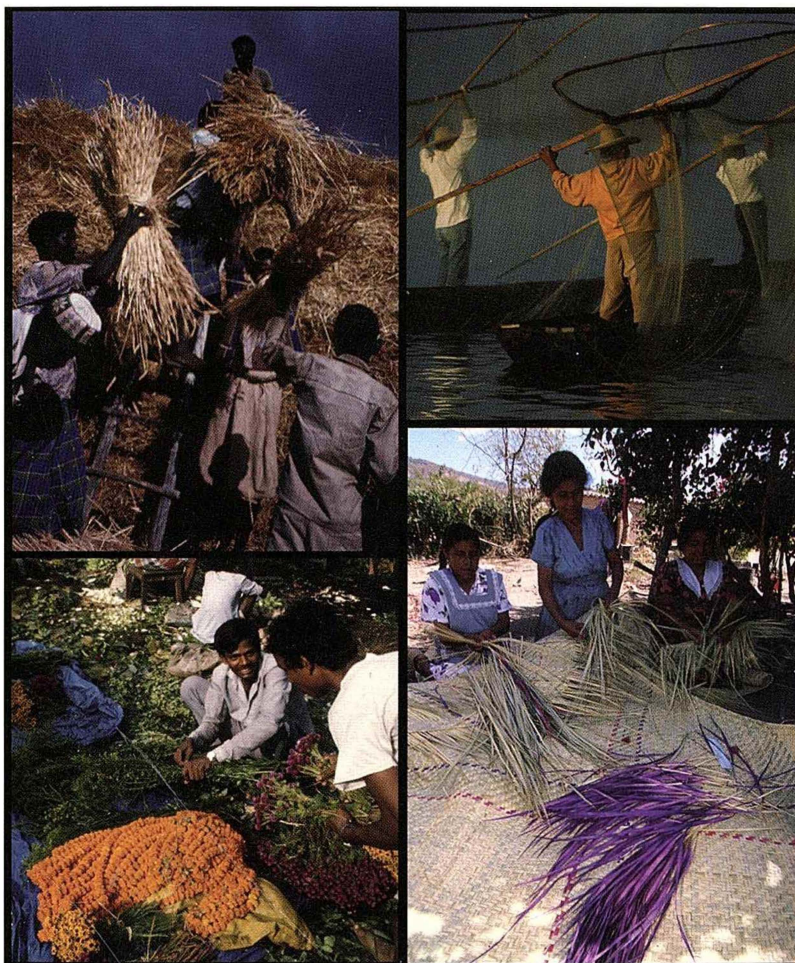


# Agricultural Producer Organizations

Their Contribution to  
Rural Capacity Building  
and Poverty Reduction



*Collaborating Institutions*

**Agriterra  
CECI  
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Inter-Reseaux**

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# Issues Papers

## Empowering Producer Organizations: Issues, Goals, and Ambiguities

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Organization is essential for family farming, and producers had organized themselves long before the advent of development institutions. Rural societies still have forms of organization inherited from the past, and some are more vibrant than others. Their purpose is to deal with the many variables of farming life, to stabilize production conditions, and to manage peak labor demands. These organizations were developed to “regulate the relationships” between their members, and to provide access to means of production (land and water), the farming calendar, and farming practices. Their purpose, an inward rather than an outward one, was to forestall and resolve conflicts between members of the local society; depending on other forms of social control, the producer organizations are subject to the power relationships within that society.

Haubert and Bey (1995) emphasized the *new producer organizations* (POs) are of a “radically different nature.” Their function is not to “regulate internal relationships in the groups concerned...” Their “essential function is to organize relationships with the outside.” They are interface structures conceived as being:

- Either a means of facilitating/accelerating the integration of rural dwellers into the

market and into society at large, or

- A means of improving the relationships of rural societies with their environments (market, society at large).

Thus, POs are (or would like to be) intermediaries between the rural producers and the other stakeholders in their economic, institutional, and political environment. They are, in fact, “hybrid” structures governed, each in their own way, by two types of thinking and two “meaning systems.”

They are generally organized around two types of issues:

- First, creating/managing the services producers now need because of modernization in techniques (for example, procurement of supplies and equipment, loans) and to their integration into the market (product marketing); and
- Second, representing the producers and defending their interests with other economic and institutional stakeholders, and the government.

