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Denis Pesche

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Can Producer Organizations be Strengthened by Provision of Funding and Human Resources?

Denis Pesche

Producers' Organizations (POs) combine two types of functions:

- *They represent the interests* of a given social group, often in the form of a union. The PO mediates between the farmer group represented and other stakeholders surrounding the producers (government, merchants, service providers, and others); and
- *They provide services* to the PO members. These may be provided by the PO itself or by outside institutions, in which case the PO tries to ensure the quality and relevance of these services to its members.

Usually POs combine these two general functions, but current economic and political developments tend to push the POs into specialization. Those providing outside support sometimes try to separate these two functions, although the main issue seems to be *how better to articulate them* (without the same organization necessarily playing both roles). *To protect and serve their presentation interests, farmers are often required to be involved in several organizations that look out for their economic viability as a producer, but also their interests as residents of an area and citizens of a country. The example of the Union régionale des entreprises coopératives de la zone des savannes de Côte d'Ivoire, URECOS-CI (Regional Union of Cooperatives in the Côte d'Ivoire savannah zone) also shows that an organization essentially structured around an economic activity (cotton production) was also engaged in union-type activities for the benefit of its members by investing in the cotton company.*

In general, for either type of producer organization, the outside agents act by reinforcing technical and strategic capabilities.

Technical capabilities mean a set of skills necessary to conduct the activities undertaken by the PO, or to monitor activities entrusted to outside organizations. The technical capabilities of a PO, for example in production and marketing, would require it to manage the conception, conduct, evaluation, and monitoring either internally or with a partner institution. Technical capabilities are usually acquired through classical training programs, but are actually part of the assets of the PO when those who have acquired them are able to put them into practice, and/or have developed exchanges with others doing the same (learning process).

Strategic capabilities means the skills that enable a PO to define its strategy, taking into account its immediate and remote environment, the aspirations of its members, and the various constraints and opportunities it identifies. This type of ability is rarely acquired by classical training, but rather through travel, personal contacts, and specific experiences. These strategic abilities are intimately entwined with the personalities of the PO's leaders, and their ability to maintain a common focus and vision within the PO, mold its identity, and mobilize the human resources needed for its activities. It also includes the ability to organize, and make the organization run efficiently, with outside help ranging from standard approaches that favor classical organizational models (association/cooperation) to more complex approaches that offer leaders the tools to run their organization: general management skills, human resources management, and strategic development.

Both sets of capabilities are important, and are usually combined within one PO. The distinction is made simply to pinpoint the type of outside support offered.

Before looking at the question of how POs should be supported and strengthened by provision of human and funding resources, it is necessary to make these concepts clear, not forgetting the fundamental question: *who can support POs?* There is no standard answer, but the legitimacy of outside support may be greater in the area of strengthening the technical capabilities than strategic capabilities, which are more difficult to tackle. Increasing the technical abilities of a PO requires the outside agent to have recognized types of expertise. It requires not only recognized expertise and professional experience, but also ethics (confidentiality and respect), and a relationship of trust that current aid mechanisms do not always encourage: for example, the bidding procedures force operators to compete for markets, to the detriment of reflections on the ethics of intervention to strengthen social movements.

1. How are POs to be Supported?

Strengthening Technical Capabilities

This is often done as part of typical rural development activities, generally consisting of education in literacy and the well-known areas of accounting and basic activities management. There are various participants (typical project, NGO, government department) and the mechanisms chosen may vary: instruction in a center, on-site training, producer exchanges, and consulting. The weaknesses most often noted are that the technical abilities acquired are often difficult to maintain or develop within the PO. They become the pretext for new invitations to bid on training programs that tend to perpetuate the institutional structure of outside agents. They often reveal the difficulties these agents have in understanding the actual expectations of the PO, developing follow-up, and adapting the instructional content and methods to the rapid changes under way in rural societies of developing countries. It is probably necessary to switch the relationship between the PO and the supporting institution from "supporter-supported" (donor-receiver), to a kind of follow-through in which the outside institution makes the most of the PO's potential and know-how.

The experience of the FONGS training program in Senegal (identification of knowledge within the POs and exchange and visiting programs) shows the importance of human resources within the PO, often overlooked by outside organizations.

