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Support for organising rural producers in Southern and Eastern Africa

Status and possibilities for
Norwegian assistance

Preface

This report has been commissioned by NORAD as a part of their effort to identify possible venues for intervention in the rural production system in Africa. African agriculture has suffered under various political and economic regimes. The current dramatic food situation in many African countries is just one example of the vulnerability of local production systems reflecting both political, economic as well as environmental factors.

At the same time most of us will have seen the increasing number of African agricultural products in European supermarkets as the global food market is expanding. Globalisation has clearly created new regional and international opportunities for African farmers but the global “food economy” is contradictory. This can be visualised by Zambian farmers growing baby corn for the European market while there is a severe food shortage in the country when the maize crop fails. Donor support to this sector during the 1980s and 1990s has not always been successful, and there is clearly an urgent need to rethink donor strategies towards this important sector.

The report is the result of the joint effort of researchers and staff from the three institutions. This co-operation continues through the current NORAD supported pilot formative research project. For the first time key rural producers’ organisation from Malawi, Zambia and Tanzania are brought together. Through the support of their respective national universities they explore their different approaches to economic development within the agricultural sector. The objective of this process is to explore possible modes of regional co-operation and business development within the region as well as towards the international market.

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Table of Contents

Preface	1
Summary	4
List of Acronyms	6
1 Introduction	7
1.1 Purpose	7
1.2 The structure of this study	8
1.3 Data sources	8
2 Background	10
2.1 African Agriculture – some key features.	10
2.2 The experience with Cooperatives – why didn't it work?	12
2.2.1 Government hijack of cooperatives	12
2.2.2 Bad policies – no enabling environment	14
2.3 Towards a globalised economy – impacts and challenges.	15
2.3.1 Structural adjustment: a more enabling environment?	15
2.3.2 The impact of liberalised economies	15
2.4 Aid and the rural sector	16
3 The diversity of organisations	18
3.1 Cooperatives	19
3.2 Alternatives to cooperatives	20
3.3 Summary of types RPOs and their functions	21
4 How can support to RPOs contribute to aid objectives?	24
4.1 Aid objectives	24
4.2 Rural growth – more money in the farmers' pockets	24
4.3 Rural organisation as a means of empowerment	25
4.3.1 Good governance/democracy	26
4.3.2 Skills acquisition	27
5 Experiences with support to rural producers' organisations	28
5.1 How can donors help?	28
5.2 Creating an enabling environment – unfinished business?	28
5.2.1 Legislation	29
5.2.2 Organisational freedoms and democracy	30
5.2.3 Terms of trade, markets and infrastructure	30
5.3 Working with RPOs	30
5.3.1 Assisting Learning and empowerment	31
5.3.2 Introducing Member Control	32
5.3.3 Economic gain to members – enterprise development	33
5.3.4 Diversification - threat or option?	34
5.3.5 Participation as a means	34
5.3.6 Support to apex organisations?	34

5.4	Experiences, and current approaches, in supporting RPOs – Multilateral organisations	35
5.4.1	FAO.....	35
5.4.2	IFAD: Rural development with participation.....	35
5.4.3	The World Bank.....	36
5.4.4	ILO: Labour standards and job creation.....	38
5.4.5	ICA: the International Co-operative Alliance	39
5.4.6	IFAP: the International Federation of Agricultural Producers.....	40
5.5	Some examples of current projects	40
5.5.1	NASFAM	40
5.5.2	Zambia – support to capacity building in farmer associations.....	42
5.5.3	NGO support to farmer group formation	42
5.5.4	Tanzania – reviving the cooperative movement (MEMCOOP).....	43
5.6	Networks for exchange of experiences between rural people’s organisations South-South and North-South	45
5.7	Support through regional or international organisations (e.g. ICA).....	46
6	Options and means for Norwegian support to rural producer organisations.....	47
6.1	Country-programs	47
6.2	NGOs.....	48
6.3	Private sector development	48
6.4	Multilateral programmes.....	49
6.5	Formative Process Research.....	49
7	Conclusions and suggestions.....	51
	References.....	53

Summary

Odd Eirik Arnesen (NIBR), Vidar Kapelrud (Norges Vel) and Ragnar Øygaard (NORACRIC-NLH)

Support for organising rural producers in southern and Eastern Africa

Status and possibilities for Norwegian assistance

Joint Report 2002

In its recent budget proposition the Royal Norwegian Ministry of Foreign Affairs states the importance of supporting the strengthening of rural organisation, with a specific objective of strengthening *rural producers' organisations* (RPOs) as economic and civil institutions. This is in line with international development efforts but the key question still remains, how can donor assistance promote rural economic development and political empowerment?

The term “rural producers’ organisations” (RPOs) is chosen in order to acknowledge the diversity of organisational principles, activities, and functions of existing farmers’ and other rural producers’ organisations in developing countries. Their diversity is also their strength and can be analysed according to: (a) the thematic field of interest; (b) linkages with other actors; (c) scale; (d) economic issues; (e) comparative advantage of the RPOs. The RPOs will in most cases perform several functions such as marketing and supporting agricultural production, while social functions are not always apparent. Despite the variance, there are two issues which are crucial for the development of the RPOs; i) the economic viability of the RPOs, in short, they must make a *profit*, and ii) the members must be in control of the organisation, in short *transparency*.

Given the flexibility and variance, it is difficult for donors to find the right entry point without any distorting effects on the institutions. While external funding in itself can corrupt an organisation, they are also in danger of becoming overburdened by outside demands of new objectives to be included in the operations, be it AIDS/HIV, gender environment etc. It is clearly not an easy task to establish a non-distortive relationship with RPOs. This calls for a long-term partnership to develop mutual trust and respect.

Emphasis has been, and should continue to be, on RPOs as a means of empowerment – the development of people’s capacity to initiate action on their own or to influence decisions. Thus the effort should be seen more as a learning process, rather than only a question of providing some services. Projects dealing with RPOs need to better understand the social features of the organisations. RPOs are products and engines of social transformation, and it has to be acknowledged that capacity building and organisation development processes to support development of sustainable RPOs are complex (Delion 2000). This point of departure has far-reaching implications for what an external donor can do and how it can be done, and how fast results can be achieved.

However, so far it appears as if too much emphasis has been put on building or strengthening RPOs as such, whereas their role as economic “instruments” to the rural

families has been more or less neglected. We believe there is an urgent need to more directly touch upon the PROs' role as enterprises, and thus, start to facilitate business development. Means and funding for enterprise development should be designed in such a way that also enterprise activities run by RPOs are covered.

The discussion under chapter 6 shows that the funding sources available for working directly with RPOs, due to Norwegian aid modalities, is limited to the NGO-channel, since the priorities of country-programmes are applied to most other channels - and agriculture has been dropped in most country-programmes.

To ensure development activities in collaboration with rural producers' organisations based on Norwegian funding, Norwegian authorities should consider earmarking funds through the NGO-channel for working with RPOs.

Our suggestions for NORAD can be summarised in the following points:

- In the country programmes there should be a continued emphasis on strengthening the enabling environment for broad based rural growth, through initiatives such as improved public sector service delivery in agriculture (agricultural research and extension, and rural roads), primary education, capacity building, macro-economic reform, civil service reform, civil society support, and community participation in natural resource management. Issues such as expanding the freedom to organise may be made part of the country dialogue.
- Earmarking of funds (through the NGO-channel) for working with RPOs
- Introducing “business facilitating means” designed to cover also economic activities run by RPOs – aiming at enabling or facilitating the private sector in the south to trade and compete.
- To improve the quality of donor interventions and to ensure that “lessons learned” are conveyed to those designing new programs, we suggest that networks and networking activities among RPOs and their donors - both South-South and South-North-networking - could receive funding.
- Explore possibilities of using formative process research as a support mechanism that strengthens the RPOs in their operations, builds competence on RPOs within the national research institutions, as well as informs policymakers and donors on policy issues related to the development of the RPOs. A regional pilot project will be implemented in Zambia, Malawi and Tanzania during 2002.

List of Acronyms

ABF	Agribusiness Forum
CBO	Community based organisation
CDF	Comprehensive Development Framework,
Danida	Danish International Development Assistance
FAO	Food and Agriculture Organisation of the United Nations
FPR	Formative Process Research
GDP	Gross Domestic Product
ICA	International Co-operative Alliance
IFAD	International Federation for Agricultural Development
IFAP	International Federation of Agricultural Producers
ILO	International Labour Organisation
LFA	Logical Framework Analysis
MAFF	Ministry of Agriculture, Food and Fisheries
MEMCOOP	Member Empowerment in Co-operatives (Tanzania)
NASFAM	National Smallholder Farmers' Association of Malawi
NGO	Non-governmental organisation
NIBR	Norwegian Institute for Urban and Regional Reassert
NORAD	Norwegian Agency for Development Cupertino
PRSP.	Poverty Reduction Strategy Paper
RPO	Rural Producers' Organisation
SAP	Structural Adjustment Programme
SFGA	Small Farmer Group Associations
Sida	Swedish International Development Cupertino Agency
SSA	Sub-Saharan Africa
UN	United Nations
USAID	U.S. Agency for International Development
ZNUF	Zambia National farmers Union

1 Introduction

With respect to national resources, value adding will mainly be based on the primary industries in Africa South of Sahara. In co-operation with international and voluntary organisation, Norway will support increased agricultural production, develop fisheries, improve the framework for primary industries and assist in developing farmers' associations, as well as their economic and political organisations (our translation, Utenriksdepartementet 2002, p 91))

1.1 Purpose

In its recent budget proposition the Royal Norwegian Ministry of Foreign Affairs states the importance of supporting the strengthening of rural organisation (see quote above), with a specific objective of strengthening *rural producers' organisations*. This is in line with changes in policy among some major donors such as the World Bank and USAID. The World Bank's Comprehensive Development Framework recognises the central importance of building market institutions that promote growth and reduce poverty. Hence, the theme of the latest World Development Report is 'Building Institutions for Markets' (World Bank 2001). The situation of farmers is highlighted in the report. In a similar manner, FAO finds that both causes of and cure for the decline in agricultural productivity is largely *organisational* (Rouse 1996). A major hindrance to the improvements of production relations in the agrarian sector has, accordingly, been a lack of accountable and powerful local institutions that can secure the rural population access to resources and markets as well as make their voices heard in policy making bodies. IFAD's latest 'Rural Poverty Report 2001 – The Challenge of Ending Rural Poverty' (IFAD 2001) in a similar manner highlights four aspects of critical importance in understanding the challenges to rural poverty reduction:

- Institutions, markets, technology and assets need to reflect the critical role of food production in the livelihoods of the rural poor, and institutional reform that gives the poor greater control over their own environment.
- Technology adapted to the needs of the rural poor with the objective of increasing employment and output.
- Redistributive empowerment of the rural poor through higher shares; access to and control of appropriate assets; institutions; and technologies.
- Markets for the rural poor

*The purpose of this review is to discuss **why** increased Norwegian support to rural producers' organisations in particular can contribute to the overall development goal of poverty reduction and **how** this can be achieved in practice.*

The turn of the century was marked by a renewed commitment by the international donor community to fight poverty and to cut absolute poverty in half by 2015 (UN 1995). Three quarters of the world's 1.2 billion poor¹ still live and work in rural areas and while the

¹ Defined as living below one dollar per day.

fight against poverty was rather successful in 1975-90, mainly due to rural and agricultural development (IFAD 2001) the rate of poverty reduction has been declining steadily since then. In the case of sub-Saharan Africa the rate of poverty reduction in the period 1990-99 has been only a sixth of what would be needed to halve poverty by 2015, although growth rates in African agriculture improved during the 1990s. The challenge is enormous if we also consider that the rural sector has had to tackle the decline in donor funding in general and agriculture in particular. At the same time increased globalisation of agriculture, both technology and markets, poses new threats and opportunities to the rural populations and rural production systems. The purpose of this review is to contribute to identifying feasible actions and means of supporting rural producers' organisations as donors now once more emphasise the situation of the rural poor. Although there are lessons to be learned from the poor performance of previous state centred interventions in the rural economy, the new policy environment implies new policy options now gradually being tried out.

The term "rural producers' organisations" (RPOs) is chosen in order to acknowledge the diversity of organisational principles, activities, and functions of existing farmers' and other rural producers' organisations in developing countries. The term includes the various forms of groupings and associations dealing with economic functions and with advocacy – and also sometimes local development and social services provision when governments fail to adequately provide such services. Given the high hopes among the donors that the RPOs can take on most of the aspects found within the current multi-dimensional poverty concept we have, however, to acknowledge the warning made by some of the representatives of the RPOs that it is a giant task even to sustain the increase in the farmers' income in the years to come.

For most developing countries, improved agricultural productivity will be the engine of non-agricultural growth. But as IFAD points out, reviving agriculture is still only a part of the answer to end rural poverty (IFAD 2001: 3): 'Agricultural change can work to reduce poverty, but only when it is linked to social change that give the poor greater power over the social factors that shape and, far too often, circumscribe the horizons their possibilities, including their agricultural options and assets.'

