

➤ Improving Institutional Capacity: Strengthening Farmer Organizations in the OIC Member Countries

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Agenda

09:45 to 11:00

Overview of Farmer Organizations and Policy Environment in the Member Countries

11:00 to 11:15

Break

11:15 to 12:15

Recent Trends in Strengthening Farmer Organizations at a Global Level and Recommendations for the Member Countries

Introduction: Why are farmer organizations important?

Pool capital and resources to give farmers access to services, markets, and inputs that they would not be able to access on their own

Examples

In primary production...

- Better financial terms for existing inputs
- Better quality inputs
- Finance

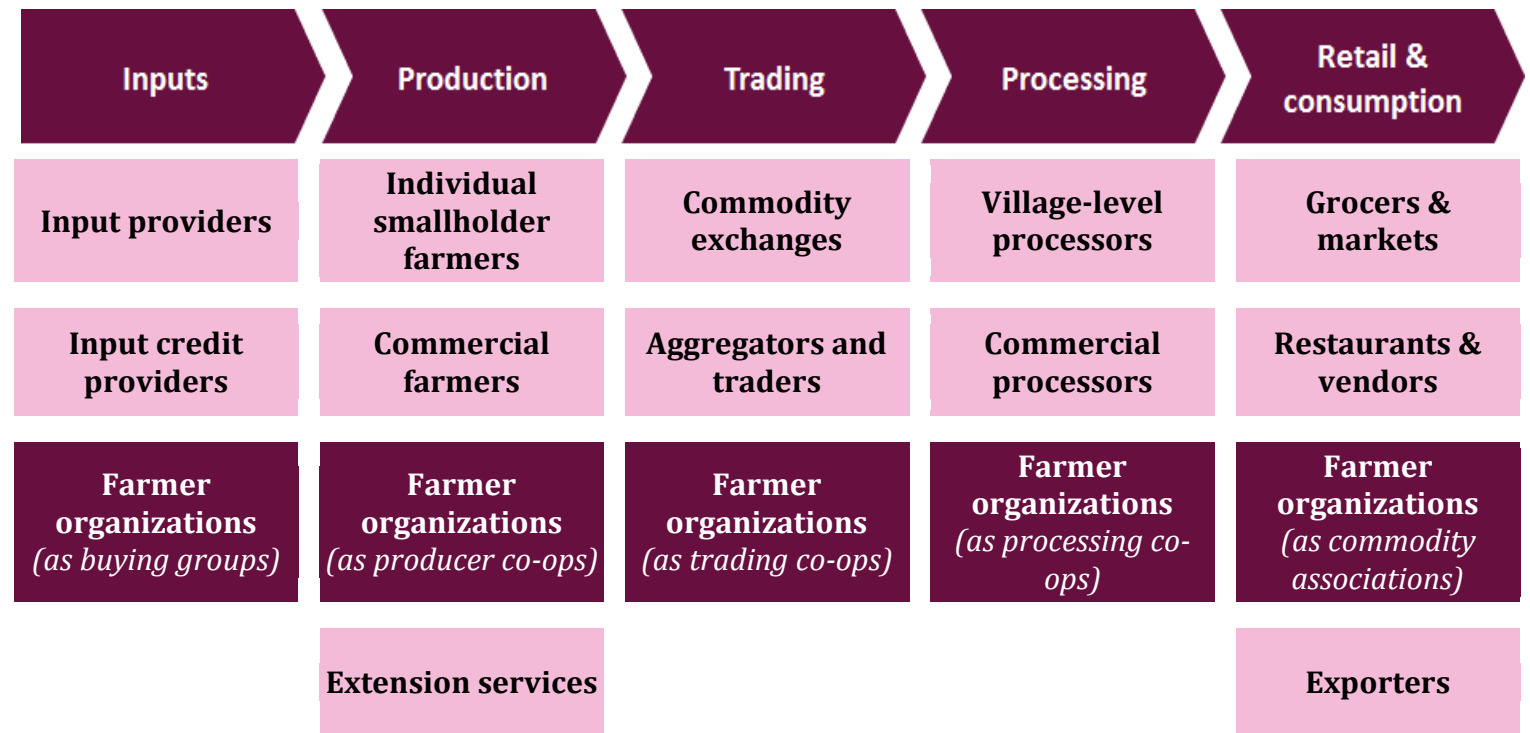
In trading...

