

**French ministry of Foreign Affairs (MAE)  
Government of Cambodia (GoC)**

**Pedagogical materials on Farmers' Organisations and  
Farmers' Organisations' support**

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## Foreword

This document aims at providing basic training materials for practitioners dealing with support to FOs.

These materials have been developed through and for a support process to a group of Cambodian support staffs from the State administration and NGOs. This process was developed by a Cirad-Ciepac team from September 2005 to January 2006. It takes place in the context of mainly grassroots' young FOs that is prevailing in Cambodia.

The content of these materials has been presented to the above mentioned Cambodian FOs support staff group and adapted to their demand.

The materials are designed on the basis of field experiences. They include short illustrations derived from FOs worldwide experience cases that are presented in comprehensive way in another document.

## Content of Training Materials

The present training materials have been designed in the framework of support process to FOs Cambodian Taskforce. They include ready to use sheets and notices for practitioners.

The whole collection constitutes a comprehensive set of training materials and is shaped to cover the wide range of information useful for practitioners to work with FOs. Each sheet has its own consistency and can be read and used independently.

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# Introduction

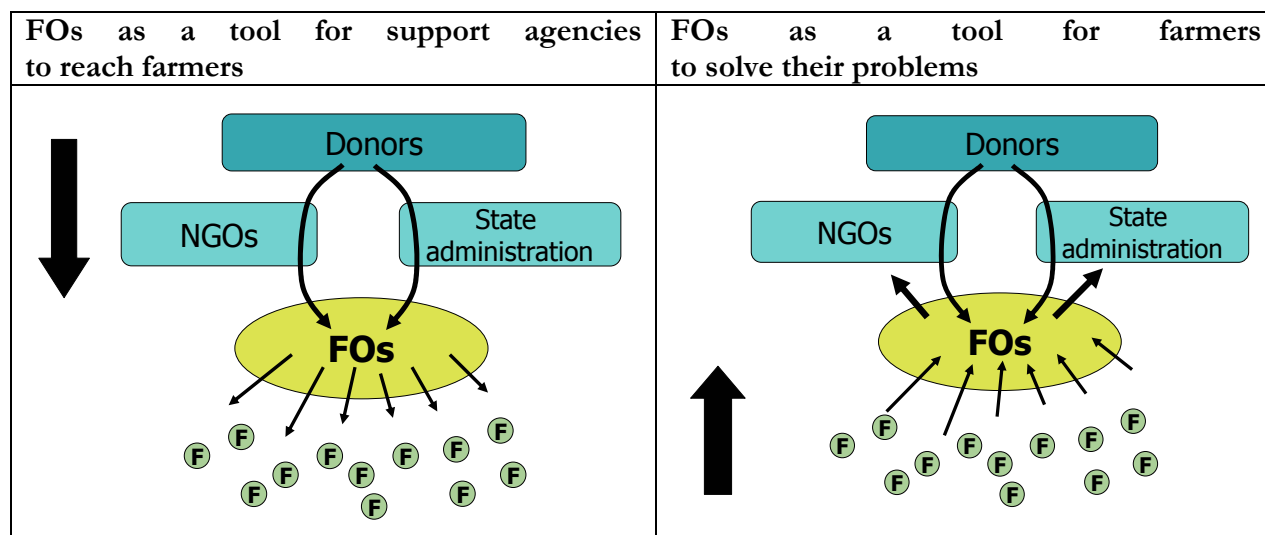
## Introduction: farmers' needs and functions fulfilled by FOs

### *Change the point of view: FOs as a tool of farmers for farmers*

When addressing FOs issue and supporting FOs, support agencies tend to consider FOs as a goal per itself. Thus, FOs are seen as a tool to achieve objectives defined by support agencies (NGOs or the State) more than a “living object” run by farmers.

Thus, when considering FOs, it is useful to change the point of view (fig.1) and to see FOs as a “tool” for farmers to solve their problems more than a “tool” for support agencies to implement their development program. It is thus necessary to look back to farmers’ needs.

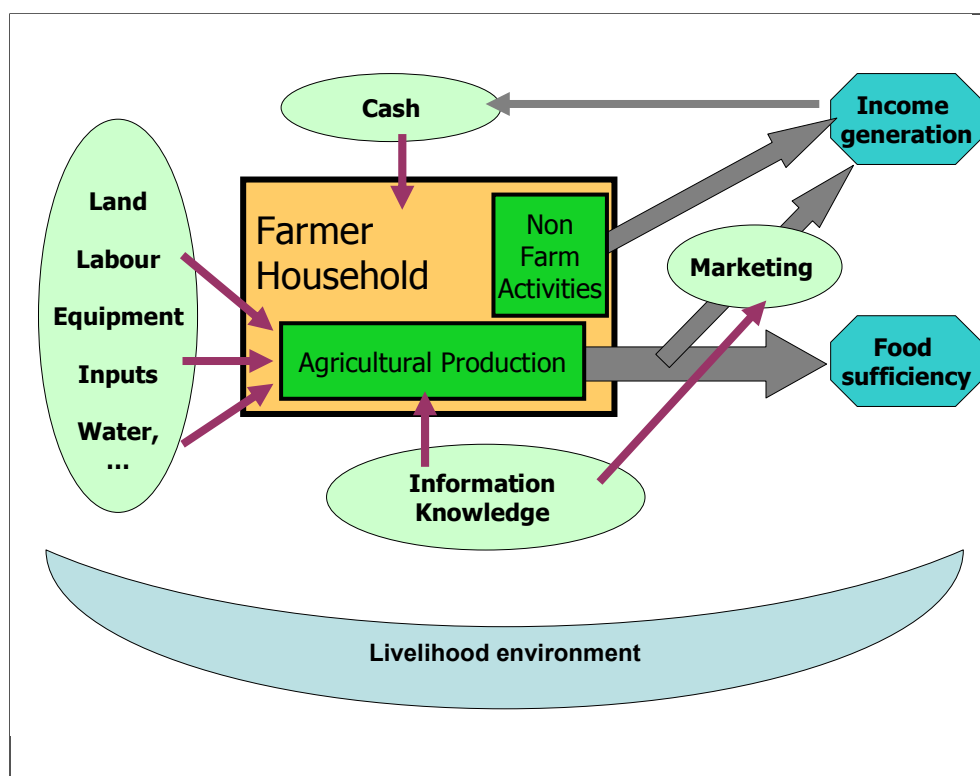
**Fig. 1: From FOs as a tool for support agencies to FOs as a tool for Farmers**



## Farmers situation and needs

To address FOs situation, and to design support to them, it is needful to come back to a simple assumption: FOs is a way (a “tool”) of farmers for farmers to help them to reach their objective and to solve the problems that they are facing.

**Fig. 2: Farmers household objectives, functioning and environment**



NB: Non farm Activities is used here in a broad sense ; it includes non farm and off farm, processing, salaried activities, trade,....

The goals of farmers can be very different from one household to another (Fig. 2). Basically, they can be:

- food sufficiency,
- income generation (Securing and/or increasing income),...

To achieve these goals, farmers conduct Agricultural Production and Non Farm activities.

To put in place and run those activities, they need:

- to access to and mobilize means of production such as land, labour, equipment, inputs, water,...
- to access to and mobilize information and knowledge (technical and economical one),
- to mobilize financial means (cash),
- to manage marketing activities (selling products).

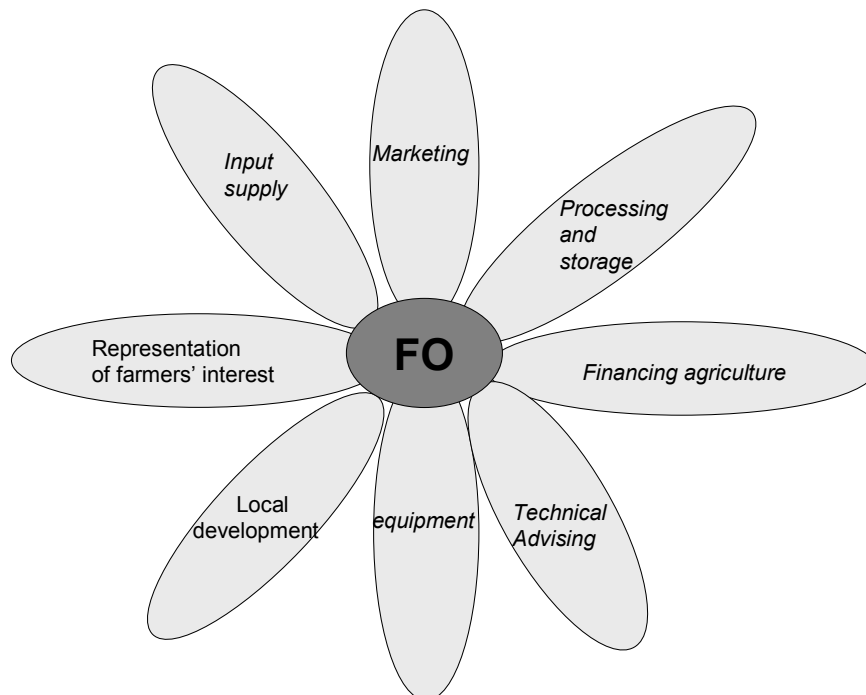
**The role of FOs is then to improve the farmer's environment of production to help them to achieve their goals.**

## ***What are the functions that can be fulfilled by FOs ?***

FOs can basically fulfil 3 types of basic functions:

- Technical and economical functions: FOs provide service to their members. The services can be of several types :
  - 1-input supply → *see sheet “Input supply”*
  - 2-marketing → *see sheet “Marketing”*
  - 3-processing and storage → *see sheet “Processing and storage”*
  - 4-credit access → *see sheet “Financing agriculture”*
  - 5-equipment and labour access → *see sheet “Equipment and labour”*
  - 6-technical advising → *see sheet “Technical advising”*
- Representation of farmers interests
  - *see sheet “Representation of farmers’ interests”*
- Local development
  - *see sheet “Local development and natural resources management”*

**Fig. 3: the different possible functions of FOs**



### **Remarks:**

An FO can play different functions or be specialized in one function.

Farmers can belong to several FOs according to their situation, their perceived needs, and the services they expected from FOs. Thus, one farmer can be member of several organisations. Even leaders can be involved in several FOs.

FOs can cope with all the issues considered as relevant by their members: problems regarding agricultural production, non farm activities, and overall livelihood environment.



### ***From functions of FOs to support to FOs***

FOs may not play all the functions: some functions can be fulfilled by other stakeholders (as the State or private operators) or by farmers on an individual basis. To decide to implement such or such activity and fulfil such or such function, **the Farmers and the FOs** have several questions to address:

- What function (activity) should the FO fulfil according to its situation and the role played by other stakeholders?  
→ See sheet “functional diagnosis” and sheet “strategic planning”
- How the FO works and what are its capacities to handle chosen functions?  
→ See sheet “organisational diagnosis”
- How the FO can finance its activities to fulfil those functions?  
→ See sheet “Funding FOs”

The **support agencies** are often involved in these choices. Anyway, they influence more or less the activities and results of the FOs and their main goal is to get the best impact on the development of FOs. In this context, they usually have to address the following questions:

- How to design a support process to FOs?  
→ See sheet “Process to support FOs”
- How to contribute to strengthen the capacities of FOs to enhance their chances of success?  
→ See sheet “FOs’ capacities strengthening”.
- What is the influence of the environment of FOs on their development? How to take it into account?  
→ See sheet “Environment of FOs”
- How to support FOs for a staff according to its role, position, objective and strategy?  
→ See sheet “practical notice for support staff”

As a conclusion, the reflection about support to FOs enables to formulate the issues of the sustainability of FOs and the roles of the different actors supporting FOs in an operational way.

→ See sheets “Sustainability of FOs” and “Roles of the different actors supporting FOs”

# Functions of Farmers' Organisations

## F-0 : Introduction to the sheets on “functions of FOs”

This sheet aims at presenting overall methodology that is underlying the designing and presentation of the set of sheets on “functions of FOs”.

The sheets “functions of FOs” tend basically to provide an insight of what can do FOs to help farmers to cope with the different type of problem they encounter?

The main objectives of those sheets are:

- to enlarge the scope of reference of local practitioners relating to this topic
- to provide materials to feed an analytical process → *see practical notice for support staff*.

The sheets are, as far as possible, build on the same patterns that follow basically the following analytical process.

- **1 - Analysis the farmers’ situation regarding a specific issues or problem**

The objective of this first step is to go from general statement currently done by farmers (*for example: “we face a problem of marketing”, “we have difficulty to get inputs”,...*) to the definition of a more precise issues and problems that farmers are facing (*for example, a problem of quality of products, of availability of inputs,...*). This first step helps to precise the present situation which the basis for further investigation and discussion about what to do.

- **2 - Analysis of the causes of the problems**

This second step aims at defining through a step by step questioning process (why?) the grassroot causes of the problems identified at the first step (*for example : the problem of quality of the product is due to poor conditions of post harvest treatment*).

- **3 - Exploration of the different possible solutions**

At this step, the different ways to cope with the problem can be explored, and especially the different activities the FOs can handle. Each solution presents more or less advantages, has more or less drawbacks or limits, is more or less risky... Moreover, each solution is more or less easy to put in practice according to the capacities of the FOs (→ *see sheet “organisational diagnosis”*)

Thus, the content of each sheet aims to provide an insight for each of those steps by answering the 3 following questions:

- What is (are) the problem(s)? and the possible causes of these problems ?
- What are the possible ways (especially for a FO) to address it?
- What are, for each of this possible ways (that can be handled by a FO), the constraints (external, internal), the risks, and the conditions (or requirements) to increase the chances of success?

**Remark :** These sheets try to present a large range of different types of problems (situation and possible causes) as well as possible ways for FOs to address it. Even the main possibilities are considered and illustrated by some practical cases, the content doesn’t pretend to exhaustiveness.

## F-1 : Inputs supply

By inputs, we consider the wide diversity of agricultural inputs such as:

- seeds and seedlings,
- fertilizers, pesticides,
- animal feed and veterinarian products,
- fuel,...

### ***What can be the problem that farmers are facing?***

Several possible situations can be distinguished (not exhaustive list)

- **1 - Certain or all inputs not available at all** (for a farmer at farm level) :
  - a) New technologies not available (either not yet developed, either not spread out)  
*for example : no good seeds available for certain crops ("people have always used their own seeds")*
  - b) No good transportations facilities (roads and tracks), or marketing facilities (no markets place): isolated places...*(for example : mountainous area,...)*
- **2 - Existing inputs but not fully convenient**
  - a) Specificity of inputs: no availability of inputs with the characteristics that fit farmers needs  
*for example: cotton fertilizer exists but not rice specific formula; seeds are available but not the varieties adapted to the environment of farmers*
  - b) Quality of inputs (problem of the control of the quality, problem of cheating from traders)  
*for example: fertilizers are mixed with non fertilizers matters, pesticides have not the good composition (frequent in case of illegal import),*
- **3 - Inputs available but too expensive**
  - a) High transaction and transportation costs  
➔ *transaction and transportation cost*
  - b) Low bargaining power
  - c) Taxes (especially import taxes)

## ***What can FOs do to address these issues?***

### **1 - Certain or all inputs not available at all**

- a) new technologies not yet outspread enough,
  - ⇒ FOs develop partnerships (with research, projects, other FOs,...) to get access (through importation, exchanges within the country) to the products that farmers are looking for; FOs deal with trading activities (buying and selling inputs)
  - ⇒ FOs produce what is lacking:
    - Δ! Ask for technical specific skills;
    - Δ! Compliance to legal framework (certification)
- b) no good transportations facilities
  - ⇒ push pressure on decision makers (political staffs at local, regional or national level) to get roads, bridges....
  - ⇒ Do road by themselves → *see sheet local development*

### **2 - Existing inputs but not fully convenient**

- a) Specificity of inputs
  - ⇒ the same actions than 1-a → *see above*
- b) Quality of inputs
  - ⇒ Control the process and the quality (usually State's job, but not always done)
  - ⇒ Identify fair traders and inform their members

### 3 - Inputs available but too expensive:

The more frequently, it's the result of a combination of the problems a), b), and c)

#### a) lower transaction and transportation costs :

⇒ organize in bulk purchase to benefit from wholesale prices :  
centralization of needs, then grouped command and bargain (+ eventually distribution to members)

→ UNPCB case and FPFD case

Δ! conditions: may ask for storage facilities

Δ! ask for bargaining capacity (see below), skill in organization of distribution (delivery planning,...)

