GOOD PRACTICES IN BUILDING
INNOVATIVE RURAL INSTITUTIONS
TO INCREASE FOOD SECURITY

This publication was supported by the Ministry for Agriculture, Food, Fisheries, Rural Affairs and Town and Country Planning of France.

IFAD
Enabling poor rural people to overcome poverty

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TO INCREASE FOOD SECURITY

Denis HERBEL
Gender, Equity and Rural Employment Division – FAO

Eve CROWLEY
Gender, Equity and Rural Employment Division – FAO

Nora OURABAH HADDAD
Gender, Equity and Rural Employment Division – FAO

Maria LEE
Consultant

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FAO
FIAT PANIS

ISBN 978-92-5-106898-4

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ACRONYMS

ADDC	Association des démobilisés pour le développement communautaire
AFDI	Agriculteurs français et développement international
APROCA	Association des producteurs de coton africains
CARBAP	Centre africain de recherches sur bananiers et plantains
CECAM	Caisse d'épargne et de crédit agricole mutuel
CGIAR	Consultative Group on International Agricultural Research
CNCAS	Caisse nationale de crédit agricole du Sénégal
CNCFTI	Comité national de concertation de la filière tomate industrielle
CNCR	Conseil national de concertation et de coopération des ruraux
CODECO	Community Development Councils / Consejos de Desarrollo Comunitario
CUMA	Coopérative d'utilisation de matériel agricole
ECOWAS	Economic and Monetary Union of West Africa
FARA	Forum for Agricultural Research in Africa
FARM	Fondation pour l'agriculture et la ruralité dans le monde
FEPPASI	Fédération provinciale des producteurs agricoles de la Sissili
FFS	Farmer field school
FO	Farmers' organization
GRIB	Ghana Rice Interprofessional Body
IAR4D	Integrated Agricultural Research for Development
IDC	Inter Departmental Committee
IDWG	Inter Departmental Working Group
IFAD	International Fund for Agricultural Development
IFOAM	International Federation of Organic Agriculture Movements
IFPRI	International Food Policy Research Institute
IICD	International Institute for Communication and Development
INERA	Institut de l'Environnement et de Recherches Agricoles
INNOBAP	Innovation variétales chez le bananier plantain (réseau de plateformes régionales)
JFFLS	Junior Farmer Field and Life Schools
KENFAP	Kenya National Federation of Agricultural Producers
LOA	Loi d'orientation agricole
NACA	Network of Aquaculture Centre in Asia-Pacific
NEDAC	Network for the Development of Agricultural Cooperatives
NGO	Non-government organization
NWC	Natures Way Cooperative
OECD	Organisation for Economic Cooperation and Development
PGS	Participatory guarantee systems
PO	Producer organization
PMCA	Participative Market Chain Assessment
RADCON	Rural and Agricultural Development Communication Network
RCPB	Réseau des caisses populaires du Burkina
ROPPA	Réseau des Organisations paysannes et des producteurs agricoles de l'Afrique de l'Ouest
UCOPER	Unions communales des organisations de ruminants
SEWA	Self Employed Women's Association
SOAS	School of Oriental and African Studies, University of London
UDOPER	Union départementale des organisations professionnelles d'éleveurs de ruminants
WFP	World Food Programme

FOREWORD

In order to be fully productive, small farmers, fisher folks, livestock keepers and forest users in developing countries are in dire need of services that are lacking in rural areas. This is the result of decades of neglect of the agricultural sector, where countries and international development assistance consistently diminished levels of investment and funding up to 2007. Public institutions gradually withdrew from the rural areas and in spite of a few trials, private companies were not able to fill the void.

New forms of institutional innovations have emerged recently to provide a response to the numerous constraints that small producers face in rural areas. These innovative organizations and institutional arrangements can provide small producers an array of services including improving market access and strengthening small producers' negotiating power, enhancing access to and management of natural resources and improving access to information and knowledge. They are also an effective means to empower small producers by helping them build their capacity to formulate and express their needs and concerns within their organizations and vis-à-vis influential economic actors and policy-makers.

There is a need to recognize the critical role of these innovative organizations and institutional arrangements in order to be more effective in poverty reduction and food security efforts. This case study-based publication presents a collection of thirty-five cases of successful small-scale producer innovative organizations and institutional arrangements, from different regions in the world. Farmer Field Schools, developed by FAO in Asia, and subsequently in Africa, and financed by IFAD, is a truly participatory approach that has enabled millions of small farmers to analyze their production system

in its agro-ecological context, identify their risks and opportunities, test solutions and adopt new *practices*. To obtain short term credit, West African and Indian farmer groups in collaboration with micro-finance institutions have developed the warehouse receipt system in which stored produce is used as a collateral guarantee. Institutions can also contribute to improve the ability of small producers to express their needs and concerns and influence policy-making processes. The contribution of small farmers in the formulation of the Economic Community of West African States (ECOWAS) Agricultural Policy (ECOWAP) is a good illustration of how small-farmer organizations can link with national governments and regional organizations to influence policy processes.

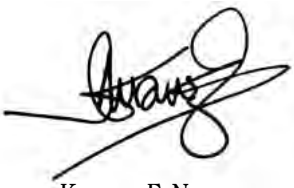
These good practices show how group collaboration within organizations and with economic actors and policy-makers, enable small producers to fully participate in the economic, social, and political life of the society they live in. Rural institutions are a tool for social change and economic progress. In order to design efficient policies, decision-makers and development practitioners need to improve their understanding of the factors that can facilitate or inhibit small producers' collective performance. While highlighting the success factors for small producer organizations to thrive, these good practices can allow development practitioners and other stakeholders to learn from successful initiatives in various countries, to support them and replicate them.

We hope that policy-makers and development practitioners in developing countries will build on insights from this set of case studies to promote innovative types of partnerships involving relevant stakeholders for effective food security strategies and rural development.

José Graziano da Silva

Director General

Food and Agriculture Organization
of the United Nations



Kanayo F. Nwanze

President

International Fund
for Agricultural Development

ACKNOWLEDGEMENTS

Many people have contributed directly and indirectly to this publication. It is the result of a collaborative effort of the members of the Inter Departmental Committee (IDC) and Working Group on Institution Building for Agriculture and Rural Development and other FAO officers and management at headquarters and decentralized levels.

This publication was prepared by Denis Herbel, coordinator of the Secretariat of the Inter Departmental Working Group (IDWG) on Institution Building for Agriculture and Rural Development, Eve Crowley, Principal Adviser, Gender, Equity and Rural Employment Division and Chair of the IDWG on Institution Building, Nora Ourabah Haddad, Institutions and Employment Officer, and Maria Lee, FAO Consultant. We owe particular thanks to Ileana Grandelis, FAO Consultant, for her advice and contribution on social capital.

Within FAO's Gender, Equity and Rural Employment Division, the authors are grateful to colleagues who provided comments and inputs: Patricia Colbert, Bernd Seiffert and Peter Wobst, and Mauro Bottaro, FAO Consultant, as well as the volunteers, Goumbo Thiam and David Suttie. Special thanks go to Susana Gaona Sáez (FAO-OCE) for her support in the initial stage of this work, and in particular in launching the call for abstracts on good practices in building and strengthening rural institutions. The authors thank Carina Hirsch, FAO Consultant, in particular for her attentive proofreading, editing, and inputs.

We would like to thank Célia Coronel from the Institut de recherches et d'applications des méthodes de développement (IRAM-Paris) who provided material and advice and Nigel Poole and Colin Poulton from the School of Oriental and African Studies (Centre for Development, Environment and Policy, University of London) who contributed their valuable comments and case studies.

We are also grateful to the participants of the workshop on "Learning from good practices in institution building" organized in Rome on 24-25 September 2009 for their guidance and valuable contributions, which were used to elaborate the recommendations of this publication. We express our deepest appreciation to all who contributed with case studies from FAO, the World Food Programme (WFP), the International Fund for Agricultural Development (IFAD) and other development agencies, producer organizations, non-governmental organizations and private enterprises.

Special thanks go to Tom Anyonge (IFAD), Mark Holderness (Global Forum on Agricultural Research), David King (International Federation of Agricultural Producers), Alain Onibon FAO Subregional Office for West Africa (SFW), Ruth Meinzen-Dick (International Food Policy Research Institute) and Illia Rosenthal (FAO Consultant), for their time and expertise in reviewing the publication.

Finally, we would like to thank Winifred Power for final editing, Leslie Duncan for the translation of some of the cases from French into English and Andrea Wöhr for design and layout.

EXECUTIVE SUMMARY

Continued population growth, urbanization and rising incomes are likely to continue to put pressure on food demand. International prices for most agricultural commodities are set to remain at 2010 levels or higher, at least for the next decade (OECD-FAO, 2010). Small-scale producers in many developing countries were not able to reap the benefits of high food prices during the 2007-2008 food price crises. Yet, this upward food price trend could have been an opportunity for them to increase their incomes and food security. The opportunity that high food prices could have provided as a pathway out of poverty for small producers was not realized.

Evidence from the ground shows that when strong rural organizations such as producer groups and cooperatives provide a full range of services to small producers, they are able to play a greater role in meeting a growing food demand on local, national and international markets. Indeed, a myriad of such institutional innovations from around the world are documented in this FAO case-study-based publication. Nevertheless, to be able to provide a broad array of services to their members, organizations have to develop a dense network of relationships among small producers, between small-producer organizations and with markets actors and policy-makers.

Overcoming barriers with producer organizations

The lack of supply response is largely due to a number of small-producer constraints. Dispersed and fragmented in small economic units, small producers face high transaction costs in imperfect markets. In recent years, a broad variety of institutional innovations have emerged in response to small-scale producers' constraints. Innovative small-producer organizations and institutional arrangements provide an array of services ranging from enhancing access to and management of natural resources, accessing input and output markets, improving access to information and knowledge and facilitating small producers' participation in policy-making.

Enhancing access to and management of natural resources

The initiatives presented in this publication describe an array of organizations and institutional arrangements that regulate access to and help manage natural resources for small farmers. These include mediation committees for conflict resolution over land or securing land-use rights, women's groups for reclaiming land, and forest-community based enterprises for generating income activities. These arrangements are effective because they provide incentives for small producers to manage natural resources in a sustainable way while creating benefits for the rural communities. Hence, institutions are crucial in regulating how the natural resource base is accessed and managed in order to achieve sustainable food security.

Accessing input and output markets

The publication outlines how a vast array of producer-organization initiatives have enabled small producers to increase their access to markets and productive assets, while reducing transaction costs. By acting collectively through their organizations small producers are able to access seeds and fertilizers. For instance, input shops in Niger have enabled small producers to develop effective local input markets by grouping input demand and supplying them in quantities and types that are adapted specifically to their needs and limited financial capacities.

Access to financial services is also critical for developing input markets. Many microfinance systems managed by small producers have burgeoned since the 1990s. The microfinance system is useful in ensuring subsequent marketing activities. Nevertheless, it does not always meet the needs for credit to cover farm-operating expenses or equipment. To close this gap, small producers and service providers together develop other innovative arrangements such as warehouse-receipt systems in which stored produce is used as a collateral guarantee to obtain short-term credit.

Collective investments to acquire agricultural equipment represent another innovative institutional arrangement managed by small farmers themselves. Collective marketing through groups, associations or cooperatives enables small producers to reduce their transaction costs and risks and improve their bargaining power. When linked with other private and public actors, these arrangements range from contract farming and fair-trade schemes to multistakeholder coordination along the value chain through interprofessional associations and multistakeholder platforms. Farmers, traders, processors and supermarket buyers use contract farming to respond to modern procurement systems. Kenya's African leafy vegetable farmers used groups of small producers to respond to modern market system requirements. Through contractual arrangements, they ensure compliance with food quantity, quality and time delivery requirements set by supermarkets. Hence, contractual arrangements between small-producer organizations and commercial stakeholders represent an effective means of overcoming market imperfections.

Improving access to information and knowledge

Producer organizations combined with links to non-governmental organizations (NGOs) and public and private actors help small-scale producers build their skills to access and use appropriate information and knowledge to innovate and adapt to changing markets. Some of them enable farmers to build their capacity to analyse their production systems, identify their problems, test possible solutions and eventually adopt the practices and technologies most suitable to their farming systems.

Enabling small producers to engage in policy-making

Another powerful contribution of producer organizations is their ability to help small producers voice their concerns and interests in policy-making processes. Multistakeholder platforms and consultative forums are good examples of mechanisms for small-scale producers to discuss the design, formulation and implementation of public policies. In the Gambia, for instance, the National Fisheries Post Harvest Operator Platform, is a mechanism for dialogue whereby governments can learn about small producers' needs while producers can express their concerns and preferences. Mechanisms for transparent dialogue support the emergence of new cooperative behaviour between government and small producers based on trust and shared values – both critical conditions for successful policy development.

In sum, producer organizations and the institutional arrangements they develop, can help small producers to overcome critical obstacles to development. They enable small producers not only to "play the game" of managing natural resources or accessing input and output markets, information and knowledge effectively, but also to influence the "rules of the game" by becoming an integral part of policy-making processes.

Building effective producer organizations

This good practice publication suggests that effective and sustainable producer organizations and institutional arrangements with market actors and policy-makers are the result of three interdependent types of relationships that small producers develop:

- **Bonding or intragroup relationships among small producers within organizations.**
- **Bridging or intergroup relations between small-producer organizations to create apex organizations.**
- **Linking or extra-group relations between small-producer organizations and market actors and policy-makers.**

Bonding relations

Close bonds of solidarity among small farmers, fishers and forest users within grassroots and self-help groups, local associations and cooperatives are the basis for the development of strong rural organizations. Through bonding relations, small producers gain self-confidence and knowledge to analyse their own problems, make informed decisions, and act collectively. Farmer field and business schools, for example, help small farmers improve their understanding of "how things work" through trial and error experimentation. Bonding relations enable small producers to identify solutions collectively and build strategies to cope with change. Nevertheless, beyond this, small producers need to develop a sense of ownership of their organizations. The good practices documented suggest that a shared mission with mutual benefits, common values and members' commitments are critical success factors for the sustainability of bonding relations in the form of small-producer organizations.

Bridging relations

Given their dispersion in fragmented and distant units, self help and grassroots groups, local associations and cooperatives, producer organizations often encounter difficulties in entering markets and influencing policy-making processes. Bridging relations (intergroup relations) connect similar small-producer groups together to form larger organizations in the form of producer unions, federations and networks. Through bridging relations, small producers from different organizations are able to pool their assets and competencies to overcome market barriers, control larger market shares, and access better-quality information. Greater negotiation power, in turn, translates into more favourable transaction conditions and greater influence over other actors. In essence, bridging relations prepare small producers to engage, under fairer and more balanced conditions, with more powerful market actors and policy-makers. In Benin, small-scale cattle herders first organized into grassroots groups of 20 to 100 herders. In addition, small-scale cattle herders developed bridging relations in local unions encompassing grassroots groups to supply inputs and provide technical advice. The Union of Borgou-Alibori district (UDOPER), for example, includes about 500 male and 30 female herder groups comprising some 25 000 cattle herders. Finally, in 2007, small-scale cattle herders formed a national apex organization (or federation) – ANOPER (Association nationale des organisations professionnelles des éleveurs de ruminants). As the national apex organization, ANOPER later helped strengthen the organizational, technical and financial capacity of constituent groups, such as UDOPER, while ensuring financial intermediation and representation.

Bottom-up and top-down relations that provide a two-way information flow are critical for effective bridging relations. They contribute to building transparency and accountability in decision-making as well as a shared understanding among member

organizations. The Argentinean Viticulture and Winemaking Cooperatives Federation (FECOVITA), for example, improved its corporate governance by guaranteeing that members' views could influence the management of the federation.

Linking relations

To be fully effective, small-producer organizations must link with external economic and policy actors, such as private businesses and governments. Through strong links with economic actors, small producers can gain access to national and international markets. Such institutional arrangements may take a myriad of forms. In Thailand, for example, small-scale vegetable- and fruit-producer groups developed a contractual arrangement with a private company supplying fresh produce to international markets. Linking relations with policy-makers help small producers create the enabling environment and conditions for their organizations to thrive and develop sustainably. The formulation of the Economic Community of West African States (ECOWAS) Agricultural Policy (ECOWAP) offers a good illustration of how small-farmer organizations can link with national and regional governments to influence policy processes.

To be successful, these links between small producers, market actors and policy-makers must result in a positive sum game in which all partners agree to cooperate to advance their common interests, achieve and increase profits and share benefits and risks.

Intertwined relations

The three constituent relationships, namely bonding, bridging and linking, interact closely with one another and enhance the benefits of each individual relationship. For instance, within value chains, effective linking relations between small-producer organizations and market actors, exemplified in the Senegal interprofessional tomato association, relied on strong small-producer bargaining power, which was largely the result of well-developed bridging relations among small-producer organizations in apex organizations. Similarly, Kenya's African leafy vegetable farmer groups were able to link effectively with supermarkets (powerful market actors), because they first strengthened their capacities by developing strong links with NGOs. Clearly, different "mixes" of the three relations coexist in the different cases presented. And the processes of organizational development take different paths depending on the context, rather than following a linear pattern or a predetermined succession of steps.

Building new forms of collaboration

This good practice publication presents numerous examples of innovative producer organizations and institutional arrangements that have proven to be successful in helping small producers overcome their different constraints. However, they often remain limited in scale and scope. The main challenge is to build on these success stories, to up-scale or replicate them, in order to increase food security, and to catalyse sustainable rural and agricultural development.

Small producers, governments and profit and non-profit private actors need to find better ways to collaborate to shape the environment that enables and supports producer organizations. Such new forms of collaboration, like a new social contract, need to clarify the rights and duties as well as the roles and responsibilities for each stakeholder. Within these new forms of collaboration, one key challenge for policy-makers is to build upon existing small-producer knowledge capacities, skills, and organizations, and to formulate and design better policies that support their strengths and respond to their needs rather than direct them. Creating new organizations from scratch is the least desirable option. Support organizations may need to facilitate existing organizational development processes in order to stimulate small producers to become actively engaged in their own development, appreciate their own successes and build on existing assets. While benefiting from these new forms of collaboration, small producers need to maintain their autonomy of action and ensure that they themselves drive the changes within their organizations and in their long-term relationships with government, economic and civil society actors.

In order to implement this new partnership, governments, development agencies and NGOs have to make a shift in the nature and quality of support. From their traditional role of provider of assistance, they need to become facilitators of change, in a capacity development[1] approach. Strengthened knowledge and capacities of individuals are central to fortifying rural institutions, but this cannot happen in a vacuum. Capacity development is constrained when the organizations and overall environment to which individuals belong lack the ability to absorb and maintain the enhanced resources, or fail to anticipate emerging needs. A capacity development approach recognizes and addresses these three dimensions.

By engaging in such new forms of collaboration with policy-makers, civil society actors, the private sector, and other key stakeholders, small producers from developing countries, who were once largely excluded from markets, can "fully play the game". By giving them a voice in policy-making, this contributes to improving "the rules of the game", and creates the conditions to optimize this contribution to world food security.

1/ As stated in FAO. 2010. *Corporate strategy on capacity development*. October.

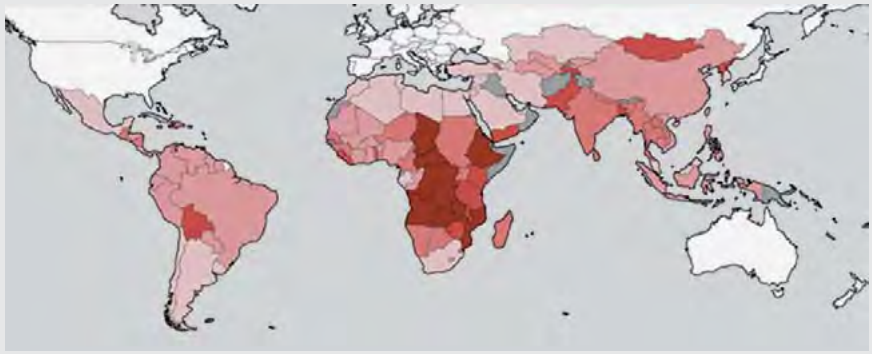
1 INTRODUCTION

It is important to see the production of food as a result of human agency, and to understand the incentives that operate on people's decisions and actions.

(Sen, 2001: 208)

Food security represents a tremendous challenge. Because of food prices and global economic crisis, the number of undernourished people increased sharply between 2006 and 2009. FAO estimates that a total of 925 million people were undernourished worldwide in 2010 and 1.023 billion in 2009 (FAO, 2010a, see Fig. 1.1).

Figure 1.1 Prevalence of undernourishment (2005-2007)



Very high (undernourishment 35% and above)
High (undernourishment 25%-34%)
Moderately high (undernourishment 15%-24%)
Moderately low (undernourishment 5%-14%)
Very low (undernourishment below 5%)
Missing or unsufficient data

Source: FAO Hunger website. http://www.fao.org/hunger/hunger-home/en/.

The food-price crisis has highlighted a series of agricultural-related issues. The most recent projections (OECD-FAO, 2011) indicate that, although international prices fell fairly rapidly from peak levels during the global food-price crisis, they remain higher than they were prior to the crisis. Agriculture faces higher production costs, increasing demand from rapidly growing countries in developing regions and growing demand for biofuel production. As a result, prices are projected to increase over the current decade and stabilize at levels, on average, above those of the past decade (FAO, 2010c).

This upward food price trend could have represented an opportunity for small producers to increase their investments in agriculture in order to raise productivity, expand production and increase incomes. However, the opportunity that high food prices could have provided as a pathway out of poverty for small producers was not realized. The lack of their supply response is caused by a number of constraints,

including limited access to natural resources and inputs, poor advisory and other support services, a risky environment and weak political leverage. Fragmented and dispersed in remote areas, small producers suffer from high transaction costs. All these constraints limit their ability to access and compete in local, national, regional and global markets.

Nevertheless, in recent years, a broad variety of institutional innovations have emerged in response to small-scale producers' constraints. By coordinating the actions and interests of small producers and other market actors and policy-makers, these organizations and institutional arrangements can provide an array of services that mitigate these constraints. These services range from enhancing access to and management of natural resources, accessing inputs and output markets, accessing information and knowledge and facilitating participation in policy-making.

Evidence shows that when rural organizations provide them with services, small producers are able to play a greater role in meeting growing food demand on local, national and international markets, overcoming market imperfections, and improving rural policy. Indeed, several of such innovative institutional arrangements from throughout the world are documented in this FAO case-study-based publication. This publication presents a wide range of institutional innovations that small-scale farmers, fishers, forest users and livestock-keepers have successfully developed or engaged in to seize economic and social opportunities, and improve food security. Using a cross-cutting and integrated approach, it documents how different types of organizations and institutional arrangements can be effective in driving sustainable agriculture and rural development. These deserve to be better known, shared and scaled up.

Objectives

To overcome the numerous constraints small producers face, effective and efficient rural policies are needed to create the enabling environment in which producer organizations can thrive. Raising policy-makers' awareness about the important role small-producer organizations (POs) play is critical to achieving this goal. This publication reviews and presents a number of practical examples of successful institutional innovations that show how critical constraints can be overcome. The publication then draws on main lessons learned from institutional innovations that have improved food security and small rural producers' livelihoods. This analysis, which outlines a holistic approach, aims to improve understanding of how organizations evolve, empower small-scale producers and contribute to food security.

The intended audience of this publication includes development practitioners and all those who support organizational development in rural areas, including research institutes, producer organizations, non-governmental organizations (NGOs), and development agencies. By identifying the underlying drivers that allow small-producer organizations to thrive, the good practices presented enable development practitioners and other stakeholders to learn from successful initiatives in their own and other countries, to support them and replicate them. The findings are also useful for orienting operational programmes to support and empower small-scale producers in a process of sustainable and inclusive development. Indirectly, policy-makers may also draw inspiration from these cases as they demonstrate that, under the right conditions, critical bottlenecks to food security and sustainable rural development can be overcome.

This publication on good practices in institutional building is a contribution to the implementation of FAO's capacity development strategy adopted in October 2010. The publication suggests that strengthened knowledge and capacities of individuals are central to fortifying rural institutions, but this cannot happen in a vacuum. Capacity development is constrained when the organizations and overall environment to which individuals belong lack the ability to absorb and maintain the enhanced resources, or fail to anticipate emerging needs. Effective capacity development recognizes three different dimensions: individual, organizational and the policy-enabling environment. It therefore addresses the three dimensions, which are interlinked. The good practices described herein embody a capacity development approach by addressing all three dimensions in fortifying rural organizations' members with skills and information (individual dimension), in improving processes and procedures within organizations and linkages between organizations (organizational dimension) and by addressing issues of the enabling environment such as the need to strengthen the voice of rural organizations at the policy level. This publication recognizes and addresses the three dimension of capacity development.

