What makes producer organizations effective?

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Key issues

Internal organization – the foundation

- Self-governance is crucial, with financial and political independence, openness and equitable benefit-sharing the keys to success.
- Federations and umbrella organizations are vital in scaling up influence and power.

Tenure and governance – the critical preconditions

- Access and clear rights to land, justice and equality are fundamental prerequisites.

What you know and who you know – the key entry points

- Learning from each other is essential, as is access to technical knowledge, skills and training.
- Local producers’ active participation and influence in processes of governance reform pave the way for progress.

External services and support – the enabling environment

- Government agencies and services must adapt their “offer” to better meet smallholder needs, seeing them as partners.
- International organizations and NGOs would do well to learn lessons from the past.
- The large-scale private sector can play a greater role, but must accept the fair sharing of benefits, investments and responsibilities.

Markets and business opportunities – the end game

- Building on local markets will help increase resilience to market shocks.
- Building brand recognition though business support remains a common gap.
- Increasing access to affordable finance will be increasingly important.

In conclusion - one way forward

- Producer organizations should be included in all programmes related to climate change, food security and nutrition, landscape restoration, rural livelihoods, and engagements with the large-scale private sector.

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**Introduction**

*Why are producer organizations critical?*

The economic activities of forest and farming families, indigenous communities, and small- and medium-scale producers and enterprises are the basis of local livelihoods. They are also critical for achieving or maintaining a sustainable and durable future for the natural resources on which such activities are based. These producers manage most of the world’s agricultural land and forests and produce more than three-quarters of the food that we consume, even though they do not always have the legal rights to use the land or to what grows on it. But who represents them? And how are they engaged in policy processes to secure their, and the planet’s, future?

Throughout the world, small-scale producers operate through a vast network of locally controlled forest and farm enterprises. They are likely to be the most important suppliers of food and other resources for direct local consumption, processing or resale, including agricultural goods, timber and non-timber forest products (NTFPs). And since their day-to-day existence and future economic survival depends on the health of the natural environment, they have a powerful incentive to combat land degradation and deforestation, and to conserve, use and manage their landscapes sustainably. But this is true only if they have rights to the land and resources through some form of local control.

Local producers can be landscape stewards while ensuring that forest and farm activities provide sustainable sources of income and improve well-being within their communities. However, their rights to use and own the land and the resources on which they depend are often insecure and unclear, due to overlapping and conflicting tenure regimes (such as customary, informal and formal systems), and the expansion of large-scale agriculture, forest and mining concessions, urbanization and industrial development.

Local producers often operate in relative isolation in remote areas with poor infrastructure. They have limited access to markets, technical support, business development and financial services, and they struggle with inadequate information and frequent neglect by governments. Complex and inaccessible administrative rules and procedures geared to larger enterprises also hamper their efforts to secure rights and develop potential.

To strengthen their economic and political muscle, local producers are increasingly seeing the value of organizing themselves into producer organizations. Working together creates a larger scale of production that improves access to markets and their bargaining position in these markets. Strength in numbers also empowers them in policy development. Increased financial returns open up the possibility of investing in services for their members, such as market information, credit, training to develop technical and entrepreneurial skills, and developing value-added processing. Forest and farm producers that are organized, associated and federated are also easier for governments, service providers, development organizations and companies to communicate with than a multitude of individual operators.
Managing landscapes to provide multiple local — and global — goods and services often requires complicated and negotiated trade-offs. The democratic nature of producer organizations is particularly well suited to reconciling difficult compromises between development and the environment, compared with profit-oriented business models. Forest and farm producer organizations must take on more responsibility for ensuring sustainable land use and forest management while simultaneously reducing poverty and inequity. To be effective, more producer organizations need to be established locally, associated provincially, and federated nationally, and existing groups need to become stronger and more effective in meeting their objectives.

What is a forest and farm producer organization?

As defined by the Forest and Farm Facility, forest and farm producer organizations vary widely in size and institutional form, and may include indigenous peoples and local community organizations; tree-grower, agroforestry or forest owners’ associations; producer cooperatives and companies; umbrella groups and federations. Their members include women and men, smallholder families, indigenous peoples and local communities who have a strong relationship with forests and farms. They grow, manage, harvest and process a range of natural resource-based goods and services for home use and for local, national or international markets. Coming together in traditional, informal and formal producer organizations helps producers share knowledge and experience, engage in advocacy, secure tenure and access rights, improve sustainable forest and farm management, expand markets, build enterprises and increase income and well-being.

The term producer organizations implies inclusion of any of the above groups, associations, cooperatives or institutions that produce, process or market goods originating from agricultural or forest products. The term includes groups such as forest and farm producer organizations (FFPOs), forest producer organizations (FPOs), small and medium-sized forest enterprises (SMFEs), broader small and medium-sized enterprises (SMEs), community forest enterprises (CFEs), locally controlled forestry (LCF), and community-based natural resource management organizations.

