

Annex C - CUMA

CUMA cooperatives (Coopérative d'Utilisation de Matériel Agricole), that are cooperatives for the mutual use of agricultural equipment, have been established to address the challenges faced by French farmers, after the Second World War. In the CUMA legal cooperation entity, farmers jointly own and use agricultural machineries, to promote efficiency and affordability. The majority of cooperation examples has been established to facilitate harvesting, and there are also communities to promote irrigation, forestry operations and draining. Due to the development of agricultural technology and innovation, these forms of cooperation have renewed in content, and persons and entities engaged in food processing as small farmers have also appeared in this segment.

In the countryside, CUMA also participates in other operations, such as in cooperation with schools, to which they provide wooden pellet for heating, and in certain cases, it provides services for the municipalities, e.g. by removing snow from public roads.

The CUMA form of operation was established for two objectives, namely to reduce the costs of the use of machinery, and to facilitate the purchase of machinery in a joint investment, and to benefit from technical innovations by joint use of such machinery. The CUMA form of operation was thus created to this end, for natural persons to jointly cooperate along their social and financial interests and to have access to machinery and services necessary for their work in an organised form. This kind of cooperation allows individual farmers to reduce the costs of investments, increase their efficiency and reduce their operational costs.

CUMAs are established by a minimum of five persons, deemed as agriculture farmers as per applicable law (Article L521-1 of CODE RURALE²³²), which also means that their liability relating to investments is limited. All equipment and machinery are owned by the CUMA, and these items are operated in accordance with strict internal rules. The rights and obligations on the part of the CUMA and its members are clearly defined and set forth in the internal rules of the cooperative and the compulsory legal contracts entered into with the members. The participating members must join an activity branch to have the right to use equipment and machinery owned by the CUMA. To this end, all members must sign a contract that allows them to use the jointly purchased machinery or equipment, up to a certain, jointly set value, time or unit. The term of the contract is usually identical with the term of financing the machinery (generally 3-5 years).

Financing of CUMA is ensured in three ways:

- by investment by the members,
- by loan,
- by membership fees.

Accession to a CUMA is conditional on agreeing to pay a financial contribution, which provides CUMA with the capital necessary to buy machinery. The investments made by the members bear no interest, and are suitable for financing up to 20-30% of the purchase price of the equipment and machinery. In the majority of the cases, the investments made by the members are equal in amount as among the various branches.

²³² Code rural et de la pêche maritime, version consolidée au 22 novembre 2019, <https://www.legifrance.gouv.fr/affichCode.do?cidTexte=LEGITEXT000006071367>

CUMAs are controlled and managed by

- the general meeting (or membership);
- the Directorate;
- the branch manager;
- the operator of the equipment or machine.

Each member has one vote in the appointment of the directorate and in formulating the rules of cooperation, irrespective of the number of activity branches they belong to or the sum of the investment they made.

In summary of the practice relating CUMAs, it is a form of cooperation which is in existence for 70 years now, ensuring modernisation and financial sustainability of family farms by way of cooperation between them. Joint action enables farmers to have access to modern, state-of-the-art and expensive equipment and machinery, thereby reducing the risks of investments and the burden of environmental requirements. The CUMA cooperation model (financing, control, management and voting rights) presents a good practice that could also be used in other countries to facilitate modernisation of farmers' operation. In addition to the foregoing, it is a legal entity form supported also by CAP in implementing mutual investments.