### **Different Concepts of the Organization**

The history of producer organizations—interfaces between the rural producers and their environment—is as old as “development” itself.<sup>1</sup> For several decades, one development

option after another (official and unofficial) has promoted specific models of POs (cooperatives, groups, and associations) whose objectives and rules for joining and operating were, and continue to be, based on positions largely foreign to the societies concerned.

At least initially, these POs were conceived as taking over from outsiders, and as a means to achieve objectives often defined by the outsiders, often with little or no discussion with the people concerned. They were, on occasion, merely pipelines for messages from the institutions. Such organizations can, however, have a broader role. They can be a means of reducing tensions and contradictions generated by outside intervention in the social groups concerned; although set up by outsiders, they can also be a framework for dialogue between the representatives of the rural people and the development organizations.

There have been many POs of this type (and in many cases they are still numerous). They come under an organizational concept called "functional" (Farrington 1994) or "instrumental." The organization is perceived as a tool for effecting change in family production units, sending out messages from development organizations, and accelerating the adoption of these messages by the producers.

A good example is the producer groups set up in the cotton companies of French-speaking Africa. In Mali, in particular, village associations were set up for primary cotton marketing (self-managed markets). They initially restored confidence between the cotton company and the producers, which was essential if cotton production was to work properly. As time passed, the resources generated by marketing enabled the associations to invest in the economic sector and in general infrastructure, thus reducing the tensions sometimes arising from the social stratification encouraged by cotton growers. The cotton company was

eventually able to transfer time-consuming and resource-intensive functions to these associations (such as management of agricultural inputs and credit, and gathering statistical data).

The functional or instrumental concept of POs is dominant because most of the players are institutional. It might be a slight exaggeration to suggest that the interest of outsiders in POs depends on the comparative advantages they appear to have in attaining objectives that, in the minds of the outsiders, are priorities. These advantages may be evaluated in terms of cost effectiveness (POs can, in some cases, reduce "transaction costs"), but also in terms of equity and continuity of results obtained. In this regard, the increased interest that certain institutional players now have in POs, perceived as able to improve farming service performance, is part of this thinking (see details below).

In other cases, the building of POs is based on a different type of thinking. The organization is (or tries to be) a response of rural dwellers to disruptions in their environment. The organization emerges from the local society, at the initiative of specific individuals, around technical, economic, social, or cultural issues, and becomes structured around objectives that are more or less precisely defined, and a differently constructed global or sectoral project. In some ways, the organization is a reaction on the part of the entire rural society expressing the wish of (minority) farmers to "have a voice" (Hirschman 1995), take the initiative, and be recognized as full partners by the others.

### **Association Movement in West Africa**

The following groups combine farmer support functions with the role of representing and defending the interests of such producers: The NAAM groups in Burkina Faso, the federal Senegalese

associations within FONGS, CNCR, and the *Fédération des unions de producteurs du Bénin*, FUPRO (Federation of Producers' Unions of Benin): a number of Latin American organizations (*Comisión Nacional de Fomento Rural* [National Rural Development Commission] in Uruguay, UNORCA in Mexico, CONAIE in Ecuador, CONTAG and association umbrella organizations in Brazil, and many others) combine farmer support functions with the function of representing and defending the interests of such producers.

The distinction between the two types of organizations is far from clear. Organizations promoted from the outside, with an "instrumental" approach, gradually acquire knowledge, know-how, and tools encouraging their independence from their guardians.

Thus, the *Syndicat des producteurs de coton et de vivriers*, SYCOV (Union of Cotton and Food Crop Producers) in Mali is the "unexpected product" of the activities of the *Compagnie malienne de développement des textiles*, CMDT (Mali Textile Development Company), supporting the village associations it promoted. Literacy programs in villages and training of certain producers to carry out specific tasks have given some farmers knowledge and skills that some of them (once again, initially a minority) were willing to use beyond the framework initially envisaged.

"Know-how has led to the whys and wherefores" according to the first president of SYCOV, with village associations evolving from an instrument of technical and economic modernization into a federation structure. This "union" represents producers under a performance contract, signed by the government and the cotton company.

Organizations reflecting the producers' desire to assert themselves as development stakeholders sometimes find it difficult to draft original proposals to do the negotiation. Because they are anxious to achieve concrete

results, if only to strengthen their internal and external credibility, they establish partnership relationships with the outside stakeholders, and as a result have to go along with the models promoted by the dominant players. They therefore become "instrumentalized" in arrangements into which they are forced by the need to access resources, or their leaders exhibit the same behaviors toward the members that they criticized in outside agencies.