1.2 The structure of this study

We will first review some of the recent history of RPOs – and how they relate to the larger economy, discuss a typology of rural organisations, and the experiences of outside agencies working to support these organisations, before we review options for increased Norwegian support and present conclusions and recommendations.

The review will focus geographically on Africa South of the Sahara. Emphasis will be on Norway's main co-operating countries in Southern and Eastern Africa.

1.3 Data sources

The review is primarily based on existing information such as policy documents and project reviews, gathered from various donor agencies. Visits have been made to the World Bank, FAO, IFAD, ILO, and ICA, which gave us the opportunity to discuss RPO projects and policy issues in detail. We have also had the opportunity to discuss these issues with senior NORAD staff.

To provide information and knowledge directly from the region discussed in this report, the International Co-operative Alliance Regional Offices for West Africa (ICA/ROWA) and East, Central and Southern Africa (ICA/ROESCA) were commissioned to collect and compile information on how farmers (and rural producers in general) have adapted to the new economical and political environment they are facing in the region.

The studies (ICA/ROESCA 2001; ICA/ROWA 2001) were carried out in November 2001 and cover the following topics:

- Legislation and regulations
- Policy papers on development through co-operation with farmers' organisations
- Best practices and lessons learnt
- Networking

Further, some of the conclusions were presented at the seminar hosted by Landbruksfaglig Bistandsforum (Agricultural Development Forum) in Oslo, 27th November 2001, discussed "Changing Political and Economic Environment - How Do Rural Producers in Africa Adapt?" The seminar included, among others, contributions by Professor Suleiman Chambo, Principal, Co-operative College, Moshi -Tanzania and Mr. Dyborn Chibonga, General Manager, NASFAM – Malawi, both passing on useful and exciting information on the current approaches in Tanzania (MEMCOOP) and in Malawi (NASFAM).

2 Background

2.1 African Agriculture – some key features.

The rate of urbanisation in Africa is clearly on the increase and urban poverty will increasingly become a problem for both the urban and the rural economy (Kamete, Tostensen, and Tvedten 2001). ‘Extreme poverty’ will continue to be predominantly a rural phenomenon. While the global distribution of rural poverty reflects the high number of poor (and high number of people) in South Asia, sub-Saharan Africa has one quarter of the World’s rural poor and a much slower rate of poverty reduction.

The countries of sub-Saharan Africa are largely agriculture-based, with a large share of GDP and export earnings coming from agriculture. Moreover, in spite of rapid urbanisation, in most countries the majority of the population still resides and works in the rural areas, in agriculture and various informal sector activities. Poverty and food insecurity is widespread, as is poor health and degradation of natural resources. The agriculture sector usually displays great diversity, with a small number of large commercial farms, and many very small farms, often producing only for household subsistence and often managed by women. In some countries there is, however, a sizeable group of intermediate size family-operated farms. While the commercial sector has frequently been well organised and has had substantial political influence, the smallholders and peasants have been poorly organised and often virtually powerless.

Africa’s agricultural growth was much lower than other regions’ growth in the 1980s due to the improvement made in agricultural technology such as the Green Revolution in Asia. The gap narrowed in the 1990s due to the slowdown in productivity increase in the regions benefiting from the Green Revolution and increased production in Africa. This improvement does not reflect the varied performance of countries within the region. In countries like Ethiopia the agricultural output as well as the GDP growth rate is highly correlated with weather conditions. Even in a year with bumper harvest more than 4 million people will depend on food handouts due to regional climatic variations. The countries of Sub-Saharan Africa are diverse in the natural resources and factor endowments as well as political commitment to commit resources to the rural sector. During the 1990s twelve of the 48 countries of the region maintained agricultural growth rates above 4 percent while the number was only five during the 1980s.

Table 2.1 *Some selected development indicators and countries presented in the review (World Bank 2001).*

Country	Population (million) (growth)	GDP per capita % growth	Annual avg. GDP growth rate	Agricultural productivity Value added per worker 1995 US\$		Agriculture as % of GDP	Pop. %* below one US \$
				1987-89	1997-99		
Ethiopia	64 (2.3)	2.2	4.6	144	52
Malawi	11 (2.6)	-0.7	3.8	91	138	40
Zambia	10 (2.6)	1.3	0.5	161	212	24	63.7 (1998)
Uganda	22 (3.0)	2.2	7.1	287	350	44	35.2**
Tanzania	34 (2.8)	2.7	3.1	...	188	45	19.9 (1993)

* International poverty line

** National poverty indicators Uganda 1999-2000

The low agricultural productivity is partly a result of low investment in agriculture and partly adverse social and political conditions under which rural producers live. Some of the worst hit countries have suffered from prolonged civil unrest, genocide, Malaria and HIV/AIDS and it has in many cases clearly not been possible to cultivate the land to its maximum, if at all (World Bank 2001). Environmental degradation has since long been a threat to the productivity and sustainability of many of the rural production systems. Environmental degradation must partly be seen as a result of expansion of production into marginal areas and the period of rapid population growth (currently the highest in the world) many African countries will undergo despite increased mortality due to the HIV/AIDS. In many of the African countries women now provide the bulk of total agricultural labour and a high proportion of households are female headed due to migration to urban areas and war but women do still not have equal access to resources that enable them to increase their productivity.

The final point in what can be seen as a vicious circle is the reduced competitiveness of African agricultural produce on world markets. Africa's share of total agricultural trade fell from 8 percent in 1965 to 3 percent in 1996 (Ng and Yeats 1997). The lack of success on international markets is largely a result of lack of investment in agricultural research, insufficient attention to grading and standards as well as poor development of input markets. These have to a large extent been linked to the political agenda and political patronage as well as donors influencing supply.

During the post-independence era most countries in sub-Saharan Africa adopted the development strategy of "import substituting industrialisation". Accelerated industrialisation was seen as crucial for development. Resources for investment in industrialisation had to come from taxing those resources that were available, which for a large part would be the surplus from agriculture. Taxation of agriculture was explicit (e.g. export taxes on cash crops), and implicit (e.g. overvalued exchange rate, high tariffs on manufactured goods) (World Bank 2001). There would typically be price ceilings on food crops and sizeable food imports to maintain cheap food prices to urban consumers. Some government support was given for agriculture, primarily in the form of subsidies for inputs like fertiliser and pesticides and public funding of services such as research and extension. Subsidised inputs were, however, frequently severely rationed and therefore only reached the most favoured farmers. Compared to other developing countries African governments invested far less in agricultural research and rural infrastructure as a share of agricultural GDP than other developing countries (World Bank 2001). Therefore technological change towards higher yielding crop varieties and production methods has been slow in Africa. Africa has not experienced a "Green Revolution" as has Asia. As a

consequence agriculture in Africa has grown much more slowly than in other regions, causing loss of market share, sustained poverty, and food insecurity.

2.2 The experience with Cooperatives – why didn't it work?

African village life has long traditions of cooperation, e.g. by borrowing, sharing and joint work. Very often this is within the extended family context, but it also reaches beyond the extended family. Meeting current challenges by organising co-operatives is not the obvious choice of African rural producers, however. Co-operatives have a poor reputation in many parts of the developing world due to the historical experience with these – or rather with organisations being called “co-operatives” but which were actually fully under government control.

Since the 1960's there has been considerable donor support for supporting farmers' organisations – primarily for forming cooperatives. The general assessment is that this support has not been very successful. In spite of the efforts, genuine farmers' organisations are few and weak – at least in the countries that this study is focussing on. Consequently, donor support for this effort has been cut back during the last couple of decades. When renewed support is now considered, it is necessary to identify the causes for why past efforts were not successful, in order to identify changes in the donor approach to supporting RPOs and in the enabling environment in society that might make such support more successful now. It is necessary to be convinced that lessons have been learnt and enabling environments changed sufficiently that donor assistance to strengthening RPOs can now be justified.

Legislation and rules and regulations governing cooperative societies can be found in international conventions and standards, in national constitutions and laws, Cooperatives are generally covered by the basic human rights guaranteed under national constitutions. In 1996 the General Conference of the International Labour Organisation recommended that (ILO 1966); ‘The establishment and growth of co-operatives should be regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries’ (Section I, part 2); ‘contributing to the economy an increased measure of democratic control of economic activity and of equitable distribution of surplus (Section I, part 3c); Governments of developing countries should formulate and carry out a policy under which co-operatives receive aid and encouragement, of an economic, financial, technical, legislative or other character, without effect on their independence (Section i, part 4). These recommendations are still valid, and we believe the poor success of past efforts is due to two primary causes: government “hijacking” of cooperatives and a poor enabling policy environment for agriculture in general, largely contrary to the recommendations given by the ILO in 1966.

2.2.1 Government hijack of cooperatives

During colonial times co-operative membership was often restricted to commercial farmers. After independence membership was typically opened up to all. The governments often saw it as a their tasks to support the development of the cooperatives as mechanisms for efficient service delivery in rural areas, especially in the areas of input supply and output marketing. Donors too supported this effort. Control over the cooperatives was soon taken over by governments, however. The organisations ceased to be cooperatives other than in the name, but were in reality parastatal organisations. The

rationale for this may have been both a desire to use government resources to strengthen the organisational structure and the services provided, but also a desire to control organisations that might otherwise represent a challenge to the authority of the government. Another motive might have been the opportunity the organisations represented for government as a vehicle for distributing favours and securing popular support. By controlling the cooperatives the government could allocate employment and positions in the cooperatives as patronage to government supporters or favoured groups. The immediate reason given, however, for government take-over would usually be “mismanagement” of financial or other resources by the cooperative’s leaders. (While there were obviously cases of mismanagement, this should have been dealt with by the members of the organisations, and should not justify government take-over.)

Aid workers should perhaps be forgiven for not considering state involvement and interference in the operation of the cooperatives as problematic. After all, this was also the situation in Scandinavia and other countries where cooperatives have been highly successful. For instance in Norway, supportive government policies, granting cooperatives monopoly rights in several markets and numerous other benefits, have been key to the success of cooperatives. In agriculture cooperatives have become tightly interwoven with government, in what might be considered a “corporative” structure, where cooperatives have been used as instruments in carrying out government agricultural policies. In return cooperatives enjoyed special support. (Currently there is a tendency towards loosening up this corporative structure and taking away some of the privileges enjoyed by cooperatives.)

Also in some newly industrialised countries, e.g. Korea and Taiwan, there have been strong ties between government and cooperatives, with government playing a large role in directing the operations of the cooperatives, but also supporting these organisations as providers of rural services. Although these arrangements may have constrained the organisations’ role in policy advocacy, they have developed as viable organisations (Burmeister, Ranis, and Wang 2001).

So, if government support and interference has not prevented the development of cooperative organisation elsewhere – or indeed even strengthened these organisations – why has this been so problematic in Africa? The World Bank document ‘Rural development – from vision to action’ (World Bank 1997) outlines six reasons why agricultural and rural development initiatives failed in the past. The failed approaches include:

- Centralised designed and top-down implemented ‘integrated rural development’ projects.
- Unsustainable credit support of specific crops or sectors through parastatal agricultural banks.
- Seed production through parastatals mostly unresponsive to farmer’s needs as well as inefficient.
- Public sector involvement in production, input supply, processing and marketing.

In general the key issue is the role of the State, and the mode of intervention in the rural economy. We believe the answer most likely lies in aspects of the African governments, in their origins, their power basis, their ideologies, and their overall policy interests in the rural sector (Englebert 2000). In general the African governments had much less supportive policies for the development of agriculture (Lipton 1977). Some authors have gone as far as labelling their policies as the “plundering of agriculture” (Schiff and Valdés 1998). Potential profits in the sector were taxed in various ways for financing

investment and consumption in other sectors of the economy as part of an industrialisation strategy. The cooperatives were used as instruments by the government and the ruling party (in the case of one-party states) for controlling the rural sector and extracting surpluses. In the process the governments went much further than has ever happened in Scandinavia, in taking direct control over the cooperatives, e.g. by appointing their leaders and managers, and making them parts of the government apparatus, for instance by making them answerable to a government ministry for cooperatives.

2.2.2 Bad policies – no enabling environment

While co-operatives often enjoyed monopoly rights, they suffered from other aspects of policies. Buying and selling prices were frequently determined by the government, and were often uniform across the whole country and the whole season. Typically the cooperatives were obliged to buy all produce that was offered at the given price.

An interesting example of the consequences of policy failure is the Northern Cooperative Union (NCU) in Northern Province of Zambia. This organisation received generous Norwegian support during the 1980's as part of a rural development programme for the Province. Norwegian aid aimed at improving the marketing services offered by the NCU. Support was provided for buying vehicles, building warehouses, and running the mill and the workshops. Initially this was a success. Better functioning of input supply and maize purchases contributed to a doubling of the quantity of maize marketed by farmers in the province every year for four consecutive years in the early 1980's. However, the underlying policies turned out to be unsustainable. The Zambian government had adopted pan-territorial producer prices of maize and consumer prices of maize meal that were about equal. There was no price margin for covering marketing and processing costs, while the NCU was under political pressure to collect maize from a very large number of widely dispersed and poorly accessible rural depots. The intention was that the government would reimburse NCU's operating costs. However, as the government's finances deteriorated through the 1980's, it was unable to fulfil its obligations towards the NCU. The NCU was forced to operate on bank overdrafts, and was only able to pay farmers after long delays, until eventually further bank credit was denied, and the organisation collapsed. Norwegian support initially contributed to much improved marketing services, but had minimal long term effects.

