

How to do

Engaging with farmers' organizations for more effective smallholder development

Farmers' organizations



How To Do Notes are prepared by the IFAD's **Policy and Technical Advisory Division** and aim to provide practical suggestions and guidelines for country programme managers, project design teams and implementing partners to help them design and implement programmes and projects.

They present technical and practical aspects of specific approaches, methodologies, models or project components that have been tested and can be recommended for implementation and scaling up, including best practices and case studies that work and can be used as a model in a particular field.

How To Do Notes provide tools for good practice design based on best practices collected at the field level. They guide teams on how to implement specific recommendations of IFAD's operational policies, standard project requirements or financing tools.

The **How To Do Notes** are "living" documents and will be updated periodically based on new experiences and on feedback. If you have any comments and suggestions, please contact the originators.

Originator

Roberto Longo

Senior Technical Specialist, Farmers' Organizations and Markets
Policy and Technical Advisory Division
E-mail: r.longo@ifad.org

Acknowledgements

The writing of this toolkit has been a highly collaborative effort and the originator would like to thank the co-authors **Pierre Baris**, consultant, **Valeria Galletti**, consultant, and **Fanny Grandval**, consultant for their substantive contributions. Special thanks also goes to the internal peer reviewers of the Policy and Technical Advisory Division of IFAD for their insightful feedback and to the participants of the informal session of the global meeting of the Farmers' Forum held on 17 February 2016.

Contact

Maria-Elena Mangiafico

Knowledge Management and Grants Officer
Policy and Technical Advisory Division
E-mail: PTAKMmailbox@ifad.org

December 2016

Table of contents

LIST OF ACRONYMS	ii
INTRODUCTION	1
Why are farmers' organizations key to linking smallholders to markets?	1
IFAD and farmers' organizations	1
Why is supporting farmers' organizations key to improving IFAD's efficiency?	1
Scope and objectives of this How To Do Note	2
Complementary toolkits	3
KEY ISSUES/QUESTIONS.....	4
UNDERSTANDING FARMERS' ORGANIZATION ISSUES AND THEIR ENVIRONMENT	5
How and when to conduct mapping and profiling of farmers' organizations	5
How to analyse the environment of farmers' organizations?	9
DESIGNING SUPPORT FOR FARMERS' ORGANIZATIONS TO LINK SMALLHOLDERS TO MARKETS.....	11
What are farmers' organization economic services and how can they be enhanced?	11
How to support farmers' organizations in the development of sustainable economic services	12
The business plan.....	13
Learning experiences from IFAD-supported projects	13
Business model.....	14
What complementary support should IFAD provide to farmers' organizations?	16
OPTIONS FOR THE PROJECT'S INSTITUTIONAL SET-UP	19
Direct funding or not?	19
Guiding principles	19
IFAD's experience.....	20
Supporting FOs as strategic partners with key implementation responsibilities	20
Advanced level FOs	21
Intermediate level farmers' organizations	24
Lower maturity level farmers' organizations.....	26
Supporting farmers' organizations through NGOs or service providers	27
FINAL CONSIDERATIONS AND CONCLUSIONS	28
Targeting and selection of farmers' organizations	28
Supporting farmers' organization business models	28
Farmers' organization business volume and number of members	28
Complementary institutional support.....	28
Linkages with financial institutions	28
Development of partnerships	28
Adapting implementation to the capacity of farmers' organizations	29
Exit strategy	29
Dialogue	29
RESOURCES.....	29
MAIN REFERENCES FOR IFAD SUPPORTED PROJECTS.....	30
CONTACTS OF SPECIALIZED ORGANIZATIONS	31

List of acronyms

4Ps	public-private-producer partnerships
ASPRODEB	Association Sénégalaise pour la Promotion du Développement à la Base
CAPAD	Confédération des Associations des Producteurs Agricoles pour le Développement
CNOP-G	National Confederation of Farmers' Organizations of Guinea
COPAG	Coopérative Agricole et Agroalimentaire
FIP	Fisheries Investment Programme (Yemen)
FO	farmers' organization
HTDN	How To Do Note
M&E	monitoring and evaluation
PAPAKIN	Kinshasa Food Supply Centres Support Programme (Democratic Republic of the Congo)
PMU	project management unit
PNAAFA	National Programme to Support Players in Agricultural Sectors (Guinea)
PROPACOM	Support to Agricultural Production and Marketing Project (Côte d'Ivoire)

Introduction

Smallholder farmers use different strategies to improve their market presence and to capture more value added in the agricultural sector. These strategies include the creation of cooperatives and other farmers' organizations (FOs).

FOs exist today in all countries and in most rural areas, although at different levels of development and capacity. At the national or supranational levels, these organizations are more and more involved in policy dialogue, where they can influence the design and implementation of agricultural public policies and programmes. Also, they can be significant economic players, providing a wide range of key economic services to their members to support profitable engagement with markets, thus contributing to sustained growth and to tackling the challenge of reducing rural poverty.

Box 1. Farmers' organizations: definition

Farmers' organizations (FOs) are autonomous membership-based professional organizations of smallholders, family farmers and rural producers, including pastoralists, artisanal fishers, landless people and indigenous people, that are beyond the grass-roots or community level, at the local, national, regional and global levels, on either a commodity or a territorial basis. They include all forms of producers' associations, cooperatives, unions and federations. They exist in all countries and in most rural areas, although at different levels of development and capacity.

Why are farmers' organizations key to linking smallholders to markets?

In many developing countries, FOs have developed key services to improve their smallholder members' engagement with markets. In particular, they:

- provide a wide range of economic services to their members, such as input supply, storage facilities, collective marketing opportunities, credit access, equipment and agricultural advisory services. These services enable smallholders to increase productivity, reduce risk, manage their produce and increase income.
- have a key role to play in representing their members' interests in the negotiation of contracts with buyers. By bulking their memberships' produce, they gain bargaining power.
- are relevant business partners for downstream stakeholders in agricultural and food value chains, as they can increase the quantity and quality of the supply and bulk it to facilitate its collection.

IFAD and farmers' organizations

IFAD has long recognized FOs as central stakeholders defending the interests of poor rural people and has been strengthening its partnership with them under the aegis of the Farmers' Forum (FAFO),¹ formed in 2005. The forum is the framework guiding the partnership and providing direction for its development. Ten years have passed since the first meeting of FAFO, and the partnership between IFAD and FOs is now part of the modus operandi of IFAD.

The critical importance of social and economic empowerment of rural people, both individually and collectively, is further recognized in the IFAD Strategic Framework 2016-2025: Enabling Inclusive and Sustainable Rural Transformation. The Strategic Framework reiterates the Fund's willingness to intensify its assistance to rural institutions and producer organizations and to promote their capacity to take part in policy, institutional and programming processes that affect agriculture and rural economies.

Why is supporting farmers' organizations key to improving IFAD's efficiency?

Partnership with these organizations is essential to increase the relevance and effectiveness of the actions supported by IFAD. In particular, it enables IFAD to:

¹ See Teaser for further details.

- **Reach its target group by supporting existing organizations that are aggregating smallholders.** One of the key premises of IFAD policy on targeting is that national ownership is critical for positive impact and the sustainability of development activities. The degree to which poor people themselves and their organizations share a commitment to reducing rural poverty “strongly determines the extent to which these priorities are put into practice”, in the words of the 2016-2025 Strategic Framework. Working with FOs that are representative of smallholders is thus key to ensuring that IFAD-supported projects and programmes reach and benefit target groups.
- **Improve the relevance of projects.** Representative and smallholder-based FOs constitute a key entry point to understand smallholders' needs and define their priorities in terms of rural and agricultural development in a given area. Partnership with them helps adapt projects to smallholders' needs, ensuring the relevance of IFAD's actions.
- **Reinforce the impact of IFAD interventions,** support the creation of important economies of scale upstream and downstream, and expand smallholder control over value-adding segments of value chains, thus improving their livelihoods.
- **Embed IFAD-supported projects in a sustainable approach** while empowering organizations that already exist and are developing services for poor rural farmers.

Scope and objectives of this How To Do Note

Purpose

This How To Do Note (HTDN) aims to provide guidance for IFAD to better engage in sustainable partnerships with FOs within IFAD projects, by considering them as relevant partners and not simply as beneficiaries of IFAD-supported activities.

Scope

Smallholders are entering into market relationships with other stakeholders through a multitude of arrangements, such as spot markets, contractual farming arrangements and contracts with lead farmers. But this HTDN focuses on:

- a specific marketing arrangement through smallholder FOs that are playing a role in value chains;
- support to economic services, even though other types of complementary support are also mentioned.

What kind of farmers' organizations are we talking about?

This HTDN only takes into consideration the type of organization defined in box 1, and in particular:

- existing FOs in a selected intervention area that include IFAD target groups and have a minimum level of structuring and capacity to grow;
- cooperatives, unions, federations or farmers' associations that bring together local farmers' groups.

Local farmers' groups at the grass-roots level are not taken into consideration by the present document.

Who is this How To Do Note for?

This HTDN aims to provide guidance to country programme managers, project design teams, peer reviewers, project managers and project management units (PMUs) working on – or willing to design – projects that support the development of FOs and their capacity to provide services to their members in order to improve linkages between poor smallholders and market opportunities.

Complementary toolkits

This HTDN is designed to complement other toolkits in terms of focus on FOs (figure 1). In particular, it complements the following How To Do Notes:

- **How to analyse and develop the social capital of smallholder organizations.** This note focuses on local and farmers' groups at the grass-roots level and provides a conceptual framework and practical tools to help practitioners systematically collate and summarize information captured during design missions. In particular, it provides guidance on how to conduct an analysis of smallholder institutions and organizations and how to use the information collected to elaborate a plan for capacity development.
- **How to strengthen community-based commodity organizations: strategies and organizational design options for optimizing smallholder engagement with the private sector.** This note was developed to guide practitioners and farmers in choosing the most appropriate type of organization and organizational arrangement for effective private sector engagement during the design and implementation of projects/programmes.
- **How to do commodity value chain development projects.** This note supports the design of IFAD-supported value chain projects by offering valuable guidelines to help practitioners address the analysis and design of value chains during the design of country strategies and the design and implementation of projects/programmes.
- **How to do public-private-producer partnerships (4Ps) in agricultural value chains.** This note provides guidance for project design teams on how to design a 4P component and how to support implementation of 4Ps within IFAD-supported projects.

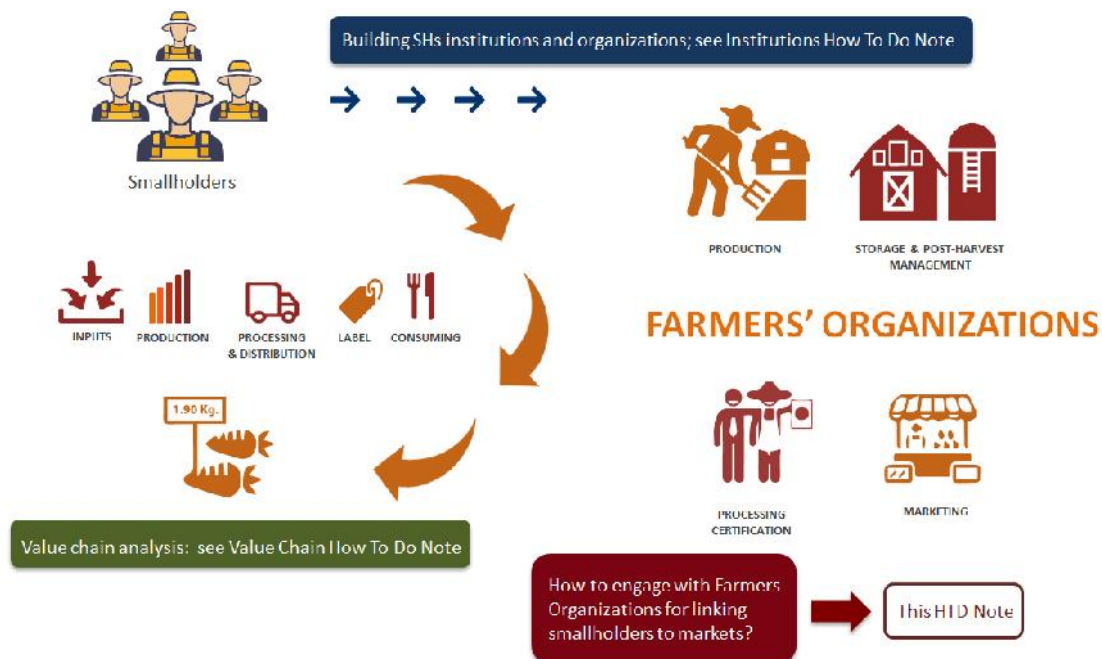


Figure 1. Relationship among How To Do Notes

Key issues/questions

This toolkit aims to provide support and guidance to address key issues and questions for IFAD to engage in partnerships with FOs in order to foster their capacity to deliver services and access to markets for smallholders, as detailed in table 1 below. Given the complexity of the various country contexts and the differences between them, along with the different characteristics of FOs, the toolkit is not prescriptive in the way IFAD-supported projects can support FOs and smallholder development. Rather, it provides an overview and systematization of the different modalities and strategies used by IFAD to enter into partnership with FOs, focusing on enhancing their capacity to deliver services to their members.