Some definitions

For the purpose of this publication, it is necessary to define some important terms from the outset.

Institutions

Institutions are defined as "the rules by which agents interact and the organizations that implement rules to achieve desired outcomes" (World Bank, 2002: 6). This publication covers both formal and informal organizations and institutional arrangements involving POs and others to achieve common objectives. This includes:

- **Organizations** or "groups of individuals bound by some common purpose to achieve objectives" (North, 1990: 5). Organizations include groups of individuals working together and jointly managing common resources toward a shared goal, ranging from informal rural producer groups (self-help groups, networks, etc.), to formal POs (cooperatives, unions and federations of POs).
- **Institutional arrangements** or interagent coordination between small POs and other social and economic actors, such as stakeholder committees, networks, forums, platforms, public-private partnerships, and contracts.

Food security

The World Food Summit of 1996[2] defined "food security" as existing when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. The good practices were selected specifically to present institutions that have enabled men and women to improve their food security by increasing their food production at household level and selling the surplus in local and national markets, thereby increasing availability of food at both local and national levels. Other cases show how small-scale producers improved their food security by generating more income and increasing access to more nutritious food for their households.

Small-scale producers

Small-scale producers refer to both women and men farmers, fishers, livestock producers and forest users who produce on a small scale for self-consumption and market. There is no universal definition of a small-scale producer. In this publication "small-scale rural producers" or simply "small producers" (farmers, fishers, livestock producers, forest users) refer to those who produce on a small scale and who are relatively vulnerable to food insecurity due to limited resource endowments compared to other producers in

2/ Held in Rome, 13-17 November 1996.

the sector and in similar economic, social and cultural contexts. Scale refers to farm size for farmers or to the amount of produce for fishers and forest users. The World Bank's Rural Strategy defines small farmers as those with a low asset base, operating less than 2 ha of cropland (World Bank, 2003). The International Fund for Agricultural Development (IFAD) estimates that the vast majority of the world's farms are small; 85 percent of them are less than 2 hectares, and 97 percent less than 10 hectares. In Africa, 80 percent of farmed land is cultivated by small producers, the majority of whom are women. Worldwide, the livelihoods of 2 billion people depend on the production of the estimated 500 million small farms (IFAD, 2009c). Scale is, of course, relative since the distribution of farm sizes in any given country depends on a number of agro-ecological and demographic conditions, as well as economic and technological factors. Small-scale fisheries can be broadly characterized as employing labour-intensive harvesting, processing and distribution technologies to exploit marine and inland water fishery resources (FAO and IIED, 2010). These factors are difficult to quantify and compare but they underline the wide heterogeneity that characterizes small producers.

Good practices

A "good practice" is an intended action or set of actions that have changed the rules and relationships among rural actors in such a way that rural communities and producers are significantly and sustainably empowered and more food secure. For this publication, the good practices selected illustrate different types of empowerment: social, economic and political.

Methodology

The publication focuses on real cases of successful institutions and outlines how they empower small-scale producers to improve food security.

Under the leadership of FAO's Gender, Equity and Rural Employment Division, a public call for good practices was issued in July 2009 by FAO's Inter Departmental Working Group on Institution Building (IDWG-IB)[3] circulated via Internet and email to all interested partners, including FAO divisions (Headquarters and decentralized offices),

3/ As a focal point for Institution Building and chair of FAO's Inter Departmental Working Group (IDWG) and Inter Departmental Committee (IDC) on Institution Building for Agriculture and Rural Development, the Gender, Equity and Rural Employment Division (ESW) helps to coordinate and report on the cross-departmental work of over 20 technical units engaged in strengthening rural institutions. The IDWG/IDC helps to identify and overcome strategic challenges related to institution building, including within the context of FAO's initiative on soaring food prices and national programmes of food security.

other United Nations (UN) agencies, development partners and POs. The good practices were selected based on the following criteria:

- Impact on food security: increase in production (availability of food) and/or income (access to food).
- Effectiveness: achieved expected outputs in response to small producers' demands,
- Sustainability: continuation beyond the experimental period, or likelihood to continue – without additional external resource.
- Transferability: replicated and adapted or potentially adaptable to other contexts.

The publication also comprises findings from one workshop and several meetings with the members of the FAO IDWG-IB. In September 2009, the IDWG-IB organized a workshop which brought together representatives from the International Fund for Agricultural Development (IFAD), the World Food Programme (WFP), the Organisation for Economic Cooperation and Development (OECD), the International Federation of Organic Agriculture Movements (IFOAM), and a small number of regional and international farmers' organizations (FOs) (from the North and the South), NGOs and other organizations working in agriculture and rural development. The specific objectives of this workshop were to review lessons learned from cases of successful institutions and institutional innovations and to identify policy recommendations and actions to promote more effective rural institutions. The workshop conclusions were the primary bases for the recommendations in this publication.

No single or "best" institution can solve all small-scale producers' problems. The cases were selected to illustrate the diversity of *contexts, strategies and types of institutions* developed by small-scale producers and development partners. This publication attempts to provide insights into how institutions evolve, empower small-scale producers and have a positive impact on food security. It documents experiences of different types of organizations, instead of focusing on one specific type or arrangement, thus providing a snapshot of a broad range of different successful innovations. Thirty-five cases[4] from a total of 60 submitted were selected for this publication, as indicated in Table 1.1.

4/ All good practices will be made available on the FAO Capacity Building Portal: http://www.fao.org/capacitydevelopment/capacity-development-home/en/

Table 1.1 List of good practices selected

No.	Title	Country	Source
Enhancing access to natural resources and local governance			
1	Participatory forest management and community-based forest enterprise	Gambia	FAO
2	Strengthening local governance for improved management of natural resources	Honduras	FAO
3	Herders in northern Benin become more professional	Benin	NGO
4	Self-Employed Women's Association's model of institution building: Empowering small-scale women farmers	India	PO
Facilitating access to productive assets and markets			
5	Input shops: a made-to-measure solution for the poorest farmers	Niger	FAO
6	Integrated rice production cooperatives and cyber-seeds	Côte d'Ivoire	FAO
7	On-farm management of agricultural biodiversity in Nepal	Nepal	International research institute
8	Inventory credit: a financing method suited to the needs of small farmers, both men and women	Niger	FAO
9	A guarantee fund to ensure fertilizer supplies for cereal growers	Burkina Faso	PO
10	Producers get together to step up mechanization of their farms	Benin	PO
11	P4P as an opportunity for Farmers' Organizations – (Ex. Zambia Commodity Ex change)	Global	WFP
12	Enabling small rural producers' access to local markets: the case of African leafy vegetable producers in peri-urban Nairobi	Kenya	NGO
13	Farmers' cooperative and Bio-Bhutan associate to develop markets for certified organic essential oils	Bhutan	Private sector
14	Producers' groups and SWIFT Co. Ltd set up innovative contract farming model in Thailand	Thailand	Private sector
15	Participatory guarantee systems for organic certification in India and South Asia	India & South Asia	NGO
16	Improving market opportunities of small producers through cooperatives	Argentina	FAO
17	Farmer market linkage activity for the Fiji papaya Industry	Fiji	FAO
18	Tomato interprofessional organization at the service of coordinated management of the value chain	Senegal	PO
19	A public-private partnership to support organic fair-trade cotton: a sustainable alternative for producers	West Africa	NGO
20	Malawi agricultural input subsidy programme (AISP)	Malawi	Research institute
21	Demobilized ex-combatants pool their resources in order to improve their living conditions	Democratic Republic of Congo	FAO

No.	Title	Country	Source
22	Multistakeholder innovation platforms for the plantain value chain	Central/West Africa	Research institute
23	Participative market chain assessment	Peru, Bolivia/ East Africa	Research institute
Providing access to information and knowledge			
24	The Farmer Field School approach in West Africa and in Colombia	West Africa/ Colombia	FAO
25	Developing small-farmer entrepreneurship through farm business schools	Malawi	FAO
26	Promoting employment and entrepreneurship for vulnerable youths in Gaza Strip and West Bank	Gaza Strip	FAO
27	Rural & agricultural development communication network for development	Egypt	FAO
28	CoopWorks, an open source business information system for producer organizations	Kenya	FAO
Increasing political capital			
29	The Sumilao farmers campaign and the agrarian reform legislation in the Philippines	Philippines	PO
30	A participatory process approach for developing a pluralistic, demand-led and market-oriented advisory system	Niger	FAO
31	Farmers' organizations contribute to formulation of the Agricultural Orientation Law	Senegal	PO
32	Farmers' organizations give small-scale farmers a voice in policy-making processes	West Africa	IFAD
33	National Fisheries Post Harvest Operators Platform	Gambia	FAO
34	The Ghana Rice Interprofessional Body: A multistakeholder platform to facilitate development of the rice sector	Ghana	PO
35	An intergovernmental mechanism for cooperation on aquaculture	Asia	FAO

Limitations and possible biases

The publication focuses only on successful experiences. It doesn't address the problems that small-scale producers and their organizations encounter in depth, nor does it cover cases that have failed and no longer exist, or that remain dependent on outside assistance. Although useful lessons can be learned from these failures, these are much more commonly analysed in the literature. For this reason, the choice was made to focus on successful initiatives that can guide future technical support and policy either driven by rural communities and small-scale producers or in which they play a significant role and benefit explicitly.

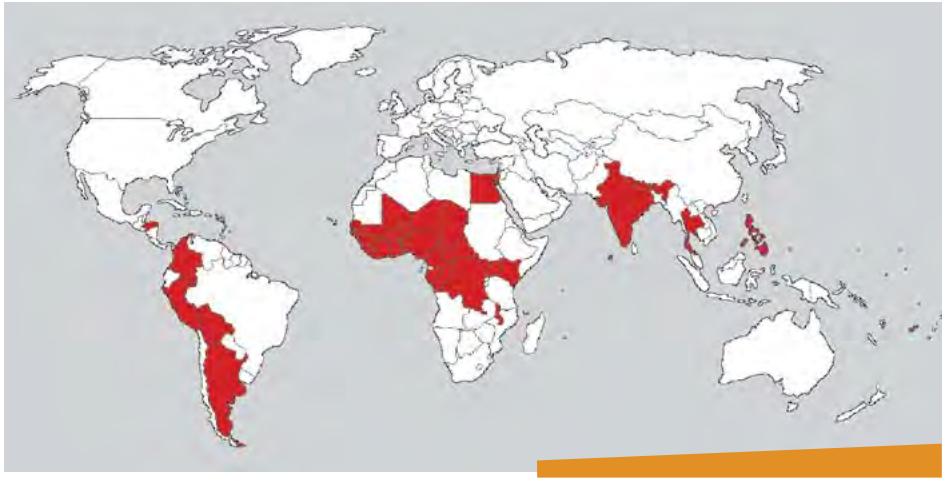
The desk study did not allow for a detailed impact assessment or institutional analysis of each case or context analysis. The informal rules-in-use that affect the way rural communities organize themselves and have access to different assets are not included. However, most cases demonstrate that by organizing themselves and creating linkages with other public and private actors, small-scale producers have been able to influence or change some of the rules-in-use and, to a certain extent, power relations. In some cases, quantitative data were scant or not very detailed, nor were sex-disaggregated data usually available. In the majority of cases, the participation of the most vulnerable groups, women and youth in institutional decision-making processes was particularly poorly documented and difficult to evaluate.

Finally, it is important to note that good practices in one particular local or national context may not be easily replicated or scaled up in another context using the same approach. The good practices usually have to be adapted in some ways to new contexts in order to work effectively.

Diversity of contexts

As Fig. 1.2 shows, the cases cover a wide range of national and regional contexts (in red on map). The focus is primarily on the sub-Saharan African region, which has the highest rates of poverty and food insecurity. Other cases are from Latin America and South Asia, South-East Asia and the Pacific.

Figure 1.2 **Distribution of the selected good-practice cases**



Diversity of functions

As table 1.1 shows, the cases show the different functions organizations fulfil and how they contribute to empowering small-scale producers by enabling them to (i) access and manage natural resources; (ii) access markets for goods and services that are critical for food production and distribution; (iii) access information and knowledge and improve their human capital; and (iv) participate actively in policy formulation, implementation and evaluation. Finally, the cases cover organizations that operate at a variety of scales: grassroots (local and district levels), national and regional levels.

The publication is structured around three chapters. This chapter, chapter 1, includes this introduction. Chapter 2 provides an overview of rural organizations that have enabled rural producers and communities to overcome specific economic and social constraints in order to achieve food security. Chapter 3 describes the factors that were consistent across most cases and enabled organizations and institutional arrangements to be effective and sustainable.

A detailed presentation of all the cases which were covered in the analytical part of the publication is available on the CD-ROM that can be found at the end of this publication.

2 LEARNING FROM THE FIELD: ORGANIZATIONS THAT EMPOWER SMALL-SCALE PRODUCERS AND INCREASE FOOD SECURITY

Institutions determine the opportunities in a society. Organizations are created to take advantages of those opportunities, and, as the organizations evolve, they alter the institutions.

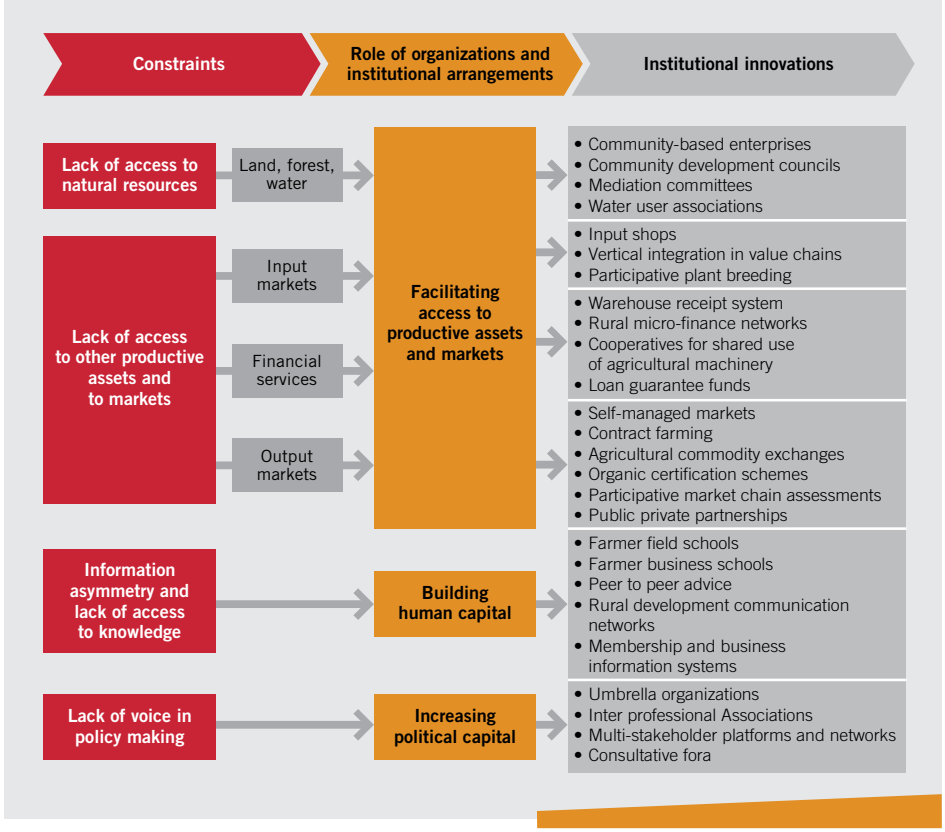
(North, 1990: 7)

Small-scale producers are able to make choices and seize new economic opportunities when they have access to natural, physical, financial, social and human resources. The good practice cases collected here and outlined below show how, under certain conditions, rural organizations enable small-scale producers to:

- access and manage natural resources;
- access markets for goods and services that are critical for food production and distribution;
- access information and knowledge; and
- participate in policy-making.

Figure 2.1 provides an overview of the organizations and institutional arrangements that enable small producers to overcome different constraints, and which are described in greater detail in this chapter.

Figure 2.1 Small producers' constraints and institutional innovations



Enhancing natural resources management

Secure access to and management of natural resources by rural populations is crucial to sustaining their livelihoods while also protecting ecosystems and the resource base. Institutions that guarantee or enhance natural resource assets provide incentives to small-scale producers to manage the natural resource base for sustainable food production.

Population growth and the impact of climate change are increasing competition over land, forest and water resources, which are becoming scarce or depleted. A large portion of small-scale producers of staple foods lack secure access to land and water. Securing rights of access for women and men to productive and natural resources is vital for food production and income generation (Courade, 2001).

Sustainable natural-resource management policies should define modalities for accessing and securing land and other natural resources and managing collective resources (Jouve and Napoleone, 2007). The following examples show some institutional arrangements that have improved natural resources sustainability by enabling small-scale producers to increase their access to and control over natural resources.

Participatory forest management and community-based enterprise

The experience of **the Gambia** shows that when a government involves local communities in the management and preservation of forests, these communities can develop a vested interest in the protection of these forests as a source of income and livelihoods. In the Gambia, the government transferred ownership rights of forest resources to villagers (Local Government Act, 2002) and introduced participatory forest-management approaches. This policy increased awareness of the importance of forest resources for income and food security, encouraged the sustainable use of resources, supported the development of income-generating activities, and stimulated a change of attitude towards forest protection. Interest groups were created around selected products such as fuel wood, honey, palm oil, handicrafts from palm-based products, and services such as ecotourism (forest walks) and tree nurseries. Seventy-two enterprise development plans were implemented effectively and corresponding community-based enterprises were established in 20 communities (Good Practice No. 1).

Local governance institutions linking households to municipal government

In some cases, the transfer of greater control over natural resources to local communities comes in the context of a decentralization process. In the Lempira Sur district in **Honduras**, the depletion of natural resources through slash-and-burn agriculture coupled with emigration trends caused by the lack of economic opportunities had forced

smallholders to abandon rural areas. This, in turn, caused serious and repeated food-security crises in the district. The creation of "Community Development Councils" representing rural families was crucial to increasing the power of communities over decision-making at the municipality level. Representatives of the councils were able to participate in the Municipality Council and were influential in the adoption of improved natural resource management and the banning of slash-and-burn agriculture. Farmer-to-farmer transfer of lessons and experience within the framework of the Community Development Councils played a crucial role in improving the management of fragile slopes, through the reintroduction of *Quesungual* techniques (an indigenous slash and mulch agro-forestry system combining annual crops with associated native trees). The resulting shift in land management and cropping practices brought positive and sustainable benefits to local food security (Good Practice No. 2).

Mediation committees for conflict resolution over land use

In many developing countries unresolved land conflicts and related disputes affect the efficiency of land use. The "Unions communales des organisations professionnelles d'éleveurs de ruminants" (UCOPER) a rural cattle herders' union in **Benin**, found that the creation of common rules and mechanisms for land access and governance facilitated the resolution of conflicts. The union played an important role in facilitating the formulation of precautionary mechanisms to prevent conflicts between users, in collaboration with government representatives. These included the creation of *Comités de transhumance* (mediation committees), adapted transhumance corridors (*couloirs de passage*) totalling 175 km in 27 communes and local development plans. The implementation of these mechanisms resulted in a drastic reduction of conflicts between farmers and livestock keepers in northern Benin. By clarifying and securing land-use rights, this type of institutional arrangement has improved the incentives for both farmers and herders to carry out land-related investments (Good Practice No. 3).

Water-user associations

Accessing and managing water effectively is essential for small-scale rural producers. The collective use of water resources requires coordination at the group or community level, through institutions such as Water User Associations (WUA). An IFAD assessment of the WUA in northern **Ghana** shows their important role in managing land and water allocation (including dam walls, reservoirs and catchment areas) but also in resolving land conflicts, especially between government and traditional landowners. The local governments (District Assemblies) negotiate the intended use of the land on which the dams are located with traditional authorities, which in turn contributes to increasing communities' adherence to the proposed dam site development, as well as to the legitimacy of the undertaking. By leasing out the entire dam sites to WUAs, a regime of

common property resources is created, and this allows some of the poorest households to access productive land on a 50-year renewable basis. Furthermore, the WUAs allocate the use of dry-season land to its members. The associations collect a fee (normally about a dollar) for annual renewal of membership that entitles one to a plot. Many of the plots are used by women producing vegetables in search of improved diet or cash income. As a forum for managing natural resources, the associations represent a formidable innovation and a platform for discussing and catalysing collective action at a hitherto unknown level (Messer, 2003).

Women associations reclaiming lands

The Sabarkantha district of Gujarat State, **India**, is a semi-arid region heavily affected by soil erosion because of its extremely sandy soil. The Self Employed Women's Association (SEWA) organized women farmers into forming the Sabarkantha Women Farmers' Association. Members of this association started using watershed development techniques, such as building stone bunds (lines of stones) and vegetative barriers, to control soil erosion. They have reclaimed 3 000 ha of ravine lands in 73 villages. Now women farmers produce crop yields two to three times per year instead of once. Moreover, the association facilitates access to seeds, markets members' produce and offers technical training. Women farmers' incomes have increased from an average of 5 000 rupees to as much as 15 000 rupees a year (Good Practice No. 4).

Self-help groups secure women's rights to land

Access and ownership of land can enable women farmers to break out of poverty. In **India**, after a disastrous harvest, poor people are too often obliged to mortgage their lands. SEWA's local savings groups, with SEWA's bank support, provide loans to release mortgaged land and free borrowers from dealing with money lenders. Kapilaben, a farmer from Rasnol village in Anand district is a good example. She testifies: "I own a small piece of land that was mortgaged. However, five years ago, I took a loan from one of SEWA's savings groups, where l am a member, and reclaimed my land." Moreover, acquisition of land titles is crucial to secure female land rights over time. "Thanks to SEWA, my name was also incorporated in land documents; so last year when I lost my husband I did not have to worry. Since I was the joint owner of my farm, I could continue cultivation and production in peace." By becoming co-owners of their husbands' land, women can ensure the production of food for family consumption and sell surpluses on the market (SEWA, 2009).

These cases show that small-scale producers have a key role to play in sustainable resource management. There are no "optimal" management rules or institutions that can be applied to all fisheries, forest, land or water systems (Ostrom, 2008). Rather, there is a need for a combination of user organizations, and state and market institutions to build solutions adapted to local physical and socio-economic conditions (Meinzen-Dick, 2007). Furthermore, sustainable management of resources is effective when policies and rules provide incentives for small-scale producers to use natural resources in a sustainable way while creating benefits for their communities.

Facilitating access to markets

To improve their food security and livelihoods, small-scale producers may need to increase their incomes from agricultural production, by selling their goods on local, regional and international markets. Small-scale producers confront several challenges in producing and marketing their goods. They face poor access to affordable quality inputs, lack of or inadequate financial services, or not enough market information. By acting collectively, small-scale producers are better positioned to overcome these constraints and reduce transaction costs.

Developing efficient input markets

Although the use of fertilizers and improved seed-crop varieties has proven effective in increasing agricultural yields, private input providers generally hesitate to invest in rural inputs and equipment markets. They consider the demand for inputs from small-scale producers to be unreliable, weak, dispersed and unpredictable. As a result, private input providers often limit their activities to those larger-scale producers who produce for export and wholesale trade. Furthermore traders of agricultural inputs are scarce in many rural areas. Hence, small-scale producers have limited choices and low bargaining power.

The following examples illustrate some of the innovative institutional arrangements that have enabled small-scale producers to access the inputs they needed.

Acting collectively to access seeds and fertilizers: "boutiques d'intrants" (input supply shops)

In Niger one critical manifestation of land degradation is the depletion of soil fertility, caused by declining use of fallows because of rapid population growth, and limited use of inorganic or organic fertilizers. Land degradation, aggravated by climate change, has led to low and declining crop yields and increasing food insecurity. Since the 1990s, yields of pearl millet – the dominant crop – have fallen by 1 percent per year on average

(FAOSTAT, 2005). To address these problems, by pooling resources and grouping input demand, producers' groups, with the support of FAO and the Government of Belgium, have developed a network of *boutiques d'intrants* or input supply shops. The network now covers all the eight regions of the country. The scheme has expanded quickly, with 14 shops in 1998, by 2009, the network had 507 shops. The supply shops facilitate small farmers' access to seeds and fertilizers, especially for the poorest ones, while generating economies of scale and upgrading the quality of inputs marketed (Rondot et al., 2001).