Frequently the use of cooperatives (and other parastatals) for distributing patronage would lead to over-staffed and costly organisations that would be taxing agriculture further. For instance in 1996 the Smallholder Coffee Authority in Malawi had 657 employees to market an annual coffee crop of 225 tons. Fifty-seven of these staff were "established" and thus entitled to extensive benefit packages. More than the 57 were allocated houses of a standard to which only a handful of the richest coffee farmers could aspire. Total processing and handling cost averaged not much less than 90% of revenue, and very little was left to pay the farmers (Buccola and McCandlish 1999).

Unfortunately these experiences were not unique. Bloated organisations and unrealistic policies placed the marketing agencies in a position where produce was not collected and farmers were paid little and late – or sometimes not at all. Consequently many of the cooperatives were closed down. One legacy of this is that the term "cooperative" has acquired a bad reputation among rural people in Africa. A review of African co-operatives (Birgegård and Genberg 1994) found that: 'Competition, increased capital costs and inadequate access to credit following structural adjustment measures hit at the very foundation of co-operative organisations namely their business operations... If co-

operatives fail as business, they will fail in all other respect as well. They will simply disappear.’ This is the reality that both NGOs and the co-operative movement now must face up to if the institutions created are going to be economically viable and hence meaningful for the African farmer.

2.3 Towards a globalised economy – impacts and challenges.

Globalisation is about applying common sets of rules to all trade relations, regardless of geography, stage of development or cultural heritage – and even further: it’s about an increasing interaction of national economic systems as a whole. In brief: standardised economies.

Alan Greenspan (Federal Reserve Chairman, USA) stated at a symposium on “Global Economic Integration: Opportunities and Challenges” in Wyoming (25th August 2000):

Globalization as most economists understand it involves the increasing interaction of national economic systems. Of necessity, these systems are reasonably compatible and, in at least some important respects, market oriented. Certainly, market-directed capitalism has become the paradigm for most of the world, as central-planning regimes have fallen into disfavor since their undisputed failures around the world in the four decades following World War II. But there remains an active intellectual debate over the elements of capitalism that are perceived as most essential for a productive and civil society.

This paradigm - market-directed capitalism – has reached the developing countries in many ways, and has indeed affected the same countries in a complex array of impacts.

2.3.1 Structural adjustment: a more enabling environment?

Over the last couple of decades most Sub-Saharan African (SSA) countries have, under pressure from the IMF and the World Bank (and other donors), been undertaking major policy reforms, generally termed as “Structural adjustment”. An important element of these reforms has been the withdrawal of government services in agricultural marketing. Legal monopolies for marketing boards and parastatal agencies in input and output trade have been ended. Often the organisations have also been liquidated. Input subsidies and transport subsidies have been removed, and foreign trade restrictions reduced. Devaluations have been undertaken to correct overvalued exchange rates, and to remove foreign exchange rationing, and fiscal policies have been geared towards reducing inflation.

2.3.2 The impact of liberalised economies.

Although the primary objective of the reforms was to remove fiscal and balance of payments deficits, it was envisaged that they would improve profitability in tradeable sectors of the economy, such as agriculture, and thereby increase economic growth. It was hoped that private marketing agents would establish business to provide marketing services when the marketing boards and parastatal organisations were scaled back and exposed to competition. A special feature of the reforms has in some countries been that the State withdrew from supervising cooperatives through changes in the legislative and

administrative framework governing cooperatives. The new Cooperative Societies Act of 1977 in Kenya separates the functions and roles of the Government and the co-operatives (UN 1998). The daily administrative matters of co-operative societies are still handled by the Department of the Registrar.

Experience with liberalisation of input and output markets has been less positive than hoped. Private firms have not been so quick to fill the void left by the old trading organisations. While there has been a rapid growth in the number of small-scale traders, there has been less progress in the development of wholesalers. Remote areas are particularly hard hit. With the removal of transport subsidies and cross-subsidisation within the marketing organisations, and decay of rural infrastructure, they have often been left completely without traders – or sometimes served by only one trader who wields local monopoly power.

One may discuss whether the unsatisfactory results are due to overoptimistic expectations, faulty reform design, or incomplete liberalisation (Friis-Hansen 2000). Regardless of which explanation is the correct, rural producers are often faced with non-existent or weak input and output markets acting as constraints to their incomes. A response to this situation may be for the producers to organise to undertake these activities themselves – to pool their resources for purchasing inputs, for marketing output, or for organising some level of processing of their produce. With the withdrawal of government agencies from trading activities, there is a new need for rural producers to organise joint trading initiatives. Moreover, the liberalisation reforms have increased the likelihood that RPOs may retain autonomy from government in running their business.

However, liberalisation is challenging the RPOs to find new ways and means to turn their organisations into tools for successful business activities, through which the members can earn more money and gradually get away from the poverty trap. Hence, this new environment is forcing the members of the RPOs to take the full responsibility for the development of their business activities.

On the other hand, private agribusiness, input suppliers and the banking sector need well organised farmer groups to cut transaction cost involved both in contract farming, trade and banking operations. The previous debate regarding state versus market has given away to a more complex set of issues involving the interaction between the *market* and the institutions of both '*civil society*' and the *state*, in short *negotiated development*. It is envisaged that both poverty-reduction and community empowerment can be achieved through market-driven initiatives.

2.4 Aid and the rural sector

There is now an increasing recognition that investment in agriculture is critical to improving the situation of both the rural and urban poor, as well as macro economic growth indicators (Mellor 1999; Irz et al. 2001; Sarris 2001). But we still find that donor support to the agricultural sector has been steadily declining over the last 20 years, both in absolute terms and as a share of (declining) total aid. The World Bank's portfolio for agricultural and rural development declined 50 percent over the period 1985-1996. The rural sector is also receiving a declining share of Norwegian aid (Utenriksdepartementet 2000).

Various explanations may be forwarded for why aid to the rural sector has declined or stagnated. The underlying cause, however, is most likely disappointment over the results of past projects and approaches to aid to this sector. In the paper prepared by the World

Bank to the World Food Summit in 1996 they acknowledge that “Relative high costs of agricultural lending operations, limited opportunities for further development of large-scale irrigation systems, and an overall complacency about the world food situation, leading to policies in many countries that do not favour agriculture, have contributed to the decline.” The challenge is thus to find ways in which to improve the effectiveness of aid to the sector to contribute to the over-all objectives of aid – notably poverty reduction. Policy changes undertaken in the recipient countries over the recent years should have increased greatly the chances of aid to the rural sector to be successful.

There are indications that several donors (e.g. USAID and the World Bank) will renew their emphasis on agriculture and rural sectors in recognition of the importance of these sectors in poverty reduction, as well as in response to the more conducive policy environment for achieving broad based economic growth in many developing countries. The failure to reduce poverty levels in many of the African countries has also been frustrating and there is a search for new policy options.

The World Bank is currently updating its Africa volume of the Rural Development Strategy Paper from 1997 with a strong commitment to support rural producers’ organisations. A similar commitment is made in IFAD’s latest Rural Poverty Report. A recent evaluation of SIDA’s country programme in Tanzania states that: ‘Recognizing that the productivity of smallholder agriculture is a major challenge for the overarching goal of poverty reduction, the evaluators conclude that SIDA [...] would need very strong reasons for *not* engaging more broadly in this area in the future’ (SIDA 2001).

3 The diversity of organisations

There is a wide variety of rural producers' organisations – in terms of size, what they do, their origins and history, and how they are organised. The organisations also operate under different policy environments and different social settings. As most rural people are producers, the term rural producers' organisation might encompass all rural organisations, but we will limit it to organisations formed by rural people in their role as producers, even though differentiating between the many roles that a person plays may seem a foreign notion to many rural people. Therefore it is not always straightforward to discriminate between producers' organisations and other rural organisations.

Organisations can be described and differentiated along many dimensions:

- Size and geographical extent. How many members does the organisation have, what is the geographic extent, and how many tiers are there in the organisational structure? An organisation may be a grouping of 10 –20 people who interact frequently face to face, or at the other extreme may be nationwide with thousands of members and several tiers: e.g. local groups, ward, district, province and state organisations, with a national apex organisation.
- What does the organisation do? Does it organise input or consumer goods purchase, does it organise marketing of produce, pooling of savings and provision of credit, joint production, or joint learning, or other tasks?
- Single-purpose or multi-purpose? Organisations may be formed to resolve a very restricted number of tasks, e.g. marketing a specific crop, or a multitude of issues. Organisations that are successful will often experience a demand from the members to take on new tasks and increase the number of issues that it addresses, e.g. moving into input purchase, improving extension services, and expressing policy demands.
- Economic organisation vs organising for expressing policy demands. Rural producers may organise to improve their market position as buyers or sellers. But they may also organise to strengthen their voice in the policy debate.
- Membership base. Organisations may differ as to how their membership relates to other types of organisation: Is membership limited to people from one creed or ethnic grouping? Is the organisation based on traditional authority in ethnic groups, or is it open to different groups?
- Organisational principles. There is a wide variety of principles that an organisation may adopt in its bylaws. Variants of co-operatives, foundations, corporations and advocacy groups represent a few of the many alternatives available. In many countries there are legal limitations on the rights to organise, or the law may limit the choice of organisational forms. Some forms may be infeasible or undesirable in relation to the legal framework. In some countries the legal framework regulating the different economic organisations is more suited to economic realities 30 years ago when cooperatives were in reality under government control. In other countries there is a wider freedom of organisation and laws that protect this right.

3.1 Cooperatives

In order to delimit what we mean by cooperatives we will use this term for organisations organised in accordance with a set of basic principles. The International Cooperative Alliance has adopted the following definition of cooperatives:

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

The definition is further elaborated in terms of a set of values and guiding principles for the organisations (see box below).

Cooperative Values and Principles:

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

ICA News, No. 5/6, 1995.

The above definition may seem more normative than descriptive. Many of the principles are being debated, and organisations that call themselves cooperatives may deviate from one or more of these – for instance the principle of open membership – in order to maximise benefits for members. The crucial elements that discriminate cooperatives from other organisational forms are the rules of one member – one vote, limited return on contributed capital, and distribution of benefits proportionally to the use of services.

3.2 Alternatives to cooperatives

There are many alternatives to organising as a cooperative: Corporations, Foundations, Associations and Limited Liability Companies, just to mention a few. The choice of organisation and bylaws will depend on factors such as member objectives and the legal and regulatory framework of the country in question.

In many cases the cooperative law will impose constraints on how an organisation called a cooperative may be organised, or it's simply much quicker to register as e.g. an association than as a cooperative – as in the case of NASFAM, Malawi (see chapter 5.2.1 on legislation). On the other hand, even within the new legal framework of cooperatives, advantages are often granted to cooperatives through tax and custom duties exemption - mainly due to the fact that laws of taxation have not yet been revised. For example, in Burkina Faso the Code of Direct and Indirect Taxation dates from 1965, and can exempt co-operative societies from business taxes and from payroll taxes – if the cooperative apply for such exemption.

The number of non-governmental organisations (NGO) has grown fast in most countries. These display a wide variety of organisational principles, objectives, activities and funding sources – many acting mainly on behalf of groups of professionals, displaying no true grassroots-contact. However, NGOs acting as consultancy-firms could represent a mobilisation of local competence, useful in locally based project management and monitoring.

It has been debated whether or not the cooperative principles as such could represent an obstacle to successful business performance in a liberalised market. For instance, regarding the Principle "Open Membership", one could anticipate that the complex requirements needed to successfully penetrate the markets in the north, could more easily be dealt with within for example an out-growers scheme than within a cooperative scheme. Assume an organisation must implement a system of certifying the quality with regard to genetically modified organisms. Through an out-growers scheme it is possible to control who is participating in the production and how committed the producers are towards the required qualities. Within a cooperative scheme, however, members must, as a matter of principle, be allowed to enter or withdraw from the production – thus adding problems both to assuring the quantities and to the quality of the produce.

On the other hand, it is possible to find ways of organising such schemes also through cooperatives, if the members decide to restrict the participation in one particular production – either regarding the number of producers or regarding the skill of the producers.

Further, the principle on "equal voting rights - one member, one vote", could cause less interest in quality production, since a producer's influence on the management and marketing of the produce does not increase in accordance with how economically exposed he is. Increasing control could induce stronger commitment. Hence, if an organisation is aiming at exporting, the way the producers have chosen to organise should be assessed carefully prior to any assistance. The main issue to assess is the attitude and commitment of the producers with regard to meeting the required qualities.