The toolkit consists of a teaser, this HTDN and the following modules: (i) Module 1 – How and when to do a mapping and profiling of farmers' organizations; (ii) Module 2 – How to support farmers' organizations in designing their business plans; (iii) Module 3 – Support to farmers' organization business models. The main questions and issues treated in the HTDN and the three modules are detailed in table 1.

Table 1. Main issues and questions

Main questions	Key issues	How to...
Which FOs are in the project area? How many smallholder members do they have?	<ul style="list-style-type: none"> ▪ Which FOs IFAD projects can partner with ▪ How IFAD-supported projects can support vulnerable farmers through FOs 	Undertake mapping of FOs <ul style="list-style-type: none"> ▪ Module 1: How and when to do a mapping and profiling of FOs
What are the strengths of FOs and the challenges they face?	<ul style="list-style-type: none"> ▪ The level of maturity of FOs <ul style="list-style-type: none"> ▪ Needs of FOs in terms of economic, institutional and partnerships issues 	Undertake profiling of FOs <ul style="list-style-type: none"> ▪ Module 1: How and when to do a mapping and profiling of FOs
	<ul style="list-style-type: none"> ▪ The constraints and opportunities of the environment in which FOs are evolving ▪ Value chains with development potential for FOs ▪ Main bottlenecks in agricultural policies and/or regulatory framework for FOs ▪ Key stakeholders to support FO development ▪ Environmental/farming-related constraints for FOs 	Analyse the environment of FOs <ul style="list-style-type: none"> ▪ HTDN
What kind of support to economic services can IFAD-supported projects provide to answer the needs of FOs?	<ul style="list-style-type: none"> ▪ How to support FO economic services 	Support FOs in the design of their business plan <ul style="list-style-type: none"> ▪ HTDN + Module 2: How to support FOs in designing their business plan
	<ul style="list-style-type: none"> ▪ How to provide support within a business-driven approach 	
	<ul style="list-style-type: none"> ▪ How to facilitate sustainable partnerships with downstream value chain stakeholders 	Support FOs in the choice of a relevant business model <ul style="list-style-type: none"> ▪ Module 2: How to support FOs in designing their business plan + Module 3 Support to FO business models
	<ul style="list-style-type: none"> ▪ Development of capacity-building plan and strengthening of FO governance structures ▪ Supporting engagement of FOs in policy processes related to relevant areas for them and for projects ▪ Support for knowledge management 	Support institutional and advocacy development and knowledge management of FOs <ul style="list-style-type: none"> ▪ HTDN
What complementary support should IFAD provide to FOs?	<ul style="list-style-type: none"> ▪ Direct support to FOs or not? ▪ Possible institutional set-ups based on IFAD experience ▪ Choice of relevant service providers/partners 	Design the institutional set-up of a project in partnership with FOs <ul style="list-style-type: none"> ▪ HTDN

Understanding farmers' organization issues and their environment

Before initiating the design of a project aiming to engage with FOs in order to improve their capacity to provide services to their members and link smallholders to markets, it is key to:

- (1) better understand who the FOs in the targeted area are and what their strengths and weaknesses are through mapping and profiling;
- (2) analyse the environment of FOs.

Both elements (figure 2) are key to: (i) improving the understanding of the strengths and weaknesses; (ii) understanding FO dynamics in a given region/country; (iii) better tailoring the support provided for FOs.

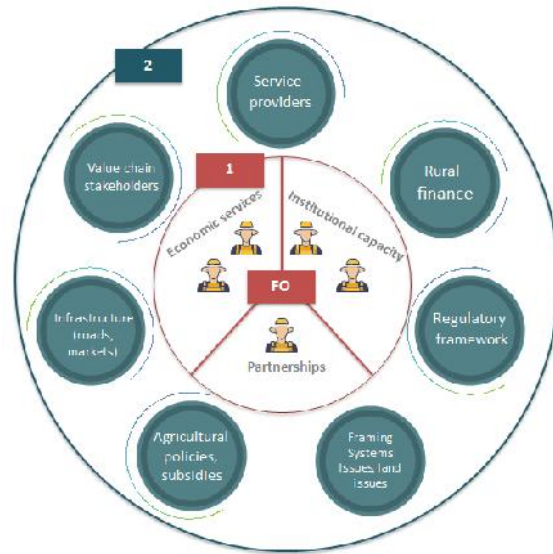


Figure 2. Elements in understanding FO issues

How and when to conduct mapping and profiling of farmers' organizations

First, it is key to have a clear understanding of what mapping and profiling are:

- **Mapping** helps give a clearer picture of existing FOs at the national level and at the level of the project's targeted geographic area. It is a useful tool that helps identify partner FOs to be integrated into a project, based on defined criteria of selection.
- **Profiling** helps diagnose the organizations selected and assess the strengths to build on and the weaknesses to be addressed, in order to improve the capacity of FOs to provide services to members that better link them to market opportunities and improve their income. The profiling usually consists of a combination of: (i) qualitative description; (ii) SWOT analysis (studies undertaken to identify strengths and weaknesses of the organizations); and (iii) quantitative analysis based on indicators for each assessed category.

What has IFAD learned from mapping/profiling farmers' organizations?

The mapping and/or profiling of FOs operating in a given country or in a targeted area has become quite common in the design of IFAD-supported projects (box 2).

This enables IFAD to improve:

- the understanding of the dynamics of FOs and better tailor support to them;
- the identification of the relevant FOs to partner with according to classification tools and designed sets of criteria;
- the monitoring and evaluation (M&E) of the progress made by FOs by referring to the baseline profiling undertaken.

Box 2. IFAD's experience with mapping and profiling of farmers' organizations

During the biennium 2012-2013, mapping or profiling was undertaken in the design processes of 61 per cent of new IFAD projects. In some cases, such as Brazil, China, Kenya, Venezuela, Paraguay, Lao People's Democratic Republic, Peru and Tunisia, the mapping process allowed better targeting of the beneficiaries and the relevant potential partners. In other cases – Guinea, Gambia (The), Eritrea and Afghanistan – it revealed the strengths and weaknesses of farmers' organizations.

When is it relevant to conduct mapping/profiling of farmers' organizations?

Mapping/profiling can be undertaken for a country strategic opportunities programme (COSOP), at project design or at the beginning of project implementation. Some concrete examples from IFAD's experience are detailed below.

- **Mapping at COSOP stage:** the case of Uganda. Partnerships with rural organizations at different levels were given a more prominent role under the 2013-2018 COSOP. Mapping was undertaken during the design mission to identify the main areas of partnership development with FOs.
- **In-depth study of farmers' organizations prior to the design stage:** the case of the Food Security and Development Project in the Region of Maradi (PASADEM) in Niger. IFAD invested Italian Supplementary Funds to develop an in-depth study of FOs and other key partners in Niger (e.g. the networks of Chambres d'Agriculture) prior to the design of PASADEM. This enabled it to broaden its knowledge of the institutional dynamics of FOs operating within the area and facilitated the selection of strategic FO partners for IFAD-supported projects prior to the implementation of the project.
- **Mapping and profiling at project design stage:** the case of the Kinshasa Food Supply Centres Support Programme (PAPAKIN) in the Democratic Republic of the Congo. During the design mission of PAPAKIN, a mapping of FOs was undertaken on two selected sets of commodities in the project area. A rapid typology of organizations from the grass-roots to the regional level was developed together with a description of each union/federation and a rating on their level of maturity. This enabled IFAD to benchmark the capacity of the FOs in the project area and design a capacity-building plan accordingly.
- **Profiling of farmers' organizations at the initial stage of project implementation:** the case of the Fisheries Investment Programme (FIP) in Yemen. An audit company conducted mapping/profiling of all members of the Fisheries Cooperative Union to select the most advanced cooperatives as partners for the project.

Figure 3 provides guidance on the best timing and options available for mapping and profiling of FOs at different stages of the project cycle, depending on the requirements.

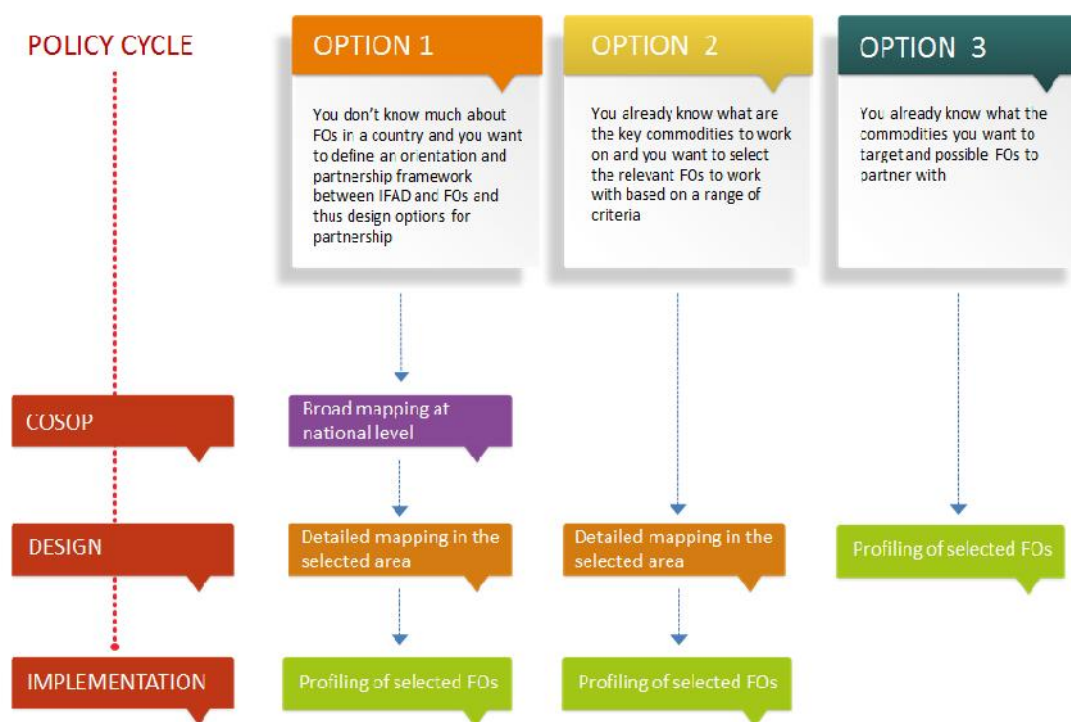


Figure 3. When to conduct mapping and profiling in the IFAD project cycle

The key elements to be taken into account when mapping and profiling FOs are provided in table 2.

Further details are provided in Module 1 on mapping and profiling of FOs.