Δ! management of the risks : Who is taking the risk ? (FO is responsible of the trade, thus there is a risk if farmers don't buy what they have ordered)

→ UNPCB case

⊗ opportunity for the FO to get some funds (commercial margin on the products)

→ FPFD case

#### b) Improve bargaining power that depends on

- information (on price, on quantities, on place to buy inputs,...)
- financial power : the bigger the amount purchased is, the stronger the farmers are to negotiate the price with traders
- ability to pay cash : to look for partners to pre-finance the cost of purchase of inputs → FPFD case

⇒ FOs inform their members about the prices of the products (reduce the asymmetry of information between member and traders)

⇒ FOs negotiate the purchase of inputs for several farmers (group purchase)

#### c) do a lobbying towards the policy makers to get alleviation of taxes. It supposes to:

- get an agricultural policy in favour of national farmers  
→ see sheet "*representation of interest*"
- get legitimacy and data to prove the interest of such measures (production costs...)

## Reference and concept

### Transaction and transportation costs

Transportation cost is the specific cost to transfer a commodity (products or inputs) from the production place to the consumption (or use) place. These encompass inputs (especially fuels), labour, and equipment (truck, boat).

Transaction costs refer to a larger concept. They encompass several costs that farmers face to deal with the market, to achieve a commercial relationship with other actors (either to sell or buy commodities). Those costs include:

- market research and screening costs (time spent and cost of transportation to contact a provider, , to communicate with him,...)
- bargaining costs (time and cost to discuss the modalities of the transaction)
- transfer costs (cost of storage, handling, transportation of the commodity, taxes on transactions,...)
- monitoring costs (that is mainly to control the quality of product: time spent, investment in measurement tools...)
- enforcement cost (costs related to the enforcement of a contract : to contact lawyers, to impose a social pressure,...)

Those transaction costs may be higher for individual farmer than for grouped marketing (since pooling the products may reduce the transaction cost per unit).

## International Cases

### Input supply management by the « Fédération des Producteurs du Fouta Djallon » (Guinée)

FPPD manages potatoes inputs supply that is mainly potatoes seedlings, a few fertilizers (organic fertilizing is encouraged by the federation) and bags (to pack the potatoes). The FPPD buys the required amounts of different inputs through contract with providers, mainly in Europe. FPPD negotiates the prices with the inputs suppliers, order inputs, receive them, store them and then organize the distribution. They do it on credit with banks, thanks to a guarantee line allowed by donors. They are then able to provide inputs on credit to their members. At the harvest time, farmers are obliged to use the FPPD channel to sell at least the quantity of potatoes to the FPPD to repay the in kind credit (inputs) they got. The inputs are sold to the farmers at a price which is a bit higher than the cost price (buying price + import taxes + transports and distribution costs). So this activity is a source of internal income for the Federation, and in the same time, it's a way to satisfy members and to support them in adopting more intensive cropping system as they do not have cash flow to pre-finance their inputs.

### Case of the “Union Nationale des Producteurs de Coton du Burkina” (Burkina Faso)

UNPCB, which is basically specialized in cotton activities, has been led to take in charge “non cotton inputs” supply (fertilizers and pesticides for cereals), in order to replace the cotton society when it decided to stop this activity. The stake is to provide good quality inputs to farmers at the same (or if possible lower) price than the market and to do it in time.

Implementation of this activity consists in:

- registering farmers' needs a local level to design grouped order at provincial level
- negotiate the conditions of purchase (price, quality,...) and buy the inputs
- organizing the delivery down to the department level
- getting repayment from grassroots groups

Although UNPCB managing it quite efficiently, it's a heavy burden for the FO:

- members don't always fulfil their commitments; due to logistic problems (lack of storage facilities in the villages, difficulty to contract for trucks), in 2004, fertilizers were delivered late; at that time farmers didn't need it anymore and many of them decided not to pick up and thus to pay what they had ordered. The FO buys the inputs on credit, so it had been very costly to finance this stock until the following year.
- the members don't know very well the market context and don't accept easily an increase of the prices (they think that the FO is making money at their expense; so it's very difficult for UNPCB representatives who are in charge of bargaining the purchase of inputs to find the balance between the constraints of the market (for example high prices of fertilizers in 2005 due to the raise of oil price) and the expectations of the members.



## F-2 : Marketing

Marketing of agricultural products is commonly a problem for farmers in a market economy. It's a huge and complex question. To be able to determine how FOs can play a role in solving the problem of marketing, it's necessary to better grasp the issues, and especially to clarify the specific stakes to be faced in each situation.

### ***What are “marketing problems” faced by farmers?***

Several possible situations can be distinguished (not exhaustive list)

1. Farmers cannot sell their production
2. Farmers cannot sell when they want to sell (time problem)
3. Farmers cannot get a satisfying price for their production
4. Farmers cannot cope with the risk (production and price risk)

Since solution depends on many factors, it is useful to better specify the farmer's situation regarding market and marketing “problems”. It may be then needful to:

- analyse and characterize the market conditions (*see framework below*)
- analyse and characterize the commodity chain situation

➔ *See additional reference sheet “commodity chain”*

#### **Characteristics of the market**

##### **What are the characteristic of market demand? (what to look at ? what to consider?)**

- price,
- quality,
- time of delivery,
- place of delivery

##### **“Who” is (are) the “market”?**

- Traders
- Consumers

##### **Which market? Which problems?**

- national
- international market (problem of compliance to international norms)

##### **What are the conditions to access to the market?**

- having product to sell
- information on the market demand,
- identification of a buyer (traders, consumers,...)
- ...

Remark: The solution depends on the characteristics of the agricultural products (perishability, storability,...) and its specificity (label, norms,...).

## ***Identification of possible actions for FOs***

For each situation identified above (1 to 4) , there are different possible reasons that have to be assessed and considered to design solutions and identify possible scope of action for FOs (marked hereafter by ⇒)

### **1- Farmers cannot sell their production**

- **Farmers' production is not accessible** to a trader (a buyer):
  - Nobody can come to the production area (remoteness, distance): problem of access due to lack of infrastructures of communication such as roads, bridges...
    - ⇒ FOs may develop local infrastructure ➔ *see sheet "Local development"*
    - ⇒ FOs may ask to other stakeholders (especially the State, local authorities) to develop new or to improve existing infrastructures ➔ FPFD case
  - Traders don't want to come : problem of scattered production leading to high cost of collection
    - ⇒ FOs may assume collection of the agricultural products
      - collective renting of transportation means,
      - purchase of collective transportation means
 Δ! ask for more capital, bear higher risk, ask for management skill and clear internal rules
- **Traders don't know that products are available: Problem of information on the offer**
  - ⇒ FOs may inform traders on products availability, invite traders to come ➔ Rice producers groups case in Vietnam
  - ⇒ FOs may collect the product in an exchange (market) place
    - Δ! ask for high organisational skill and the definition of clear rules to cover the cost of transportation (collectively managed, or individually managed)
  - ⇒ FOs may involve in organisation of the market (create a space in order to sellers and traders can meet each other)
- **Farmers' production doesn't interest the traders**, for several possible reasons
  - Product is too expensive : problem of competition with other producers ➔ see situation 3 (below)
  - Product does not fit the traders expectations in term of quality (characteristics of the products is not compatible with the buyer and/or the final consumer demand)
    - ⇒ FOs may inform members about the quality requirements (get the information through contacts – discussion - with traders (at different places), present product in fairs (direct contact between farmers, traders and consumers)
    - ⇒ FOs may work to improve the quality of the products
      - ➔ *see sheets "technical advising and support" and "processing and storage"*
      - ➔ see also situation 3 (below)

- Overproduction at harvesting period
  - ⇒ FO may plan the production among members to provide the quantity needed by the trader (the demand) according to a negotiated schedule
  - ⇒ FO may develop storage function → see sheet “processing and storage”

## 2- Farmers cannot sell when they want to sell → see situation 1 and 3

## 3- Farmers cannot sell their production at a satisfying price

The problem can come from a combination of 2 factors: low price / high cost of production:

- **Low price proposed by traders**, that can have different origins :
  - Too many products on the market (high offer) : problem of **competition** with other producers who agree to sell at a low price
    - Competition with local producers
      - ⇒ FO may make a collective planning of the production among members
        - see also sheet “representation of interests”
    - Competition with imports
      - ⇒ FO may work to change import regulations (lobbying towards policy makers)
        - See sheet “representation of interests”
  - Products don’t match the quality required by the market (buyer, consumer) [or don’t meet their expectations]
    - ⇒ FOs may develop collective rules of production to insure quality
      - Pig Producer cooperative in Vietnam
    - ⇒ FOs may control itself the quality
    - ⇒ FOs may invest in processing to improve quality
      - see sheet “processing and storage”
    - ⇒ FOs may promote specific products, to get the quality of farmers’ products recognized by the consumers: for example, through participation to fairs,...
  - Market access costs are too high (transportation, numerous middlemen,...)
    - ⇒ FOs may build infrastructures (which is very costly and which is not only the role of FOs – public goods) or work to have them built by others actors
    - ⇒ FOs may manage (grouped) direct selling to wholesalers or to consumers in order to bypass some middlemen
  - High concentrated offer in a time span (too many products available at the same time): problem of seasonality, harvest time
    - ⇒ FOs may develop storage function to enable to sell the products later with an expected better price
    - Δ! risk that prices remain low; ask for skill in management, for cash flow
      - see sheet “processing and storage”
    - ⇒ FOs may organised a collective planning of the production among members

- Unfair behaviour of traders (who profit from their powerful market position – asymmetry of information)
  - ⇒ Collective negotiation to increase ***bargaining power***
  - ➔ Negotiation in trading

➤ **High costs of production**, that can have different possible origins too :

- low productivity due to a poor technical efficiency
  - ⇒ improve technical management to get a better yield/costs ratio, either by enhancing yields or reducing use of inputs – increasing efficiency of inputs
  - ➔ see sheet “technical advising”
- high cost of agricultural inputs ➔ see “inputs supply”
- high cost of production factors (land rent, water fee,... )
  - ➔ see “representation of interests”

#### 4- Farmers cannot cope with the risk

Even if they can sell their production (with an acceptable average price), farmers may be in a position where they cannot manage with the uncertainty of their income.

The variability of their income can be analysed as the consequence of risks: production and market risks. The issue is then to reduce the 2 types of variability:

➤ **Variability of production.**

It can come from:

- Technical problems,
  - ⇒ FOs may identify or develop, promote, disseminate agricultural techniques to reduce production risks
  - ➔ See sheet “technical advising”
- Poor infrastructures and means of production (irrigation schemes, equipment) to cope with climatic risk
  - ⇒ FOs may be involved in infrastructure development and access to equipment
  - ➔ see sheet “Local development and resource management”

➤ **Variability of market price**

It results from the unstable balance between production (offer) and market demand. This variability can be reduced by the setting of market regulation mechanisms.

- ⇒ FO may contribute to the creation of frameworks or institutions in order to regulate the market price and design regulation mechanisms
  - ➔ see interprofessional bodies
  - ➔ UNPB case
- ⇒ FO may lobby the policy makers to put in place convenient market regulation mechanisms and policies
  - ➔ see “representation of interests”

## References and concepts

### Negotiation in trading activity: how to increase the bargaining power?

Several conditions may help farmers to increase their bargaining power when selling their production to a buyer. Among these conditions, the following appear to be key points:

- getting information on the price (in different places and from different sources) in order to evaluate the possible price
- being numerous enough (collective negotiation)
- proposing products with specific quality (with uncommon characteristics, although requested by the market demand); this specific quality can be linked to technical specificity in production or processing (specific know-how), and/or to the specificities of the localities (local resources, weather, soils,...).

### Interprofessional bodies and framework

Certain sectors in certain countries are organized in “interprofessional bodies”: these are frameworks gathering representatives of the different groups of actors directly or indirectly involved in the commodity chain (producers, traders, processors... → *see additional sheet “commodity chain”*).

The initiative of putting in place such a framework may come from State or any group of stakeholders (FOs for example).

These “bodies” (or institutions) enable to exchange and share information between the different stakeholders regarding production, costs, quantities, market situation. It aims at improving the functioning of the commodity chain and to reduce the marketing risk bared by each stakeholder through a better knowledge of their respective activities and commitments. It may lead to the creation of new set of rules. For example, in some cases the negotiations within interprofessional frameworks lead to the establishment of floor prices.

## International Cases

### FPFD case (Guinea)

FPFD in Guinea is involved in the improvement of the potato market through several actions:

- it organizes coordination meetings between producers unions and potato traders to fix a basic buying price, rough volumes and selling price (objective: to moderate the prices in order to enlarge the market demand)
- its “local unions” are in charge of gathering and storing the potato production of the members. When the traders pick up the production, they pay cash the products at a basic price (which enables to pay the producers very rapidly); they pay the remaining – final price – after having sold the products to consumers. This remaining payment is used then to reimburse the credit taken by the farmer with FPFD, and to cover the “tax” shared between the different levels of the FO).
- besides working with traders, FPFD is managing some direct marketing activities in Conakry (the Capital city) and on the export market (to neighbour countries as Senegal and Sierra Leone); it’s a way to improve bargaining power through better information.

Highlights:

- 1) Farmers must sell to FPFD at least a part of their production to reimburse the inputs they got in advance. They are then free to sell the remaining to whoever they want.
- 2) The efficiency of these activities is underlaid by existing minimal infrastructures (bridges, tracks, storage buildings...) which have been funded by development partners.

### Rice producers groups in Mekong delta (Vietnam)

In Vietnam, marketing good quality rice at a convenient price was difficult because of the constraint of quantity: traders bargain only “full ships”; so the high quality rice was merged with ordinary one and not recognized; thus the group of rice producers developed 3 actions:

- supporting the farmers in producing high quality rice (seeds, technical support, regulations),
- making the traders aware of the existence of these products,
- proposing quantities of high quality rice large enough to fill full boats so that it becomes interesting for traders (grouping the products).

## International Cases

### Pig producers cooperative in North Vietnam

In north of Vietnam, after having tested different techniques to grow high quality pigs (breed, feed,...) to evaluate and compare them regarding technical and economical efficiency and the compliance to market demand, pig producers defined a production notice (“cahier des charges”) of good practices to grow high quality pigs. They collectively committed to follow those good practices to obtain high and more stable quality pig within the groups. Then, they begun to better sell their product (at higher price) since their products offer a guaranty of quality for the potential buyers.

So, they built an “image” for their product and plan now to create a label to strengthen this “image” and to make it easy for the other commodity chain stakeholders to recognise the specificity of their product.

### UNPCB case (Burkina Faso)

In Burkina Faso, the cotton sector is organized at the national level on an integrated basis. The inputs are provided on credit, and reimbursed by direct withdrawal on the harvest product. The prices of seed cotton and inputs are established before the cropping season (so it's easier for the farmers to decide what cotton area they want to sow).

The negotiation about the price paid to the farmers is led within an “interprofessional framework “which gathers representatives of different stakeholders involved in the commodity chain (farmers’ representative, cotton companies\*, the State,...); UNPCB represents the interests of the farmers in these meetings, with two main results:

- farmers get quite fair prices (often better than in neighbour countries),
- the cotton growers are aware of the constraints faced by the processors and traders (especially regarding the international context,...) and UNPCB representatives are in position to intervene towards policy makers at the national or international level, in order to favour the development of the whole commodity chain.

\* : cotton companies are managing both processing and export of the product

### ***FOs and marketing: principles of action and strategies***

Among all the possible actions identified above for FOs to address the different issues raised about marketing activities, a choice has to be done. As several strategies exist to improve linkage between farmers and market (see fig 1.), FOs can put in place different strategies to improve these linkages between their members and the market (see fig 2.).

Thus, after having analysed the context, specified the issues and problems faced by farmers, and investigated the causes of those problems (see points 1 to 4 above), the choice relies mainly on general principles of strategic planning (→ see sheet “strategic planning”).

