3.5 Extension and advisory services for producer organizations

BRENT M. SIMPSON and R. JAMES BINGEN

Introduction
Collective action underlies most development success stories, but the multifaceted role of farmer organizations in extension efforts is not well understood. Improving our understanding of farmer organizations in development outcomes is critical for identifying strategies that promote successful rural advisory services. Various types of investment in rural advisory services influence the types of services available, and consequently, affect groups’ collective capacity to make use of those services.

Regulatory and organizational conditions

Constitutional conditions
Constitutional rights and regulatory processes that protect the freedom to organize and speak must be present if producer groups are to make legitimate public contributions. Producers must have the legal right to assemble and take actions, including the right to contradict and to make demands on government. Government regulations concerning producer groups’ legal status can significantly influence their development and function in society.

Origins
Groups established as part of government programmes or through external development efforts frequently find it difficult to gain smallholder confidence. Groups that emerge from producers’ shared interests may find it easier to gain the trust of smallholders. Both types of groups must often adhere to sometimes onerous governmental regulations.

The success of demand-driven, market-oriented rural advisory services rests largely on the existence and capacities of farmer groups.

Brent M. Simpson is a Senior Agricultural Officer at FAO and Associate Professor in the Department of Agricultural, Food and Resource Economics, Michigan State University. R. James Bingen is Professor Emeritus in the Department of Community Sustainability, Michigan State University, East Lansing, Michigan, USA.
Levels of organization
A group’s membership influences the work that it does. National or sub-national commodity-based farmer groups have membership units throughout a country or in specific regions. Their organizational decision-making is usually centralized. Federated farmers’ groups have a different structure. This type of group operates both through and with its constituent units through a defined division of responsibility for shared and separate operational and policy decisions. In local-level farmer groups, the most common and diverse type of farmer organization, members have multiple face-to-face relationships with each other, often through a range of religious, kinship, community trade, and other economic and social ties.

Decentralized government
Decentralized governmental programmes may offer farmer groups better access to services and, possibly, involvement in decision-making. This does not, however, automatically increase opportunities for small-scale farmer groups. They may continue to be limited by their perceived dependency on government services, or by a lack of government recognition of the value and services they provide.

Decentralized public agencies may also be more responsive to demands from groups that represent larger farm enterprises or those more aligned with centrally determined policies. Decentralized programmes that claim to serve smallholder producers may, in fact, be unable to help farmer groups who seek to influence programmes and resource allocation. Unless deliberately structured otherwise, governmental agencies often prefer to establish “safe” relationships with like-minded farmers, who tend to be more educated, politically connected and better resourced.

Organizational concerns

Problem identification
Viable farmer groups find ways to regularly discuss issues of concern. Such groups develop the capacity for continuing self-reflection and adaptation. Federated and national farmer organizations may be better able than smaller village-level groups to maintain their identity and defend their interests with outsiders.

Organization and membership
Traditions and experiences of working together often influence the ways in which producers develop the essential trust and relationships required to build and sustain their collective activities. Membership homogeneity; i.e., similar people with similar issues, can contribute to an organization’s success. Other important aspects include appropriate organizational structure, administrative and management procedures; processes for reviewing, revising and adapting procedures to fit
changing needs; membership conditions, including expected benefits and clear leader responsibilities and accountability; and access to capital from member contributions, share capital, service fees and joint credit.

**Education and literacy**

Literacy and numeracy skills are essential to viable farmer groups. A lack of these basic skills affects all aspects of group functioning, including administrative procedures, financial management, and the capacity for political lobbying.

**Leadership and management**

The initiative and enthusiasm of key individuals is critical to the success of any group. Transparent decision-making is also essential. Viable organizations depend on some form of collective leadership and participatory management. As groups grow and develop, their structure and leadership forms will also need to evolve.

**Business and financial management**

The lack of internal financial management and record keeping may be the most acute threat to the long-term viability of market-oriented groups. Acquiring accounting and financial management skills requires continuous effort and attention. The accumulation of trust in managing financial transactions is critical to sustaining members’ commitment to group activities. Through specific procedures or the selection of trusted individuals to manage accounts, groups have found effective ways of managing common funds.

**Farm types**

In assessing the motivations of producer groups to meet their advisory service needs, it is useful to consider three types of groups: commercial groups, mixed-farming groups, and subsistence-oriented farmer groups. Commercial groups involve enterprises requiring high capital investment that sell into markets demanding quality standards and delivery compliance. They often seek ways to be involved in market development or in access to new technology. These groups make demands and take actions to protect their interests, and so tend to attract greater attention by government leaders in policy formulation and programmatic decisions.

