

**The Role of
Rural Producers Organisations (RPOs)
in the World Bank
Rural Development Strategy**

Reaching the rural poor

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THE ROLE OF RURAL PRODUCERS ORGANISATIONS IN THE WORLD BANK RURAL DEVELOPMENT STRATEGY: REACHING THE RURAL POOR

SUMMARY

This paper is a contribution to the revision of the World Bank rural development strategy "From Vision to Action". It focuses on the role of Rural Producers Organisations (RPOs) in the context of globalisation. This contribution has been funded by the French Ministry of Foreign Affairs (MAE), with contribution from DFID (UK).

It presents

- the nature of RPOs that are clearly part of the private sector but have specific characteristics;
- the importance of RPOs in the economy of developed countries and highlights of the main results achieved through RPOs empowerment and development during the last 20 years;
- recommendations for donors and especially for the World Bank to enhance the role of RPOs as key actors of rural development processes.

Key words: *rural producers organisations, globalisation, agriculture development, rural development, public policies and institution, World Bank.*

RÉSUMÉ

Cette synthèse est une contribution à la révision du document de stratégie de développement rural de la Banque mondiale intitulé « From Vision to action ». Elle met l'accent sur le rôle des organisations de producteurs ruraux (RPOs for Rural Producers Organisations) dans le contexte actuel de globalisation. Cette contribution a été financée par le Ministère français des affaires étrangères (MAE) avec une contribution du DFID (UK).

Le document présente :

- la nature des organisations de producteurs ruraux qui font clairement partie du secteur privé mais ont des caractéristiques spécifiques ;
- le rôle joué par ces organisations dans le développement des agricultures et des économies des pays développés et quelques uns des acquis significatifs obtenus à travers le développement et le renforcement des capacités de ces organisations dans les pays en développement durant les vingt dernières années ;
- des recommandations opérationnelles pour les bailleurs de fonds et plus particulièrement pour la Banque mondiale afin que les organisations de producteurs ruraux soient réellement des acteurs des processus de développement.

Mots clés : *organisations de producteurs ruraux, mondialisation, développement agricole, développement rural, institutions et politiques publiques, Banque mondiale.*

THE ROLE OF RURAL PRODUCERS ORGANISATIONS IN THE WORLD BANK RURAL DEVELOPMENT STRATEGY: REACHING THE RURAL POOR¹

INTRODUCTION

This synthesis² is a contribution to the process of updating the World Bank's Vision to Action rural development strategy: Reaching the rural poor. Rural development obviously needs sector investments – regarding agricultural productivity, infrastructures, health, education, etc. Nevertheless sustainable successes are the result of the strategies implemented by rural actors. These actors are pursuing objectives in a wide range of economic, political and institutional contexts which are to be taken into account. Actors are therefore clearly at the centre of a rural development policy. They should be at the core of the process of policy and strategy formulation and action – an emphasis that is in line with the current orientations of the Comprehensive development framework (CDF) and Poverty reduction strategies (PRS) processes. Among these actors, rural people's own organisations are recognised as key players in development and poverty reduction – a point highlighted in the World Bank's recent «*Voices of the Poor*» study.

This paper focuses specifically on the roles of rural producer organisations (RPOs) – a key cross-cutting theme that appears to varying degrees in a number of thematic, sectoral and regional papers commissioned for the Vision to Action Update process. It has three core objectives.

- To clarify the specific nature and the roles played by RPOs in rural development.
- To show the results obtained by RPOs regarding rural development.
- To help the Task Force in charge of the revision of Vision to Action:
 - to identify ways to incorporate RPOs in the World Bank's new rural development strategy, indeed, to go even further, and build the new strategy around rural actors;
 - to suggest practical recommendations for the World Bank to include RPOs in their World Bank-funded interventions and how the World Bank might do this using existing and new instruments.

1. This text is the executive summary of a commissioned paper prepared by a Cirad/ODI team for the process of updating the World Bank's Vision to Action rural development strategy: Reaching the rural poor. The core members of the team included: for Cirad, Pierre-Marie Bosc, Bruno Losch, Marie-Rose Mercoiret, Research Fellows of the Family Agriculture Programme with assistance from Didier Eychenne, Research Associate; for ODI, Karim Hussein, Research Fellow, RPEG with assistance from Sadie Mackintosh-Walker, Research Associate. Some useful comments were given by Marie-Hélène Collion (World Bank, MENA Region, Task Team Leader) and Pierre Rondot (RDV – Cirad). This study is funded by the French Ministry of Foreign Affairs, with contribution from UK DFID.

2. This synthesis corresponds to a background study that will include in depth case studies and bibliographic references. Short cases studies are presented in boxes format in annex of this paper. It follows CIRAD/ODI position paper of January 2001: The role of producers organisations in the context of globalisation.

A. SPECIFIC NATURE AND ROLES OF RPOS

1. Key characteristics of the rural areas

Rural development concerns geographical areas in which primary production takes place, and where populations are dispersed in varying densities. These areas are also characterised by activities related to processing, marketing and services that serve rural and urban populations. Rural areas include networks of small or medium towns. Therefore rural development concerns a wide range of agricultural and non-agricultural activities and by extent peri-urban agriculture.

There are two basic characteristics of the rural areas that need to be taken into account:

- everywhere, geographical spread of agents; and
- in developing countries, generally low incomes and lack of capital.

Rural activities also tends to be characterised by market imperfections, such as imperfect information reinforced by geographic spread of agents compounded by poor infrastructure and communications (insufficient quantity of public goods). This implies significant transaction costs for economic agents. The deficit of public action to improve the availability of public goods and the limited capacities of private agents are obstacles to rural development. Collective action by organisations is a way in which to address these obstacles and mitigate transaction costs. These characteristics are even more significant with the withdrawal of the State from productive and economic functions when private sector is still under developed. In the context of globalisation, characterised by more instability and competition, rural actors are also confronted with a need to increase their competitiveness, productivity and ability to take advantage of economies of scale; organisation can enable them to do this (see Cirad / ODI Position Paper). At the same time, decentralisation policies provide opportunities for local action and better co-ordination between local agents.

2. Principal actors in the rural areas

Rural development involves a variety of actors that differ according to context. However, principal actors in most settings include the following at local level:

- private economic agents including rural producers, firms and other economic organisations;
- formal / informal community based organisations: for example, de facto kinship, cultural and religious groups, or ad hoc political and social welfare oriented groups;
- NGOs;
- local government;
- local services of national government and ministries;
- donors (through their funding programmes).

There are two main categories of economic agents : public (with nowadays a decreasing limited role); and private (increasing role). There are at least three categories of private economic agents : family farmers and artisans; firms (individual or share based, and co-operatives) involved in production or service based activities, processing and marketing; and rural producer organisations (RPOs) – among which some will have the status of co-operatives. Firms and RPOs can both integrate a number of functions vertically (e.g. commodity sub-sectors) and horizontally (input or service provision in a number of sectors).

3. Characteristics of rural producers organisations (RPOs)

RPOs belong to the private sector. However, they are hybrid organisations and have a number of special characteristics: they have emerged in different ways; they aim to make profits but they perform multiple functions (of which some are not profit oriented); they produce and manage different types of goods; they can be multisectoral; they can be organised in different ways and have varying degrees of recognition ; they may operate at both micro and macro levels; and they evolve over time. These different characteristics are related to different economic, political, legislative and social contexts that result from specific historical circumstances. The context determines the needs that can be met through individual or collective action.

They have emerged in different ways. Sometimes RPOs have emerged autonomously in reaction to external shocks (natural resource degradation, severe price fluctuation , lack of public goods), out of local or traditional community structures. Others have been created by State interventions (according to the political, ideological and economic choices of governments), or NGO and donor-funded programmes (according to the development pathways promoted by donors at a point in time). State, NGO and donor-funded programmes have created cooperatives, extension groups (e.g. T&V), NRM groups (e.g. “Gestion de Terroirs” committees), input supply groups, micro-credit groups and institutions, village associations. RPOs may emerge from these structures and may be linked to existing social structures. Some of these become sustainable and autonomous. Others remain dependent and instrumental: their survival relies exclusively on external support.

They have multiple functions. RPOs may have five types of function: economic, social, representation (advocacy and voice), information sharing / capacity building, and co-ordination (see Table II).

- Economic functions include : supply, production, processing, and marketing of goods and services, management of factors of production, e.g. water, land, labour, agricultural equipment; these economic functions correspond to the following lines (i) Natural resource management, (ii) Supporting agricultural production, (iii) Marketing.
- Social functions, benefiting members and/or the local community, including : e.g. cultural, education, training, health, drinking water and mutual support.
- Representation, including: defence of group interests and advocacy at the local, and sometimes regional and national levels (before government, firms etc).
- Information sharing, communication both internal and towards other actors and capacity building either directly or through contractual arrangements.
- Co-ordination is a key function since RPOs are in a position to establish linkages both at local and global level and to integrate the functions cited above. It does not appear as a line in table 2 since it is a result of the strategic position of RPOs.

