

Organizing smallholders: producer organizations and co-operatives

The Proposition

The rapidly growing markets for high-value agricultural products in both developed and developing countries opens up tremendous opportunities for smallholders. However, only if small-scale farmers come together in an organized way can they engage profitably in the highly competitive agro-industrial sector.

Rationale and recommended response

Producer associations and cooperatives are well placed to assist smallholders build the productive and marketing capacities they need to respond to the competitive challenges and commercial opportunities of the market. This is indicated in the World Development Report (World Bank 2008) which states that in *“industrialized countries, producer organizations have been fundamental to the success of the family farm, still the dominant form of organization of production today”*.

In developing and transition economies, farmer organizations have been less successful in delivering business services and linking the smallholder to the private sector. Their performance in these areas has been mixed, at best. This is due primarily to two factors. First, many farmer organizations in developing countries lack the competencies needed to deliver essential business services to their members. Second, farmer organizations in developing countries tend to give priority to advocating the rights and concerns of their members, rather than on improving smallholder capacities to produce more, to market more effectively and to respond more flexibly to the dictates of the marketplace.

This imbalance between representing the “political voice” of their membership and providing business services must be redressed if the farmer organization is to have a significant impact on smallholders’ future participation in the growing, but increasingly competitive, agro-industrial market.

Focus of the debate

- 1 What have been the reasons for past failure of farmer organizations in developing countries?
- 2 What are the business services most needed by small-scale farmers in developing and transition economies? What support services are most relevant to enhancing smallholders’ profitability? Are farmer organizations best placed to provide such services?
- 3 From the competitiveness perspective, is the fundamental issue that of better farmer organizations or better organized farmers? What are the priorities and preferences of the private sector when working with smallholders? What, in turn, are the responsibilities of the private sector in developing and maintaining secure sourcing relationships with small farmers?
- 4 Does the farmer organization have a role in facilitating the linkage between smallholders and the private sector and how should it proceed to foster linkages with private businesses, from small traders to major multinationals?
- 5 Should farmer organizations be seeking to compete with the private sector and, if so, what competencies are needed by the farmer organization to deliver the required business and support services? How can these services be sustained on an economic basis?
- 6 Can a farmer organization realistically aspire to provide both advocacy and business services to its membership (i.e. to address the dual objective of efficiency and equity)? If so, what is the most appropriate organizational and operational model for the farmer organization? What are the examples of successful farmer organizations that combine advocacy and business services functions and what lessons can policy-makers and managers learn from the experience of these organizations?
- 7 What should be the role of the public sector? What actions should the public sector take to ensure sustainable and successful farmer organizations? Are there any “best practices” that can be drawn on?

Jack wilkinson is a farmer and is President of the International Federation of Agricultural Producers. He produces grains and oilseeds and has a beef cow/calf operation. He has chaired IFAP's Trade Committee served six years as President of the Canadian Federation of Agriculture, and was also President of the Ontario Federation of Agriculture. During this time he served on numerous Federal and Provincial committees, covering such as land use, tax policy and safety nets. Mr Wilkinson started in agricultural politics at the beginning of the 80s from the local to the international level.



Bassiaka Dao is from the Confederation of Burkina Faso Farmers (CPF). This is made up of small farmer organizations from Burkina Faso and its aim is the sustainable improvement of socio-economic conditions of rural producers through their insertion in the development process. Its mandate is to act as an exchange and consultation framework, to guarantee the material and moral interests of member organisations, and to increase the capacity and professionalism of the producers

Tulio Rene Garcia Morales is co-founder and Executive Director of Cooperativa Agrícola Integral Unión de Cuatro Pinos, a small farmer organization which has twice won the Best Exporter Award for non-traditional products. He also is General Manager of his family business of San Juan Agro Export. Mr Garcia has much experience in the strategic design of the fresh produce market and the value chains of perishable products. He also is the Chair of the Guatemalan Export Association (AGEXPORT). Mr Garcia is educated as an agronomist.



Sant Kumar worked for 32 years in the Ministry of Agriculture Fiji Islands, where he became Director of Extension. Since 12 years he is General Manager of Natures Way Co-operative (Fiji) Ltd (NWC). NWC undertakes quarantine treatment of fruit and vegetables for export. The Cooperative has over 100 farmer and exporter members. He is the foundation President of the Fiji Organic Association and is a member of the Pacific Organic Producers Association.

Moderator: Thomas Elhaut is the regional Director for Asia and the Pacific in IFAD. Beside his core responsibilities as manager of the regional operations (loan and grant funded) his main areas of strategic interest comprise: A new, greener and competitive smallholder agriculture; risk and vulnerability; adaptation to economic transformation and climate change and inclusive policy and institutional change. He has worked for IFAD for 24 years in various positions of economics and strategy development. His main areas of personal concentration included: debt management, institutional analysis and dialogue for policy change, poverty reduction strategy planning; and IFAD's performance based allocation system. Mr Elhaut, from Belgium, has studied law and economics.