### ***FOs and marketing: advantages, limits and constraints***

For activities to be implemented within the marketing function a few specific points have yet to be highlighted:

- Selling products is not the objective of all the farmers and doesn't concern all the production of the farmers (it's important when evaluating available quantities to trade).
- All the marketing problems cannot be solved at local level: sometimes it's necessary to act at higher level such as national trade policy, or international agreement.
- Collective action has its efficiency, but a FO is not always more efficient than other actors (especially private ones)

*For example: bypassing middlemen requires getting cashflow before harvest: the question of low prices at harvest time can be solved also by a convenient credit system → see sheet “financing agriculture”*

More over, replacing the marketing question within a commodity chain analysis (→ see additional reference sheet “commodity chain”), it appears that, for farmers, fulfilling a function other than production in a commodity chain:

- asks for capacities (skill in management, negotiation ...),
- supposes to cover costs (transportation...) that are usually covered by other stakeholders,
- implies to assume risk, that other stakeholders (traders) usually endorse.

Remark: this lead to reconsider the traders' job: this function asks for specific skill and includes expenses and risks...

Finally, collective action in marketing matters (and in economic functions in general) has clear advantages but also limits and difficulties:

- **Advantages**
  - get **economy of scale** (collective purchase or selling, processing, storage, transportation,...)
  - increase **bargaining power** (balance of power in negotiation with other stakeholders)
  - reduce **transaction costs** (see transaction costs)
- **Limits and difficulties**
  - **“free riders”** problem (no involvement of some members who may benefit from collective action but do not comply to the collective rules; thus it asks for a necessary monitoring and control system, which may be costly, (as well as an incentive and/or sanction system)
  - cost of organisation (functioning, meetings with members,...) that are not always taken into account in the budget of FOs and may limit its efficiency
  - difficulties to build confidence and trust within the group when money matters are at stake

**Fig 1 : Different strategies to improve linkage between farmers and market**

- Reduce the price risk by :
  - Managing the offer (Planning the production, storing the products,...)



- Setting contractual agreement with traders (setting reference price,...)
- Improve the price paid to the producers (increase the farmer's share of added value in the commodity chain) by :
  - Increasing the farmers' bargaining power
- Increase the added value by
  - Increasing quality of the product (make it recognized, offer a guaranty of quality : label) and get a higher price from consumers
  - Managing upstream\* functions (reduction of the production cost)
  - Managing downstream\* function (integrate downstream new functions) – collection, wholesaling, transportation, storage, processing, packaging, retailing...
  - Establishing relationships with specific trading channel (fair trade commodity chain)
- Diversify or change the production (develop production with more added value, or complementary crops in term of farming system) by
  - Promoting and supporting diversification (technical aspect → see “technical advising” and market aspect : developing information on the demand, promoting new products) ,

\* “upstream/ downstream” notions refers to commodity chain approach → see sheet “Commodity Chain”

**Fig. 2 : Possible strategies to improve linkages between a FO's members and the market**

- **Group the products** to attract the traders (and lower the transaction cost)
- **Take in charge the selling of their products:** assemble, negotiate, sell
- **Transform the product** to sell processed products (→ see *processing*)
- **Help to adapt production to market demand** by supporting diversification of production, processing, quality improvement
- **Support diversification of production**
- **Provide information to members on market price:** suppose to collect information from traders' networks in selling places; this may increase individual bargaining power or collective bargaining power
- **Promote agricultural production of members**
  - make their product known (advertisement)
  - labelling the products (to make the quality of the product visible for consumers, traders)
- **Find new markets** for members' products
- **Represent members** in market rules setting and negotiation (with the State, with economic operators - firms -, within interprofessional bodies)
-

## F-3 : Processing and storage

FOs can be involved in storage and/or processing of agricultural products. It's sometimes a way to address marketing issues (→ see sheet "marketing") but the goal can be also to generate incomes, for the FO itself or its members.

### ***Storage***

- **What is the context?**

Different situations can lead a FO to consider storage activity:

- 1- no individual storage (and a need for it, see sheet "marketing")
- 2- existing individual storage but not satisfying (technically: high losses, reduction of quality of product)
- 3- existing but not satisfying (economically: high cost)
- 4- no financial means to store (lack of cash flow: need to get money at harvest time –or even before- )

Develop storage or improve storage conditions are useful because:

- It may allow to wait for better market price (avoid period of low price after harvest)
- It's a way to extend the marketing period or the processing period; in that case, there is a potential to generate additional incomes for farmers, women (rural or urban)....
- Good conditions of storage reduce losses, increase quality...

- **What ways for FOs to take in charge a part of or all the storage activities?**

⇒ Supporting individual storage

- Improve quality of individual storage (technical advice) – situation 2 or 3  
→ see "technical advising"
- Facilitate access to individual storage capacities through credit (leasing) – situation 1, 2 or 3  
→ see "financing agriculture"
- Help farmers to have enough cash flow to store products – situation 4  
→ see "financing agriculture"

⇒ Contracting with existing storage capacities (external stakeholders) – situation 1, 2 or 3

⇒ Building collective storage facilities – situation 1, 2, 3

Δ! need to cover maintenance cost : Different ways of covering the cost (individual fee, fee covered by selling of products,...)

⇒ Managing collective storage (bulk storage) – situation 1, 2, 3, or 4

Δ! low traceability, ask for management skill

© enable collective selling, quality control, and economy of scale

→ French cooperatives in cereals sector

Remark: the 3 last ways ask for collective management skill

## *Processing*

- **What is the context? What can be the interest of investing in processing?**

Three main situations can be distinguished:

- **1 - No processing service available** (not existing or no more existing)
- **2 - The processing stage is not efficient** which is a problem for marketing
  - **not satisfactory (technical problems):** it's useful to improve the efficiency of the process (poor quality of the current products which are weighing on bargaining power)
  - **not satisfactory (high costs):** to improve the economical efficiency by introducing competition
- **3 - The processing stage is working well:** the goal is to get a part of the added value (if time, skill, capital, means available) : other people are doing and farmers think there is money to earn (or want to make use of waste time) ⇔ competition situation
- **4 - New processing techniques** have to be developed to get new markets, to innovate in order to diversify the products sell to the market

## *What ways for FOs to take in charge a part of or all the processing activities?*

- ⇒ to support the adoption of technologies by members through: (situation 1,2,3,4)
  - members' capacity building (technical, managerial capacities),
  - looking for financial means (➔ see sheet "financing agriculture")
- ⇒ to contract with processors – situation 2,3,4
  - Different ways: negotiate collective contracts, facilitate individual contracts...
  - Δ! ask for minimum technical skill for monitoring processing service
  - ☺ enable to monitor the quality of the processing
- ⇒ to develop collective processing facilities and manage it directly – situation 1,2,3,4
  - Δ! ask for higher technical and management skill,
  - Δ! ask for more assets, and financial means
  - ➔ French cooperatives in milk sector

**Remark:** From ways 1 to 3: more and more demanding for the FO regarding time, skills, capital...

## International cases

### French cooperatives in cereals sector

Cooperatives take in charge a part of cereal trade. They buy products to their members, store it for a few weeks or months, then sell it on the international or national market.

The large quantities that are at stake enable scale savings and quality management to fit the market requirements; the same cooperatives are often involved in inputs supply and technical support.

### French cooperatives in milk sector

In France, in the early 60s, many farmers in many regions decided to take in charge milk processing for three main reasons: to maintain the milk production activity for quite isolated small farmers (considered as not profitable customers by the private operators), to develop rural jobs and to benefit from the added value in milk processed products such as cheese or butter.

At the end of 60s, a lot of small cooperatives were working in many places; then most of them merged progressively and nowadays, a few large groups have still the status of cooperatives. Nevertheless these large cooperatives are frequently criticized because they are too far from their grassroots members (they have lost the “cooperative spirit”). Most of the mid-size cooperatives that are still working are producing high quality products (such as labelled cheese) in specific area.

## F-4: Financing agriculture: the credit issue

One of the main impediments to the development of agriculture is the lack of financial means of small farmers. Most of them are hardly able to pre finance a cropping campaign (buy seeds and fertilizers).

### ***What is the problem?***

Different possible situations can be encountered:

- 1-Credit offer doesn't exist (**no offer**): that's very rare since in most of the rural situations, local informal credit practices currently exist
- 2 - Credit exists but **system access is not affordable for farmers**: Access conditions hard to fulfil (level of guaranty,...), accessibility (distance,...), administrative formalities,...
- 3 - Credit exists and is affordable but **is not satisfactory** : the credit system doesn't meet the needs in term of loan amount (not enough money) or duration (not long enough) : that's often the case of classic microfinance schemes, not well adapted (rhythm of capital repayment) to finance cropping activities
- 4 - Credit exists but is **too expensive** (high loan rate)

### ***What could be the strategies for FOs to handle farmers' funding problems?***

- FOs can develop a role of intermediation between their members and the existing financial system in order to allow or secure their access to credit(situation 2); that may be achieved by:
  - ⇒ Informing farmers on funding opportunities (credit institutions, projects providing funds to individual farmers,...) and financing conditions
  - ⇒ Helping farmers to fulfil required conditions (support in filling up administrative forms...)
  - ⇒ Promoting groups creation, as a mutual guaranty
  - ⇒ Collectively negotiating with the credit system in order to increase its confidence toward farmers
  - ➔ Pig producers cooperative in Vietnam
- FOs can become credit operators, that is to say create their own financing system (saving and credit system, insurance) - (situation 1, 2 , 3 or 4) :
  - ⇒ put in place a mutual saving and credit system ➔ CECAM
  - ⇒ put in place an in kind credit system (such as delay payment system of inputs)
- FOs can negotiate and be involved in the design of macro-economic framework and agricultural funding policies
  - ⇒ Ask for subsidized loans
  - ⇒ Ask for evolution of credit systems and rules
  - ➔ See sheet "Representation of interests"

### ***Different ways for FOs to implement credit activities***

The ways to implement credit activities and the consequences can differ according to the **objectives of credit**:

The loans can have two main purposes:

- Social purpose: mutual help and solidarity (no expectation of profit from the activities carried out by the beneficiaries, defensive strategy)
- Economic development purpose: support productive activities (expectation of creation of added value, offensive strategy) : → **CECAM**

Thus, according to the objectives, FOs have to assume different consequences:

- if creating a social safety net (social purpose) → possible loss of money
- if promoting agricultural development (economic development purpose) → possible and expected repayment, even benefits

The implementation will also differ according to:

- **the source of money** : money can come from:
  - only members (mutual system)
  - members + others local peoples (saving activities)
  - non members (in network, with different purpose)
  - support organisations (through revolving funds, through subsidies)
  - bank institutions (through loans = commercial relationships )
- **the type of borrowers**, that can be:
  - Individual members (farmers)
  - Groups (“mutual guarantee”)
  - FOs (cooperatives ...)

- **the place of this function in the FO**

The credit activity can be the main purpose of the FO → **French Credit Agricole**, or a sectorial activity developed to facilitate others activities (credit linked with trading for example)

### ***Common problems faced by FOs when providing credit to members***

Credit activities are not easy to implement. Experience shows that the following problems are common, (we present here a few possible solutions, hereafter marked >):

- **no or hard reimbursement of loans**
  - members don't want to pay
    - > use social pressure (and select customers based on the local knowledge about them)
  - members cannot pay
    - > look for a solution to secure or develop farm income
- **selection of customers**
  - > Selection by farmers (know repayment capacity, behaviour, of other farmers)
- **low honesty of the responsible**
- **competition with other credit systems (especially middlemen)**
- **problem of equilibrium of the accounts** (more demand for money than resources)
  - > diversify the activities (agriculture/other activities), the customers (rural/urban peoples, traders)

## International cases

### Pig producers' groups in Vietnam

One goal of the pig producers groups was to enlarge the size of their individual production units. For this purpose, individual farmers need large amounts of money to pre finance their activity (building, inputs, piglets,...). Nevertheless, according to the rules of the Vietnamese Bank of Agriculture, the credit system can only provide a limited amount of money that cannot fit to the expenses of such project.

The pig producers groups proved that they were able to get high economic results and somehow secure results, thanks to their good technical practices. On this basis, they negotiated collectively with the Agricultural Bank to raise the current ceiling amount of credit from 3 millions to 12 millions dongs.

### CECAM experience in Madagascar

In Madagascar, there was no formal financing system affordable for small farmers. They were thus obliged to use the services of private moneylenders providing credit with a very high loan rate (up to 400 %/year !).

A FO (FIFATA), oriented towards global agricultural development, decided to develop credit activities to cope with the strong bottleneck of agriculture financing. It then developed a mutual credit system. Very rapidly, the CECAM (small mutual credit groups) created initially by the FIFATA became autonomous from the “mother” FO to better fulfil their function. From this starting point, CECAM developed and federations were created at regional and then at national level.

The CECAM network keeps the initial objective and spirit of the FIFATA since it is still managed by farmers. It has progressively developed diverse types of credit to address the specific needs of individual farmers and farmers' organizations: such as productive credit and campaign credit, social emergency credit, village collective granaries (building) and storage credit, commercial credit to cooperatives, leasing credit system to help FOs to buy equipment with mutual guaranty.

### The case of the “Credit Agricole” in France

In France, the “Credit Agricole” is coming from a long history of mutual saving and credit system managed by farmers. It's mainly a credit oriented bank, which is organized on a local cooperative basis: farmers are shareholders of their local cashier's desk. It has first worked with money coming from the farmers (saving). As this capital was not sufficient to finance agricultural development, the State has supported the system since the 1920s by abounding the capital of the National Agricultural Cashier's desk who lends money to the local cashiers.

From the 1960's to the 1990's, the “Credit Agricole” has been **the** Bank of agriculture and rural development since it has been the only bank allowed to provide subsidised credit to farmers with the support from the State.

Progressively, in order to get enough money to address the needs of agriculture development, as well as to get profitable customers, the “Credit Agricole” has open its services to other rural then urban customers. In the same time, several departmental and regional desks have merged to constitute larger groups. The “Credit Agricole” is now an almost an “ordinary” bank, and one of the most important bank in France.

## F-5 : Technical advising and support

Technical change in agriculture is a basic and recurrent issue because:

- conditions of production are evolving (climatic change – drought -, reduction of soil fertility,...),
- expectations of the farmers regarding standard of living are increasing (health care, school, housing, diversity of diet,...) asking for new financial resources,
- market demand is changing (urban people are asking for more diversified products, export regulations set new quality standards,...)

### ***Why getting involved in technical advising and support function?***

A FO may decide to invest in technical advising for diverse complementary reasons:

- its responds to current expectations of farmers since enhancing technical skill is a way to **improve the competitiveness and/or the profitability** of farming systems, and/or the livelihood of farmers' families through:
  - handling new practices (including developing new productions)  
*for example: introducing double rice cropping pattern*
  - managing more efficiently existing production means (to improve capital or work productivity)  
*For example : better management of fertilizers and pesticides*
  - increasing quality of the product to meet the market demand  
*For example: growing good quality perfumed rice*
- FOs are well placed to match the two following conditions that are essential for a successful “technology” adoption :
  - tackling with real problems encountered by farmers
  - adaptation to the farmers' capacities (financial and technical means), constraints and objectives (securing income, enhancing income, reducing risk...).

### ***What are the possible ways to fulfil technical advising and support function?***

For a farmer, adopting technical change supposes:

- to be informed of new agricultural techniques that are available (not only modern techniques, sometimes traditional ones coming from outside)
- to develop capacities to handle these techniques

Technical advising includes several steps:

- identification of problems or potential improvements (technical diagnosis)
- research of innovative solutions
- testing and evaluation of the solutions



➤ **What are the possible ways for FOs to identify solutions?**

There are two possible, possibly complementary, ways to find technical solutions to problems faced by farmers:

- Looking for existing answers (solutions)
  - through exchanges between members, and with other farmers : neighbours or “foreign people”, that is looking for endogenous knowledge
  - through exchanges with a facilitator or a technician that is bringing additional external knowledge → CETAs experience
  - eventually by getting in touch with research services or “high level” specific expertise (acute problems such as particular pests and diseases for example)
    - Pig producer cooperative in Vietnam
- Developing its own answers :
  - on farm research, PLAR method (participatory learning and action research approach)
    - *see additional reference sheet “PLAR IRM”*

➤ **What are the possible ways for FOs to implement technical advising?**

FOs can organize the following activities for its members, which can be combined:

- Training courses
- Field tours + focus groups discussions
- Farmer field schools
- Demonstrations and visits of experiments (Training and visit,...)
- Own experimentation (CETAs)

*Note: Technical advising doesn't regard only cropping or breeding but also post harvest, processing, storage, and management too.*

FOs can implement the technical advising activities through diverse modalities

- relying only on its own human resources
- contracting with service provider (private, NGO, public)
- appointing its own salaried staff (as technical advisor) → FPFD
- designing collaborative research-extension programs with existing stakeholders
- create or co-manage a Service Center (for technical advising, economic and financial advising, farm management advising,...)