The input supply shops are operated as cooperatives and managed by local communities. One of their major innovations is to supply inputs in quantities and types that are adapted specifically to their clients' needs and limited financial capacities. For instance, fertilizer or improved seeds are sold in small packages of 500 g or 1 kg (IFPRI, 2008). The success of the *boutiques d'intrants* has revealed that there is a strong demand for inputs ("diffuse demand") and that farmers are capable of paying for them. For example, in Karabedji village, input utilization has increased from 500 kg in 1999 to 3 000 kg in 2000, of which 1 000 kg were marketed in 1-kg bags. Yields have also increased substantially – from an average of 486 kg of millet per hectare in villages not served by an input shop to 541 kg in those served by one (Good Practice No. 5).

Linking supply and demand of certified seeds to secure market outlets

Although governments have invested heavily in research, training, and infrastructure for seed-production chains, many small farmers have not been able to access certified seeds because of limited liquidity at planting time and a lack of information on seed quality. In **Côte d'Ivoire**, rice cooperatives were able to overcome these constraints by connecting the demand to the supply of certified seeds ("vertical integration"). Members who produce seeds are guaranteed a secure market outlet (based on the needs of cooperative members, at negotiated prices) and those who produce rice have access to certified seeds. Furthermore, cooperative members receive technical support and training from the National Rice Programme. The National Laboratory for Agricultural Services (LANADA) monitors and guarantees the quality of seeds. To develop the seed market, the cooperatives, with government support created the "Cyber-seed system" as a trading platform. This allows sellers and buyers to establish contact over the Internet and with cell phones (Good Practice No. 6).

On-farm management and preservation of crop diversity

Crop genetic resources are the basis of agricultural production. Their diversity reduces crops' vulnerability to pests and diseases. *In situ*, or on-farm management of crop genetic resources, plays a vital role in the management of agricultural assets by local farmers. In **Nepal**, resource-poor farmers use crop varieties adapted to particular micro-niches to increase their production and provide secure livelihood options. They conserve,

manage and select the crops in order to enhance the value of crop genetic biodiversity for sustainable agricultural development, food security and ecosystem health. Participatory plant breeding (PPB) overcomes shortcomings in the formal crop-breeding system by giving farmers the opportunity to select and breed varieties that are better adapted to their local environmental conditions. For example, the "Pokhareli Jethobudho" variety of rice originated from a collection of 338 varieties from farmers' plots, through a participatory selection process. In addition to having a number of desirable agronomic and post-harvest traits, this PPB-selected variety offers a yield approximately 39.5 percent higher than farmers' own varieties.

The organization of diversity fairs in local markets provides an opportunity for women's groups, community-based organizations, indigenous people's organizations and farmer groups to exchange seeds and knowledge. Moreover, knowledge and information on local genetic resources are generated through participatory processes, which are then documented and kept in a community biodiversity register by community members as evidence of fair intellectual property. Value added to traditional crops through PPB, community biodiversity registers and diversity fairs allow farmers to benefit from the contributions they make to preserving and enriching the global genetic pool. The Access and Benefit Sharing Law of Nepal now recognizes the community biodiversity register as a legal document (Good Practice No. 7).

Market failures are often a barrier for small producers' access to seed and fertilizer. As a result, low improved seed and fertilizer use are major constraints to increasing agricultural productivity. These cases show that through collective action, by pooling resources, grouping input demand and supplying inputs in quantities and types that are specifically adapted to small producers' needs and limited financial capacities, producers' groups can contribute to more effective input markets.

Adapting financial services to reach small-scale rural producers

Access to finance is one of the most significant constraints to enhanced small-producer productivity. "Rural financial markets reflect real risks and real transaction costs that cannot simply be wished, or legislated, away" (World Bank, 2008: 144). Yet it is equally evident that the availability of credit is central to the capacity of small-scale producers to move out of poverty (Servet, 2006). The seasonal nature of agricultural production makes it highly dependent on the availability of short-term credit, particularly for subsistence producers who want to break out of the straitjacket of producing only for their own needs and moving to producing a surplus for the market. At the same time, credit to support longer-term investments is also needed.

Many microfinance systems managed by small-scale producers themselves have burgeoned since the 1990s (Lelart, 2005). These take a wide variety of forms – including village banks, savings and credit cooperatives, and solidarity and self-help groups, which offer group-savings opportunities to small producers. But they do not satisfy all their financial needs. The following examples are institutional arrangements that have enabled small producers to access financial services (credit, savings, safe deposit, etc.) adapted to their needs.

Supporting the development of a staple food value chain

In **Burkina Faso**, since 1972, the RCPB (Réseau des caisses populaires du Burkina) has established a large network of savings and credit cooperatives with more than 500 000 owner members, €61 million in deposits and €53 million in loans. The network is structured at three levels: (i) local agencies, (ii) unions and (iii) a national umbrella federation. It employs 750 people, among whom 70 percent are women, and finances agriculture development (FARM, 2007). In particular, this microfinance network has supported the development of parboiled rice (rice that has been pre-cooked, thus improving its nutritional and flavour values) value chain by financing women with very short-term credits for three to four months. The loans were granted to 300 women organized in eight self-help groups belonging to the "Union des groupements des étuveuses de riz de Bama" (Parboiled Rice Women's Union of Bama). Annually, the Union markets 1 500 tonnes of parboiled rice. Taking advantage of the higher price paid for higher-quality rice – €0.42 a kg instead of €0.34 – women self-help groups have created their own business model within the rice value chain. After buying the paddy from the producers (in most cases their husbands), the women parboil, dry and sell it (Guenguéré, 2009; Lothoré and Delmas, 2009). This is only one of a multiplicity of value-adding initiatives that the saving and credit cooperative network supports.

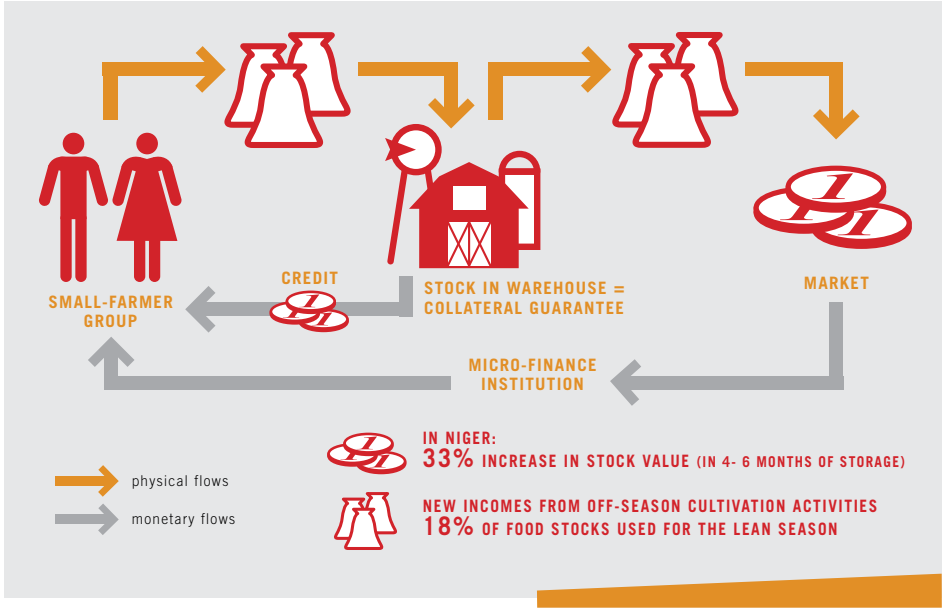
Linking secure storage and access to credit

According to Poulton and Dorward (2008), the main constraint to lending to smallholder producers in Africa is that, at existing interest rates, lenders are unable to cover the high transaction costs and associated default risks of lending to poor, dispersed clients in rural areas, where agricultural production is predominantly rain fed and transport and other infrastructure is poor. This chapter identifies some innovative institutional solutions to this pervasive and important problem.

In **Niger**, the warehouse "receipt" system or "inventory credit" system is an innovation designed to tackle this constraint, by providing rural producers with a means to access rural credit. The borrower enforces its loan contract by using its agricultural production stocks as a secure collateral. The success of this arrangement lies in the linkages between producers' grassroot cooperatives and microfinance institutions. As illustrated in

Fig. 2.2, the cooperative provides storage facilities for small-scale producers' agricultural products. These stocks, much like a savings account, are used by producers as a collateral guarantee to obtain credit from the microfinance institution. The management of loans by a rural microfinance institution limits transaction costs. Similar arrangements in Ghana, Madagascar, Uganda and the United Republic of Tanzania (Lothoré and Delmas, 2009), have had an equally positive effect on farmers' incomes. They allow farmers to obtain cash so that they do not need to sell their grain immediately, but can wait for market prices to increase. For instance, in Niger, during the 2008-2009 season, Mooriben Federation members sold their production of millet and peanuts at a price increased by 89 percent and 330 percent respectively (SOS Faim, 2010). The producer cooperative facilitates this operation by providing secure storage. Farmers can start new income-generating activities, yielding extra profit from the credit obtained. On average, 18 percent of stocks are used for food during the lean period and 53 percent are sold. These mechanisms therefore also improve food availability for farmers and reduce distress sales. While in 1999, the amount of credit provided through warehouse receipt system in Niger was less than 2 million CFAs, this figure had increased to nearly one billion CFAs by 2007 (Good Practice No. 8).

Figure 2.2 **Warehouse receipt system**



A guarantee fund to ensure fertilizer supplies

A loan guarantee fund is another innovation designed to reduce the risks for the lender by providing insurance for loans against some portion of any potential losses in rural financial markets. It cuts the cost of lending by reducing the provision that the lender has to make for bad loans. In **Burkina Faso**, in 2008, the French private foundation, the FARM Foundation, provided a guarantee fund of €30 413 to the *Union des groupements pour la commercialisation des produits agricoles of the boucle du Mouhoun* (UGCPA-BM), an agricultural product marketing union, from contributions from private enterprises. The fund was intended to be used to guarantee loans to acquire fertilizers for maize and sorghum production. It was managed by a microfinance institution, namely the RCPB (Réseau des caisses populaires du Burkina). In 2008, the initiative benefited 188 maize and sorghum producers. In 2009, it benefited 232 maize and sorghum producers, and the intention is to continue expanding into the future, enabling producers to access fertilizers and subsequently to increase their yields and incomes substantially. The objective of the FARM foundation is to enable the RCPB to increase its capacity to lend to small farmers and realize the potential commercial benefits of developing new financial services to respond to the needs of this particular target group (Good Practice No. 9).

A triangular arrangement to provide cash

Kenya's African leafy vegetable (ALV) contract farming offers an example of an arrangement that allows small farmers to resolve their cash flow problems. Uchumi Supermarkets, a major customer of the farmers, settles its suppliers on a 30 to 60-day credit period. This was unsustainable for vegetable producers because of limited financial resources. To overcome the constraint, Farm Concern International (FCI), a regional NGO, set up a "triangular arrangement" in the form of a revolving fund that is used to pay the producer groups either at the time of sale or upon production of delivery notes from Uchumi. After 30-60 days, the supermarket in turn pays FCI to replenish the kitty. In addition, FCI encourages farmers to save at least 10 percent of their earnings to progressively enable groups to become self-reliant and use their own savings to discount supermarket invoices (Good Practice No. 12).

New financial services to respond to investment needs of small-scale producers

Small-scale producers need to invest in more productive, sustainable and resilient agricultural systems. By acting collectively in networks, in local mechanization organizations and in watershed management associations, small-scale producers can meet this challenge.

Leasing is another financial mechanism. This can provide an alternative to medium-term credit for purchasing equipment, and it is particularly useful for small-scale

producers as it does not necessarily require a guarantee (Coordination Sud, 2008). For example, the cooperative network "Caisses d'épargne et de crédit agricole mutuel" (CECAM) in **Madagascar** provides leasing services to 1 780 of its members for cropping, post-harvest and domestic equipment (FARM, 2007).

In **Benin**, local cooperatives known as the Agricultural Shared Use Cooperatives (CUMA), support agricultural mechanization through the collective purchase of agricultural equipment (tractors, ploughs and trailers). Collective purchase allows farmers to acquire equipment they would have been unable to afford on their own. It also means that farmers can share risks and optimize the use of the equipment, thus reducing mechanization costs. Each CUMA organizes on average ten farmers, with a total farm areas of 100 ha or more. The CUMA buys equipment by financing a part of the cost with farmers' own funds and the rest with a long-term bank loan. In the Borgou-Alibori region, a regional union of CUMA brings together 100 cooperatives, with over 800 members. In those areas where the first CUMAs launched in the late 1990s, the parts under cultivation have doubled and yields have stabilized, especially of maize. The CUMA model is now recognized by the Beninese authorities as a key component of both the 2006 Strategic Plan for Agricultural Rehabilitation of the Ministry of Agriculture, Livestock and Fisheries and the 2007 Promotion of Agricultural Mechanization Programme (Good Practice No. 10).

In **India**, Myrada, a large NGO, is well known for its activities in promoting self help group watershed management, covering over 200 000 ha of dry land, in some of the driest and drought prone areas of the Deccan Plateau. Myrada's interventions have motivated small-scale farmers to cooperate and to build associations. A critical dimension of the interventions was to encourage people's contribution. Initially, it was in the form of labour. Myrada soon found it very difficult to give a value to the required labour. The NGO moved towards cash contributions. Myrada faced problems because farmers found it difficult to raise a contribution in cash up front. The periods when they had to raise this contribution normally coincided with a time of diminished cash flow and a demand for higher expenditures on education and social ceremonies.

The solution small-scale farmers adopted was to borrow money from the micro-finance self-help groups (SHGs) of which they were members. This is how Myrada arrived at an approach to promote loans rather than labour contributions. The watershed SHGs accepted and promoted the approach of introducing loans for treatment on private lands. The loans are managed in the following manner: the watershed association receives a grant through a government scheme or an NGO. The watershed association converts the grant into a loan to reclaim soil on private land. Each association decides on the interest rates and the schedule of repayments. The recoveries to the watershed associations are used for several purposes including loans for agricultural inputs and for further investment on treatment measures on private lands (Fernandez, 2003).

Finance is critical for small-scale producers, yet they are not always able to access these services, in the quantities needed at critical moments in the production-marketing cycle. Microfinance systems involving small-scale producers themselves have burgeoned since the 1990s. Nevertheless they only cover a small part of small producer needs. In response to this gap, small producers together with finance institutions, NGOs, private companies and/or governments have developed innovative arrangements to enable small producers to access financial services.

Enabling access to output markets and increasing value added

Access to markets for both staple and non-staple commercial commodities is a prerequisite for both improved productivity and food security. In many developing countries, urbanization and the rapid growth of supermarket chains and food-processing services are transforming marketing systems. Small-producer participation is often constrained by several types of market inefficiencies (Griffon et al., 2001; Lothoré and Delmas, 2009): (i) inappropriate supply in quantity, regularity and quality (packaging, inadequate and poorly enforced grades and standards); (ii) poor information on market opportunities and information asymmetries, which can reduce producers' bargaining power; (iii) difficulty in realizing economies of scale (low individual surpluses, geographical dispersion, weak organizational capacities) leading to low bargaining power and high transaction costs; (iv) price volatility; (v) product losses; and (vi) lack of trust between producers and buyers.

In this context, the following examples show how some institutions governing access to markets have helped to reduce these constraints.

Collective management of livestock markets

In **Benin**'s traditional livestock markets, herders must go through a wholesaler to sell to buyers. The middleman negotiates with each party, so that livestock producers and buyers never interact directly, nor know the real market prices. In this situation, information is controlled by the wholesaler and both vendor and buyer lose out. Some small-livestock producers have challenged this system (notably through a strike) and obtained changes in the way markets are organized. In such new "self-managed markets", sellers and buyers negotiate directly and the wholesaler becomes a witness to the transaction (receiving a commission for it). Transactions became more transparent and this has led to an increase in volumes sold and in incomes for producers: more than 5 500 heads of cattle and 3 000 small ruminants were sold in 2003 for more than €9 200. Small-livestock producers have also been successful in involving other actors of the value chain in the self-managed cattle markets. Collective sales and better market

information have enabled small livestock producers to improve their bargaining power and incomes. Producers have increased their sale price by 25 percent, compared with what they earned in traditional markets. Wholesalers who receive a percentage from sales also benefit from the increase in volume sold (Onibon, 2004; SOS Faim, 2006; Lothoré and Delmas, 2009).

Commodity exchanges link farmers and grain traders to guaranteed output markets

Since May 2007, through its Purchase for Progress (P4P) programme, the World Food Programme (WFP), has supported an innovative institution in **Zambia**: the Zambia Agricultural Commodities Exchange (ZAMACE). For the 2008-2009 campaign, more than 5 740 metric tonnes (mt) of maize, 1 250 mt of maize meal and 150 mt of pulses have been procured through ZAMACE. Buyers and sellers wishing to trade through the exchange must do so through their brokers, who are authorized to sell and buy on their behalf. There is no physical exchange of the commodities in the exchange: sellers (represented by their brokers) register what they have to sell and describe the location and quality of the commodity; buyers (also represented by their brokers) bid on the commodities. ZAMACE offers a comprehensive grain-testing laboratory service and training and certification services to smallholder farmer organizations at concessionary rates in order to encourage the production of quality commodities. ZAMACE has also established a network of certified warehouses where farmers and traders store commodities to sell later in the season, when prices are higher. WFP supports farmer organizations to meet the quantity and quality standards required to access certified warehouses. The P4P programme uses WFP's purchasing power to support agricultural and market development. Small farmers are able to benefit from these markets by selling their produce to WFP, thus boosting their incomes. By raising smallholder incomes, P4P makes WFP's local procurement an effective tool for addressing hunger and poverty (Good Practice No. 11).

Contract farming enables small-farmers to respond to modern food procurements

In developing countries, urbanization, the rising incomes of upper- and middle-class clientele and the increase in supermarkets are driving new patterns of demand (World Bank, 2008). While these major changes in agricultural markets can, on the one hand, open new opportunities for more remunerative markets for small producers, on the other hand, they create great challenges.

Contracts negotiated by producer organizations benefit both parties: producers gain from better selling conditions (guaranteed prices) and secure outlets, while buyers are guaranteed reliable supplies in quantity, quality and timing. Eaton and Shepherd (2001) argue that a contract farming system, defined as a partnership between agribusiness and farmers, may provide the following advantages to farmers:

- inputs and production services supplied by the agribusiness usually through an advance;
- opportunity to learn new skills and utilize new technology;
- price-risk reduction;
- access to new markets usually out of their reach.

However, according to Coulter et al. (1999), it is more difficult to develop contract farming with small-scale farmers. Indeed, buyers prefer to deal with, firstly, high-value cash-crops rather than staples and, secondly, with individual producers to reduce the risks of supply failure and to have access to greater production volume to reduce transport and monitoring costs. As a result, Coulter advocates combining collective farmer action with contract farming: when these contracts are negotiated with producer organizations as opposed to individual producers, small farmers gain from the stronger bargaining power. Both parties (agribusiness and small farmers) benefit from lower transaction costs than would be the case if separate contracts were negotiated with individual farmers (Bienabe et al., 2004). Contracts between farmer organizations and buyers help to coordinate supply chains in an efficient way, by ensuring a higher level of quality and regularity in supplies required by the market (Lothoré and Delmas, 2009).

The experience of producer groups of African leafy vegetables (ALVs) in **Kenya** shows that contract farming can enable small farmers to take up the challenges of modern food-procurement systems and respond to supermarket requirements. Small farmers had to meet great challenges to ensure compliance with quality standards, quantities, and timing. Between 2001 and 2006, Nairobi's demand for ALV increased by approximately 200 percent (Irungu, 2007). To seize this market opportunity, small-scale farmers with the support of Farm Concern International (FCI), a regional NGO, organized themselves in farmer groups and established a contract farming arrangement with the Uchumi Supermarket chain. To fit specifications and ensure a steady supply of ALVs to Uchumi supermarket outlets in Nairobi, the farmer groups control that phyto-sanitary conditions, proper and timely harvesting, grading, bulking and delivery on time are respected. To do this farmers practice staggered planting to ensure continuous supply.

Traditionally, ALVs were transported in passenger vans as either luggage in the boot and on the top carrier or inside the van. This mode of transportation is no longer adopted. To meet high quality standards farmer group leaders with the support of FCI, identified reliable and affordable transport providers who would pick the vegetables from the groups' collection points and deliver them to the Uchumi's central stores from where they would be distributed to all supermarkets.

In order to reduce potential information asymmetries regarding the contract and avoid small-farmer opportunistic behaviours, the supermarket's quality staff visits farmers' groups before awarding supply contracts and conducts regular inspections. As

noted above, the creation of a revolving fund used to pay the groups promptly upon production of delivery notes from Uchumi, was also a critical condition for the success of the contract farming arrangement. The arrangement was such that any ALV losses resulting from poor quality were passed on to the farmers, as only what was bought was paid for.

Further after the initial linkage with the Uchumi Supermarket chain, supply agreements were established with other outlets including other supermarkets, groceries, food departmental stores and even informal markets. The contract farming arrangement has enabled most small-scale farmers to increase production levels. Farmers started off by planting an average of only 0.05 ha. Using labour-intensive practices for field production, sorting and packing most small-scale farmers most have almost trebled the area on which ALVs are cultivated. With an average gross margin per hectare of US$13 200, compared to US$3 030 for the conventional produce they grew before, small-scale farmers reap substantial benefits. Levels of supply have also increased since new farmers are attracted by this regular market and payment upon delivery. These types of commercial arrangement, based on trust and shared risks between parties involved, are incentives for farmers to stay with the buyers and invest in its development (Good Practice No. 12).

Fair-trade and organic schemes connect small-sale producers with international markets

Small-scale producers can access international high value markets through partnerships with private enterprises. By providing certification or labelling services, these partnerships enable producers to enhance the quality of their products, and thereby satisfy new consumer demand for fair trade and organic products.

In **Bhutan**, the private enterprise Bio Bhutan supports the Lemon Grass Oil Cooperative. The cooperative, comprising 170 members from four districts of eastern Bhutan,[5] processes organic lemon grass and other non-wood forest products (product diversification) to produce organic essential oils. The relationship between Bio Bhutan and the cooperative is based on an annually renewed contract (purchase of raw and semi-processed products) which is agreed upon by the cooperative and the enterprise. Annual contracts establish prices and payment modalities such as advance payments to each distiller at the beginning of the distillation season, cash-down payments at the time of delivery and surplus payments for organic certified oil. Profits generated are shared with the members of the cooperative, thereby increasing the small producers' income.

5/ Lhuentse, Mongar, Trashigang and Trashiyantsi

These attractive payment schemes have encouraged the distillers to opt for organic management practices. The introduction of organic certification[6] has increased the income generated by rural households engaged in the distillation of essential oils. Farmers are paid approximately 20 percent above the price paid for conventional oil. Since 2009, Bio Bhutan has opened niche markets in Asia, Europe and the United States of America for organic essential oils worth US$150 000. Bio Bhutan's strategy follows ethical principles – while profit margins are considered important for the establishment and growth of the enterprise, they are not the primary goal. Instead, fair payment schemes and profit-sharing with producers are prioritized (Good Practice No. 13).

A similar experience of contract farming in Thailand linking the private enterprise, Swift Company Ltd. (Swift Co.) and vegetable and fruit small-producer groups provides another example of successful partnership on a niche market. Established in 1986, Swift Co. is one of South-East Asia's leading fresh-produce exporters of quality organic and chemical-free conventional farmed vegetables and fruits. Its principal export destinations include the United Kingdom, countries in the Middle East, as well as Australia and Japan. By forming groups, small-scale farmers can deliver a sufficient volume of vegetables to Swift Co.'s packing house. The small-producer groups provide Swift Co. with its core product line, including asparagus, baby corn, mangoes, mangosteen, ginger, galangal and lemon grass. Swift Co. agrees to buy all previously agreed farm products from contracted farmers' groups at a guaranteed price, which is subject to annual negotiation. In order to secure a steady flow of high-quality supply and the safety of food produced on farms, producer groups have been organized in different locations in Thailand under long-term contracts (generally three years). Swift Co. provides training on farming techniques and group-management skills. Group members receive a relatively higher return for their produce. For example, the price of Chinese kale at farm-gate is €0.11-0.13 per kg in the dry season and around €0.27-0.33 per kg in the rainy season. Swift Co. guarantees prices of €0.31 per kg in the dry season and €0.56 per kg in the rainy season. The farming contract arrangement generates an annual direct income of over €22 million to the small-farmer groups. With steady flows of income over the years under contract, most small producers are able to break out of poverty (Good Practice No. 14).

