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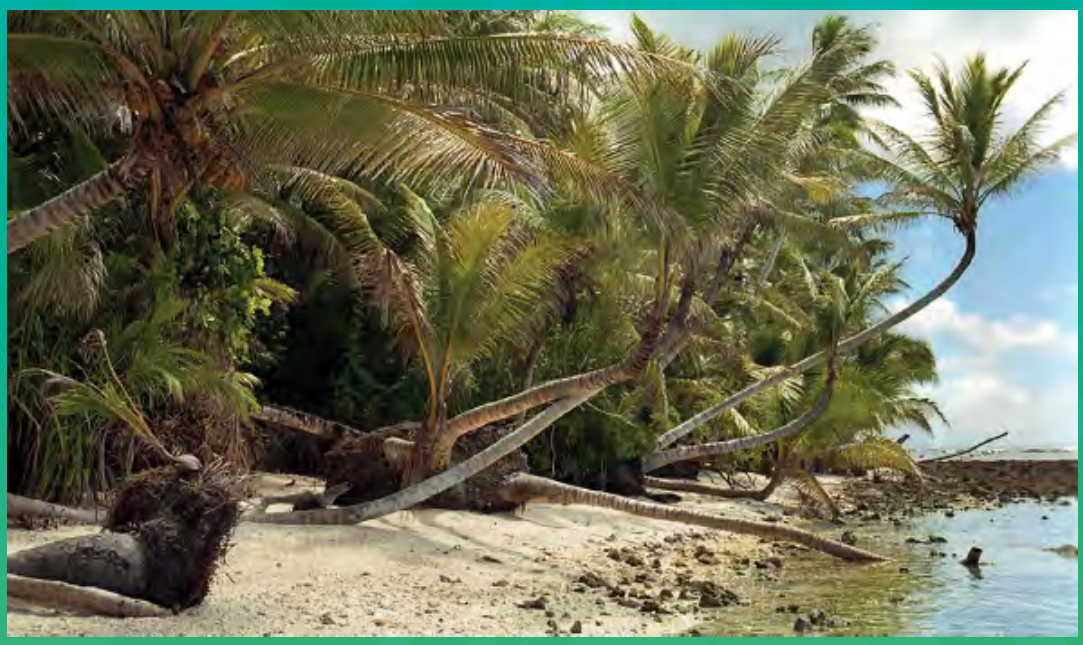
Coconut Risk Management and Mitigation Manual for the Pacific Region



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24. FARMER'S ORGANIZATIONS

By J. M. Sourisseau, K. Bennett, E. Tamasese, I. Bororoa and N. Hussein

Description

Referring to systemic risk, a failure in the functionality of farmer's organizations (FOs) can impact the farmer's access to seeds, to pesticides, to value markets, etc. When the FO is dysfunctional, it cannot protect its members from hazardous events and it restricts the ability of individuals to access markets and the required expensive common equipment.

Each human organization needs to learn and innovate to adapt to its environment. Those who make inappropriate choices collapse and disappear. As with other kinds of organizations, farmer's organizations evolve over time, with cycles comprising different phases: birth, growth, maturity, crisis, and recovery or disappearance.

Farmer's organizations (FOs) are extremely diverse. A rough typology suggests to distinguishing (Mercoiret, 1994):

- FOs driven and created by national or international institutions, to implement specific global policies.
- FOs linked to local development programs, with specific and generally specialized tasks, their potential is very high if they survive to the initial program (which is quite rare).
- Endogenous FOs, linked to civil society movements, with diverse functions, from technical and financial supports to advocacy and lobbying.
- Endogenous FOs coming from an adaptation of traditional organizations, with a deep territorial and cultural anchorage.
- Endogenous and spontaneous FOs, targeting a specific activity (economic, social or environmental) and generally built around leaders with high skills and experience.

Their longevity, and therefore the risk of institutional rupture with negative impacts for producers, is closely related to their origin.