- Bulking to reduce transaction costs
- Superior price realisation
- Access new channels to market

...and downstream

- Collective processing & value addition
- Collective marketing & price realisation

Introduction: Farmer organizations are active at all stages of agricultural value chains...



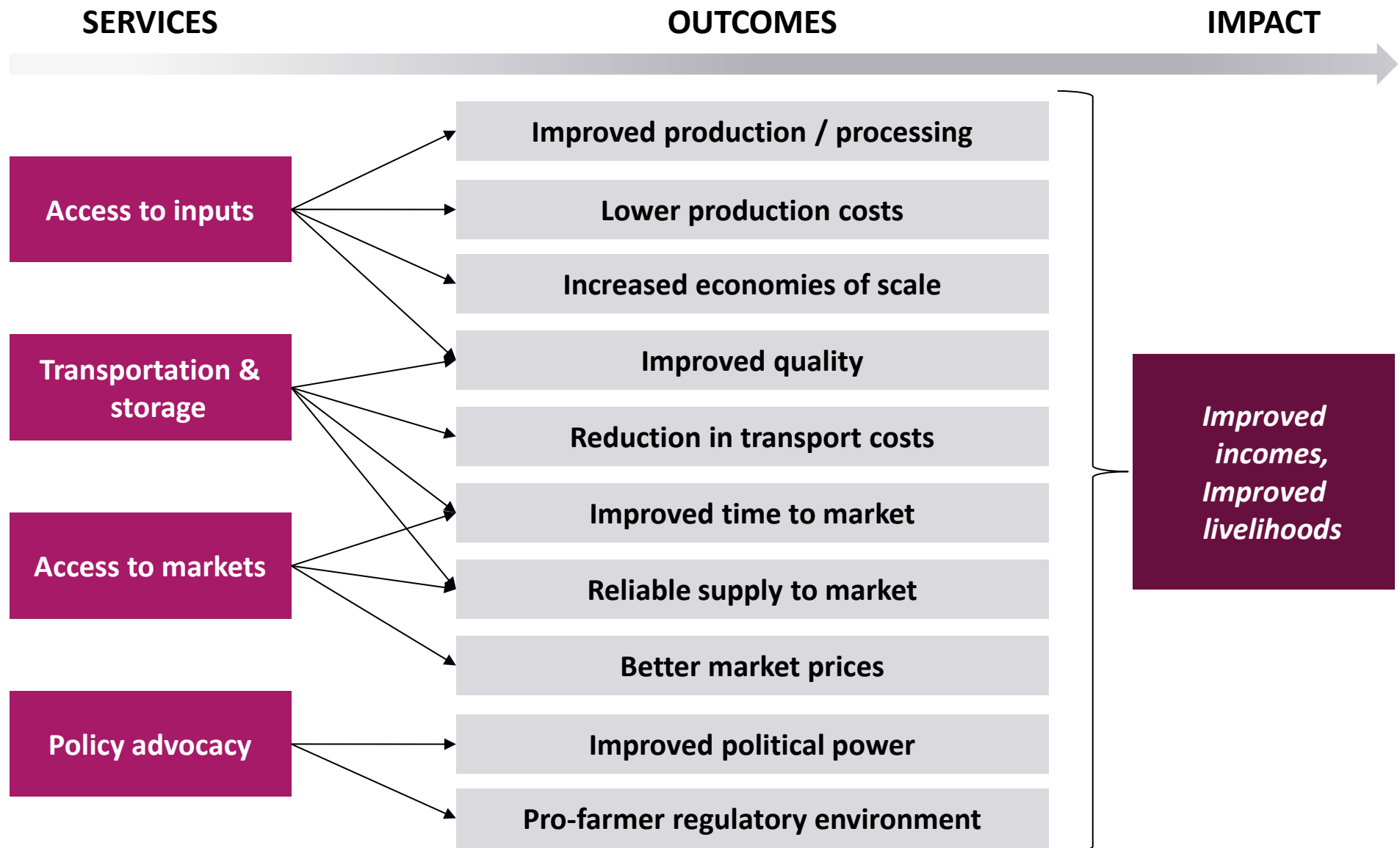
Supply Organizations...

- Help farmers access inputs and training
- Help farmers improve yields

Marketing Organizations...