They produce and manage different types of goods. RPOs provide services that contribute to the creation of private goods for their members (e.g. increased production and incomes due to access to technologies, inputs, and extension advice), collective goods for the organisation (e.g. small or medium scale processing machinery or plants, storage facilities and information / service centres) and others that have characteristics of public goods (e.g. basic health services, literacy, vocational training, improved natural resource management practices, participation in development of improved public policies). RPO activities also produce externalities that can contribute to public goods (e.g. more sustainable management of common pool resources) and have multiplier and linkages effects.

Table I. Description of different types of goods.

Characteristics	Individual use	Joint or Collective use
Restricted access	Private goods (e.g. warehouse, tractor...)	Toll goods (e.g. phone, electric power...)
Open access	Collective goods (e.g. irrigation water...)	Public goods (e.g. roads, basic health and education services, peace, justice and law...)

From Ostrom and Ostrom (1977).

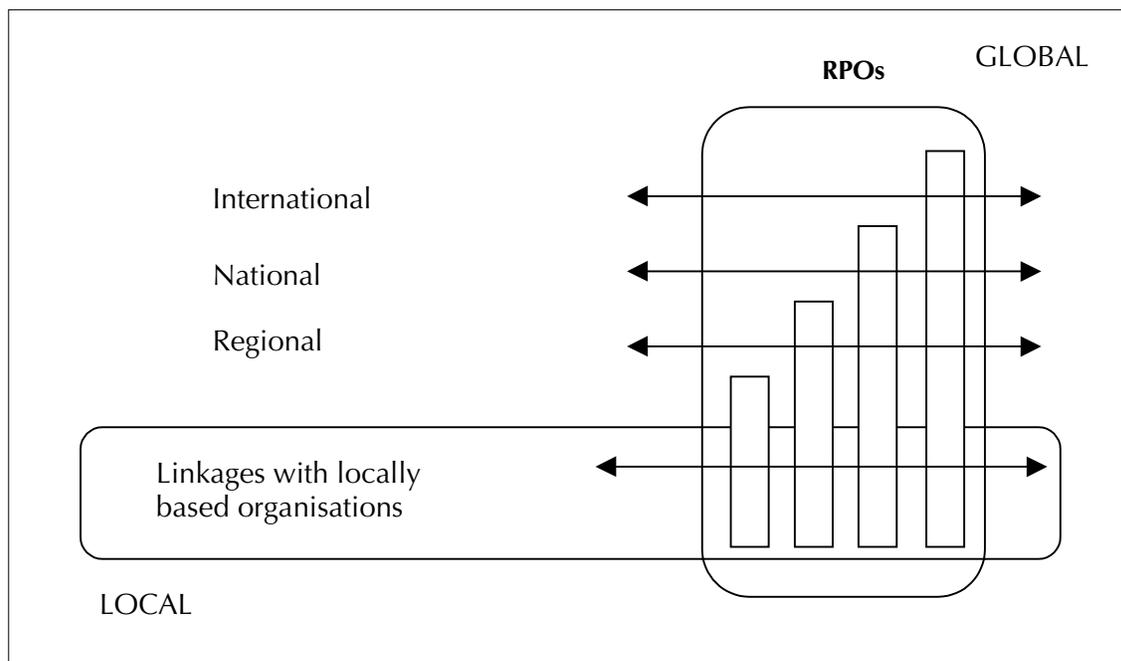
They are often multipurpose. RPOs can be specialised, but they often also undertake activities in multiple agricultural commodity sub-sectors, in economic activities from production through to processing and marketing, and in activities in social sectors (health, education) alongside other community based organisations and local governments. The multisectoral nature of RPOs is rooted in the complex livelihoods of their members.

They are organised in different ways and can have varying degrees of recognition. RPOs have different membership conditions, different forms of governance (e.g. rules and regulations), different degrees of recognition by other actors. RPOs will all have accepted modes of conducting groups and affairs, but sometimes these are based on normative or customary practices and sanctions (e.g. a women's group that carry out market gardening on a common plot allocated to them by customary authorities). In other cases RPOs operate with formal regulations and sanctions, written constitution and are legally registered.

They may operate at micro meso and macro levels. RPOs are rooted at the local level. However, through the economic and representative functions they perform, they can integrate different geographical levels ranging from the village, through to local area, regional, national and in some cases international (see graph 1) . These micro-macro linkages can be achieved through integration of activities in a sub-sector (e.g. cotton) or through representative mechanisms (e.g. federations). Thus they build up linkages with economical, political and institutional actors at these different levels.

They encompass diverse social and economic categories of rural populations. In some countries different types of RPOs may correspond to contrasted types of agriculture (e.g. large scale agribusiness farms, small scale farms, and extensive "latifundia" types of farms) where such social and economic differentiation among agriculture takes places. Among RPOs that represent "family agriculture"³, the members of RPOs can belong to both wealthier and poorer groups of people in rural areas. This social mix is not a problem in itself; it reflects the diversity of the society. While the richer members may at times gain more benefits from membership, poorer members also tend to increase the assets, resources and social capital they can mobilise through membership. The key point is that the efficiency of collective action allows members to draw benefits from being part of a group – as long as internal regulations prevent opportunistic, rent-seeking and exploitative behaviours. Regarding the leadership, the current situation is more diverse. Leaders are in general those who have the capability to articulate local and global (access to information, individual experiences outside their communities), who can afford to divert time from their productive activities and who are in a social position to have voice in rural and national fora: if they are not the poorest, they are neither the richest and their wealth cannot be restricted to its material dimension.

3. Family agriculture can be characterised by the special link between economic activities and the family structure. This relationship affects the decisions-making process, in other words it influences the choice of activities, the organisation of family labour and the management of family wealth. This type of agriculture provides most of the world's agricultural production and is also concerned with poverty since 70% of the poor live in rural areas.

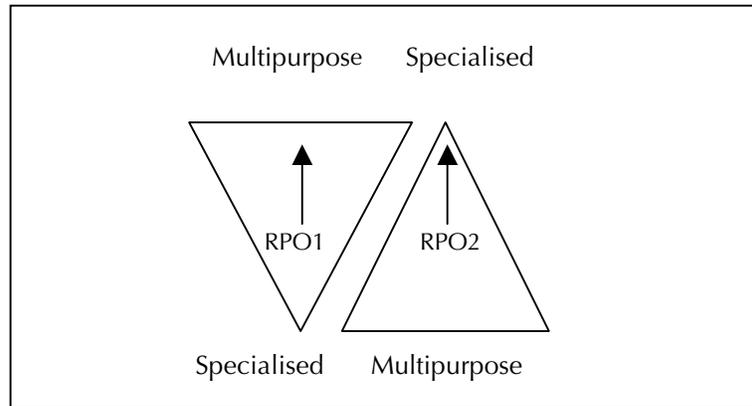
Graph 1. Scale of RPOs operations and vertical/horizontal linkages.

They evolve over time. RPOs are dynamic organisations. Their relations with other actors and the range of their activities evolve over time. This evolution is directly related to wider changes in the social, institutional, political and economic context. There are no general patterns of RPO evolution (see graph 2): they sometimes start by undertaking a broad range of activities (aimed at filling the gap in availability of public goods) and narrow their field of activities gradually as the socio-economic and institutional environment improves; in other cases, they begin with a narrow focus (e.g. collection, weighing and grading of cotton in **Mali**) and progressively take on other activities and functions that serve the interests of either members or the wider community (health centres, processing, transport, access to land).

Hence, the *definition of rural producer organisations* is broad but RPOs are clearly part of the private sector. Through their members or governance bodies, they are all directly connected with primary production (animal and plant). They include groups of:

- farmers, herders and fisherfolk and, among them, those responsible for the management of resources linked to or used in production systems (e.g. water, forests, pastures, soil fertility);
- rural artisans, agro-food processors and traders who are already grass-rooted and who have direct links with primary production.

We use the term *rural POs* to acknowledge this diversity of activities, functions and actors implemented in rural areas. Evidently, RPOs are not solely concerned with primary production, but with broader activities that make up rural livelihoods.

Graph 2 : Focus and evolution of RPOs.

According to this definition and the previous arguments, RPOs at the local level have obvious links with CBOs and local governments because of their frequent involvement and their contribution to the local economy and the production of common and public goods.