Effective, well-functioning producer organizations tend to have an integrated view on what constitutes success, marrying economic viability and competitiveness based on farm and forest products with broader objectives. These objectives relate to sustainable landscape stewardship, harmonious social relations, development of human potential, respect for cultural practices, and resilience to economic, social or environmental shocks. With a goal of financial and political independence, democratic leadership and internal governance, with broad representation and social diversity in voluntary membership — including women and youth — are equally important.

This issue

The call for papers asked a range of questions to assist in defining what makes forest and farm producer organizations more effective. Not all questions were answered, but the diverse experiences described in this issue outline many problems and how they were (or
were not) overcome, what producer organizations have done themselves, what initiatives, policies and strategies supported them, and what is still holding them back. The 26 full articles and four sidebars in this book are divided into three sections, and the most common lessons learned and recommendations from these experiences are summarized here.

The first section includes ten experiences of local producer organizations from the Americas, Africa and Asia. Women are lead authors on half of these articles, but only four include actual members of the respective producer organizations as co-authors. Most articles describe the history of the organization, and how growth has been assisted by a NGO or government agency. The second section provides examples of national and regional federations and umbrella organizations. The third section covers cross-cutting issues such as certification, extension, government support and finance.

This overview summarizes how the articles offer insights in a number of identified key areas. This is not intended as a policy paper, nor does it claim to present a detailed and thorough global synthesis. But it brings together 30 experiences, stories from producer organizations and those who work with them, and highlights evidence for and against current thinking. Together, they provide an overview of experiences that can be used as a reference and inspiration to reflect on our own situations or those of others.

Producer organizations in perspective

From where to where?

Much has been written on the foundations of successful forest and farm producer organizations. What is more recent, however, is the growing evidence of their significance in larger emerging issues such as climate change adaptation and mitigation, biodiversity conservation, and achieving Sustainable Development Goals (Bowler et al. 2010; Porter-Bolland et al. 2012; ILEIA 2012; Macqueen et al. 2014b; Stevens et al. 2014).

European production and marketing cooperatives have a strong presence in many areas of business, especially in agriculture, where they make up 30–70% of the market, and their influence in other regions is increasing. Producer groups fall into one of five tiers of organization, each with a corresponding level of business capacity, benefits, potential impact and risk (Macqueen, Campbell and deMarsh 2014). Within this framework, many cooperatives or producer organizations in Northern countries are in the most developed stage 5, whereas most examples in this issue of ETFRN News are in stages 3 or 4. Authors of the articles explain their evolution from lower tiers, what helped them grow, and what is holding them from advancing further.

Farmer and agriculture-based organizations are generally much more advanced than forest-based groups, with stronger market links and a much longer history. Looking at the changes in producer organization as they develop, such as self-governance and links between broad social representation and business, is enlightening in analyzing how organizations grow and what provides the effective triggers, support and motivation to
do so. It is hoped that summaries of such insights are forthcoming and will be available in a format and language that will benefit producer organizations of all stages and types.

**Building momentum**

This issue of *ETFRN News* was produced as part of a multi-agency momentum-building initiative that aims to give more visibility and voice to producer organizations. It was produced in part as a response to the recommendations from the *Strength in Numbers* report (FAO and AgriCord 2012) and the international conference of the same name in Guilin, China (FAO 2013), along with the *Making change happen* (DeMarsh et al. 2014) and the *Multi-sectoral platforms for planning and implementation* (Macqueen et al. 2014a) working papers, the *Roadmap for strengthening forest and farm organizations* policy brief (FFF 2014), and *Democratising forest business: a compendium of successful locally controlled forest and farm business models* (Macqueen, Bolin and Greijmans 2015).

This issue extends the important work of the Forest Connect programme, which links a strong network of organizations supporting enterprises and producer organizations. It is one of a series of joint activities involving the Food and Agriculture Organization (FAO), the Forest and Farm Facility (FFF), the International Institute for Environment and Development (IIED), the International Union for the Conservation of Nature (IUCN), the Center for People and Forests (RECOFTC), Tropenbos International, and five regional and global producer organizations. These are the International Family Forestry Alliance (IFFA), the *Alianza Mesoamericana de Pueblos y Bosques*/Mesoamerican Alliance of People and Forests (AMPB), the Asian Farmers’ Association for Sustainable Rural Development (AFA), the Global Alliance for Community Forestry (GACF), the International Alliance of Indigenous and Tribal Peoples of the Tropical Forests (IAITPTF). The FFF is itself a partnership between FAO, IUCN and IIED, working in ten countries and at the regional and global level on three key pillars: 1) strengthening smallholder, women, community and indigenous peoples’ producer organizations for business/livelihoods and policy engagement; 2) catalyzing multi-sectoral stakeholder policy platforms with governments at local and national levels; and 3) linking local voices and learning to the global level through genuinely participatory processes, communication and information sharing.