Table 2. Key elements for mapping and profiling

	Broad mapping at the national level for strategic purposes	More detailed mapping	Profiling
Objectives and use	<i>Objective:</i> to analyse the existing FO movement in a country and provide strategic input on major issues regarding capacity-building.	<i>Objective:</i> to identify the FOs that the project will partner with. This more detailed mapping overlaps with profiling as the organizations mapped are usually broadly diagnosed.	The profiling is to be adapted to the objective and does not have to be exhaustive. Profiling tools are: <ol style="list-style-type: none"> 1. to be used during a design mission to broadly assess an FO; 2. to be used at the implementation stage to assess the maturity level of an organization, and as an M&E tool for the project.
Table of contents and elements to be included	Table of contents: <ol style="list-style-type: none"> i. General country characteristics (agricultural sector) ii. Overview of existing FOs iii. Analysis of the positioning of organizations within agricultural development iv. Strategic orientations that can impact key issues of FOs: structuring, service provision and positioning in their environment 	Elements to be collected: <ul style="list-style-type: none"> • Name, contact, history (date of creation) • Type/level of organization, geographical coverage • Membership (number, type, female-male ratio, etc.), existence of legal status, institutional functioning, etc. • Objective/mission and range of services (economic, social, trade union, political) provided • Partnerships, relationships with other stakeholders 	Indicators to be assessed/monitored: <i>Governance-institutional management</i> <ul style="list-style-type: none"> • Governance bodies, planning • Profiling of members (number, gender, smallholders, fees, etc.) • Involvement of the members in policy and decision-making and in the activities of the FO • Administrative and financial management + human resources management + sources of funding <i>Services to members and position in the economic environment</i> <ul style="list-style-type: none"> • Details on economic services provided: functioning, price, supply • External relations of the organization: public, private, donor partnerships • Advocacy the organization is involved in



If FOs are identified as partners for the project at the design stage, this means that strategic partnerships can be sealed with them upstream. This can help to avoid often lengthy procurement processes. FOs may not have the technical capacity to successfully bid on national tenders, so this type of “positive discrimination” can be justified on the grounds that it has led to successful agricultural development and transformation experiences in many countries worldwide. Such experiences demonstrate that FOs are essential players in the agricultural sector and merit support and inclusion, as they represent an element of great public interest compared to other stakeholders (e.g. non-governmental organizations [NGOs]).

Assessment tools and criteria used to select farmers' organizations

The main criteria to be used for selection within a project include the following:

- **Governance, democratic functioning, transparency:** respect of internal democracy, transparent accounting, members aware of organization's activities, farmers paying their dues, etc.;
- **Targeting:** equal access for women and youth, specific responsibilities assigned to women;
- **Inclusiveness:** organization open to new membership and/or willing to provide services to non-members;

- **Efficiency and effectiveness of the economic services provided:** bulking functions, input provider, training, etc.;
- **Sustainability potential:** good use of resources and funds, management of internal funds, diversification of activities, membership, business approach, etc.

Many IFAD-supported projects are using classification, rating tools and sets of criteria to identify FOs to partner with.

Some examples taken from IFAD-supported projects are provided below.

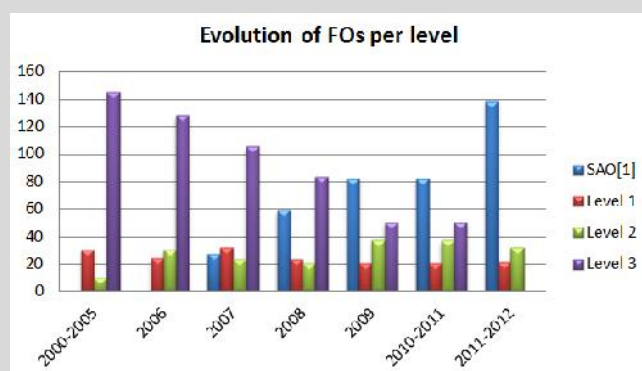
- In **Guinea**, the National Programme to Support Players in Agricultural Sectors (PNAFA) supports the National Confederation of Farmers' Organizations of Guinea (CNOP-G) in developing its own profiling tool, participatory institutional diagnostics (PID), designed to assess the maturity level of FO partners and provide support accordingly. This tool is used to design not only capacity-building plans but also implementation modalities, according to maturity level. If the maturity level of an FO reaches the highest level, the project can directly contract with them.
- In **Senegal**, the Agricultural Development Project in Matam (PRODAM) in the Western and Central Africa Division (WCA) was a pioneer in designing an M&E tool to measure the level of autonomy of supported FOs (box 4).

Box 3. SCOPEInsight: a rating tool

SCOPEInsight is a rating agency that specializes in FOs. It conducts assessments with the following objectives: (i) assess needs in capacity-building, looking at strengths and weaknesses in financial management and performance, institutional management, activities, risk management and sustainability; (ii) link FOs to the private sector (banks, input suppliers, etc.) thus facilitating their access to funding and markets. Guinea's National Programme to Support Players in Agricultural Sectors (PNAFA) contracted SCOPEInsight in 2012 to conduct assessments of FOs in the country.

Box 4. Facilitating M&E of activities implemented by farmers' organizations: the case of PRODAM2

In **Senegal**, within the PRODAM, an M&E tool was designed to measure the level of autonomy of supported FOs in order to identify gaps to be addressed and evaluate improvements made over the years.



FOs supported within the second phase of PRODAM were assessed through the M&E classification tool "Système opérationnel de l'autonomisation" (SAO), which rates organizations on their level of capacity (from levels 1 to 3, with level 1 = needs slight consolidation). The expected result was that at the end of project implementation, at least 70 per cent of partner groups would reach operational autonomy (SAO level).

This approach, tested, validated and implemented by PRODAM, produced tangible

results, as shown in the graphic above presenting the state of empowerment of FOs assessed by the SAO system.

This operational system of empowerment was then replicated, adapted and further developed in Guinea's portfolio, in the Democratic Republic of the Congo's PAKAKIN, and in Côte d'Ivoire's Support to Agricultural Production and Marketing Project (PROPACOM).

- In **Mozambique**, an FO classification tool was designed, with some guidelines for its implementation, under the Rural Markets Promotion Programme (PROMER). The classification aims to: (i) highlight the types of services where organizations might need to improve their overall capacity; (ii) assess progress made by supported FOs – which also makes it useful for M&E.

- In **Zambia**, a similar approach was adopted within the new Smallholder Productivity Promotion Programme (S3P) project, whose subcomponent "Strengthening FOs and their federations" aims to support the provision of services by FOs to their members. The nature of the support will be determined by the development stage farmers' groups have achieved. Once the group is mature enough, the S3P will assist them in linking with financial institutions. The maturity assessment is to be done with a five-stage maturity assessment tool.
- In **Paraguay**, a rating system was developed within the Empowerment of Rural Poor Organizations and Harmonization of Investments Project (PPR) to assess improvements by FOs within a capacity-building process. The rating focused on the following three categories: (i) development of the marketing of selected products related to the business plan's objectives; (ii) credit management; (iii) the sustainability perspective of the organization. Once the rating is assigned, FOs are classified as "in difficulty", "in consolidation" or "consolidated". The system aims to monitor progress made by organizations and their potential for passing from one stage to another.

How to analyse the environment of farmers' organizations?

In parallel with the mapping/profiling of organizations, some key complementary issues should be analysed when designing a project focusing on supporting FO service delivery to link members with market opportunities. In particular, the following contextual factors should be taken into account.

Analysis of value chains with high development potential

While conducting the mapping and profiling, it is essential to conduct an analysis of the value chains that have development potential in the targeted area. Based on this, a project might select FOs to support and choose value chains that can best foster smallholders' income growth. Knowledge and analysis of the dynamics of value chain stakeholders (traders, processors, etc.) in the targeted area are also key to understanding which are the service providers and rural finance institutions offering services to FOs. Finally, such analysis enables the project to adapt support to organizations' ongoing realities.²

Regulatory issues and legislation in the country

In many countries, there are laws on cooperatives or farmer-based associations; it is key to know them and to understand the challenges that they present and the impact they might have on the development of any partnership. Some legislation might, for example, prevent FOs from benefiting from public funding or engaging in savings and credit activities. It is essential that IFAD's support is in line with country legislation and agricultural policy.

Rural finance and farmers' organizations

When it comes to providing support to FOs to develop economic services for their members, the issue of credit access (for inputs, storage, marketing, etc.) arises systematically. The identification of sustainable financial access is key to preparing the exit strategy of a project.³

Inquiring about existing service providers

While defining the modality of support to be provided, it is important to analyse potential service providers (public, private, NGO, etc.) that exist in a given country or geographical area and that might be available to provide assistance.

² For further details please refer to the IFAD toolkit *How to do commodity value chain development projects: Sustainable inclusion of smallholders in agricultural value chains*.

³ Ibid

Box 5. Côte d'Ivoire: Farmers' organization legislation in the context of OHADA reform

Adopted in December 2010, after 10 years of consultation, the Uniform Act relating to the right of cooperative societies of the Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) aims to unify the status and functioning of cooperatives, unions and federations of cooperatives, and agricultural or non-agricultural societies, existing or being created, in the 17 OHADA member states.* Beginning in 2011, the Uniform Act superseded national laws on cooperatives and member governments were given two years to adapt their existing legislation. In Côte d'Ivoire, PROPACOM-Ouest, designed in 2013, aims to support FOs in updating their status in accordance with the new legislation.

*Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal, Togo

Understanding key policy issues

Policy issues such as regulations, credit and land access can become key topics of the advocacy agenda of FOs. As organizations are often structured from the local up to the regional and national levels, they have networking power to collect evidence in the field for advocacy purposes. The identification of key issues can help empower FOs to advocate with their governments. Also, knowing and understanding the key issues is vital to adapting project support to smallholder needs.

The checklist in table 3 can help identify the key elements to consider when analysing FO environments.

Table 3. Checklist to analyse farmers' organization environments

Complementary issues	Key questions to be investigated	Yes	No
Regulatory issues	Is there a regulatory framework/legislation for FOs and cooperatives in the country? What are the regulatory requirements (registration, taxes, obligations)?		
	Is there a regulatory framework for food product marketing (norms, taxes, etc.) and what are the obligations of FOs?		
Value chain stakeholders	Are there other value chain stakeholders in the area?		
	- For input supply		
	- For post-harvest facilities: storage, processing, etc.		
	- For commercialization/marketing/promoting products		
	- For transport		
Rural finance and farmers' organizations	Are there microfinance institutions (MFIs) or banks in the project area?		
	Do they provide credit for organizations/farmers (seasonal, medium-term, etc.)?		
	On what conditions (interest rate, guarantee, etc.)?		
Existing service providers	Are there service providers specialized in training (technical, management, negotiation/advocacy, etc.) or institutional capacity-building that the project can use as implementing partners?		
	- Private sector		
	- Local NGOs		
Infrastructure issues	Are there major communication/marketing infrastructure limitations in the country?		
	- Roads: poor main roads, feeder roads - Lack of physical markets		
Land and natural resources issues	Is there a land issue for smallholders that undermines their farming?		
	Are there major environmental challenges in smallholder farming?		
Farming system issues	Are there other structural constraints individual farmers face in managing their farming systems that need to be considered?		
	- Lack of labour - Crops competition/diversity for food security		

Designing support for farmers' organizations to link smallholders to markets

Based on the outcomes of FO profiling undertaken at a preliminary stage and the identification of market opportunities and other issues related to an organization's environment, key areas of intervention to be supported by a project can be further identified. This section will provide guidance on how to:

- Understand the type of support that a project can foster to improve the capacity of FOs to provide economic services.
- Design support for FOs in developing sustainable economic services by drawing up business plans and choosing the right business models to ensure sustainable profitability for members.⁴
- Design complementary support activities necessary to ensure a comprehensive approach to the development of FOs.

What are farmers' organization economic services and how can they be enhanced?

Economic services are activities that have a direct effect on securing production, adding value to products and improving market access for smallholders, thus improving their incomes. They can be classified into several categories, as shown in figure 3.