6/ Certification is conducted by "Certification of Environmental Standards", see: CERES http://www.ceres-cert.com

Both examples underline the positive impact that contract arrangements based on fair-trade schemes can have on rural household incomes. The extra income enables them to invest in better education and better nutrition for their children.

Small-scale producers also organize themselves into groups or cooperatives to reduce certification costs. Effective internal control systems reduce the cost of certification for producers, help ensure product quality and enhance group cohesion and management (Morrison and Sarris, 2009). The Participatory Guarantee System (PGS), supported by the International Federation of Organic Agriculture Movements (IFOAM), is an affordable, simple and effective organic certification system that is well suited to local market requirements and empowers organic producers through collective and peer-reviewed capacity-building.

The cost of PGS certification for producers is close to zero as the PGS Organic Facilitation Councils (OFC) carry out the capacity-building and the peers do not charge a fee for the farm appraisal visits. This helps the farmer to make organic products available at an affordable rate to local populations. By reducing the intermediaries and organizing collective marketing through weekly "organic bazaars", the PGS-OFCs have been able to provide a stable market and boost producers' profits. Unlike third-party certification, the PGS always certifies the entire production of their members (and not only of a few commodities) and therefore encourages diversification, which in turn promotes food security. Experiences from the Medak District of Andhra Pradesh, India, show that women involved in the PGS can handle the production and marketing of organic products with a PGS-organic certificate independently (Good Practice No. 15).

Multistakeholder coordination along the value chain to access international markets and choose contractual policies collectively

Apex producer organizations, interprofessional associations and public-private partnerships can enable small producers to build effective linkages with commercial stakeholders along the value chain.

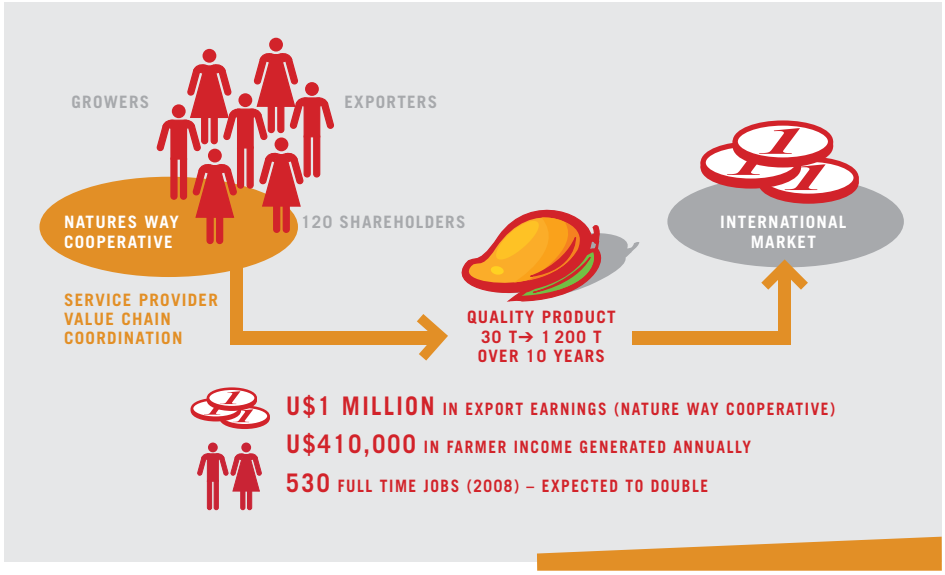
In **Argentina**, the creation of the Fecovita Federation, encompassing 32 wine cooperatives and approximately 5 000 members, has allowed wine producers to access national, regional and international markets. The members provide their produce to the cooperative, which is responsible for processing it into wine or juice, and packaging and marketing the final product. The federation focuses on national distribution chains for its low-value products, targeting small grocery stores rather than supermarkets. It now also sells table and high-value wines in regional and international markets (e.g. Brazil, the United States of America). This business model illustrates how limited economies of scale of national and small-scale producers can be overcome by the formation of cooperatives. By joining this cooperative, small producers receive 15 to 20 percent more for their products (Good Practice No. 16).

Interprofessional associations are another type of institutional arrangement that brings together small-farmer, livestock-keeper apex organizations and other professional associations of the same commodity value chain. These arrangements enable the actors involved to choose contractual policies collectively and thereby enhance the competitiveness of the sector (Herbel and Achancho, 2004).

In **Uruguay**, 80 percent of all milk products come from small-scale producers, most of whom are women, and 25 percent of whom are cheese producers. Between 2005 and 2007, the Government of Uruguay facilitated a consultation process with private and public actors along the milk value chain. The objective was to formulate policies to increase the productivity of the sector, while ensuring the participation of all actors, including small-scale producers. As a result of this process, a national institute, the Instituto Nacional de la Leche (INALE), was created. This institute brings together representatives of industrial and artisanal producers and processors as well as several ministries (Ministry of Livestock, Agriculture and Fisheries; Ministry of Industry, Energy and Mining; Ministry of Economy and Finance; and Ministry of Foreign Affairs). One of INALE's goals is to promote access to complex technology that otherwise would be impossible for each of the actors to develop. As a multistakeholder platform, it facilitates the relationships between different actors along the value chain and enhances small-scale producers' collective voice in policy-making (Vicente Plata Suiffet – FAO representation in Uruguay, personal communication).

Fiji's agriculture sector is changing rapidly. While papaya farming was traditionally considered a gardener's activity in Fiji, it is now emerging as an important export commodity that can offer an opportunity for sustainable income and employment for small-scale farmers in rural areas. The Natures Way Cooperative (NWC) supported the integration of small-scale farmers into the value chain for "Fiji Red" papaya. Since 1996, NWC has brought together stakeholders along the papaya value chain, including input suppliers, growers (11 larger papaya farmers and 100 small farmers), transport agents, domestic buyers (roadside vendors, market vendors and wholesalers) who buy from farmers at farm-gate and sell to hotels, restaurants, market vendors and supermarkets and exporters (four major export companies) in a concerted effort to improve the handling of papaya. The cooperative facilitates information flow and communication between farmers and exporters and has been successful because of its high-quality service provision, reliability, accountability and transparency (information-sharing, charging for services to build up reserves during floods or cyclones, etc.). Currently, NWC generates around US$400 000 in farmers' income annually. The experience of the papaya market in Fiji shows how mobilizing stakeholders along the value chain can improve the quality and consistency of production and ultimately expand access to export markets, thereby increasing small farmers' incomes (Good Practice No. 17; Fig. 2.3).

Figure 2.3 **Access to international markets: Fiji export cooperative**



In Senegal, the Comité national de concertation de la filière tomate industrielle (CNCFTI) contributes greatly to improving marketing conditions for individual producers. It brings together different stakeholders from the tomato-supply chain, including producers, industry, traders and service providers. Producers and the agro-industry are the most active stakeholders in the committee. CNCFTI has helped improve producers' access to quality seeds, credit, outlets, and guaranteed prices. It coordinates and facilitates the organization of the cropping season among all stakeholders, including planning cropping patterns, setting prices for fresh tomatoes, providing inputs and so on. Contracts are set up annually between producers groups and the private industrial firm. Producers are committed to delivering a certain volume of quality produce on time. The firm is committed to purchasing all production within 24 hours and provides producers with access to short-term credit through the Caisse nationale de crédit agricole du Sénégal (CNCAS). In this way the CNCFTI system secures 12 000 small-tomato producers' incomes in the districts of Podor and Dagana in the Senegal River delta. Since the creation of CNCFTI, there has been a steady increase in the number of loans to producers, the area planted to tomatoes and the produce delivered to processor. The price paid to producers for fresh tomatoes has also risen, while the consumer price for tomato double concentrate to consumers has fallen (Good Practice No. 18).

Public-private partnership

Cooperative ventures between the public sector (government and public agencies) and business or civil society organizations can be an innovative way for small producers to access new markets. The public-private partnership (PPP) for organic cotton development in **west Africa** facilitates small-scale producers' access to high-value markets (outlets and guaranteed high prices). This partnership combines public resources, in the form of subsidies from the Brittany region (France) and the Economic Community of West African States (ECOWAS), and private resources, including from textile firms. It is built on the expertise of west African cotton producers and their organizations, the APROCA (Association des producteurs de coton africain), the UN-SCPC (National Union of Cotton Producers' Cooperative Societies of Mali) and the UNPCB (National Union of Cotton Producers of Burkina Faso) and an NGO, Helvetas. This vertical supply-chain partnership increased the value added in cotton production and processing, and improved coordination between producers and final output markets. Small-scale conventional producers received training and inputs to become organic cotton producers. In Mali and Burkina Faso, more than 5 000 cotton producers benefited from this support. More than half of these were women who were previously excluded from cotton markets. By increasing the returns from cotton production, the partnership allowed small-scale farmers, especially poor women, to increase their incomes and improve their household food security. In Mali, from 2007 to 2008, fair-trade and organic cotton production increased from 798 tonnes to 1 500 tonnes and now involves 20 villages of 3 300 producers on 2 000 ha. Textile enterprises pay about 350 CFA (€0.53) per kg of organic cotton, compared to 170 CFA (€0.26) for non-organic cotton (Good Practice No. 19).

Following repeated food crises in **Malawi**, in 2005/06, the government implemented to the Agricultural Input Subsidy Programme (AISP) to improve agricultural input markets. The programme distributes vouchers to farming families that can be redeemed at market outlets for fertilizer (for tobacco, the principal cash crop, and maize, the staple food crop) and also for improved maize seeds. The programme involves elements of a public-private partnership, even if still immature, where both parastatal players like the Agricultural Development and Marketing Corporation (ADMARC) and the Smallholder Farmers' Fertilizer Revolving Fund of Malawi (SFFRFM), and some large input supply companies have been involved in the retail sales of fertilizer. However, the latter accounted for just below 30 percent of sales, while small-scale agro-dealers have been completely excluded from all fertilizer sales. The programme has proved politically popular and ostensibly has been a success in terms of maize supplies and enhanced national food security. The major objectives of the programme were to achieve food self-sufficiency and increase the income of poor households through increased food and cash- crop production. In 2008/09 the programme reached about 2.5 million beneficiaries with 5.9 million vouchers, representing 3.4 million bags of fertilizer, worth US$220 million. By

relying on the public-sector distribution system in which the private sector participates as subordinates, the programme has thus been unable to build up the domestic input supply industry (Good Practice No. 20).

Connecting small-scale producers to markets in post-conflict situations

In the **Democratic Republic of the Congo**, international agencies and the government supported 50 demobilized soldiers, consisting of 15 women and 35 men, including 12 fishers, 12 farmers and 26 herders to create an association. FAO supported this association with organizational support and agricultural and fishing kits (seeds, fishing equipment and livestock). The members of the association were able to restart income-generating activities, which helped improve their food security and incomes. One member who received four goats as initial capital was able to buy ducks, purchase a piece of land and plant rice one year later. The profits are reinvested to diversify the association's activities and to create a revolving fund for social expenditures, such as education and health. In Kamanyola, one group sold 16 900 kg of maize for US$3 120 and 2 500 kg of groundnut for US$1 950. Sixty percent of the income went to group members and 40 percent went back to the association so that it could invest in new income-generating activities, such as a sewing workshop in which 15 men and women are now working (Good Practice No. 21).

These case studies show that contractual arrangements between small-scale producers and commercial stakeholders are very diverse, and can range from contract farming and fair-trade schemes to multistakeholder coordination along the value chain. Farmers and supermarket buyers use contract farming to respond to modern procurement systems. On niche markets, ethical and fair trade agreements offer another set of solutions. Public-private partnerships are also used to access market and reduce risks for partnership members.

To be sustainable, contractual marketing arrangements need to benefit both parties. They are usually based on incentives, shared risks and trust that is built over time. On the one hand, collective marketing through groups, associations or cooperatives enable small-scale producers to reduce their transaction costs and improve their bargaining power (Lothoré and Delmas, 2009; Bosc et al., 2003; Perret and Mercoiret, 2003; Moustier, 1998), thus enabling them to access domestic, regional and international markets. On the other hand, for the buyer, small producer' collective marketing reduces uncertainty by increasing the likelihood of compliance with food quality, quantity and timing of delivery.

Providing access to information and knowledge

Access to information and knowledge appropriate for rural populations is crucial to increasing productivity, while managing resources in a sustainable way, and accessing markets. By acting collectively, small-scale producers can create effective linkages with service providers, at different levels, share experiences and concerns and receive training to build their technical, organizational and managerial capacities.

The technological challenges facing small-scale producers in crop, soil, water and livestock management are probably even greater today than in past decades. With the increasing scarcity of natural resources, including land and water, sustainable agriculture will be the main means of satisfying increased demand for food and agricultural products in the coming decades. To cope with these constraints, small-scale producers need to continuously innovate to adapt to the changing environment and changing markets. Production systems will have to become more resilient to cope with climate change, especially in rain-fed areas of Sub-Saharan Africa. "These changes imply that technology for development must go well beyond raising yields to saving water and energy, reducing risk, improving product quality, protecting the environment, and tailoring to gender differences" (World Bank, 2008: 158). New technologies are needed to seek more productive, equitable, sustainable and resilient agricultural systems.

Conventional top-down approaches, by which the results of agricultural research are disseminated through extension services to small-scale producers, can stifle the active involvement and responsibility of rural small producers to think, decide, choose, agree and innovate themselves. All they need do is follow. This rigid approach tends to remove small producers' sense of responsibility. New economic and environmental challenges require reactivity and flexibility with innovative systems that are driven by users (demand side) rather than by researchers (supply side). Such new demand-driven approaches stress the power of users – men and women farmers and consumers – in setting the research and development agenda and the importance of research in adding value to the chain from "farm to plate".

Improving linkages between research and small-scale producers' needs

"Innovation in agriculture requires feedback, experimentation, and collective action among a much broader set of actors" (World Bank, 2008: 158). Numerous multistakeholder arrangements have been developed in recent decades to improve the way research responds to, and fits the needs of, small-scale producers.

Multistakeholder platforms improve research, adoption and incomes along the value chain

In central and west Africa, the Centre africain de recherches sur bananiers et plantains (CARBAP) conducts research and development on banana and plantain, which are key

food staples. In 2006, CARBAP created a network of regional stakeholder platforms, the "Innovation variétale chez le bananier plantain – réseau de plateformes régionales" (INNOBAP), to improve information exchange and knowledge about the needs of planters and other value chain actors. The network brings together research institutions,[7] producers' organizations, nursery gardeners' organizations, processors, storekeepers, NGOs and agricultural development institutions from Benin, Cameroon, Gabon and Guinea. INNOBAP plays a "brokerage role" between the different and sometimes competing players by building mutual trust and improving communication and information flow. Thus, heterogeneous players have learned to combine, collaborate and agree on joint plantain market development strategies. Surveys carried out show that stakeholders have already adopted and are marketing the new varieties introduced by the initiative. This observation applies particularly to women's groups that have adopted the Poplulou variety with new characteristics (large fruit and an orange pulp that is very popular) to make chips. A value chain has appeared in Cameroon for this variety, with farmers' groups, collectors, wholesale and retail buyers and resellers. Such bunches fetch a higher price than traditional plantains. The targeted purchasers are female caterers (modern-style restaurants and street stalls) and hotels, which use these plantains to make *pilé* (eaten with sauce), but especially to make large, crunchy chips. The variety has thus led to the appearance of small groups, including dozens of women's groups, concerned not only with the production and sale of bunches, but also with processing the plantains into chips. The price per bunch ranges from US$3.2 to US$4.3 in local markets, but can reach US$10.7 in markets in Douala, especially in periods of shortage (Good Practice No. 22).

Similar initiatives have been undertaken in the Andean zone of **Peru**, where potato stakeholder platforms have evolved into a more elaborate mechanism, combining collective action and market chain innovation (Devaux, Horton et al., 2009). This mechanism is called the "Participative Market Chain Assessment" (PMCA). The first PMCA was conducted among Peruvian potato sector stakeholders and resulted in the selection of potato varieties. This initial experience was replicated elsewhere in Peru and the Bolivia, where farmers linked to commercial supply chain partners successfully. The PMCA methodology was also implemented in Uganda in 2005 in the potato and sweet potato tuber markets and in the tomato and hot pepper chains. In each case, the assessment resulted in innovative products and business arrangements; it has more recently been extended to the dairy and coffee sectors. Creating and exploiting new opportunities has led to immediate economic returns to producers. In Peru, the results

7/ Research institutions include: Centre africain de recherches sur bananiers et plantains (CARBAP), Centre de coopération internationale en recherche agronomique pour le développement (CIRAD), Institut National des Recherches Agricoles du Bénin (INRAB), Centre National de la Recherche Scientifique et Technologique du Gabon (CENARESTO), l'Institut de recherche agronomique de Guinée (IRAG).

of the PMCA in the potato sector have led to improvements in small farmers' livelihoods and benefits for consumers. New products have been developed and launched into new markets for high-value-added staple foods. Selected traditional potato varieties have also been processed and presented in attractive packaging and distributed through multiple retail chains under the Tikapapa brand (Good Practice No. 23).

Sustainable development requires that innovation be driven by the needs of rural communities and meshed with various stakeholders, challenges and processes of change (Holderness, 2006). The case studies show that involving small-scale producers in the design of research and extension programmes improves dialogue and coordination between researchers and users. Community-centred approaches led by users, such as rural producers and consumers, can ensure that research responds to producers' needs and emerging markets.

Improving technical and managerial competencies

In many developing countries, the implementation of the Washington Consensus was often translated into the decline of public extension services – one of the most striking changes in the agricultural landscape since the 1990s. In many countries, extension services were outsourced to the private sector, or other institutions evolved to step into this vacuum (Alex et al., 2002). However, this decline, particularly with regards to food staples, has mostly been met with a slow or only partial supply response from the private sector which, in many cases, has few incentives to support or replace public advisory and technical services.

The following experiences illustrate the evolution of extension services. To improve farmer technical and managerial competencies, some new extension systems now include a wide variety of services beyond technical knowledge transfer, such as facilitating, brokering and coaching different actors to improve market access, dealing with changing patterns of risk, and protecting the environment (Christoplos, 2010). In a few countries, entire national extension systems have been transformed as, for example, in Niger (Good Practice No. 30).

Advisory services with a business and household focus improve African farmers' incomes

Lessons learned from a five-year programme implemented at the grassroots level under the Ministry of Agriculture and Cooperatives in **Zambia** show how the combination of a public-private extension delivery system with a business approach can increase the incomes of the households involved (Chipetta, 2009). The initiative used a business approach in

which all the training and advice was focused on developing the entrepreneurial skills of farmers and on building family farms as small commercial enterprises. It also used a household approach, in which the advice and training targeted all household members as one entity. Between 2003 and 2005, 44 000 participating households increased their incomes by 35 percent compared to non-participating households, while 62 percent produced more maize than they consumed, compared to 49 percent for non-participating households. Access to the extension service had a greater impact on female-headed households than on male-headed households, in terms of both increased income and key assets. The average increase in income for female-headed households was 78 percent, whereas it was 31 percent for male-headed households. This extension approach was especially successful in enabling small farmers to build entrepreneurial skills, and identify and develop business opportunities (i.e. small-scale out-grower schemes).

Experiential learning and technical knowledge-sharing among farmers

In some countries, farmers are turning increasingly to the private sector or creating informal farmer-to-farmer networks or farmer organizations to obtain knowledge and information about seeds, fertilizer, pesticides, veterinary services, alternative cropping patterns, niche markets, processing techniques and farm management. Experience-sharing among farmers or "farmer-to-farmer" approaches that combine field experiments and scientific expertise, has proven to be an effective means of delivering technical support.

Farmer field schools (FFS) illustrate this approach. These "schools without walls" allow farmers to come together to learn as part of a group. This method emphasizes learning by doing where the extension worker is primarily a facilitator of small-producer learning processes. The first Integrated Pest Management (IPM) FFS was designed and managed by FAO in 1989 in Indonesia to reduce farmer reliance on pesticides in rice (Bartlett, 2004). Since then, this participatory approach to farmer education has spread and is increasingly spreading successfully worldwide. Since 1990, several million farmers have graduated from FFS (more than 1 million farmers have been trained in Indonesia and half a million in Bangladesh [Dilts, 2001; Bartlett, 2004). The aim of the FFS is to build small farmers' capacities to analyse their production systems, identify their problems, test possible solutions and eventually adopt the practices and technologies most suitable to their farming systems. In **Benin**, **Burkina Faso**, **Mali** and **Senegal**, FFS have focused on improving agronomic management techniques, such as optimization of inputs, an increase in soil fertility and the diversification of cropping systems. The success of the approach in raising yields while reducing toxic inputs has led many of those participating in the schools to adopt these techniques. The west African programme, for example, targeted 130 000 farmers in over 5 000 field schools in seven Sahelian countries over a six-year period. Estimates show that participating farmers decreased their use of pesticide by 75 percent. They increased their yields across all cropping systems by 23 percent

and their net farm profits by 42 percent on average. In Mali, cotton farmers increased their yields by 20.8 percent, while reducing their production costs by 9.9 percent and therefore increasing their net returns by 58 percent. In **Kenya, Uganda** and the **United Republic of Tanzania**, FFS results are even more impressive. Participation in FFS has increased income by 61 percent on average across the three countries, and production and productivity have improved in nearly all cases observed at the country level. The most significant change was seen in Kenya for crops (an 80 percent increase) and in the United Republic of Tanzania where agricultural incomes have risen by more than 100 percent. When disaggregated by gender, female-headed households have benefited significantly more than male-headed households in Uganda (Davis et al., 2010).

In **Colombia**, FFS have focused instead on organizational and enterprise management skills. Small farmers were able to develop and implement effective marketing strategies for their products, for example by developing a "label of origin" for their products ("Cosechas del Campo") and creating commercial linkages with private enterprises. They also developed "family gardens for food security". Twenty-eight FFS in 21 communities of the Antioquia province, in collaboration with 28 producer organizations, focused on four products of major economic and social importance (beans, tomatoes, sugar cane and livestock products).

In **Ethiopia**, **Malawi** and **Nigeria**, FFS evolved into farmer business schools to assist farmers in becoming competitive in the market, by improving farm management and marketing skills. Farmer business schools concentrate on the economic and financial aspects of farming, to ensure that production is market oriented and that farmers get the best return for their produce (Good Practice No. 24).

Skills training to empower rural youth socially and economically

Inspired by the experience of FFS and adult life schools developed to tackle the HIV spread in Cambodia in the 1990s, the FAO, in close collaboration with WFP, launched the junior farmer field and life schools (JFFLS) in Mozambique in 2003 (Djeddah, 2006). Over recent years, JFFLS have been promoted in at least 15 countries and two territories and some 25 000 youths have graduated from the schools. In 2008-2009, JFFLS were implemented in Burundi, Cameroon, the Congo, Ghana, the Gaza Strip, Kenya, Malawi, Mozambique, Namibia, Nepal, Rwanda, the Sudan, Swaziland, The West Bank, the United Republic of Tanzania, Uganda, Zambia and Zimbabwe. The JFFLS programme takes an innovative approach to empowering youth by raising their self-esteem and teaching them life-business skills. Using the agricultural cropping calendar as a model for life, young people learn agricultural skills while developing corresponding life lessons – such as setting goals, or the importance of personal space for growth and teamwork. Participants are encouraged to develop healthy and positive skills using cultural activities to keep local traditions alive. Providing a safe social space for boys and girls, the schools also actively encourage gender-improved equality, child protection, psycho-social support,

nutrition, education and business skills. By developing agricultural skills, young women and men also learn the importance of sustainable farming practices and their links to the environment, knowledge which has proven to be particularly important in areas devastated by HIV/AIDS where parents and adults who traditionally transferred these skills to their children are no longer able to do so, because of illness or death.

One successful example of this initiative comes from the Hebron district in the West Bank where FAO launched a JFFLS programme in 2008. A total of 260 girls and 280 boys participated. In the final phase of the seven-month cycle, students-grown products were sold to teachers and parents during Open Days; and the funds were saved for future activities. JFFLS students joined with local youth clubs to continue using and expanding their skills in partnership with the Ministry of Youth and Sport (MoYS) and the Youth Development Association (YDA). Graduates from selected JFFLS schools from Hebron became part of the youth wing of the Al-Shiva Hive Cooperative Society where they were trained in bee-keeping, bee-hiving and honey-processing twice a week in the afternoons after school hours. They were accorded full membership in the Al-Shiva Hive Cooperative Society and are already making profits. The whole programme has had also a significant direct impact on the food security of students' households. It has allowed the beneficiaries to grow their own fresh fruits and vegetables. This is of particular importance in light of current high local market prices for fresh produce in the West Bank – land available for horticulture is limited and the current closures and movement restrictions make many kinds of fresh vegetables expensive and hard to find. Productive gardens that are properly set up and tended also provide entire families with an affordable supply of fresh produce, thereby improving their nutritional security (Good Practice No. 26).