Table II shows the RPOs contribution in rural development regarding the functions they assume and it resumes their relations with the different:

- (a) thematic fields of interest;
- (b) linkages with other actors;
- (c) scales;
- (d) economic issues;
- (e) comparative advantages.

Table III presents the different activities linked to each function and illustrates this diversity of situations with examples of RPOs chosen in both developed and developing countries.

Table II. RPOs role in rural development.

Type of function	(a) Thematic field of interest	(b) Linkages with other actors	(c) Scale	(d) Economic Issues	(e) comparative advantages of RPOs
(1) Natural resource management	Property rights Infrastructure Access to and management control over NR	Customary institutions and other community based organisations Local government	Local	Creation of and ensuring access to common pool resources Management of externalities	Capacity to co-ordinate with customary, community based and local government bodies Lower cost for management of externalities
(2) Supporting agricultural production	Input supply Technical advice Financing	Private and public agents	Local, with national / global dimensions Ability to link primary production with processing and marketing opportunities	Provision of private goods Provision of a common good accessed and used by individuals / families Technology generation and dissemination	Ability to take evolving farming systems into account NRM and market-led activities Knowledge of local conditions, markets, resources and farmer needs / priorities : co-ordination
(3) Marketing	Agro-food system Financing	Agro-enterprises Credit institutions	Local, regional, national and international	Economies of scale Reduction of transaction costs	Local- global linkages Increased purchasing power Ability to achieve bargaining power with private sector
(4) Social functions	Social safety nets and poverty reduction Livelihood improvement	CBOs Local and national government	Local	Provision of common and public goods Improved efficiency, effectiveness, relevance and poverty orientation of producer support interventions	Combination of productive and social concerns. Social safety nets and mechanisms to support poor members and/or enable the poor to access assets
(5) Voice, advocacy, representation	Public policy for agriculture and rural development International negotiations Provision of public goods (infrastructure - roads, telecommunications, internet...-, literacy, health)	Donors and NGOs Local and national government	Local, regional, national and international	Provision of a common good related to a specific rural profession (e.g. farming, herding...)	Coordination of different types of activities and key rural actors Allowing producers to influence policy-making
(6) Information sharing, communication and capacity building	All	Private and public funding agencies	Local, national and international	Provision of a private good that often generates common goods	More accurate assessment of needs of members Broader and timely availability of information at grassroots level

Table III. Illustration of different RPOs regarding their main functions.

Type of function	Activities	Developing countries e.g.	Developed countries e.g.
(1) Natural resource management	Negotiation, regulation and enforcement of rules for access to and use of NR Economic functions (not always) Advocacy	Water users associations Pastoral organisations (e.g. in the Sahel) Community forest user groups (CFUG, Nepal) NRM Village committees	Huertas, Valencia (Spain) Water users associations (Italy, France)
(2) Supporting agricultural production (3) Marketing	Input supply Marketing Linkages with international markets Technical change Advocacy Capacity building Policy making Financing	Colombia Coffee Growers Federation (CCGF) Sycov (Mali) URECOS-CI (Côte d'Ivoire) CCGF (Colombia) El Ceibo cocoa producers (Bolivia) Sesame Growers Associations (The Gambia) FECECAM Benin CRG Guinea	Co-operative movement : France, USA, Japan, Denmark, Spain Crédit agricole France Cooperatives for collective use of machinery (Germany, France) Mutual agriculture insurance
(4) Social functions	Capacity building Policy making regarding safety nets and social services	CONFUNASSC Ecuador FUGN Burkina Faso Many RPOs of different types also take on these general functions: SGAs. CCGF....)	MSA France
5) Voice, advocacy, representation	Proposal building for policy making Provision of public goods in case of market or State failures Information Support to member organisations Capacity building	CNCR Senegal CONAIE Ecuador ANOPACI Côte d'Ivoire ZFU Zimbabwe CONTAG Brazil NATCOBTA Namibia NAWFA, The Gambia Uganda National Farmers' Association	NFU USA FNSEA France Farmers Unions in all developed countries (Germany, Denmark, Italy, Spain, Ireland, Portugal, etc..)
(6) Information sharing, communication and capacity building	Information Capacity building Support to member organisations	All RPOs are concerned	All RPOs are concerned

* Many of the RPOs cited here have multiple activities and objectives ranging from production through to advocacy. The types listed here relate to the primary objectives of organisations – accepting that they may have other related objectives.

B. LESSONS FROM EXPERIENCE

1. Importance of RPOs for economic development

In developed countries, farmers' unions, co-operatives, farmers' associations, etc played a key role in the modernisation of agriculture. Their history began at the end of the XIXth century with local based organisations and the birth of co-operative movement. Even if history varies according to specific national contexts, main features can be recalled here. Rooted in local solidarity networks, based on neighbourhood or kinship ties, local syndicates were at the heart of multipurpose collective action in the villages or communities dealing with input supply, collective bargaining with traders, social health insurance, credit... In most cases, given the increasing complexity of the tasks to perform and the changes in the environment, these multifunctional organisations were at the origin of more specialised ones, but closely monitored and controlled by the original ones, through governance bodies and men. Getting organised at national level they promoted the process of modernisation that took place after World War II and influenced policy making to get support from the implementation of the technical, economic and social change that went along with this process. The weight of these organisations can be assessed through their mobilisation capacity to influence policy making and through the economic dimension of the co-operative sector.

In UK, the *National Farmers' Union* relies on its strong membership, which currently runs to over 150.000 members. It includes over 75% of full-time farmers and growers in **England** and **Wales**, making it the largest farming and countryside organisation in the UK. NFU Corporate is the membership category for farmer controlled businesses. There are currently over 70 Corporate members, whose interests are represented by the NFU in areas such as finance and taxation, competition law, marketing and farm assurance. Other country people can also join the NFU, even if they do not rely on farming for their main income, they are currently around 70.000 'Countryside members', mainly people in other professions with more than a garden, but less than a farm; or smallholders with a small number of livestock or a few acres of cropping land.

In Denmark, the membership of the two main farmers associations (*Danish small scale farmers Association* and *Danish Farmers*) bring together respectively 300 local associations with 20.000 members and 111 local associations representing 69.000 members among a total number of farmers around 100.000 in 1980, and 20 co-operative society. Today Danish farmers are around 70.000 and constitute only 4% of the Danish population of 5million, but they account for an annual production of food for 15 million people. By far the largest portion of the production is delivered to the farmer owned co-operative enterprises which refine and sell the products. In the dairy and slaughterhouse sectors, co-operatives are completely dominant with market shares of 93% and 97% respectively. In the farm supply sector the co-operative share is about 55%. In the other sectors, co-operatives also play an important part.

In France, 90% of 680.000 farmers are members of a co-operative and their global economic weight in agri-business is paramount with 3700 industrial and commercial enterprises and 13.300 co-operatives delivering services, mostly through joint mechanisation to reduce its the cost. Their global turn over is around 56 billions US \$ and they employ more than 120.000 permanent workers. Upstream, they manage 60% of the input supply and food industrial process accounts for more than 40% of the turn over. Estimates show that farmers control through their organisations half of the food processing industries that compete with other private firms in the sector.

In developing countries, interest for RPOs varies widely according to periods and economic, institutional and political contexts. It is closely linked to the duration of Nation States as can be observed in Latin America. Many co-operative movements failed following Independence in Africa and in Indonesia for example. The reasons of these failures are complex issues that cannot be detailed here (top down approaches, excessive administrative control, political influence, loss of control by the producers...). Nevertheless, there were also successful experiences of RPOs some of which on a long-term basis (e.g. *Colombian Coffee Growers Federation* born in 1927, *Comision Nacional de Fomento Rural* in **Uruguay**, already centennial, these concern mostly small-scale producers, even if especially in **Colombia**, wealthier producers are leading the organisation).

In the following section we will focus on the late 20 years when this issue took a new shape due mainly to withdrawal of state, economic liberalisation and democratic evolution in some countries. Donors support was also a key component of this period since many of them paid attention in different way to these emergent new players. We can very broadly distinguish two main types of donor support for RPOs.

2. Types of donor support for RPOs

Donors have engaged in a variety of initiatives to support RPOs, which operate at different levels. These can be categorised according to the nature of the programme and the place of support for RPOs in the programme. There are two broad distinctions, between:

1. investment projects with RPO components and projects improving the technical capacities of RPOs which is the case of World Bank investment projects or 'Agence Française de Développement' (AFD) productive operations in sector oriented interventions; and
2. specific institutional capacity building programmes that are currently at work through mainly bilateral aid like French Ministry of Foreign Affairs, GTZ (German aid), DFID (UK aid), DDC (Swiss aid), USAID and international NGOs that provided a long-term support to these organisations at various levels.