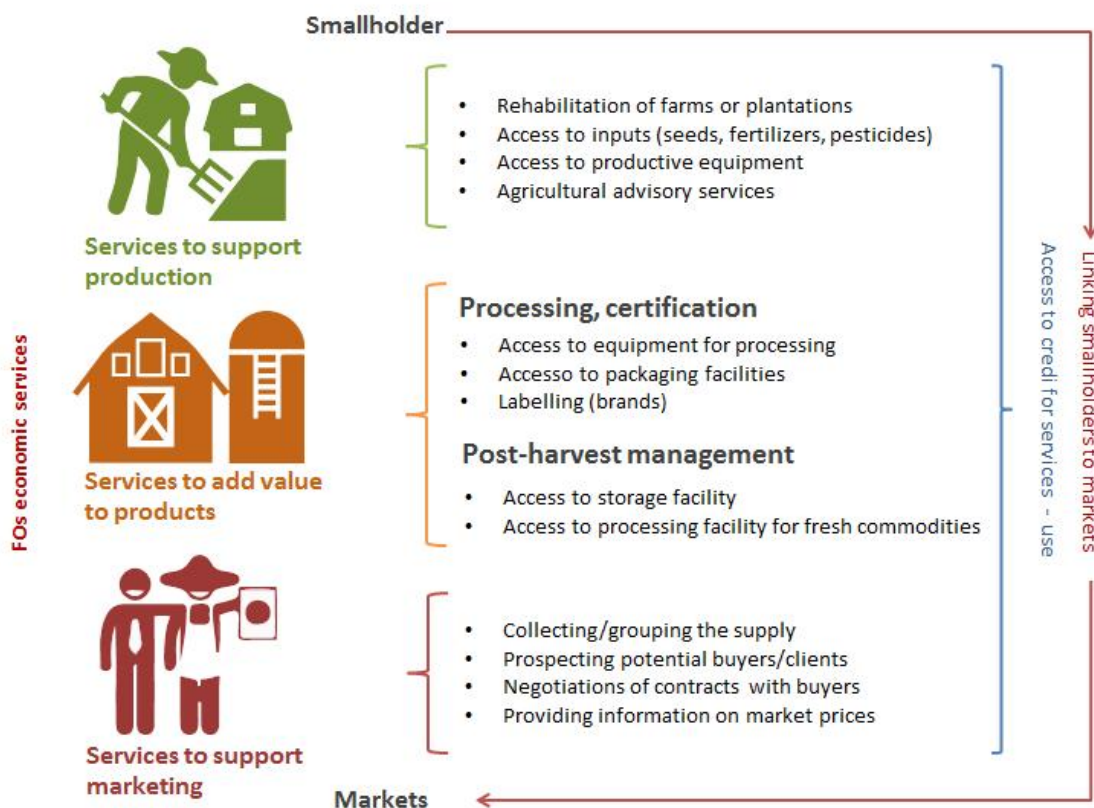


Figure 3. Services to farmers' organizations

⁴ More in-depth information on business models is provided in Module 3, which also contains several examples.

IFAD-supported projects supporting economic services of farmers' organizations

IFAD projects support economic services through various activities, as shown in the examples below:

- **Senegal:** access to certified seeds. The Programme des Services Agricoles et Organisations de Producteurs (PSAOP) has supported the creation of a network of cooperatives specialized in provision of certified seeds.⁵
- **Honduras:** plantation rehabilitation. The Sustainable Rural Development Programme for the Southern Region (EmprendeSUR) supported the rehabilitation of 130 acres of cashew nuts and the establishment of a further 20 acres to increase production by 50 per cent. The support was given through the financing of an FO business plan.
- **Liberia:** storage facility. The Smallholder Tree Crop Revitalization Support Project (STCRSP) has financed the building of warehouses with an in-kind participation of cooperative members.
- **Senegal:** access to fertilizers. The Agricultural Value Chains Support Project (PAFA) provides gradually decreasing cofinancing to FOs for fertilizer provision.
- **Guinea:** access to productive equipment. The National Programme to Support Players in Agricultural Sectors (PNAFA) provides a subsidized fund to FOs to buy productive equipment. The share of the subsidy depends on the type and size of equipment to be purchased.
- **Rwanda:** certification. The Project for Rural Income through Exports (PRICE) provided support to cooperatives in the certification process (linkages with private companies involved in certification, financing certification fees, etc.).
- **Viet Nam:** support to FO marketing services. Within the Viet Nam Farmers' Union (VNFU)-IFAD country programme partnership agreement in the country, IFAD supported training of staff and members of 11 provincial farmers' unions to provide services related to marketing activities, such as marketing analysis, marketing strategy for products, business management, value chain management, setting up brands, negotiation and pricing, and contract farming.

Types of support for farmers' organization economic services provision

The three main types of support to be provided to enhance economic services are presented in table 4 and include investments, capacity-building for FO members/staff and development of partnerships.




How to support farmers' organizations in the development of sustainable economic services

Two main approaches should be considered when designing a project aiming to support FO economic services in a sustainable way:

- Support the design of a **business plan** to identify a medium-term target of economic profitability.
- Support the organization's choice of a relevant **business model** to optimize the profit made for smallholder members within value chains.

⁵ This experience led to a capitalization document, available in French only: http://www.fidafrique.net/IMG/pdf/Livret_ASPRODEB-V3.pdf.

Table 4. Types of support for economic services development

	Types of services	Investments	Capacity-building	Partnership
	Support to production			
	Rehabilitation of farms or plantations	Working capital	How to deal with a grouped purchase of inputs	Rural finance institutions (RFIs)
	Access to inputs (seeds, fertilizers, etc.)	Input stores	How to design an input supply mechanism for members	Input providers
	Access to productive equipment	Productive equipment	How to deal with equipment management	Equipment providers
	Access to advisory services	Training room	Technical training	Public or private service providers for agricultural advisory services Research institutes (seeds, climate change, adaptation, etc.)
	Support to add value to products			
	Access to equipment for processing	Working capital	Management of processing equipment	RFIs
	Access to packaging facilities	Processing equipment	Training on required techniques for certification (organic, FT)	Processing equipment providers
	Certification	Packaging material	Management of storage facilities	Certification enterprise or stakeholder
	Support to marketing			
	Collecting and grouping the supply	Working capital	Management of grouped sales	RFIs
	Prospecting potential buyers/clients	Warehouses	Warehouse receipt systems	Private buyers/transporters
	Negotiation of contracts with buyers	Market impact studies (MISs)	Management of storage facilities	Public buyers (institutional procurement)
	Providing information on market prices	Communication network	Contract negotiation	Private exporter
			MIS training	

The business plan

Farming is business and farmers and their organizations need to develop their activities following a sound business plan that outlines the economic and financial forecasts. The business plan is the operational tool that directs each and every step in the business of an FO.

The business plan spells out how the FO intends to organize and implement necessary and sufficient activities for it to be profitable and succeed. It is an essential tool for the planning, direction and running of a business. It clarifies the operational and financial objectives of the business and contains detailed plans and budgets showing how the objectives are to be realized. It may also contain background information about the organization attempting to reach those goals.

Learning experiences from IFAD-supported projects

- In **Sao Tome and Principe**, within the Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme (PAPAFPA), financing support for the business plans of FOs commenced over 10 years ago and has pursued the objective of sustainability from the outset. All project activities are developed within the plan and financially supported in a decreasing manner in order to enable FOs to progressively support them alone. As a result, in 2013, one of the supported cooperatives reached the break-even point (see box 10 of Module 3).
- In **Liberia**, progressive support was provided to selected cooperatives in the form of financing for their business plans (BPs) within the STCRSP. The objective was to progressively empower FOs in the implementation of their strategy to market cocoa in a sustainable way.

- In **Côte d'Ivoire**, the new PROPACOM Extension Ouest plans to support second-tier FOs in designing their BPs as a strategy of the overall intervention. All the project support to FOs will be conducted on the basis of BPs jointly developed with FOs and identified service providers.
- In many countries of the **Latin America and the Caribbean (LAC)** region, IFAD-funded projects are supporting farmers' groups and their associations at the local level through the financing of their BPs, usually on condition of a certain level of institutional capacity that is also supported when needed. The approach aims to be flexible, demand-driven and empowering, as funds for business plans' implementation are most of the time directly channelled through FOs (see next section, "Options for the project's institutional set-up", for further details).

Module 2 on supporting FOs in the design of their BPs provides further guidance on how to support FOs. It can be further used as a technical guide for PMUs or project support missions in the field.

Business model

A business model (BM) is a means by which an FO structures its resources, services, partnerships and relationships with smallholder members and with other stakeholders (traders, suppliers, the public and private sectors), clients and partners to create and capture value (table 5).

Table 5. Options of variables within FOs' business models

	Economic services	Source of funding	Partnerships & relations
Support to production →	<p>Input supply</p> <ul style="list-style-type: none"> Needs assessment of inputs Grouped order for purchasing inputs Input stores with contract for supply Seed multiplication and certification <p>Access to productive equipment</p> <ul style="list-style-type: none"> Needs assessment of equipment Purchase of equipment <p>Rehabilitation of farms, plantations</p> <ul style="list-style-type: none"> Needs assessment of farms to be rehabilitated Purchase of tools for rehabilitation <p>Agricultural advisory services</p> <ul style="list-style-type: none"> Centre for supply of services 	<ul style="list-style-type: none"> Endowment fund from project Guarantee fund from projects in an MFI to access credit for working capital for inputs or equipment Government subsidies (for inputs, equipment) Public funds for agricultural advisory services Harvest index insurance 	<ul style="list-style-type: none"> FO members Input suppliers RFI Advisory services (public/private) for technical support on use of inputs, farming, rehabilitation practices Research institute for access to breeder seeds Certification institutions for seed certification Insurance institutions
Add value to products →	<p>Processing, certification:</p> <ul style="list-style-type: none"> Access to processing equipment Contracting with processor Access to packaging facilities Certification of products <p>Post-harvest management:</p> <ul style="list-style-type: none"> Access to storage facilities Collateral management Access to processing facility for fresh products 	<ul style="list-style-type: none"> Endowment fund from project Credit access for working capital for equipment or for processing Warehouse receipts systems 	<ul style="list-style-type: none"> RFI Certification organizations Packaging suppliers Equipment suppliers Processors
Marketing →	<ul style="list-style-type: none"> Bulk marketing Advanced payments on harvest Market study Transport management Client prospection Management of contracts with buyers FO taking shares in a processing/marketing enterprise owned partly or totally by the FO Market information system 	<ul style="list-style-type: none"> Credit access for working capital for product collecting, marketing Advanced payments from buyers, exporters 	<ul style="list-style-type: none"> RFI Transporters Traders Private/public buyers Exporters Phone companies

IFAD's portfolios in the different countries and regions showcase several examples of possible support to provide to FOs' business models (box 6).

Box 6. Business models: examples from IFAD-supported projects

In Mozambique, in the new Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors (PROSUL), FOs were strategically chosen to enhance linkages between smallholders and market opportunities, not only by serving as service providers for the implementation of selected activities, but also through their ownership of "hubs" – marketing and for-profit organizations to be created to provide processing and financing facilities to FOs. As these organizations are still too weak to manage the hubs by themselves, PROSUL intends to hire a management team (the entire selection process is to be led by FOs).

In Rwanda, the new PRICE project is supporting tea farmers' cooperatives through public-private partnerships (PPPs) and equity sharing. The objective is to scale up and improve the business model developed within the Smallholder Cash and Export Crops Development Project (PDCRE) that supported tea cooperatives in partnerships with private investors to establish tea factories. Through PDCRE, IFAD has enabled two tea cooperatives (COTHENK and COTHEGAB) to become shareholders in the tea factories that purchase their green leaves. Cooperatives are helped in acquiring up to 30 per cent of equity in the factories to be built on four greenfield sites (see box 8 of Module 3 for further details).

In Honduras, EmpredeSUR supported the business plan of La Sureñita, a cooperative specialized in the processing of cashew nuts, through: (i) the rehabilitation and establishment of cashew nuts; (ii) technical assistance for production; (iii) the rehabilitation of the processing plant; (iv) the improvement of environmental safeguards; and (v) increasing sales margins. The cooperative developed services especially for the commercialization of its products and successfully sold on international markets. This helped the cooperative to increase its accountability and opened the way for additional financial support, enabling it to expand its business (see box 7 of Module 3).