- Negotiate for higher prices
- Represent farmers in policy discussions related to commodity marketing
- Provide logistics services
- Help farmers capture more of the final value

...and provide numerous other advantages for their members



Common challenges of the Farmer Organizations in the OIC Member Countries

Core Agriculture Related

- **Production-related:** inputs, training, other services
- **Market-related:** market information, pricing power, diversified set of buyers, achieving compliance with international standards

Managerial

- **Organizational:** participatory governance, reporting standards, strategic planning
- **Legal:** understanding of contract and business law, FO registration procedures, becoming formally recognized
- **Financial** management: e.g. basic accounting and bookkeeping
- **Human Capital:** developing strong leaders, entrepreneurship, gender

Political Engagement

- **Advocacy:** act as a champion for smallholders

Farmer organizations also can suffer from low participation, hindering their effectiveness, for several reasons

Vulnerability to state intervention for political gain

- In many countries, FOs are set up by governments as a conduit for the delivery of agricultural services
- Perception of government control can reduce members' sense of ownership
- Reduces desire to participate and contribute

Exclusion of smallholder farmers and women

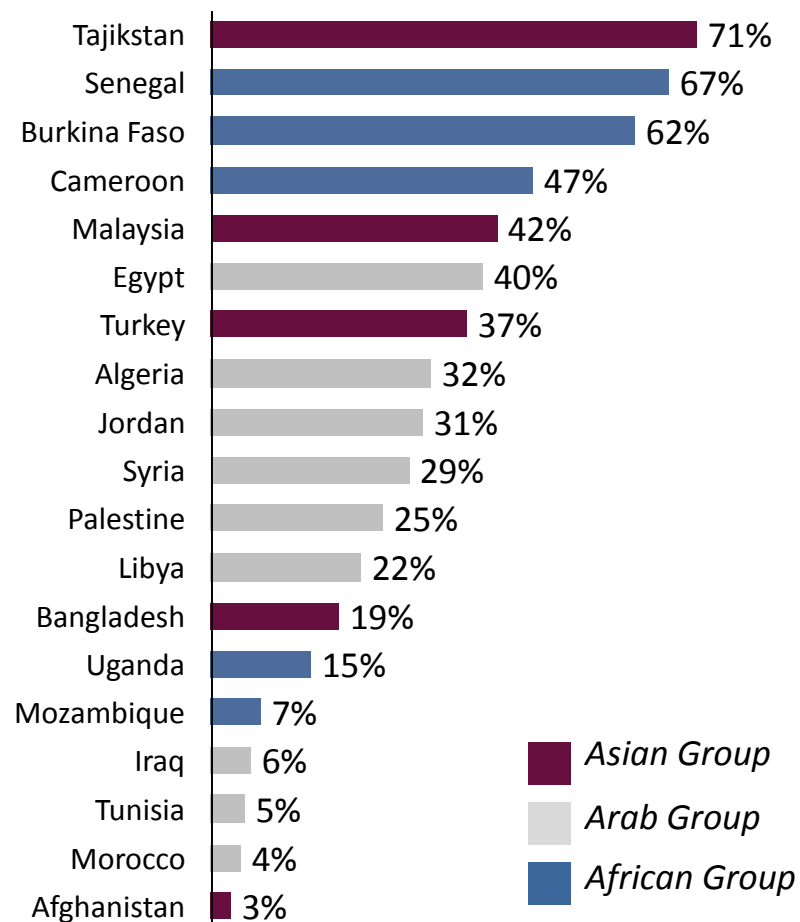
- Women and smallholder farmers often under-represented in Fos (e.g. due to lack of formal land ownership)
- Some FOs inaccessible to small farmers due to restrictive membership criteria, such as financial requirements