The combined aim is to put people and their organizations at the heart of the XIV World Forestry Congress in Durban, South Africa in September 2015, including a two-day pre-congress event: “Building momentum for community-based forestry and forest and farm producer organizations.” As part of this effort, regional events in the Americas, Africa and Asia brought together producer organizations to take stock of the current situation and develop messages for global events, including the World Forestry Congress.
Everybody talks about them, but few fund them

There is much talk about the value of producer organizations across a wide range of issues, especially by donors and governments. But when one looks at budgets, priorities, plans and programmes, it appears that this talk is largely rhetoric. Do forest and farm producer organizations fall through the gap between the priorities of bilateral and international donors? They don’t directly or specifically involve biodiversity conservation or climate change adaptation or mitigation. It’s not solely about increasing crop yields or reducing losses to drought, pests and diseases, new crop varieties, genetically modified organisms or biofortification. It’s not just about aquaculture, animal breeding or biofuels. It’s not exactly poverty reduction or building resilience. And it doesn’t directly deal with water, sanitation, health or education. Producer organizations actually encompass a bit of all of these – in one integrated package.

Most attention is focused elsewhere. At the macro level, resources are funnelled to global policy changes, or coming up with big solutions to shape the practice of corporate giants. At the micro level, one-off efforts that support individuals and small projects abound. But the tremendous potential of the “mezzo” level — the vast private-sector middle ground — is mostly overlooked. Vertical linkages between smallholders and the machinery of government and giant market actors need to be strengthened. More important though are opportunities to strengthen horizontal linkages between those who know and love their communities, their forests and their land. Such people generally want to build their own social enterprises to ensure sustainable livelihoods and community well-being. The mezzo layer could be filled with producer organizations and their own large private-sector networks and federations, as prime movers for a more appropriate sustainable development model.

As primary and secondary producers, members of producer organizations are very different from NGOs and civil society organizations. Working directly with them is a move away from decades of support to service providers who speak on behalf of — but rarely represent — farmers and indigenous and forest peoples. Strong producer organizations hold the key to reversing the unsustainable trends that are destroying landscapes and communities. They can increase decent rural job opportunities that in turn can help stem the flow of youth to cities, which fuels discontent, anxiety and a sense of separation from culture and place. They can take a vital part in strengthening the rural economy, and as their capacity grows, innovative processing and marketing can add to the diversity of forest and farm products.

Organized groups of people who still possess indigenous and local knowledge at a landscape scale are best positioned to respond to the ongoing challenges of climate change and adapt the new wave of climate change solutions. They can do so in ways that could actually lead to mitigation and spur practical innovative adaptations. Scientists, policy makers and even the large-scale private sector cannot do their job without organized small-scale producers. This is why strengthened and more effective producer organizations are an essential element for scaling up efforts. Investing in them will have larger and longer-term multiplier effects on social, economic and environmental impacts.
than many other approaches. Evidence shows that a lot can be done with the support that is provided (FFF 2014), and the articles in this issue add to that evidence. Much more could be done, however, with only a moderate increase in funding, at both the national and international level.

**Internal organization**

*Crucial issues in self-governance*

There are three basic purposes of any local forest and farm producer organization (Macqueen et al. 2006; deMarsh et al. 2014: to speak with a more powerful voice and lobby buyers and decision makers; to reduce transaction costs and provide services for their members; and to adapt strategically to new opportunities. Other requisites, also highlighted by deMarsh et al. (2014), include strong collective and evolving interests, autonomy from government or other agencies and institutions, democratic decision making, clarity of internal roles and responsibilities, transparent financial reporting, successful experiences across members, self-reliance and internal management. Most of these qualities are also observed with agricultural cooperatives and associations, community forest management, civil society, community-based, non-governmental and other grassroots organizations.

Each producer organization has developed its own organizational structure, but some common elements and processes are apparent. First, there is always a clearly defined structure. Ad hoc organizations are reported, but those that have grown to any size and sustained themselves over any length of time tend to have an elected committee. These committees have a number of names, such as executive or governing committee, council or board. Positions include a president, secretary and treasurer, and in most local producer organizations, the responsibilities are carried out on a voluntary basis.