3. Review of results of broader donor projects and programmes involving RPOs⁴

The analysis of a large set of case studies shows significant achievements in the main thematic stakes in rural development where RPOs were involved: poverty reduction and food security, sustainable resource management, agricultural growth and competitiveness, empowerment and policy making and the improvement of livelihoods.

Poverty reduction and food security

Collective action has with no doubt been efficient in poverty reduction and food security throughout a large number of diverse situations. According to the context, the approach may focus on women and production either for domestic consumption (Casamance, **Senegal**) with bottom valley rice rehabilitation or for producing and marketing sesame in The Gambia through RPOs external and internal mobilisation capacity. Illustrative examples can also be found in the case of '6S Association', **in Africa**, **in Costa Rica** in Brunca region, and in the case of **Namibia** with Natcobta.

4. Data and information used in this section draw on case studies either presented in annex (boxes) or to be further published with references in the background study.

In Casamance, the partnership work with a local RPO - CADEF - made it possible to restore production capacity in saline valleys through collective action and new collective natural resource management enforced by the RPO through negotiation with customary leaders. Within a five year pilot phase 800 ha were under cultivation with average yields over 1.5 T or 2 T/ha without chemical fertiliser.

This case as well as The Sesame Growers Associations in **The Gambia** demonstrates that success comes from the capacity of RPOs to mobilise resources both within the community and outside either in the country or at international level through partnership building. This co-ordination function between local initiatives and their leaders and 'outsiders' appears critical in many cases. With support from NGOs, the global production rose from 51.000 tons to more than 1,3 million tons between 1994 and 1998.

The case of **6S Association in the Sahel** West Africa demonstrates the strength of an organised grass-root movement with international dimension and audience to support poor people local initiatives in response to major ecological and economic crisis. Widely spread all over Sahelian countries since the drought period of the 70's, the 6S Association has been providing support for more than 25 years to hundreds of village groups and associations providing them flexible funds, allowing people to choose their own agenda for investment: vegetable gardens in dry season, small credit loans, animal fattening...all activities most of time promoted by women.

In Central America, the Government of **Costa Rica** promoted the growth of RPOs as a way to prepare its own withdrawal but at the same time to ensure small scale farmers producing cereals and beans, collective means for improving production and marketing. The area of Brunca in the south east of the country illustrate this movement: the capacity in RPOs at local level allows leaders to manage yearly more than US \$ 1 million for 25% of the regional production which tend to regulate traders / producers relations in favour of the latter.

In Namibia, The Namibia Community-Based Tourism Association [NACOBTA] could be termed a 'trade association' representing 45 members groups from the poorest rural communities. Most of its members who by this way develop non-farm activities are based in the communal lands where the majority of the people are poor (income of less than U\$1 per day) and rely on subsistence farming. Communal lands also have the highest unemployment rates, lowest income and are the least developed areas in the country. One of the objectives of NACOBTA is to increase the income and employment from tourism to improve the living standards in communal areas developing tourism activity out of the mainstream since it aims to maintain strong linkages with its rural and community origins.

Sustainable natural resource management

The World Bank gained world wide empirical experience in working with RPOs through the process of transferring **water management** from state agencies to irrigation associations formed by the beneficiaries of the irrigation schemes. These are farmers who manage water to achieve productive objectives as any other type of producers. Positive results were also achieved in pastoral projects where RPOs played a key role, and also in community forest management projects.

As pointed out in the synthesis on **Participatory irrigation management** (World Bank, 2000), it seems clear that the experiences carried out in many countries put – as one would have expected – a high focus on water management issues and the results are obviously positive in this respect: improved maintenance, improvement of water delivery (reliability, equity, timeliness), cost reduction in state agencies and definition of new roles for them.

Nevertheless, this emphasis on water management may have hidden other aspects of the potential of the irrigation associations. If their members share common goals in terms of water management, they also share clear common productive objectives on an individual basis. Therefore, they need agricultural services usually provided by State agencies. In this period of liberalisation the provision of those services was not yet taken over, as expected, by the private sector. Water users associations did not get enough support in that direction, due to justified emphasis on water management. **These associations are clearly RPOs and therefore should now be supported in the diversification of their activities every time they show dynamic emerging enterprises.** It does not necessarily mean that every activity should remain within the IA. In fact they would act as private sector ‘incubator’. This would suppose to broaden their agenda but keeping different matters on different legal grounds, since they should diversify their organisational and legal patterns for collective action according to the purposes (water management vs economic activities). This would avoid mismanagement experiences like those in Niger (EU funded irrigation scheme) that gave co-operatives - under administrative guidance – too many tasks to perform without a clear definition of the functions (economic, water management and land allocation). This worsened when State was no longer in a position to assume some vital functions (Cirad, 2000).

The World Bank gained a large empirical experience in lending for **pastoral activities** and in these projects RPOs were defined as key actors in the process (World Bank, 1997). Natural resource management organisations or pastoral associations, or herders groups are clearly producers. Like in the case of previous IA, these organisations whose members are producers (they produce meat, milk, or milk derived products or dried meat...) are interested in resource management as a key means of production and therefore are highly interested in improving it and keeping it under control of the group. These organisations play a key co-ordination role since sustainable resource management – water and grazing – are closely linked to the customary rights and their enforcement depends on relations with customary authorities. On the other hand, improvement of these grazing systems requires access to public funding for investment and to market for animal health for instance.

Studies by Hesse (2000) and Toure (2000) show that pastoralist organisations in the Sahel are being encouraged to play a more effective role in their own development as the process of economic liberalisation and political decentralisation continues. At the same time, they face increasing land tenure and livelihood insecurity. Pastoral movement operating at any level beyond the village or district levels in the Sahel and their movement remains fragile. No effective pastoral lobby currently exists. Support should focus on helping pastoralist associations to become more internally accountable to their members, and more aware of the key actors in the wider social and political context within which they function.

In other cases like Community Forestry User Groups in **Nepal**, the high protection cost of individual forest use led users to decide to manage the resource in a group thereby spreading the cost. Further, for natural resource management based organisations, there may be a trade off between ensuring environmental protection and managing resources so that they contribute effectively to poverty reduction. Where organisations choose to protect a resource, like a forest, this could harm the livelihoods of the poor in the short term while serving long term interests.

Agricultural growth and competitiveness

RPOs working in specific sub-sectors show very positive results both for internal and export markets. If co-operative being economic organisations illustrate logically the role of RPOs in enhancing agricultural production and competitiveness, not only co-operatives can be efficient regarding this theme. Examples are diverse in scales, they range from the 9.000.000 millions co-operative members in **India** during the famous Operation Flood – also called white revolution – to the 350 members of *El Ceibo co-operative* in **Bolivia**, to the hundred thousands of the members of the cotton based *'Associations Villageoises'* in charge of collecting and grading cotton production and which form now the basis of the SYCOV movement in Mali. Next to **Mali**, in **Guinea**, the *'Fédération des paysans du Fouta Djallon'* chose to struggle on internal market supply for potato, onion and tomato. In **Colombia** for coffee with Colombian coffee growers federation - CCGF - with around 400 000 members or in **France** for maize with the *'Association générale des producteurs de maïs'* - AGPM - sub sector based organisations show how they integrate efficiently research, extension and the representation and defence of the interest of their products. Colombian Coffee Growers Federation sells coffee worth US \$1.5 - \$2 billions and shows annual income of US \$140 to 200 millions. **Costa Rica** shows a wide range of small scale organisations in northern part of the country Huetar Norte that are highly export market oriented following the policy of diversification promoted since the 80's and prove to be led by specific demands they find way to answer in a professional way through organic farming, raising butterflies, etc.

RPOs can therefore positively contribute to agricultural growth by facilitating knowledge transfers (upwards, downwards and sideways) and by investing in non-agricultural activities. Furthermore, case study examples indicate that:

- joint ventures can enable producers to achieve higher returns on their products (Farmer co-operatives in **Nigeria**);
- close links with research and extension can enhance agricultural growth over time through development and adoption of improved technologies (CCGF, CORAF study in **West and Central Africa**).

Empowerment and policy making

Mostly in the 90's, federative movements grew up in many countries in order to bring to the agenda of policy making, issues that RPOs at local or regional level were not able to negotiate.

The case of *CNCR in Senegal* shows how groups structured at different level with very different origins from national sub-sector former 'co-operative movement' or grass-root inter-village level associations grouped in the FONGS with seven national federations of herders, fishermen, vegetable growers, etc, came together to form the *'Comité national de concertation des ruraux'* (CNCR). CNCR is now a key speaker in the agricultural policy dialog and is invited to discuss with the government and donors issues of agricultural policies and project interventions. This movement of empowerment in order to have a voice in the policy dialog is now spreading in many countries or **West Africa** and is strongly supported by French aid and donors like the World Bank.