Perception of weak or unaccountable leadership

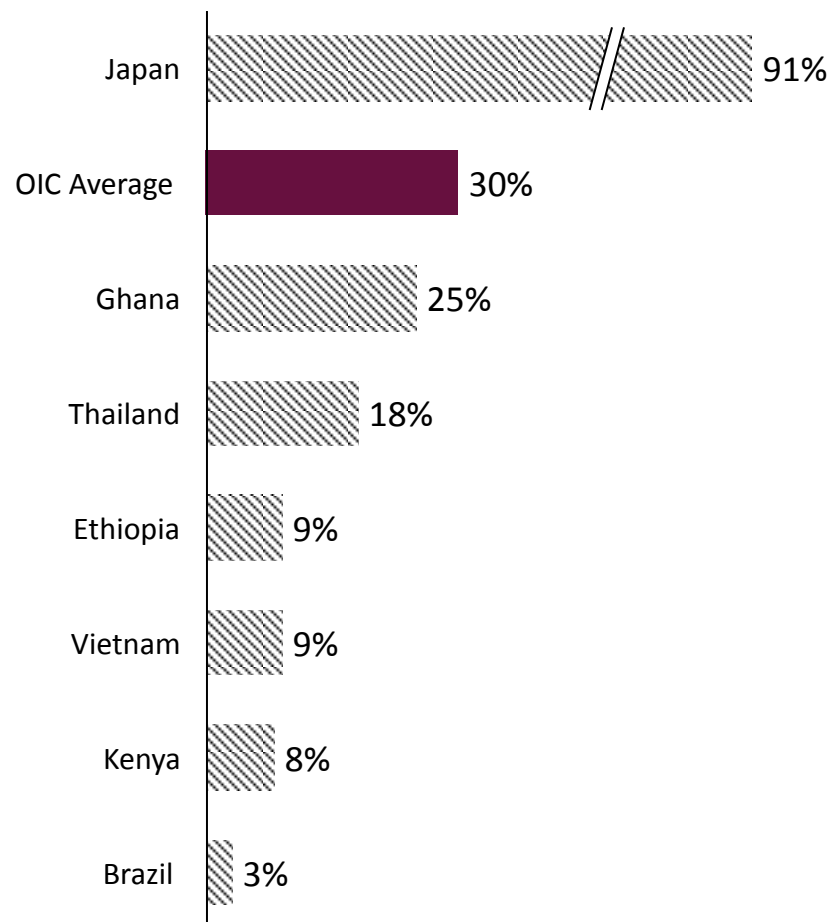
- FOs endemically at risk from leaders who enrich themselves at expense of members
- FOs sometimes reinforce existing power dynamics and hierarchies – can drive potential members away and make them less effective
- Perception as important as reality

Membership in FOs is high in many OIC countries...

FO membership in OIC states as % of ag workforce



FO membership in selected non-OIC states as % of ag workforce



...but data availability is low, creating challenges for assessing the true strength of FOs in the OIC

Is there data available on FO membership?

Region	% with membership numbers available	% with only # of FOs available	% with no data available
African Group	32%	18%	50%
Arab Group	41%	23%	36%
Asian Group	33%	25%	42%
OIC Total	36%	22%	42%

- Availability of data on farmer organization strength is a challenge around the world
- Difficult to understand whether interventions to increase FO membership are working,
- Difficult to understand where additional resources should be spent
- What can be done to address this challenge within the OIC?

OIC governments maintain a variety of departments and bodies with a mandate to work with farmer organizations

Does the government maintain an identifiable body that works with FOs or co-ops?

Group	Yes, an identifiable body	No or unclear from public reports
African Group	76%	24%
Arab Group	68%	32%
Asian Group	77%	23%
Total	73%	27%

- Specific department with mandate to interact with FOs represents a tangible government commitment
- These bodies provide a vehicle for service delivery and policy discussions with FOs; can also make formal FOs registration easier
- Many OIC countries have such bodies
- Next task: **to ensure such bodies are effective at field-level execution**

OIC governments have also introduced a variety of policies and initiatives to strengthen FOs in recent years (1 of 2)

Some examples uncovered by the research (not exhaustive):



Egypt

- constitutional changes prohibit the dissolution of cooperatives or their boards without a court judgment
- mandate **greater representation of small-scale farmers** on co-op boards



Afghanistan

- 2008-2013 Master Plan set a target of 5,000 new cooperatives, who are eligible to receive free or subsidized inputs



Kuwait

- Ministry of Agriculture has promised further efforts to support FOs in Kuwait, in collaboration with the Kuwaiti Farmers' Union, in light of rising production costs



Turkey

- Ministry of Industry and Trade “strategic plan” on women’s cooperatives
- Training program for women farmers and supported the establishment of FOs with grants worth US\$8m, exemption from corporate tax and duties, and the provision of affordable credit