North-South peer-to-peer approaches

Peer-to-peer advice can also be effective for farmers from similar positions in comparable organizations – particularly for farmers who face similar problems and constraints – as they "speak the same language". The cooperation between AGRICORD, a network of "agri-agencies", NGOs, farmers and rural members' organizations in **Africa, Asia and Latin America**[8] is a good example of such a peer-to-peer approach. AGRICORD's Farmers' Fighting Poverty programme supports farmers' organizations by strengthening their technical, managerial and advocacy skills. The assumption is that since many Northern farmer organizations have similar objectives to those in the South, their own board members, staff members and managers are better placed to coach and catalyse capacity development of their southern counterparts. This is done primarily by sharing best practices and lessons learned from the different organizations. This type of cooperation can also stimulate long-

8/ Seven agri-agencies from Belgium (2), Canada (Québec), France (2), the Netherlands and Sweden are members, of Agricord. – http://www.agricord.org/

term relationships between the organizations. In Benin, for example, an NGO member of AgriCord, the Agriculteurs français et développement international (AFDI), supports the creation of livestock producer associations involved in self-managed cattle markets. In the same way, the Regional Federation of Cooperatives for the Shared Use of Agricultural Machinery (CUMA) of Aquitaine (France) uses a peer-to-peer approach to strengthen the capacities of grassroots cooperatives and the Regional Federation in Benin.

Similarly, Agropol, an organization created by the French Federation of Edible Oil Producers (FOP),[9] undertakes peer-to-peer sectorial partnership among farmer organizations in the sector of edible oil. Agropol develops long-term partnerships with **Morocco** and **western African** producers' organizations. The objective of these partnerships is to contribute to the economic development of the edible oil sector, by modernizing small family farms and building a national vegetable oil sector to secure oil supply and increase farmers' income.

Small producers were once dependent on relatively top-down public extension services. The good practices documented here show that some extension services have evolved towards more demand-led systems, based on institutional arrangements that enhance small producers' participation. These new extension services go beyond technical agricultural training to build organizational and entrepreneurial skills for farm and non-farm business management. There are no "one-size-fits-all" solutions. Extension services take a myriad of forms and involve the public sector, private sector (including both northern and southern producer organizations) and civil society in different ways. But the active involvement of rural producers at the outset is vital. Grassroot producer organizations and networks play a critical role at the interface, particularly in articulating the needs of a wide variety of small producers and holding accountable research institutions and other public and private service providers accountable for addressing these needs in a sustainable way.

Using new communication technologies

Information technologies such as computers, mobile phones, e-mail and the Internet are radically changing the ways in which men and women in developing countries access and manage information (Inter-réseaux Développement Rural, 2007). The following initiatives show how new information technologies can help farmers' organizations to become viable enterprises, manage themselves in more efficient and transparent ways and offer a wider range of services to their members.

9/ Fédération française des producteurs d'oléagineux et de protéagineux comprises 150 000 French producers of oil crops (rapeseed, sunflower, soya)

Building and sharing agricultural knowledge through "moving pictures"

The experience of the Fédération des producteurs agricoles de la Sissili (FEPASSI) in **Burkina Faso** (Inter-réseaux Développement Rural, 2010) shows that videos can be a useful tool for the dissemination of agricultural practices. This farmers' federation has been using information and communication technologies (ICT) for awareness-raising and training of rural producers since 2005, with the support of the International Institute for Communication and Development (IICD). The federation uses multimedia tools such as digital cameras, scanners and video projectors during training sessions in rural areas. "Previously people fell asleep during our training sessions. Today, thanks to our digital camera, we can show images of the evolution of our various agricultural field tests. In our meetings with various producers, these images, which we store on the computer, allow us to make comparisons and identify the causes of successes and failures of different agricultural fields. With the support of the Institut de l'Environnement et de Recherches Agricoles (INERA), we present videos on agricultural techniques during training", says Mrs Barry Korotimi, who is in charge of evaluation at FEPPASI. According to her, "Words are not enough to convince one farmer that a farmer in the neighbouring village had higher yields." Videos can also be effective in giving farmers access to knowledge in countries where adult illiteracy rates are very high (ICT Update, 2009).

The Rural and Agricultural Development Communication Network (RADCON) in **Egypt** illustrates another innovative way of building and disseminating knowledge among farmers. RADCON is a community-based information and communication system, combining videos, TV, Internet and radio systems. It provides a tool to enable farm families and their communities in dispersed areas to link with and benefit from an interactive information system (Internet, television and radio) that integrates extension, research and private and public sector information and service providers. The information shared includes local experiences, problems, traditional practices and successful stories provided by rural people. These are communicated through downloadable radio and TV programmes (Good Practice No. 27).

Using ICT to improve business management

In Kenya, FAO worked with a wide range of partners, including the Kenyan government, ICT companies, producer organizations and the research community to develop an open-source licensed membership and business information system ("Coopworks") for producer organizations. When the information system was introduced into the Tulaga dairy cooperative, it improved the cooperative efficiency, returns and competitiveness significantly. Members numbers tripled to 3 500 within two years (by mid-2008) after the introduction of the system. CoopWorks enabled the cooperative to maintain a full list of members, to keep track of their product deliveries, purchases on credit and loan

guarantees, to monitor member deliveries and rejections, and to calculate transport costs and pay-out rates. Better availability of member information boosted member confidence and improved financial management, increasing profits. While initially tested in the dairy sector, uptake of CoopWorks is now under way for coffee cooperatives (Good Practice No. 28).

The Cyber-seed system of rice cooperatives in **Côte d'Ivoire**, previously described, is another example of the innovative use of communication technologies. With the support of the Government of Côte d'Ivoire, four rural rice cooperatives established a market-information system for rice seeds, in order to improve access to market information. This system ("Cyber-seed") acts as an information platform that allows users, sellers and buyers to request and receive real-time information on prices, quality, and availability of stocks by categories of seeds (traditional and improved varieties), region, locality and producer organization. By making better information on seed quality and quantity available, Cyber-seed has facilitated and increased the marketing of seeds and seedlings by providing information at a national level. The network has removed a critical constraint on the national seed market (Good Practice No. 6).

Access to appropriate information and knowledge for small producers is crucial to increasing productivity, while managing resources in a sustainable way and accessing markets. Since the 1990s, sources of information have evolved and diversified. This shift represents a great change from the traditional top-down public extension services that were the only source of information and knowledge into a variety of systems and providers. Beyond the conventional technical agricultural training, small producers nowadays can access organizational and entrepreneurial skills for farm and non-farm businesses, in part because of mechanisms and participatory approaches that facilitate small-scale producers in accessing and participating in the design of extension services. As a result, extension services can now be tailored to the producers' needs and environment. Innovative institutional mechanisms such as the FFS, multistakeholder platforms, and peer-to-peer practices connect producers to other producers' organizations, research institutes, government agencies and NGOs. Information and communication technologies (ICT) can help strengthen this new trend by giving small-producer organizations the opportunity to create and disseminate their own knowledge. Producer organizations invest in ITC to help train farmers, find new markets, improve management processes and deliver information services to their members.

Improving policy effectiveness

Small-scale producers and rural communities are often unable to articulate their demands in a united, coherent and compelling way. When they do, they are frequently disregarded by policy-makers. In the same time, groups located in urban areas are able to exert influence and pressure governments to protect their interests. This has contributed to public policies that favour urban over rural areas, the well-known "urban bias" (Bates, 1993; Corbridge and Jones, 2009). "Efforts to protect consumers from higher food prices need to be balanced against maintaining incentives for producers to achieve the productivity and production that are necessary to stabilize prices and supplies" (FAO, 2009e: 39). By acting collectively through their apex organizations within consultative forums, professional associations and networks, rural producers can increase their negotiating power in policy-making processes at local, national and regional level.

Stronger small-producer "voices" can lead policy-makers to include their concerns in policy formulation. To build this collective voice, small producers have engaged in institutional arrangements with other social and economic actors at national and regional levels (Mercoiret, 2006). The following examples illustrate a number of institutional arrangements that have empowered rural producers in influencing policies. National social movements initiated by grassroots organizations, national networks, consultative multistakeholder mechanisms (forums, platforms) and regional networks can also have an important role to play.

Influencing through social movement and campaigns

The Sumilao farmers, a group of landless farmers from southern Philippines, organized a sustained campaign and a "long march" of 1 700 km over 72 days to the capital, Manila in 2007. The march was primarily aimed at reversing the government's earlier decision to reallocate 144 ha of small farmers' land to the San Miguel Corporation (SMC). More generally, the protest aimed at pressurizing the government to enact agrarian reform. Professional community organizers trained 55 marchers to become effective spokespersons able to cite both legal and moral arguments to support their cause. The campaign was supported by a broad coalition of farmer federations, NGOs, churches, schools, media, political parties, networks of competent and dedicated lawyers and fundraisers. Public pressure and the involvement of the media were crucial to influencing policy-makers. The media, in particular, provided platforms and venues in which the voices of marginal groups, such as the Sumilao farmers, could be heard locally, nationally and internationally. Partly as a result of the efforts, on 8 August 2009 the head of state signed a new law extending and introducing 36 reform measures and allotting US$3 billion to ensure that the "Comprehensive Agrarian Reform Programme" was implemented faster and in a fairer and more meaningful way over the next five years. The

farmers were able to obtain 144 ha of land, 50 ha of which (within the original property of 144 ha) were donated by SMC and 94 ha (outside the original 144-ha property) that had been purchased by SMC from neighbouring landholdings for sale to the Sumilao farmers under the government's Voluntary Offer to Sell scheme (Good Practice No. 29).

The Sumilao case study shows that small producers may need to act collectively, in strong grassroot organizations, and to build alliances with civil society organizations in order to be heard. Powerful small-producers' organizations are crucial to promoting small-scale producers' interests at higher levels by enhancing their participation in the formulation and implementation of the programmes and policies that affect their lives (Bienabe et al., 2004).

Creating space for dialogue in consultative forums

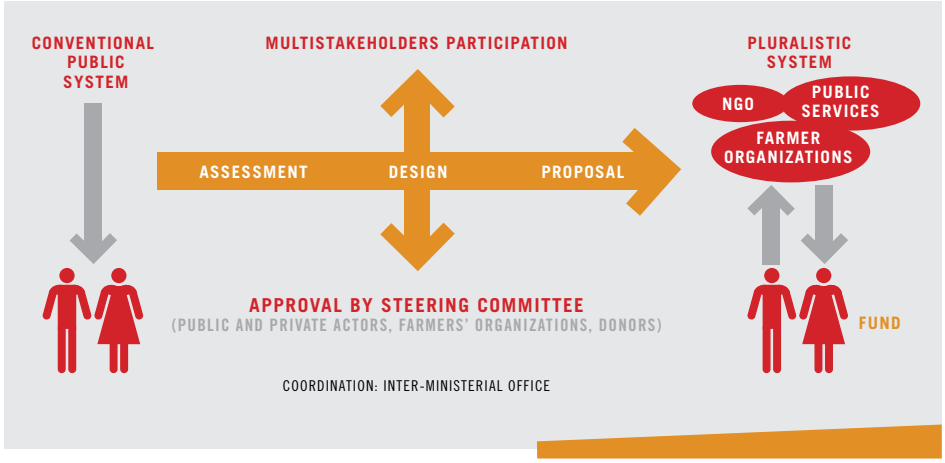
Some governments create consultative forums in order to provide a space for dialogue, coordination and trust-building among various interest groups (Poulton, 2009). In many countries where farmers were formerly unable to participate in policy consultations, governments have chosen to officially recognize farmers' organizations and their role within the legal framework. In **Mali**, for example, the Agriculture Strategy Law (Loi d'Orientation Agricole) of 2006 states that "the State, local communities and agriculture actors, farmers and farmers' organizations, cooperatives, interprofessional organizations and NGOs and other civil society institutions, contribute to the elaboration, implementation and participatory evaluation of the agriculture development policy, within the conditions fixed by laws and regulations". This law also confirms the status of Chambers of Agriculture as organizations that are representative of the agricultural profession, with a consultative role in all agriculture-related policy discussions.

The legal recognition of small producers as partners of the state in policy making is a necessary step. To be effective, assuring that small-producers interests are taken into account such legal recognition often needs to be completed by mechanisms for public-private dialogue, such as the consultative forums, in which government and producers' umbrella organizations discuss the design and implementation of public policy, medium and long-term development strategies, sector regulations, and so forth. The dialogue can be more or less permanently institutionalized, for example through Chambers of Agriculture or other institutional arrangements. In forums, rural people can reveal their needs and preferences to policy-makers, correcting any information asymmetries. In addition, rural people and decision-makers can discuss issues and problems of common interest. The trust and mutual understanding that emerges from such dialogue can make policy implementation easier.

In **Niger**, FAO supported the participatory reform of the national extension system (Fig. 2.4). This process involved farmer organizations, NGOs, the private sector, the public sector and donors, and resulted in the design of an extension system involving

several kinds of service providers. Specific support was given to farmers and their organizations to enable them to participate and to supply information that would allow policy-makers to understand their needs. Workshops in local languages were held with small farmers in all regions, allowing them to define their own positions and roles and suggest mechanisms and tools for a demand-led system. The farmers requested support in articulating their demands, as well as funds for activities and services. Both were incorporated into the proposal for a new extension system. As a result, the new extension policy was designed to fit both market and subsistence agriculture systems, relevant for different agro-ecological zones and adapted to the real financial capacities of the target population. The involvement of farmers' organizations and the support they received throughout the process were crucial in translating the idea of a demand-led system into an operational reality (Good Practice No. 30).

Figure 2.4 **Demand-driven extension services**

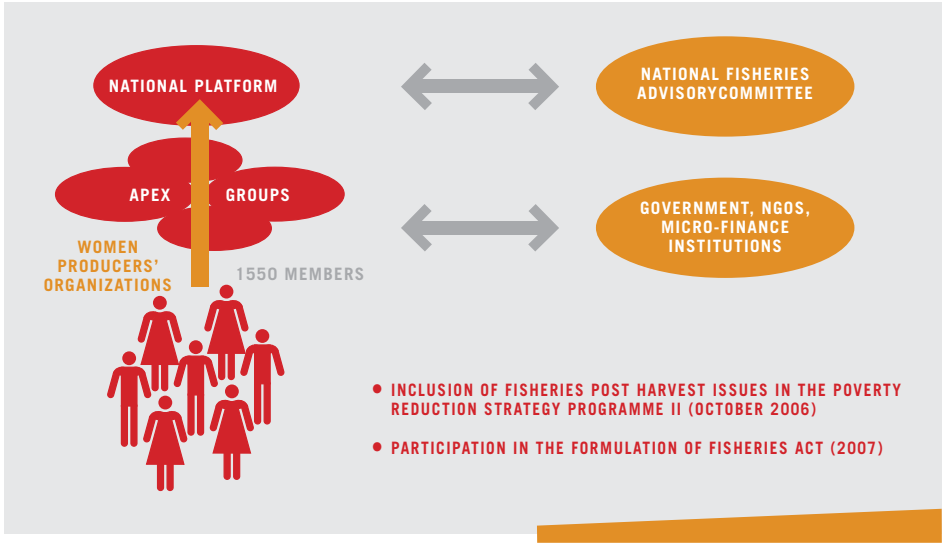


Senegal's "Conseil national de concertation et de coopération des ruraux" (CNCR) is a national organization that brings together producer organizations of women, young people, poor farmers and other commonly marginalized segments of the rural population. The CNCR participated in the formulation of Senegal's Agricultural Strategic Law and strongly influenced the agro-sylvo-pastoral development sector. Over several months, the CNCR organized consultations and debates at local, regional and national levels which led them to formulate their vision of agricultural development and to define strategic perspectives and priorities for action. CNCR used a summary of the outcomes to negotiate with the government. This process resulted in national laws emphasizing

rural development and small-scale agriculture, recognizing the legal status of producer organizations and providing access to social protection. These laws recognized the value of farmers, farmers' organizations and other civil society organizations in agricultural development and in formulating, implementing and evaluating public policies in the sector (Inter-Réseaux Développement Rural, 2008). Because of its effectiveness, such dialogue between the state and farmers' organizations has subsequently been institutionalized at different levels in Senegal (Good Practice No. 31).

Effective public-private dialogue requires the identification and selection of participants who are legitimate, representative, involved and convinced of its usefulness (Pinaud, 2007), as illustrated in the formulation of the Regional West African Agricultural Policy. In 2001, the Network of Farmers' and Agricultural Producer Organizations of west Africa (ROPPA), a regional apex farmer organization from ten west African countries (Benin, Burkina Faso, Côte d'Ivoire, the Gambia, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo), negotiated the formulation of a West African Regional Agricultural Policy with the Economic Community of Western African States (ECOWAS). ROPPA organized consultations with each of its national platforms within ECOWAS countries. Providing tools, resources and external expertise, it improved small-scale farmers' capacities to analyse the implications of the ECOWAS policy on rural development. This enabled farmers and their representatives to understand the concepts underlying agricultural policy and to propose alternatives. Under the umbrella of ROPPA, national farmers' organizations developed and presented a joint proposal to government officials, resulting in increased ownership by farmers' organizations of the ECOWAS Agricultural Policy. ROPPA also facilitated discussions among farmers from different countries on the policy. Following these consultations, farmers' organizations developed and sent to ECOWAS a common proposal on how to develop the agricultural sector and jointly identified the challenges, roles and responsibilities of the various actors involved. As a result small-scale producers' interests were included in the new regional policy. The regional agricultural policy sets out a vision of "a modern and sustainable agriculture based on effective and efficient family farms". Its general objective is to "contribute in a sustainable way to meeting the food needs of the population in the Member States" (Good Practice No. 32).

Figure 2.5 National post-harvest platform in the Gambia



The fisheries post-harvest sector, which is largely composed of women, is a critical entry point for helping alleviate poverty and improve food security in the Gambia (Fig. 2.5). With the support of FAO's Sustainable Fisheries Livelihoods (SFLP/PP3 pilot project), community-based organizations (CBOs) of fisheries post-harvest operators (PHO) were able to form apex associations at the local government level and to establish a National Fisheries Post-Harvest Operators Platform (NFPHOP) in August 2006 which is comprised of ten CBOs and four apex groups, representing 1 550 members. The establishment of apex associations and the national platform has improved communications between post-harvest CBOs in different communities at district and national level. The establishment of this platform – combined with capacity development to strengthen these organizations – ensure that the fisheries PHOs can articulate and advocate for their concerns effectively and participate in decision-making process at national policy level. The 2005 Fisheries Bill provided for the inclusion of a PHO representative on the National Fisheries Advisory Committee. This opened the way for the NFPHOP to participate in the formulation of the Fisheries Act (2007), which acknowledges the important contribution of small fisheries in the economy (Good Practice No. 33).

Lobbying with interprofessional organizations and multistakeholder networks

Small producers can contribute to policy-making through influential organizations, such as interprofessional associations, value chain or multistakeholder networks. The interprofessional association is an advanced arrangement between economic actors who group together the representatives of the different professional organizations of the same sector (Herbel et al., 2004; Lothoré and Delmas, 2009). It aims to coordinate the different activities of a value chain and develop alternatives contractual policies among members in order to improve the competitiveness of the sector and defend their common interests.

In 2004, private stakeholders of the rice sector in **Ghana**, including 27 producer groups of about 7 000 farmers, 12 rice-miller groups, 8 women rice-marketer groups, 7 parboiler groups, 3 importers and 1 input dealer, organized a series of national consultations to define how to engage more effectively with the government. In the same year, they created the Ghanaian Rice Interprofessional Body (GRIB), a platform aimed at building dialogue and consensus among rice stakeholders, with a view to contributing to the design and implementation of more appropriate rice policies conducive to a stable business climate and longer-term planning horizons. Among other things, the GRIB advocated for the creation of a Rice Development Fund to be financed through a 5 percent levy on imported rice. The objective of the fund was to promote the development of the local rice industry. GRIB also undertook studies to document the potential impact of such a fund and held a workshop with parliamentarians, representatives from the Ministry of Agriculture, consumer associations and representatives of civil society organizations (Good Practice No. 34).

Networks offer another window for small-scale producers to engage with governments in policy-making. These open connections generally allow small producers to link different social groups in a system of interlaced relationships. In networks, control is loose, power diffused and centres of decision are widely scattered. For instance, the Network of Aquaculture Centres in Asia-Pacific (NACA) is an intergovernmental mechanism supported by a Technical Advisory Committee comprised of technical experts, representatives of farmer groups, industry, civil society, partner organizations and development agencies. NACA's objective is to expand aquaculture in Asia, by coordinating research, training and information exchange and disseminating the results of national activities to other countries in the region. NACA has helped to raise the profile of aquaculture on a par with fisheries in policy and development plans. As a deliberative forum, NACA facilitates the formulation of regional policy and supports collective positions in international debates on food safety and trade. NACA promotes resource-efficient aquaculture through its regional centres in China and India, aiming to benefit resource-poor rural communities. Its strategy promotes aquaculture for

rural development, food security and rural poverty alleviation. In Bangladesh, a NACA programme supports the development of sustainable inland aquaculture to improve the livelihoods of rural communities where fish accounts for 60-80 percent of the animal protein consumed by the population (Good Practice No. 35).

In **Asia**, the Network for the Development of Agricultural Cooperatives (NEDAC) is a regional network made up of governments, cooperative movements and other institutions involved with farmers' organizations that aim to support small-scale and poor farmers. NEDAC links 21 apex cooperative organizations in 12 countries. It raises governmental awareness of the importance of supporting small-scale farmers and provides a forum for the exchange of information and experiences between governments, international agencies and agriculture cooperatives.

Too often, small producers' concerns are not expressed in policies. By acting collectively through their apex organizations within consultative forums, multistakeholder platforms, networks and interprofessional associations, small-scale producers are able to increase their negotiating power in policy-making processes at local, national and regional level.

These mechanisms create a space for dialogue where producers can express their concerns and preferences. In turn, these mechanisms allow governments to learn about producers' needs and concerns. Dialogue is also a means for changing behaviour and values from ones based on mistrust and misunderstanding to new relations founded on open discussion, debate and trade-offs. These dialogue processes support the emergence of new cooperative behaviour based on trust and shared values, critical conditions for successful implementation of policies. They also challenge decision-makers and help to hold them accountable. By improving rural policy transparency, quality and effectiveness, such mechanisms improve institutional legitimacy.

Nevertheless, the case studies also reveal that small producers and rural communities must strengthen their capacities to participate in policy dialogue and decision-making processes. The capacity of small producers and their representatives to access and analyse information is a key factor in reducing asymmetric power relations.

Conclusion

The case studies presented in this chapter show that a range of different organizations and institutional arrangements involving public and private actors have empowered small-scale producers socially, economically and politically. The good practices presented enabled men and women small-scale farmers, fishers, forest users and pastoralists to:

- enhance their access and management of natural resources;
- overcome market constraints by improving their bargaining power and reducing transaction costs;
- build their skills, competencies and improve their access to information and technologies, allowing them to participate more competitively in local, national and international markets;
- engage in policy-making and partnerships on a more equal footing with government and the private sector.

This chapter illustrates how small producers, by building both formal and informal small-producer organizations and other institutional arrangements, can make rural markets work better and improve rural policy. In this way they substantially improve rural poor livelihoods and food security directly through increased food production and income generation and indirectly through empowerment and political action. These processes can enable small producers to overcome social and economic exclusion by successfully expanding their capacities, seizing opportunities and improve their livelihoods and food security. Such processes are fundamental to countries concerned with achieving an enduring basis for food security for all citizens. The success of organizations and institutional arrangements is based on a clear understanding of the reasons on which they are established. These issues are addressed in the next chapter.

3 LESSONS LEARNED FROM GOOD PRACTICES

The relatively easy part of capacity-building is providing the human capacity, the education, the skills and the knowledge required for development. The hard part of capacity-building is the development of the organizational and social capital.

(Stiglitz, 1998: 22)

Over time, some organizations prosper while others stagnate or disappear. Some organizations seem to thrive under difficult circumstances and with scarce resources. What are the underlying reasons why some organizations function well while others fail despite controlling more resources? Under which conditions can small-producer organizations and institutional arrangements become successful? The case studies described in this publication represent a mix of institutional innovations that are created and evolve in very different ways. What do good practices presented here have in common – between an informal self-help group of farmers and a self-managed cattle market, a thriving warehouse receipt system, a fair farming contract between small-farmer groups and a supermarket, and a multistakeholder platform?