***Remark and conclusion***

Technical advising is time consuming and ask for financial means which implies two stakes :

- funding issue : the profitability of technical advising is generally not a short term one, so its difficult to find financial resources to cover its cost (farmers willingness to pay is usually low, and donors may be looking for quicker return on investment). Thus, it is difficult for FO to get full financial autonomy in carrying out this activity.
- sharing the workload : there are often few members in the service of the others, then the question of how to balance or to compensate this situation has to be raised and solved.

## International cases

### CETAs experience (France)

In France, CETAs experience began in early 50s. Farmers who looked for improving their agricultural techniques decided to constitute groups of 10 to 20 farmers, and to handle their own technical development. The fees paid by the members enabled to appoint a technician (often part time), to insure facilitation and support farmers in looking for, developing, then testing new technical solutions.

The activities of the CETAs consisted basically in :

- experimentation and surveys within members' farms,
- regular meetings (in one member's farm, each one in turn), to discuss and evaluate the results of the experiments
- tours and visits to other farms, research centres (in France and abroad)
- training sessions for farmers or technicians (organized by the CETA's network)

### Pig producers' cooperatives in Viet Nam

In Red River Delta, some individual experiences of developing pig production to respond to the emerging market demand in lean pigs showed their limits due to technical constraints.

A collaboration between pig producers and the support agencies (a national research centre – VASI - and international NGO – GRE'T- ) has then been initiated to identify adapted and profitable new technology of pig raising.

This collaboration aims first at developing an adapted technology to produce high quality pig (exotic breed) in small scale family farming conditions. Testing of different technical solutions has been undertaken by the farmers with the guidance of the research centre staff. The results of the tests have been discussed with the farmers groups that undertook the experimentation. From this starting point, pig producer groups members strengthen their technical skill. With the evolution of this group to a cooperative (more for economic than technical purposes), the technical issues evolved and new research programs have been put in place thanks to close relationship between pig producers (members and leaders) and research staff.

### Case of the Fédération du Fouta Djallon (Guinea)

In Guinea, Fouta Djallon is a very isolated and poor region, and the means of the State to support agriculture development are low. So, to support the farmers in increasing their incomes, the FPFD decided to invest in technical support to develop robust, sustainable and effective farming systems (technologies have been developed for water control and land development, irrigation, varieties, fertilization, cropping calendar). This work has been mostly achieved by the salaried technicians appointed by the organization. It has been done in interaction with members and in collaboration with research and extension systems. The costs of the experiments have been taken in charge by FPFD.

## F-6 : Equipment and labour

### *What can be the problem that farmers are facing?*

Efficiency of farming systems relies partially on the productivity of labour. This productivity is often low because of a combination of factors, among which:

- Natural conditions constraints such as poor soil fertility, lack of water, bad weather,...
- Poor management of cropping calendar: delay in sowing often induces low yields, late harvest of cereals causes high losses, default of (or delay in) weeding has high consequences on crop development, and profitability of fertilizing, etc... These problems can come from lack of available labour force at critical periods
- Labour management may also constitute a critical issue for certain operations (*transplantation for example*);

Improving labour efficiency supposes then:

- to use techniques better adapted to natural conditions  
     ➔ see sheet “technical advising” and “inputs supply”
- and/or to be more efficient in labour management
- and/or to use improved equipments such as animal or mechanical traction, post-harvest facilities, etc...

### *What can do FOs to help farmers to solve those problems ?*

FOs can help them to cope with these problems in several ways:

- ⇒ FO can **help in labour management**
- ⇒ FO can **buy common equipments**
- ⇒ FO can **support individual farmers** (or small groups on a mutual basis) to get their own equipment.

## ***What are the ways to implement these actions?***

### **➤ Labour management**

For certain tasks, efficiency of a group can be much higher than a sum of individuals; so farmers can constitute groups to share the labour burden (working groups).

This way has been used for generations in all the low equipped farming systems on the earth (mutual help labour groups such as “*provardey*” in Cambodia). It was more or less formal according to the local situations.

It is still in use as well in manual than mechanical systems: farmers put in common individual labour force and/or equipments to make a given work. The bases of sharing may change: hired work (the person who needs an intervention pays the group to do the job), or “turning” (or “rotating”) scheme (the group works successively for each member of the group)...

### **➤ Using common equipments**

Farmers can group to use an equipment in common: either this equipment is their or not (hired equipment to other stakeholders), the big challenge is the organization of the work: where (on which farm?) is beginning the work? (priority); Do you finish the work at one farm before going to another? (schedule)...

It's very difficult to find fair answers to these questions and it can be a source of conflicts (a lot of groups have collapsed because of such problems). The regulations (who is using the equipment and when?, How to define the priorities and turns?, Who is responsible for the maintenance? How to manage when one member works more than an other?) have to be discussed in depth, as much as possible before the occurrence of problems. It can be useful to put in place a conflict resolution scheme (an arbitrator should sometimes be nominated)...

If the FO buys the equipment, the question of financing becomes essential:

- it may be on own funding.

Then several questions are to be addressed: Will all the members who contributed to the previous results benefit from this investment? to which extend, they will benefit from it?

- it may be on credit ➔ see sheets “*financing agriculture*” and “*funding of FOs*”

Then the questions are: How will be managed the repayment of the loan? Is the equipment only available for members or can it be hired to non members (since that can help to reimburse)? ➔

French CUMAs

### **➤ Supporting farmers to get their own equipment**

The other way is to support farmers in getting credit to purchase equipments on an individual (or small group) basis ➔ see sheet “*financing agriculture*”

The choice depends of the characteristics and the use of equipments: for example, animals ask for a close supervision, and it's difficult (even impossible) to have them managed by large groups, unless there are specific staffs hired for it.

If equipment is used punctually and/or requires a lot of people to have it working or a large area to be profitable (*combine harvesters for example*), it's more interesting to buy and use it in common.

But if there are strict constraints of cropping calendar to use it (*soil preparation equipments in dry regions where time to plough is short, for example*), or if the use is frequent (moto-pumps), it's often better to look for individual equipment. If it's not affordable for individual farmers, a solution can be the constitution of small groups, strongly linked (familial, neighbour, friendship basis) and able to manage the competition when occurring. If the profitability of investment is high enough, revolving investment can be considered (progressive equipment of all the members).

## International Case

### Experience of CUMAs in France

In France, the mechanization of agriculture has been facilitated by the creation of numerous and diverse CUMAs (cooperatives for use of agricultural equipment). A convenient legal framework has strongly contributed to this development: it enables a large flexibility in the number of members and in the internal regulations, and gives easy access to credit for this type of FOs.

At the beginning (in the 50s), these CUMAs were small groups used by small farmers to get access to tractors and basic equipment (ploughs...), then as the individual equipment of farms improved, the CUMAs progressively oriented towards heavy equipments (combine harvesters,...) or very specific ones which duration of use is quite short in each farm (cement mixers, animal transports trucks,...).

Generally, the equipment is bought by the CUMA, then the members pay a fee to use it (on a surface or time basis, depending of the type of equipment). The CUMA may sometimes employ salaried staff (as driver, mechanic). The members decide by their own about the regulations about the organization of common work (planning of the use, fees,...). Sometimes they can decide to rent out the equipment to non member to recoup the cost.

## F-7 : Representation of farmers' interests

Representation of farmers' interests generally doesn't appear as a priority at the early stage of farmers' organizations. But, in many cases, the ability of a FO to fulfill properly this function at one time or another of its history appears as a key element of its sustainability. So it's essential to get a clear scope of the issues that are at stake...

### *What is the context?*

FOs are often led to involve in representation of interests as a logical following or complement of other actions:

- to push away the limits they encounter in achieving the objectives of other actions, especially technical ones: for example, difficulties to sell their products  
→ Fouta Djallon
- to support their members in getting fair conditions to produce, or to insure sustainability of farms (land tenure issues → Sexagon, natural resources management). This can be at the local level or at an upper level (national or international)

Sometimes too, there is an official regulation that requires the involvement of farmers' representatives in different frameworks (resources' management → Sexagon, commodity chain regulation → UNPCB...) and the function is initiated or induced from "outside" (other stakeholders, the State, NGO, Donors,...).

At last, policy makers' concerns can meet FOs' ones and FOs are led to represent farmers in forums put in place to design national agricultural policy → French case, or sectorial policies.

## ***What are the possible circumstances and issues for FOs to represent interests of the farmers?***

There are mainly 3 types of circumstances where a FO may decide (or be led) to represent the interests of the farmers, with different consequences on the organization:

- **Representatives are invited to participate** to “ordinary” meetings and/or working groups, punctually or regularly :
  - The main issue is the communication:
    - within the FO, between representatives and the farmers that they are representing : do the positions held on meetings reflects the basis ones ? Are they well understood by the members? ...,
    - towards the other stakeholders : farmers’ representatives have to develop consistent arguments to defend their position ; it requires specific capacities for both preparing and participating efficiently to the meetings
- **A group of people decides to mobilize** to react to a specific problem (crisis). The group can be a “tailored made”, or a “pre-existing” one (→ Sexagon case) :
  - The question is then to decide the type of actions to implement: lobbying, complaining, demonstrating or more violent actions and at which level (local national....).
  - The choice of action depends on (1) the context, (2) the level of action that is linked to the relevant level of decision to influence the system, (3) the feelings of members and leaders (skirting /confrontation, co-management /claiming), (4) the power balance and risks that people are ready to accept in their involvement.
- **A group of people or an existing FO wants to propose an alternative model for their development** (→ Case of French Young Farmer Project in the 50s) :
  - The question is then the ability to develop a convincing project. It asks for capacity of mobilising genuine information, analysing the current situation, proposing innovative solutions. To get an impact, it supposes that FO members are acknowledged by other stakeholders and find the occasion to promote their vision.

In the three cases, the question of alliances with other stakeholders (other FOs, other stakeholders of commodity chain as consumers’ organizations,...) is very important, because a strong network of allies may help to be listened to and to change the balance power. These alliances may be built under urgency, or conjuncture, or on a long term basis (these last ones one being important also for sustainability).

Identifying allies, building partnerships on a strategic basis are a part of strategic planning (→ *see sheet “strategic planning”*).

### ***What are the main issues to address?***

The main requirement for representatives to be strong in an advocacy or negotiation context are :

- to be acknowledged by external stakeholders as “legitimate” representatives of the group of people they are speaking for (see *representativeness* below)
- to be sure to represent the wills and expectations of their basis, and to know the level of involvement and risks that people are ready to endorse and the final positions their members are ready to accept (see *legitimacy* below)...

Representativeness and legitimacy are often the stumbling blocks for the representation of interests' function: it's very important to notice that on these issues in particular there is no standard recipe or unique solution. Each FO has to find its own answers, its own equilibrium depending on its objectives, its functioning, its members' expectations and feelings and its political and institutional context. It's the reason why the following points are raising questions rather than exploring solutions.

#### ➤ **Representativeness**

Representativeness is linked to the conditions in which a leader, or a representative, is chosen (or nominated): to be perceived as representative (by external people) this person has to be seen as close enough to the basis that he is supposed to represent. Representativeness is generally considered as high when a democratic process had been implemented to choose the leaders (election process). This image is important for the power balance in negotiations (a representative person is better listened to by other stakeholders when he is considered as fully representative of its basis).

The following questions can help to clarify this point:

- Are the representative entitled to speak (act) for farmers (what farmers?)
- How are chosen the representatives?
- What are they representing, carrying as concerns, requesting?
- What are the relationships between basis and leaders? (when standing around a negotiation table, the leaders have to decide or to take position without being able to refer to the basis)

A movement can be somehow top-down initiated (initiative of a few persons, or under external pressure). In that case the representativeness is often considered as quite low, but through a proper internal communication, the situation can evolve towards a more bottom-up functioning, and a higher representativeness...

#### ➤ **Legitimacy**

Legitimacy is the perception by the basis that people or organizations, who are speaking for them, are entitled to do it.

Legitimacy comes from action: What do you (FO, leader) do? What do you propose?

It comes also from duration: long term life (sustainability) is a key factor for recognition.

These two points may be somehow contradictory; for example, it's often difficult for a FO to maintain mobilization after “hot” action time (demonstrations, negotiations), as well in case of success as in case of failure.

It may be difficult to find a consensual position about the action to undertake since everybody is not always ready to take high risks for a cause. If not enough members are convinced of the relevancy of the actions, it may affect the power balance, and thus question the legitimacy. So the stake is often to find the right equilibrium between more or less rough ways to promote farmers' point of view.



## International Cases

### **Co - management of commodity chain: the case of cotton in Burkina Faso with UNPCB**

In Burkina, the cotton growers' representatives are the UNPCB leaders. They are members of the commodity chain regulation framework (interprofessional body) where the price of seed cotton, fertilizers and pesticides are determined. Before the campaign, farmers' representatives decide with other stakeholders the minimal unit price of seed cotton that will be paid to farmers at the harvest time. UNPCB is shareholder of the societies which are buying, processing and exporting cotton, and thanks to that, the farmers (through their representatives) are involved in (and, more over, informed of) the strategic decisions determining the future of the cotton production at national level.

### **An example of Co-definition and management of agricultural policy: the French case**

From 1960 to 1980, farmers' unions (FNSEA and CNJA) were associated to the development of agricultural policy. In fact there were at that time common objectives between the State and the farmers' organizations : to modernize familial agriculture to produce more and cheaper food and to improve livelihood of farmers' family households. The State and the European Union put in place regulations to protect the domestic markets and to support exports, and, at the same time, to support farms in becoming more competitive (enlarge their size, enhance their equipment level and their productivity, improve their technical performances)

### **The defence of the farmers' rights to their secure access to resources: the case of Sexagon and the land tenure in Mali**

In the Office du Niger area, the farmers crop lands under contract with the Office. This contract sets a level and a time for payment of a fee for water and maintenance of the water management scheme. In case of major climatic problem, particular clauses are planned (possible delay to pay...).

In 2003- 2004 there have been a lot of problems because of an excess of water (and poor maintenance of the scheme) and many farmers were not able to pay the fee in time. The Office du Niger decided then to evict 3500 producers with their families, so to give lands to administrative staffs and entrepreneurs to develop industrial rice cropping system. The process of eviction began, but the Sexagon organised then demonstrations in the capital, invited journalists, encountered the Minister to find solutions. Finally, it has been accepted that the payment of the fee would be postponed and the farmers have been reintegrated in their rights

### **Lobbying of FOs to create conducive regulations for farmers' production development: the case of FPDF in Guinea**

In Guinea, Fouta Djallon potato growers were not able to sell their potatoes because of strong competition with imports coming from Europe. Demonstrations and lobbying actions were undertaken by FPDF. This finally led to a temporary protection of the domestic market : no imports were allowed during the period of local production. This measure has been maintained several years – a few months each year - , giving time to local farmers to become more competitive by improving the technical results and getting their products appreciated by urban people and traders.

### **French Young Farmers society project in the 50s**

In France, the JAC (Christian rural youth) movement has designed a project for agriculture (just before and just after World War II). This project aimed at :

- promoting modernized family farms, enable to provide for a family household (a couple and their children) the same standard of living compared with the city dwellers,
- giving importance to solidarity values and collective actions

This movement has led to the development of "syndicat", cooperatives and to the strong involvement of many farmers in collective action for agricultural development.

## F-8 : Local development and natural resources management

### *The context*

The issue of local development and natural resources management does not refer only to agricultural development as the other functions but also to rural development and environment. Thus, it concerns:

- access of the rural population to services such as education, health services, transportations, sanitation, electricity,...
- access, management and use of the natural resources

The issue of local development and natural resources management is specific since the “objects” to manage have particular characteristics:

- all the population is the potential customer of the services, and is concerned and affected by the quality of the services and the resources.

So membership of FOs involved in local development or natural resource management is different from FOs that provide services to their members: for technical and economical functions, members are the beneficiaries of the FOs activities; for local development or natural resources management, all population is the beneficiary.

Thus, the issue is to deal with the heterogeneity of the rural people and the diversity of their interests.