RPOs empowerment has grown following different time-frames. In fact, the differences among continents regarding political and economic context proved unequally supportive to RPOs development and empowerment according to periods and places.

Such federative movements take place in **Côte d'Ivoire** through the establishment of *ANOPACI* a nation wide organisation that bring together 10 federations either on a sub-sector or regional basis. The core objective of *ANOPACI* is to represent the member organisations on cross cutting themes in order to influence the agricultural policy agenda. *ANOPACI* also provides support in organisational management to its members RPOs and was part of the process leading to set up the National fund for agricultural development through proposal elaborated by internal Commissions. This is also the case of organisations like ZFU in **Zimbabwe** with less emphasis on sub sector since history and agriculture are dramatically different from West Africa but the policy dialog activity remains a major component of ZFU as well as service provision to the members.

In Africa, the movement of empowerment through RPOs has now started and the democratisation pace should allow more space for collective action from policy negotiation to implementation of these policies. Obviously like many cases demonstrate, being invited to negotiate is for sure a key step to gain recognition, but it will remain insufficient till capacity building and resource mobilisation will not provide more knowledgeable leadership with in depth skills to manage at the same time local and global issues. In 2000, the creation of 'ROPPA' as 'Réseau des organisations paysannes de l'Afrique de l'Ouest' – a network structured at regional level in West Africa – demonstrate the strength of this movement since it was created by RPOs and platforms from Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Guinea, Mali, Niger, Senegal and Togo. This initiative to strengthen the RPOs movement at regional level has the objective to mobilise resources from donors on the basis of negotiated objectives for capacity building in the members organisations. The key objectives of this network are: (i) to promote and strengthen the values of competitive and sustainable family farming; (ii) collect and share information on success stories involving RPOs; (iii) support RPOs' capacity to deal with policy making; (iv) promote solidarity links between RPOs; (v) representation at regional and international levels and (vi) promote discussions among key stakeholders in Rural Development.

This type of initiative is in line with others which also aim to develop collaborative research and training for RPOs leaders to help them in the process of defining strategic projects for their organisations.

Specific capacity building programmes built on the request of RPOs in Africa and Latin America are promising emerging initiatives like Foundation Charles Leopold Meyer and French MAE funded programmes: 'Action research and training programme; Indigenous and farmers organisations facing globalisation challenges' and in Africa with the start in 2001 of specific training programmes for young RPOs African leaders: African Farmers Academy which aims to bring capacity building for strategic planning among the organisations.

In Latin America, claiming for land or for the recognition of 'natives' or indigenous rights is a strong concern and a high ranking priority for a vast majority of small and even landless producers since inequality in land distribution or recognition of rights appears to impede both agricultural growth and obviously poverty reduction. In this continent, the picture of organisations and especially of RPOs are quite different since political history led to specific institutional settings.

Collective decision making through RPOs makes it easier for previously disparate groups to influence policy. The benefits of this are twofold. Firstly it may result in greater political empowerment of rural groups, and secondly, policy makers can become more aware of their needs and priorities. Associations have played a role in empowering local communities to preserve their traditional ways of life in the face of external forces. Greater federation strengthens the cohesion and bargaining power of RPOs.

CONAIE [*Confederacion de Nacionalidades Indigenas del Ecuador*] created in 1986 or FENOCIN [*Federacion Nacional de Organizaciones Campesinas, Indigenas y Negras*], created in 1968 in **Ecuador** are a key cases in Latin America since in this region voice and representation of RPOs are closely linked with identity issues and claims for indigenous land rights recognition. This pattern concerns countries in the Andes that count with strong native people representation. They do not limit their claims on identity- related subjects but question broader issues related to agricultural policies: pricing, linkages between internal food security and access to external markets, preservation of the environment, support to private sector controlled by producers, inequalities in land distribution, etc. These organisations gained influence in policy decision making through successful participation in local governments as well as in national Assembly.

Improvement of livelihoods

Increasing agricultural productivity, reducing food insecurity, etc, all these objectives lead obviously to the improvement of livelihood through collective action. Some organisations developed specialised activities concerning this objective. The '*Confederation Unica Nacional de Afiliados al Seguro Social Campesino*' and the '*Coordinadora Nacional Campesina*' – CONFEUNASSC – CNC in **Ecuador** represent one type of these organisations dealing with the provision of social security to rural people. These organisations are wide spread on the territory and CONFEUNASSC brings together 563 rural health care centre with 3500 local organisations whereas CNC is represented in 13 out 22 provinces of the country. About 650.000 members of local based organisations get social security safety nets from CONFEUNASSC. A side from this main activity the organisation is engaged in capacity building, specific leaders training, formation of health auxiliaries, implementation of rural health centre and promotion for basic health care prevention.

Other organisations aiming at improving livelihoods are credit institutions or micro-finance institutions like '*Crédit rural de Guinée*' in **Guinea** which is now in the process of institutionalisation as a private company after a three phase project since 1989. In 2000, the amount of outstanding loans was around US \$ 3 millions for US \$ 5,2 millions attributions in 2000. Half of the credit is for short term credit for agriculture, 20% goes to commercial activities, 5% for the mid-term credit and 25% for rural activities, mainly handicrafts and credit to civil servants. Associates are around 80.000 out of which 70.000 are active members and women represent nearly half of the membership (47%). The specificity of this experience lays in the decentralised governance and members control on the local '*Caisse*'. It concerns all rural activities among which agriculture is one out of the activities that can be financed, the responsibility of the decision-making being controlled by the associates at local level. If CRG has not an objective to target the poorest among the poor, attention paid to the first amount lent and the amounts credit in general, allow to of fit with the needs of the poor population.

4. World Bank collaboration with IFAP

The World Bank has been able to talk with and give a space for an international RPO to express itself in several WB fora. This process has helped develop the World Bank's capacity to listen to producer representatives and began a process of change regarding RPOs as emerging collective actors. However, the World Bank's collaboration with RPOs should not be restricted to one organisation but others so that more interest groups are represented as long as the World Bank consider them as representative of different conceptions that deserves being heard since they also represent so many poor people in the rural areas.

This WB / IFAP collaboration lead to organise in June 1999 (with support of Netherlands and French funds) an international Workshop in Washington whose title was enough self explanatory: "Building

rural capacity, A workshop on the empowerment of producers' organisations". One of the outcomes of the workshop, was the target to include an RPO partnership component in every World Bank funded agricultural services project by 2001.

5. Key lessons learned from experience: Why does it work ?

- If an organisation can address successfully one specific key stake of the period (poverty and food security, agricultural growth, sustainable resource management, empowerment, livelihood improvement) the analysis of the different case studies shows that it goes along with improvements regarding other stakes since the organisation shows comparative advantage in co-ordination and integration. Table IV shows the linkages and improvements gained throughout the improvement of one main stake (XXXX) for a given organisation.

- When things work positively and show results, a number of inter-related factors can be found to explain the successes observed. From case studies analysis we are in a position to identify the followings:

- (i) a political context that favour RPOs or that is neutral towards association movement in rural development. This concern freedom to organise and to express opinions, legal framework for collective action through organisation in economic or advocacy issues and most of all recognition from governments be it legal, explicit in agricultural policy documents or implicit;

Table IV. Cross cutting results stemming from co-ordination function of RPOs.

Objective of rural development	Poverty reduction and food security	Agricultural growth and competitiveness	Sustainable resource management	Empowerment and policy making	Improvement of livelihoods
Case studies					
Cadef Senegal	XXXX	X	XX	X	X
Sesame Growers The Gambia	XXXX	XX	X	XX	XX
NATCOBTA Namibia	XXXX	X	X	XX	XX
Operation Flood India	XXX	XXXX	X	XX	XX
CCGF Colombia	X	XXXX	X	XXX	XXX
CNCR Senegal	XX	X	X	XXXX	XX
CONFEUNASSC Ecuador				XXX	XXXX
CRG Guinea	XX	XX	X	X	XXXX

Positive results concerning one specific objectives rely on a more global improvement due to co-ordination and integration functions performed by RPOs.

- (ii) the possibility for RPOs to access to resources and mobilise skills for capacity building and collective action. These resources are material, intellectual and financial support. The quality of these resources is often crucial, as well as confidence between RPOs and support agencies' staff;
- (iii) the long-term commitment of donors, support agencies and RPOs appears to be a crucial issue in many cases. Success stories show partnerships established and implemented in the long run, negotiated - but not imposed from outside - on medium-term basis; early interruption of a support program may ruin investment in capacity building (like in the case of Cadef in **Senegal**);
- (iv) the availability or the joint building of technical, economical or organisational solutions adapted to the problems faced by the members; RPOs are in fact more efficient when they can have access to technical proposals (through research and extension) they can contribute to improve, adapt and diffuse;
- (v) the existence of a strong leadership and its ability to build up and defend a project for the organisation and the future of the members in which they can recognise themselves;
- (vi) internal management capacity and accountability procedures towards membership.