3.3 Summary of types RPOs and their functions

It is clearly difficult to categorise the enormous diversity of rural organisations found in Africa. The diversity is a strength and a weakness, and their function changes as the contexts change. We have adopted a format from Cirad-tera (2001) that describes the function of RPOs according to; (a) the thematic field of interest; (b) linkages with other actors; (c) scale; (d) economic issues; (e) comparative advantage of the RPOs. The RPOs will in most cases perform several functions such marketing and supporting agricultural production, while social functions are not always that apparent. The World Bank makes a distinction between co-operatives and RPOs on the basis of the multi-functionality of the RPOs. Co-operatives are primarily economic institutions while RPOs can be much more varied in their objectives. This is outlined in the next table. The RPOs have linkages to other local community based organisations (CBOs), as well as to local government institutions as economic and community organisations. Their role will evolve over time and given the flexibility and variance it is difficult for donors to find the right entry point without any distorting effects on the institutions. While external funding itself can corrupt an organisation, organisations are also in danger of becoming overburdened by outside demands of new objectives to be included in the operations, be it AIDS/HIV, gender, environment, etc. It is clearly not an easy task to establish a non-distortive relationship with RPOs, which calls for a long-term partnership.

The RPOs have a key role to play within a governance perspective, given that there is an enabling environment both politically and economically. As one of few CBOs within the rural community with economic independence and knowledge of economic issues, they can be an important partner to the local as well as the national government. They are an important part of civil society. In the economic sector they can be key instruments in cutting transaction costs that are a major hindrance to the functioning of conventional markets for input marketing and capital. Their diversity is both their strength and weakness and the outcome of the increased focus on RPOs, despite high hopes, is not certain. These are some of the issues we will explore in the next chapters *RPOs role in rural development* (Cirad-tera 2001)

Type of function	a) Thematic field of interest	b) Linkages with other actors	c) Scale	d) Economic Issues	e) Comparative advantage of RPOs
1) natural resource management	Property rights Infrastructure Access to and management of natural resources	Customary institutions and other community based organisations Local government	Local	Creation of and ensuring access to common pool of resources Management of externalities	Capacity to co-ordinate with customary, community based and local government bodies Lower cost for management of externalities
2) Supporting agricultural production	Input supply Technical advice Financing	Private and public agents	Local, with national/global dimensions Ability to link primary production with processing and marketing opportunities	Provision of private goods Provision of common good accessed and used by individuals/	Ability to take evolving farming systems into account NRM, market-led activities Knowledge of local conditions, markets, resources and farmer needs/priorities: co-ordination
3) Marketing	Agro-food system Financing	Agro-enterprises Credit institutions	Local to international markets	Economies of scale Reduction of transaction costs	Local-global linkages Increased purchasing power Ability to achieve bargaining power with private sector
4) Social functions	Social safety nets and poverty reduction	CBOs Local and national government	Local	Provision of common and public goods Improved efficiency, effectiveness, relevance and poverty orientation of producer support interventions	Combination of productive and social concerns Social safety nets and mechanisms to support poor members and/or enable the poor to access assets

Type of function	a) Thematic field of interest	b) Linkages with other actors	c) Scale	d) Economic Issues	e) Comparative advantage of RPOs
5) Voice, advocacy, representation	Public policy for agriculture and rural development International negotiations Provision of public goods	Donors and NGOs Local and national government	Local, regional, national and international	Provision of common good related to a specific rural profession (e.g. farming, herding)	Co-ordination of different types of activities and key rural actors Allowing producers to influence policy making
6) Information sharing, communication and capacity building	All	Private and public funding agencies	Local, national and international	Provision of a private good that often generates common goods	More accurate assessment of needs of members Broader and timely availability of information at local level

4 How can support to RPOs contribute to aid objectives?

4.1 Aid objectives

The overarching objective of Norwegian aid is to contribute to lasting improvements in the economic, social and political conditions of people in the developing countries, with particular emphasis on reaching the poorest (NORAD 1999, p. 9). NORAD also lists objectives related to social development; economic development; peace, democracy and human rights; environment and natural resource management; humanitarian assistance in conflict and natural catastrophe situations; gender and equal rights. But lately poverty reduction has been elevated to be the most important objective. It is recognised that if poverty is to be reduced permanently it is necessary to achieve broad based economic growth: a growth process that includes the poor. Creating broad based growth requires efforts to be applied to many sectors and activities, based on a theory of how broad based growth is achieved within the country in question: What policies are required? What are the investment priorities?

According to Ellerman (2001), in order to avoid the distorting incentive effects of aid, aid should be untied and given as lump sum payments to poor countries that have adopted policies that will be good for reducing poverty. Aid donors have, however, wanted more control with the flow of funds, and aid is allocated to specific projects, programmes, or sectors. In the following we will therefore discuss the merits of selecting the rural sector and RPOs for support as part of a strategy to create broad based growth.

The “recipient responsibility principle” is the Norwegian approach to avoiding distorting aid and ensuring recipient ownership. The principle is fundamental in Norwegian aid. It implies that the recipient must take responsibility for prioritisation, design and implementation of Norwegian aid funded activities. If the recipient is to have responsibility he must also have power over these decisions. Much effort is put into realising the principle in practice. One question remains though: Who is the recipient? Who decides who should be selected as recipient? Especially when considering giving support directly to RPOs this becomes a crucial question: which RPOs should be singled out for support?

4.2 Rural growth – more money in the farmers’ pockets

An important lesson of past effort to build organisations is that members have to benefit from the effort. Their perceived benefits have to be at least commensurate with the effort needed to develop and sustain the organisation. Appealing to members’ solidarity and altruism for their fellow members will generally not be sufficient to sustain organisations.

Each member has to see that participating in the organisation will increase her income. Chances for success will thus be highest for small groups and for activities where group organisation can actually contribute to achieving economies of scale or other economic benefits.

There are sizeable economies of scale that can be achieved by organising in groups. Most rural firms are very small, and many tasks can only be carried out economically by forming groups to undertake these tasks jointly. Relevant activities include marketing of produce, purchase of inputs, acquiring specialist advice, operating mills and fishing vessels, building and operating irrigation facilities, etc. Obviously some of these tasks could be carried out by entrepreneurs or middlemen – and often are. The advantage of group formation in undertaking the tasks is that in groups profits can be shared among members, and will not accrue only to the service provider. Groups can therefore be instruments for more equal income distribution. Moreover, very often there is no entrepreneur or merchant present to provide the services demanded, so that the only way these services can be made available is by users forming a group and pooling their own resources. Group formation will therefore contribute to expanding markets and realising production and income potential that is currently not realised due to thin and incomplete markets.

A series of empirical studies conducted in the early 1970s by the United Nations Research Institute for Social Development (1975) stated that: ‘... rural co-operatives in developing areas today bring little benefit to the masses of the poorer inhabitants ... in some places the majority of poorer inhabitants have in effect been excluded from membership’. Cooperatives and other RPOs should thus not be expected to directly raise incomes of the poorest among the rural population. Frequently the poorest do not undertake the type of activities around which RPOs are formed, e.g. input purchase for and marketing of agricultural produce, as they are not able to produce any surplus for sale. Membership is thus not relevant to them. They may, however, benefit indirectly through an increased income for those who are members. In fairly equitable rural communities (such as those we find in much of Eastern Africa) there are strong employment and income multipliers from increased rural income (see e.g. Mellor 1999; Irz et al. 2001; Sarris 2001). Increased incomes for surplus producing farmers are likely to contribute to poverty reduction through generating new demand for locally produced goods and services, and thereby employment creation that also benefits the poorest.

4.3 Rural organisation as a means of empowerment

Whereas past efforts to support RPOs have often had as their primary concern the provision of services, current emphasis is more on empowerment. Producer organisations can be valuable vehicles for increasing the voice and influence of rural producers in the determination of policies at all levels.

A strengthening of civil society is considered as important for democratic development, and thereby for policies oriented at reducing poverty in our cooperating countries. This is documented in the surveys underlying the report “Voices of the Poor” (Narayan et al. 2000). Powerlessness was presented as one of the worst aspects of poverty, and as a crucial constraint to escaping from poverty. Forming of groups plays an important role in solving the problems faced by rural people. By joining in groups people may solve their immediate problems, but the groups may also form the basis for increasing their voice and contributing to empowerment. The increased emphasis on decentralisation and local governance issues by the donors is an answer to the call for more accountability and

transparency in development planning, bringing policies and project formulation closer to the local stakeholders. There is clearly an element of improved efficiency and effectiveness in this strategy since the local NGOs/CBOs are called upon to take on some of the responsibilities previously handled by the state.

It is increasingly recognised that rural organisations may play a crucial role in many aspects of development and given their economic independence from the state and international NGOs they can take on a unique role in the local governance equation. By gaining economic strength and independence the RPOs are in a position to empower themselves and not being 'empowered' by some external agency, a key distinction in the civil society debate. In environment and resource management local groups can often ensure more sustainable management than government agencies. Likewise, there are positive experiences from involving farmers' groups in dialogue with research and extension systems for ensuring more demand driven technology generation and dissemination. In development projects too, most donors will strive to achieve the participation of the intended beneficiaries in the design and prioritisation of project activities. Despite the general acknowledgement of the need for 'popular participation' and 'empowerment' in development projects there are still clear differences as to *why* and *how* participation should be encouraged. There has been a move from the need to improve *efficiency* in rural project implementation to *democratic* ideals as to why participation should be encouraged but there is still a lack of clarity of why and how participation should be encouraged in a project. Bhatt (1997) states that the lack of clarity 'often results in ill-conceived and poorly designed projects in some instances, and misinterpreted implementation and unrealistic expectations in others,...'. According to Robert Chambers (1994) "however much the rhetoric changes to 'participation', 'participatory research', 'community involvement' and the like, at the end of the day there is still an outsider seeking to change things. Marxist, socialist, capitalist, Muslim, Christian, Hindu, Buddhist, humanist, male, female, young, old, national, foreigner, black, brown, white - who the outsider is may change but the relation is the same. A stronger person wants to change things for a person who is weaker." The RPOs represent a potentially new form of empowerment that is neither unproblematic for the donors nor the respective governments.

International donors increasingly recognise that "development problems" are intricately linked with the political structures of the developing countries. Donor efforts to "improve" aid recipient countries' policies through tying aid to prioritised projects, or through conditionalities have largely failed. One possible way for the donors to proceed would be to support organisations that would be expected to be champions for better, more pro-poor, policies (Binswanger and Townsend 2000). There is obviously a potential conflict here. Recipient country governments may not be too happy with outside donor agencies supporting and strengthening organisations which may be seen as in opposition to government policies.

4.3.1 Good governance/democracy

Good governance, including transparency, and accountability, is among the main requirements for development assistance from the donor community. However, good governance cannot be achieved and sustained by the government alone, but in an environment of interactions between the government and the citizens.

Support to development of democratically controlled cooperative societies and similar organisations is in itself a contribution to good governance in the country: First, it helps the members see their own potentials and learn how to be active members, exercising

their rights and meeting their obligations. Thereby they are able to express their expectations to the politicians and the government. At the same time they will better understand the various measures taken by the government and work along the same lines for common goals.

4.3.2 Skills acquisition

Acquiring skills is often a precondition for empowerment, but participation in organised groups is also a means for learning relevant skills. By participating in RPOs members can learn by doing skills such as leadership, management, accounting, and organisational principles and practice. These are skills which are useful also in other contexts, for instance in enabling participation in other parts of civil society and local governance.

The previous discussion indicates that support for RPO formation and development should contribute to achieving several of the objectives for Norwegian aid, at least in theory. Whether this is also possible in practice is the issue in which we turn in the next section.

5 Experiences with support to rural producers' organisations

5.1 How can donors help?

The focus of this review is not only on processes determining the establishment, and development of RPOs *per se*, but on how a donor may support and nurture such developments. We might also usefully differentiate between two levels at which donors could work to support RPOs: The donor might work directly together with the organisation – or it could try to influence and improve the enabling environment that influences RPO development success. For a government donor agency such as NORAD, as well as the World Bank, it might be problematic to channel aid funds directly to an RPO. The modality of the country programme is basically a transfer of funds from government to government. Requiring the recipient government to transfer its aid funds to one or more RPOs would recreate the link between state and RPO that was identified as a source of failure in past efforts to strengthen RPOs. Other modalities would therefore be required for supporting RPOs directly, whereas the state-to-state aid could be useful in strengthening the public sector functions required for improving the enabling environment for RPOs. Norwegian aid is distributed through a variety of channels, and the programme for support to civil society that is channelled via Norwegian NGOs, and the private enterprise support programmes may be more appropriate for direct support to RPOs. We will first briefly deal with the issue of creating an enabling environment, before we return to lessons from working directly with RPOs.

5.2 Creating an enabling environment – unfinished business?

The creation of enabling environment is basically about having policies conducive to growth in the rural sector. It may be recalled that one of the reasons for supporting RPOs was that they should be advocates for more conducive policies. Thus there seems to a problem of circularity – of not having the hen without first having an egg, and *vice versa*. The strategy should be to work along both fronts: To try to work directly with partner countries' to improve policies, at the same time as working to strengthen RPOs that may also in due time be instruments for better policies. In spite of the often limited success of donors' efforts to influence policies, the effort should not be abandoned. There is still considerable unfinished business.