FOs can also be characterized by multiple parameters, of which there are four:

1. The resources available to them, in particular the quantity and nature of material, financial and human resources (members of the board, employees, etc.).
2. The technical system of the FO, depending on the characteristics of the marketed product, the technologies used, the investments made, the agricultural and/or non-agricultural activities developed, and the material and/or intangible services provided to the members.
3. The forms of internal coordination that govern collective action and cover all the formal and informal rules defining the relationships between the members and the management structure of the FO.
4. The forms of external coordination that cover different modalities (contract, networks, etc.) to define relations with external actors (customers and suppliers, community, support services, or political network).

Several external factors influence their functioning and their characteristics, namely:

- The requirements of market demand that influence the way goods or services are produced, through standards and norms, and the margins of maneuver of producers in terms of selling prices and production costs;
- Sectoral or territorial public policies that drive directions in the choice of production, goods or services and define an institutional framework that facilitates or limits the initiatives of producers and FOs.

The central key to any organization is that it is coordinated to address value chain gaps that would otherwise severely restrict the ability of individuals to access the market. Successful farmer organizations are those that are formed under such conditions. Examples of these are Krissy in Samoa which coordinated a Fairtrade farmer cluster to supply fair trade certified coconut cream and similar products for their markets in New Zealand, Australia and the USA. Another example is Natures Way in Fiji which supplies Heat Treatment services permitting products such as papaya, breadfruit, eggplant among others to have export access.

Occurrence and severity

There are several challenges that farmer collectives or cluster groups face. These can be in the form of the following:

a. The capacity of the FOs to provide essential support and services to their members in terms of agronomy support, provision of technology or assistance for harvesting, planting materials or liaison with Government to ensure an effective policy framework is in place
b. When the FO oversees post harvest processing, its capacity to purchase the entire crop from the ICS. In many cases the collective will not have the processing ability to utilize the entire crop or vice versa
c. Intermediation between traders and their members, to maximize the products' prices.
d. Issues of monopolization of the Internal Control Systems (ICs) by the commercial processor putting restrictions on farmers within the collective seeking to maximise revenue from their crops. Cost of certification and its maintenance.

From a value chain perspective there are several risks therefore that can occur that can create chaos in farmer associations or groupings putting the value chain at risk or causing losses to the value chain or collapsing it completely.

Some FOs may become politically involved. Their role turns more to facilitate a political agenda rather than serve the agricultural interests of their members. Collapse or absence of FOs may lead to the exploitation of farmers by unfair intermediaries.

Nevertheless, estimating the occurrence and the severity of the FO's dysfunctions for farmers, as we face systemic risks, is very difficult.

Mitigation and adaptation

The first field of action is the prevention of FOs failure, i.e., to work for their longevity and resilience.

Such efforts can come from national support policies. A range of measures can mitigate/manage FO dysfunctions at a government level. It may be a careful approach that organizational structures are stipulated by Government to ensure that any groups have both management and legal frameworks. Those allows them to manage the various risks, and to have an independent body to which they can seek advise or enforcement of fair and equal standards as set by Government policy.

Specific attention can be paid to a permanent support of FOs actions. In case of a market failure or an extreme climate event, supporting FOs can mitigate the consequences for producers. Some FOs, when they have financial reserves, can assist farmers in case of a cyclone.

But mitigation and adaptation can also rely on internal mechanisms and strategies. A valuable lesson learnt in the above two examples demonstrates that associations should rely on a clear requirement to work collectively. The list below gives some examples of possible clear requirements:

1. Enabling certifications to international standards such as fair trade, Organic, HACCP etc that members individually could not afford or do not have the human resource skills or time to implement
2. Enabling collective purchasing of expensive technology that would be well beyond the capacity of the individual members. From the coconut perspective, this takes the form of centralized oil manufacturers
3. Provision of a unified platform that validates communication with Government or international donors to enable access to development funds or programs. Such organizations often must deal with conflicts: members compete for funding; conflicts of interest, fraud and theft of funds may occur.
4. Collective production to ensure sufficient volumes of quality produce are available to meet the demand of customers

Another valuable lesson is the success of organizations that have a strong commercial founding membership sitting at the processing and or exporting position of the value chain structure. There is a strong financial motivation for these members to ensure a 'win win' arrangement as success of members of the collective or cluster translate to success at the processing/exporting stage.