Benin

- New law in 2011 re-organized the governance of FOs. This law made the creation and day-to-day administration of FOs simpler, for example by allowing local registration instead of registration by the central Ministry of Agriculture

OIC governments have also introduced a variety of policies and initiatives to strengthen FOs in recent years (2 of 2)

Some examples uncovered by the research (not exhaustive):



Chad

- Project for Cooperative Entrepreneurship in 2008, to facilitate access to training and funding for FOs, including access to microfinance services for rural producers



Guniea-Bissau

- First country in the world to incorporate the ILO's Recommendation 193 on the strengthening of co-ops into its own laws



Mozambique

- Strategic Plan for the Development of the Agricultural Sector in 2010 – business and management training to FOs, encourage the provision of credit through guarantee schemes, encourage better contracts between FOs and the large-scale private sector



Senegal

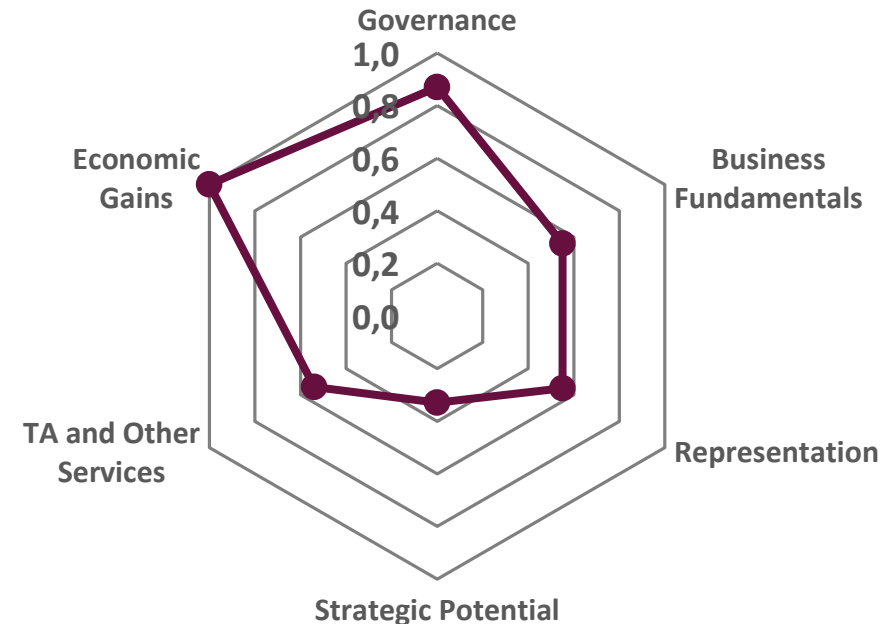
- Reformed its framework FO law to emphasize the autonomy and independence of FOs and require FOs to be more open and accessible
- National Extension Services Agency created to provide public-private partnerships that can engage FOs in agricultural extension

Example of a multi-level commodity-focused FO (national and sub-national) in the OIC: Uganda Coffee Farmers' Alliance

Overview of UCFA and its Depot Committees

Type and focus	<ul style="list-style-type: none"> National smallholder co-op focused on the production & marketing of coffee
Size	<ul style="list-style-type: none"> Est. 50,000 farmers organized into 82 Depot Committees; each with ~600 farmers in 20-30 village groups
Services	<ul style="list-style-type: none"> Negotiates with international buyers to get best prices for its members Provides training on production & packing Helps farmers obtain credit from banks Liaises with government to ensure provision of inputs and training
Business Model	<ul style="list-style-type: none"> Takes small commission on sales to fund day-to-day services and operations Obtains some grant funding for capital investments & training