The following examples refer in particular to IFAD-supported projects supporting PPPs/4Ps approaches.⁶

In Uganda, phase two of the Vegetable Oil Development Project (VODP2) is promoting a 4Ps arrangement under its palm oil component through the Kalangala Oil Palm Growers Trust (KOPGT), which includes representatives from public services and farmers and provides farmers with loans and services. The PMU of this component is under the KOPGT. The private sector invested in the processing facility of palm oil and, with IFAD's support, the Ugandan Government invested in capacity-building for farmers through the trust. KOPGT owns 10 per cent of the private sector business and the farmers represented in KOPGT have recently formed an FO, the Kalangala Oil Palm Growers Association (KOPGA), which will safeguard their interests and enhance their bargaining power within the project.

In Liberia, a very promising PPP was instituted between the Ministry of Agriculture, the Smallholder Tree Crop Revitalization Support Project (STCRSP) and the Liberia Agriculture and Asset Development Company (LAADCO), a private sector exporter of cocoa and coffee. In an innovative decision, the public sector engaged LAADCO as a key implementing partner for the rehabilitation of an initial 1,000 hectares of cocoa and coffee smallholder farms (1 ha = 1 farmer). LAADCO not only provides technical and extension services, it provides cofinancing in the form of investment, including in human resources, capacity-building, vehicles, and provision for pre-financing for cooperatives' working capital (US\$15,000 per cooperative as a start), enabling them to purchase cocoa from member and non-member farmers for further commercialization (see box 11 of Module 3 for further details on this business model).

In Yemen, the Fisheries Investment Programme (FIP) is designed to provide support to the Fisheries Cooperative Union (FCU). Capital investments and other financial services (integrated with management advice, technical assistance and market linkages) will be managed by the Yemen Economic Opportunities Fund (EOF) on the basis of PPPs. The board of EOF is composed of representatives of the FCU, agriculture cooperative unions, the private and public sectors, banks, and the chamber of commerce union.

⁶ Please also refer to the IFAD toolkit on *How to do Public-Private-Producer-Partnerships (4Ps) in Agricultural Value Chains*.

What complementary support should IFAD provide to farmers' organizations?

Complementary support activities are defined as a range of capacity-strengthening activities aiming to ensure: (i) institutional capacity-building of FOs (e.g. in terms of internal governance and democracy, administrative and financial management and functioning); (ii) representation of FO members in policy dialogue arenas; and (iii) knowledge management of FO good practices.

Those complementary support activities are key to sustaining the organizations and their capacity to provide economic services, and many IFAD-supported projects or grants are supporting these kinds of activities.

Institutional strengthening is closely linked and instrumental to the good functioning of economic services. It enables FOs to efficiently implement their activities and make them effective economic partners and players in the market. For example, governance and structuring support are key to better coordinating the needs' assessment of inputs and the participative planning of activities and transparency in the organization's activities, from the local level upwards. Similarly, overall management capacities are key to the development of strategies for providing services in the most efficient way, both technically and financially. Accounting skills and business management skills are also essential.

Moreover, institutional support through capacity-building enables organizations to be accountable to their base and have solid governance, and enhances the recognition of FOs by governments, value chain stakeholders (public and private buyers) and donors – all of which are necessary conditions for the continuation of economic activities after a project closes.

Advocacy strengthening helps to draw the attention of governments and donors to smallholder needs, especially in areas that are key to ensuring a conducive environment to access markets. These include the support of agriculture policies that favour smallholder farming, issues surrounding land tenure and agricultural credit for smallholders, trade policies promoting the access of their products to local and regional markets, and focusing development programmes on investments in family farming and through FOs.

Enhancing the ability of FOs to develop advocacy positions and participate in local, national, regional and international policy dialogue can have a very positive and sustainable impact on the orientation of public-policy decisions related to family farming.

Knowledge management promotes good practices and fosters knowledge, among FOs, of relevant business models and, among IFAD project staff, of ways to support FOs. It is thus important to promote effective exchanges of experience, information and learning. Resources can otherwise be lost in developing solutions in isolation from good practice and lessons learned elsewhere (World Development Report 2008). Knowledge management can be promoted through:

- the documenting of good practices, with case studies being widely shared;
- the organization of exchange visits or learning routes on the specific topic of FO business plans.

Learning from IFAD's experience. Many IFAD-supported projects or grants are conducting these kinds of activities, as shown in the examples below.

Institutional strengthening

- **In many countries of Latin American and the Caribbean**, IFAD projects support farmers' groups and their associations at the very local level through the financing of their business plans, provided there is a certain level of institutional capacity (which is also supported when needed). Most of the projects supporting FOs include a focus on the institutional capacity-building of their members to ensure that they will be able to manage the investments funded through their business plans (see next section on projects' institutional set-ups for further details).
- **Peer-to-peer technical support is an innovative strategy to support capacity-building.** Using the IFAD grant "Strengthening capacities of FOs in relation with IFAD country programmes", AgriCord, a network of agri-agencies and NGOs involved in development cooperation, has implemented innovative strategies to provide FOs with technical assistance. One of the key factors

of success is the use of peer-to-peer support/coaching by African farmers' leaders and/or European farmers, demonstrating how African leaders, in particular, can play a key role in raising awareness of governments, project teams and donors on the importance of supporting FOs.

Advocacy strengthening

IFAD grants also support policy engagement of farmers' organizations

Most of the support IFAD provides to FOs for advocacy-related activities is channelled through grants. This is the case for the grant to MERCOSUR's Reunión Especializada de Agricultura Familiar (REAF), the Medium Term Cooperation Programme (MTCP) with Asian and Pacific farmers, and the Support to Farmers' Organizations in Africa Programme (SFOAP).⁷ Grants support farmers' organizations when engaging in policy dialogue, and they have contributed to enhancing pro-family farming public policies in the respective areas of intervention (i.e. MERCOSUR, Asia and Africa, respectively). See table 6 below for further details.

Table 6. IFAD grants to support policy engagement: the cases of Nepal, Burundi and Brazil

<p>MTCP – FO networking and engagement in policy dialogue in Nepal</p>	<p>The support provided through the MTCP enabled all the major FOs in Nepal to form a single policy dialogue entity. The National Peasant Coalition (NPC), a broad-based platform composed of various FOs, was mobilized to create the National Oversight Board (NOB) and three Regional Oversight Boards (ROB), with broad-based representation at the local level and a noteworthy efficiency in representing local issues in national forums and policy dialogues. Regional farmers' forums were also organized and supported to discuss farmer-related issues, with the ROBs assuming a lead role.</p> <p>The MTCP fostered the NPC lobbying, advocacy and campaign agenda, leading to policy intervention on farmers' issues. NOB representatives engaged in policy dialogue with the government, leading to the revision of two key programmes of strategic relevance to FOs: the national Agricultural Development Strategy (ADS) and the Global Agriculture and Food Security Program (GAFSP). The NOB is today represented in the various working committees of the GAFSP and has acquired four seats in the steering committee of the ADS. In addition, the support provided through the programme made possible: (i) an increase in the budget for the agricultural sector in 2012; (ii) the fixing of a minimum support price for sugar cane; (iii) the provision of agricultural inputs; (iv) the involvement of FOs in the design and planning of various agricultural programmes.</p>
<p>SFOAP – mobilizing FOs for greater policy impact in Burundi</p>	<p>With the support of the SFOAP, the Confédération des Associations des Producteurs Agricoles pour le Développement (CAPAD) commissioned two studies on the impact of the East African Common Market on Burundian producers, and adapted existing agricultural models. This was followed by the elaboration and dissemination of concrete demands or policy positions on key issues (e.g. financing for agriculture; access to inputs and land). CAPAD further mobilized Burundian FOs, even beyond its own membership, to ensure a critical mass of farmers to stand behind its demands and gain government recognition. The activity led to the establishment of the Forum des Organisations des Producteurs Agricoles du Burundi (FOPABU), bringing together CAPAD and the national federations of tea, coffee, cotton and palm oil producers. The IFAD grant to AgriCord was used to further support a national campaign demanding, among other things, an increase in public finance for agriculture. The main outcomes were as follows: 1) The government recognized the legitimacy of CAPAD and its members as stakeholders in the formulation of agricultural policies and strategies. CAPAD's members are now included in the technical committees working on national agricultural investment plans and strategies. 2) The government increased the share of the agricultural budget from 3.6 to 6.7 per cent from 2010 to 2011 and to 10 per cent in 2012. 3) CAPAD was able to mobilize donor funding for FOPABU to participate in several key events (e.g. World Food Day).</p>

⁷ See the Teaser of the present HTDN for more information on SFOAP.

<p>REAF/ MERCOSUR > public procurement for family farming in Brazil</p>	<p>Within the context of the National Programme for Family Farming and the National Zero Hunger Strategy, the Brazilian Government launched the Programme for Food Procurement (PAA) (2003) to collaborate in the fight against hunger through the procurement of produce directly from family farmers and their organizations.</p> <p>In 2010, the relevant ministers signed a statement within the framework of REAF pledging to promote family farmers' access to public procurement. A regional programme was launched for the exchange of experiences in public procurement. As a result, in Brazil, several public procurement instruments were upgraded.</p> <ul style="list-style-type: none"> ▪ The number and type of PAA modalities have evolved. Currently PAA counts five different operational modalities: <ul style="list-style-type: none"> ○ Purchase with simultaneous donation: purchase of food products and simultaneous donation to beneficiaries with food and nutritional insecurity; ○ Direct purchase: purchase of a series of pre-established products when prices are low, or when there is high demand from people with food insecurity; ○ Incentive for milk production and consumption: distribution of free milk and guarantee of a fixed and market-compatible price; ○ Support for stock formation: offer of financial resources for organizations to acquire/stock harvest products and sell them in the future under better conditions; ○ Institutional purchase: acquisition of food to meet regular food demand from direct and indirect public administration. This is a special modality created in 2012 to enable the extension of the procurement mechanisms to other levels of public administration (e.g. hospitals, prisons, universities). ▪ In 2009, the National School Feeding Programme (PNAE) was linked with family farming policies. Schools must purchase at least 30 per cent of food for meals directly from family farmers, following a procedure similar to the one adopted by the PAA and avoiding public bidding. <p>The success of both programmes is reflected in the numbers. PAA resources reached more than US\$230 million in 2012, benefiting around 190,000 food producers. PNAE resources used for the procurement of food from smallholders reached the same amount in the same year.</p>
---	---

Knowledge management

- Cofinanced by IFAD and managed by PROCASUR,⁸ the Learning Routes Programme⁹ provides opportunities to organize learning visits between FOs. The learning routes methodology is interesting, as it: (i) enables the documentation and use of successful experiences, both IFAD-supported and not; (ii) builds capacities of both hosts and participants; (iii) supports participants in designing innovative plans to implement lessons learned in their countries. For example, in 2013 IFAD's Near East, North Africa and Europe Division (NEN) organized a learning route in Morocco specifically on FOs. The learning objective was to understand how two organizations – the Association National des Coopératives d'Argane (ANCA) and the Coopérative Agricole et Agroalimentaire (COPAG) – were able to develop economic, social and representative services for their members. Both case studies were documented to promote the learning of lessons from their business models (for more on COPAG, see box 5 of Module 3). A similar route was organized in January 2014 for representatives of African FOs⁹. In the Asia and the Pacific Division (APR), a learning route was organized on "Strengthening FOs, developing sustainable business models and PPPs in agriculture in Viet Nam".

⁸ For more information on PROCASUR please see <http://www.procasur.org/>.

⁹ <http://www.ifad.org/operations/projects/regions/pl/knowledge.htm>

Simultaneous complementary support

Some IFAD grants are simultaneously providing all the complementary support listed above, as in the case of the SFOAP main phase. Programme activities are in fact organized around institutional and organizational strengthening, involvement in policy processes and provision of economic services under three different programme components, as shown in table 7.