As the level of capitalization and commercialization of the farming system declines, producer groups tend to take on more limited tasks in marketing and technology exchange, mostly in areas where members see the most immediate benefits. The benefits of collective action among small-scale farmers are highest where delivery volumes and timing are a concern, and where established quality standards exist.
Types of capital investment

Investments in large-scale farms and plantations that generate foreign exchange earnings generally offer fewer benefits for small-scale or marginalized farmers, except possibly for off-farm employment or out-grower or marketing opportunities. To address this imbalance, governments may promote three types of investments:

- **contract/financial interventions** — with investments that are designed to make a profit for a firm or earnings for groups such as cooperatives, including commodity-based out-grower or cash crop programmes. Usually financed by private-sector buyers of high-value agricultural products, they are often organized around a processing facility, and support smallholders who supply the raw materials.  
- **project/technology-based activities** — focusing on new or improved technologies, and are the most common type of agricultural intervention. They are usually mediated by governmental initiatives, donor-funded projects or NGOs. These efforts focus less on organizational governance, enterprise management and advocacy skills, and more on the development of formal market relationships.  
- **process/social capital investments** — concentrating on developing social capital, including collective self-help capacity building. In some countries, organizations that take this approach may also complement contract/financial interventions by private firms or other groups.

In each of these investment types, when rural advisory services are provided to a group the costs of service delivery are commonly built into obligatory membership fees. When spread across all members in relation to derived benefits, these costs have proven acceptable, but all those involved must pay, if the services are to be maintained. Less commonly, groups pay directly for specific types of training or services. User fee-for-service approaches have generally failed once external matching funds ceased or costs shift to producer groups (veterinary services being an exception).

All of these investment types require some form of collective action or organization by farmers in order for individuals to benefit. The type, source, terms and conditions of the investment have direct impacts on the viability and sustainability of farmer groups. Different investments affect farmer organization assets, membership dynamics and farmers’ capacity to generate, accumulate and reinvest capital collectively.

The type of capital investment and the organizational culture it generates affects the capacity of farmer groups to obtain agricultural goods and services. It also creates opportunities for these groups to wield political and negotiating power. Smallholder farmers who depend on private firms or NGOs for access to goods and services are more vulnerable than those who develop their own relationships and problem-solving capabilities. Care must be taken by external actors, especially when they take on critical responsibilities in group functioning or in the relationship between the group and others.
The ability of farmers to hold private firms, nonprofit organizations and government agencies accountable for delivering agreed-upon services is also influenced by the type of investment made in group development. Interestingly, contract/financial types of investment may offer small-scale farmers the best prospects for influence in agricultural and rural development policy. In these cases, the profit-driven nature of the investment and the inherent dependency on smallholder productivity provide the conditions for farmers to recognize and act in their collective interests.

**Implications**

Farmers respond to different types of investment opportunities in different ways, based on their perceptions of the benefits offered. Large-scale farmers with greater access to capital are attracted to projects that protect and enhance their assets. This type of farmer has the capacity to act in his or her own self-interest, and may see socio-cultural institutions as liabilities that limit the accumulation of market-related capital.

On the other hand, small-scale farmers who depend on family labour and may not always meet their household food needs have livelihood strategies that are built on family and community and are grounded in principles of trust and reciprocity. These farmers tend to rely on such relationships more than on market-type arrangements. Long-established behaviour often makes the shift from community/familial relations to contractual measures a difficult and emotionally charged experience for these farmers.

Given the high level of risk in production operations, farmers with scarce financial and physical assets commonly welcome the opportunity to participate in market-oriented group activities that are structured around the social capital of their community institutions. But as this type of farmer is also most likely to confront difficulties in meeting credit obligations, their membership can jeopardize the long-term viability of groups and weaken the local capacity to collectively accumulate capital.

Over time, different types of farmers may seek different benefits from collective action. Their interests may differ significantly from those of the donors or NGOs who promote these opportunities, including extension and advisory services. For some farmers, the socio-cultural importance of participating in collective activities may be as important as any economic motivation. And as the socio-economic conditions of individuals and households change, both poorer and wealthier farmers may decide to move into or out of collective efforts. Not only is group membership fluid, but the distribution of benefits from collective action may vary over time, and with it, the group’s ability to deliver services to members.

The success of agricultural and rural development interventions that create or work through farmer organizations will depend on how well they respond to these groups’ diversity of form and function. Private firms, government and development agencies
rarely adapt their interventions to this socio-economic diversity, leading to failed efforts. This can exacerbate rural poverty through wasted energy and capital and can have a longer-term negative effect by sapping confidence in the value of collective action.

Smallholder farmers tend to have little political identity, and little time or inclination to become involved with institutions beyond the village, including extension services. Their political marginalization and experiences with governmental, nonprofit and private-sector projects reinforce this lack of interest. External actors must determine how to help these small-scale farmers become full partners in the development process.

Participatory development rhetoric aside, there is a distinct absence of mainstream development efforts in which smallholder farmers control the agenda. The small number of farmer representatives serving in decision-making bodies or platforms means that these bodies may have little knowledge of or contact with the farmers groups they represent. This can result in priorities that are not shared by the groups and their members. Programmes require group autonomy in decentralized decision-making and accountability structures that are backed by real sanctions, conditions that few development organizations and governments are willing to accept, however.