Kitenge Depot Committee relative score on main dimensions of FO performance



Challenges for UCFA and its member Depot Committees

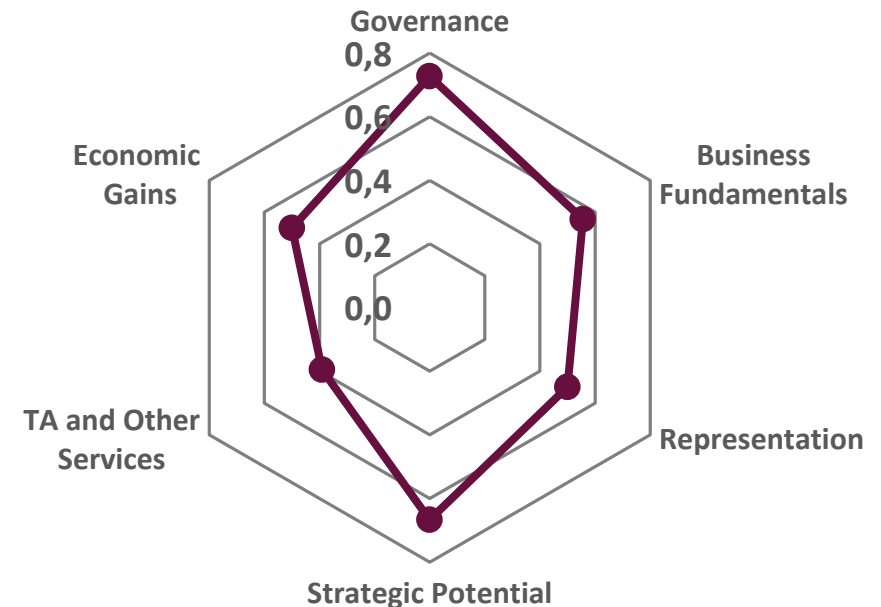
- Side selling:** Members often sell coffee to unaffiliated brokers due to mid-year cash constraints; this deprives UCFA of revenue and means farmers don't get the best prices
- Long-term planning:** Kitenge DC has a vision for investment in processing facilities & input provision, but this is not on paper and their strategy for getting there is unclear

Example of a local, women's only, "producer group" FO in the OIC: Tighanimine Filahia Argan Oil Co-operative in Morocco

Overview of Tighanimine Co-op

Type and focus	<ul style="list-style-type: none"> Local, women's only smallholder co-op focused on the production & marketing of argan oil in Morocco
Size	<ul style="list-style-type: none"> One village-level group of 68 members
Services	<ul style="list-style-type: none"> Commercializes & markets products made from argan oil Trains members in proper harvesting, storage, and processing Provides certification (e.g. FairTrade) to allow members to obtain higher prices
Business Model	<ul style="list-style-type: none"> Membership fee of \$60 used for start-up capital Obtains loans for working capital Sells to variety of local & international buyers

Tighanimine Co-op relative score on main dimensions of FO performance



Challenges for Tighanimine Co-op

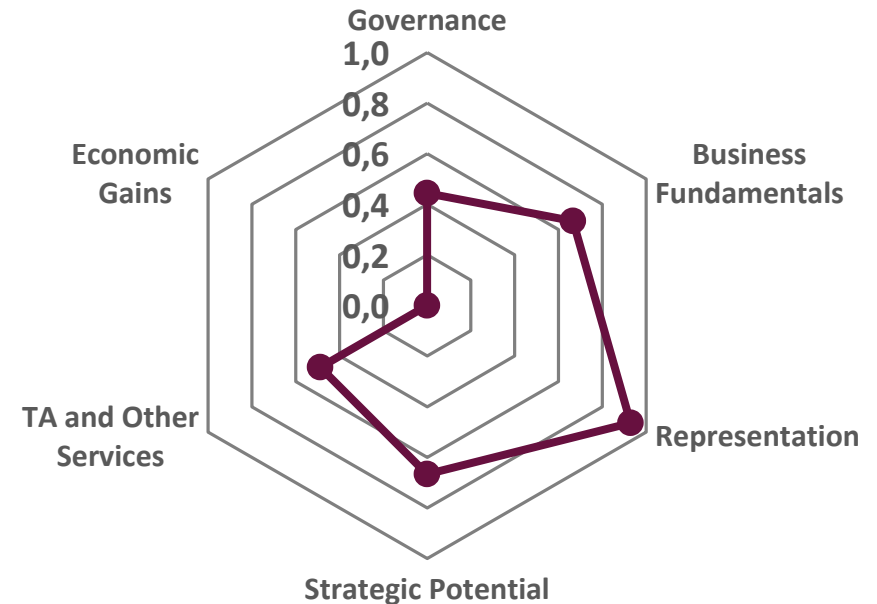
- Limited strategic planning:** Works only in response to ad hoc client orders; has no long-term budget or plan
- Small client base, competition, and corresponding limits on resources:** Cannot provide all of the value-added services that its members would like

Example of a national, advocacy-focused “apex” FO in the OIC: Consortium for Agrarian Reform (KPA) in Indonesia