The combination of all these factors appears to be necessary to ensure success conditions. Obviously, if it is possible to define objective external conditions that will more probably lead to success the same exercise is not valid for internal conditions since the partnership with an organisation – if carefully developed – can bring positive changes in the organisation structure, governance and achievements.

- Though it is not possible in this paper to go in detail about RPOs' histories, we must emphasise that their building process is most often all but not a linear and smooth process. Conflicts and crises are embedded in the nature of organisations and most of the organisations we mention as relevant examples for success stories successively enjoy periods of growth in activities and partnership and suffer crises that can undermine cohesion and the development of the activities. The criteria is not therefore for an organisation to be in either one of the two states but to be able to get through crises periods without losing capacity of mobilisation.
- It is really impossible to find any direct and univocal relations between characteristics of the context or the situation the RPO deals with and the results obtained⁵. Given the nature of the organisations and the complex set of conditions influencing collective action, the facts show that a combination of factors (of which some may be related) usually can explain the reasons of a successful intervention of an organisation. Two cases can illustrate the institutional complexity of such conditions, one from **India** and another one from **Guinea**.

(a) In India, the main factors that can explain the success story of Operation Flood in **India** can be summarised as follows: the involvement of RPO from the design stage of the project and the long term support from donors together with capacity building programmes;

- a strong and recognised leadership that promoted a dualistic and pragmatic approach of technology combining sophisticated and intermediate ones;
- the integration of the sub sector from production to processing and marketing through co-operative;
- a long-term commitment from the donors side (over 15 years);
- favourable political context for RPOs development;
- availability of administrative skills.

5. Of course, as stated above, some context do not allow RPOs to exist.

(b) The Government in **Guinea** decided in 1984 to support the building of RPOs as technical and economic actors to take over after a long period of heavy state intervention in agricultural production. Sub-sector development projects funded by AFD have been closely combined with institutional capacity building for RPOs funded by French MAE and World Bank funded Agricultural Services Project [with a specific commitment of French aid on research capacity building]. This specific institutional context was based on improved co-ordination between donors and the Government of **Guinea**, better institutional coherence and the whole framework enhanced efficiency in delivering services to RPOs and producers (relations with research and extension were far more responsive to farmers needs since RPOs were progressively becoming partners in the negotiation of the agenda).

C. RECOMMENDATIONS

Increasing RPOs roles in rural development fits with central concerns of the World Bank's World Development Report strategy and its Rural development strategy to reach the poor that is being revised. Not only RPOs are key economic actors of the private sector, but they are a vehicle for *empowerment* and *policy dialogue* with rural people. As recognised by the World Bank, partnership with rural development actors and the private sector – including RPOs - is necessary, but is a fledgling process that requires support. This support may be indirect (e.g. creating a legal framework for RPOs, providing negotiating fora) or direct (e.g. capacity building funds, training etc). Specific details on the implementation of the following recommendations for the World Bank to enhance the role of RPOs in rural development will need further elaboration in discussion with World Bank staff and key developing country actors. However, broad recommendations for action include the following.

1. Preamble: Conditions required for meaningful RPOs participation

For RPOs to be able to fully participate in rural development processes, the existence of peace, observation of the rule of law and security guaranteed by the State are required.

Governments should also recognize the freedom of expression and the right for rural people to organize themselves in associations, cooperatives, unions and other forms of collective action that are needed to foster sustainable rural development processes.

2. General recommendations

(a) **Promoting/financing institutional reforms to develop a national conducive environment for the development of RPOs initiatives.**

- Encourage a state of law where private initiatives (collective and individual) are supported by appropriate legislation (statute of organisation etc.) and complains can be file against those who denied this right of collective or individual initiative (e.g. commercial legislation enforcement allowing RPOs to go to justice when commercial partners do not fulfill the contracts).
- Invite RPOs to participate in rural development policy making at local, regional and national level.
- Develop new institutional mechanisms or fora where all actors can meet to discuss and negotiate implementation pans and programs of rural development policy.

- Focusing public intervention in the economy on the production of public goods that enhance the development of private initiatives be they individual or collective.
- State enforcement of accepted economic rules of the game and regulation of competition between economic actors, and legal guarantee of respect for property and tenure rights.

(b) Promoting rural public policy that will favor the development of economic actors.

- To be in a position to promote such policies, the following questions need answers to orient the public choices for investments in each country:
 - What type of agriculture is targeted?
 - What should be the place and role of agriculture and of the rural areas in the society and in national economy?
- According to the evolution of the civil society in many countries, and regarding the way the World Bank wishes to act (see CDF papers and PRSP which clearly show interest for broad consultations of the actors) these answers can only be approached through in-depth consultative processes, involving the key stakeholders. Such consultations would lead to coherent priority setting and improved coherence across sectors and among programs within sectors, that should produce sound national rural development strategies.
- Of course recognition of RPOs as partners and their involvement in rural development policy formulation, project/programs preparation, implementation, monitoring and evaluation are key steps to be taken by governments and the World Bank should promote such orientations.

(c) Financing RPOs capacity building programs.

These programs cannot be defined without the participation of RPOs and should be negotiated with them.

- What capacities to strengthen? (a) analysis of RPOs socio-economic environment (micro, meso and macro), (b) RPOs capacity to develop a strategic vision, effective propositions and programs, (c) negotiation skills to engage in dialogue with public and private actors, (d) implementation of programs/project and organisational management (governance, accounting, internal problems solving etc.).
- How? (a) include a “support to RPOs component” in each sector program/project related to the development of agricultural production, including programs to support production, input supply, processing, marketing, improvement of the quality of agricultural output and competitiveness in local markets and for export etc., (b) development of national RPOs capacity-building programs/projects.

(d) A new approach.

Two points appear to be of importance.

- A continued shift to a process approach. The extreme diversity of both the RPOs and the economic and institutional context in which they evolve clearly exclude any standard blueprint but requires in each case a specific tailored program adapted to the pace of RPOs and based on the availability of new mechanisms and funds for capacity building. A process approach to engaging with RPOs among other rural actors and developing World Bank-supported interventions at the national level is necessary. This can build on lessons learned through the consultative processes initiated through the PRS process, matching funds, flexible APL funds,

local level development initiatives promoted by CDD and participatory approaches being developed by SDD. A key factor in a process approach will be the need to engage in relationships with RPOs and have the capacity to adapt interventions and objectives in the face of changes over time.

- Programming and developing partnerships over the long term. To move to a real partnership with development actors, it is essential to avoid the dead ends of both exclusive top-down and bottom-up approaches. This implies building opportunities and ongoing fora for exchange and discussion between the different stakeholders in rural development. A step by step approach to identifying rural development actors and developing partnerships with RPOs on the basis of mutually defined and agreed objectives should be combined with a long term commitment to any program involving RPOs. This should be accompanied by a concern to gradually build capacities over time.

3. Methodology

- Gradual involvement of RPOs in all aspects of the project cycle at country level. Ways should be found to involve potential partners among RPOs and other country level rural development actors in every aspect of the World Bank's project cycle, from identification, preparation and appraisal, through to negotiation, joint approval of Project Appraisal Documents, implementation, supervision, monitoring and evaluation. RPOs should be put progressively in a position to define the nature, objectives and support scheme of any program and increase their responsibility and accountability in the implementation through contractual arrangements with different types of stakeholders according to the assignment to be executed. Drawing on methodologies and lessons from practical experiences of participatory monitoring and evaluation will help identify methodologies for doing this.
- Establishing long term negotiation processes between WB, government and rural development stakeholders including RPOs. Discussion and negotiation cannot be reduced to formal participation where actors have no room for manoeuvre to express themselves and develop their own proposals. On the contrary, it requires: time, capacity to negotiate effectively, flexibility and iterative processes, the establishment of negotiating fora involving a wide range of actors, identifying and planning debates and interventions, providing funding over longer periods of time so that more concrete results can be achieved. To be able to negotiate, RPOs need to develop their own objectives and strategy, and their capacities to analyze their environment (e.g. economic and policy context). This assumes they can access relevant information and that it is available in an appropriate format and they can apply it to building a strategy within the organisation and use it to inform negotiations with other actors.