In larger organizations, however, or those that have several quite different activities or value chains, maintaining a feeling of inclusion is sometimes an issue. In such cases, the formation of sub-groups, sub-committees or even separate businesses has proved helpful (Playfair and Esseboom 1.3; Restrepo et al. 1.7). Smaller organizations can meet at a member’s farm or house on a rotational basis, which helps in learning and sharing (Restrepo et al. 1.7), but as they grow, the need for a dedicated institutional centre (often a building or set of buildings) becomes more important. This is one area where outside support tends to be crucial, in providing material resources for establishing such a centre (Parra et al. 1.4; Foundjem-Tita et al. 1.6).

Issues related to youth and gender are worthy of specific analysis, although these were only touched on in several articles. Rural out-migration and the declining interest of youth in agrarian livelihoods leave mostly older people to manage farming affairs (Slusser, Calle and Garen 1.2). The important work of women’s groups in forming and sustaining producer organizations is also clear; for example, in the collection, processing and marketing of NTFPs in Suriname (Playfair and Esseboom 1.3), and women are a vital part in many other ventures, including dairy farming in Kenya (Restrepo et al. 1.7) and small farm surpluses in India (Bisht, Maheshwari and Pant 1.8).
Federations and umbrella organizations

Umbrella organizations unite local producer organizations in provincial, national or regional associations or federations. They have fundamentally similar organizational structures, and through active membership, local organizations should have a direct influence over the functioning of umbrella groups. (External organizations — governmental, non-governmental, civil society, academic or private — are discussed below).

Although both umbrella and external organizations can provide support and services to individual producer organizations, they do so in different ways.

Care must be taken with definitions, as the term *umbrella* can be used to describe producer organizations that federate local communities (Pforte, Postorius and Pawlowski 2.1), when such a group might otherwise be seen as a single producer organization. The five tiers of organizational development (Macqueen, Campbell and deMarsh, 2014) can be applied to federations as well as to individual producer organizations, from a single cooperative with multiple activities in Peru (Rodríguez Zunino 2.2) or based on timber in Indonesia (Tri Wahyudiyati and Irawanti 2.6), to a national organization with only a few members based around a single product in Cambodia (Chey et al. 2.5) or a very large national federation in Nepal (Pathak, Parajuli and Pandey 2.4), and the beginning of regional development in the Caribbean (Eckelmann and Sandy 2.3) and the Pacific (Stice and Toleafoa 2.7). Clearly, the potential for expansion is huge.

Umbrella organizations have benefited very diverse groups of producers, including farmers on small islands (Stice and Toleafoa 2.7), and small forest producers in developed countries (deMarsh and Dansereau 2.8) and developing countries (Pathak, Parajuli and Pandey 2.4). The reasons for their creation are similar, as are their roles and member benefits. However, how they are supported and their past experience and future prospects are quite different. All these groups show that national and regional federations have significant positive impacts by aggregate the many into the millions, and by taking small-holders voices into multilateral debates and multinational boardrooms, and many other international forums where peoples’ rights, needs and well-being are being discussed, but where they have historically had little input. One example of the impacts that can be achieved comes from Guatemala, where 250 local producer organizations are aggregated into 11 provincial associations that together form one national alliance (the AMPB). Representing 388,000 producers and sustainably managing 750,000 hectares (ha), or 17.5% of the national forest cover, in negotiations with the government they secured a forest incentive programme for their members worth 1% of Guatemala’s GDP.
Tenure and governance – the critical preconditions

Access to land

Without the right to land or what grows on it, there is little security, and therefore little incentive to manage, restore or develop productive systems within forest landscapes. The crucial issue of secure land tenure is mentioned frequently in the articles in this issue, as it has been in previous studies. It is not the ownership of land per se, but the right to harvest what you sow, to profit or otherwise benefit from your, your family’s or your community’s collective labour.

There have been changes for the better toward more community management and local control, especially in recent decades. Hodgdon and Sandoval (1.1) note the marked shift in tropical forest tenure in the past twenty years, with more than 30% of forest land now under some form of local control (RRI 2012). In other cases, change has come about through the legal recognition of customary or informal arrangements on the access, use and control of lands and other resources. This has resulted in part from a shift toward decentralized governance, from mounting evidence that indigenous and community management can conserve forests as well or better than strict protection (Seymour, La Vina and Hite 2014), and that well-managed forests can power economic development through locally driven enterprises.

Opposing forces remain strong, however, and sometimes make things worse (RRI 2014). Conversion of forests, savannah or smallholder agricultural landscapes to plantations (oil palm, bio-energy, pulp wood, etc.), industrial agriculture, mining, urban development, tourism and other competing land uses continues and is increasing in some places. Large-scale concessions for forest exploitation are still being issued alongside newly protected areas. Although the demands of an increasing urban population must be considered, so must landscape-level considerations, including the livelihoods of those who live in and depend on those landscapes. Producer organizations can bring these concerns forward, and so they must have a seat at the negotiating table. Their work as custodians of the soil and all that grows in it must be adequately acknowledged; by doing so, economic and environmental benefits need not be trade-offs (Das, Sidebar 4).