Overview of KPA

Type and focus	<ul style="list-style-type: none">National body primarily focused on policy advocacy to support member FOs
Size	<ul style="list-style-type: none">Apex group for 120 regional FOs operating across 23 Indonesian provinces
Services	<ul style="list-style-type: none">Advocates on agrarian reform and land use policy, to ensure tenure securityDisseminates information on ecologically sustainable productionLegal services to farmers facing evictionsLinks farmers and FOs to input providers and financial service providersProvides training in creating integrated farming units and joint business entities at a local level
Business Model	<ul style="list-style-type: none">Supported primarily from membership fees (\$1/yr per member) and international donor support

KPA relative score on main dimensions of FO performance



Challenges for the KPA

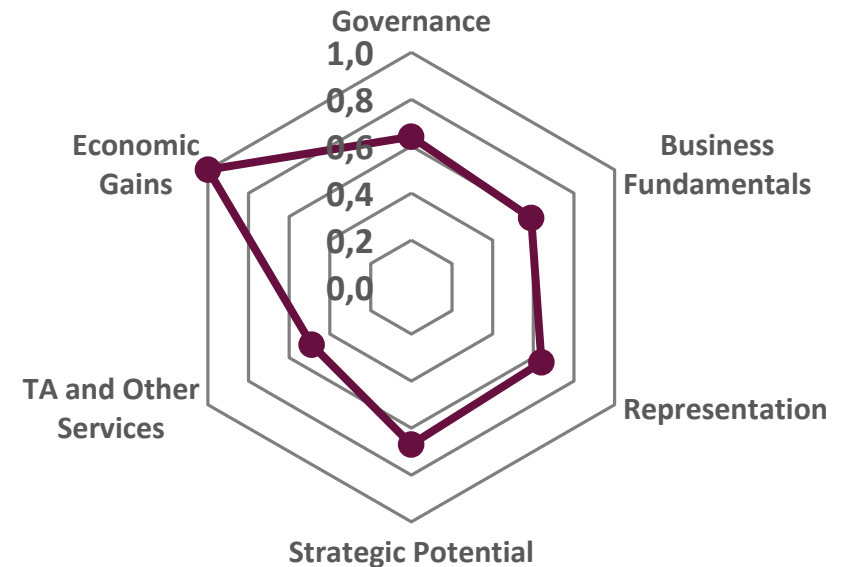
- Lack of access to inputs:** Wants to deliver more services & inputs to members; is trying to establish a seed bank and develop relationships with financial institutions
- Need to access export market and value-added processing:** Believe that farming is not a sustainable livelihood for its members without the ability for small-scale farmers to access new markets and capture more of the final value

Example of a national-scale organization in the OIC: Cadre de Concertation des Producteurs d'Arachide (CCPA)-Senegal

Overview of CCPA

Type and focus	<ul style="list-style-type: none">National-scale, commodity organization focused on supporting groundnut producers
Size	<ul style="list-style-type: none">Consist of 51 Inter-village producer groups (GIPA) totaling about 10,200 members established in four districts
Services	<ul style="list-style-type: none">Supports organization and structuring of grassroots producers organizationsTrains for FO leadershipSupports the supply of agricultural inputsProduces and distributes improved seedsSupports the commercialization of groundnut production and groundnut processingAdvocates and lobbies for the groundnut sector
Business Model	<ul style="list-style-type: none">Funding streams include: membership fees, services fees, credit/loans, partner funding and occasional government grant

CCPA relative score on main dimensions of FO performance



Challenges for CCPA

- Strategic potential:** the organization does not provide training for its staff members; rather staff are trained ad hoc by technical partners' volunteers resulting in an unfocused vision
- Lack of support from local partners and the government:** CCPA partners are mainly the National Council for Dialogue and Cooperation of Rural, ActionAid and the Uniterre programme of the Canadian Study Center and International Cooperation

Questions for discussion

- What are the policies and instruments implemented in your country for strengthening farmer organizations?
- What are the specific challenges faced by farmer organizations in your country?