Innovations in strengthening technical capabilities appear linked to the type of institutional mechanism set up, and the methods used than to the content itself:

In Mali, two programs involving the Institut de recherches et d'application de méthodes de développement, IRAM (Institute for Research and Implementation of Development Methods) set up independent service centers controlled by the producers, which provided quality services in accounting, management consulting, and legal and financial advice (support in reconciling PO accounts). The approach adopted was to set up progressive technical and financial conditions for operating service centers in the long term: specific expertise brought in under contract by the POs, and searches for financial partnerships with banking institutions and other operators involved locally (see earlier).

Better than any training program, the learning processes and scenarios also ensure that the PO has a true grasp of what it has learned:

In Zambia, CLUSA strengthened the technical abilities of POs by running a crop year (preparation for the year, inputs, credit, and marketing). Through progressive involvement in the credit management and

inputs distribution committees (Banking Committees), the producers gradually took on operating responsibilities until they became reliable participants in the product sectors concerned (sunflower, soy, peppers, sorghum) destined for most export markets (South Africa). The producers gradually tried, assisted by the CLUSA team, negotiating with their technical partners (vendors and credit institutions) and trading partners (purchasers of agricultural products (see earlier).

Strengthening Strategic Capabilities

The strategic capabilities of a PO are based on two elements: human resources and funding.

Human resources

The most important groups are the *members and leaders of the PO*. Basic training of PO members is recognized as essential, but it is often too expensive for the PO. Increased education in rural areas and reforms in farmer education are undoubtedly key areas for the future of the PO. There is a great deal of discussion about training farmer leaders, monitoring strategic functions, and planning, but concrete actions are few and far between. This is the central issue of the relevance of outside support in this area, which all too often comes down to contracting with a foreign organization to train producer leaders. The major goal, however, is to enable the PO to design its own training programs, and negotiate their implementation with foreign donors or, in certain cases, implement them themselves. As well as standard training programs, farmer exchanges and participation in outside seminars are learning opportunities for leaders.

Once it reaches a certain volume of activity, the PO also needs to *recruit personnel* or *call on ad hoc experts*. Recruiting PO personnel helps agricultural leaders boost their human resource management capabilities, an area in which typical support organizations are still deficient. The need to offer sufficient salaries to these PO managers has been emphasized. Using specific expertise in strategic areas (knowledge of markets, rural financing mechanisms, operation of aid agencies) enables POs to improve their negotiating positions with the entities they meet regularly (government, agroindustrial companies, and exporters). Probably more than for technical capabilities, success in this type of consulting is based on real learning and actual scenarios. Foreign expertise should also be *truly independent*, which is not often possible with the typical structure in which the donors choose the experts provided to the PO. The POs must be able to decide which studies they wish to conduct, and place them with persons they choose.

The aid agencies have an important responsibility in this area of reinforcing strategic capabilities: in many developing countries, aid agencies are the key players in the definition and implementation of agricultural policy. This responsibility does not necessarily mean that they have to engage in direct action to support POs. They should also foster an environment conducive to development of strategic capabilities on the part of the PO. Only when the PO has a handle on strategic capabilities can it take its place in a newly forming civil society, and meet the aspirations of the groups in that society through political channels.

Because the government is usually the main voice for a PO that has reached a certain size, the government should probably not be the entity that strengthens the strategic capabilities of the PO. The mechanisms in place should guarantee the independence, quality, and minimum confidentiality required for this type of support. Do the typical aid tools match this challenge? The rigidity of aid procedures, usually subject to public aid accountability as far as public opinion in donor countries is concerned, runs counter to the need for flexibility and adaptability in reinforcing strategic capabilities. There are a few exceptions: Swiss officials monitored a number of farmer movements over a long period in western and central Africa. Other agencies such as the French Development Agency (AFD), the French Ministry of Foreign Affairs, and the World Bank are experimenting with forms of direct support to POs. It remains to be

seen whether these agencies' procedures and tools are able to adapt to the requirements of flexibility and reactivity called for by direct partnership with an organization.