### **Institutional Stakeholders and POs**

The renewed attention being paid today to POs by institutional stakeholders is based on many factors, often in combination, and is not entirely unambiguous:

- The producer organization is sometimes perceived as a *substitute* to which donors often turn because the others (public or parapublic services, and private economic operators) have not come up to their expectations. It may therefore seem essential to rely on POs to fill the gaps created by disengagement of the State, when the commercial private sector is slow to take over (for example, for unprofitable functions, when the market is irregular and unprofitable, and in areas with low agrogeologic potential). POs can then lose their attraction quite rapidly and be passed over for others such as individual entrepreneurs (retrained farmers or new rural dwellers, for example).
- In certain cases, the institutional stakeholders resort to POs *by default* because there is nothing else. This is the case, for example, with management of natural resources in sub-Saharan Africa where government agencies have proved ineffective in this area. New groups, however, have appeared resulting from administrative decentralization and planned land reforms (privatization) in

- some African countries, and may take over the functions of some organizations specializing in this sector.
- As in the past, POs remain attractive as *facilitators and accelerators of technical and economic change* in rural areas. The many changes that have come about (disengagement by the State, liberalization, and globalization of trade patterns) make it urgently necessary to adapt the family farm to the economic situation that has become more complex, less stable, and more competitive. The effects of structural adjustments have often hit the most vulnerable social and occupational groups hardest; poverty has increased, particularly in rural areas, and standard of living has declined overall. Fearing that the credibility of the neo-liberal model on which these reforms were based would be lost or questioned, many institutions are investing in production relaunch programs, from which they expect swift and significant results. Some POs can then appear to be preferred, especially if they are structured around subsectors (cotton, cocoa, but also truck farming, fishing, and other activities).
  - Recourse to POs may also be perceived as a *means of effecting institutional reforms*. Thus, in order for farm agencies (research, dissemination, farmer advisory services) to adapt to the demands of their “customers,” it is essential for the “customers” to be able to express themselves and be heard. This may lead to the creation of specific organizations (for example, a farmer spokesperson has been added to research in Mali through user committees). It may also give rise to partnerships between rehabilitated agricultural departments and existing POs (for example, projects supported by the World Bank in Senegal, Mali, and Guinea).
  - It is not impossible that a *concern for consistency with the democratic project*, promoted by a number of funding sources, will lead the latter to support producer organizations as well: Anyone promoting political openness can scarcely deny the producers an increased participation in discussions and decisionmaking in the economic life of the country. Moreover, in many countries where there is a substantial rural population, a “civil society” that, one hopes, will emerge and consolidate, is difficult to imagine without POs structured on various geographic and decision levels—especially since they can be counterweights to a state that is supposed to be simplifying and refocusing government functions.
  - The recent interest of certain institutional stakeholders in POs is also linked to the (re)discovery of the *importance of stakeholder networks*, and the role of *institutional depth* in managing the opportunities and economic constraints specific to each period. Partially in agreement with Crozier and Friedberg (1977), who demonstrated that “the ability of any group of human beings to change is determined by its wealth and surpluses—not in the material sense, but relational and institutional wealth,” the term “*social capital*” returns in full force to the debate on economic development. It accentuates the importance of “the glue that holds societies together ...” (Serageldin and Grootaert 1997): “the social capital enhances the benefits of investments in physical and human capital”; “in other words, it is not just an input into the production function but, like technology, a shift factor (or exponent) of the entire production function ...” according to Serageldin and Grootaert (1997). These authors chose an “integrative definition” of “social capital” that covers the various

definitions above. It includes “horizontal associations” (networks of civic engagement and social norms) that facilitate coordination between members, but also includes “vertical organizations such as companies.” In its most general definition, it also includes “formalized institutional relationships” such as governments. They also agree with North (1990) by pointing out that “institutions and other forms of social capital as well as public policies determine the “returns” that a country may get back from its other forms of capital.”