In this respect, there would be need to link in with efforts to involve all stakeholders in national development processes and to have a high degree of transparency in these processes, with openness and information-sharing as major objectives. This could be achieved through producing 'improved guidelines' for best practices in establishing these processes (especially in relation to PRSP processes) highlighting the role of RPOs that could be developed and disseminated within the WB and among partner countries...

4. World Bank tools to be developed

These changes will take time and are unlikely to occur as a result of senior level policy directives alone. They require on-going support processes provided to World Bank staff at various levels, increased knowledge of the key actors in rural development in specific contexts, changes in project cycle management and incentives, and the establishment of effective consultative negotiating

processes in partner countries. To embark on this process, the following actions could be undertaken by the World Bank immediately.

- 1 – Enhancing country level identification of actors – or institutional mapping. A detailed review and analysis of the different actors in the rural sector should be done regularly in countries where the World Bank has an intervention. This can be, for example, integrated with and deepen the civil society consultation processes that are central to PRSP design. Each economic sector review should present a review of rural development actors with their strength and weaknesses and propose rural capacity building program to complement sector investment programs that remains essential. This process would have to be carried out in close collaboration with TTL, Technical Manager, Country Director and SD and environment department specialists carrying out social, beneficiary and environment assessments in relation to each project intervention to avoid duplication and enhance synergies.

- 2 – A World Bank internal RPO Resource Unit to support TTL and country managers. RPOs contribution at the level of World Bank programming and at every stage of the project will only happen if key WB staff are equipped with the tools and both human and financial resources and are aware of practical experiences of doing this elsewhere. This will require a process, not only policy documents. A RPO Resource Unit could perform this role of providing on-going specialist support to TTL and country managers by drawing on human and financial resources made available by a pool of donors ready to accompany the World Bank in this process. It could be staffed by a limited number of RPOs specialists who could provide the following services on demand :

- advice and practical support in drafting program/project documents to include RPOs/development actors;
- empirical evidence of RPOs as key stakeholders in RD processes and lessons from experiences of partnership around the world through case study and documentation database;
- workshops on lessons from partnerships with RPOs, including awareness workshops at the WB on working with and involving RPOs both proactively and responsively - on request for different departments and managers;
- advice on establishing negotiating processes and forums at the national level;
- collating lessons from regional consultation processes and suggesting ways to increasingly involve RPOs in these processes;
- establish an interactive web-based information service on RPO issues

This RPO Resource Unit may sit well within the existing World Bank initiatives like support private sector development. Multi-donor funding could be sought for the Unit over an initial period of 3 years. It would be supervised with the RPO Task Force.

- 3 – Establish flexible and responsive RPO Capacity building support funds alongside rural programmes and projects.

Effective empowerment and dialogue will entail reinforcing the capacities of RPOs to participate in development projects and processes. These capacities range from internal management to technical capacities and leadership training to enable representatives to effectively advance their members' interests at all levels. This has already been recognised in a wide range of World Bank-funded projects which include RPO capacity building components (e.g. agricultural service projects in West Africa, the recent Madagascar Rural Development Support Project appraisal). A number of existing instruments can be used to support this (APL, local government/CDD funds, matching funds...). However, these may not always be flexible enough to respond to capacity-building needs quickly as they arise during the life of a project. It is therefore suggested that a flexible and responsive capacity-building fund be established alongside each rural development project to respond to *ad hoc* needs and requests for capacity building by rural organisations as they arise. This should be managed and disbursed by a steering committee comprising RPOs, civil society, project managers

and government, and be released according to terms of reference agreed by these actors in advance. Contractual arrangements could draw on the experience of community based contracting

- 4 – Identifying and applying existing Bank instruments. In addition to creating new, flexible instruments for supporting RPO capacity building, there is a need to actively investigate how existing instruments can be used to increase RPO participation in rural development initiatives. This should include RPOs participation at multiple levels:

- (i) financing demand - via investments made at the grassroots level (CBOs, local authorities and local RPOs via mechanisms available through CBRD);
- (ii) financing supply - via investments made for budget support in PRS credits.

These will include:

- apl funds;
- matching funds;
- revolving funds;
- social funds;
- building up multiple-purpose endowment funds (drawing resources from donors, national and international companies etc.);
- HIPC funds;
- special multi-donor RPOs support funds (e.g. PSAOP for WARF, Senegal);
- support to RPOs building their own endowment funds (though recognised to be difficult in Africa);
- project-related grants for specific activities;
- seed money to try RPOs support initiatives via donor trust funds.

First, though, it will be necessary to draw up a comprehensive list of these instruments and how they may function – which can be circulated to managers. This could be an early activity for an RPO Resource Unit. Second, it will be necessary to increase the use of participatory methods and build partner capacities to participate (see 3 above).

If these tools can prove very useful from different types of projects (Ag. Services, irrigation or productive projects), they are specifically recommended to improve the participation of RPOs in the PRS processes.

- 5 – PO Task Force given mandate to develop and monitor progress in work with RPOs and potential eventual special programme on RPOs.

In order to realise the changes and recommendations made above, progress will need to be monitored over time and the remit and activities of the proposed RPO resource unit will need continuous assessment. We propose that the existing World Bank Producer Organisations Task Force be given the mandate to take on a more active role in moving these issues forward and in the actual monitoring of progress against agreed benchmarks. This could be done at 3- or 6-monthly intervals. Without this it may prove difficult to achieve measurable and consistent improvement in World Bank practice with regard to working with RPOs.

ANNEXES

CASE STUDIES

1. USA Co-operatives
2. Senegal, Casamance
3. Costa-Rica, Central America
4. Water users associations, The Philippines and Mexico
5. Columbia, Coffee Growers Federation
6. Chile, Small farmers' economic organisations
7. The Gambia, Sesame growers association
8. Madagascar RPOs in World Bank Project
9. India, Dairy development through co-operatives

CASE STUDIES

1. USA Co-operatives

Co-operatives in USA

In USA today there are approximately 4,100 agricultural co-operatives with 3.9 millions memberships. This number has been slowly decreasing since the 1970s due in part to mergers, acquisitions and consolidations reflecting similar activity in many industries during a period of economic tightening. Co-operatives had record net income of US \$1.96 billion in 1994 and employed 175,000 people. Net business volume of agricultural co-operatives amounted to US \$105.5 billions in 1994.

Source : <http://www.cooperative.org>

2. Senegal, Casamance

Building a new pattern for rice cultivation under high physical and social constraints in Senegal

In Casamance, a research-development programme funded for five years by AFD (1989-94) and by the Special programme for Food security in Africa from FAO (1995-1997), was implemented by a local based association CADEF in partnership with both NGOs and public organisations (research and training). Actively supported by women, the organisation induced the building up of an innovative organisational and technical pattern for bottom valley rice cultivation where drought and salt had made it impossible. They succeeded by linking natural resource management, collective dam building and water management, and tuning individual technology according to flooding pattern. Within a five year pilot programme with a significant capacity building in RPO, 800 ha recovered for rice cultivation reducing buying rice for consumption from more than nine months to three to four months.

Source : Pierre-Marie Bosc, Cirad.

3. Costa-Rica, Central America

RPOs, technical innovation, food security and fighting against poverty in Costa Rica

In the 90's the government of **Costa Rica** promoted RPOs and oriented its officials to serve the needs of producers to build up their organisations. Around Pejivaye – small family farmers area in Brunca region, south of **Costa Rica** - producing cereals and beans - four associations are created out of which 3 had survived in 1999, they bring together 250 members, one tenth of the families in the area. Coming from nowhere, they are now handling drying units, warehouses for maize and red bean. Their cash flow is now over 1million US \$. The leaders are now in a position to negotiate marketing conditions, input supply, access to credit and social infrastructure for the communities with a small part of the output of their business activities. As they market 25% of the regional production, their initiative forces intermediaries to come to their price for the rest of the producers. Regarding technology, they develop with state official an internal technical unit that has become quickly a partner for research; their collaboration reduced the time to orient research and set up new varieties of red beans increasing efficiency of public funding in research activities.

Source : Henri Hocdé, Cirad.

4. Water users associations, The Philippines and Mexico

Improving water management in The Philippines and Mexico... but they are also farmers urging for other services

In the Philippines, water users associations are clearly successful in this transition process from state management to negotiated arrangements between national irrigation administration (NIA) and irrigation associations (IA) at community level. Benefits were twofold: (i) improved efficiency in the cost of management of water delivery and irrigation system maintenance [indicators: reduction of half in NIA staff, efficiency in fee collection from 40% to 60%, repair and maintenance cost down from 540 to 380 pesos/ha, personnel cost from 450 to 340 pesos/ha, and dry season area under irrigation over 40% against over 20% only without IA. As IA members are rice producers, accumulated social capital, monetary assets and organisational know how in these associations led many of them as associations to diversify in rural enterprises for service provision for agriculture [tractor for land cultivation, rice mills establishment, involvement in rice marketing...]. Since this type of economic option was not clearly foreseen in the legal and even conceptual framework of the WUA, it can cause problem for those that would engage in such activities.