5.2.1 Legislation

With the assistance of the ILO (International Labour Organization) a large number of countries have reformed their legislation on cooperatives and other producer organisations. This work has created clarification regarding definitions and field of competencies.

In West Africa the ILO - together with ICA Regional Office for West Africa (ICA/ROWA) - have supported co-operative policies and legislation review programmes involving analyses and consultations, which have resulted in new co-operative policies and legislation. These programmes have been achieved or are ongoing in Benin, Burkina, Côte d'Ivoire, Ghana, Mali, Mauritania, and Niger. In East, Central and Southern Africa, the ILO Co-operative Branch - together with the ICA's Regional Office for East, Central and Southern Africa (ICA/ROECSA) - started working with each country as early as 1984 - first to formulate a co-operative policy and then review co-operative legislation. In South Africa and Botswana the co-operative laws have not yet been reviewed, but both countries are in the process of doing so.

The new cooperative laws draw on and take into account the political liberalism and administrative reforms in the various countries. The new laws have no provisions preventing or limiting cooperative business activities. Laws and commercial policies do not discriminate against cooperatives either. Generally speaking, the new cooperative laws are creating a favourable environment for the emergence and development of autonomous cooperative organisations more suitable to members' needs and to the current environment in the countries concerned.

The ILO Cooperative Branch has established a documentation centre on cooperative legislation that contains the cooperative acts of the great majority of ILO Member States. Short descriptors of these laws have been entered into the NATLEX database, which can be consulted through the Internet (<http://natlex.ilo.org>).

However, the legislative reform is still often incomplete:

- Previous to the new Co-operative Act approved in 1997, Côte d'Ivoire numbered a lot of Pre-Co-operative Societies. However, it can be clearly noticed that the majority of those organisations have not turned into co-operatives, as wished by the lawmakers, three years after the new Act has been enforced. The reasons for this could be that the implementation decree and the practices of the officials in charge of coaching producers in the creation of co-operatives have made the appropriation of the new Act difficult for grassroots stakeholders. The creation of a co-operative requires more complex formalities than that of a Limited Liability Company. The conditions imposed by the consulting officials and some regional registration boards on the level of recruitment of managers are out reach of most grassroots organisations (ICA/Regional Office West Africa 2001)
- Regardless of recently adopted Co-operative legislation in Kenya, coffee marketing is still not fully liberalised. A bill is in Parliament to further consider ways of harmonising coffee marketing with neighbouring countries. (ICA/ROECSA 2001)
- NASFAM of Malawi chose to organise as an association (and not as a co-operative) mainly due to the fact that registering as a co-operative would take far more time than to register as an association. Hence, "competition" from other forms of organising (Associations, Limited Liability Companies), or rather: how streamlined or "easy" registering procedures the lawmakers provide, could also play a decisive role as to how rural producers choose to organise.

Supra-national initiatives (such as the West African Monetary Union or the East African Community) could easily affect how rural producers choose to organise. For example, since January 1st, 1998, 14 Francophone countries adopted a common business law and accounting system, which makes no reference to co-operatives. Questions are being raised and reflections undertaken regarding the impact of this new supra national law on co-operative legislation. Private businesses offer training sessions on the new accounting system. Training costs are however not affordable for co-operatives in the region (ICA/Regional Office West Africa 2001).

5.2.2 Organisational freedoms and democracy

There is still some way to go for governments to really accept a more restrained role – one of creating organisational freedoms and not issuing directives to supposedly autonomous organisations.

5.2.3 Terms of trade, markets and infrastructure

Development of rural enterprises requires that these are profitable and that some of the profits are retained in the rural sector for reinvestment. This requirement thus implies a need for ensuring (or working for) macro-economic stability, tax regimes that do not discriminate against the rural sectors, appropriate public investment in supporting rural development (e.g. in infrastructure and agricultural research), as well as appropriate regulatory policies. Norwegian aid has contributed to this effort in many ways, and should continue to do so.

5.3 Working with RPOs

As outsiders, donors have some obvious limitations in what they can achieve. They can, however, provide access to resources important to the success of RPOs: money and ideas. But too much money can do more harm than good. If an organisation becomes dependent on a donor for its continued survival it easily becomes more concerned about responding to donor policies than to the voice of its members. There is a clear danger that it becomes donor and manager driven, rather than member-driven. A balance has to be struck between too much and too little financial support.

The World Bank has issued some principles to guide support to producers' organisations. These are similar to those generally governing support to community-based organisations (World Bank 2001):

- The focus should be first on creating an enabling policy and legal environment within which producers' organisations can develop and become partners with government and the private sector in decision-making and implementation.
- Aid should be directed at providing organisational support to help producers form and operate associations and technical assistance to strengthen capacities of producer organisations to create and implement business plans. It is important to mobilise the poor and other marginalised groups who may not be invited to join existing producers' organisations.
- In these cases, financial support in the form of matching grants is appropriate for producers' organisations that have demonstrated capacity to manage funds and activities.

- To ensure that benefits are widely-shared, producers’ organizations, donors, and the government can jointly agree on criteria and procedures for accessing and allocating funds. This information should be made widely available to all members of the community.
- To reduce the likelihood that funds are misused, programs should be subject to ex-post evaluation and audits.
- Use of grants should complement rather than displace development of services provided by financial institutions.
- As far as possible, grants should be untied to allow producers’ organisations to pursue their own priorities in their own way.

Sometimes donors can also contribute to transfer of good ideas and competence. It must not be a question of “organisational transfer” – of transferring the organisational forms and solutions in the donor country – but an approach of providing ideas and knowledge about the options available, about what works and what does not work in various settings. The RPOs do not only need competence in organising themselves, but also in a number of skills associated with their activities. For example, for marketing organisations this could mean competence in marketing, logistics, finance and accounting. With money they can also buy expertise and competence. Some level of in-house competence is needed, however, in order to know what is the relevant knowledge to acquire. Many rural organisations are now specialising in one main activity such as micro-credit and marketing and donors have begun to realise that that rural organisations rarely succeed when they perform too many functions at the same time (Delion 2000)]. The international Fund for Agricultural Development (IFAD 1998) emphasises the need “to avoid mixing different kinds of functions: economic functions (inputs, marketing), community functions (equipment, public services) and financial intermediation functions (savings and loans) must be provided by different institutions. At the same time projects dealing with RPOs need to better understand the social features of the organisations. RPOs are products and engines of social transformation and it has to be acknowledged that capacity building and organisation development processes to support development of sustainable RPOs are complex and short term assistance is a major risk when trying to develop sustainable RPOs (Delion 2000).

In the following chapters - 5.3.1 through 5.3.6 - we introduce and discuss some important issues to assess while working with RPOs in development programs with a special focus on the issue of non-distortionary aid.

5.3.1 Assisting Learning and empowerment

One of the lessons of past support to RPOs is that frequently there was too much focus on service delivery, on making sure that the inputs were being made available and produce sold. Certainly these are important, but if they get prominence, donors or governments will be too quick to take over responsibility from the RPO when services are perceived to be delayed or insufficient. If the RPO is to grow and learn it must also be allowed to make some mistakes and find its own solutions to the challenges faced. Support must aim at empowerment – not only service delivery.

Helping people help themselves is a challenging task. The paradox is that by helping somebody you can make them helpless. An inherent problem in aid is to avoid aid dependency and the distortion of priorities.

Ellerman (2001) has proposed a set of basic rules for non-distortionary aid:

- Start from where the doers are
- See through the eyes of the doers
- The helper cannot impose changes on the doer
- Help as benevolence is ineffective
- Doers must be in the driver's seat

Carrots and sticks used by helpers will distort the own self-motivation of the doers and externalise their locus of causality. They will only create conforming surface behaviour and cunning resistance. Benevolence is humiliating and makes explicit a degrading position of not being able to help oneself. Following these rules implies that donors must see themselves as helpers only. This also means that donors should not try to start new organisations – to get a new train started – but assist those that are already moving in the right direction.

For donors there is a strong temptation to push for rapid “scaling-up” of successful organisations – to replicate the success and spread it to a larger area. If the emphasis is on empowerment, donors have to be prepared to show restraint and patience. Building organisations from the bottom up takes time. Building organisations involves learning by the members, and learning takes time.

5.3.2 Introducing Member Control

The first objective of empowerment-processes in organisation is the transition of control and management to the membership from officials representing authorities, donors or unions.

Member control is a prerequisite for a successful management of organisations, since organisations should only be regarded as tools by which the members can address and meet their basic needs - and only the members themselves can define these needs. Organisations run by “outsiders” will gradually tend to develop according to needs of those running the organisations – that be politically or economically motivated - and not according to the needs of the membership.

Over the last decade, many initiatives have been taken - especially in Eastern Africa - to induce the transition from state-controlled to member-controlled organisations.

One typical example is from **Kenya**, where The Swedish Co-operative Centre (SCC) in collaboration with the Ministry of Agriculture and Rural Development is implementing the ICMIS-program (Intensive Co-operative Member Mobilization and Management Improvement Scheme). Through the ICMIS project, the stakeholders are addressing the main causes for “inadequate members’ awareness” - identified as inadequate information, lack of benefits, low sharing of co-operative values, passivity and ineffective education - leading to low control by members, poor leadership, poor management, poor vision, weak capital base, corruption, political influence, etc.

This “first stage of empowerment” is also addressed through the NORAD-funded MEMCOOP-project in **Tanzania** – thoroughly described in chapter 5.4 - and through a NORAD-funded “replica” of the MEMCOOP-project in **Uganda** introduced in 2000 in the Kapchorwa-area (on the slopes of Mount Elgon), monitored by Uganda Co-operative Alliance together with Norges Vel.

While the above-mentioned initiatives basically all are directed towards empowering the grassroots level (e.g. the Primary Societies), another interesting initiative has been taken in Uganda, aiming at restructuring the Co-operative movement at the union level:

According to an ICA report from 1996, the co-operative movement in Uganda entered the Structural Adjustment Programme (SAP) in the early 1990's on a background of protected monopoly, troubled leadership and shaken membership. SAP with its liberalisation and introduction of competition weakened the co-operatives, and today it is assumed that the majority of primary societies and unions are inactive (according to the Annual Report 2000 from the Department of Co-operative Development in Uganda, the country has 6244 Primary Societies and 34 unions).

The cooperative movement in Uganda has decided to meet the challenges by restructuring the Co-operative Movement, giving more power and influence to the Primary Societies and generally put more emphasis on obtaining business efficiency. Area Co-operative Marketing Enterprises, consisting of one or a few primary societies, should be cornerstones in the new co-operative structure with close collaboration with secondary co-operatives (often former district unions) as service centres. Uganda Co-operative Alliance will continue to be the apex organisation of the co-operative movement with the twofold objective of being a business co-ordinator as well as a "spokesman" for the co-operative members. It is believed that this approach will enhance business performance at primary society level, while unions without a sufficient business basis will disappear (Lindstad 2001).

5.3.3 Economic gain to members – enterprise development

Secondly, the output of empowerment-processes in organisation ought to be a renewed focus on tangible economic gain to members, following as a result of successful development of their organisations as business enterprises.

Since forming and maintaining organisations is costly, in terms of time and effort of members-organisers, only the organisation creating economic gain to participants exceeding the costs of forming the organisation, can survive in the long run. Too many organisations have been formed with donor assistance only to collapse when the donor withdrew its support.

However, over the last decade, many initiatives have been taken to improve and develop business skills in organisations, both at member and management level. Both the members and the management must be able to control, monitor and interpret the economic situation of their activities – as a first stage. Further, both the members and the management must understand their new roles following the liberalisation of the markets, enabling their organisations to successfully compete with other players in the market and thus create added value to their members.

As mentioned previously, the agriculture sector in Africa displays a great diversity, ranging from large commercial farms, through intermediate size family-operated farms to small farms producing only for household subsistence. In our opinion, it is important to consider organisations aiming at marketing and processing cash crops from small and intermediate size farms as an important part of the Private Sector – with a huge potential to contribute to economic development in rural areas. To develop proper means aiming at assisting the development of the "business-part" of these households should be given priority.

5.3.4 Diversification - threat or option?

Many farmers in Africa supplying produce for the world-market are now facing the full economic impact of declining prices. The supply of coffee, for instance, is at the moment far exceeding the demand of the world market, with drastically plummeting prices as a result. The farmers are challenged to undertake complex considerations regarding how to deal with this situation (Could they improve the quality of their coffee? Should they consider swapping to other produce?). But ingenuity and creativeness has not been the main characteristics within the co-operative movement, for instance. In the Kilimanjaro and Arusha regions (Tanzania) the unions continue to focus only on marketing coffee – regardless of the drastic changes in prices and market share. They even failed to reduce their staff in time when their market-share dropped in the early 90's, adding problems to their already severe economic situation.

To conclude, too many organisations – especially at the secondary level (e.g. co-operative Unions) have failed to play a role as “change-agents” regarding the enterprises they are running. How could their assets be used for the benefit of the membership in new activities? There is obviously an urgent need of developing skills regarding business ingenuity and creativeness.