Hence, the reasons why institutional stakeholders become interested in POs are many and diverse. In all cases, the role expected of organizations is accompanied by the need of the producers in the organization (leaders and members) to acquire new resources: the general and specific skills required to perform the functions and tasks expected of them, and material and financial resources, and definition of decisionmaking mechanisms and appropriate types of action. Outside support obviously becomes necessary to set up information systems, technical and/or management training, to set up funding mechanisms to support local initiatives, and institutional support.

### New Issues

As part of this brief review that helps explain the reasons for the renewed interest in POs by institutional stakeholders, it is appropriate to look at the three issues underlying the current debate on the position and role of POs in support mechanisms for family farms.

- The *first issue* to note is that, in many countries, POs want to be stakeholders when decisions about their support programs are made. They are stepping forward as active participants. They

want to be considered full partners by the institutional and political participants, and it becomes difficult to disregard or bypass them.

In many cases, POs are claiming, and rightly so, support for performing what they consider is their role at the local level, the national level (as in the case of CNCR in Senegal and AOPP in Mali), and the subregional level (for example the *Coordinadora de Productores Familiares* [Coordinator of Family Producer Organizations] of MERCOSUR or the *Plateforme des organisations paysannes d’Afrique de l’Ouest et du Centre* [Platform for Producer Organizations of West and Central Africa]). These are recent highly positive developments, particularly in Africa, although they are taking place at different rates in different countries and regions, and in some cases are still emerging.

Defining the role of POs in producer support mechanisms is an important issue for the future of farming families. Institutional restructuring, however, does not take place all by itself. A new sharing of functions between the organized producers and the other partners assumes that there will be new working arrangements, new relationships between the partners, and a new sharing of responsibility and power.

- A *second important issue* is the formation of contractual links between rural producers and other economic and institutional partners. Disengagement of the state brings about gradual disappearance of hierarchical coordination which, in many cases, was provided by government agencies, so *new forms of coordination* must be created. Promotion of farming in a liberalized economy—and sometimes its very survival—is linked to the definition of *new methods of economic and social regulation*, whether sectoral or territorial

methods on a local, regional, or international level. All the participants have an interest in negotiating *institutionalized compromises* to govern their relationships in the long term.

These compromises may involve a large number of areas: setting up a procurement service for inputs or a product marketing mechanism; setting up and managing new financing systems; structuring a production/conversion facility (between sectors); creating and implementing a local development plan; or defining public agricultural policies negotiated between the partners.

The compromises negotiated can be productive and durable only if the various parties concerned derive mutual benefits from them, and believe them to be at least acceptable if not satisfactory.

This is not a given: Producers are not always well disposed, and negotiations often take place in a political and legal context that is unfavorable for the producers.

- A *third issue* is participation of rural dwellers in thinking ahead to the place and role of agriculture in a liberalized and globalized economy. They must participate in defining new agricultural policies, for the longer term, define new technical models, redefine the position of agriculture in the economy and land use planning, define the new functions that agriculture can and must assume in society, and combat marginalization and exclusion. These are the challenges that societies must face. The responses reside in the definition of long-term orientations concerning all the stakeholders, including producers and rural dwellers.

The definition of strategic orientations to articulate the various levels at which farming activities are organized and to make decisions (from the local to the international level) is not

the responsibility of farmers alone, and must involve society as a whole. However, experience in industrial countries (such as France and The Netherlands) has shown the usefulness (and limitations) of a strong alliance between government and farmers to define the agricultural plan, and how it is to be implemented, and to assume jointly the consequences of the inevitable and often painful restructuring of the social plan.

POs can validly participate in this debate only if they are able to map out and negotiate their own strategic plan. If they do not participate, they can only amend the proposals made to them, and they may become the involuntary instruments of strategies that are at odds with their medium and long-term interests.

*These three issues* (defining the place and role of POs in producer support mechanisms, creating new forms of coordination between partners and new types of regulation, and envisioning the future of farming in a liberalized and globalized economy) all come back to setting up new relationships based on *partnership, collaboration, and negotiation* of contracts and compromises.

Good intentions aside, in practice there are conflicts of interest, and entrenched power structures are jeopardized.