In Côte d'Ivoire, French cooperation supports ANOPACI (Association nationale des organisations professionnelles agricoles de Côte d'Ivoire–National Association of Côte d'Ivoire Professional Agricultural Organizations), which is made up of ten national farmer federations. It provides ANOPACI with the means to organize training programs and mobilize expertise, without specifying in advance the precise content of the services. This support enables the association to prepare more effectively for the negotiations and discussions it will have to conduct with government representatives. ANOPACI is progressively becoming a major player in the Ivorian agricultural context. The main donors (European Union, World Bank, and AFD) have recognized the important role of an association such as ANOPACI to serve the interests of farmers in the currently unsettled context of the agricultural sector.

Funding

Many participants recognized the difficulty POs have to mobilize internal financial resources. Member dues usually bring in little money, and profits from the PO's economic activity are limited due to increased market competition. Outside funding from aid agencies is often a major portion of a PO's financial base, but this raises fundamental questions about the durability of the situation and its ambiguous nature. Can a PO that is heavily dependent on outside funding legitimately claim to be independent? Alternatives are increasingly being sought by setting up mechanisms to *mobilize negotiated sources stemming from agricultural activities*. Funding from fees charged to the sectors or on lending (STABEX type) are resources over which the PO can legitimately claim control and, in some cases, use directly to fund its activities. This type of mechanism poses the more general question of funding agriculture, and the position that farmer representatives should occupy in this area.

This is the case, for example, for poultry farming funds mobilized in Côte d'Ivoire through agreements between the producers and other participants (processors and feed suppliers). Inter-sector frameworks need to be set up, and their durability depends largely on the will of government authorities. It is often the results of lobbying that indirectly enable this very lobbying activity to be financed.

Analyses calling for self-financing of the PO do not appear to be realistic. The pragmatic approach would be to try to identify the participants truly concerned with the broadening of PO capabilities, then create the means and have the political will to implement the financing mechanisms that would sustain POs on an ongoing basis.

In Mali, the Niono service center is seeking to negotiate a long-term loan with the Agriculture Bank to strengthen the managerial abilities of the groups, thereby enhancing their capacity to repay loans and take out others.

Issues and Avenues for the Future

Importance of Information

The need for strategic information for POs has been mentioned. Gathering and processing this information ("digesting" it) calls for high-quality personnel serving the PO. Independence of information is just as important: often it is the stakeholders with the money that have the power (for example, cotton companies would like to control the information flow to producers).

The experience of the Réseau agriculture paysanne et modernisation/Afrique, APM (Small-Scale Agriculture and Modernization Network, Africa) in this area is of interest. Through its members in the

field and the expertise it is able to mobilize, this network provides cotton-producing POs with strategic information, and assists them in analyzing this information so that they can set up resources to strengthen their capabilities and negotiate in their best interests. The international nature of this network also enables PO leaders to sidestep face-to-face negotiations with their direct spokespeople, widen their references, and diversify their alliances with other POs—all ingredients for a lasting improvement in strategic capabilities.

Not Leaving Out Government

The *political will of the government* is crucial. It is difficult to imagine how POs can increase their technical and strategic capabilities in the long term without at least some government backing. Even if this constraint is temporarily removed by the power of certain aid agencies, long-term development of a viable farmers' movement requires a sympathetic government, ready to share some of its prerogatives in the design and implementation of public policy for rural areas. The government is also the guarantor of *regulatory and legal aspects*: it is the government's job to work out favorable frameworks that are not copies of foreign models. Finally, macroeconomic and fiscal policy, driven by finance ministries, has a direct effect on the development of farming and POs.

There is also a growing involvement of private companies in developing country farming (suppliers of inputs, and purchasers and processors of farming products), occasionally being the dominant partner in their relationship with POs. In this area as well, governments need to *establish the rules of the game*, and to balance power relationships between POs and private companies.

Diversifying Partnerships

An often-observed trend is a head-to-head relationship between a PO and a support organization or NGO, a type of two-way partnership that is often unbalanced. Experience has shown the diversity of multiple partnerships between a PO and various organizations (FONGS and CNCR in Senegal). This diversification represents an opportunity for the PO to create what one might call an "owner-partner" relationship.

Supporting POs While Giving Them Space

Aid agencies and support organizations often combine direct support of POs with monitoring so that the POs can have space to negotiate and participate in decisions affecting them. Aid agencies, primarily the World Bank, have a special responsibility here. Because they talk to government authorities, they can suggest that the PO be taken into account when farming, macroeconomic, and fiscal policies that directly impact PO activities are being shaped.