In keeping with social capital theory (Putnam, 1995; Woolcock and Narayan, 2000; Woolcock 2008), this chapter examines three types of relationships developed by small producers that form the basis of their social capital (see Table 3.1):

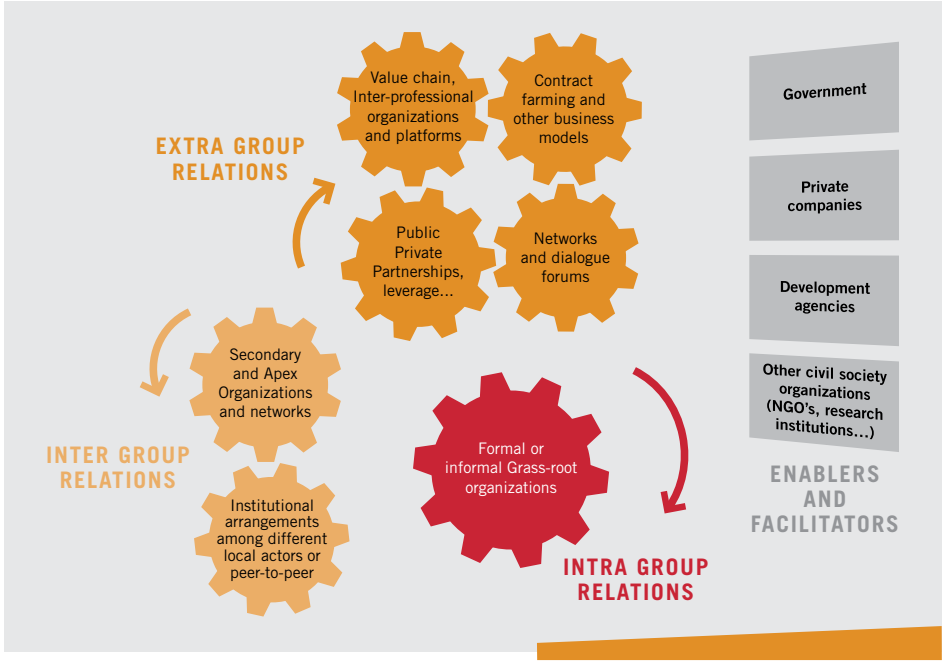
- Bonding among small producers at the grassroots level (**intragroup relations**).
- Bridging between small-producer groups to form apex organizations (**intergroup relations**).
- Linking between small-producer groups, apex organizations, public and private business and service providers, as well as policy-makers (**extra-group relations**).

The process by which these three types of relationships evolve is neither linear nor automatic. Rather, it involves a process of feedback and interaction between the three types of relations (its constituent elements). Most often, the development of one relationship is dependent on one of or both the two others. Figure 3.1 provides an overview of an organizational development process described in greater detail in this chapter. The relationships and their interconnections form an integrated system that provides small-scale producers with the collective capability to achieve organizational goals. Small-scale producers, through their organization, "obtain, strengthen and maintain their capabilities to set and achieve their own development objectives over time" (United Nations Development Programme [UNDP], 2009: 6).

Table 3.1 Elements of an integrated organizational development process

Type of relationship	Characteristics	Examples of organizations created	Opportunities for	
			small producers	external actors
Bonding	*Relations among small producers* Horizontal **intragroup** ties among individuals	■ Formal and informal grassroots groups, self-help groups, farmer field schools, cooperatives.	Enable small producers to make collective choices, build confidence, pool skills/knowledge and provide opportunities to exercise/practice leadership	Improves efficiency of extension and other public and private service provisions
Bridging	*Relations among small-producer organizations* Horizontal **intergroup** ties between similar types of groups with common interests	■ Apex organizations (unions, federations of producer organizations) ■ Peer-to-peer cooperation	By reducing fragmentation, enable small-producer groups collectively to access assets, increase market power, and influence decision-making	Small producers are able to serve as reliable partners by achieving delivery targets (quantity, quality and timeliness of produce) of interest to market actors and policy-makers
Linking	*Relations with other organizational entities* Vertical **extra-group** ties between small-producer groups and other types of organizations with different interests and levels of power (resources, knowledge, and scales of action)	■ Advocacy coalitions, interprofessional associations ■ Contract farming, commodity exchanges, public-private partnerships ■ Policy forums, multistakeholder platforms	Enable small-producer organizations collectively to: ■ access markets under better conditions ■ influence the "rules of the game" ■ access resources, knowledge, and technologies at a scale or of a type not available locally or nationally	Small producers are able to coordinate their activities more effectively with other economic actors and policy-makers Design and implementation of national food security, rural development, and agricultural policies is more efficient, effective, inclusive, and responsive to small-producer needs

Figure 3.1 Constituents of organizational development process



This organizational process allows small producers to become the primary drivers of their own development by:

- building self-confidence among individuals;
- strengthening capacities to make informed collective choices and to transform them into actions;
- enhancing market access and negotiating power of small producers vis-à-vis other economic actors and policy-makers.

The ways in which these relationships and social networks are clustered are well described in the literature related to social capital theory (see Bourdieu, 1986 and 1992; Burt, 2001; Lin et al., 2001; Putnam, 1995; Woolcock and Narayan, 2000). All three types of relationships, as defined by Putnam (1995: 67) constitute the "collective resource of a group in terms of networks and social trust which facilitate its collective action for mutual benefit". This chapter shows clearly that the effectiveness and sustainability of small-producer organizations rely both on the quality of their bonding, bridging and linking relationships and on the extent of their interactions.

Creating close bonding relations among small producers

Most of the good practices are based on ***bonding relations*** which help lay the foundations for successful institution building. ***Bonding relations*** rely on **close ties of solidarity among people of the same social group** – intragroup relations – within organizations (Putnam 1995, Woolcock 1998, Woolcock and Narayan, 2000, Fournier et al, 2002). The process of creating intragroup bonds may either be initiated by small producers themselves or promoted by a government, NGO or international agency. Either way, for an institutional innovation to succeed and thrive, small producers need to feel *ownership* and be actively involved in the innovation: it usually needs to conform to values, rules and interests that a set of small producers have in common.

Mobilization and group formation

The good practice cases suggest that building bonding relations comprises two steps:

- small-producer mobilization around a common need or concern;
- the development of capacities to make informed choices and to act collectively as a group.

Small producers' mobilization

In most of the cases analysed, the first step for small producers was to work together in groups to address their immediate practical or survival needs or shared interests and concerns, related to food security. In **Kenya**, for example, peri-urban leafy vegetable farmers first formed groups in order to stabilize their incomes, and to ensure they had enough cash to buy food for their households (Good Practice No. 12). Often small producers identified the obstacles themselves and took the initiative to work together to resolve the issues, mobilizing their own skills, experience and assets before securing outside resources. Technical and financial support arrived only at a later stage. For example, northern herders in **Benin** first created a self-managed cattle market in 1976, in order to improve their income from cattle sales, whereas support from partners arrived well over a decade later, in the 1990s (Good Practice No. 3).

In other cases, however, good practices in organizational development emerged, at least in part, with the assistance of government, local, national and/or international NGOs, and development agencies. These external actors usually began by providing information, raising awareness and mobilizing small producers to form groups in order to overcome practical obstacles in securing livelihoods or ensuring food security. For instance, in **India**'s Sabarkantha district of Gujarat state (a semi-arid region heavily affected by soil erosion), SEWA supported small-scale women farmers to create an association, the Sabarkantha Women Farmer's Association, to conduct a water-conservation campaign (Good Practice No. 4). Village meetings organized by SEWA

revealed that access to drinking water was a priority demand. In 1993, SEWA launched a drinking-water campaign in seven villages in parallel with a water conservation campaign. By 1994, the group's capacity to resolve drinking-water shortages enabled the water conservation campaign to spread to 32 more villages, and by 1995 another 41 villages had joined. This improved water access, yields and household food security significantly (Nanavaty et al., 2008).

In a number of good practices, a **committed leader** played a crucial role in mobilizing small-producer support. The leader helped identify a need, translated it into an idea, and inspired collective action around a common vision and strategy. Peers recognized the leader for his/her trustworthiness, personal skills, ability and commitment to respond to their evolving collective needs. For instance, SEWA's grassroots women leaders (*Aagewans*) of self-help groups are instrumental in organizing supporters from local communities, winning confidence, and guiding self-help groups in taking collective decisions (Good Practice No. 4). Similarly, in **Fiji**'s Nature's Way Cooperative, the fact that the chairperson and general manager provided continuous quality management and demonstrated that an ability to mediate among different stakeholders was a key factor in the cooperative's success (Good Practice No. 17).

A critical step towards collective action: Building autonomous capacity

A group's capacity to act collectively by collaborating in pursuit of a common goal is a critical element of the organizational development process. When successful, this in turn builds the self-confidence of small producers and helps ensure that they control or "own" innovations.

In many of the good practices, within groups, small producers shaped and created their own capacity to design and implement solutions. Farmer field schools (FFS) in **west Africa** are a good illustration of how close bonding relations among farmers helped improve their capacities to make informed choices and to act on them. Farmers chose to form grassroot groups to control pests more effectively, thereby obtaining higher yields. Through FFS, "farmers work together in small groups to collect data from the field, generate analysis through discussion, present results, conduct experiments, and make group decisions for field management" related to integrated pest management (IPM) activities (Dilts, 2001: 18). These activities helped farmers gain the self-confidence and knowledge needed to carry out their own problem analysis, make their own informed decisions and organize their own field activities (Good Practice No. 24). In some contexts, such group competencies evolve over time, enabling them to solve problems in new areas. In **Colombia, Ethiopia and Malawi,** for example, the FFS, which were initially created to solve agronomic problems, evolved into farmer business schools (FBS) capable of overcoming marketing bottlenecks (Good Practice No. 25). "The processes used for analysing social reality are in essence the same as

those employed in 'discovering' ecological realities in the fields" (Dilts, 2001: 18). By identifying income-generating opportunities and developing members' entrepreneurial skills, FFS and similar organizations help develop a culture of learning-by-doing through experimentation and local adaptation. Groups help farmers to improve their understanding of "how things work" through trial-and-error experimentation. They enable farmers to recognize solutions and build strategies to cope with changes. The pursuit of a common goal using a problem-solving approach enables groups of small producers to develop a greater sense of competence and control over their futures, thus increasing their self-confidence.

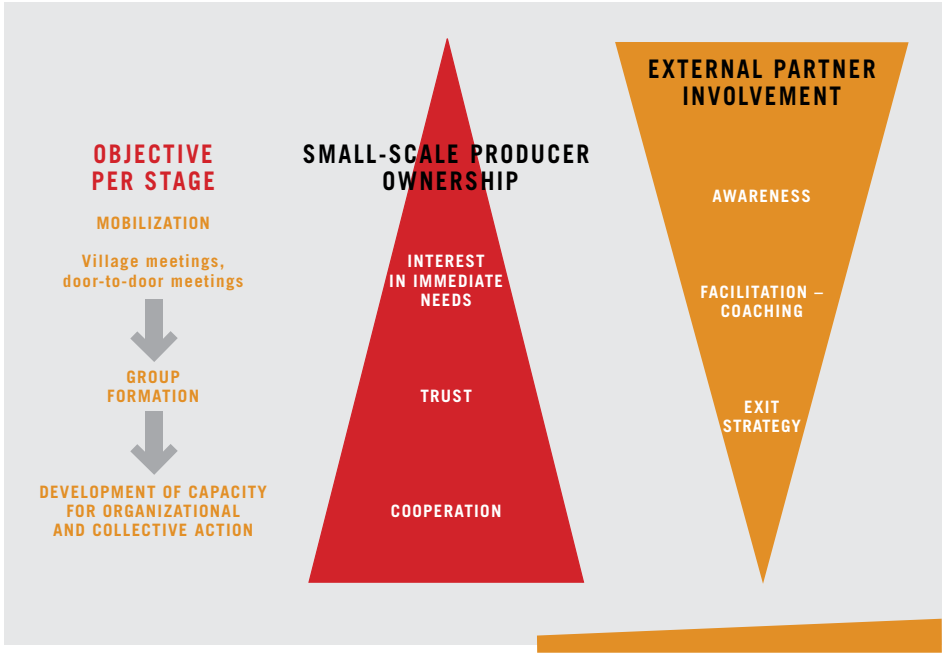
In India, the development of the self-help group (SHG) movement, in the framework of a programme supported by IFAD, the SHG-Bank Linkage Programme, illustrates a similar approach. Myrada, an Indian NGO, focused activities on small, homogeneous watershed management groups that had started as self-help credit management groups. Myrada used credit management as an entry point and training tool. Credit is an appropriate training tool because it is familiar and meets a felt need. "Being able to successfully managing their common fund gives a group the confidence that they can achieve their objectives provided they are willing to observe certain rules and create a culture that motivates people to support each other. Self-help group members acquire management experience while conducting the affairs of their organization. They learn to set priorities, to take decisions and risks, to draw up rules of behaviour, to resolve conflicts and to apply sanctions effectively for non-compliance" (Fernandez, 1998, 2). In such an approach, small-scale farmers acquire the skills required to institutionalise and manage cooperation.

Small producers' capacities for effective collective action are critically important for coping with market and climate volatility. Bandura (1995: 35) notes that "People's beliefs in their collective efficacy influence the type of social future they seek to achieve, how much effort they put into it, and their endurance when collective efforts fail to produce quick results." Ultimately, this problem-solving approach, which greatly determines how well small producers capitalize upon opportunities, is the first milestone in building small producers' self-confidence and autonomous capacity to drive their own development.

The FFS and SHG approaches represent a shift in roles, responsibilities and mindsets between rural actors. The most obvious change is that extension field staff become facilitators rather than implementers. Rather than solving problems on behalf of small producers by supplying them with solutions through templates or recipes, field staff support group dynamics. They coach small producers, facilitate consensus-building, guide their reflection and enable experience-sharing. This approach gives priority to how small producers themselves can improve their capacity for organizational and collective action.

Figure 3.2 provides an overview of the process leading to strong bonding relations among small-producers within their organizations. It shows its different stages, the increasing small-producer role to gain ownership of the process and the decreasing external partner involvement.

Figure 3.2 **Building bonding relationships among small producers**



These and other good practices show that small producers need to combine both the mobilization of their own capacities as well as outside resources. In order to strengthen their organizations and access financial resources, small producers require information and training tailored to their needs. (Thorp et al., 2003). However, interventionist approaches often create dependencies upon external agents, at the expense of empowerment, social cohesion and financial responsibility (Thorp et al., 2003; Crowley et al., 2007). As Easterly (2008: 99) has noted: "An agenda of gradual reform that recognizes the constraints of bottom up evolution will lead to more hopeful results than a delusory top down attempt to leap to institutional perfection".

The good practices collected suggest that gradual improvements in small producers' collective capacities following a bottom-up approach are of critical importance. These improvements represent a shift from earlier top-down approaches in which small producers

were expected to adopt imposed organizational structures passively. In the 1960s, 1970s and 1980s, "Cooperatives were largely government controlled and staffed. As a result, farmers considered them as an extended arm of the public sector, not as institutions that they owned" (World Bank, 2008: 154). Decades of experience in developing countries has shown that producer organizations must be able to act and make autonomous decisions. They fail when governments and other external actors impose an organizational model as an instrument for their own development policies and values (Develtere, 1994). In some cases, cooperatives were required to have a government appointee on their board (Poole and de Frece, 2010: 72). The concept of "one cooperative by village, one village by cooperative" in which every villager had to be a member of a cooperative and the cooperative held a monopoly on services supplied to the village is another example of this approach. In this case, small producers were expected to follow and did not need to choose or express their opinions. This resulted in high rates of organizational failure and member exit as solutions imposed from the outside were often grudgingly accepted on a superficial basis but rarely implemented as intended (Stiglitz, 1998).

In summary, mobilization and group formation are key to successful collective problem-solving. Small producers develop a broader capacity to collaborate voluntarily in pursuit of a common group goal, and thus take collective action, as documented by Marshall (1998). Bonding relations are the foundation and the prerequisite for most institutional innovations to succeed. They also generate new relationships among small producers, based on their own capacity to make independent and informed individual and group decisions. In this way, bonding relations enable small producers to become decision-makers and implementers of development in their own right.

Conditions for successful bonding relations

How do small producers develop strong bonds among themselves to create sustainable organizations? The cases reveal a number of interrelated motivations for cooperation, ranging from individual self-interest ("utility principle") to common values and shared rules ("identity principle").

Utility: Shared mission with mutual benefits

An organization or an institutional arrangement is successful if it serves its members or clients and if those are actively *committed to the joint achievement of agreed objectives* (Rondot and Collion, 1999). Each of the case studies illustrates innovations built around a grassroots organization that had a clear idea of *its mission*. This mission responded to a real need felt by small producers which inspired them to join. For example, **Kenya's** peri-urban vegetable farmers, in Nairobi's traditional markets, organized themselves into producer groups to penetrate a new market by supplying ALVs to supermarkets, to reduce their exposure to price fluctuations. This new market offered a secure outlet at a

guaranteed price, affording significant economic benefits and regular income to members (Good Practice No. 12). The benefits of the shared mission need not be monetary however. In **Nepal** for example, the desire to exchange knowledge and preserve cultural and natural heritage was the main motivation for farmers to create groups which ultimately improved their farm-management practices and increased productivity (Good Practice No. 7).

As has already been shown, it is common for a mission to change over time (Good Practice No. 7). For instance, small producers may begin to work together on a single activity, but they expand their mission to address other needs as they become more successful. Herders in northern **Benin** initially created a group to organize cattle markets to improve their income; after several successful years they expanded their mission to provide cattle vaccinations, pasture seeds and other goods and services to their members. More recently, they have diversified further by creating a milk-processing plant (Good Practice No. 3).

Common Identity, shared rules and values

A strong shared identity can also motivate small producers to cooperate with members in a group (Bijman, et al., 2007). Group identity is often based *on common values, shared behaviours* and adherence to agreed rules that often derive from a shared history and geographical space. In **India**, SEWA's goal that women should be autonomous and self-reliant, individually and collectively, both economically and in terms of their decision-making ability embodies a set of Gandhian values as a guiding force for social change (SEWA, 2010). Members follow the principles of Satya (truth), Ahimsa (non-violence), Sarvadharma (integrating all faiths, all people) and Khadi (propagation of local employment). These values are reaffirmed many times a day, before and after every group meeting, through a ritual of songs, reinforcing leader and member commitments to their common cause.

Good institutional governance through clear, stable and consistently applied rules can also help to reinforce group performance. For instance, **Niger's** input shops apply rigorous rules of management. All sales are processed in cash and credit is forbidden. Shop managers receive management training and a management committee, elected at the general assembly supervises all the shops (Good Practice No. 5). These measures help to ensure that leaders are held accountable and act in the best interest of their members (Chirwa et al., 2005). Similar governance rules help to explain the success of **Benin**'s equipment-sharing cooperatives which are endowed with statutes and internal rules and based on the principle of "one person, one vote". The general assembly elects administrators and a board to ensure fair management (Good Practice No. 10). Formulating and agreeing upon common rules and procedures and adapting these to local cultural and social contexts increases the chances that the rules are respected and that the institutional innovations are successful. Fair and equitable representation

of members as well as clear representation and election procedures are equally important for good governance. In **Ghana**, the General Assembly of the Ghanaian Rice Interprofessional Body (GRIB), for example, is composed of representatives of all stakeholders along the rice value chain (producers, small- and large-scale processors, traders and exporters) from different geographical areas. The involvement of different stakeholders enables the general assembly to address their needs more effectively (Good Practice No. 34) and effective communication and information can also improve governance and trust. New information technology in the form of Coopworks (the cooperative computer software in **Kenya**), for example, enabled participation in cooperatives and more effective management of member accounts, thereby improving governance, increasing enrolment and enhancing member and partner satisfaction (Good Practice No. 28).

Members' commitments

Beyond a shared mission and common values, members' financial contributions are another critical success factor in institutional innovations as they help stimulate their commitment. Small producers who invest their own resources into an organization or contractual arrangement tend to be more motivated to manage and monitor these investments carefully (as well as external funding), and to engage in activities consistent with their own aspirations (Stringfellow et al., 1997; Crowley et al., 2007). In **Benin**, members' financial contributions were one of the main reasons for strong cohesion in equipment-sharing cooperatives. Members contributed between 20 percent and 40 percent of the capital needed by purchasing shares at the time of creation of the cooperative (Good Practice No. 10). Organizations of small-scale producers that utilize their own financing are more likely to be carefully managed and monitored, to build on past experience and to engage members' aspirations (Stringfellow et al., 1997). Financial participation reinforces the implicit contract among members and encourages greater participation and responsibility in the organization. It gives members a sense of involvement and ownership and a reason to demand accountability from their leaders. Self-interest through shared profits and individual investments cement small producers' bonding relations.

An important means of organizational self-financing comes from charging member fees for services provided. For example, in **Benin**, the Union départementale des organisations professionnelles d'éleveurs de ruminants du Borgou et de l'Alibori generates its income by providing veterinary products and vaccination services to its members and selling cattle in their self-managed markets (Good Practice No. 3). In contrast, free services can lead small-scale producers to relinquish initiatives and responsibility, encouraging dependence rather than self-confidence. "Dependence on others is not only ethically problematic, it is also practically defeatist in sapping individual initiative and

effort, and even self respect" (Sen, 2001: 283). "If people know that things can be received for 'free', they tend to spend their energy and skill chasing free products or services rather than using the same energy and skill to accomplish things on their own. Handouts encourage dependence rather than self-help and self-confidence" (Yunus, 2007: 115). For these reasons, organizations that provide adequate and affordable services to their members, and charge for these services, are generally better positioned to increase their financial resources and autonomy to become sustainable.

Finally, most of the good practices show that grassroots organizations that bind small producers together effectively do so because they incorporate a set of tried and true elements: a shared mission with mutual benefits, a common identity with shared rules and values and individual commitments. These elements reinforce bonding relations among small producers and make it possible for members to collectively make purposeful choices and to transform them into actions, to enable them to improve their food security and well-being.

Developing bridges between small-producer organizations

Beyond the characteristics that enable small producers to establish and maintain strong bonds among individuals within their grassroots organizations, relationships between organizations or "bridging relations" also played an important role in the good practices documented. *Bridging* relations are intergroup relations (horizontal ties) (Woolcock, 1998; Woolcock and Narayan, 2000; Beugelsdijk and Smulders, 2003; Uphoff, 2000) which typically connect different small-producer organizations at the local, national and regional levels.

The case studies reviewed demonstrate that strong *bonding* relations, social solidarity and cooperation among small-scale producers are a necessary, but not sufficient, condition to ensure that small producers have effective market access or can improve food security. Small producers and their grassroots organizations are generally highly fragmented and spatially dispersed in small firms and otherwise lack the internal capacity and resources to seize market opportunities and to influence policy processes and decisions at the national level. They face high risks and transaction costs, and therefore often do not invest to increase production of marketable crops, livestock and fisheries (Losh et al., 2010). The lessons from the good practices collected confirm the findings from existing literature (Aslop et al., 2005; Skidmore, 2001; Woolcock, 1998) which claims that bridging relations are an important complement to bonding relations, and enable small producers to gain access to new markets and have a greater voice.

Integrating grassroots organizations into secondary and apex organizations

Grassroots organizations often have limited access to markets and little voice in policy-making processes. By creating bridges with similar organizations, small-producer apex organizations are better able to accomplish their mission, overcome constraints, communicate small-scale producers' needs and priorities and offer a broader range of services than they would as individual smaller-scale organizations. By bridging with others, they pool resources and build assets and competency. With a larger market share and with more information, small producers can modify transaction conditions, such as price and timing and can exert influence over other actors, thereby gaining market and negotiating power.

The good practice cases describe a number of secondary organizations grouping together grassroots groups, self-help groups, local associations and cooperatives within unions or networks and apex grouping unions at the regional or national level. These organizations, including regional networks (such as ROPPA in Western Africa) and commodity-based unions or federations (cattle herder union [UDOPER] in Benin, wine producers [FECOVITA] in Argentina) became more effective as they grew in scale and coverage from their grassroots and local origins. In **Benin**, the Association nationale des organisations professionnelles des éleveurs de ruminants (ANOPER) is a classical example of a national apex organization (or federation), which began as a grassroots group involving 20 to 100 small-scale cattle herders. First they developed bridging relations between grassroots groups to supply inputs and technical advice. For instance, UDOPER includes about 500 male and 30 female herder groups comprising some 25 000 cattle herders in all. When the national apex organization (ANOPER) was created in 2007, it helped strengthen the organizational, technical and financial capacity of constituent groups, while assuring financial intermediation and representation (Good Practice No. 3).