However, on the other side, diversifying activities must be done according to a strategic approach, always aiming at increasing the economic output for their members. Further, the organisations should definitely stick to activities within their focal area. We have witnessed many examples of unions starting activities clearly outside their core business activities - like running guesthouses, hotels or restaurants. In many cases this kind of diversification have in the long run added problems to their business.

5.3.5 Participation as a means

Many international organisations are involved in activities to support the development of rural people's organisation. A distinction should be drawn between those those that see building organisations is the objective, and those that use organisation and participation as a means to achieve an other objective. Although the ultimate objectives may not differ much, it makes a difference in what terms the objectives of the activity are specified.

“Participation” has become a crucial component of aid funded projects. That the intended beneficiaries have a say in defining needs, targets, activities and priorities of projects – and also in implementation – should improve the chances of actually achieving project objectives. However, participation requires that the beneficiaries are organised. They need to form groups for organising their voice – otherwise they will just be individuals reacting to questions posed by project staff. Consequently many aid agencies have made group formation part of their project design, and while the groups are usually geared towards addressing project concerns, their members may also use them for other purposes. Moreover, organisational skills acquired from the experience may be used to organise for other purposes.

5.3.6 Support to apex organisations?

One of the main lessons of the evaluation of the Nordic Cooperative Project in East Africa in the 60s and 70s was that too much emphasis was given to developing the apex organisation, the national level associations. These became donor dependent and became too large relative to their basis in primary member organisations. More effort should have

been put into developing the primary organisations and more restraint and patience shown in developing the apex. Subsequently support was withdrawn from the apex organisations, to the extent that IFAP now makes the point that donors have been too reluctant to support apex organisations. Apex organisations are needed for farmers to participate in the national level policy dialogue and negotiation. The challenge is thus: how can the apex organisation be made answerable to the primary associations, and how can information flow be ensured between primary associations and the apex level?

5.4 Experiences, and current approaches, in supporting RPOs – Multilateral organisations

5.4.1 FAO

The FAO has long experience in supporting RPO formation and development. It has been an important provider of ideas, strategies and competence in this field for decades. The FAO is primarily an organisation for technical advice and support, and not an operator of aid projects – although there are some exceptions. It is providing handbooks, learning materials and advice to local people, group formation promoters, RPO management and governments (e.g. FAO 1994, 1995, 1997, 1998, 2001). FAO has focused on Small Farmer Group Associations (SFGA) with between 5-15 members and have given support since the 1980s. FAO is now involved with development of a second organisational layer of larger associations, which provide greater economies of scale in accessing services and markets. This has proven to be a challenge (Delion 2000).

Currently the FAO is also (with Norwegian funding) involved in a new initiative for organising farmer groups for learning and exchanging knowledge on Integrated Pest Management: the Farmer Field School approach. This programme organises farmer groups for learning pest management by experimentation, own observations and discussions with extension experts. The novel participatory methods applied have been effective in spreading integrated pest management techniques, but also in improving communication between farmers and researchers in making research more demand driven

5.4.2 IFAD: Rural development with participation

IFAD gives loans for rural development projects. The projects usually emphasise local participation and capacity building, and may thus be seen as vehicles for strengthening local organisation. IFAD has summed up its experiences with group formation in SADC countries as follows (see box):

“Traditional groupings are widespread throughout Southern Africa, but the strongest remains the extended family group in its most general sense (family, clan, village, ethnic group), which provides collective labour and support at times of distress or peak requirements. The arrangements in the group are in the form of exchange or barter. Group formation for a particular economic purpose is a relatively modern concept. The purpose has been to target the poorer members of the communities, so they can be involved in development activities, gain advantages in economies of scale for input purchases, and provide collective collateral for loans.

In Zambia, a phased development programme relied on groups to progressively take more control of project activities. This began well and the demand for credit was substantial; but more complicated schemes suffered from lack of group cohesion. In Swaziland, irrigation smallholder schemes were to be rehabilitated to produce rice and vegetables; however, in practice farmers groups on these schemes confined their activities to savings clubs and credit unions and did not become involved in rehabilitation and water management. In Lesotho, a non-government organization (NGO), specified in the design, was very successful in developing water supply schemes through local, service-oriented groups; but other economic activities, which were the main aspect of the project, suffered from lack of interest from the participants.

From the evaluations of projects in Southern Africa, the experience of group formation has been as follows: (i) women's groups make up a high proportion of groups; (ii) better-off farmers and local elites have tended to appropriate a relatively higher share of group benefits; (iii) groups, generally, have not developed to be self-reliant; (iv) group promotion has not ensured participation, and (v) NGOs, although infrequently used, proved better able to deal with issues affecting group formation.

Social cohesion must be the basis for organizing groups. This requires an understanding of the existing and traditional groupings, which should be defined during project formulation.

Project staff and extension workers, if they are to be concerned with group formation, should be well trained and motivated; village-level workers should also be adequately paid. There is a potential role for NGOs in group formation and village mobilization; but care needs to be taken to assess NGO capability and experience before involving them.

To encourage commitment, contractual arrangements should be made between the project and the village-level groups. The contract should define the roles of each partner, should ensure that groups operate and make decisions on the basis of a consensus, and must include criteria for measuring progress and success.

The project should stimulate the process so that activities that are needed by the beneficiaries, are profitable and applicable to group operations.”
(IFAD 2001)

5.4.3 The World Bank

The Bank has since long supported rural African co-operatives but with similar experience as the other donors. Past projects with rural producer organizations were negotiated exclusively between the Bank and governments. They failed to analyse institutional issues and were overly complex. A World Bank review concluded that cooperatives must be seen as private sector enterprises and that government's primary role should be, not to control or regulate only, but also to establish a conducive policy environment for their growth (Delion 2000; Cirad-tera 2001).

Following this review, the Africa region compiled a set of case studies of good practices of rural producer organisation participation in Bank projects (natural resources management, agricultural research and extension, agricultural processing and marketing,

food security, rural infrastructure, and rural finance (Collion and Rondot 2001). The emphasis was on producer organisations as a means of farmer empowerment - the development of peoples' capacity to initiate action on their own or to influence decisions.

World Bank projects are now evolving from an exclusive focus on public services, strengthening the supply side, to user capacity building, financing investments and services through the demand, and private sector implementation without complementary investments in community and RPO development. Various types of World Bank-Producer Organization partnerships are emerging, but most focused on short-term objectives, neglecting long-term institution-building objectives. Since the mid-1990s, however, World Bank-funded projects in Africa have changed their approach (Collion and Rondot 2001). According to World Bank staff interviews subsidies carry real dangers of under-mining producer organizations' long-term sustainability. Accordingly donors need to take more strategic approaches to producer organization development and tailor specific interventions to support long-term institutional development.

As part of the process of revising its Rural Development Strategy, the Bank commissioned a study to identify the potential role of RPOs in its future rural development strategy (Cirad-tera 2001). Both the workshop and the study highlighted that promoting the role of RPOs in rural development is in line with the key concerns of the 2000 World Development Report and the World Bank strategy to reach rural poor. RPOs are not only key economic stakeholders but also vehicles for rural people empowerment and promoting rural people input in the policy dialogue. Partnership with rural development actors and the private sector, including RPOs - is necessary to achieve rural development.

The Bank strategy toward supporting rural producer organisations (based on information provided by Pierre Rondot, RPO specialist The World Bank:

Either through its projects or through its policy dialogue with the governments, the World Bank can actively contribute to the development of cooperative through: (a) improving POs' enabling environment; and (b) ensuring that RPOs can access resources to strengthen their capacity.

The current revision of the Bank's Rural Development Strategy focuses on the twin aspect of RPOs as economic actors and key civil institutions in the rural areas. The Poverty Reduction Strategy Papers (PRSP) approach was adopted in 1999 to help poor countries and their development partners strengthen the impact of their common efforts on poverty reduction. This has been one venue for the RPOs to be heard in national policy issues. In practice the Bank has not been able to establish RPO support programmes in the countries included in this review, but one programme is on the way in Tanzania that builds on the Social Action Fund concept. Rural organisations will have access to funds for business development through a matching grant scheme devolved to the district level.

There is a vision among the RPO people in the Bank that: 'Every World Bank-financed agricultural services project should include support for PO involvement with a view toward empowering them and promoting effective partnerships between POs, governments, and other stakeholders.' The Bank is certainly not there yet, but there is an increased awareness of the role RPOs can play in rural development. According to Delion the World Bank still regards RPOs mainly as partners in achieving project objectives. Capacity building for sustainable RPOs is not generally a long-term objective in itself and the Bank has discovered that short-term partnership can have negative effects on RPO development (Delion 2000). This might have an important effect on national policies as they are negotiated through the Comprehensive Development Framework, and the PRSP.

Norway has been instrumental in promoting the World Bank's effort to revise its support to RPOs through a specific Trust Fund that has now come to an end. Norway is financing an impact analysis of programs to strengthen the capacity of RPOs in Senegal and Burkina Faso, carried out by World Bank staff, the University of California, Berkeley and University of Clermont Ferrand, France. There is an interest in the Bank to extend this impact analysis to encompass Eastern- and Southern Africa in collaboration with Norwegian research institutions. One of the options discussed was the Formative Process Research (FPR) methodology and to link FPR to the World Bank activities in Tanzania.

5.4.4 ILO: Labour standards and job creation

The International Labour Organisation (ILO) is the UN specialised agency promoting social justice and internationally recognised human and labour rights. It was founded in 1919 under the League of Nations, and later became the first specialised agency of the UN in 1946. The major task for the ILO is to formulate international labour standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights.

The ILO also provides technical assistance - primarily in the fields of vocational training and vocational rehabilitation - within a wide range of issues, including Job Creation and Enterprise Development. The ILO focus area "Job Creation and Enterprise Development" (<http://oracle02.ilo.org/dyn/empent/empent.portal>) raises many aspects of how to work with RPOs, including:

- The InFocus Programme on Boosting Employment through Small Enterprise Development
- Various interventions by the Cooperative Branch, among others:
- *Policy and Law*: In Africa, in a large number of countries, the ILO Co-operative Branch - together with the ICA's Regional Offices - has provided advisory and technical services on cooperative legislation. In addition, a database containing a selection of modern cooperative laws in full text has been published on the Internet (<http://natlex.ilo.org>). The COOPREFORM programme (DANIDA-funded) on cooperative development in rural areas initiated in January 1993 is designed to promote the development of genuine cooperatives in the context of democratisation, decentralisation and structural adjustment.
- *Human Resource Development & Networks*: The COOPNET -programme (Human Resources Development for Cooperative Management and Networking) is contributing to the success of cooperative enterprises through development of their human resources. COOPNET is active in Africa, Asia and Latin America, and is managed in close collaboration with major cooperative institutions such as the International Cooperative Alliance (ICA), as well as cooperative training centres and national cooperative movements.
- *Employment Through Self-help*: The ACOPAM-programme (funded by The Ministry of Foreign Affairs, Norway) has been one of ILO's largest and most longstanding technical cooperation projects in Africa. The programme promoted self-employment among the peoples of the Sahel region through the promotion of cooperatives and other self-help organisations. Through the Programme's final phase (1996 - 2000), a total of 56,000 jobs in five countries were created. The program will be subject to an evaluation during spring 2002.

The INTERCOOP programme is focusing on how to help the producer to sell his or her products, through promoting trade to strengthen cooperatives and to create employment and income.

- Gender and Cooperatives.
- Indigenous Peoples.

As mentioned previously (see chapter 5.2.1 Legislation), the ILO has also assisted a large number of countries with reforming their legislation on cooperatives and other producer organisations. This has been – and still is – a major contribution to create a framework conducive for RPOs in Africa.

Finally, the ILO promotes the development of independent employers' and workers' organisations and provides training and advisory services to those organisations. The ILO has a unique tripartite structure with workers and employers participating as equal partners with governments in the work of its governing organs.

This approach is also applied on the process of revising the ILO Recommendation No. 127 on Cooperatives (1966) currently taking place.

5.4.5 ICA: the International Co-operative Alliance

The International Co-operative Alliance (ICA) is the apex organisation of the international co-operative movement and is an independent, non-governmental association representing and serving co-operatives worldwide. The ICA was founded in London in 1895, with a membership comprising national and international co-operative organisations within all cooperative sectors - including agriculture, banking, energy, industry, insurance, fisheries, housing, tourism and consumer co-operatives. ICA has more than 250 member organisations from over 100 countries, representing more than 760 million individuals worldwide.

In 1946, the ICA was one of the first non-governmental organisations to be accorded United Nations Consultative Status. Today it holds the highest level of consultative status (General Category) with the United Nations Economic and Social Council (ECOSOC).