Decentralization is one of the components of change in the political landscape of African countries. This process, which varies widely from one country to another, usually contributes to the eventual introduction of new players in the local political game, and creation of new kinds of political and financial power. The question of linkages between the PO and local politicians may affect the mechanisms by which the PO's capabilities become reinforced: local financing opportunities and the possibility of holding political office at the local level increase the strategic capabilities of agricultural leaders.

In Madagascar, the Southwest Project is a good example of combining actions aimed at directly strengthening the PO's capabilities (technical capabilities and representation through the Maison du Paysan), and of actions designed to foster local dialogue and consensus among government authorities, private operators, and others involved in the rural issues (participation in the Regional Development

Committee). The experience of this project shows that achieving dialogue and consensus is not easy, and requires experience by all concerned.

Outside pressures to form nationwide producer organizations tend to delay the already slow process of PO strengthening. Pulled in several directions, courted by some and ignored or denigrated by others, nationwide POs have to expend considerable energies learning the complex interplay of multiple dialogue frameworks, and other PO reinforcement programs set up by aid agencies, without consultation among themselves. Like the sometimes destructive effects of aid with respect to institutions (see studies by the Club du Sahel), these tugs-of-war can weaken painfully acquired capacities. Aid agencies have a heavy responsibility in this area, and an ethical framework could be established for outside intervention in PO strengthening.

One of the immediate challenges is to allow the PO to invest in negotiating and decision-making activities without interfering with its operations, and agreeing to relinquish control of the financial and human resources channeled to POs. This mindset is the opposite of the present dominant culture in aid agencies, which tends to emphasize procedures to control financial and human resources made available to developing countries in general and to POs in particular.

What capabilities should be reinforced?

Agricultural leaders at this seminar very properly emphasized that the strengthening of capabilities should not be a one-way street. The point is not only to bring POs up to the level of aid agencies, but also to allow aid agencies to become better listeners and understand the strengths of POs and the constraints under which they operate.

Aid agencies and support organizations must improve their abilities to:

- Listen and understand economic and social developments in a rural setting;
- Respect the PO's own rhythms, which do not necessarily match the bookkeeping rhythms of aid agencies. This requires innovations in funding procedures and greater flexibility in controls, with a lighter hand on the reins; and
- Dialogue and coordinate. Although declarations of intent abound, most of the time everyone is trying to coordinate everyone else.

2. Opening Up the Discussion

Speakers from the floor made the following points:

Agricultural leaders must be supported in what they want and their “ability to digest” must be strengthened. We have to recognize what we don’t know and be able to say “no” to the wrong kind of support. Diversification of partnerships is very important for us (Samba Gueye, CNCR).

Among the services that producer organizations (POs) can provide, we should not forget legal services, particularly important for land ownership issues. Technical and strategic capabilities are two sides of the same coin and should not be dissociated (Leonardo Montemayor, IFAP).

The capabilities of the PO must be reinforced at every stage of farming activity: from sowing to marketing. Technical and strategic skills are needed at each step. Sowing requires not only technical

skills but also knowledge of seed companies and genetic and economic issues. As a PO develops its activities, it is inevitably confronted with marketing problems. Risks of overproduction are real and are a major problem for POs.

The introductory text stressed the fact that it is difficult for governments to play a role in reinforcing the strategic capabilities of POs. What conclusions are we to draw from this for the World Bank, which is funded by individual governments? (Benjamin Valenzuela, UNORCA).

The case of Zambia is a good illustration of a classical project created by POs to carry out their activities. How can foreign aid take existing POs into account instead of getting around them? (representative of the Zimbabwe Farmers Union). Resources should be channeled through existing POs rather than setting up new ones. Commitments should be made for the long term (Uganda Farmers Union).

We all agree that the capabilities of POs must be strengthened, but how and by what methods? Support organizations find it difficult to rethink and step outside the box (Ndiogou Fall, FONGS).

POs must be able to choose whom they want to work with (Rafaël Alegria, *Via Campesina*).

We get a lot of training but we don't have what it takes to put it into practice: supplies are expensive and loans are hard to come by. What is the point of all this training? (Alvaro Fiallos, *Unión nacional de agricultura y ganaderos*, UNAG [National Union of Farmers and Ranchers]).