Table 7. SFOAP combined support to farmers' organizations

Component	Supported activities
Institutional strengthening	<ul style="list-style-type: none"> ▪ Development of strategic tools such as constitutional texts and membership databases ▪ Staff, equipment and resources ▪ Training and expertise ▪ Consultations and communication with members ▪ Knowledge generation and sharing, M&E
Policy engagement	<ul style="list-style-type: none"> ▪ Policy studies and analyses ▪ Policy meetings to forge common policy positions ▪ Advocacy and lobbying activities ▪ Monitoring of policy implementation
Provision of economic services	<ul style="list-style-type: none"> ▪ Advisory services for integration into value chains ▪ Generation, sharing and capitalization of knowledge and experiences

Options for the project's institutional set-up

This section aims to provide guidance for the institutional set-up of projects. The choice of different institutional set-ups in IFAD's portfolio is strongly linked to the different project contexts and, particularly, to the different maturity levels of the FOs concerned.

Direct funding or not?

Direct funding of project activities through FOs depends on several factors, including the capacity of organizations to manage financial resources, their governance, the distribution of duties at the different internal levels, the level of structuration of the organization, their experience in providing economic services to members, and their capacity to report and monitor activities according to project requirements.

Guiding principles

The following guiding principles should be taken into account when designing support for FOs that is aimed at linking smallholders with markets:


- Use the maturity assessment to guide (i) design of the support that the organizations need; and (ii) monitoring of the organizations' improvement during the project (for more details see Module 1).¹⁰
- Enhance FO ownership in the implementation of economic services supported by the project in order to build FO capacity to manage these services.
- Enhance support sustainability by (i) linking FOs to rural finance institutions; and (ii) supporting FOs in their business planning and choice of relevant business models.
- Ensure subsidiarity in terms of FOs' levels and duties.

¹⁰ Maturity Assessment Tool Software has been also developed by IFAD and the World Agroforestry Centre (ICRAF) within the Strengthening Rural Institutions Project to measure the maturity level of grass-roots organizations and categorize them as beginners, intermediate or mature, based on governance, management, leadership, capacity development and resilience indicators.

IFAD's experience

IFAD-supported projects provide direct funds to FOs in various ways and with different levels of ownership by the organizations, as shown in table 8.

Table 8. Modalities for direct funding

Modalities for direct funding	FO ownership
FOs are strategic partners and responsible for implementation of one component through direct funding	
FOs directly manage funds for the implementation of some activities	
FOs directly benefit from project support through shared funding mechanisms (e.g. input supply) or ownership of microprojects	
FOs are service providers for the project, for all kinds of support	

The following paragraphs briefly illustrate possible institutional arrangements aiming to improve service provision by FOs and link smallholders to markets, depending on the level of institutional maturity of the FOs concerned. Examples are taken from IFAD-supported projects and are summarized in table 9.

Table 9. Possible institutional set-ups in IFAD-supported projects

Level of maturity of the FO concerned	Approach	Example from IFAD-supported projects	Institutional set-up
Advanced. FOs have a consolidated institutional maturity, are solidly structured and have proven experience with economic services provision to their members	Supporting FOs as strategic partners with key implementation responsibilities	Guinea – PNAFA	FOs as strategic partners responsible for the implementation of a component through direct funding
		Democratic Republic of the Congo – PASA-NK	
		Senegal – PSAOP	
		Senegal – PAFA	FOs directly benefiting from project support through shared funding mechanisms/ownership of microprojects
		Papua New Guinea – PPAP	FOs as service providers of specific support to other less capacitated organizations
		Kenya – KCEI	
		Republic of Moldova – Rural Financial Services and Agribusiness Development Project	
Zambia – SAPP			
Intermediate. The level of structuring is not much developed and FOs are not strongly business-oriented	Supporting aggregation processes of FOs with combined measures (capacity-building/institutional development + investment in their activities through the financing of business plans or development plans)	Paraguay – INCLUSIVO	Combining capacity-building plans with investment plans
		Paraguay – PPR	
		Honduras – PROLENCA	Supporting aggregation through market linkages approach
		Uganda – PRELNOR	
Low. FOs exist but are weak/in need of support	Supporting FOs through capacity-building and specific actions aiming at facilitating aggregation processes	Democratic Republic of the Congo – PPAKIN	Supporting FOs through NGOs or service providers
		Mozambique – PROMER	
		Colombia – TOP	Supporting FOs through ad hoc actions to facilitate their aggregation and business development
		Peru – PROTERRITORIOS	
		See toolkit on strengthening smallholder institutions and organizations	Supporting farmers' aggregation at the grass-roots level

Advanced level FOs

When FOs exist in a given territory and their institutional maturity is advanced (as determined through the maturity assessment), they can be involved in project implementation as key strategic partners with key implementation responsibilities. Different institutional set-ups can be put in place with a high level of ownership by the FOs. Several examples can be found in IFAD's portfolio.

Farmers' organizations responsible for implementing one component through direct funding

- PNAAFA in Guinea: direct funding through a national farmers' organization.** Within PNAAFA, FOs are strategic partners in charge of implementation, members of the steering committee (with a majority share) and can hold responsibility for planning, monitoring and reporting. In particular, PNAAFA is the only IFAD programme where an apex FO – the CNOP-G, whose members are federations and unions specialized in economic services – is fully responsible for the implementation of a whole component. The project helps improve the structure of federations and unions, provides capacity-building for members (component 1) and extends financial assistance for the development of specific value chains (component 2). Based on PID (see above), the maturity level of FOs determines how a project contract is designed: the more mature the organization is, the more responsibility it will have in implementation. In 2013, PNAAFA signed 10 biannual agreements with seven federations and three decentralized offices to finance their action plans. Direct funding to the CNOP-G and its members' involvement in the implementation of a project component were possible thanks to the institutional maturity of the FO and the level of smallholder representation (box 7).

Box 7. Why PNAAFA was able to provide direct funding through a national farmers' organization network

- CNOP-G representativity.** The CNOP-G was created in 2000 and by early 2012 its membership comprised 15 federations, with 191 federal unions and six non-federal unions, bringing together more than 500,000 smallholders from all agricultural subsectors. It is now positioned as a key partner for the government and development partners.
- Farmers' organizations as economic players.** The CNOP-G's regional federations play an important role in the economy at the subregional level by engaging in input bulk purchasing, bulk selling, quality control, stocking of production, and advisory services.
- Cohesiveness and inclusivity.** Regional federations specialize in selected agricultural commodities (e.g. palm oil, potatoes, onions, rice, yam) and then in value chain partnerships. All organized groups of farmers (third tier: regional federations of local unions) can apply to become CNOP-G members.
- Distribution of roles and responsibilities.** With its central secretariat and four regional satellites, the CNOP-G plays the critical role of advocating for farmers' needs and interests to be taken into account in the national policy agenda, and provides technical/institutional support (e.g. planning, management, maturity assessments, etc.) to the federations. Regional-level federations are primarily oriented towards the provision of economic services to their members and developing chain partnerships along the value chains.
- Recognition in the national-level policy debate.** The CNOP-G is an important player in the national policy framework, given its influence over the production and processing capacity controlled by members.

- The Projet d'Appui au Secteur Agricole dans la Province du Nord Kivu (PASA-NK) in the Democratic Republic of the Congo: national federations as lead organizations.** A similar institutional set-up was designed for the PASA-NK, where the national federations Coopérative Centrale du Nord Kivu (COOCENKI), Ligue des Organisations des Femmes Paysannes du Congo (LOFEPACO), Syndicat de Défense des Intérêts des Paysans (SYDIP) and Fédération des Organisations des Producteurs Agricoles du Congo au Nord-Kivu (FOPAC) were selected as lead organizations responsible for the implementation of a programme component based on key criteria and following an institutional profiling that was carried out at the project design stage (box 8).

Box 8. PASA-NK in the Democratic Republic of the Congo: national federations as lead organizations

The selection of farmers' organizations at the project design stage. A profiling exercise was conducted at the project design stage to select FOs to be involved in implementation and determine institutional arrangements. Criteria included: (i) experience in a specific sector; (ii) the existence of good resource-mobilization capacities and partnerships; (iii) good presence at the base through members; (iv) good technical/managerial capabilities (including financial); (v) integration into community life and existence of regular board meetings.

The findings of the profiling led to the selection of: (i) COOCENKI, LOFEPACO, SYDIP and FOPAC as lead organizations; and (ii) maize, rice, potatoes and arabica coffee as the commodities to be supported. The profiling showed that the four organizations, with over 15 years of history, and despite different structuring levels, had sound experience in seed and input supply, storage, processing and marketing of different commodities. In addition, they were equipped in terms of human resources.

The institutional set-up. Based on the profiling and their experience in a specific sector, selected FOs were entrusted with the implementation of the component dedicated to the development of economic services for a specific commodity. COOCENKI handled the maize sector, based on its processing activities and equipment; SYDIP, the potato sector, due to its pioneering work done in the area; LOFEPACO, rice; and, FOPAC, capacity-building and advocacy.

This set-up is based on the following elements, factors and strategies:

- *Business plans.* The lead FOs organize their interventions and activities at the level of the selected commodities through business plans.
- *Contracts.* Implementation of the business plans is based on contracts with key stakeholders in value chains (processors, traders, input suppliers).
- *Inclusiveness.* For each economic service provided, each FO works with its members and other FOs operating in the selected area to make the project inclusive.
- *Tailored progressive support.* Business plans are developed for a 10-year period and updated every two years after a capitalization exercise to measure institutional progress and to reflect this in programme activities (e.g. training). The cost of investment and operation is identified, as well as the expected results in terms of production, marketed surplus, prices and profit.

- **The Programme des Services Agricoles et Organisations de Producteurs (PSAOP) in Senegal: implementation through the Association Sénégalaise pour la Promotion du Développement à la Base (ASPRODEB).** The completed PSAOP2 engaged in strong partnerships with FOs that achieved outstanding results. The overall approach of the project focused on building their capacity to provide relevant economic services to their farmer members and to channel their voices into policy consultations. An entire project component was dedicated to supporting improvements in: (i) the capacity of FOs to meet the needs of poor rural people; (ii) the participation of producers in the development and implementation of agricultural and rural development policies and programmes; (iii) the technical and economic control of agricultural activities by farmers and their organizations in order to address the major constraints they face (input supply, access to financing, product marketing). Implementation of the component was assigned to ASPRODEB,¹¹ a Senegalese agri-agency created by the apex FO Conseil National de Concertation et de Coopération des Ruraux (CNCR). ASPRODEB's overall performance was rated satisfactory. It strengthened the capacity of FOs, allowing them to participate in various forums for political dialogue. All project targets were reached or exceeded. The targets included the establishment of 168 functional Cadre Local de Concertation des Organisations de Producteurs

¹¹ ASPRODEB has also been involved with the Projet d'Appui au Renforcement des OP et aux Services Agricoles (AROPA) in Madagascar for the provision of technical support.

(CLCOPs), which play an important part in coordination, planning and advocacy in rural communities, and a network of seed producers to meet the needs of agricultural production in selected regions. Rural populations are now better organized and are looking more towards the market.



Delegating the implementation of a project component to an FO can foster its management capacity and its efficiency. By owning the implementation of activities, FOs are empowered to ensure the efficiency and effectiveness of their interventions.

Farmers' organizations directly benefiting from project support through shared funding mechanisms or through ownership of microprojects

- In **Senegal**, the Agricultural Value Chains Support Project (PAFA) provides a fund for “market access partnerships”, microprojects submitted by FOs in which they identify markets and entrepreneurs to contract with. PAFA is thus supporting a partnership mechanism between FOs and market operators in the targeted value chains.
- In **Papua New Guinea**, the Productive Partnerships in Agriculture Project (PPAP) aims to increase the integration of smallholders in performing, remunerative value chains by developing and implementing productive alliances between smallholders and the private sector and improving market linkages in the project areas. Under project component 2, FOs and the private sector make joint proposals to the project's grant fund.