Access to justice

One cannot lay any claim to land or the fruits of it without recourse to justice as the fundamental basis. Ownership, rights and access to land and other resources are key, and inequality and injustice in their distribution are the roots of so much human suffering. Yet in all of our considerations on human rights, there remains little said on the connections between (freedom of) association, (access to) land, justice, equality, poverty and “progress.” None of this is new, however; as long ago as 1879 Henry George concluded that “association in equality is the law of progress” (George 1953: 196).

Where an individual producer may be at risk from resource grabs for land and natural resources, a strong producer organization is much less vulnerable. In part this has to do with the formal registration of organizational structures and their articles of association
required by the state and for the internal peace of mind of members. Such registration can stake a claim to land and natural resources even in situations where the legislative provisions for local tenure are weak. Additionally, a strong producer organization is more likely to be able to afford to pursue justice with representatives equipped for that task, or to at least be able to threaten so to do. A number of national federations and alliances have successfully used legal means, up to and including through supreme courts to push for rights critical to their members.

Membership size gives larger organizations political weight with decision makers and the judiciary, in view of their voter numbers and combined connections. The more that such organizations interact politically to shape policies that further secure their rights, the stronger this position becomes. In Sweden for example, a century of political engagement by forest and farm producer cooperatives has led to the restriction of corporate land holdings to 25% of total land area. Conversely, in regions dominated by large corporate interests and investment contracts, the rights of local producers can be constantly eroded in law, but even in these contexts vital gains are being made.

Who you know and what you know – the key entry points

Access to each other, and to technical knowledge, skills and training

Many of those working with producer organizations have the distinct advantage of being able to compare and contrast the varied experiences within and between them and have important observations to make – one of the aims of this publication. The learning value of sharing experiences among and between producer organizations is highlighted again and again, and its importance in growing through the stages of organizational development. This can be facilitated through federated umbrella organizations that can also share experiences between different countries (Stice and Toleafoa 2.7; deMarsh and Dansereau 2.8; and the work of international organizations or NGOs).

Increased access to knowledge, skills and training, often grouped under the term capacity building, is a commonly cited demand by producer organizations and is highlighted in many previous and parallel analyses. This also encompasses follow-on support once the necessary knowledge, skills and technical have been obtained, as it should be not be seen as a ‘one-off’ activity, rather as a process of continually building and developing the knowledge and skill-set. This can be achieved, at least partially, by farmer-to-farmer or organization-to-organization sharing and learning, but often requires external support (see below, and specifically, Simpson and Bingen 3.5).

Access to influence

This includes access to decision makers and decision making, including in the policy arena, but can also involve access to finance, markets (national and international) or any other type of external support. Access is increased through greater numbers; associations and federations are able to represent many voices and have political power. Such is the case in Nepal (Pathak, Parajuli and Pandey 2.4), where the umbrella organization for forest producer groups counts 8.5 million members: 30% of the national population. But it is not
just a numbers game. Respect increases influence, and respect is earned through the way an organization is managed. Inclusivity, democracy, transparency and accountability give organizations an inner strength, which leads to outer strength, assuming that equal and fair rules are in place.

Decentralization of the power and authority of central government to provincial, municipal and local authorities can assist the growth of producer organizations, but does not always do so (Simpson and Bingen 3.5). Although individual producer organizations rarely have sufficient influence, federations do. If governments want to see policy changes transformed into real impact on the ground, the effective participation of producer groups is essential. And if producers want to have their opinions considered in such debates, their voices must be aggregated. We see how effective policies can assist the development of producer organizations as in Vietnam (Ngo, Pinchot and Current 1.9), or hinder them as in Ghana (Mensah and Nketiah 1.5), and Greijmans et al. (3.1) puts such policies in the broader context.

The geographic scale of a forest and farm producer organization or federation is determined by three basic functions: the size of area that would allow a particular service to be provided most efficiently to its members; the area required to supply the demand from value added processing facilities; and crucially, the level of government whose policy the forest producers most want to influence. In most long-term successes in locally controlled forest landscape management, national federations evolved at a fairly early stage, e.g., The Central Union of Agricultural Producers and Forest Owners in Finland, the Federation of Swedish Farmers and the AMPB in Guatemala, as well as FECOFUN in Nepal (Pathak, Parajuli and Pandey 2.4).

