Livestock, Assir
57.	Fahad Rashed Al-Tamimi	+966505156162	a.d.ah@hotmail.com	Chairperson	Hail Cooperative Society for Livestock development and welfare
58.	Abdullah Mohammad Al-Enezi	+966505159913	Algameeh6@gmail.com	Chairperson	Al-Shamli Cooperative Society for Livestock development, Hail
59.	Aaysh Fniteel Al-Shammari	+966555162937	Tharaa293@gmail.com	Chairperson	Al-Shehyah Cooperative Society for Livestock
60.	Saleh Abdullah Al-Sweilm	+966555449000	cslsfp@gmail.com	Chairperson	Northern Border Cooperative Society for Livestock holders and producers

S/No.	Name	Tel.	Email	Position	Organization
61.	Salman Ahmed Almalki	+966533316543/+966 504983000	kcoffeesa@outlook.sa	Chairperson	Cooperative Association of Khawlani Coffee in Jazan
62.	Moshabbab Al Qahtani	+966504735933		Chairperson	Abha Beekeepers Association, Aseer
63.	Ali Al Hayani	+966504714923		Chairperson	Rigal Alma Beekeepers Association, Aseer
64.	Jobran Al Aamri	+966553470466		Chairperson	Jazan Beekeepers Association
65.	Mohammad Al Thmaly	+966556006868		Chairperson	Taif Beekeepers Association
66.	Khalid Al Matrafi	+966555502124		Chairperson	Makkah Beekeepers Association
67.	Saud Al Guwair	+966505461972		Chairperson	Nahal Beekeepers Association, Riyadh
68.	Waleed Al Hazmi	+966563276868		Chairperson	Medina Beekeepers Association
69.	Saleh AL Jarboo	+966503979227		Chairperson	Al-Qassim Beekeepers Association
70.	Abdul Karem Al Farraj	+966505122870		Chairperson	Al-zulfi Beekeepers Association, Riyadh

Annexe 2: List of Potential Partners and Expected Roles

Partner	Roles
Ministry of Environment, Water and Agriculture	<ul style="list-style-type: none"> • Provide policy guidance for project implementation, management, and monitoring. • Provide leadership and coordination for review and incorporation of new policy agenda, • Ensure that all in-kind contributions to the project including human resources, premises, and sites for specific infrastructure and facilities are allocated timely.
Ministry of Human Resources and Social Development	<ul style="list-style-type: none"> • Support the establishment and capacity development of small producers' cooperatives. • Facilitate the establishment of small and medium enterprises (SMEs). • Provide support including any required regulatory frameworks for the establishment of business model cooperatives.
Cooperatives Society Council (CSC) and Agricultural Cooperatives	<ul style="list-style-type: none"> • Facilitates establishment of cooperative societies in the regions, • Provide marketing services to smallholders • Support the provision of agricultural services to small agricultural producers • Facilitate communication with small producers. • Provide for and ensure the leadership of collective interventions. • Work with the project to help mobilize other farmers and /or producers to join cooperatives.
Regional Governorates in the target regions (Emarahs)	<ul style="list-style-type: none"> • Provide political and implementation support to project in the regions • Ensure alignment of the project to the regional priorities • Facilitate coordination among the stakeholders in the region
Ministry of Municipality and Rural Affairs (MoMRA)	<ul style="list-style-type: none"> • Promotion of cooperative work in communities
Ministry of Education (MoE)	<ul style="list-style-type: none"> • Support the institutionalization of cooperative education and training in schools and universities
General Directorate for Awareness and Community Partnership	<ul style="list-style-type: none"> • Contribute to the implementation, management and monitoring of communication and awareness-raising interventions. • Contribute to community group's identification and mobilization and motivation. • Contribute to the identification of data gaps and the identification and aggregation of relevant existing datasets.
Agricultural Development Fund (ADF)	<ul style="list-style-type: none"> • Contribute to the establishment of incubators for youth and women small entrepreneurs • Assist with introducing ADF processes and procedures among rural farmers, youth, and women. • Provide small-scale credits and support to smallholder producers, women, and young entrepreneurs. • Engage in dialogue with small farmers, youth, and women agribusiness entrepreneurs to facilitate their access to financial resources. • Support training and capacity development for male and female youth in entrepreneurship.
Social Development Bank (SDB)	<ul style="list-style-type: none"> • Contribute to the establishment of incubators for youth and women small entrepreneurs • Provide interest-free agribusiness loans to smallholders, youth, and women. • Provide credit to small farmers' cooperatives to start their agribusiness interventions. • Play a coordinating role for the SME sector. • Encourage rural smallholder producers, youth, and women to enter agribusiness activities. • Support training and capacity development for male and female youth in entrepreneurship.
Monsha'at (Small and Medium Enterprises General Authority)	<ul style="list-style-type: none"> • Support, develop and nurturing the individual entrepreneurs in agricultural cooperative in line with the best global practices by implementing and supporting programs and projects to promote the culture and spirit of entrepreneurship, and innovation, with diversifying sources of financial support for entrepreneurs
Council of Chambers of Commerce and Industry (CCI)	<ul style="list-style-type: none"> • Market linkages and coordination for the cooperative products.

Partner	Roles
King Salman Youth Centre (KSYC)	<ul style="list-style-type: none"> • Establish and entrench the concept of excellence and consolidation of entrepreneurship among the youth, • Contribute to building a creative generation of future leaders who will continue achieving progression and prosperity for the country.
National Centre for Youth Studies	<ul style="list-style-type: none"> • Contribute to youth-related issues through research and studies – by providing consultations, specialized data, and suggesting the appropriate scientific solutions and qualitative programs with the highest professional standards.
King Saud University – Cooperative Training Unit	<ul style="list-style-type: none"> • Institutionalizing cooperative management courses
Private Agri-Business Companies	<ul style="list-style-type: none"> • Assist in small producers’ sustainable access to high-quality production inputs • Assist in delivering extension messages on the proper use of agricultural production inputs to small agricultural producers
International Cooperative Alliance (ICA)	<ul style="list-style-type: none"> • Support in the promotion of the cooperative identity in the Kingdom • Support through the Cooperative Law Committee in the provision of independent advice Saudi on cooperative law includes all legal rules that shape the cooperative institution and regulate its operations. • Provide cooperative news updates, an online library and a global-level comprehensive database of cooperative statistics produced by some key reports and tools such as the World Cooperative Monitor, the Global Census on Cooperatives, Cooperatives and Employment, the Data Explorer for its members
International Labour Organization (ILO)	<ul style="list-style-type: none"> • Support cooperative labour laws, standards, policies, information and statistics, and resources for the benefit of all cooperative members. • Improving the Saudi country profile on Cooperative development
World Farmers’ Organisation (WFO)	<ul style="list-style-type: none"> • Support in the formation of the Saudi national agricultural cooperative organization.
U.S. Overseas Cooperative Development Council (OCDC)	<ul style="list-style-type: none"> • Support in the research on the Saudi Cooperatives especially on the Cooperative Difference and Social Capital. • Include Saudi for honours and recognition of cooperatives leaders with the International Cooperative Champion Award and Innovation Award

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