- as the “objects” to manage are “public good”, it is difficult to exclude the users of collective investments. It is then very difficult to find funds and get financial autonomy when such a function is fulfilled.
- for the same reason, the local development and natural resources management was often undergone by the State (public services). Since the State faces difficulties to assume this function due to lack of resources or mismanagement, many stakeholders are nowadays asked to get involved. Finally, many stakeholders are often interacting on those issues (the State, local authorities, NGO, ...). Thus, these issues stress on partnership/relationship with other rural stakeholders and the coordination between different actors.
- Local development and natural resource management are territorial issue not sectorial issue.

Thus the main issues are :

- how to build a territorial project that fits to local people expectations (project for the future)?
- how to use scarce public funding in a effective way ?
- how to create local multi-sectorial dynamics of economic and social development?

## ***Why FOs may be involved in local development?***

FOs may be involved in Local Development and/or Natural Resource Management because:

- It's a condition to gain legitimacy regarding the population
- It's a condition to secure its main activities since they ask for development of local infrastructure  
→ Fouta Djallon
- The other stakeholders want them to play this role  
- because the State have few means and wants to delegate this function  
→ UNPCB  
- because donors / NGOs / the State want to promote bottom-up management of public infrastructures or of natural resources
- The lack of coordination endanger the activities of a whole community; FOs, as pre-existing and proactive organised local actors, become the initiator of the territorial dynamic to face the crisis → Ross Bethio

## ***Problems currently faced by FOs dealing with these issues***

- Problem of funding (→ see sheet “funding of FOs”)
- Problem of legitimacy and representativeness (→ see sheet “representation of interest”)
- Difficulty to make the rules followed by the local population and the others
- Interaction with local authorities and traditional rules
- Overlap with political area

## ***How can FOs intervene in Local Development?***

The level of involvement can be of different intensity:

- participation to the design of the territorial project
- definition of a project for the community
  - promote the dialogue between stakeholders
  - planning of activities
- implementation of local development project
  - create a coordination structure
  - monitor public investment
  - managing public funds

***What are the specific capacities needed?***

- capacities of mobilizing population (skill in communication, participatory method, animation of debate)
- clear understanding of rules and regulation : role of stakeholders
- skill in analysing institutional framework
- skill in planning (participatory planning tools)
- skill monitoring and evaluation
- skill in contracting and monitoring of contract (public or private ones) if FOs is implementing local development project
- skill in negotiating with other stakeholders (public services, private providers)
- skill in developing partnerships (technical and financial ones)

***Conclusion***

Involvement in Local Development for FOs whom first objective is to provide services to members for production development is risky because it may conduct to a difficult diversification of activities, a loss of its specificity. Before developing such activities, FOs have to define a clear vision of the opportunities and risk of developing it (→ see sheet “*strategic planning*”).

## International case

### Ross Bethio in Senegal

In Senegal, after the withdrawal of the State, the management of irrigation scheme was delegated to farmers associations. It led to a rapid development of the rice production, but a crisis situation arose rapidly due to poor access to inputs, bad water management leading to soil degradation, anarchic development of small infrastructures, mis-management of land access (by the elected local authorities).

The farmers associations decided to react. They implemented a comprehensive diagnosis of the situation (with the support of an international NGO – Ciepac -) in order to clarify the role of each stakeholder, and to design a development plan for the community. Three types of actions have been planned :

- actions initiated by the State and co-managed with the local authorities : development of transportation and irrigation infrastructure (with consultation of local people)
- actions initiated and managed by local authorities according to their legal assignment : public service (health, education,...) and land management (according to land use planning designed with the participation of local actors and population)
- actions managed by the civil society (associations) such as market places, small tracks for cattle,... (with the validation of the local authorities)

## **Support to Farmers' Organisations**

## S-1 : Process to support FOs

How to support FOs is a question that support agencies are supposed to raise daily. In fact, the answer to this question is sometimes implicit, and doesn't meet systematically every time FOs' expectations.

The way to design a support process may depend on the context but the following steps would be common to most of the situations:

- 1 - identification of the priorities
- 2 - definition of the support activities
- 3 - monitoring and evaluation

The process is similar whatever the stage of the FO or the level of intervention (local level or upper one). It's a cyclic process, and according to the situation (creation of a FO or later stage with activities already implemented), the support activities can begin at step 1, 2 or 3.

Remark: practitioners have to keep in mind that support activities are different from FOs' activities: FOs have their own "life" and support consist in helping them.

### ***1- Identification of the priorities***

To identify the priorities:

- First, it's necessary to get a clear scope of: the **context** (economical, technical, social, institutional), and the evolution of this context (mainly recent but sometimes ancient too),  
In addition, it's generally useful to capture some "**historical**" **information** related to the circumstances of emergence of the FO (From which initiative the FO is coming? Who were the first members? Who were the leaders? What were their respective objectives and motivations?)

These data can be picked up through formal surveys or interviews. The scope of investigation (and the precision of data) depends on the goal of the FO and the position of the support agency. (*see sheet "organisational diagnosis"*) Even when support staffs have experience and local knowledge, it is necessary /useful to check that the data are really available and consistent and to question the validity of their assumption about FOs.

- Then, a functional diagnosis (→ *see sheet "functional diagnosis"*) and an organisational diagnosis (*see sheet "organisational diagnosis"*) of the FO have to be made **with FO's members**.

- To compare the results of the diagnoses with the objectives (explicit and implicit objectives, which can be difficult to identify) allows to :

- design a strategic plan (big word but not always a complicated thing)  
→ *see sheet "strategic planning"*)
- identify the needs (strengths and weaknesses) in term of support (that depends on the objectives and project of the FOs and the activities that the FO has chosen to implement) ; it may be technical, financial, institutional support or capacity building needs

*Remark:*

*Farmers and people in general are not always aware of their needs in term of institutional management; they are often more focussed on funding problems*

## 2- Definition of the support activities

The modalities of support to FOs are diverse; a support agency can:

- provide means (technical, financial, human means)
- facilitate relationships between FO and other stakeholders, that is :
  - contribute to “open doors” – role of intermediary in establishing partnerships with State or other donors...),
  - facilitate networking with other FOs
- strengthen capacities of members and/or leaders
- accompany the FO in the daily management (advising)
- support strategic planning

These modalities are not equivalent in terms of time consumption, necessary duration of the support (mid or long term), difficulty to implement, risk of failure; they are obviously non exclusive each other.

The questions of funding and strengthening capacities are recurring and essential issues which determine the impact of the support. They are analyzed in detail in other sheets (→ *see sheets “Funding FOs” and “FOs strengthening capacities”*).

Whatever the support activities, a few principles have to be considered:

Trust and confidence between FOs representatives and support staff is a key factor of success. It relies on mutual respect. This asks sometimes for a change in behaviour from both sides. Support staff should consider the FOs as full partners (and not only as project beneficiary). FOs representatives should adopt a proactive position towards support staff (and not only wait for services and support). Mutual interest and efficiency is better found through a balanced / equilibrate partnership.

Clear contractual rules between support agency and staff on one side, and farmers and FOs leaders on the other side, are important to avoid false expectations (from farmers and FOs sides, regarding money matters for example) and/or opportunistic behaviour. **Setting clear rules of relationship** that define **the commitments of both sides** is necessary to develop mutual respect and get a more efficient partnership. It does not exempt from regular discussion about the constraints (transparency) that both sides are facing to fit their commitments.

Finally, it is also important to notice that the relationship between FOs and support agents may evolve from time to time. If the strengthening of capacities process is effective, the FOs become more and more autonomous. As asymmetry between the 2 sides tends to decrease, supporting staffs may feel quite frustrated; in fact their role may change, and they can be still useful for FOs by providing new types of support.



### ***3 - Monitoring and evaluation***

Supporting FOs can **not** be a **linear process** such as making an initial diagnosis then going ahead without looking behind.

As a farmers' organization is "living" and the context is evolving, and because an action can induce unexpected effects, it's necessary to assess regularly the impact of actions and the consistency between the objectives of members and the actions implemented.

So support to FOs follows a cyclic process:

diagnosis → planning → action → evaluation / assessment / diagnosis → ....

The monitoring and evaluation activities have to be included systematically in the action plan of the support program (and of the FOs) and they have to start as soon as the actions begin; in fact, to assess the effect of an action, it's necessary to have data related to the initial situation and it's generally difficult to get trustable information on it at the end of an action.

On another side, a continuous monitoring and evaluation device allows adapting the action plan "on real time" which is a condition to get an optimal efficiency.

Last, monitoring and evaluation data constitute a basis for fruitful exchanges between members of FOs, and between FOs and their partners. The tools to be used for monitoring and evaluation can be derived from the diagnosis tools used for functional and organisational diagnoses (→ see sheets "*Functional diagnosis*" and "*Organisational diagnosis*").

## S-2 : Functional Diagnosis

### *What is functional diagnosis and why using it?*

A functional diagnosis aims at assessing the activities undergone by the FO, the efficiency of the activities, and their accuracy according to the environment (other services providers).

### *How to handle it ?*

Functional diagnosis can be done by supporting staff or external agent. Nevertheless, it is also a good tool for FO's members and leaders to strengthen their capacity of analyse of their own situation and context. Their involvement in the design and implementation of the diagnosis enables to get a better accuracy of the data.

The functional diagnosis process relies on data collection and analysis. The data collected are quantitative ("objective data") and qualitative ones (perception of leaders and members). The relevancy of the diagnosis depends on their quality.

The data on the FO can be collected **through** different ways:

- Individual or collective interviews of leaders
- Individual or collective interviews of other members

The methodology (number of interviews, duration of interviews,...) depends on time and budget constraints, the expected precision of data (according to the purpose of the analysis), the initial level of knowledge of the FO, the relationship between FO and support agency. Nevertheless, the more accurate, precise information, the more time is needed.

Remark : Individual interviews take more time but may provide better information. During collective interviews, some respondents may not feel at ease to express their point of view, especially, on sensitive subjects.

Collective interview helps to have a rapid and shared information but may lead to very vague data or may reflect only the point of views of some of the members or leaders.

In any case, some interviews of stakeholders, acting in the environment of the FO, may also be necessary, to check and complete information (perception of the FO by other stakeholders, role of these other stakeholders). This allows to cross information and increase accuracy.

The analysis of the data can be done by support staff or with the FOs leader and/or members. In any case, it is always interesting to check the interpretation of the data and the results of the analysis with the FOs leaders and members to check accuracy of the analysis.

### ***A proposal of “functional diagnosis” analytical tool***

Different analytical tools can be used and should be adapted to specific situations (as far as possible with participation of the FO). The “functional diagnosis” analytical tool proposed hereafter is a simple but comprehensive way to grasp situation regarding activities of an FO.

The first point of the method consists in developing a rapid overview of all the functions fulfilled by the organisation. It helps to have a comprehensive view of the activities of the FO (see box below)

Remind: all the FOs don't play all the functions, they can be mono or poly functional

#### **Inventory of the functions fulfilled by the FO:**

What are the functions fulfilled by the FO? What are the services that the FO provides to its members?

- access to production facilities (irrigation network, ...),
- access to equipment for production (pump, power tiller, ...),
- access to technical information, technical advising
- access to inputs (seeds, fertilizers, animal feed, pesticides, fuel,...)
- access to market (transportation, trading, information on market,...)
- access to storage, to processing
- access to financial means
- provision of social services (health insurance, literacy,...)
- access to subsidies (from project, from NGO, from the State)
- representation of farmers' interests: in commodity chain, to access natural resources, to access to land,...
- local development
- natural resource management

*Note : It can be useful to ask the leaders and members of FOs to sort the functions by order of importance according to their perception.*

Then the second point consists in an in depth analysis of each function. The following analytical scheme can be used:

- **Description and analysis of the services provided by the FO to its members**

How the function is fulfilled by the FO? (FO's activities); which resources are mobilised to carry on the activities?

- **Evaluation of the services provided to members**

Do the services provided to members respond to farmer needs? Are they sure? of good quality? If other stakeholders provide the same service: what are their offers of services? Does the FO has comparative advantage regarding quality, cost of the service?

- **Assessment of the constraints and difficulties encountered to fulfil the function**

What are the constraint, difficulties faced by FOs and their reasons?

- **Identification of solutions (according to FO's leader or members)**

What are the solutions undertaken, tested, foreseen to solve constraints and difficulties encountered?

➔ see function analytical scheme

***Remark and conclusion***

The functional diagnosis tool can be used for an individual FO:

- to better know it and design support action in order to get better fulfilling of the function that it has developed.
- to help it to define a strategy,
  - ⇒ develop new functions or stop some of them (diversification or specialisation)
  - ⇒ strengthen a function by scaling up or by developing higher level of organisation (federation)

It also can be used to analyse and compare situation of the existing FOs in an area. It could then be a precious tool to build a “functional typology” of FOs that enables to grasp in a simple way the complex panorama of existing FOs, and then to better adjust support programs to the diversity of situations of FOs.

## Function analytical scheme

- **Description and analysis of the services provided by the FO to its members:**
  - Description of the activities of FO
  - What are the human resources mobilized to implement these activities?
    - inside the FO (leaders, members, salaried people of FO)
    - outside the FO: NGO, State staff, private services providers (contractual agreement)
  - How is funded the activity?
    - internal resources : fee, commercial margin
    - external resources : subsidies, credit, ...
- **Evaluation of the services provided to members:**
  - What is the appreciation of the members toward the services?
    - adaptation to the needs (convenience)
    - effectiveness (time of delivery,...)
    - quality
    - reliability (insurance to get the service)
  - Comparison with provision of services by other stakeholders:
    - no other stakeholder providing these services
    - other stakeholders providing these services: do the FO do better? worst? (regarding relevance, cost, quality, reliability).
- **Assessment of the constraints and difficulties encountered to fulfil the function.**  
 What are the constraint, difficulties faced by FO and their reasons?
  - Poor conception of the activities (no advice, poor advice, ...)
  - Difficulty to get the means to initiate the activity
  - Difficulties encountered in the functioning of the services?
    - Technical difficulty due to:
      - equipment collapse,
      - human resources limitation – members, leaders, partners (no mobilisation, delay, incompetence, lack of skill or knowledge,..)
    - Financial difficulty due to:
      - dishonesty of leaders
      - no respect of commitments by the FO's members: no payment of fees, no reimbursement of loans,...
      - no respect of commitments by the partners (support agency): delay in delivering the support, temporary stop of the support, end of the support, ...
    - management difficulty due to
      - no or ineffective monitoring system
      - no or ineffective use of financial monitoring tools

*Note: it may be useful to note the final impact of the difficulties: the service doesn't work at all, service is not satisfactory, the service is nevertheless working*

- **Identification of solutions (according to FO's leaders or members) :**
  - What are the initiatives taken by the FO to try to cope with the identified problems and that are some how efficient? (under which conditions?)
  - What are the ideas of solutions that could be tested in the future (that can be possible future projects of the FO)?
  - What are the difficulties for which members and leaders have not any idea of solution?

*Note: it is useful to get an idea of the solution undertaken, tested, or forecasted, according to the FO's leaders and members (since they often have already a lot of ideas and have the best "field knowledge")*

## S-3 : Organisational Diagnosis

### ***What is organizational diagnosis and why using it?***

As functional diagnosis aims at assessing the activities undergone by the FOs, the organizational diagnosis aims at assessing the functioning of the FOs and its capacities. It is useful as well for the FO's members when looking to improve the efficiency of the FO, for FO's leaders to address the legitimacy question (→ *see sheet representation of interest?*), and for support agencies when defining the modalities of their interventions (→ *see sheet "support process to FOs"*).

The capacities of FOs concern two types of activities:

- Internal activities (communication with members, decision making process....)
- External activities (relationships with other stakeholders)

An organizational diagnosis helps to:

- define what the capacities of the FO are
- determine the bottlenecks of the functioning.

Combined with functional diagnosis, organisational diagnosis helps to design realistic and well tailored strategic plan. (→ *see sheet "strategic planning"*)

Organisational diagnosis can be used on every existing FOs whatever the level of the organization (grass-root to national level), or the functions that are fulfilled.

### ***How to handle it?***

An organisational diagnosis can be carried out by external human resources (non members, as support agency staff, consultant...). Better results are generally obtained in term of accuracy of information and usefulness for FO when this diagnosis responds to a demand of the FO's leaders or members, and is carried on with their involvement. Nevertheless, relying on external vision may be useful for FO to get sensitive information and discuss it.