The National Smallholder Farmers' Association of **Malawi** (NASFAM) is another example of this gradual and cumulative process that can take more than a decade. In the early 1990s, several grassroot groups came together to form secondary-level farmer associations. These associations provided inputs, credit, information and other services to their members. By 1998, constituent groups understood the benefits of collective action, and 14 associations joined forces to form an apex organization, the National Smallholder Farmers' Association of **Malawi** (NASFAM). Today, NASFAM is an integrated system with an innovative multifunctional structure providing market, credit, training and technological innovation services to 100 000 Malawian small farmers. The association has also played a valuable advocacy role in policy-making, defending and promoting the interests of its producers in key arenas (Poole and de Frece, 2010).

In particular, the good practices studied here illustrate the importance of regional and national apex organizations in re-balancing the unequal power relations among

value chain actors, especially contractual arrangements in developing countries (Prowse, 2007; FAO and IIED, 2010). Secondary and apex organizations can help to reposition small producers from captive value chain models of governance to more relational value chain models (Gereffi et al., 2005: 83), thus increasing small producers' net gains from participation in global value chains. As a result, apex organizations help small producers increase their income and improve their livelihoods. In Niger, the National Federation of Vegetable Producer Cooperatives (FCMN-NIYA) illustrates how this greater market power is achieved. The federation comprises 121 cooperatives with 22 014 members, of whom 7 664 are women. The federation illustrates how an apex organization was able to build its market power. To obtain better prices, it began grouping its supply orders in 2004, buying 828 tons of fertilizer, and delivering it to its member stores for €267 000. The equivalent local market value was €340 000, 15 percent higher than the grouped supply order. In 2009, the federation imported potato seeds from Europe and negotiated a three-month timeframe for payment to the suppliers. Savings from group purchases enabled the federation to hire a young graduate to manage input supply (Personal communication, Daniel Marchal: FAO Projet Capitalisation Niger). Within their apex organizations, by controlling a major portion of the market and accessing information and knowledge, small producers' organizations can gain market power, reduce transaction costs and exert greater influence on product price, timing and quality.

Bridging relations between similar organizations in different places can also help small producers to gain access to skills, knowledge or other assets (Beugelsdijk and Smulders, 2003). AgriCord's Farmers Fighting Poverty Programme developed bridging relations between farmer organizations in developing and developed countries. Using a peer-to-peer approach, developed country organizations provide technical and managerial advice and contribute to develop their developing country counterparts. Within this framework, for example, the French farmers through their NGO – *Agriculteurs français et développement international* (AFDI), a member of Agricord, helps to strengthen the technical, managerial and advocacy capacities of livestock producer associations in Benin (Good Practice No. 3). Similarly, the French Federation of Equipment Sharing Cooperatives (FNCUMA) supports peer-to-peer cooperation with counterparts from **Benin** (Good Practice No. 10).

A two-way information flow, both bottom-up and top-down, appears to be critical for effective bridging relations. It contributes to building transparency and accountability in decision-making and a shared understanding among member organizations. For example, **Argentina's** FECOVITA, with FAO's support, improved its corporate governance by developing a mechanism to guarantee that members' views could influence the federation's management. The federation created its assembly, which comprises 30 cooperative presidents who meet twice a month to discuss market policy, wine prices, technical assistance provision, credit policy and other priorities identified

by cooperative presidents. This mechanism enables representatives of different cooperatives to participate actively in the decisions of the federation while building dynamism and flexibility in the decision-making process. In turn, it allowed the federation to function as a corporate business, guaranteeing entrepreneurial efficiency, and improving performance and competitiveness (Good Practice No. 16). This effective two-way communication system proved to be the glue holding the different member organizations together within the apex body.

These different examples show that bridging relations make vibrant and functional organizations (Fernandez, 2006) when unions of primary groups and federations of unions:

- provide services that can strengthen primary groups;
- channel communication among the different primary groups providing a forum for regular interaction and networking;
- undertake activities that benefit the primary groups but cannot be taken up by individual groups on their own.

Linking producer organizations, market actors and policy-makers

Many of the good practice cases highlight the importance of effective market actors and policy-maker linkages for small producers to contribute to national food security. Bonding and bridging relations prepare the ground for rural small producers to connect to national and global markets and influence food-security policy by providing them with the capacity to make choices and implement them with higher marketing and negotiating power. Through linking relations small-producer organizations connect with other entities ("vertical ties"), generally with actors in socially, politically and economically influential positions (Woolcock and Sweetser, 2002). The good practices collected show that strong and balanced linking relations are often critical in enabling small producers to access markets under fair conditions and develop capacities to influence policy processes that affect food security.

Linking small-producer organizations with other economic actors

In order to benefit fully from market opportunities, collective action through the establishment of apex organizations can create *market linkages with more powerful commercial partners* (Poulton, 2009; Poole and De Frece, 2010). Contractual arrangements between small-producer organizations and commercial enterprises, such as contract farming and interprofessional associations involving multiple stakeholders along the value chain, are some examples of such linkages.

Interprofessional associations have proven to be particularly promising. An interprofessional association is a recognized organization that brings together small-producer apex organizations and other economic actors, both upstream and downstream, in a common commodity value chain. An important feature of interprofessional associations is that their membership is made up of different professional associations within a value chain rather than individuals or companies. One of the main functions of such associations is to develop contractual policies which increase the competitiveness of the sector (vertical coordination) and represent the interests of the sector as a whole (Herbel and Achancho, 2004). In **Senegal**, for example the "Comité national de concertation de la filière tomate industrielle" (CNCFTI) created linking relations that enabled small producers to gain access to assets and become actively engaged in the development of the sector. By negotiating with banks to obtain credit and establishing a production tax to sustain a guarantee fund, CNCFTI was able to provide collateral for small-producer loans, supply fertilizer, seed and phyto-sanitary products to farmers (Good Practice No. 18).

While such institutional arrangements may take a myriad of forms and involve a range of different actors (i.e. processors, traders, exporters), in all cases partners agree to cooperate to advance their common interests, achieve and increase profits and share benefits and risks. The good practice cases suggest that effectiveness and sustainability of these linking relations depend upon the following conditions:

- perceived mutual benefits;
- clearly defined rights and responsibilities;
- transparency.

Thailand's contract farming arrangement involving small-scale vegetable- and fruit-producer groups and Swift Co. provides a good illustration of the role these different conditions can play in a successful market partnership (Good Practice No. 14).

Perceived fairness and mutual benefit

For a linking relationship to be successful, participants must feel that they will gain more from being in than out of a partnership. For Thai vegetable producers this gain takes the form of a guaranteed price for their produce higher than the market price. For instance, farm-gate prices of Kai-lan or Chinese kale were €0.11 to 0.13 per kg in the dry season of 2009 and around €0.27 to 0.33 per kg in the rainy season. The partnership guaranteed prices of €0.31 per kg in the dry season and €0.56 per kg in the rainy season, an increase of 258 percent and 187 percent respectively. These prices created an incentive for contracted farmers to produce and adhere to the strict guidelines and quality standards that Swift Co. had set. The partnership generated a direct income of over US$30 million for participating small-farmer groups in Thailand.

Swift Co. also benefited from being able to supply premium-grade fresh-farm produce to regular customers in more than ten countries (Australia, countries in Middle East, Japan and United Kingdom) every day, 365 days a year. Consistency of quality and food safety, regular supply and competitive prices resulted in a steady increase in sales and turnover, year after year, for the company, and earned consumers' and retailers' trust in high-end markets. This way, contract farming partners, small producers and traders alike increased their profits.

Clearly defined rights and responsibilities

In a partnership, all parties must be equally committed to the relationship and its success, and each party should interpret its success in the same way. Typically, producers are collectively responsible for supply at specified levels of quality, quantity and timeliness. Buyers and other commercial partners are responsible for guaranteeing demand and paying a prearranged annually negotiable price. Thailand's Swift Co. guarantees the price for produce through long-term, three-year contracts, as long as contracted growers adhere to the strict guidelines of quality, quantity, and time standards. Swift Co. provides interest-free financial assistance to convert their traditional farming practices to agro-chemical-free and organic farming practices. Clarity and consistency in adherence to rights and responsibilities by all parties build trust and strengthen the stability of these linking relations over time.

Transparency

The Swift Co. case study also illustrates the importance of transparency. Members of each farmer group select their own management committee, on a one member-one vote basis, for a two-year term. Members fund the committee with 1 percent of their income. The contributions are recorded in a group account book which is open to all. Expenses must be approved by all group members in formal meetings. Company payments for farm produce specifying the delivered quantities and amounts paid to each grower are also recorded. This enables members to cross-check the payments against receipts issued by the company at the time of each delivery. Members also participate in discussions between the groups and the company and can vote to agree or disagree on all issues discussed.

Over time, clearly defined rights, responsibilities, mutual benefit, and transparency create trust and committed, and cooperative, commercial relationships, while reducing the chances of opportunistic behaviour and long-term losses that could greatly exceed short-term gains. However, mutual trust must be built over time in repeated interactions, preferably through long-term contractual agreements such as those between the Thai vegetable producer groups and Swift Co. Clear, mutual financial benefits also help to enforce adherence to the contract by both parties.

Ethical principles

In some cases, for example in niche markets, in addition to the three previous conditions, ethical principles such as equity in fair trade or corporate social responsibility (CSR) may also strengthen linking relations. Organic and fair trade market agreements usually contain clauses which guarantee a minimum price along with a fair trade premium, as shown in the **Bhutan** case, in which a small-producer essential oil cooperative, the Lemon Grass Cooperative, obtains a premium from the private company, Bio Bhutan. By training the Lemon Grass Cooperative to manage lemon grass in a sustainable way, Bio Bhutan helps the cooperative to obtain organic certification and increase their income substantially. This is achieved through wild collection and on-farm processing following organizational standards and by supporting income diversification. Since 2009 Bio Bhutan has opened up niche markets in Asia, Europe and the United States of America. The higher price for organically certified oil from wild collection provides a premium of 20 percent above conventional oil prices. Beyond this increased income, the approach thereby helps to improve the quality of life of cooperative members and their families by reducing negative environmental impacts (Good Practice No. 13).

Corporate social responsibility (CSR) encourages private enterprises to monitor their economic, social and environmental impacts in keeping with the slogan: "People, Planet, Profit". For example, private companies that are members of the **West African** Partnership for Organic Cotton and are committed to CSR, benefit in multiple ways. Private companies are motivated to create a positive image in the minds of the consumers of high-quality products. By following CSR rules and by building a partnership with African small-cotton producers, the partnership aims to distinguish its image from conventional cotton clothing businesses. In turn, organic cotton producers secure long-term outlets at incentive prices (Good Practice No. 19). In this case, linking relations enable small producers to engage in business relations that combine direct commercial interest for both parties, along with broader social objectives. Even though they still represent a very small fraction of all sales, organic and fair trade market shares tend to grow rapidly.

These different examples show how linking relations enable small producers not only to access new markets, but also to enjoy fairer marketing conditions. Linking relations, when combined with bonding and bridging relations, enable small producers to participate more fully in development and to increase their involvement in national food security and markets.

Creating an enabling environment to enhance food security

Creating an enabling environment for small producers to increase food security is vital. Governments have a unique role to play in creating the conditions for small producers to improve their access to inputs and overall production in a sustainable manner while eliminating the policy biases against agriculture and small-scale enterprises.

Governments should reinvest in core public goods and services, such as agricultural research and development, rural infrastructures and enforce rules, standards and contracts (World Bank, 2008), particularly those that serve the interests of the rural poor, who might otherwise be neglected by private systems.

To improve agricultural and rural development policies, apex small-producer organizations need to establish strong collaborative relations with policy-makers. The good practices reviewed illustrate how different types of institutional arrangements between producer organizations and policy-makers, formal or informal networks, multistakeholder platforms and consultative forums, can enable small producers to influence the "rules of the game". Nevertheless, to be effective, such collaboration depends on the credibility of small-producer organizations in the eyes of policy-makers. Their credibility is built on the capacity to be an acknowledged, trusted capable partner able to deliver on what they say.

In **west Africa,** the process of formulating the Economic Community of West African States (ECOWAS) Agricultural Policy (ECOWAP) offers a good illustration of how small-producer organizations can shape the enabling environment through effective linking relations with national and regional forums. In 2001, the Réseau des organisations paysannes et des producteurs agricoles de l'Afrique de l'Ouest (ROPPA) a regional apex farmer organization from ten west African countries (Benin, Burkina Faso, Côte d'Ivoire, the Gambia, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo), negotiated with ECOWAS and succeeded in having producer organizations participate in the regional task force responsible for formulating the regional agricultural policy. ROPPA organized consultations with national platforms in ECOWAS member countries, provided tools and resources for studies on the role of small-scale farming in rural development, and supplied methodological and technical expertise. The process enabled farmer representatives to gain a better understanding of agricultural policy. It also enabled each national farmer organization to develop a proposal outlining its perspectives on key roles of the different stakeholders. Under the umbrella of ROPPA, these common proposals were presented to national governments and at the regional levels. In the process, ROPPA as a regional farmer apex organization, became both an acknowledged and trusted source of information for ECOWAS and a more legitimate representative body for members of national farmer organizations. ROPPA built its credibility with its constituency through:

- ensuring that national farmer organizations participate in documenting the national agricultural situations by organizing local and national meetings;
- raising awareness among national and regional policy-makers on the advantages of small-producer participation in policy-making;
- strengthening members' technical and negotiation skills with support from expert farmer organizations charged with conducting analyses;

- conducting a communication campaign with media to sensitize public opinion in the west Africa region.

The ECOWAS Agricultural Policy was adopted on 19 January 2005, setting out a vision which included small producers' interests, especially related to family farming and food sovereignty. Later, in 2009, the head of states and governments of ECOWAS established a Regional Partnership for the Implementation of ECOWAP/CAADP (Comprehensive Africa Agriculture Development Programme). By cosigning this agreement with ROPPA, ECOWAS acknowledged it as a reliable interlocutor capable of producing a common proposal and synthesis of different national farmer platforms. Although it was a tremendous challenge, throughout the ECOWAP formulation process, ROPPA demonstrated its capacity, know-how, and credibility as a regional policy partner (Good Practice No. 32).

Such processes succeed when both small-scale producers and governments benefit. Participatory policy forums can enable small producers and other rural actors to inform governments about the constraints they face and can be effective mechanisms to overcome them. National policies and programmes, in turn, become more effective when they address small producers' needs, thereby also enhancing government legitimacy and willingness to engage in dialogue and cooperation. Such processes of open discussion and debate, first among producers and later with governments, are a cornerstone of good governance and have played a crucial role in improving rural policies. More informed and less marginalized in public discussion, small producers thereby become actively engaged in all stages of the policy cycle, from needs assessment to implementation (Good Practice Nos 31 and 32). Finally, to quote Amartya Sen (2001: 291), "Such processes of participation in political decisions and social choice cannot be seen as being – at best – among the means of development (through, say, their contribution to economic growth), but have to be understood as constitutive parts of the ends of development themselves."

The good practices show that both policies and programmes are more effective when governments and other stakeholders involve producers' organizations as partners in their formulation, implementation and evaluation. However, policy-makers sometimes fear that creating space for dialogue leads to a "zero sum game" in which small producers gain power at their expense. Although this can sometimes occur, building effective space for dialogue is a prerequisite for small-producer commitment and a critical precondition for effective rural policies.

Through apex organizations, small producers can collaborate closely with governments and other bigger-scale institutions. Under the best circumstances, they go beyond "playing the game", and contribute to defining the rules of the game by transforming the policies needed for their food security.

Linking relations with non-governmental organizations, development and government agencies

In many cases, small producers may need to establish linking relations with development actors such as NGOs, development and government agencies in order to strengthen their capacity before they can engage effectively with market operators and policy-makers. Partnership and networking with these organizations can enhance their assets and competencies and improve their negotiating power within advocacy coalitions.

In **Bhutan**, as was seen in the previous chapter, the partnership between the Lemon Grass Cooperative and the private corporation, Bio Bhutan, was successful because it built a diversified network of relations between small farmers, NGOs, the government and the private sector. To ensure the sustainable delivery of quality organic essential oil, the government began to support the lemon grass oil industry, in 1998, through the Essential Oil Development Programme (EODP). The exit strategy of this government programme included providing support for the establishment of a Lemon Grass Cooperative in eastern Bhutan in 2006. The cooperative has since become a strong grassroots organization and a key partner for the Bio Bhutan enterprise. Third-party certification requires approved Community Forestry Management Plans with clearly demarcated management areas and defined organizational structures within communities. Good collaboration with the Department of Forests, as the authority which endorses these management plans, is thus imperative. Equally important is the support of the Organic Programme of the Ministry of Agriculture and the Bhutan Agriculture and Food Regulatory Authority, which includes inspection visits and fosters the training of Bhutanese inspectors. Development agency contributions were also a key success factor. The Netherlands development organization (SNV) supported a 'Local Capacity Building Programme' which organized and implemented training modules for farmer organizations like the Community Forestry Management Groups in eastern Bhutan in certification requirements, sustainable management practices, and other areas. With financial assistance from SNV and technical backstopping, the Ministry of Agriculture's Organic Programme developed training material and provided annual hands-on training to members of the Essential Oil Cooperative in organic practices (composting, preparation of natural pesticides, post-harvest management, energy efficient distillation methods) (Good Practice No. 13).

To be capable of influencing rural policy formulation, implementation, and enforcement, small-producer apex organizations also establish linking relations with different civil society actors to form advocacy coalitions. Alliances with civil society movements and the media have increased the negotiating power of small-producer apex organizations to influence policy-making and effective legislative change. Landless farmers from southern Philippines, for example, formed a social movement, focused on protecting small farmers' land under the agrarian reform

law. The movement was composed of a broad coalition of farmers' federations, people's organizations (labour and the urban poor), NGOs, churches, schools, media, and political organizations. As noted above, after a 73-day march, the Philippines government, at the highest levels, recognized the legitimacy of the farmers' claims (Good Practice No. 29). Similar coalitions have provided a platform for small farmers to be heard internationally, such as ROPPA during the West Africa negotiations of the EU-ACP Economic Partnership Agreements.

Kenya's ALV programme offers an illustration of how effective linking relations in an advocacy coalition can be. Farmer groups with the support of an international research institute, Bioversity International and the NGO, Farm Concern International, established connections with universities and civil society organizations in order to change consumer perceptions of ALVs. Together they conducted media campaigns to raise awareness about the high nutritional value of ALVs (high vitamin, mineral and trace element content), set up cooking demonstrations and tasting sessions with major outlets, printed and distributed flyers and organized health walks and food fairs in Nairobi. Partnerships with the private sector, governmental and civil society organizations brought other benefits. The Kenya Agricultural Research Institute (KARI) supported agronomic research and varietal selection. Partnerships with Kenyan universities analysed the nutritional value of ALVs and raised awareness about it. Partnership with the Kenya Seed Company supported seed supply. Such coalitions helped to transform the image of ALVs among Nairobi consumers, boosting monthly consumption from 31 tonnes in 2003 to 600 tonnes in 2006 (Good Practice No. 12).

Coalitions offer a myriad of different types of linking relations that enable small producers to increase their capacities, assets, negotiationing power, and thereby their leverage with economic actors and policy-makers at local and national levels. Nevertheless, to establish fruitful and sustainable links with policy-makers, small-producer apex organizations must develop a capacity to manage these different linking relations successfully, communicate their priorities and concerns, and bargain to ensure that they benefit from them as fully as possible. **The Gambia**'s National Fisheries Post Harvest Operators Platform, as noted above, built the capacity of small-producer representatives, at local and national levels, so that they could effectively and legitimately act as spokespersons for their constituencies. Training in organizational development, business skills, and literacy for post-harvest operators, who were members of community-based organizations or apex bodies, strongly increased their participation in decision-making processes, developed their understanding and confidence, and improved the connection between the spokespersons in the platform and their constituency (Good Practice No. 33).

Organizational capacity cannot merely be brought to an organization from the outside but must be developed from within. Small producers need to participate in the design of their own organizations and in the institutional relationships and linkages

that aim to support them. Nevertheless, knowledge and competency from the outside can be key ingredients in the development of small-producer organizations. The ability of a small-producer organization to absorb capital or knowledge depends upon how well developed that organization is in the first place, how aware it is of its own needs and membership and how capable it is of planning, providing and monitoring services when available. In the best scenario, small producers bear full responsibility for the process of building their own organizations, even if development practitioners sometimes help facilitate the process. This does not mean that development practitioners withdraw, but rather that they should adopt a responsive, demand-led, service provision role in relation to small producers. In many successful cases, an NGO or government agency acted as a "broker" among different, competing players, to help overcome mutual mistrust and poor communication. In enhancing the knowledge and communication capacities of small-producer organizations, including through formal training workshops and practical hands-on support they also play an important role to engage commercial participants and secure counterpart resources.

The good practices show that rural organizations can be a significant enabling factor in increasing small producers' contribution to world food security and improving their own livelihoods if supported through a set of appropriate relationships – bonding, bridging and linking – at different levels. These relationships enable small producers to work together and to engage with other small-producer organizations and to influence market actors and policy-makers. In turn, the quality and the extent of the three types of relations affect small-producer capacities to come together in organizations, to collectively resolve problems and achieve outcomes that are mutually beneficial.

Creating a process

The three constituent relationships together constitute a comprehensive process that leads to improved capacity for small-producer organizations. As illustrated, different "mixes" of the three relations often coexist and interact closely with one another. In this way, organizational development may take different paths depending on particular situations. The process of organizational development does not follow a linear path or a predetermined succession of the three constituent elements.

Different "mixes" of relations

Different "mixes" of one or more types of relations may be present in any given good practice. Some cases, such as the FFS, seem to be centred only on one type of relation. In FFS, farmers group together through bonding relations to collect data from the field,

discuss, analyse, and ultimately, take group decisions. Even so, the rapid, successful development of FFS in **west Africa** was also the result of strong linking and bridging relations through national coordination units, training of hundreds of facilitators, and relations between FFS and local and national institutions (Good Practice No. 24). Most cases involve a "mix" of different relations. In **India**, for instance, the Participatory Guarantee System provides an almost cost-free, simple and effective organic certification system well suited to local market requirements. This institutional arrangement, which links small producers to organic markets is based on strong bonding relations. At least five neighbouring farmers came together to form a group which conducts peer reviews of its members and decides which farmers are to be certified (Good Practice No. 15). In **the Gambia**, community-based forest enterprises relied on new linking relations with government to obtain new rights, power and authority over forests, thereby encouraging the sustainable use of natural resources. This objective was achieved in the form of community forest companies creating new bonds among forest users (Good Practice No. 1). In **Cameroon** and **Peru**, the process of building multistakeholder platforms, linking and integrating researchers, small plantain or potato farmers, market actors and consumers along the value chain followed a process very similar to the one in which small producers build bonding relations: mobilizing actors by building awareness, forming an organization or platform, common to the different stakeholders and, finally, developing capacities to act collectively to reach markets (Good Practice Nos 22 and 23). The two leading research and development institutes accomplished this by facilitating a participatory process in which they progressively handed over responsibilities to market chain actors, allowing them gradually to gain responsibility and recognition. Still, in other cases, all three types of relationships coexist, as is the case of herders in northern Benin (Good Practice No. 3), in which:

- Close bonding relations joined herders into grassroot groups to develop a collective capacity to act.
- Strong bridging relations within unions provided a variety of technical services to member groups and provided national federations with a voice.
- Linking relations with powerful traders and policy-makers at local and national levels enabled them to be active players on the market and in policy-making processes.

Rural organizations seeking to expand their scale, outreach and impact, while minimizing risks, would do well to include all three types of relationships in their repertoire.

Intertwined relationships

In summary, the process of institution building, in many cases, involves three intertwined constituent relationships. Combining two or more relationships can enhance the effects of any one relationship. For instance, bonding relations develop

small producers' individual and collective capacity within grassroot groups to carry out their own analysis and make their own decisions about opportunities as suggested in the FFS and business school cases (Good Practices Nos 24 and 25). This decision-making capacity is also critical when linking to markets. In order to move from subsistence agriculture to generating a surplus for local, provincial, national, or global markets, small producers need strong decision-making capacities. They must be able to assess opportunities, costs and risks as individuals and groups and to make informed decisions. Senegal's interprofessional tomato association illustrates the crucial importance of a strong capacity to make informed choices. Every year, within the interprofessional network, farmer organizations sign a farming contract and negotiate with tomato processors regarding areas and timing of cultivation, fresh tomato prices, the financing of the cropping season, and input supply (Good Practice No. 18).