Through its Head Office and several Regional Offices, ICA helps to build strong, viable co-operatives in developing countries by acting as a co-ordinator and catalyst of co-operative development. The ICA Development Programme has over forty years of experience, and is responding to the needs of co-operatives for technical assistance in co-operative development. The role of the ICA is to act as a catalyst and coordinator of co-operative development, with the aim of promoting and strengthening autonomous co-operatives throughout the world. The focus areas of the ICA Regional Offices in Africa are:

ICA/ROWA (West Africa):

ROWA plays the role of a catalyst and mediator, and provides support to member co-operatives. ROWA'S main activities are creation of a favourable environment for cooperative development (together with ILO), poverty control programmes through primary co-operatives, the development of human resources and the development of new strategies.

A regional programme managed by ICA/ROWA is currently receiving support from the Norwegian cooperative movement through a NORAD-funded program.

ICA/ROECSA (East, Central and Southern Africa):

Support by ROECSA has been limited to three sub-sectors, among these agriculture is the most important - in view of its economic and social significance. The support is directed to organisations, which through their operations directly or indirectly promote food security, such as primary agricultural societies, farmers' associations and other rural groups deriving their livelihood from primary production activities. ICA/ROECSA participates in monitoring various Norges Vel-activities in the region (among others the MEMCOOP-programme in Tanzania)

Generally, both ICA-offices are now working also with co-operative-like organizations, and do no longer restrict their support only to formally registered cooperatives. They have also contributed through their close collaboration with the ILO in the process of revising the cooperative legislation in many countries in the region. Further, acting as true networking-hubs, both ICA regional offices are conducting regional studies – assessing among other issues marketing options in general and more specifically, possibilities for developing schemes for commercially based inter-co-operative commodity-exchange.

5.4.6 IFAP: the International Federation of Agricultural Producers

The International Federation of Agricultural Producers (IFAP) was established in 1946 to secure cooperation between organisations of agricultural producers in meeting nutritional and consumption requirements of the peoples of the world. It works to improve the economic and social status of all who live by and on the land. IFAP has nearly 80 member organisations in 52 countries.

IFAP is organising its activities through Standing Committees, Commodity Groups and Forums.

Through its Development Co-operation Committee (currently chaired by Mrs. Kirsten Vaerdal, Norway), IFAP is now organising a network of "AgriAgencies" (Agencies executing development activities on behalf of or in close collaboration with Farmers' organisations).

IFAP-connected agencies in Europe are, among other things, collaborating on a programme named «Farmer Led Economic Initiatives», aiming at increasing the negotiating power of farmers, and thus cutting costs (when buying inputs) or increasing revenue (when marketing their produce).

5.5 Some examples of current projects

5.5.1 NASFAM

NASFAM has emerged as the result of several USAID funded projects. The first project was initiated in 1994/95 with the objective of increasing the number of smallholder burley tobacco producers and their returns from growing tobacco. The next project – Smallholder Agribusiness Development Project – focussed on supporting decentralised Agribusiness Development Centres (ADC) which would promote the development of smallholder farmers' clubs consisting of 10-20 individual farmers collaborating on procurement, marketing, shared transport etc. These clubs make up Group Action Committees (GAC) with an aim of increasing bargaining powers and facilitating the dissemination of new technologies and improved agribusiness systems through

information, demonstrations, and training. These again form Farmers' Associations that are registered under the Trustees Incorporation Act and operate as corporate bodies. The main reason why they are not registered under the co-operative act is that the act has been dormant since the beginning of 1970s. Co-operative leaders at that time gained political strength beyond what was accepted by the regime and this is still a factor that has to be considered as a potential threat to new democratic organisation.

The project moved into a new phase with the formal establishment of NASFAM in 1997. The decision to establish an umbrella organisation was taken at a national conference with representation of smallholder associations. NASFAM has established a democratic organisation headed by a Board of Trustees. Today the number of registered associations is 35, serving approximately 90 000 members. NASFAM's mission statement is: 'To develop and build a commercially viable network of smallholder directed business associations that provide a consistently higher level of return for farmers who participate.'

NASFAM has been able to expand its activities successfully and this is commendable considering the complexity of the project and the uncertainties related to expansion into new project areas and markets. NASFAM has developed a new potential for profitable crop diversification thereby reduce the dependency on one cash crop such as tobacco. Another success story has been the link with a national credit association (MUSCCO) through the credit line provided by Danida funds. This has diversified the local credit market since NASFAM has established links with national banks and several credit institutions. NASFAM has clearly strengthened its position as the key representative organisation for the smallholder farmers as well as an important service provider to the rural households through its close business links with input suppliers and financial service providers.

With the expected devolution of political power to the districts and decentralisation of the ministries to the same level it is likely that NASFAM and the Associations will become important partners in the local economic and political development process. NASFAM will, as the largest rural democratic organisation, be one of the key stakeholders representing civil society as well as the private sector in this process. It is at this local level the strength and viability of NASFAM will have to prove itself.

Gender issues have been highlighted and are now mainstreamed at all levels in the organisational structure. The impact can be seen in the increase of women participating at the various representative levels. Environmental issues have been highlighted in the associations' development plans and a separate environmental unit can be found in NASFAM.

The local Farmers' Organisations have become economically sustainable while NASFAM HQ is still highly dependent on donor funding. The increasing numbers of farmers' associations are not only profitable but they are also able to pay for their own support staff (managers and extension staff).

NASFAM has been presented as an organisational model that closely reflects the ideal for new producer organisations (World Bank 1999). It facilitates production, management, financing/credit and marketing operations of its members. Most services are provided on a commercial basis with little subsidies from the donors and none from the government.

One key issue that has developed as the local associations have matured is the role of NASFAM as development agents taking on new projects like road repair, educational programmes and social issues. These issues have been highlighted as new donors give

support to NASFAM. The management is concerned that they will diversify too much while it is our impressions from discussions with the local associations that they are eager to use NASFAM to develop new projects such as building of houses for rental, operation of petrol pumps in remote areas etc. The key issue is to what extent NASFAM should develop into a multipurpose Farmers' organisation and the possible impact this will have on the profitability and sustainability of the organisation.

5.5.2 Zambia – support to capacity building in farmer associations

In 1998 NORAD invited the Agribusiness Forum to submit a proposal for the development of Farmer Association capacity in Zambia. The project is a joint initiative between the Agribusiness Forum (ABF) the Ministry of Agriculture, Food and Fisheries (MAFF) and Zambia National Farmers Union (ZNFU). According to the project document the absence of such capacity has been identified by various agencies as a major constrain to the further expansion of private sector involvement in smallholder agriculture, through outgrowing. The LFA identified the immediate objective to be: *Viable farmer associations established which are engaged in market-oriented agriculture*. The following outputs were envisaged:

1. Database established and operational on a cost-recovery basis
2. Effective training provided to:
 - Associations
 - Private Companies
 - NGOs
3. Existing farmer associations strengthened and new ones developed
4. Farmer associations engaged in contract farming
5. MAFF Extension Staff attached to farmer associations and private companies on a full-time and voluntary basis
6. Project management established and in function

The transfer of MAFF Extension Staff to farmer associations and private companies is a radical change although the government continues to pay their salaries. The role of contract farming in developing local production systems is controversial since it can lead to monopolies being formed and increased farmer dependency on one company. Other issues have been the negative environmental effect of mono cropping systems often associated with contract farming. This has not been a concern in Zambia. The smallholder farmers in Zambia are only to a very limited extent organised in groups and associations. The lack of farmer organisations and organisational capacity have been identified as major constraints with regard to possibilities for farmers to promote their interests towards agribusiness companies (Storoy 2001). The companies would on the other hand benefit from dealing with associations and thereby cutting transaction costs.

This is clearly an innovative project with a number of stakeholders with a number of objectives and interests. The project is rather new and it has not yet been evaluated, so it is too early to assess the progress.

5.5.3 NGO support to farmer group formation

Many NGOs are active in supporting rural group formation. Currently there is a lot of activity in the field of micro credit. But there are also other initiatives. An interesting example is the CARE project Rural Enterprise & Agri-Service (REAP) in Kibwezi in

Kenya. CARE has organised smallholder groups for renting land to grow vegetables, primarily for export markets. Because the scheme has contracts for providing steady supplies of high quality produce for European markets, the farmers fetch a price premium over sales on spot markets. Producing high quality horticulture products is knowledge intensive, in terms of marketing knowledge and skills, production planning and production management. The CARE project has contributed to organising the groups and developing the organisational model. The organisation is farmer owned, but not farmer managed. The groups are not registered as cooperatives. They have hired expertise for managing relationships with customers and for production planning (ensuring optimal phasing of planting). The expertise managing the operations are paid for and hired by the members. The scheme has ensured a tripling of farmers' income, and plans are under way to extend the model to more smallholder groups.

5.5.4 Tanzania – reviving the cooperative movement (MEMCOOP)

The history of cooperatives in Tanzania is in many respects fairly well described in chapter 2.2. However, in Tanzania the government's position in the cooperative movement developed to a rather "advanced" level, culminating in 1987 with a policy aiming at forcing each village to become a cooperative society. By then, the cooperative movement was completely controlled by the party and the Ujamaa-policy offered no potential to develop a viable and democratic movement.

In 1989, a Nordic team representing the cooperative movement in the Nordic countries recommended that Nordic aid agencies should terminate their support until the conditions became conducive for genuine cooperative development. The year after, Tanzania decided to restore a movement based on genuine cooperative ideals.

A bill, restoring voluntarism and single-purpose societies emphasising economic viability, was introduced in 1990 and passed as the 1991 Cooperative Societies Act. This act had no reference to cooperatives as socialist instruments, the responsibilities of the Minister and the Registrar had been reduced, and the potential economic viability became a prerequisite for registration of cooperative societies. A programme of restructuring the cooperative movement was implemented, by which 6,000 agricultural cooperatives were reduced to 2,500, considered to be potentially viable. A number of unions were also closed.

In line with global trends and widespread internal pressure, Tanzania embraced political pluralism (one-party rule came to an end in 1995 with the first democratic elections) and a market-oriented economy in 1992. Cotton and cashew marketing were liberalised in 1993 and coffee in 1994.

After restructuring the cooperative movement, the previous donors from the Nordic countries visited Tanzania in 1994 to assess the conditions for sustainable, economically viable and democratically controlled cooperatives. The Nordic team filed a positive report and recommended a resumption of assistance to be considered, but with the explicit condition that the government cleared 87% of the unions' debts, amounting to 35 billion shillings (then USD 70 mill.). Based on analysis, this amount was considered the effects of the government's failed policies and actions.

The government actually did clear this huge debt and thereby paved the way for resumed assistance, now in line with member empowerment which was announced as the next phase after restructuring the cooperative movement.

For various reasons, Norges Vel/NORCOOP had to make an individual step as no assistance from the other Nordic countries was readily available. A feasibility study was carried out in Kilimanjaro in 1995, and the MEMCOOP pilot-project was introduced in this region the year after. In 2000, the pilot-project moved to the Arusha region.

MEMCOOP (Member Empowerment in Cooperatives - short for "Institution and Capacity Building in Primary Cooperative Societies and Other Groups") is aiming at contributing to a successful transition from state-controlled to member-controlled and sustainable cooperatives.

Through education and training - tailor-made to the respective needs of members, committee members and staff - a change of attitude is induced. The emphasis is now on business-orientation more than the previous emphasis on ideology. To support this transition-process, field officers have been trained as "change agents".

In Kilimanjaro, the project activities concentrated on 171 primary cooperative societies, 32 women groups, and 12 youth groups - with a total membership of more than 56.000.

In Arusha, the project activities concentrated on 45 primary cooperative societies, 6 women groups, and 4 youth groups - with a total membership of more than 38.000.

The pilot-project in Kilimanjaro was evaluated in 2000, and the main achievements were:

- Most societies are now able to balance their income and expenditure - and 90% of the societies are up-to-date with their accounts.
- The behaviour of the common members has changed from apathy to active participation. The members are now aware of their rights and duties, and are questioning their leaders on their activities and results.

Further, MEMCOOP has led to a successful mobilisation of local competence through project execution done by The Cooperative College, Moshi. The project is monitored by Norges Vel and ICA/ROECSA.

While the project is being implemented as planned in Arusha, the Cooperative College (and indeed the government) are making significant efforts for an expansion of MEMCOOP to other regions. In fact, their aim is to give the whole country the opportunity to benefit from the MEMCOOP process.

However, the MEMCOOP-approach will be further developed into a next phase called EDCOOP (Enterprise Development through Cooperatives) - aiming more directly at developing business skills.

Hence, through the MEMCOOP/EDCOOP process, the beneficiaries will first learn how to get organised and control their organisations, and secondly how to transform their organisations into tools for economic development in their own interest.

The implementation of the project has also shown that the role of the government is currently quite different from in the past. While the government used to run the cooperatives as their own institutions, it has reduced its role to promoting a genuine, member controlled movement. The change of attitude and approach has been confirmed recently by the government's promise to fund a national training programme for change agents, i.e. district and field officers from the respective ministries.

5.6 Networks for exchange of experiences between rural people's organisations South-South and North-South

Through networking Farmers or Producers organisations could exchange experiences on how to gain strength and negotiating power. Never before have the possibilities been so conducive to networking as today. The Internet, for instance, provides a powerful tool for this purpose - both to set up permanently working networks, and to discuss matters of common interest through e-mail conferences.