It could then be used as a management tool (or self monitoring and evaluation tool) by FO's leaders to improve the functioning of their organization and thus its sustainability. Strong involvement of FO's members and leaders in organisational diagnosis implementation (for example in the definition of the criteria) can also be considered as a way to strengthen the analytical capacities of FO's leaders or members.

Organizational diagnosis goes inside the "black box" of the organization; thus it asks for confidence between the interviewer and the FO's leaders and members. It's why the objective of organisational diagnosis must be very clearly presented, then validated by the FO. More over, to create a good climate of confidence, the information gathered during the process should be used and broadcasted very carefully, in order to avoid that other stakeholders use it against the FO's interest.

The implementation of organisation diagnosis, as functional diagnosis, asks for direct interviews of members and leaders. Individual interviews or collective interviews can be used according to objectives in term of accuracy, and implementation constraints (time, means) (→ *see functional diagnosis*).

### ***A proposal of an “organisational diagnosis” analytical tool***

Many analytical tools exist to conduct an organizational diagnosis. They use different criteria to assess functioning of the FOs and put the focus on one or another criterion according to objectives. The tool presented here results from the synthesis of several ones that have been already used in different situations. It has to be considered as a starting point since adaptation and refinement are always necessary to fit local conditions. Nevertheless, it covers the main points that have to be addressed in an organizational diagnosis.

Two types of information can be collected when implementing an organisational diagnosis:

- Basic information on the FO enabling to have a rapid vision of some characteristics  
→ Basic description of the FO
- Basic information on the functioning focussing on the way the FO is managed (Internal rules, decision making process ...) and on the way the FO is organised (organisational set-up, links between the different levels...)  
→ Description of FO's functioning

Those 2 types of information help to provide an insight of the internal functioning of the FO but they are not sufficient to design support to FOs.

The evaluation of **FO's capacities** is a complementary operational tool to better identify the strengths and weaknesses of the organisation in an operational way.

The information needed to establish this evaluation can be gathered through open discussion with FOs leaders. Those informations are not quantitative and their appreciations are more or less subjective.

Five basic categories of capacities can be taken into account to evaluate the organisation and its viability:

- **Strategic capacity:** capacity of the FO to propose a vision of the future of its members (objectives) that take into account their expectations and to design a program to achieve this future wanted situation.
- **Capacity of organisation and implementation of action:** Capacity to implement activities, to share responsibilities, to adapt to unexpected situations...
- **Capacity to mobilize and manage human resources :** Capacity to mobilize the members to participate efficiently to activities, to manage the power, to share the responsibilities, to train new leaders, to inform the members
- **Financial and accounting capacity :** Capacity to mobilize internal resources (fees, margins from economical services) and external resources (subsidies, credit), to manage it properly, and to develop these resources and to report on the results
- **Capacity of managing relationships with other stakeholders and negotiation :** capacity to communicate with the other actors, to identify allies and opponents, to develop partnership

Those basic categories can be refined. The criteria to evaluate them should be defined in detail according to the situation (possibly with the FOs). → Example of practical criteria

Remark: All the capacities are not of the same importance according to the objectives and the stage of the FOs

**Basic description of FO : some criteria**

Date of establishment

Condition of establishment (core members, endogenous initiative, exogenous initiative)

Members characteristics

- number
- type of members (activity, socio-economical level, gender,...)

Scope of intervention : local, provincial, national

Domain of activity: product oriented, territorial oriented

Level of structure: grassroots, federation

Statutes

**Description of FO's functioning**

Type of decision making process

By laws (content and orientations: more or less participative, more or less demanding membership)

Relationship between levels: autonomous organisation inside a network, hierarchical linkage between organisations, (level of autonomy)

Respective roles of different levels

Financial resources (assets, capital, sources : internal or external)

Human resources (salaried, or not)



### Example of practical criteria to evaluate FOs' capacities

➤ **Strategic capacity:**

- Very low : FO has no project for the future, no vision of the future
- Low : FO can describe a vision of the future but with a vague description, with few ideas to reach this situation (and often focussing on the lack of means)
- Satisfactory : FO has precise objectives, has designed a realistic and convincing action plan

➤ **Capacity of organisation and implementation of action:**

- Very low : FO's activities are not running
- Low : FO always implement the same activities without any adaptation and innovation
- Satisfactory : FO try to improve its activities, to develop new ones, to test, to innovate, to adapt to new demand of members

➤ **Capacity to mobilize and manage human resources:**

- Very low : trends to demobilization of the members, conflict between members, between members and leaders,
- Low : leaders work effectively, but are isolated, with a light support from the members
- Satisfactory: cohesion, members' feeling of ownership, members' feeling of development and effective functioning, good communication (reporting) between leaders and members

➤ **Financial and accounting capacity :**

- Very low : the collective goods (assets, facilities, equipment, office,...) don't exist or are not well respected. No accounting records of the economic activities,
- Low: the collective assets are properly maintained, the accountability is clear.
- Satisfactory: the collectives assets tend to develop, the resources of the FO tend to increase and to diversify, the FO manages complex and diversified services

➤ **Capacity of managing relationships with other stakeholders and negotiation:**

- Very low: FO has few contacts with other actors, FO only asks for help (begging behaviour)
- Low: FO waits for support agency's – or umbrella organisation's - help to solve its problems and to develop its network of partnership
- Satisfactory: FO is proactive in the research of new partnership, creates opportunities to enlarge its network of partners, analyses clearly the opportunities and drawbacks of alliances.

## S-4 : Strategic planning

The activities that a FO may implement in a given sector are generally numerous and diverse. In the same time, the resources are limited as well financial as human ones. Choices have therefore to be made. On what basis? That is the purpose of strategic planning.

### ***What is strategic planning? What is it useful for?***

For a FO, strategic planning consists in defining the objective the FO wants to reach and the actions to be implemented, and the time and the means to do it in order to achieve its goals.

➤ First of all, a strategic plan is based on the **objectives of the FO**; it's not always easy for the members of a FO to identify or to agree on these objectives (→ *see organisational diagnosis*). But if there is no target, there cannot be strategic plan and consequently no consistent action plan, and hardly partnership building...

- Given these objectives, a strategic plan specifies :
- The ways chosen to target the goals, that is the **scope(s) of action**
  - The **means** to mobilize to implement the activities
  - The **stakeholders** to be involved

A strategic plan includes a **time dimension**, but it's generally not a precise schedule of detailed activities as a lot of elements are not fully known at the time of planning and not controllable

➤ Strategic planning enables to define the **priorities**; it is a guaranty of consistency in action; it often includes a global financing plan.

➤ It's the basis for management: to discuss funds allocation, to share means (logistic means for example, but also available time) and tasks (between members, between members and staff if any). It is a reference for decision making process when disputes or conflicts occur in the organisation about the actions to implement.

➤ It's an essential tool for (and a product of) internal communication, the basis of short term scheduling, ...

- Last but not least, it's essential to develop fruitful and clear partnerships.

### ***How to develop a strategic plan?***

To be useful (as internal communication tool and as reference document), a strategic plan has to be the result of a common work involving at a level or another, all the members of the FO.

After analysis of the context, and the FOs situation (→ *see functional and organizational diagnosis*), **the main steps** are the following

- identification of the FO's objectives
- definition of the priorities for action, and , eventually, of their probable evolution
- choice of the ways to address the identified issues
- identification of the means to mobilize in order to implement the activities

The strategic plan has to be shared between members.

It has to be reviewed and adapted regularly but not too frequently (otherwise the strategy can not be clearly understood by members, and by partners, and may reduce trust): usually strategic planning exercise is done each 3 or 4 years.

### ***On what basis would a FO design an action plan to face problems?***

Strategic planning is making choices: first, the objectives have to be defined, and this enables to establish the strategy to reach them; then, the scope of action can be determined and the activities themselves identified (→ see sheets “functions of FOs”) including the means to mobilize and the potential constraints... The result of strategic planning is a strategic plan → strategic plan: the case of FPDF.

Remark: For operational purpose, the strategic plan can be refined regarding actions to be implemented, tasks and time schedule. This is the **action plan**.

Several points have to be taken in account along the process of strategic planning:

- To choose between different possible solutions, FOs have to consider what the other stakeholders are doing; if one FO decides to fulfil a new economical function, it has to evaluate if it can do it better than existing stakeholders
- Collective action has its efficiency, but is not always more efficient than other actors (private ones)
- Among the different possibilities, achievable solutions depend on the stage and experience of the organization, that is level of mutual trust between members, capacities of the organisation (specific), level of means (especially financial ones)  
→ see sheet “organisational diagnosis”

### ***How to support a FO in defining its strategic planning?***

The main challenge is to support FOs’ members and leaders in this delicate process without doing the work on their place, which would not be useful at all.

The support staff job consists mainly in facilitation; sometimes, the process may result in a strategic plan which doesn’t fulfil (or not fully) the objectives of the support agency...

If a FOs’ strategic plan should be some how ambitious, the support staff warn FO that a strategic plan should be realistic and achievable (to limits the risk of demobilisation in case the objectives are not reached).

### Strategic Plan: the case of FPPD in Guinea

Basic **Assumption**: *“The only way to improve farmers’ livelihood is wealth creation”*

#### → Objective

Improve livelihood of farmers on a sustainable basis

#### → What **strategy** to reach the objectives?

Develop profitable production (supposes to identify areas where local economy has chances to be competitive then concentrate the means on it)

#### → What **Scope of action** ?

Potato is chosen as marketable and potentially competitive

#### → What **actions** to implement in order to develop the production and to enhance the benefit ?

- to improve the members’ production (quantity, quality, and time)

⇒ provide technical support and training to producers

⇒ deliver inputs(seedlings)

- to improve marketing conditions:

⇒ negotiating prices with traders,

⇒ organizing group marketing, lobbying to lower the competition of imports, in order to give time to the farmers to become competitive

#### → What particular **conditions** are necessary to succeed?

- financial means to give credit to farmers (to pre-finance the cropping season)

⇒ looking for funds : direct funding or guaranty fund to enable to get credit within the bank system (financial partners have chosen the 2<sup>nd</sup> solution)

- logistics has to work well

⇒ getting support for storage facilities building

⇒ convincing the development partners to invest in rehabilitation of roads and bridges

## S-5 : Funding FOs

### *The context*

There is a strong link between development of FO's activities and its funding capacity. Thus funding is a critical issue for FOs.

- Some statements
  - Needs of funding for agricultural activity – strong bottleneck
  - High demand : funding of farms, support services, rural infrastructures
  - High expectation from stakeholders towards FOs, but FOs often face low financial capacity and low management capacity
- A risk of vicious circle: low capital → low capacity to fulfil its economic functions and organisation management → low credibility (members, banks) → difficulty to raise funds → low capital → ....
- Diversity of the needs of FOs for funding :
  - To enhance farmers access to financial resources and financial services
  - To fund collective economic initiatives
  - To produce resources to cover operating costs, to participate to financing of service to members...
  - To fund internal activities (internal communication...)

### *Different ways and sources of funding*

- Mobilize internal funding from members (fee...)
- Develop financial resources from its activities
  - Margins on economical activities (commercial margins,...) → FPFD
  - Payment of services (technical advice, marketing services,...) → UNPCB
- Mobilize external sources of funding
  - Credit (at market level, or subsidized) from institutional partners, bank,...
  - Subsidies (from State, from projects - donors, NGO)
  - Parafiscal taxes (→ see definition of parafiscal tax and French case)

### *Common funding problems faced by FOs*

- 1 ) FO has not enough money to carry its activities
  - 1a) Too many activities (and/or non economic activities)
  - 1b) Activities run in a not effective way
  - 1c) Too limited incomes → consider the different source of incomes
- 2) FO has not enough money to develop its activities
- 3) FO can not get contribution from its members (problem of trust, free riders)
  - 3a) Members don't see the interest of FO for them → define the objectives and clear services that FOs will play for members
  - 3b) Members don't have money → revise amount of fees

## ***Ways for FOs to solve these problems***

To solve these problems FOs may:

- Reduce activities ⇔ adapt activities to funding capacities - cases 1, 3b  
Risk: lead to a collapse (a FO without project, and going forward, progressively loses its credibility and the involvement of farmers)
- Choose and focus only on activities that provide an economical benefit – cases 1, 2  
Risk: selective membership (not pro poor),  
Condition: capacity to run efficiently an economic service, analysing capacity
- Clearly communicate with the members about the objectives of the FO – case 3
- Define clear rules of financial functioning (transparency, reporting to members) and decision making process involving members – case 3
- Develop new financial partnerships at FOs level (diversification of funding sources) – cases 1, 2, 3, 4  
Condition: Capacity to build projects (money is always easier to find when FOs objectives are clear and achievable) → see sheet “strategic planning”
- Negotiate long term support and program (including perennial financial mechanism such as parafiscal taxes) to support FOs dynamics at regional, national level

## ***How to support FOs in coping with funding issue***

There are several ways to support FOs in coping with funding issue:

- To support the FO in developing a relevant action plan, in identifying possible internal resources,...
- To inform FOs’ members and leaders about funding opportunities (subsidies, ....)
- To contribute to develop bankable projects
- To play an intermediary role to submit these projects to potential donors (international NGOs for example), or to develop partnerships...

## International cases

### Definition of parafiscal tax and French case

A parafiscal tax is as tax charged on marketed products that is decided by the State and set by the law, and which is dedicated to fund specific activities (especially product oriented activities).

In France, parafiscal taxes are collected on the agricultural marketed products and are used to fund product oriented activities implemented by FOs or technical services, such as technical research and advising or representation of interests

For example, this system contributes to fund the “Chambres d’agriculture” which are farmer organizations dedicated to the representation of farmers interests and technical and economical counseling to farmers.

Parafiscal tax system enables also to fund product specific applied research center.

### UNPCB Burkina Faso

In Burkina Faso, the Union Nationale des Producteurs de Coton gets most of its resources from the services that are provided to the commodity chain by the grass roots farmers’ organisations. These groups are managing the marketing of seed cotton at village level – grouping, weighing, loading of trucks - as well as the distribution of cotton inputs to the farmers. The buyer (cotton society) pays to the group an allowance per marketed ton. This allowance is shared between the grass root group itself and the upper levels (departmental, provincial, national) of the organization that are providing support to these groups (training, support....).

### FPPD in Guinea

In Guinea, a large part of the resources of the Federation of Producers of Fouta Djallon is coming from the benefits realized by getting both commercial margins on inputs supplied to the farmers (potato seedlings, vegetable seeds and fertilizers) and allowances on marketing of the products (potatoes). Input supplying activity has been made possible thanks to the support of donors that constituted a guaranty fund, allowing the organization to get credit with the banks. Marketing activities are funded through contracts passed with the traders; these ones pay only the “farmer’s part” when picking up the products; the remaining is paid to the FO at the end of the sale period.

## S-6 : FOs' capacities strengthening

Problematic of FOs' capacities strengthening is a large subject; the available tools are very numerous and diverse and the issue of choosing among them relies mainly on ground knowledge.

### ***What is the issue?***

#### ➤ **What are the capacities of a FO?**

Two main types of capacities can be distinguished:

- technical capacities : capacities to handle tasks
- strategic capacities : capacities to decide, to manage,...

For more details → see sheet “*organizational diagnosis*”

The capacities of FOs include capacities of leaders and capacities of members. Although leaders are also members, the role that they play in the organization is specific and requires particular capacities, needful for the good functioning and success of the FO. The capacities of the FO finally results from:

- capacities of “ordinary” members: literacy, technical capacities, general knowledge of the context, organizational knowledge (statutes and by-laws, regulations...) in order to: get success in implementation of activities, get democratic functioning – and satisfactory collective decision making, get sustainability (ability to renew leaders,...)
- capacities of the leaders: managerial, strategic, communication skill, ability to represent the members and discuss on their name, ability to take decisions if necessary, taking calculated risk,...

#### ➤ **What capacities have to be strengthened? How to define priorities?**

The capacities to strengthen depend on the current situation of the FO (→ see sheet “*functional diagnosis*” and “*organizational diagnosis*”) and of the objectives of the FO (→ see sheet “*strategic planning*”).

The priority could be put on:

- the capacities that the FO is lacking of, placing the FO in dangerous situation
- the capacities useful to achieve the objectives defined in the strategic plan

The choice of the priority should be done by the FO's leaders (and as far as possible members) since the willingness to improve capacities is a basic condition for effective capacity building.



