AGRICULTURE INVESTMENT NOTE

STRENGTHENING FARMER ORGANIZATIONAL CAPACITY TO INFLUENCE AGRICULTURE POLICY

Lack of capacity to use economic opportunities and an inability to access resources and services contribute to poverty—a condition that is also profoundly affected by a lack of empowerment. In the competition for economic and political power, the voices of the poor, particularly the rural poor, are usually not heard. Rural producer organizations (RPOs) help address these problems by empowering rural people, building rural social capital, increasing farmers’ voice in public sector decision-making. Building this capacity requires: identifying rural producer organizations, strengthening their internal governance structures and information systems, developing an active policy dialogue with government agencies, and building technical, strategic, and negotiating capacity of RPO leaders.

In most countries, economic liberalization has been accompanied by political liberalization that offers new opportunities for action by economic agents, including rural producer organizations. The withdrawal of the state from some activities has left a vacuum in the institutional and organizational framework for addressing rural needs. This vacuum has only been partially filled by the private sector. There is also a need for improved governance in the regulatory environment and the correction of market failures (public goods, externalities).

Adjusting to new economic and market conditions is made more difficult in rural areas by the imbalance of power between poorly organized agricultural producers and powerful public or private operators. This imbalance is largely related to producers’ limited access to information and education, and a relative lack of capacity to formulate objectives and define a strategic vision for development. Their participation in public debates on economic and political liberalization often remains symbolic and, in practice, decisions are made without them. Increasingly governments are aware of the importance of having farmers participate in agricultural policymaking, and therefore support RPO capacity building. This requires institutional frameworks that recognize their potential role, and mechanisms for farmers to voice their concerns at the local, national, and international levels of policy formulation.

RURAL PRODUCER ORGANIZATIONS

In all rural societies, traditional organizations have an inward-oriented or “bonding” function to facilitate collective actions that mitigate against the uncertainties of agricultural production, and regulate relationships within the group. In contrast, formal producer organizations perform a “bridging” function to organize relationships between the group and the outside world. In the context of developing countries, RPOs typically include elements of both traditional and formal organizations. They are rooted in local customs, but organized on economic principles. Inclusion is characteristic in traditional groupings, where everyone is inherently a member, but formal producer organizations tend to be more exclusive. RPOs are membership organizations created by producers to provide services. They differ from NGOs, which also provide services to producers, but are not necessarily membership based. RPOs can be local and serve only at village and inter-village levels, or can operate at regional and national levels (as unions and federations).

BENEFITS

Many of the world’s poor live in rural areas with agriculture or agriculture-related activities as the mainstay of their livelihood. When poor producers band together, they gain bargaining power and may access the services and resources they need to diversify, improve competitiveness, access markets, increase incomes, and equitably distribute associated benefits.

RPOs play an important role in policy dialogue and in some cases, rural federations are in-
involved with macroeconomic and political issues. Examples include the Indigenous and Afro-Ecuadorian Peoples Development Project (Ecuador) and the Agricultural Services and Producer Organizations Project (Senegal; see box 1.29). In both countries, RPOs are at the forefront of a larger civil society movement, advocating political and socioeconomic changes. Strengthening the capacity of producer organizations to influence policy in an informed and democratic manner builds social capital that complements investments in other forms of capital: natural, human, physical, and financial. Effective RPOs can improve policy outcomes and the efficiency of rural service providers. This in turn can have major benefits for poor people if they are able to organize themselves effectively.

**POLICY AND IMPLEMENTATION ISSUES**

**MULTIPLE FUNCTIONS OF RPOs.** Rural producer organizations typically perform multiple functions, generally including: *advocacy or policy* functions (syndicates or unions), *economic and technical* functions (cooperatives or associations), and *local development* functions (especially when decentralization has not yet taken place and local governments do not exist). Most RPOs address all three functions to varying degrees.

**EQUITY.** RPOs are not necessarily inclusive. There may be entry barriers for the poorest of the poor, who lack the minimum assets and, in general, do not belong to formal groups that can help them take advantage of what an RPO can offer. The cost of reaching the unorganized can be high, but projects financed by donors may help RPOs improve inclusion to reach the poorest, and make sure that their voices are heard in policy development processes.

**RESISTANCE TO RPO EMPOWERMENT.** Empowering producer organizations should create forces in a society that can lead to a shift in power relationships. Since existing elite groups may try to counter these forces, wide communication and careful monitoring of ongoing change processes are necessary. Governments and civil servants are likely to resist change because they are afraid of losing control and privileges. Political parties and individuals will try to co-opt the process and use RPOs as vehicles to promote their own agenda. An effective RPO support program should therefore analyze stakeholder interests to identify potential opponents and resistance to reform, and design specific activities that bring about win-win situations.

**INCREMENTAL PROCESS OF DEVELOPMENT.** Empowerment of RPOs through learning-by-doing will frequently entail some failures and misuse of funds by the emerging organizations. Appropriate controls and audits are necessary and a phased program of institutional development and delegation of responsibilities is frequently

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**Box 1.29 Senegal: strengthening RPO capacity to participate in policymaking**

The National Cooperation and Consultation Committee of Rural People of Senegal (CNCR: Conseil National de Concertation et de Coopération des Ruraux) was created in 1993 by 19 national federations to represent rural producers in agricultural policy formulation and negotiation processes. CNCR goals are to: (i) strengthen the unity of the farmers movement and represent rural producers, (ii) defend farmers’ interests in decision-making processes regarding agriculture and rural development, and (iii) contribute to sustainable development of family farming systems.