Generally speaking, improving the impact of development assistance is (of course!) important, both to the beneficiaries of programs and obviously also with regard to public opinion. Hence, ways of ensuring that "lessons learned" are conveyed to those designing new programs should be promoted. Networking could definitely play an important role in this regard.

Further, among the donors there is definitely a need for improved coordination of activities. In certain areas, donors operate in vast numbers operating on relatively small-scale based interventions. Obviously this could cause less focussed interventions, with low impact as a result. Hence, cooperation and networking activities among agencies and NGOs should be promoted.

ICA is through its regional offices definitely acting as a South-South networking organisation, providing a link also between organisations in North and South. The cooperation between Norges Vel and the two regional offices in Africa is an example on the latter.

However, many other networking initiatives have recently been observed, among those are:

ROPPA: Farmers organisations from Benin, Burkina Faso, Côte d'Ivoire, the Gambia, Guinea, Mali, Niger, Senegal and Togo decided in July 2000 to establish the "Réseau des Organisations Paysannes et de Producteurs Agricoles de l'Afrique de l'Ouest (ROPPA)" [West African Network of Farmers and Agricultural Producers' Organisations]. In partnership with UEMOA (the West African Monetary and Economic Union), this network has already proved its dynamism at a regional workshop held in Ouagadougou in October 2001 on "the Union Agricultural Policy and Family Farms within UEMOA". During this workshop, participants reflected upon the difficulties encountered by the agricultural producers faced with globalisation.

Via Campesina is a world wide movement that unites landless peasants, small and medium-sized producers, agricultural workers, rural women and indigenous communities in the struggle against the globalisation of the economy. *Via Campesina* started its activities in 1992 when several peasant leaders from Central America, North America and Europe met in Managua, Nicaragua, at the Congress of the National Union of Farmers and Livestock Owners (UNAG).

Via Campesina occupies itself with food sovereignty, agrarian reform, gender, human rights and solidarity, trade and investment, biodiversity and genetic resources and alternative agriculture. Influencing power and decision-making centres within governments and multilateral organisations in order to redirect the economic and agricultural policies that affect small and middle-scale producers is one of their working principles. Further, *Via Campesina* believes that it is important to provide global access to information between economic, social and political sectors that struggle for the construction of a new society. The Internet is a commonly used tool in this struggle.

Through the *IFAP/DCC (IFAP Development Cooperation Committee)*, a North-South initiative is currently being launched, aiming at coordinating initiatives taking place in collaboration with Producers Organisations in South. Firstly, the network will make an inventory of issues that could easily be coordinated among the participating agri-agencies. Secondly, the participating agri-agencies will consider positively every opportunity to work together, to improve existing collaborations on specific themes or in specific geographical areas - aiming at joint initiatives. Agri-agencies also agree to advocate for new demands for funding - national funding by each agri-agency as well as multilateral or international funding.

5.7 Support through regional or international organisations (e.g. ICA)

Many NGOs have contributed in supporting international organisation - such as ICA - at a regional level. For instance, a regional programme managed by ICA/ROWA is currently receiving support from the Norwegian cooperative movement through Norges Vel. The external evaluation shows positive findings on the programmes executed, but the support has not been able to create a more sustainable, locally based funding of the ICA/ROWA.

This example pinpoints the challenges of this kind of support: If not taking into account the long-term perspectives of supporting third-level organisations, one should never enter into such support-programmes. However, support to these organisations could be considered as temporary arrangements mainly aiming at enabling the organisations to serve as development tools. But, in a long-term perspective, the local organisations must create sufficient profit to support these organisations on their own.

6 Options and means for Norwegian support to rural producer organisations

Norwegian aid is allocated through a diverse set of channels, some managed by the Ministry of Foreign Affairs, some by NORAD. Which channel is most suited depends on the objectives of the specific aid intervention, as well as several other institutional and political factors. Strengthening support to RPOs may require the utilisation of several of the available channels and modalities of aid

In the following we will discuss the merits of using the various aid modalities available for supporting RPOs.

6.1 Country-programs

NORAD negotiates country aid programs with the main collaborating countries. These programs specify a number of priority sectors within each country and also projects within these sectors. As country programs are negotiated between the governments of Norway and the recipient country, it is problematic to make support to specific RPOs part of the country programme, especially if the recipient government does not give it priority. Moreover using this channel would imply making the RPO dependent on the government to a degree that may replicate what has been assessed as an important cause of past failures. Aid to the recipient country government may, however, be decisive in enabling the investments needed for improving public sector services, thereby improving the enabling environment of RPOs.

Modern rural sector development programs typically comprise of an important component of participation by the intended beneficiaries. Genuine recipient participation in the setting of objectives and selection of interventions requires objectives and interventions are not pre-determined by the donor or the government. Participation, if successful, may build on existing local organisation, or form the basis of new organisations.

While integrated rural development programs played an important role in Norwegian bilateral aid a couple of decades ago, they have gradually been phased out.

Decentralisation of public sector responsibilities is currently an important trend in Norwegian cooperating countries. Norway has been supportive of this trend. Emphasis has primarily been on strengthening local democracy, but also on developing civil society institutions at the local level.

Norway supports several local governmental reform programmes in Africa as a means of regaining political legitimacy, to give people more of a voice in local affairs. There were high hopes in the 1980s and 1990s of bringing about both democratisation, increased accountability as well as improve effectiveness and efficiency of donor programmes through decentralisation. Today there is more realism and a key concept has become 'good governance' which brings into the equation both *civil society* and *social capital*. RPOs represents both, and through economic independence it can become one of the main channels for the rural people to make their voices heard. The Norwegian support to local government reform programmes has also focused on the role of civil society and the strengthening of RPOs should be seen an important part of the civil society component in these programmes.

6.2 NGOs

A sizeable share of Norwegian aid is channelled via Norwegian NGOs, usually conditional on some contribution from the NGO's own funds. These Norwegian NGO typically work together with and transfer funds to local NGOs in the recipient countries. Several of these local NGOs may be considered as RPOs, or the NGO may have as an objective to establish RPOs. Extending support through this channel may thus be an appropriate mechanism for furthering organisations at the local and national level and furthering networks for exchange of experiences between farmers' and rural people's organisations South-South and North-South.

Typically the initiative to projects or activities must come through a Norwegian NGO. These would probably be responsive to a NORAD policy for supporting RPOs.

6.3 Private sector development

Norwegian programmes in support of enterprise development in developing countries are not tied to specific countries, but managed as global or regional programmes. NORAD has a number of facilities in support for investments and other enterprise development. They include, *inter alia*, support for feasibility studies, provisions for loans and guarantees, support for investment in basic infrastructure, support for training, and equity investment guarantee.

In principle these facilities could be used in support also of developing RPOs. In practice the application procedure usually involves collaboration with a Norwegian firm, and that application for funding is submitted by a Norwegian organisation or firm. A consequence is that these facilities are most appropriate to larger firms in developing countries, and thus not very well suited for supporting small and medium size RPOs. In order to use these for supporting RPOs, Norwegian firms and organisations must be encouraged to form partnerships with RPOs.

The Private Sector Development means are well suited to cover trade relations with produce of high quality. But in most cases the products from the South are not up to the standards required by the North, and trade will not be possible. Thus, there is a need for means aiming at enabling or facilitating the private sector in south to trade and compete – first and foremost with other companies locally, and later on, enable them to export high quality products regionally or to the north.

These “business facilitating means” should be designed in such a way that also economic activities run by RPOs could apply for such means. If so, this could pave the way for a renewed approach regarding working with RPOs in development programmes, touching directly on economic development.

6.4 Multilateral programmes

A major share of Norwegian aid is channelled through a large number of international organisations, mostly linked to the United Nations, e.g. UNDP, FAO, IFAD, the World Bank and the regional development banks. These organisations operate a diverse set of projects and programmes, many of which might be relevant to the development of RPOs. There appears to be an increasing focus on RPO-programmes through the multilateral system. Some examples of such projects and diverse approaches have already been presented in this report. However, priorities applied to projects funded through the multilateral programmes are not under direct Norwegian control. Consequently, if supporting RPOs is given priority for Norwegian development assistance in general, other channels for funding, design and management of projects than the multilateral programmes must be stimulated (Norway has supported a World Bank Trust fund in support of RPOs but the support will probably end in 2002).

6.5 Formative Process Research

NORAD has adopted Formative Process Research (FPR) as a new methodology to improve project implementation in innovative project and programmes. Formative process research is recurrent research where researchers study the planning, implementation and impact of specific development projects, programmes and reform processes based on the interaction between organisations and Norwegian and national/international research organisations.

We have been asked by NORAD to explore to what extent Norwegian support to RPOs would benefit from a formative process research project. The methodology and the objectives of this type of research was presented to representatives of two RPOs (Tanzania and Malawi) during a workshop held to present some of the findings of this review (Landbruksfaglig Bistandsforum, 27 November 2001). The representatives responded positively and outlined a pilot regional formative process research project while they were in Norway. Later on Zambia was added as a possible case since it would add some new approaches to RPO involvement in agribusiness. The proposal has already been approved by NORAD and will be implemented during 2002. The RPOs represent different approaches to institutional strengthening, market orientation, government relations and service delivery. They have also different conceptualisation of their role as civil institutions within a wider governance perspective. Since all three governments are in a process of changing their policies towards the agricultural private sector, these pilot projects will provide important feedback to ongoing policy formulations, where adequate reliable documentation is scarce.

What distinguishes formative process research from project appraisal and monitoring is that:

- A permanent research team will follow the programme over a long period of time, collecting and analysing their own data or data provided by the project

- There will be a dialogue and feedback of results to the different stakeholders in the programme at the various levels from the donor to the village level (dialogue method)
- The quality and relevance of the research - in terms of methodology, accountability documentation and ethical aspects - will be judged against academic, scientific standards.

So far formative process research has been supportive of the implementation of a local government support programme in Zambia, Grameen Phones in Bangladesh, the transformation of an IRDP in Sri Lanka and more recently to support the local government reform programme in Tanzania. FPR is supposed to be an approach that supplies the planning and implementation process with knowledge that is more relevant, timely and effective than traditional evaluation. Furthermore this approach would produce better research results as well as results applied by the concrete project and contribute a common knowledge which could be practically applied to other projects. In short improve project implementation as well as policy formulations. Formative process research is well suited to support institutional development in complex environments and will give the donors timely feedback on the development of the organisations. In the case of RPOs, the research carried out by local research institutions will give important up to date information to be utilised in training within the universities and agricultural colleges.

7 Conclusions and suggestions

In this field as in others in development aid there is no “silver bullet”. It is not a question of looking for a simple solution that has so far been undiscovered by NORAD. It seems what is required is patience and willingness to work on a long-term basis with the RPOs selected.

Emphasis has been, and should continue to be, on RPOs as a means of empowerment – the development of people’s capacity to initiate action on their own or to influence decisions. Thus the effort should be seen more as a learning process, rather than only a question of providing some services. Projects dealing with RPOs need to better understand the social features of the organisations. RPOs are products and engines of social transformation and it has to be acknowledged that capacity building and organisation development processes to support development of sustainable RPOs are complex (Delion 2000). This point of departure has far-reaching implications for what an external donor can do and how it can be done, and how fast results can be achieved.

However, so far it appears as if too much emphasis has been put on building or strengthening RPOs as such, whereas their role as economic “instruments” to the rural families has been more or less neglected. We believe there is an urgent need to more directly touch upon their role as enterprises, and thus, start to facilitate business development. Means and funding for enterprise development should be designed in such a way that also enterprise activities run by RPOs are covered.

The discussion under chapter 6 shows that the funding source available for working directly with RPOs, due to Norwegian aid modalities, is limited to the NGO-channel, since the priorities of country-programmes are applied to most other channels as well - and agriculture has been dropped in most country-programmes.

To ensure development activities in collaboration with rural producers organisations based on Norwegian funding, Norwegian authorities should consider earmarking funds through the NGO-channel for working with RPOs.

Our suggestions for NORAD can be summarised in the following points:

- In the country programmes there should be a continued emphasis on strengthening the enabling environment for broad based rural growth, through initiatives such as improved public sector service delivery in agriculture (agricultural research and extension, and rural roads), primary education, capacity building, macro-economic reform, civil service reform, civil society support, and community participation in natural resource management. Issues such as expanding the freedom to organise may be made part of the country dialogue.
- Earmarking of funds (through the NGO-channel) for working with RPOs

- Introducing “business facilitating means” designed to cover also economic activities run by RPOs – aiming at enabling or facilitating the private sector in south to trade and compete.
- To improve the quality of donor interventions and to ensure that “lessons learned” are conveyed to those designing new programs, we suggest that networks and networking activities among RPOs and their donors - both South-South and South-North-networking - could receive funding.
- Explore possibilities of using formative process research as a support mechanism that strengthens the RPOs in their operations, builds competence on RPOs within the national research institutions, as well as inform policymakers and donors on policy issues related to the development of the RPOs. A regional pilot project will be implemented in Zambia, Malawi and Tanzania during 2002.

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