Access to processes of policy and governance reform can also extend to the international level. For example, representatives of family, community and indigenous forestry groups began a process in 2009 to discuss a common agenda. This was undertaken via leaders of the International Family Forestry Alliance, the Global Alliance for Community Forestry, and the International Alliance of Indigenous and Tribal Peoples of the Tropical Forests (the Three Rights Holders Group, or G3). They agreed to work through their differences, and developed a mutually acceptable agenda and terminology to pursue locally controlled forestry, which they defined as “the local right for forest owner families and communities to make decisions on commercial forest management and land use, with secure tenure rights, freedom of association and access to markets and technology.” The process led to strong advocacy positions agreed by all parties as to the terminology and agenda that they jointly wished to pursue in a range of international processes (G3 2011).

At the regional level, the AMPB is another strong umbrella organization of ten national and sub-national groups in Central America. It engages in a range of regional events through highly effective “pre-congresses” and the production of communications materials in support of issues important to their members. It recently linked up with producer organizations in South America, Africa and Asia to develop a highly effective media campaign — *If not us, then who?* — that gave them high visibility in global events related to climate change in 2014, including New York and Lima.
External services and support – the enabling environment

Service providers, governments and international organizations can support the formation and strengthening of producer organizations by helping to develop suitable conditions. These conditions include secure tenure, fair market access and high-quality support services for capacity development. Of vital importance is the promotion of interactions at all levels for joint learning to share experiences, gain ideas, spread innovations and build best practices that can help producer organizations reflect on and strengthen their effective functioning, and gain confidence in what they are doing in their specific context.

Government agencies and services

Central governments are key players, as makers and enforcers of national policies and legislation, and as signatories and interpreters of international treaties. They interact with land users through national agencies, provincial (district, county) governments and their local representatives. The services offered vary greatly from country to country, and improving them has been an important component of support for producer organizations (DeMarsh et al. 2014). An excellent example of a new approach (Boscolo et al. 3.4) is a self-assessment tool developed by FAO to evaluate the effectiveness of public forest agencies in supporting producer organizations. Too often, however, extension has focused on the individual farmer, with less attention paid to the economies of scale and impact that can be reached by strengthening enterprises and producer organizations. A number of countries who have had success with farmer field school approaches are now seeing the field school members as the basis of producer groups and are extending this effective learning approach to forest product producers and tree farmers. Kenya is an interesting example (Boscolo et al. 3.4).

Governments provide capacity and organizational support in many ways. In Suriname, the Centre for Agricultural Research in Suriname supports women’s NTFP producer organizations (Playfair and Esseboom 1.3); in Indonesia the forest department encourages forest farmer groups (Wahyudi and Irawanti 2.6); and in the Philippines municipalities have important functions (van der Ploeg, Balbas and van Weerd 1.10). One specific area merits a separate mention: extension services, although these are often coupled to other types of support. There are positive cases such as in sub-Saharan Africa, although many situations are noted where improvements can be made (Simpson and Bingen 3.5). Government support was cut drastically in the Pacific, although this had a positive effect by encouraging the development of farmer organizations to fill the gap (Stice and Toleafoa 2.7).

International organizations and NGOs

Many producer organizations have been supported through interventions by NGOs and international groups; some owe their very existence to these bodies. These groups do positive and important work: Rainforest Alliance supported an indigenous organization to become Forest Stewardship Council (FSC) certified in Honduras and linked them to an international buyer for batana oil (Hodgdon and Sandoval 1.1); the Forest Trust supports FSC-certified timber in Indonesia (Cohen 3.2) and the UNDP Small Grants Program supports a producer group in Peru (Parra et al. 1.4), among many others.
However, many producer organizations fail as soon as such support ends and well-meaning interventions can also have the opposite effects to those intended. In the final article in this issue Elson and Unggul (3.8) observe that “the best of intentions is not good enough,” “don’t turn a business into a project,” and “a debt is an obligation to repay; a grant is an obligation to report.” For established producer organizations, partnering with development projects has clear potential advantages, but it can also bring challenges. In an example from Cameroon, members’ expectations of direct financial benefits could not be met, since the group had to pay secretaries and technical staff to complement in-house expertise (Foundjem-Tita et al. 1.6). In some cases, partnerships with development projects took group members away from their farming activities, especially the most enthusiastic members, who served as field guides and interpreters, and these frustrations led to a strong desire to do things differently. Other types of support may also be needed, and chance has a part to play too. As van der Ploeg, Balbas and van Weerd (1.10) point out, “Successfully restoring forest vegetation requires a great deal of labour, money, expertise, support and time — and a little luck.”