Since 1994, CNCR has been recognized by the Government of Senegal and the World Bank as a partner in preparation and implementation of a US$6 million RPO capacity-building component of the Agricultural Services and Producer Organization Project. CNCR also chairs the board of directors of the National Agricultural Research Fund, and is an influential member of the Board of the National Agency for Agricultural and Rural Advisory Services. CNCR (http://www.cncr.org) is systematically associated with any agricultural policy formulation in Senegal, and at a regional level participates in West African Monetary Union policymaking meetings as a member of the West African Network of Rural Producers Organizations (http://www.roppa-ao.org).

Source: Bosc et al. 2002.
beneficial. Capacity building of producer organizations is a slow and uneven process regulated by existing social behavior and cultural norms. Donors may get impatient and force the process artificially, thus engendering unsustainable advances.

LESSONS LEARNED
IDENTIFYING ORGANIZATIONS TO SUPPORT. Experience indicates that any membership organization should be eligible for program support as long as members are agricultural producers living in rural areas and providing it meets three criteria:

- It should be recognized as useful (principle of utility) by its members—members must value the ability of the entity to promote beneficial policy.

- It should have an identity (that is, a history and effective operating rules) that, even if not formalized, regulates the relationships among its members and between members and the outside world.

- It should be legally recognized, with governing bodies functioning effectively, in particular holding regular elections and meetings with accountability mechanisms.

DEFINING WHAT TO STRENGTHEN. Investments need to help RPOs become more effective at providing the services for which they were created. This often requires improvements in:

- Internal governance structures and accountability mechanisms.

- Internal and external information systems.

- Capacity to articulate members needs and negotiate.

- Technical and managerial capacity to implement activities.

- Strategic capacities for policy analysis and defining a vision and strategy to achieve objectives.

ESTABLISHING A POLICY DIALOGUE WITH GOVERNMENT. Investments to strengthen RPO capacity need to promote an enabling environment through projects and policy dialogue with government (see box 1.30). This might entail: obtaining recognition of RPOs from governments and ending mistrust from public services; ensuring that RPOs are seen as full partners in development; and providing up-to-date information to RPOs to facilitate their participation in developing rural development policies and preparing and implementing rural projects. RPOs

Box 1.30 Colombia: The Colombia Coffee Growers Federation

The Colombia Coffee Growers Federation represents approximately 250,000 farms with the objective of serving the welfare of the country, and promoting the economic and social well-being of Colombian coffee growers. The Federation engages in activities such as transport, coffee storage, agricultural research, and public works programs. The Federation has a democratic hierarchy based on Municipal Committees that are democratically elected. Managers are accountable to the democratically elected Coffee Congress. The large volume of coffee produced means that producers can achieve economies of scale and have effective negotiating power. The Federation has demonstrated considerable political influence. The Coffee Fund, financed from membership fees and a levy on production, is large enough to influence Colombia’s macro-economy. As a result, the Federation works in consultation with the government to manage this fund. Some Committees have negotiated with local government to put up 30 percent matching funds for local projects.

Source: Bosc et al. 2002.
must be given enough time, resources, and information to prepare effectively for participation in these activities.

**Legitimacy.** RPO leaders may be isolated from their base and lack accountability to their members. Although programs to strengthen RPOs are intended to resolve these problems, access to funds and services may still be available only to RPO leaders—often the local elite—to the detriment of members. To mitigate against such risk, support programs for RPOs should be extensively advertised to ensure that those who have problems accessing the information, often the poorest, are aware of the fund’s existence. Close monitoring and systematic evaluation is essential.

**Allow self-management of funds.** Providing a flexible development fund or demand-driven services linked to a productive investment fund allows RPOs to define activities to be financed and determine the timing and pace of implementation. RPOs manage the funds they have been granted, and typically are able to select service providers from a list of regularly certified vendors. Such a funding mechanism requires that donors, RPOs, and the government agree on procedures and criteria for RPOs to access funds. To ensure compliance with procedures and quality of services, close monitoring is required, as well as systematic, random, and post-activity audit by government and/or donors.

**Recommendations for practitioners**

There is no blueprint for supporting RPO development to improve policy analysis and advocacy capacities, as this must be tailored to country circumstances (especially the political environment), and the characteristics of RPOs in that country. However, one principle applies: support should empower RPOs—not make them instruments of donor or government policy. Key recommendations for investment include (see box 1.31):

- Guarantee equal access to all RPOs that meet funding criteria, and accept the limitations of RPOs—work with them at their pace in a “learning-by-doing” manner.

- Concentrate on agreed-upon transparent decision-making processes and procedures, and let RPOs decide the nature of the activities they want to finance.

- Target activities that RPOs have chosen and that fit within their working capacity.

- Ensure that supported RPOs are legally registered, with transparent governing rules, procedures, accounting, and reporting systems.

- Guarantee independence from government or donor agencies, yet develop a strong and active policy dialogue with relevant government agencies.

- Promote a conducive legal environment with laws and regulatory systems that promote growth and recognition of RPOs.

- Promote effective decentralization and deconcentration of public services to provide a basis for empowerment of local communities.

- Promote a dialogue among donor agencies to harmonize approaches and procedures in support of RPOs.

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**Box 1.31 Potential investments**

- Legal and regulatory reforms to facilitate rural producer organization growth.
- Assistance to national or regional federations to: (a) train leaders and members, and (b) build strategic planning skills and develop operation and management procedures.
- Study tours and exchange visits.
- Assistance in forming local, regional, and national RPO consultative forums.
- Demand-driven funds to finance, on a matching grant basis, RPO services, programs, and productive investment.

Source: Authors.
SELECTED READINGS

Asterisk (*) at the end of a reference indicates that it is available on the Web. See Appendix 1 for a full list of Websites.


REFERENCES CITED


This Note was prepared by the Sourcebook team based on the Agricultural Technology Note “Investing in Rural Producer Organizations” by Pierre Rondot.

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