Farmers' organizations as service providers for specific support to less able organizations

- In **Kenya**, the apex FO Kenya National Farmers' Federation (KENAFF) has historically been contracted by IFAD-supported projects to implement specific services. KENAFF participated in the design of the Kenya Cereal Enhancement Initiative (KCEI) project, whose first component aims to support the development and empowerment of FOs so that they can articulate demand for support services and strengthen linkages with other value chain stakeholders. The Cereal Growers Association (CGA), a KENAFF member, is involved in the implementation of some project activities as a technical service provider. The choice of CGA was based on several critical considerations: (i) CGA is the main commodity-based FO focusing on cereals at the grass-roots level; (ii) working with a member-based association would increase the number of FOs involved in umbrella organizations and raise awareness among farmers about being federated; and (iii) CGA had already proven its ability to provide technical advisory services to farmers' groups and promote farmers' empowerment in other similar projects within the same area of intervention.
- In the **Republic of Moldova**, within the Rural Financial Services and Agribusiness Development Project, the National Federation of Farmers – AGROInform – was contracted as a service provider to assist prospective project beneficiaries (value chain FO members) in business planning, including services for young entrepreneurs.
- In **Zambia**, the Smallholder Agribusiness Promotion Programme (SAPP) has supported the consolidation of the Zambian National Farmers Union's (ZNFU) short message service (SMS) system and explored innovative ideas and interventions, such as SMS payment services and services for farmers and traders/processors.



Contracting with FOs as service providers can be a good way to promote their capacity in a particular area and to enhance linkages between national FOs (that are often identified as service providers) and local FOs that are supported by the project.

Intermediate level farmers' organizations

Where FOs have a lower level of institutional maturity and are not strongly business-oriented, they are often direct beneficiaries of capacity-building/institutional development programmes, which frequently have been combined with investment in their activities (e.g. financing of a business or development plan, depending on their level of maturity and experience). Support is generally provided gradually through activities implemented in phases. Several examples can be found in IFAD's portfolio.

- **Paraguay INCLUSIVO: conditions attached to the support of farmers' organization business plans.** Some of the new value chain-oriented projects in the Latin and Caribbean region have added contractual conditions for supporting farmers' organization business plans. For example, Paraguay's new Inclusion of Family Farming in Value Chains Project (INCLUSIVO) aims to enhance the capacities of FOs through a four-step approach (box 9).

Box 9. Paraguay INCLUSIVO: conditionalities to support farmers' organization business plans

The project proposes actions and instruments to ensure FOs and agro-industrial and commercial enterprises share an articulated business plan that enables smallholders to increase their incomes.

Farmers' organizations in Paraguay are mainly unions and cooperatives. Cooperatives are generally "multiactive", combining different types of services (e.g. credit cooperatives operating in the product and input markets). There are important first- and second-tier cooperatives linked to commercial agriculture and agribusiness (e.g. dairy). Within this context, the Federation de Cooperativas de Producción (FECOPROD) is known for its strength, organization, representativeness and service delivery capacity.

Strategy. The project strategy focuses on implementing interventions through FOs with a view to reinforcing the inclusion of smallholders and empowering FOs in their capacity to provide economic services for production and commercialization.

Instruments. The instruments to implement the strategy combine capacity-building with investment in business through four steps. Under component 1 – pre-investment promotion – FOs are supported in putting together income-generating proposals for financing by the programme.

Step 1. Participatory rural diagnostics (PRD) are undertaken in conjunction with FOs.

Step 2. Based on the findings, a capacity-building plan is designed and implemented to improve the functioning of the FOs, particularly to integrate them more effectively into value chains.

Step 3. Based on the capacity-building plans, articulated business plans are formulated. FOs present these articulated plans to compete for resources provided through a permanently open financing window.

Under component 2 – the investment component – FOs implement the articulated plans (step 4).

Improving dialogue with farmers' organizations. Dialogue is reinforced through: (i) the periodic organization of consultative meetings between second- and third-tier FO representatives and the PMU for the purpose of political dialogue and knowledge-sharing; (ii) the participation of FOs in the project steering committee.

- **The Paraguay Rural Project (PPR): a two-step methodology.** A similar approach is adopted in this second example. In the first stage (lasting approximately one year), FOs propose and implement capacity-building plans covering both institutional (e.g. management and governance) and technical issues (e.g. technical capacity-building on major crops). Project funds are channelled directly to the FOs who implement the plan by contracting with external technical assistance. In the second stage, FOs design investment plans to be funded by the project. The key positive features of this approach are that: (i) FOs are able to gain the sound institutional capacity required to

undertake economic activities; (ii) they are empowered from the start, as they already manage the funds to implement their plans.

- **Proyecto de Competitividad y Desarrollo Sostenible del Corredor Fronterizo Sur Occidental (PROLENCA) in Honduras.** PROLENCA supports FOs by combining capacity-building with the financing of their business plans. The key feature of this approach is that the project supports different and tailored/adapted types of plans depending on the maturity level of the FOs (box 10).

Box 10. PROLENCA: combining capacity-building with the financing of business plans

PROLENCA has a strategy to support FOs that is based on combining capacity-building with the financing of business plans. The strategy is implemented in several steps.

Step 1: building the capacity of FOs. The project aims to develop and strengthen FOs and the human capital of their members through the implementation of *planes de fortalecimiento organizacional* (plans for organizational strengthening) that focus on strengthening the internal governance structures and administrative procedures of the organizations; and providing basic capacity-building in sustainable production, commercialization and access to rural financial services, as well as training in subjects such as gender and youth. They also prioritize the strengthening of existing organizations, and the inclusion of new members is encouraged.

Step 2: designing development plans. As a result of the implementation of the organization-strengthening plans, and after an intensive participatory process to analyse gaps, skills and needs, FOs formulate organizational development plans that can be either:

- Plans for productive development for the weaker FOs, focusing mostly on food security issues; or
- Business plans for the stronger FOs that have reached a certain level of management capacity, produce enough to market, and show the capacity to maintain stable relationships with buyers.

The funds for the implementation of these business plans are transferred directly to the FOs. Both types of plan include investments in the collective and private production assets of the FOs, as well as funds for training and technical assistance.

The project also conducts a market study of the different production areas relevant to FOs. The study is complemented by a mapping of organizations and actors in each value chain so as to highlight potential links.

Step 3: implementing the plans. Funds for implementing the plans are directly transferred to the beneficiary organization.

Ownership by FOs is further fostered by several factors: (i) plans are designed and implemented by FOs based on their needs and capacities, which ensures sustainability; (ii) a representative of the FO sits on the Comité de Aprobación de Inversiones del Proyecto, responsible for the evaluation and approval of investment plans; (iii) FOs are full members of the steering committee of the project.

- **Programme for the Restoration of Livelihoods in the Northern Region (PRELNOR) in Uganda: the market linkage approach.** The project facilitates the process of aggregating FOs through an innovative approach – the market-linkage approach (box 11).

Box 11. PRELNOR: the market linkage approach

The project aims to increase sustainable production, productivity and climate resilience of smallholders through increased and profitable access to domestic and export markets.

Farmers' organizations and their involvement in the project. At the national level, the largest umbrella body representing farmers is the Uganda National Farmers Federation (UNFFE). UNFFE has a number of limitations related to, for example, its financial base and resource mobilization, which results in minimal support to district branches (district farmers' associations) and farmers. District associations are member-based groups extensively contracted as service providers for agricultural programmes, and are considered reliable partners by local governments and the business sector, although they tend to be dependent on donor support. They were selected as PRELNOR project partners. Cooperatives are not very active and have limited negotiation capacity and competitiveness. The apex Uganda Cooperative Alliance is a strong farmers' organization with training and implementation capacity not matched in the project intervention zones.

Facilitating aggregation. Based on the lesson learned that, whenever possible, projects should avoid forming project-specific farmer groups and should instead opt to work with groups that already exist, aggregation is considered a key factor.

Aggregation processes can be facilitated by the market linkage approach, which connects production areas with aggregation centres and markets in each district. These supply bulk markets located in economic development clusters in subregional towns. To facilitate local ownership and inclusivity, the project brings together the main market stakeholders in platforms in every district where aggregation or market facilities may be constructed. These platforms are composed of district farmers' associations, traders' associations, processors' associations, savings and credit cooperatives, district chambers of commerce and industry, and local governments. The platforms perform functions such as the following:

- mobilizing participation of communities in market access activities;
- facilitating policy dialogue with local government and other actors;
- facilitating communication between various market stakeholders;
- identifying where opportunities to improve market access and linkages exist;
- participating in the preliminary design of markets and selection of market locations;
- creating and supervising a market management company.

Market stakeholder platform forum. In addition, the project supports the establishment of a subregional forum which brings together the market stakeholder platforms from the districts where the project will construct markets. The forum enables interaction and knowledge-sharing between the individual platforms and, in particular, it: (i) facilitates dialogue among all members of stakeholder platforms; (ii) outlines and shares common strategies for developing markets; (iii) facilitates learning among market players; (iv) discusses and compares the progress of markets, strategic plans and budget for the market, and receives external audit reports.

Lower maturity level farmers' organizations

When FOs have a lower level of institutional maturity, other options, strategies and tools can be designed, such as support through service providers. Institutional set-ups and strategies generally aim at facilitating aggregation processes that have a strong capacity-building component. IFAD's portfolio contains a number of examples.

Supporting farmers' organizations through NGOs or service providers

Projects may contract service providers or NGOs to support FOs in different areas. This presents several advantages but also requires some safeguards to address possible risks, particularly in terms of ownership by FOs and sustainability (see table 10).

Table 10. Risks, advantages and safeguards of collaborating with NGOs/service providers

Implementing partners	Overall risks	Advantages	Safeguards
Local NGOs	Third-party actors are supported rather than FOs.	Local capacities of NGOs are developed.	If FOs wish to develop new kinds of services for their members, check whether there are any professional stakeholders in the area that are specialized in the specific value chain and might partner with the FOs.
Public services	Ownership by FOs is limited, with a negative impact on sustainability.	In some countries farmers are used to working with public services but they lack money to provide support.	Include contracts with public services in the support for the FO's strategic plan (where FOs are fairly developed).
Private-sector companies	Implementing partners do not provide approaches and tools tailored to different contexts and actors.	Companies are business-oriented and can provide good technical assistance to improve quality and available technology. They also have financial capacity.	Support the development of contractual arrangements between service providers and smallholders: targeting, transparency in information on prices, etc. Encourage smallholders to take equity in the private company so that they can have influence downstream. Provide support to improve the negotiating power of farmers.



As a general approach, FOs should be involved as much as possible in the identification/selection of implementing partners/service providers for the project, as this can foster their sense of ownership. They could also be supported in handling project/public funds and procuring the service providers themselves. IFAD-supported projects might view this as part of preparing their own (pro-poor) service-delivery strategy. Also, empowering national FOs to provide institutional capacity-building to their members can improve sustainability.

Supporting farmers' organizations with ad hoc actions to facilitate aggregation and business development

- Proyecto de Construcción de Capacidades Empresariales Rurales – Confianza y Oportunidad (TOP) in Colombia: facilitating incorporation of farmers' organizations into business processes.** TOP aims to facilitate aggregation and to support the business initiatives of FOs, according to their level of maturity, and in the context of an important land property and restitution crisis. Organizations that have identified significant possible business-oriented activities, achieved savings plans and reached a minimum level of structuring may qualify for financing to implement their economic initiatives through: (i) development of joint economic initiatives, including direct transfer of resources for hiring support services needed to improve production, marketing and management of the initiatives, as well as small investments in equipment; (ii) development of local market-oriented businesses by associations that have achieved the expected results during the previous phase; (iii) development of business plans by more advanced associations to enable them to engage in larger business activities and develop partnership in markets on a local and wider scale.
- Proyecto de Desarrollo Territorial Sostenible (PROTERRITORIOS) in Peru: supporting economic initiatives through calls for proposals.** The project encourages the collective action of associations of small producers/cooperatives by supporting economic initiatives to increase their assets and revenues. This is done through the organization of public contests.

Final considerations and conclusions

When designing projects to improve FO access to markets in a sustainable way, it is essential to conduct mapping and profiling and to identify suitable business models.

Mapping and profiling contribute to a greater understanding of the strengths and weaknesses of FOs and of how the dynamics work in a given region/country. The support provided through projects can then be tailored to specific needs and adapted to existing structures and processes, which in turn helps to foster the continuation of activities after the project closes. The business model is also fundamental in promoting the sustainability of FOs because it is based on their capacity to generate access to services for members.

Nonetheless, the sustainability of support and the need to adapt to various contexts must be considered when engaging in partnership with FOs. In particular, the following aspects should be taken into account.