## ***What are the possible ways to strengthen capacities of a FO?***

- **Different pedagogical methods** (or tools) are available and commonly used :
  - Demonstrations: generally used for technical issues
  - Formal trainings: specific to one FO (or one activity), or grouped with other FOs
  - Tours and visits (local, national, foreign countries)
  - Daily accompanying (facilitating a “learning by doing” process)

→ **UNPCB**

The range of pedagogical methods or tools that can be used is large; but, whatever the method, the compliance to some principles may increase the efficiency of the training.

- **The ways to implement these methods can change over time** according to :
  - the scope of capacities that are on stake
  - the target people and the experience of staffs involved in the capacity strengthening process. The main variations are related to the level of involvement of “trainees”.

### ➤ **Some basic principles**

Reminding some basic principles can be useful to increase the efficiency of capacity building process (not exhaustive list):

- as far as possible, capacity building activities should give the opportunity to FOs’ leaders and members to experiment new situations; the FOs members and leaders raise lessons from all the activities they implement by their own.

*Remark : It has to be noted that the activities including monitoring and evaluation process, have an high impact on capacity strengthening.*

- trying as far as possible to involve the FOs in the design of capacity building activities (planning, content,...) ; even if taking more time, it may be more fruitful on long term basis
- clearly adapt activities to target people (members, leaders), their level and their objectives

*Remark : it has to be noted that leaders capacities building is especially important for the development of large scale FOs and may thus require particular attention.*

- focus on the learning process more than the knowledge

In fact, a capacity building process is generally based on several complementary activities: training activity, implementing, evaluating, raising lessons from experiences....

## ***The main problems***

- **Strengthening capacities is not profitable on a short term perspective** and it’s difficult to assess precisely its impact; so it may be difficult to find donors for such activities as, in the same time and for the same reasons, poor FOs or FO’s members are unlikely to pay for it at least at the first stage (that can change quickly)

- **Strengthening capacities may be “subversive”** and some people (leaders or partners) may be reluctant to develop such activities; in fact, if members are more and more skilled, it’s good for democracy and for autonomy (of thinking) but leaders may be more questioned and support staffs’ job may have to be redefined.

## **International Case**

**UNPCB Case Burkina Faso**

The Cotton producers association has decided to improve its capacities as this issue appeared to constitute a bottleneck for communication and development of the organization. Several types of training activities have been implemented: literacy courses for basic members (at village level), accountability and book keeping for leaders of grass roots FOs (grouped at provincial level), tours and workshops for leaders at upper levels as well as learning by doing process.

These activities are partially funded by the own resources of UNPCB and also supported too by external donors. The members themselves contribute by spending time without any compensation.

## S-7 : Environment of FOs

The evolution of FOs depends on:

- their choices regarding to the activities they implement (→ see sheet “strategic planning” and the set of sheets “functions of FOs”)
- their results according to the perception of their members (evaluation of the services provided by FOs → see sheet “functional diagnosis”,...)

The choices depend:

- on one side, on their needs, or what they consider as their needs, which are more or less the results of the expectations of their members, and of the diagnosis of the current situation (for the evaluation of the farmers’ needs → see “Introduction”)
- on the other side, on the perception that FOs’ leaders and members have of the environment in which they are working: their perception of possibilities, constraints and opportunities.

The results depend on 2 factors:

- internal factors : the capacity of the organisation  
→ see sheet “Organisational diagnosis”
- external factors : **FOs’ environment**; the context in which they are working, that is out of the scope of what the FOs can control (trade rules, legislation,...) or that they can not (or poorly) influence (→ see sheet “representation of interest”)

*For example: the FO carries out efficiently its activities (inputs supply, marketing) but the exchange rate changes so that the farmer’s production becomes not competitive and farmers’ benefit turn down*

*FOs work well but the law changes and they have to comply to new regulations*

*FOs work well but trade rules (norms) change and farmers can not sell anymore on the market*

*FOs work well but their support project stops...*

So, environment of FOs is an important factor to consider in development of FOs for 2 reasons:

- it conditions their choices through the perception that they have of it. This perception is the result of the “real” (“objective”) context, as well as of the information that FOs get about it, of the capacities that they have to analyse it, and of the experience they have had in the past (history) .
- it affects their results and their evaluation of these results (according to the members’ point of view).

The environment of FOs encompasses two components:

- the socio-economical environment
- the institutional environment

## ***What to consider when dealing with socio-economical environment?***

The socio-economical environment that affects FOs can be considered at two levels:

- Socio-economic condition of the farmers (FOs' members or not)
- General socio-economic context

The socio-economic conditions of farmers influence their means (financial and human) and thus affect the expectations and the potential for development of FOs. The results of FOs can be affected by the farmers' level of wealth, the existing disparities inside the local society (farmers' differentiation), the power relations between actors, the general literacy level....

Remark: It doesn't mean that nothing can be done in poorest areas or for the poorest farmers, but it influences potential development of FOs and have to be taken into account.

The socio-economic context that affects FOs is the overall socio-economical context. It encompasses many items, such as the level of development and dynamics of non agricultural sector (industrial, commercial service sectors), the balance between urban and rural areas, the dynamics of growth of the cities...

*For example, the dynamics of economic sector out of agriculture determines the level of non farm job opportunities, and affects the conditions under which farmers can quit from agricultural sector. As well, development of the cities may provide new market opportunities for agricultural products (diversification of the food diet, increasing demand for quality...), that will affect agricultural sector perspectives.*

Those elements of context result from many factors such as natural resources availability, technical assets, history, and former policies. They have to be taken into account when designing support programs to FOs.

Farmers can't influence this context directly, but it can be modified through the different policies (trade policy, agricultural policy, rural development policy, industrial policies, educational and training policies...) and the related public interventions as well as the regulations and legal framework.

## ***What to consider when dealing with institutional environment?***

The institutional environment is the "rules of the game" in which the stakeholders (including FOs) are playing. It encompasses the legislative environment, the regulations, the policies and the public interventions.

### **➤ the legislative environment : the legal framework affecting directly FOs and FOs support**

Considering the FOs' development, two aspects of the legislative environment have to be considered:

- the specific legislative framework on FOs
- the legislative framework regulating the intervention toward FOs

The specific legislative framework of FOs deals with the possible **statutes of FOs**. It sets the possible rules, the conditions to get the statutes, the possibilities that this statutes gives to the FOs (right to access to certain services, specific conditions, advantages...). The statutes used by FOs could be of very different types according to the country and inside one country. Ones found generally the following: association, cooperative, NGO, Union,...

This gives a framework in which the farmers can decide to adopt one type of statutes or another by balancing both:

- the specific interests they can get (or expect) from it : an easier access to a specific service, subsidies, reduction of taxes,...
- the difficulty to get it, including lack of information on the statutes and the legal framework, difficulties to comply to the conditions, limited or difficult relations with the authorities

Experiences in many countries show that the following questions as to be considered to deal with this legal framework issue:

- Is the current legal framework adapted and/or operational? Is it flexible (or diverse) enough to take in account all the types of FOs? Are the conditions of access to those statutes easy to fulfil?
- What could be done to help the farmers to better know their possible statutes? To use it? ...
- What is the expected role of FOs? What are their rights and their access to decision process concerning themselves (place in policy design, local development regulations...)

The legislative framework regulating the intervention toward FOs includes the regulations about the intervention of stakeholders toward FOs and the framework in which they can work (NGOs, private companies...).

*For example: the type of contract that private companies can sign with FOs, the conditions that NGOs have to fulfil to work with FOs...*

The following questions have to be considered when addressing this topic:

- What are the responsibilities of each stakeholder? What are their respective roles? Are those roles complementary to provide incentive environment for FOs? (→ see sheet “Actors’ roles”)
- What are the relationships between stakeholders?
- Do they fulfil their roles?
- Do they enable creation of a system that covers the needs of the diverse forms of FOs? Do they enable their development?

### ➤ **the institutional environment : regulations and policies affecting indirectly the FOs**

The institutional environment affecting indirectly FOs is also very important for their development. It consists in the regulation and the policies.

Those regulations affect the possible activities and the chances of success of the FOs.

*For example: regarding funding of FOs and credit activities: the director rate, the regulation on credit, the exchange rate policy,...; regarding marketing : regulations on exports and imports (tariffs, norms),... ; regarding natural resource management function : regulation on fishery, forestry, water resources, ...; regarding local development functions: decentralisation regulation,...*

Those regulations also determine the “room of manoeuvre” (domains of possible actions) for FOs to evolve and their roles in the society; it may change the balance of power between FOs and other stakeholders.

*For example: regulation can set the conditions of involvement of the FOs in the decision concerning agricultural development, concerning agricultural research development,...*

Finally, the different policies can also have a strong impact on the development of FOs by creating an overall socio-economical favourable context.

*For example: education policy may develop the overall level of literacy,...*

Those policies are the results of political will, taking in account different interests (public one, but also private including FOs' one when they are strong enough).

But public intervention takes also into account the available or potential means (financial and human ones).

Several points have to be clarified to design consistent agricultural policies (potentially generating a favourable environment for FOs development):

- What is the place the society wants for its agriculture? (priority to agriculture, to industrial development,...)
- Which are the objectives (priorities) for agriculture? (Commodities production, rural development, preservation of natural resources, equitable development, poverty reduction, national food sufficiency,...)
- Which type of objectives regarding rural society and agricultural production? (family farming, agribusiness agriculture,...)
- What is the place and roles assigned to FOs in the process of agricultural and rural development?

## ***Conclusion***

The socio-economical and institutional environment of FOs is important for their development. A way to make it evolve is to develop support programs to FOs. Different stakeholders (support agencies) can handle this support: they are mainly State services at different levels and NGOs... Their common challenge is to design and implement relevant and effective supports programs to FOs that contribute to build a consistent "support system" to FOs (→ see sheet "actors' role").

This is also one of the conditions to the sustainability of FOs (→ see sheet "sustainability of FOs").

## S-8 : Practical notice for support staff

The objective of this sheet is to present how to support FOs regarding the specific situation of practitioners and their objectives. It should help to better grasp how to use the different sheets in the day to day support activities.

### ***What are the problems?***

The practitioners may be in different situations according to their position (task that are assigned to them), the framework in which they are working (its objectives, its methods), the strategy of their institution or organisation towards FOs.

#### ➤ **Different positions**

Practitioners dealing with FOs can be responsible of diverse activities according to their position:

- **undergoing day to day support** (support agents, field workers..., especially at local level)
- **designing programs to support FOs** (national or provincial staffs, NGO officers)

#### ➤ **Different frameworks**

Practitioners dealing with FOs can be in different situation according to the framework they work in especially regarding to the objectives and methods of their organisation or institution. Several cases are possible:

- **Objectives and actions are defined by the support agency:** the practitioners are in position to apply a program – State's or NGO's one. They are more or less trained or supported to implement actions that are planned by their agency.

*Example : Staffs have to provide training to FOs. Their questions are: who to train? how to train them ? on which topic ?*

- **Objectives are set by the support agency but not the specific action to implement to reach the objectives :** practitioners have to design an action plan

*Example : The staff have as objective to strengthen economic FOs. Their questions are : what activities to develop (provide funds, provide training,...)?*

- **Objectives are not set:** practitioners have to define their objectives, strategy and action plan and sometimes to design a project

#### ➤ **Different strategies assigned**

Practitioners dealing with FOs can be assigned to implement different strategies:

- Create new FOs
- Strengthen existing FOs (all types, or some selected types)

## ***How to use the sheets***

There is no recipe or “magic solution” that guarantees the success, at least because success is a subjective perception, and also because the relevancy and the results of support activities depend on many factors: internal factors and external factors (➔ see sheet “*environment of FOs*”).

Nevertheless, hereafter are presented some methodological guidelines according to the situation in which practitioners are acting and especially according to the basic strategy selected (creation of new FOs or supporting existing FOs).

Whatever the type of strategy chosen, the practitioner will enter (at one time or another) in a process of support to FOs which is basically the circular one describe in the sheet “*support process to FOs*” (➔ see sheet “*support process to FOs*”)

### ➤ **Strategy of creation of new FOs**

In this case, the objective is to create new FOs in an area, starting from individual farmers.

Even if the choice is done to create new FOs, it should be noticed that in any situation there are existing forms of organisation; more over, it’s always useful to have a comprehensive vision of existing FOs situation (any type of them) prior to enter in a process of creation (promotion) of new FOs. Indeed, existing FOs can represent opportunities or threats to the creation of new FOs (local history of FOs generally determines the good or bad image that farmers have of organisation).

For this current purpose, a preliminary interesting question to raise for a practitioner is: why to create new FO? What do we expect from it (regarding existing ones)? Why the existing ones are not convenient?

To implement this strategy, two main types of methodology may be used that differ regarding their basic principles, and steps.

#### • **Promotion of one “model” of FO**

**Basic principle:** to convince farmers to create the promoted “model” of FO (“top down approach”)

This model may be more or less clear and explicit.

#### **Steps:**

##### ▪ **Initial promotion**

- Inform farmers on the promoted “model” of FO (through general meetings or training of selected farmers)
- Presentation of the possible (expected) interests (and also drawbacks) for farmers to adopt this type of new organisation
- Propose incentives to farmers to convince them to join this “model”

##### ▪ **Creation of the organisation ;**

- definition of statutes, formal internal rules (often following standards)
- implementation of some activities by the newly created FO
- monitoring of the FOs activities by the support staff

##### ▪ **Evaluation**

- analysis of the results of the activities
- identification of problems (research of solutions to solve these problems)
- strategic planning...

➔ At this step, see following part: strengthening existing FOs



- **Facilitation of farmers' collective initiatives**

**Basic principle:** help farmers to find solution to their problems through collective action (more “bottom-up approach”)

**Steps:**

To fuel the analytical process proposed in this method, useful information can be found in the sheets “functions of FOs” ➔ *see set of sheet “functions of FOs”*

- **Collective analysis of the situation and identification of problems (bottlenecks)**

Invite some farmers to join a reflexion process on their problems.

This collective analysis of the bottlenecks enables to create a shared, even common, vision of the situation among the farmers. It aims at identifying the area of problems (which can correspond to one or several “functions”).

As the farmers may have different objectives (due to different situations, or perception of the situation), it enables to better know each other and encourage mutual confidence.

Finally it contributes to clarify objectives (individual) and define common goals (sometimes this step asks for a prioritization of objectives according to the farmers involved in the process).

- **Collective exploration of the possible ways (solutions) to address the identified problems**

When problems - collectively faced by farmers - are clearly identified, (and consensus on the objective achieved\*), the second step consists in collective research for possible solutions.

At this step creativity of farmers is important, as well as the information to widen the scope of possible solutions experimented in other places (that may be provided by support staff practitioners).

- **Evaluation of the conditions, risks, opportunities, limits of each of the possible solutions**

This step consists in the *ex ante* evaluation of the possible solutions that can be undertaken. It enables to compare the possible solutions\*\* on the basis of different criteria (defined by farmers) and to screen what solution can be undertaken with more chances of success (and to evaluate possible problems that may occur – anticipation –, to create favourable conditions)

- **Collective choice by the farmers of the solution to implement**

Based on the comparison, farmers have to decide which solution they are ready to implement (as a test). It is important to choose the solution which has the higher rate of success to encourage the initial involvement and avoid risk of demobilisation.

It should then be noticed that preference should be for reachable solution given the current situation.

- **Implementation of a solution** (as a first test)

The action undertaken aims to test organisational setting as well as collective rules sets (sometimes without setting formal statutes, or formal internal rules)

➔ At this step, see following part: strengthening existing FOs

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NB

\* : this consensus may sometimes occur at a further step (when clear solutions are identified).

\*\* : solution may be individual or collective ones, here emphasis has been put on collective solution.

➤ **Strategy of strengthening existing FOs**

**Principles of the method:** help existing FOs to better define their objective, design their strategy and actions plans according to their situation and will (“incremental bottom up approach”)

**Steps:**

➔ *see sheet “support process to FOs”*

Remark: Whatever type of strategy chosen and method used, its possible to “enter” in a support process to FOs at any stage of development of FOs.

## Conclusion

## C-1 : The issue of sustainability of FOs

It has to be noted that the sustainability issue is much more often raised by support services and donors (sometimes by FOs' leaders) than by FOs' members themselves...

It's difficult to propose a precise process to improve the sustainability of FOs because it's a very complex issue, and because the solutions are strongly locally specific, but some questionings may help FOs and their support agencies to clarify the issue in order to work to improve sustainability.