**Administrative and regulatory reforms**

Historically, three overlapping reform processes have influenced work with producer groups: agricultural sector policy reforms, various types of decentralization initiatives, and the emergence of extension strategies designed around client and market demands.

Various models of decentralization potentially offer new opportunities for rural people to participate in local economic and social development planning, including decisions over the structure and content of extension and advisory services. However, decentralization rarely addresses ways to improve accountability mechanisms and enabling conditions. Without these changes, decentralized government may simply provide another opportunity for local elites to reinforce their power, particularly if smallholder farmer organizations lack countervailing power.

Other administrative and procedural elements can further compromise local development efforts involving farmer organizations. Overlapping or competing responsibilities among government ministries at the local level often make it difficult to formulate coherent, responsive local development programmes. This can be worsened by the presence of multiple donor-funded initiatives.

Local governmental and administrative offices also face serious budgetary and technical constraints. These limit contact with local people. The absence of even the most basic infrastructure (electricity, roads, etc.) creates a tremendous barrier to undertaking the simplest activities. Government officers in rural areas often have a wealth of knowledge of local conditions, but virtually no influence within their services. Their geographic, budgetary and technical isolation compromises their ability to help farmers break out of poverty.
Centralized financial control seriously impedes local government efforts to mobilize capital and increase autonomous decision-making. Similar restrictions on credit and banking discourage local and private investment in development. Thus, all too often public and private rural financial institutions and governmental financial regulations hinder the creative and productive use of local capital. In the absence of legal registration and enforcement of contracts, the economic environment for investment continues to be as risky for investors and farmers as it was before structural adjustment reforms. Rural investors can face as much uncertainty today as they did when they feared that their assets would be nationalized.

For farmer organizations to realize the full potential of market opportunities requires changes in legal and regulatory frameworks that directly affect the right to organize and to advocate; the creation of new financial, banking and credit opportunities; and local governmental authority for investment.

**Lessons for farmer organization development**

Functional barriers include the lack of broad-based literacy skills, legal registration hurdles, and limited access to capital, among many others. Failure to correctly identify and address these problems will limit the success of any efforts to organize farmers, or more likely result in outright failure.

Groups and their needs evolve over time. External actors must consider how to replenish basic skills, meet more advanced future needs, and address the needs of new groups. Evidence does not support the assumption that once groups are formed and functioning, they will independently meet all of their future requirements.

Market-oriented extension services must understand the market for which farmers are producing, and offer a viable business model that takes into account the group’s relation to others in the value chain. It cannot be assumed that producer groups understand the market or the form and function of their value chains. In niche markets, more consideration also needs to be given to market scale in order to prevent an initial success from leading to overproduction and price collapse.

Understanding the nature and history of existing groups is important in working with them to develop new activities. Farmer groups are not uniform, one-dimensional entities. Treating them as such trivializes their integrity and invariably results in mismatches between outsiders’ expectations and group members’ needs.

Establishing and maintaining group autonomy to determine and pursue development goals is critical. Group survival depends on a clear understanding of why the group formed and how it meets the individual and joint needs of its members. A preference for short-
term project targets may create situations where groups serve the interests of outsiders; and as such will likely fail to fill operational gaps when external assistance is removed.

When groups must ensure their own rural advisory services to achieve their market-oriented goals and remain viable, experience shows that this is best achieved with visibly profitable activities in which extension costs are blended with other essential group services and cost sharing is based on the level of individual use.

The growing trend of merging farmer organization development efforts with farmer-to-farmer service provision requires careful consideration. To date, this approach has been used mostly in technology promotion, where external entities determine what is promoted, rather than responding to local demands. Identifying and designing efforts that respond to the motivations of volunteer farmer trainers — as well as establishing enduring links with receptive external partners who are capable of providing new information and materials — must be addressed by sponsoring organizations to ensure sustainability.

Except for development efforts that target individual farmers, group action is essential. In working with groups, extension initiatives must prepare for the time and skills needed for group-based approaches to take hold and prosper. Although this rule seems obvious, it is frequently violated.

And a final cautionary note from Ugandan activist, Sean A. Patrick: “The successes of the coordinated action of farmer organizations are overwhelming.... However, I wonder if national governments provide enough institutional and political space for farmer organizations.... Strong grass-roots organizations and mobilization processes pose a formidable political risk for most governments; it is therefore not surprising that many organizations of small farmers have remained weak. Market cooperatives often only fit with well-to-do farmers; I don’t really think that the success of marketing cooperatives really means that farmers are empowered. In most cases these cooperatives keep small-scale farms in the background, forced to work under oppressive market relationships.” (Letters page, Farming Matters, December 2012).

Acknowledgement