Targeting and selection of farmers' organizations

If FOs are identified as partners for the project at the design stage and after a mapping exercise, this means that strategic partnerships can be sealed with them upstream of implementation, which can sometimes facilitate otherwise lengthy procurement processes. Also, FOs may not have the necessary technical capacity to successfully bid on national tenders, and projects can promote integration by supporting existing structured and strong organizations. This type of "positive discrimination" can be justified on the grounds that it has led to successful agricultural development and transformation experiences in many countries worldwide, demonstrating that FOs are essential players in the agricultural sector and represent an element of great public interest compared to other stakeholders.

Supporting farmers' organization business models

Project support should be focused on further developing the business models of FOs, based on the dynamics of the selected value chains as well as the strategies and decisions of the FOs themselves. The professionalization of FOs is a key element in making this possible.

Farmers' organization business volume and number of members

When FOs plan to deliver services to their members, it is important to ensure that the collective volume of business is consistent with the number of members who will be receiving the services. It should thus be possible to generate enough resources for the services to continue once the project is completed.

Complementary institutional support

Support provided to FOs needs to be complemented by institutional support to ensure that organizations are accountable to their base and have solid governance. This is, in addition, a condition for the continuation of economic activities after a project closes.

Linkages with financial institutions

Linkages with financial institutions need to be established and maintained so that working capital is available when needed. This is particularly true when an FO moves up the value chain and needs investment to expand its business.

Development of partnerships

The development of partnerships with value chain stakeholders is important for business sustainability. A wide knowledge of stakeholders in the value chain is therefore essential.

Adapting implementation to the capacity of farmers' organizations

In terms of implementation arrangements, the delegation of responsibilities to FOs should be tailored to the level of structuring and the maturity of an organization.

Exit strategy

The initial project design should also include a clear exit strategy. In particular:

- ✓ The collection of FO membership fees should progressively ensure the stability of the main statutory functions and the support of key staff.
- ✓ The establishment of fees for services provided guarantees that professional staff are remunerated according to services delivered. FOs should opt for the establishment of feasible and competitive fees. For this to be possible, several options might be explored, depending on the size and maturity of the FOs concerned.
- ✓ When FOs provide services that are generally offered as public services by governments, they may in some cases receive public subsidies.

Dialogue

Dialogue with national farmers' organizations is fundamental to understanding the dynamics of the farmers' movement in a given country and particularly the division of roles and functions among the different levels.

Resources

- AA.VV. World Development Report 2008: "Agriculture for Development", Rural Producers Organizations for Pro-poor Sustainable Agricultural Development, Paris Workshop, 30-31 October 2006. IFAD, World Bank, Ministère des Affaires Etrangères (France), Ministère de l'Agriculture et de la Pêche (France).
- AgriCord. *Farmers' Fighting Poverty*, related documents and publications.
- Agriterra. *Organization Quick scan sheet*.
- Agriterra. 2010. *Producer Organization Profiling: Manual to the Quantitative Analysis*.
- CIRAD/CIEPAC. 2006. *Pedagogical materials on farmers' organizations and farmers' organizations' support*.
- FAO. 2012. *Good Practices In Building Innovative Rural Institutions To Increase Food Security*.
- IFAD. Strategic Framework 2016-2025, Enabling Inclusive and Sustainable Rural Transformation.
- IFAD. Policy on Targeting, Reaching the Rural Poor.
- IFAD. Partnership in Progress Report 2012-2013, Report to the fifth global meeting of the Farmers' Forum in conjunction with the thirty-seventh session of IFAD's Governing Council, 17-18 February 2014, Volume 1 and 2.
- IFAD. Report of the Fifth Global Meeting of the Farmers' Forum, Rome 17-18 February 2014.
- IFAD/PTA. *Toolkit: Strengthening smallholder institutions and organizations*.
- IFAD/PTA. *How to do Commodity value chain development projects: Sustainable inclusion of smallholders in agricultural value chains*.
- IFAD/PTA. *How to strengthen community-based commodity organizations: decision-making strategies and organizational design options*.
- IFAD/PTA. *How to do Public-Private-Producer-Partnerships (4Ps) in Agricultural Value Chains*.
- IFAD/MERCOSUR. Sub-regional seminar "Impact of the Public Policy Dialogue on Family Farming in Latin America", Measures adopted in the four MERCOSUR founding countries, derived from debates and recommendations formulated by REAF. Executive Summary April 2013.
- IFAD/WCA. *Pour un partenariat efficace avec les organisations paysannes et de producteurs ruraux*.
- IFAD. 2009. *Community-driven development decision tools for rural development programmes*.
- IFAD. *Confederation of Family Farmer Producer Organizations (COPROFAM): Strengthening Rural Organizations for Policy Dialogue in South America*.
- IFAD. *Differential Policies for Family Farming in MERCOSUR Contribution of Political Dialogue in the Design of Public Policies and Institutionalization*.
- Joppert Swensson, L.F. 2015. Institutional Procurement of Food from Smallholder Farmers, The Case of Brazil. FAO.

- ODI. Natural Resource perspectives, Walking Tightropes: Supporting Farmer Organizations For Market Access, Number 99, November 2005.
- OHADA. *Acte Uniforme Relatif Au Droit Des Sociétés Coopératives*, adopted on 5/12/2010 at Lomé, Published in the Official Journal n° 23 of 15/02/2011.
- PROCASUR. *Farmers' Organizations Supporting Family Farming Business, Case Studies of COPAG and ANCA in Morocco, Sharing and Disseminating Good Rural Development Practices*, Morocco, January 2011.
- Rondot, P. and M. Collion. *Agricultural Producer Organizations, Their Contribution to Rural Capacity Building and Poverty Reduction*. Cosponsored by International Federation of Agricultural Producers and The World Bank and financed by the governments of France and The Netherlands. Collaborating Institutions: Agriterra, CECI CIRAD, Club du Sahel, INERA, Inter-Reseaux.
- SCOPEInsight. Farmers' organization rating tool, <http://www.scopeinsight.com/news>.
- World Bank. *What have been the impacts of World Bank Community-Driven Development Programs? CDD impact evaluation review and operational and research implications*, working paper by Susan Wong, 69541, 2012/03/01 8.

Main references for IFAD supported projects

- IFAD, *Projet d'Appui au Renforcement des OP et aux Services Agricoles (AROPA)*, Project Design Report (PDR).
- IFAD, *Agricultural Value Chains Support Project (PAFA)*, PDR.
- IFAD, *Fisheries Investment Programme (FIP)*, PDR.
- IFAD, *Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme (PAPAFPA)*, PDR.
- IFAD, *Kinshasa Food Supply Centres Support Programme (PAPAKIN)*, PDR.
- IFAD, *Projet d'Appui au Secteur Agricole dans la Province du Nord Kivu (PASA-NK)*, PDR.
- IFAD, *Smallholder Cash and Export Crops Development Project (PDCRE)*, PDR
- IFAD, *National Programme to Support Players in Agricultural Sectors (PNAAFA)*, PDR
- IFAD, *Productive Partnerships in Agriculture Project (PPAP)*, PDR.
- IFAD, *Empowerment of Rural Poor Organizations and Harmonization of Investments Project (PPR)*.
- IFAD, *Programme for the Restoration of Livelihoods in the Northern Region (PRELNOR)*, PDR.
- IFAD, *Project for Rural Income through Exports (PRICE)*, PDR including Working Papers.
- IFAD, *The Agricultural Development Project in Matam (PRODAM)*, PDR.
- IFAD, *Proyecto de Competitividad y Desarrollo Sostenible del Corredor Fronterizo Sur Occidental (PROLENCA)*, PDR.
- IFAD, *The Rural Markets Promotion Programme (PROMER)*, PDR.
- IFAD, *Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors (PROSUL)*, PDR.
- IFAD, *Proyecto de Desarrollo Territorial Sostenible (PROTERRITORIOS)*, PDR.
- IFAD, *Programme des Services Agricoles et Organisations de Producteurs (PSAOP)*, PDR.
- IFAD, *Paraguay Inclusivo*, PDR.
- IFAD, *Smallholder Agribusiness Promotion Programme (SAPP)*, PDR.
- IFAD, *Dom Helder Camara Project (DHCP)*, PDR.
- IFAD, *Smallholder Productivity Promotion Programme (S3P)*, PDR.
- IFAD, *Proyecto de Construcción de Capacidades Empresariales Rurales: Confianza y Oportunidad (TOP)*, PDR.
- IFAD, *COSOP Uganda*, including Organizations matrix.
- IFAD. *République du Sénégal, Évaluation du Programme de pays, Rapport d'évaluation, Juin 2004*.
- IFAD, *Support to Farmers' Organisations in Africa Programme (SFOAP)*, PDR (www.sfoap.net).
- IFAD, *Medium Term Cooperation Programme (MTCP)*, PDR (<http://www.asiapacificfarmersforum.com/>).
- IFAD, *Vegetable Oil Development Project (VODP)*, PDR.

Contacts of specialized organizations

The table below contains the contacts of the main specialized organizations mentioned. They have specific expertise in the tools and experiences presented in this toolkit.

Organization	Contact details
ACDI/VOCA	Headquarters: 50 F Street NW - Suite 1000, Washington, D.C. 20001 USA; Tel: +1 202 469 6000; Toll free: +1 800 929 8622 West Africa Regional Office: Block B7 & B11 - Business Plaza; A&C Mall - East Legon; PO Box KD 138, Kanda; Accra, Ghana; Tel: +233 302 520 231 Middle East & North Africa Regional Office: 6B Road 23, First Fl. Ma'adi 11728 Egypt; Tel: +20 2 23 80 35 30 http://acdivoca.org/
AgriCord and agri-agencies	6b, Diestsevest 32, 3000 Leuven, Belgium; Tel: +32 16 24 27 50; E-mail: info@agricord.org https://www.agricord.org
Agrierra	Willemsplein 42, 6811 KD Arnhem, Netherlands; Tel: +31 (0)26 44 55 445; E-mail: agrierra@agrierra.org ; https://www.agrierra.nl/
AVSF	Agronomes et Vétérinaires Sans Frontières –45bis, avenue de la Belle Gabrielle, 94736 Nogent-sur-Marne Cedex France; 14, avenue Berthelot, Bâtiment F bis, 69007 Lyon, France https://www.avsf.org/en
Inter-réseaux développement rural	Inter-réseaux France: 32 rue Le Peletier, 75009 Paris; Tel: +33 (0)1 42 46 21 26 Inter-réseaux Burkina-Faso: 09 BP 1571, Ouagadougou 09 - Burkina Faso; Tel: (226) 25 36 15 57 http://www.inter-reseaux.org/
CNOP-G	E-mail: paysansdeguinee@yahoo.com https://www.facebook.com/CNOPGuinee
SCOPEInsight	SCOPEInsight Headquarters: Hamburgerstraat 28a, 3512 NS Utrecht, The Netherlands; Tel: +31 30 234 8273; E-mail: info@scopeinsight.com ; Postal address: PO Box 1578, 3500 BN Utrecht, The Netherlands SCOPEInsight East Africa: 5, Dik Dik Gardens, Kileleshwa, PO Box 29707-00100, Nairobi, Kenya; Tel: +254 70 071 3496; E-mail: info@scopeinsight.com http://www.scopeinsight.com
SNV	Parkstraat 83, 2514 JG The Hague, The Netherlands; Tel: +31 70 3440 244; E-mail: info@snv.org http://www.snv.org/
Technoserve	International headquarters: 1120 19th Street NW, 8th Floor, Washington, D.C. 20036; Tel: +1 202 785 4515; E-mail: info@technoserve.org Europe: 54 Commercial Street, London E1 6LT; Tel: +44 20 7422 4215 europe@technoserve.org http://www.technoserve.org



International Fund for Agricultural Development


Via Paolo di Dono, 44 - 00142 Rome, Italy


Tel: +39 06 54591 - Fax: +39 06 5043463

E-mail: ifad@ifad.org


www.ifad.org

www.ruralpovertyportal.org

 ifad-un.blogspot.com

 www.facebook.com/ifad

 instagram.com/ifadnews

 www.twitter.com/ifadnews

 www.youtube.com/user/ifadTV