### ***What is sustainability? What it is useful for?***

Sustainability of FOs is a complex and subjective issue: a lot of factors are at stake in the level of sustainability reached by a given FO at a given time, and the appreciation of it (by the support agencies) depends strongly on the time span considered. In fact to evaluate the sustainability of a FO is somewhere to make a hypothesis on what might be its future.

For a support agency implementing a project, sustainability is the capacity of a FO to maintain activities after the project withdrawal; it is considered as a major indicator of success, which explains that support staffs are strongly concerned with this issue.

For the farmers, it depends on the objective of the FO: what is important for them is that the function(s) is continuously fulfilled; so, which is relevant is more the sustainability of the function than the sustainability of the organisation itself, which is not an objective per itself: a sustainable FO is a FO which remains useful for farmers.

*Sometimes, some collective actions can stop when objective are reached or when other stakeholders or individual farmers may implement the activities previously insured by the FO (going from collective to individual equipment for example).*

Sustainability has certainly not to be confused with capacity to stay without evolving: a FO can “disappear” by merging, upscaling with other organisations, or generating “daughter organisations”, often specialised ones (*case of birth of CECAM in Madagascar for example*).

But visible sustainability (to keep the same name) may be important for FOs to fulfil efficiently certain functions: for example, to represent the interests of the farmers, the duration is useful, sometimes necessary, to be considered as legitimate. (→ see sheet “representation of interests”).

Finally, sustainability can be defined as the capacity of a FO to fulfil its roles toward its members in a continuous way, whatever the changes of the environment, especially to maintain its activities and framework when support is lowering or reducing, and/or to manage internal crises ...

It is strongly linked to the questions of legitimacy, capacities, especially strategic capacities and autonomy.

### ***What to consider in order to address the issue of sustainability?***

During its “life”, a FO has to find **equilibrium** on different crucial points, that is between:

- upscaling and relationship with the members : for example the question of developing the activities towards the current members *versus* looking for new members; the question of developing

new activities (new functions) or increase their scope of intervention : build a federation at higher level (provincial, national)...

- means (financial – human) and activities (scale, intensity,...) : it's often difficult to adjust the level of activities to the resources (especially human resources with overflow of leaders for example);

- Internal activities / External activities, that is for example to fix the level of means to invest for activities oriented directly to the members (to assume function, to communicate with them – “internal communication”) and for establishing or developing contacts with new potential partners (networking, “external communication”)

- members' and leaders involvement ; there are sometimes huge differences of investment regarding time between members and leaders, which can led to a fed up feeling from the leaders.

These equilibriums are dynamic as they change with the evolution of the context. The experience shows that the ability of a FO to define these equilibriums within a **participatory process** is a key factor for sustainability: involving as much as possible all the members in the process (→ see sheet “strategic planning”), enables the FO to answer to most of members' expectations, and reinforces its legitimacy.

The **autonomy** of a FO is also a critical issue; autonomy can be of two sorts:

- autonomy of thinking : that is the ability to design its own solutions, to solve new problems, to cope with new challenges; it depends on the strategic capacity that is the capacity to have a vision of the future (→ see sheet “strategic planning”);

- financial autonomy : an autonomous FO is able to find its own financial resources, at least a part of them, in order to keep the leadership in strategic decisions (*if all the means of a FO are coming from a given donor, this donor will be in position to define or to influence strongly the objectives of the FO*)

This autonomy results partly of FO's ability to find and mobilize diverse partners (sourcing diversification strategy) and to get mid or long term forms of funding (*parafiscal taxes in French case for example*)

## Remarks

It has to be noted that a FO will never be fully independent as it is working in a common context with other actors. The sustainability issue has necessarily to be placed in this context.

If an organisation has no project for the future, it will end with the support attached to the current activities. A project is generally a way to mobilize members, but to get sustainability, it's necessary to anticipate on the end of this project, and especially to include strategic planning in the activities.

## C-2 : Actors' roles

Having gone through the different functions that FOs can fulfil to address their members' needs or objectives (→ see set of sheets "*functions of FOs*"), then through the different methodologies and ways to support FOs at different level of intervention (→ see sheets "*process to support FOs*", "*Practical notice for support staff*", and "*Environment of FOs*"), it appears that different stakeholders are interacting to address the issue of agricultural development through FOs' development. The stake is then to look for the better use of limited means.

### ***Who are the stakeholders?***

Different basic categories of stakeholders are involved in development of FOs:

- The farmers and the FOs themselves
- The private operators
- The local and international NGOs
- The State with different levels:
  - local staff (whom a part of role may be not very different from NGOs' one ,)
  - national staff (policy strategy design and implementation)
- The donors

Some characteristics, objectives, and strategies are specific of certain categories of stakeholders although the objective and strategies of different actors may differ in a same basic category of stakeholders. Nevertheless, each category can be more or less organized to achieve some common goals. The FOs can have coordination or representation bodies, more or less formal and official (from simple networks to well structured federations...) at the national and/or regional level (for example: CNCR in Senegal). There can be also coordination desk of NGOs on their own initiative (for example in Madagascar) or on the request of the State (for example in Burkina Faso).

### ***What are the roles of the different actors?***

There is no unique answer to this question.

The role of each different actor varies with the national context at a given time and may evolve over time as shown in the country case studies (Costa Rica, Senegal, France). It depends on many factors: especially the development policy, the level of involvement of the State, and, generally speaking, the power balance between different stakeholders....

The general trend in many countries (following the general movement of State withdrawal and liberalization process) is to let more and more responsibilities to the FOs themselves, supported or not by private agencies (NGOs and/or partner societies). Thus, if in the past, the administration staff played the main role of advisor and trainer at the local or regional level, nowadays, this function is often shared with other support agencies (NGOs).

Nevertheless, the State remains well placed to play different types of roles:

➤ at local level, as the administration is generally present everywhere, the State may be in position to propose a “minimal service” to support FOs in any region, even where other support agencies are absent or rare.

➤ at the national level, the State policy makers are in position to determine the more or less incentive context (trade policy, credit regulation,...), to put in place the convenient legal framework, to accept or not the flexibility in regulations adapted to FOs situation, to be the guarantor of fairness and equity (enforcement of the law...) → see sheet “environment of FOs”.

### ***The issue of coordination***

Whatever the roles played by each actor, as means (financial and human ones) are always limited, the pending issue is to make the support system to FOs working as efficiently as possible to cope with farmers’ problems.

To address this issue, there are two complementary ways:

- improve the activities carried on by the different actors (→ see set of sheets “support to FOs”)
- better coordinate their activities

The improvement of the activities is the responsibility of each actor.

The coordination is a collective challenge as well at the local as national level. The State may be well placed (in term of legitimacy) to initiate then facilitate the exchanges and coordination between actors. Sometimes, strong NGOs or FOs themselves (Case of Senegal) can also initiate such processes. The coordination can concern simply exchanges about working methods with FOs or include the design of collaborative action plan, the pooling of resources and/or common regulation.

## **Additional reference**



## A-1 : The commodity chain concept

This concept is useful for farmers and their support agencies because it's a tool to analyse the context in which they are acting: farmers are (more or less) able to produce but to produce is not enough; they have to sell at least a part of their production and they face a lot of constraints in linkage to market. The commodity chain analysis helps to get a general view of the path followed by a product and gives keys to analyse the main constraints ...

### What is a “commodity chain”?

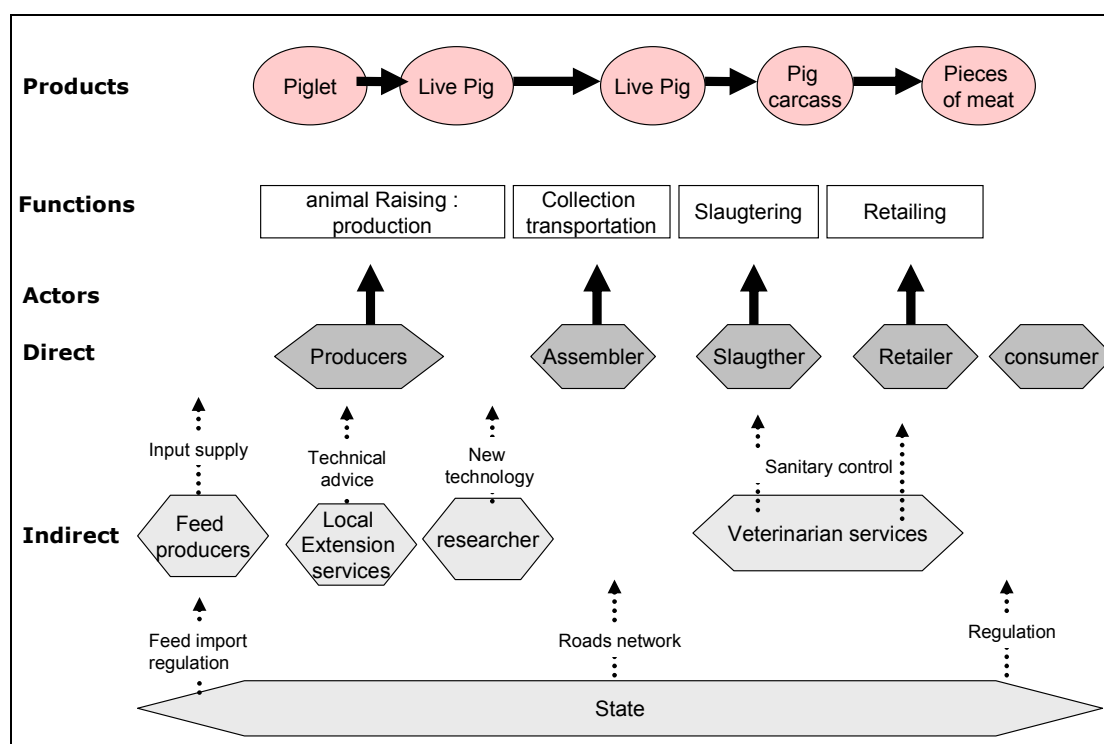
It's a picture of the reality, a tool to analyse what is happening to a product from the production stage to the consumption...

The commodity chain analysis relies on identification and characterization of the following elements (see example in fig. 1):

- The **product**
- The **Actors** who own this product at a time or another (direct actors) or whom activities influence the product “history”: (input providers for example, or State who decides the level of taxes...)....
- The **different stages** through which the product goes, including usually at least the following: production, processing and packaging, trading, consuming..;
- The **functions** fulfilled by the actors through **operations** that they are implementing at the different stages and the relations that they put in place to do it.

Remark: In a commodity chain, “downstream” activity refers to activity that is done after an another one (*for example, collection and slaughtering function are “downstream” animal raising*); “upstream” activities refer to the opposite situation (*for example, input supply is “upstream” production activity*).

fig 1: Simplified graph of pig commodity chain in North Vietnam



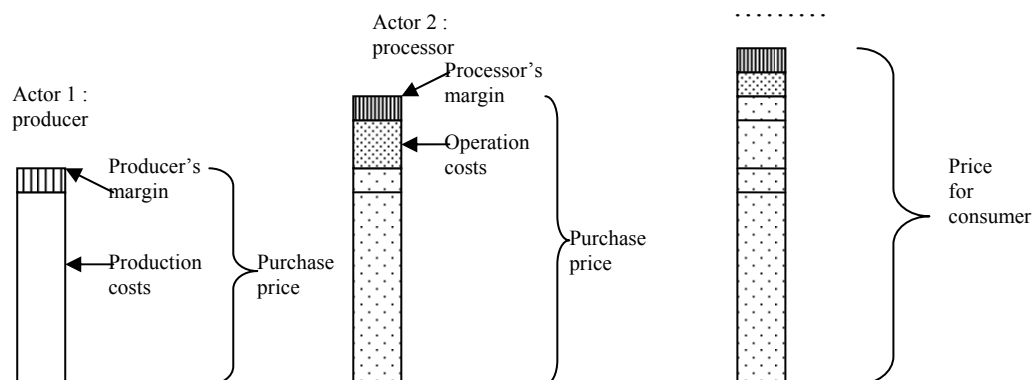
## Using the commodity chain concept

The commodity chain approach includes 3 main parts:

- the **functional analysis** : it consists in describing and figuring out what operations are conducted at each stage, with which means, what quantities are affected (flows representation), what are the constraints for each operation...

- the **organizational analysis** which gives an idea of the roles and interactions between the different actors (flows of product, of money, of information)

- the **economical analysis** and especially the analysis of the **constitution of the price** :  
The price of a product is the result of the successive stages identified along the commodity chain; at each step an actor buys the product at a given price which is the result of the operation cost + the margin of the previous actor, as illustrated in the scheme below :



This approach allows to understand what the purchase price at the consumer's level is the result from, and to see how the diverse actors share the added value ... It may constitute a good basis for reflection and negotiation between actors....

### To go further :

Bourgeois, R. et H. Danilo (2000). Actor-Led Change for Efficient Agrifood Systems. Bogor, CGPRT Centre.

## A-2 : The PLAR IRM method

### ***What is PLAR IRM***

The Participatory Learning and Action Research Approach (PLAR) For Integrated Rice Management (IRM) is a farmer learning approach, based on adult group education of 20 to 25 farmers, which takes advantage of farmers' indigenous knowledge, practices and group experience. In this version, it has been developed by researchers from WARDA (African Rice Centre) in Côte d'Ivoire. It's an example of participatory learning where farmers are supported in developing their own technical solutions. It has been developed with farmers' groups, but not exactly farmers' organisations. More information can be found on WARDA website.

The integrated rice management aims to develop solutions adapted to location and site-specific problems of the rice farmer. The goal is to develop baskets of options for improved rice cultivation involving all stages of crop development and cultural practices. These baskets of options are continuously evaluated, adapted and improved by farmers (in opposition to standard technical recommendations)

### ***Background***

The method has been tested with two groups of farmers who were cropping rice in poor to middle water management conditions (inland valleys).

The context was the following:

- Low farm yield compared to potential yield
- Sub-optimal cultural practices
- Existence of high variability in the natural, human, socio-economic and infrastructural conditions
- Impossibility to develop technological packages adaptable to diverse conditions
- Conventional research and development methods are not adapted to farmers' conditions

### ***Objectives***

There are mainly two:

- Farmer capacity building through the following process:
  - observe and analyse rice development and management practices
  - identify major constraints and opportunities
  - test and adapt possibilities for improvement of integrated rice management
- Ensure facilitation of farmer learning and action through farmer groups that allow them to take rational decisions for a productive and sustainable rice management

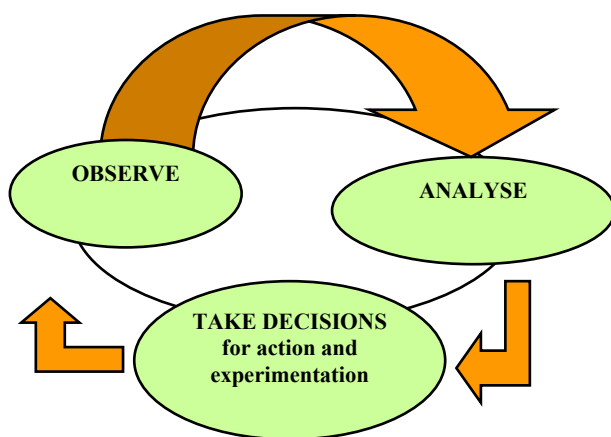
## ***Principles***

The essential principles are the following:

- to establish bridges between indigenous knowledge and the underlying scientific principles to have a common view on options for improvement;
- to develop solutions based on local resources, knowledge and practices;
- the method relies on a multi-agency partnership which involves an international research centre (WARDA), the national research program, the national extension network and besides the groups of farmers

## ***Implementation***

The pedagogical process is illustrated below:



It relies on weekly facilitation-meetings for group learning.

Each sequence encompasses:

- a “theoretical training” (the facilitator presents the essential scientific knowledge to grasp a specific topic, for example, to learn to identify different pests, and the principles of integrated pest management),
- then a visit to several farmers’ fields to observe the situation,
- then an analyse of the observations, and a debate to take decisions of action and experimentation.

The experimentations and actions implemented by the farmers following these sequences are regularly evaluated by the whole group, during the field trips ...

The curriculum for participative learning and action research (PLAR-IRM), is made of 25 to 30 modules, each of them related to the specific stage of the moment (for example “to establish a nursery”, and a few weeks later “to transplant rice”....).

A manual for facilitators (25-30 modules) and a technical reference manual have been designed.