**Linking to the large-scale private sector**

The largest private sector in the world is probably the aggregate total of all smallholder producers, whether informal and unrecognized, or those categorized as micro, small and medium scale enterprises. However, too often the term *private sector* is used to imply only larger scale actors. There are many examples of direct links between large companies and producer organizations. Companies increase profits by reducing the costs of administration, management and business transactions, and so they prefer to deal with a single organizational focal point than with a multitude of individual producers. Examples are numerous, including local communities getting together to sell NTFPs in Peru (Parra et al. 1.4); smallholder farmers in Kenya forming a producer organization to sell milk (Restrepo et al. 1.7); and forest farmer groups forming to facilitate deals with timber companies in Indonesia (Wahyudiyyati and Irawanti 2.6). In some cases, links made via higher-level national umbrella organizations, such as with NTFPs in Nepal (Pathak, Parajuli and Pandey 2.4) and rattan furniture in Cambodia (Chey et al. 2.5), facilitate connections to international markets that would be inaccessible to local producer organizations. More commonly, NGOs or international organizations provide the main or only link to international markets and to organic or FSC certification.

There are increasing efforts to attract the private sector to take a more active part in supporting producer organizations, either through guaranteeing markets, training, providing planting or other materials, or by direct financing (Nugnes 3.6; Meyer and Johnson, Sidebar 4). More could be done, but assuring equitable benefit sharing is a common stumbling block. Although problems regarding implementation of REDD+ and carbon projects are not covered in this issue, a related issue for producer organizations is the cost of and lack of capacity for accurate data collection. Baker (Sidebar 2) offers a solution.

Business partnerships with small producers are most successful if they are equitable and based on good co-planning, co-investment, co-responsibilities, sharing of co-benefits (including costs and risks), and on an understanding and recognition of local realities,
needs and interests. It is essential that adequate time and resources are available for active engagement with local communities from the start, to invest in reciprocal relations and build trust through effective and transparency communication. Often the first issue is addressing land tenure and governance, which must be clarified in order to provide long-term security.

**Markets and business opportunities**

**Access to markets**

Where the focus of many experiences is on accessing major national or international markets, many articles show a welcome return to valuing local and provincial markets. In the case of smallholder surpluses in India (Bisht, Maheshwari and Pant 1.8), the producer organization stretched reached out to far-off markets, before coming back to safer markets nearer to home. The balance between profit margin and risk is dependent on the amount of capital available, not on the demands of a few clients or donors. Often, success in local markets — where risks and returns are lower — leads to international market opportunities with higher risks and returns.

Interestingly, not many articles discuss this important subject in the detail it would appear to merit, though all cover the point in various other ways, either by discussing certification or the role of external support. There are repeated confirmations of the essential need for financial viability if any organization is to survive, but much less information about on the best way to attain it. This may be due in part to author bias. There is much written on the benefits of certification (Box 1), although only a very small fraction of producer organizations are in fact certified and the actual benefits are far from clear. Although certification can increase income by leapfrogging directly to a lucrative international market with NGO or donor support, it appears to be a risky approach, and it depends on a number of associated factors. Many articles highlight the basic need to satisfy subsistence needs first. And following the “small is beautiful” mantra, it may be best to focus on local, provincial and national markets only after meeting subsistence needs. International markets can then be assessed and developed, depending on connections both personal and geographical, and perhaps “a little luck.”

**Building brand recognition**

There are many dimensions to the information that customers link with a brand, and many ways to alter customers’ perceptions by changing the sort of information that is available about the company or producer organization in question, including the use of imagery and promotion. Brand recognition is often associated with international markets, but is by no means exclusive to them. Strong local brands — backed by recognition of the contribution that the product makes to the local economy — can be an effective way to consolidate local market access. In India, Himalayan Fresh has become a well-known local and national brand (Bisht, Maheshwari and Pant 1.8).

There are several ways to achieve better brand recognition. In addition to a do-it-yourself approach, there is adopting a certification standard recognized by consumers; FSC,
Programme for the Endorsement of Forest Certification, Fairtrade International and organic standards are the most well known globally. Due to their importance and the controversy surrounding the actual and perceived costs and benefits, certification merits a detailed discussion (Box 1). Producer organizations usually have a strong brand, because of the many benefits described in the opening section of this overview.

**Box 1. The double-edged sword of certification**

Producer organizations see increased revenue from price premiums and volume sales as the chief benefit of adopting certification practices. However, actual financial returns from timber have generally been small and have been realized only for some products and some markets. For this reason, the costs of initial investment and ongoing auditing are too high for many small to medium-sized enterprises, unless these costs can be covered by external donors such as NGOs (Cohen 3.2). In response, FSC is focusing on assisting smallholders, who manage more than 1.5 million ha of certified forests in the Global South, (three-quarters being community forests), and a further 6 million ha in the Global North (Meier-Dörnberg and Karmann 3.3). In the case of timber, an increasing number of eco-labels provide “soft” self-regulation that is less strict than certification schemes, but more work is needed to qualify their transparency, impartiality and sustainability impacts (Tegegne and Tuomasjukka, Sidebar 1).