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Efforts to strengthen FOs focus on developing principles viewed as important to long-term success

Five key principles for strong farmer organizations:



Specific actions to strengthen FOs focus on *technical, managerial, and political capacity*, and can involve *policy advocacy or direct outreach*

**Technical
capacity**



**Institutional /
Managerial
capacity**



**Political
capacity**

Policy Level (on behalf of FOs)

Direct Outreach Level (working directly with FOs)

Some common strategies to build technical capacity include:

Synthesis of common strategies pursued to strengthen FOs:

Area	Strategies to develop the enabling environment	Strategies for direct outreach
Technical capacity - production	<ul style="list-style-type: none">Assist national, regional and local farmers' organizations to build professional and financial knowledge and engage in knowledge sharing with other members	<ul style="list-style-type: none">Support "Farmer-to-Farmer" initiatives, individual training and capacity building initiatives that aim to increase the technical skills of smallholder farmersSupport the formation of buying groups so that farmers have access to cheaper/ available inputsHelp FOs negotiate trade / buying agreements for inputs – especially in areas where access to inputs is low

Some common strategies to build managerial and political capacity include:

Synthesis of common strategies pursued to strengthen FOs:

Area	Strategies to develop the enabling environment	Strategies for direct outreach
Institutional / Managerial capacity	<ul style="list-style-type: none">• Encourage FOs to become autonomous and independent: create an environment where managerial capacity can be developed• Promote regulations affirming equality of opportunity and the rights of members; advocate for good governance structures• Advocate for regulations which improve access to financial services and support	<ul style="list-style-type: none">• Provide hands-on training to farmer-managers to develop managerial capacity• Provide coaching and mentorship on financial management, evaluation, and accountability; provide software and other solutions• Undertake education and training and invest in human resource development• Provide credit facilities for farmers to get inputs in a timely manner

One example of a cohesive, multi-part strategy to strengthen farmer organizations...

Overview of multipart strategy:

1

Strategy component:	Invest in strengthening service providers
Activities and Supporting Initiatives:	<ul style="list-style-type: none">• Pilot service provider network to share best practices• Upgrade facilities and FO-focused curriculum of colleges & technical centers• Build capacity of public agencies with responsibility for FOs

ILO Recommendation 193 is an example of a pro-FO legislative framework designed to be incorporated into national policy

ILO Definition of a FO

'an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise'

Some recommendations to help encourage the strengthening of OIC farmer organizations (1 of 2)

What *Incorporating the voice and needs of FOs into agricultural budgeting and program development*

- How**
- Advocate for increased budgetary allocations for government extension, input support, and small-scale infrastructure to benefit FOs
 - Ensure that FO voices are heard in consultations between ag. development funders and Member governments
 - Discuss (e.g. through a workshop) the most effective mandate and organizational structure for government bodies that work with FOs
 - This would also involve participation from FOs and international experts

**Capacity
Constraints
Addressed**

**Political
capacity**

**Institutional /
Managerial
capacity**

**Technical
capacity**

Some recommendations to help encourage the strengthening of OIC farmer organizations (2 of 2)

What *Advancing smallholder-focused financial services in the OIC*

- How**
- Market research could be conducted within member countries, to:
 - identify the needs of FOs in specific regions
 - understand what challenges banks face in lending to FOs at present
 - Explore and test potential financial product solutions for FOs

**Capacity
Constraints
Addressed**

Technical capacity
(access to inputs &
market)

**Institutional /
Managerial capacity**
(financial)

Some recommendations for potential partnerships within the OIC and between Member Countries and others (1 of 2)

Who:

Member
Countries

ILO

What:

- Adapting and implementing **ILO Recommendation 193** in the OIC context
- Workshops could be convened where the ILO provides advice on the creation of such policies and Member Countries advising on OIC-specific considerations

Why:

Some recommendations for potential partnerships (2 of 2)

Who:

Member Countries

SESRIC

FAO, etc

What:

- Encourage **better data on farmer organizations** and FO-strengthening efforts
- Member Countries could collaborate with SESRIC and/or with international bodies like the FAO on **appropriate methodologies for OIC FO statistics**
- Statistics to focus on:
 - Reporting numbers of registered FOs on an annual basis
 - Periodically (e.g. in line with agricultural censuses) estimating total FO membership and FO membership as % of ag. workforce
 - Reporting budgetary allocations to FO-promotion efforts to encourage transparency and greater focus in this area

These recommendations are a starting point for further discussion...

Questions for discussion

- How does your country perceive the recent global trends for strengthening farmer organizations and how does it respond to these trends?