*Supporting POs* means an often arduous process of consensus and negotiation. The first task is to *reduce the asymmetries* characterizing the relationships between those concerned in many current "partnerships," that often place POs in an unfavorable position relative to other economic and institutional players: inequalities in access to information, expertise (ability to size up a situation and make a proposal), but also asymmetries in the control of material and financial resources, and access to political decisionmakers. The unfavorable position that POs generally occupy in the many relationships they form, and the resulting ease with which the dominant partners can put through their

proposals, are likely to end in deep disappointment for all parties concerned, leading to: erosion of the organization's membership base when the members no longer recognize the objectives adopted by their leaders; opportunistic behaviors; attempts to divert the relationship to the benefit of implicit objectives; mutual loss of confidence; and loss of credibility in contractual relationships.

If they are to participate convincingly in negotiating and setting up contractual decisions, it is essential for POs to be able to boost their "strategic capacities" (ability to make proposals and negotiate) and their technical action capacities.

The next step will be to set up frameworks of collaboration that are transparent and equitable, and ensure that the decisions taken are applied in a negotiated fashion.

Logically, governments should ensure that there is a balance in negotiations between the partners concerned within institutionalized collaborative structures. This may be problematic, however, in certain countries where the government has largely lost control, and may appear to be serving private rather than public interests. Recognition of the important role government has to play reveals the need to pay special attention to political options, and the ways in which government carries out its responsibilities.

Support for POs should therefore aim at fostering their ability to influence political decisionmaking (centrally and within decentralized public organizations). This empowerment of POs may favor government intervention to correct the "failures of the marketplace" (public property, externalities, economies of scale, moral hazards). It can also contribute to company reforms being based on an actual "state of things as they are," debated and validated by the parties concerned, and to their orientations and the

way in which they are implemented through negotiation.

Finally, POs will be better prepared to negotiate with others if they have a long-term plan (technical, economic, social, and cultural) matched to the new challenges confronting family farms, and in which their members recognize each other. Indeed, the role of POs cannot be confined to "managing" situations created by farm policy decisions that are largely taken without their input, and cannot be reduced to making minor adjustments to company reforms with the ups and downs of the business cycle.

Preparation of such a plan by POs means that their strategic abilities and supports must be strengthened:

- To understand the changes that operate in an environment that has become more complex, more unstable, and more competitive;
- To characterize new constraints and identify new opportunities; and
- To build alliances and partnerships.

Developing this plan also assumes that the leaders of POs remain attentive to the expectations of their members, and that they have the power to mobilize them. In some cases, these leaders are strongly pulled by the outside world: the many demands on them and their legitimate desire to have a voice in the discussions and decisions that concern them may stretch the bonds between the top and bottom of the organization. If the organization's problems of internal communication are not solved, it may lose its legitimacy in the eyes of its members. This affects its ability to mobilize and act, and may discredit it in the eyes of the outside world. Methodological and financial support in the running of the organization is therefore essential.

This is all the more necessary because POs invariably stem from the energies of certain individuals who, to begin with, are in a minority in the local society. Their ability to broaden the membership base is linked to the



identification of incentives, and their skill in translating general objectives into operating programs, and implementing them.

In many cases, however, the driving force is a union of groups, masking the diversity of agricultural situations and producer strategies as well as diverging interests, the power relationships, and contradictions within the local society. It is essential, however, for the POs to take these into account when making their choices. This is always a difficult issue for the leaders of POs; although it is not up to the outside agencies to open the discussion, they can help to clarify it.

## Conclusions

Producer organizations are today in a building or rebuilding phase. They legitimately claim stakeholder status but usually do not have the means fully to play the role they claim. They do not match the projections the development agencies make of them, and they do not find the support they are entitled to expect from these agencies.

The building of balanced technical, economic, and political partnerships is therefore a central challenge at the present time, and this building is a "process" that cannot be reduced simply to setting up "standardized procedures." It involves a learning curve on both sides (inevitably with some stumbling along the way) and continuing adjustment of the power relationships between the participants.

With their limited human, material, and financial resources, POs cannot meet the technical, economic, social, and political challenges faced by rural dwellers. Alliances and partnerships are necessary, and so are support and assistance in forging these alliances and building these partnerships.

This support calls for substantial investment, the duration and effectiveness of

which will largely depend on the way in which it is provided. There must be clear recognition of POs as stakeholders, and the inclusion of support is essential. The goals and content of this support must also be negotiated with the POs. There is a risk that support aimed at strengthening POs will, in fact, divert them from their own objectives, turning them into instruments of objectives defined elsewhere.

## Note

1. "Development" is understood here as setting up a specific mechanism to direct and speed up technical and economic change in family production units and rural societies.

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