As **Mexico** case study points out, it is sometimes difficult to assess the real impact of the transfer of water management from state agencies to Irrigation Associations in terms of production and productivity improvement. In fact these programmes are part of larger liberalisation of the agricultural economy the changes that occurred are more likely due to the transformation in upstream and downstream economics of production conditions. But in many cases in **Mexico**, these Irrigation associations enter the market to provide services to their members and considerably extend their activities far beyond water management.

Source : World Bank, 2000.

5. *Columbia, Coffee Growers Federation*

From sub-sector to public goods provision

Created in 1927, CCGF registers in 2001, 250.000 members which include 80% of coffee growers. The members produce over 95% of the coffee in **Colombia**. Anyone producing 375 kg of washed coffee or who grows one hectare of coffee, can join. The statistics do not list members by gender; in practice, membership seems to be for the entire household.

There are coffee committees in 340 municipalities, in 15 departments. Any municipality with 400 coffee farms can have a committee of the Federation. Members elect municipal and departmental committees and a national coffee congress. The elected committee members make decisions regarding e.g. public works in communities, funded by the Federation. Many of these are outside of the main coffee belt. It certainly draws delegates from all parts of Colombia but socially speaking large growers have the upper hand. For instance on the national executive one would not find 85% of the representatives with farms of three hectares or less. However considering the dismal picture of the rest of **Colombia**, the Federation still contrasts remarkably favourably as a well organised concern that genuinely tries to help its poor members.

The majority of funds come from the government tax on coffee, which is returned to the Federation. The Federation also earns money by the sale of services (e.g. shipping). CCGF received so far little external support, a small EC grant and the most significant donor over the last 15 years has been DFID (ODA). At the moment it seems that they are getting a significant loan from the Colombian government to cover the unsupportable low prices in world market.

CCGF performs a wide range of activities:

- related directly to coffee cultivation in order to ensure competitiveness of Colombian coffee and maintain the premium on international markets for the origin : training and extension, agronomic research through Cenicafe, quality control of coffee growers' co-operatives, but also
- related to social well fare of coffee growers e.g. research on human health issues associated with coffee growing, coffee buying price stabilisation, provision of public goods for local communities (e.g. The Fund has also built over 6,000 schools, 400 health clinics, electrified 200.000 rural homes, paved over 7.000 miles and built 2.500 bridges and 5.000 aquaducts).

With information from P. Baker and J. Bentley.

6. Chile, Small farmers' economic organisations

Co-operating to compete: Small farmers' economic organisations in Chile

Since 1990, the Chilean government has supported some 100.000 peasant households in farm modernisation, diversification and developing high value commodities via support to farmers' organisations. This support has been significant in financial terms, reaching up to \$170 million per year recently. A central element of the new policy was support to the formation and development of new small farmers' economic organisations - believing these to be necessary for small-scale agriculture to be able to achieve economies of scale, reduce transaction costs, and access sophisticated and dynamic markets. Around 1000 organisations were created; 50% of these focus exclusively on creating new market opportunities for small-scale farmers (these 500 or so organisations have about 30.000 members). An extensive sustainability study of the organisations between 1997-2001, including interviews of hundreds of farmers and production surveys of 600 farms, examined the external and internal reasons for the success or failure of these organisations. Key conclusions included:

- these organisations have a significant and positive impact on the incomes of participating households and on technological and managerial innovation; but
- only 30% of these organisations (at best) are economically sustainable (despite the injection of millions of dollars).

While, there, these organisations produce significant benefits and opportunities for their members the investment costs have been high.

Source: Julio A Berdegue, proposal for an ODI AGREN paper, 2001.

7. The Gambia, Sesame growers association

Fighting against poverty through export crop in The Gambia

A few miles north of Casamance in **Senegal**, the Sesame Growers' Associations in **The Gambia** bring together around 30 000 registered women members belonging to 1000 village groups across the country involved in sesame production. The SGAs have a democratic and federated structure and in 1999 an organisation was created to represent them at the national level: the National Association of Women Farmers. This gives women farmers increased voice at the national level, whilst also co-ordinating technical inputs and providing production and marketing services. With financial and technical support from USAID and an international NGO (CRS The Gambia), the overall production of sesame rose from 51 MT to over 1284 MT between 1994 and 1998 (latest figures). Export of sesame rose from 50 MT in 1994 to about 200MT in 1999, with the SGAs successfully forming links with private buyers and negotiating preferential sales prices for their members. Significant increases in sesame yields and amounts sold between 1998 and 1999 were due to improved negotiating power, increased strength in marketing and increased amounts of sesame sold for export. This has had a significant impact on members' livelihoods: a USAID evaluation in 1999 found that SGA members on average experienced a 50% increase in income and consumption, and food security for women and children improved. Opportunities to access small loans via the SGA and training in new income earning activities also benefited a significant number of members.

Sources: Charleston, R (1999) *Child Survival Project, Sesame Growers Association Project, FY 1998-2000, USAID Project PL480 Title II: Mid Term Evaluation*. Hussein, K, (2001) 'Case Study: Sesame Growers' Associations and NAWFA – supported by CRS/The Gambia. Research report commissioned by UK DFID as part of a broader review of participatory approaches to rural development in The Gambia. ODI, January 2001.

8. Madagascar RPOs in World Bank Project

RPO roles in World Bank Rural Development Support Projects: Innovation in Madagascar

This \$89million rural development project negotiated for Madagascar at the end of 2000 comprises five elements: productive investments (\$56m); support services (\$11m); community development (\$6m); capacity building and policy development (\$5m); and project administration and monitoring (\$11m). Under the productive investment component, there is provision for support to productive sub-projects that benefit poor grassroots rural communities and producer organisations, through a matching grant system. Organisational capacity building will be undertaken via the community development component, complemented by an IFAD project to increase RPO negotiating power and partnership potential. The overall project steering committee will include Ministry and civil society representatives, and working groups comprising representatives of civil society, RPOs, private sector and government will be established in each of 22 geographic sections in the country to suggest sub-projects at the community level (which communities and organisations like RPOs will co-fund). Rural Management Committees will be formed by election by producer organisations at the commune level and these will report to communities on the progress of project activities being undertaken in their area. This is a pioneering experience that places a heavy emphasis on partnership with RPOs and on institutional strengthening. It is also establishing mechanisms to encourage deeper participation at a range of levels within the project cycle among a variety of development actors, giving an explicit and significant place to RPOs in the development process and in creating economic benefits.

Sources: J.Farah, World Bank and Project Appraisal Document – Report No. 21516-MAG.

9. India, Dairy development through co-operatives

Operation Flood – Supporting Indian Dairy Co-operatives

Dairy co-operative development in **India** began in Gujarat with the establishment of the milk company AMUL in 1946 in response to limited opportunities for traditional milk producers. Operation Flood built on this experience when co-operative dairy development became a priority for agricultural development in the 1970s. Beginning with support for three projects in Karnataka, Rajasthan and Madhya Pradesh from 1974, and moving to support two National Dairy projects up to the late 1980s, the World Bank has lent over \$500 million to develop the milk industry via co-operatives (comprising district unions combined into state federations). The national federation comprises 70.000 village milk co-operatives with has some 9 million members drawn from over a third of India's 500 districts, most of whom are small and marginal farmers, or even landless farmers. The federation is responsible for producing some 13 million litres of milk daily, creating an annual additional income for each family of \$90. The projects have focused on capacity building (strengthening co-operative institutional structures and training) and support for activities and infrastructure related to production and marketing. The overall objective was to promote viable co-operative businesses owned and managed by producers for collecting and marketing milk products in order to expand rural incomes and improve milk productivity.

Investment has been heavy, and some observers have been concerned about the co-operative being over protective and monopolistic, and the occasional inappropriate use of its political power. However, these problems seem to be heavily outweighed by impressive results, arising from committed membership, sound management, an enigmatic and influential leader and strong accounting systems. Results include the following:

- strengthening farmer control and autonomy in the milk sector, at stages of production, collection, processing and marketing
- creating a positive economic rate of return for the project
- enabling poor, small-scale women producers and poor landless or smallholder farmers to benefit by being able to market their milk through the federation
- increasing smallholder access to intermediate and sophisticated technologies
- some co-operatives have established rural roads, rural health services for their members and a range of other social and economic services for members.

Sources: Cees de Haan, World Bank and World Bank Intranet.