Actions to undertake

Such requirements may not be sufficient. FOs need good governance practises to achieve them. There is unfortunately no rule to ensure good governance, as far as the human and cultural aspects are determinant. But fine-tuned strategic objectives and clear management plans are indeed keys. FOs with relatively homogenous membership and with close links to the market (which helps both to set quality standards and to generate money for the organization itself) are generally better able to get involved in technology than their larger, more political counterparts.

The second field of action is to play on the other stakeholders (of the value chain and of the territories concerned), in order to reinforce, indirectly collective actions in the benefit of all. Here again there is no recipe, as the complexity of interactions between the stakeholders makes it difficult to anticipate the impact of a policy. But the idea is to consider the importance of collective action through FOs within the VC and the territories, to facilitate their functioning.

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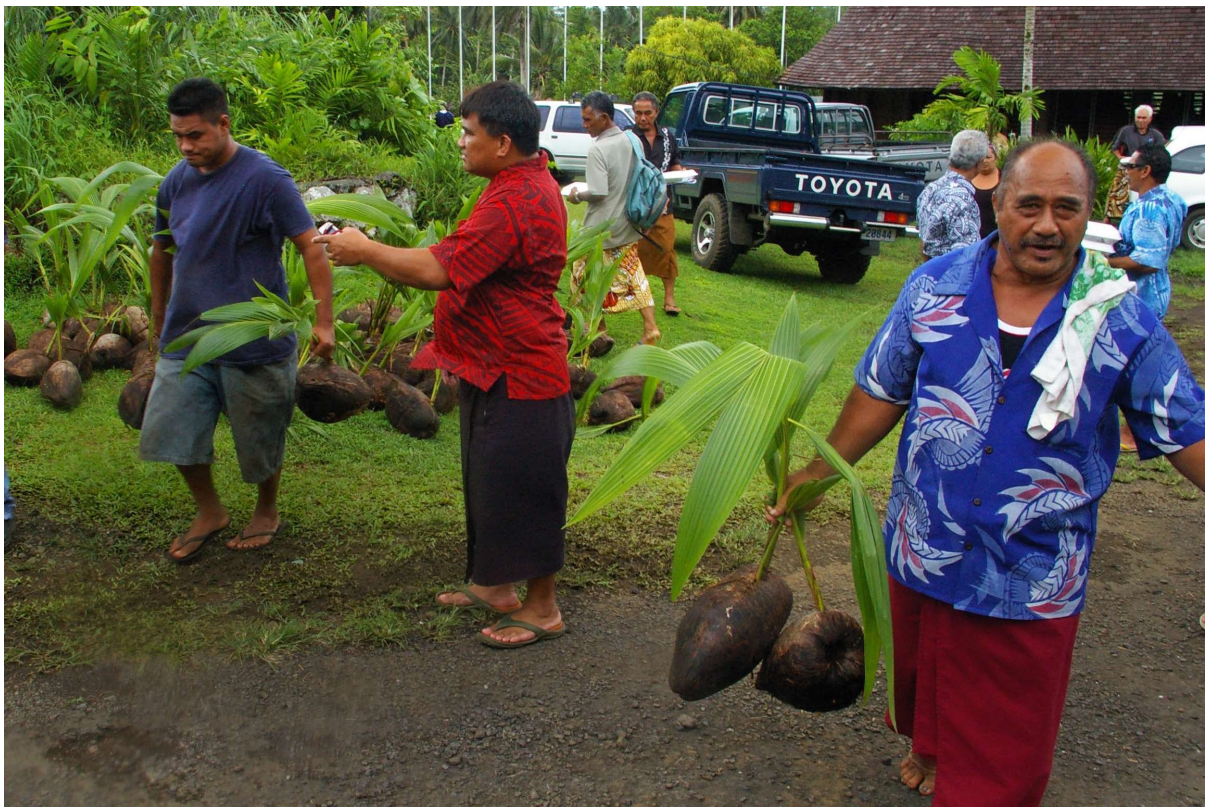

Plate 15. Free distribution of seedlings after a general assembly of a farmers' association in Samoa. The plants distributed were the rare traditional Niu Kafa variety. This action made it possible to increase by fifty percent the total number of coconut palms of this variety existing on the island of Upolu.