Organic certification of agricultural produce also has costs as well as benefits, with changing regulations making it harder and more expensive for organizations to maintain their certificate. Bisht, Maheshwari and Pant (1.8) wonder “why there are so many roadblocks for people who want to grow and supply safe and nutritious food and so few for those who sell less healthy foods.” In addition, the export of some organically certified NTFPs, as seen in Suriname (Playfair and Esseboom 1.3), depends on a single buyer, which brings its own risks.

Benefits from certification may not always be immediately apparent. Independent of increased sales or revenues, some smaller enterprises regard the status of being certified as a means of attracting financial and technical support from the international community (Cohen 3.2). In any case, formal certification is less important for national and especially local markets where quality standards can be assured through associating the product with the producer organization itself. This may be the way to go for low-cost, low-risk marketing.

**Access to finance**

There is money out there: lots of it. But the decisions on who has access to it and for what purposes and under what conditions are still largely made by formal financial institutions. Investments by large-scale farmers and enterprises tend to guarantee better or more secure returns, and are preferred over the perceived high risks and high transaction costs of investments in smallholder farming and forestry activities by producer organizations.
or small and medium sized enterprises. Where financing is made available, it is often for environmentally unsustainable practices. Slusser, Calle and Garen (1.2) note that national and international banks have historically funded the expansion of Panama’s agricultural frontier by loaning to farmers who transformed unsettled forests into pasture lands. Alternative tenure and business models should be further assessed when investing and working with communities.

Increasing access to credit and micro-financing and support from NGOs show that alternative models are viable, not least in the area of internal savings schemes, which provide revolving loan funds for members or serve larger investment needs. Existing informal financing systems should also be acknowledged, as they can be a crucial component at the local level as an alternative or complement to the formal system. Much could be learned from these systems in terms of arrangements, conditions and risk management, and they could provide the basis of more effective formal mechanisms. Most successes to date have been in agriculture, with forestry slow to catch up, perhaps due to the longer periods for returns and the more uncertain profits from timber and NTFPs. Nugnes (3.6) looks at increasing investors’ interest in sustainable forestry management by improving the collection of impact data by producer organizations. Baker (Sidebar 2) offers a new approach to data collection, and Meyer and Johnson (Sidebar 3) propose a new financing model for smallholder and indigenous communities. Producer organizations can also benefit from increased investments in forest landscape conservation (Buffle and Buss 3.7), as it clear that increased income generation need not be at the expense of biodiversity conservation (Das, Sidebar 4).

However, Elson and Unggul (3.8) make an important contribution in noting the need for donors to find ways to channel funds to innovative enterprises in a manner that mimics conventional investment; for instance, through debt and equity financing, to avoid moral hazards, keep management focused on commercial goals, and enhance opportunities for learning. They suggest that enabling investments can be channelled to NGOs that support social enterprises; asset investments can be made directly in the company itself.

**Conclusions**

The experiences and views shared in this edition of *ETFRN News* confirm a number of increasingly widespread beliefs of those people who work with producer organizations regarding what helps them to survive and thrive, and what does not. These are separated into the five areas summarized at the beginning of this overview. A number of issues clearly overlap, but this could be a framework for further analysis. Although all elements are needed, they also have a sequential nature. Having one helps to secure the next.

Producer organizations need to have a democratic and open structure, and will benefit greatly from the support of a federation, if it belongs to one. This helps to secure clear rights to land and what grows on it, to participate in debates and to advocate for changes
to these rights and justice for their members. Capacity and influence are crucial, as is external support in some form or other, and these all lead to securing markets for forest and farm products, financial benefits and the resulting economic viability that underpins an organization’s sustainability and its ability to fulfil its many responsibilities, both social and environmental.

But unless there are fundamental changes in the context in which producer organizations operate, real lasting change and the positive impacts that this would bring may be limited and short-lived. Simpson and Bingen (3.5) conclude with a quote from a Ugandan activist, including the observation that “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…. In most cases these cooperatives keep small-scale farms in the background, forced to work under oppressive market relationships.”

There is an increasing emphasis on strengthening producer organizations, but only by simultaneously addressing the underlying causes of equality and justice can significant and sustainable advances be made in reducing poverty and improving well-being. Those with power rarely relinquish it without some form of struggle. Lasting change will require more than just waiting for opportunities; it needs people to actively create them, if the needs of the many are to outweigh the needs of the few.

What is required now is a much more conscious inclusion of producer organizations in all programmes and policies related to climate change, food security and nutrition, landscape restoration, rural livelihoods, and engagements with the private sector. Helping forest and farm producers become better organized is a lever for transformational change. And such change is an absolute necessity to ensure that rural communities can prosper on their own terms, adapting and responding to change and challenges of maintaining their legal rights amidst renewed pressures for land and resources.

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