This capacity to assess opportunities and make choices which is developed through bonding relations is also required for small-producer organizations to establish linking relations with NGOs, donors and government agencies. Linking relations allow them to gain access to a wide variety of knowledge and information, leadership and management skills, market intelligence, technical knowledge of production, input procurement and distribution, and policy analysis and negotiation support which are not available locally. Partners providing services for capacity development are only able to do so effectively when small producers – the client – are able to define their priorities and ensure that the delivery of these services benefits their members. Without this small-producer capacity to assess opportunities, NGOs, donors or governments may provide capacity development services that are supply driven, poorly targeted or ineffective. To be appropriately targeted, capacity development initiatives must involve small producers in design, implementation, monitoring and evaluation throughout the organizational development process.

In turn, a combination of bridges among organizations and links to civil society organizations can provide access to knowledge and information that enhance small producers' capacity to make choices. For example, SEWA's thriving self-help groups, a typical example of bonding relations, result from strong support in functional literacy and leadership training, which SEWA is able to offer its members by virtue of bridging relations among its specialized branches (Good Practice No. 4). Moreover, the west African apex farmer organization, ROPPA, was able to link with ECOWAS to formulate the agricultural policy thanks to the expertise it provided to its national member organizations and the links it developed with international NGOs to gain access to specialized expertise (Good Practice No. 32). Access to information, knowledge, and skills enhances small-producer capacity to make purposive individual and group choices, and to transform these choices into desired actions and outcomes, thereby strengthening small producers' "bargaining position".

By their very nature, some institutional arrangements such as the inventory credit system (Good Practice No. 8), contract farming (Good Practices Nos 12, 13, 14), and interprofessional associations (Good Practices Nos 18, 34) appear to be "pure" links between small-producer organizations and market actors. However, the creation of a positive sum game, where no one wins at someone else's expense, requires small producers' bargaining power to be strong. In most cases, strong bargaining power depends upon pre-existing relations between small producers. Bonds among small-producer groups and bridges between small-producer organizations reinforce small-producer capacities and set the scene for successful links with markets.

When the three different relationships operate together, small producers develop capacities they would otherwise never have if they had engaged in only one type of relationship.

A non-linear process

Organizational development is not a linear process, although the three different types of relationships may appear to follow a logical sequence – from the development of close intragroup relations among small producers (bonding relations), to a second phase with strong intergroup relations between groups (bridging), and culminating in a third and final phase, with the development of linking relations with dissimilar organizations and external actors such as market actors and policy-makers. Yet the process is not linear. Some FFS (*bonding relations*) were created at the initiative of a national apex producer organization (*bridging*) and supported by a development agency (*linking*). For instance, **Burkina Faso**'s UNPCB (Union nationale des producteurs de coton du Burkina Faso), a national commodity union of producer organizations (*bridging*), developed at grassroot level and numerous FFS (*bonding*) with FAO support (*linking*) (Good Practice No. 24). Most good practices did indeed begin with the creation of strong bonding relations among small producers, but thereafter the sequence varies. **Benin**'s grassroots herder groups created self-managed cattle markets to improve their linking relations, in particular through transparent market relations and stronger bargaining power, with traders. Several years later, the groups created bridges between herder groups and among local unions to provide services, such as technical advice, veterinary services, and pasture seeds to their members (Good Practice No. 3).

In sum, good practices in organizational development are usually the result of a combination of different but complementary types of relationships. These relationships evolve gradually and take time to build, as time is needed for small producers to develop their capacities:

- to bond or work together effectively;
- to bridge or connect their organizations together into larger and more powerful associations, unions and federations;

- to link or engage on a more equal footing with, and thereby benefit in a sustainable way from governments, businesses, NGOs, and other public and private economic and political actors.

When these relationships work together effectively in an integrated process, small producers and their organizations thrive. They are integrated in the market, able to fully "play the game". But they also can influence the "rules of the game" in ways that overcome critical obstacles to development that are difficult to overcome otherwise. In this way, small producers help to shape how policies and markets work, aiding them to become more effective in improving rural livelihoods, contributing to rural development, and ultimately food security.

4 CONCLUSION

Microeconomic institutions play a crucial, subtle, and relatively neglected role in explaining differential economic performance – over time, within and between industries, within and between nation states.

(Williamson, 1985: 408)

Continued population growth, urbanization and rising incomes are all likely to continue to put pressure on food demand. International prices for most agricultural commodities are set to remain at 2010 levels or higher, at least for the next decade (OECD-FAO, 2010). Indeed, higher prices should represent an opportunity for small producers, as about half of all rural household income in Latin America and Asia comes from agriculture, and the figure is even higher – about three-quarters – in Sub-Saharan Africa (Ghanem et al., 2010).

Prospects for small producers from developing countries to play a greater role in meeting the growing food demand on national, regional and international markets depends on their skills to access affordable inputs, information and competency and to deliver their output to the market. Significant supply response requires a market system in which small producers are actively involved as actors. A broad variety of institutional innovations have emerged in the past years, which contributed to reducing small producers' barriers to enter markets while improving policy-making.

In order to transform these success stories into broader institutional change, two sets of recommendations for organizational capacity development processes can be suggested:

- Policy-makers and development practitioners need to improve their understanding of institutional change.
- Innovative partnerships between small producers, governments and the private sector must be considered and built.

Improving understanding of institutional change

In order to design efficient food-security policies, decision-makers need to be aware of the central role of rural organizations in achieving food security. In particular, they need to improve their understanding of the drivers that can facilitate or inhibit small-producer collective performance. Many rural policies fail because they do not shape the enabling environments in which small producers and their organizations operate. This publication has reviewed a variety of institutional processes that emerged in response to market and policy constraints, providing a body of empirical alternatives. They illustrate a diversity of possible services that organizations and institutional arrangements provide to empower men and women, small farmers, fishers, forest users and stock keepers. Some of these solutions enhance their ability to access and manage natural resources; others focus on overcoming market constraints by improving their market power and reducing high transaction costs. Another set of services allows small producers to build on their skills, competencies and improve their access to information. Finally, the last set of responses deals with improved negotiating power,

allowing small producers to engage in policy-making. Empirical evidence reported in this publication shows that organizations and institutional arrangements enable small producers to mobilize and control resources, overcome constraints and seize opportunities to improve their livelihoods and contribute to food security. In other words, the case studies demonstrate how small producers, often excluded from the market, can fully use the "rules of the game".

While rural organizations have some general features in common, the case studies considered in this publication show that each organization is context specific. Each case is different and organizations must be tailored to specific situations. In order to implement policies and programmes efficiently, development practitioners in agricultural and rural ministries in developing countries, or international agencies, and NGOs, need an in-depth understanding of the policy environment and conditions under which organizations can function well. The publication showcases some of the necessary conditions for organizations and institutional arrangements to perform successfully. It also demonstrates how organizational development processes function.

The main findings from the good-practice case studies suggest that the performance of small-producer organizations depends on the size and quality of the network of relations that they can mobilize. The presence of three different relations – namely bonding, bridging and linking – are vital for an efficient and sustainable institutional building process to thrive. Bonding relations among small producers – intragroup relations – within grassroots organizations provide small producers the capacity to make choices, act and be motivated to do so. Bridging relations – intergroup relations – connect groups together, forming larger subsystems: unions, federations of small-producer organizations and networks. These relations bring competency and enhanced bargaining power. In these subsystems, small producers pool their resources and enhance their negotiating power. The subsystems in turn are linked – extra-group relations – to economic actors and policy-makers in higher influential positions to complete the process. This process resembles a "seed model" whereby the beginnings are small but grow in complexity and completeness. Moreover, the publication suggests that the three types of relations are closely interrelated. The development of one constituent element relies on that of one or both of the others in a cumulative process. The three types of relations with their interactions form an institutional building process in which "each institutional change becomes the foundation for the next change" (Ostrom, 1990: 141). A better understanding of these conditions can help development practitioners to engage more effectively with small producers and support more sustainable organizational development processes.

Building a renewed partnership

Though successful, the good practices presented here are nonetheless limited in scale and scope, and substantial challenges remain if they are to be transformed into broad rural dynamics of change. This publication clearly demonstrates that progress has been made in this direction. In building a dense network of bonding, bridging and linking relations, many organizations and institutional arrangements emerged. They have enabled small farmers to mitigate the different barriers they face. In order to increase these innovations, small producers, governments, profit and non-profit private sector need to build avenues of close collaboration in a renewed partnership.

Since the 1970s, agricultural development policies in developing countries has gone through two broad phases following different approaches: first, state-led development policy followed by the market-led model (Kirsten et al., 2009). The first phase focused on addressing the problems created by market failure and promoted state intervention. On the contrary, the second recognized state failure and supported the positive role of the private sector and market. Neither model allowed least developed countries to reach food security. There are a number of lessons learned to be drawn from the past four decades, both in terms of successes and failures. One lesson is that "market/government dichotomy is an oversimplification" (Stiglitz, 2004: 306). Currently, the debate over the respective role of the government and the market has broadened (Skidmore, 2001; Martinez Nogueira 2008). Martinez Nogueira claims that nowadays there is a new emphasis on collaboration and a more sophisticated understanding of the development process. The public sector has shifted into becoming more open towards civil society and the market is now more reliant on the quality of institutions and is capable of responding to incentives. Stiglitz (2007: 27) adds: "While markets are at the center of any successful economy, government has to create a climate that allows business to thrive. It has to construct physical and institutional infrastructure... in which investors can have confidence that they are not cheated." In line with these authors, this publication concludes that there is a need to go beyond mere market- and/or government-led economies. It is necessary to complement these development models with the recognition of the critical role of collective action and its inclusion as a necessary condition. "Efficient market organisation not only involves more but also better linkages between different economic players" (Poole and de Frece, 2010: 3).

The case studies outlined in this publication support the argument that the simplistic dichotomy between state and market must give way to new forms of collaboration and partnership which make use of the diverse possibilities for joint action and balance between government, market and collective action in rural economies. In all collaborations, rights and duties, roles and responsibilities have to be clearly defined for each stakeholder. A first challenge for policy-makers is to design and implement policies

and programmes that take into account existing small-producer social dynamics and build on the capabilities of existing organizations. Indeed, developing organizations from scratch is the least desirable option.

A second challenge for development practitioners is to be responsive rather than directive, to shift from a role of implementer (expert adviser, problem solver, trainer) to facilitator (coach, process adviser). A shift from being service providers and problem-solvers/implementers to facilitators of institutional improvements can build on small producers' strengths and enhance their problem-solving ability. This shift requires that development practitioners change their mindsets and behaviours. Rather than focusing on outputs and immediate results, they have to centre on outcomes and long-term sustainability.

A third challenge is to ensure that small producers are actively engaged in their own development. Public and private development practitioners need to encourage small producers to discover problems and solutions on a learning-by-doing basis, appreciate successes and build on existing assets in their organizations. Within this renewed partnership, small producers have to maintain their autonomy of action to drive rural institutional changes within their organizations and build long-term arrangements and partnerships with the government, economic and civil society actors. In brief, governments become "enablers", providing sound and enabling policy environments and public goods that enhance the ability of men and women small producers to develop institutional changes, while civil society facilitates the institutional building process.

To encourage more sustainable and equitable forms of collaboration, governments, development agencies and NGOs have to make a shift in the nature and quality of support from that of provider of assistance to that of facilitator of change, through a capacity development approach. This publication helps build the capacities of development practitioners in order to engage with small producers and their organizations in a meaningful way.

ANNEX

Authors of the cases of good practices selected for the publication

N.	Title	Author	Organization
Enhancing access to natural resources and local governance			
1	Participatory forest management and community-based forest enterprise	Camara and Grouwels	FAO
2	Strengthening local governance for improved management of natural resources	Lindemann	FAO
3	Herders in northern Benin become more professional	L'Haridon	AFDI
4	SEWA's model of institution building: Empowering small-scale women farmers	R. Nanavaty and D. Herbel	SEWA and FAO
Facilitating access to productive assets and markets			
5	Input shops: a made-to-measure solution for the poorest farmers	Daniel Marchal	FAO
6	Integrated rice production cooperatives and Cyber-seeds	E. Kouadio, K. Berte, R.G. Guei	FAO
7	On-farm management of agricultural biodiversity in Nepal	Y. Naito, and B.R. Sthapit	Bioversity International
8	Inventory credit: a financing method suited to the needs of small farmers, both men and women	Daniel Marchal	FAO
9	A guarantee fund to ensure fertilizer supplies for cereal growers	B. Troy and P. Girard	FARM Foundation
10	Producers get together to step up mechanization of their farms	Thierry Guerin	CUMA France
11	P4P as an opportunity for Farmers' Organizations – (Ex. Zambia Commodity Exchange)	Global	WFP
12	African leafy vegetable producers in peri-urban Nairobi	Charity Irungu	St Paul's University, Limuru, Kenya
13	Farmers' cooperative and Bio Bhutan associate to develop markets for certified organic essential oils	Irmela Krug	Bio Bhutan – Private sector
14	Producers' groups and SWIFT Co. Ltd set up innovative contract farming model in Thailand	Paichayon Uathaveekul and Paphavee Suthavivat	Swift Co. Ltd. – Private sector
15	Participatory guarantee systems for organic certification in India and South Asia	M. Braganza and M. John	NGO
16	Improving market opportunities of small producers through cooperatives	D. Morra and T. Lindemann	FAO
17	Farmer market linkage activity for the Fiji papaya industry	Heiko Bamman	FAO
18	Tomato interprofessional organization at the service of coordinated management of the value chain	Celia Coronel	IRAM – Paris

N.	Title	Author	Organization
19	A public-private partnership to support organic fair-trade cotton:a sustainable alternative for producers	Sekou Diarra	Helvetas – Mali
20	Malawi Agricultural Input Subsidy Programme (AISP)	Nigel Poole	SOAS – research institute
21	Demobilized ex-combatants pool their resources in order to improve their living conditions	Busangu Kingombe Papy, Shende Bukoroka, and Mbongo Mbantshi Stanislas	FAO
22	Multistakeholder innovation platforms for the plantain value chain	Kodjo Tomekpe	CIRAD – research institute
23	Participative market chain assessment	Nigel Poole	SOAS – research institute
Providing access to information and knowledge			
24	The farmer field school approach in west Africa and in Colombia	Settle and Hama Garba	FAO
25	Developing small-farmer entrepreneurship through farm business schools	David Kahan and Bettina Edziwa	FAO
26	Promoting employment and entrepreneurship for vulnerable youths in Gaza Strip and West Bank	Dalla Valle	FAO
27	Rural & Agricultural Development Communication Network for Development	May Hani	FAO
28	CoopWorks, an open source business information system for producer organizations	Seiffert	FAO
Increasing political capital			
29	The Sumilao farmers campaign and the agrarian reform legislation in the Philippines	Socrates Banzuela	Secretary-General, National Movement and Confederation of Small Farmers Organizations (PAKISAMA)
30	A participatory process approach for developing a pluralistic, demand-led and market-oriented advisory system	Blum and Mbaye	FAO
31	Farmers' organizations contribute to formulation of the Agricultural Orientation Law	M. Dia, T. El Hadji Cisse and J.M. Cormier and Thiam (CERDI)	Conseil National de Concertation et de Coopération des Ruraux (CNCR) Senegal
32	Farmers' organizations give small-scale farmers a voice in policy-making processes		IFAD
33	National Fisheries Post Harvest Operators Platform	Njai	FAO
34	The Ghana Rice Interprofessional Body: A multi-stakeholder platform to facilitate development of the rice sector	Celia Coronel	IRAM – Paris
35	An intergovernmental mechanism for cooperation on aquaculture	Mathias Halwart	FAO

GLOSSARY

Apex organizations:
Group secondary level organizations at the regional or national level, ensuring high-level representation in the political and economic arena.

Autonomous capacity:
Capacity of an individual or an organization to make informed decisions free from outside forces.

Bonding relations:
Closed relations of cooperation that are formed between people of the same social group based on exclusive ties of solidarity. They are intragroups horizontal strong relations, like the ones which characterize small-scale producers' formal or informal groups at grassroots levels. Usually bonding relations reinforce the homogeneity thus the cohesion of a group. They are typically refereed at as the social capital of the poor. They also have a downside since they can results in collusion and discrimination of other individuals and groups (Woolcock & Narayan, 2000; Fournier et al., 2002).

Bridging relations:
Relations of cooperation between organizations – intergroup relations – grouping together organizations of the first level (grassroots groups, self-help groups, local associations and cooperatives) into apex organizations (unions, federations). Being more open than bonding relations (Woolcock & Narayan, 2000), they improve information sharing, collective learning and access to external resources which allow producers to increase voice and power, mainly by reaching a better bargaining power.

Capacity development:
The process whereby individuals, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.

Collective action:
Voluntary action to collaborate in pursuit of a common goal taken by a group (Marshall, 1998).

Consultative forums:
Mechanism bringing together government and producers' apex organizations in which rural people share their needs and preferences with policy-makers and jointly define viable approaches to tackle problems of common concern. The reduction of information asymmetries and trust that comes from such consultations makes collaboration easier.

Contract farming:
Formal agreement between farmers and processing and/or marketing firms for the production and supply of agricultural products. Contracts usually involve a purchaser commitment to purchase the commodity at predetermined prices and provide production support through, for example, the supply of inputs and technical advice, and a producer commitment to provide agreed quantity and quality of a commodity (Eaton and Sheperd, 2001).

Empowerment:

Process of enhancing an individual's or group's capacity to make purposive choices and to transform these choices into desired outcomes (Aslop et al, 2005).

Enabling environment:

Policies and practices that stimulate and support effective and efficient functioning of public and private organizations (for-profit and non-for- profit ones) and individuals.

Farmer Field School (FFS):

Farmer Field Schools consist of groups of farmers with a common interest who get together on a regular basis to study the "how and why" of a particular topic. They learn from field observation and experimentation (learning by doing), such as integrated pest management (IPM). Originally, the FFS approach was developed by FAO to transfer IPM technologies to farmers in Indonesia. The FFS approach may be applicable wherever a subject is open to a process of active learning in the field, either using demonstration techniques or real experimentation to uncover new local knowledge. The FFS curriculum follows the natural cycle of its subject, in parallel with what is happening in the FFS member's field. (Source: FAO Best Practices Web site http://www.fao.org/bestpractices/index_en.htm)

Food security:

The situation "when people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life" (FA0, 2002).

Gender:

The roles and responsibilities that are socially assigned to women and men, the social relations and interactions between women and men, and the opportunities offered to one and the other. Gender relations are the ways in which a society defines rights, responsibilities and the identities of men and women in relation to one another.

good practice:

In this publication, a practice that has changed the rules and relationships among rural actors in such a way that it has significantly and sustainably brought about poverty reduction and/or increased food security while empowering rural communities and producers.

Human capital:

The skills, knowledge, ability to labour and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives (Department For International Development – DFID, 1999). It covers people's innate abilities and talents plus their knowledge, skills, and experience that make them economically productive. Human capital can be increased by investing in health care, education, and job training (World Bank, 2004).

institutions:

"Rules by which agents interact and the organizations that implement rules and codes of conduct to achieve desired outcomes" (World Bank, 2002).

interprofessional association:

A private body, recognized by the state, which groups together upstream and downstream partners of the same commodity along a value chain. It represents the interests of the sector as a whole. Such bodies elaborate alternative contractual policies for members to increase the competitiveness

of the sector and defend their interests. An important feature of interprofessional association is that the membership is made up of the diverse associations representing the professions within a value chain and not individuals or companies.

Institutional arrangements:

Inter-agent coordination between producer organizations (POs) and other social and economic actors, such as stakeholder committees, networks, forums, platforms, public-private partnerships, and contracts.

Linking relations:

Connections with actors in politically or economically influential positions (Woolcock and Sweetser, 2002). Linking relations include connections between small producers and a wide range of private and public actors, such as contract farming models, private-public partnerships, interprofessional or value-chain organizations, but also through network and forums.

Livelihood system:

Activities, assets (material and social resources), and access that jointly determine the living gained by an individual or household. A focus on livelihoods, as Farrington et al. (1999) explains, puts emphasis on people and their activities, the holistic nature of people's activities, the links between the micro and macro. The main strength of a livelihoods focus is that it puts poor people at the centre. The approach builds on and promotes poor peoples' strengths, skills, assets and potential, rather than viewing them as a liability or a drain on resources. Livelihood approaches have developed analytical frameworks that help in better understanding the situation of rural people.

Loan guarantee funds:

A fund reducing the risks for the lender of bad loans providing insurance against some portion of any potential losses in rural financing activities and reducing the cost of lending by reducing the provision that the lender has to make for bad loans.

Market power:

Ability of an economic agent to alter the conditions of the transactions in term of price, delay, quality. Agents that have market power are sometimes referred to as "price makers", while those without are sometimes called "price takers". An agent usually has market power by virtue of controlling a large portion of the market. However, market size alone is not the only factor of market power. A strong reputation or brand (a differentiated product), information and knowledge are also factors which increase the power of an economic agent.

Mediation Committee:

Mechanism to deliver dispute settlement services, i.e. the management of conflicts between cattle raisers and farmers.

Microfinance institution:

Organization that provides financial services (savings accounts, loans, insurance products, money transfers) to poor women and men who are not served by formal banking systems.

Negotiating Power or Bargaining power:

Relative ability of an actor, a person or a group, in a situation to exert influence over other actors. It is the strength that an actor has by exercising and imposing its point of view over others.

Network:
System of interlaced webs of relationships in which control is loose, power diffused and centres of decision plural.

Organizations:
Clusters of individuals working together toward a shared goal. "Groups of individuals bound by some common purpose to achieve objectives" (North, 1990: 5).

organizational capacity development:
Process to enhance the capacity of organizations to perform their goals and better fulfil their missions.

Peer to Peer advice:
An innovative practice in which people with similar positions in comparable organizations and who speak the same language exchange knowledge on how to address problems and constraints and thereby strengthen rural organizational skills.

primary organizations:
Organizations bonding small-scale producers within grassroots groups, self-help groups, local associations and cooperatives.

Public-Private Partnership:
Cooperative venture between public sector (government and other public agencies) and private business or not-for-profit civil society organizations. The agreement builds on the expertise of each partner to meet clear goals and share resources, risks and rewards. When private actors share the public interest in economic development, public agencies may be able to engage in certain development activities jointly with them.

Secondary organizations:
Group together organizations of the first level (formal and informal grassroots groups, local cooperatives) within unions, and bridge unions within federations or connect them in networks.

Self-help groups:
Small grassroot groups which members choose voluntarily to join to address shared interests, common concerns and provide mutual support among peers. The groups usually meet locally, in members' fields, homes or community rooms. Self-help groups may exist separately or as parts of larger organizations.

Small rural producers:
Rural producers (farmers, fishers, forest users) with more limited resource endowments and who are generally more vulnerable to food insecurity than other producers in the sector and in the same economic, social and cultural context.

Social capital:
"Collective resource of a group in terms of networks and social trust which facilitate its collective action for mutual benefit" (Putnam, 1995: 67).

Stakeholder platforms:
A mechanism which brings together public institutions of agricultural development (including public research and extension agencies) and the private sector (producer umbrella organizations and the other actors of a value chain in a brokering relationship that helps to overcome mutual mistrust and lack of communication.

Urban bias:

Situation in which rural development is hampered by groups who, by their location in urban areas, are able to exert influence on governments to protect their interests (Bates, 1993).

Value chain:

A series of business transactions from the provision of inputs for a particular product to primary production, transformation, marketing, and sale to consumers (the functional view on a value chain); and the set of enterprises performing these functions (i.e. producers, processors, traders and distributors of a particular product). According to the sequence of functions and operators, value chains consist of a series of chain links (or stages).

Voice:

Individual and collective involvement in making social choices.

Warehouse Receipt System:

Mechanism which secures access to credit by allowing producers to use their crop as collateral. The system works only with non-perishable goods for which prices at the end the season are higher than at harvest time.

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By subject

By country

Food and Agriculture Organization of the United Nations
Viale delle Terme di Caracalla
00153 Rome, Italy
Phone: + 39 06 57051
www.fao.org

International Fund for Agricultural Development
Via Paolo di Dono, 44
00142 Rome, Italy
Phone: +39 06 54591
www.ifad.org

ISBN 978-92-5-106898-4
I2258E/1/05.11
February 2012