



# GIZ Approaches to Strengthening Farmer Based Organisations

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# Abbreviations

<b>ABFS</b>	SNRD Working Group Agribusiness and Food Security
<b>AHA</b>	Andreas Hermes Akademie
<b>BDS</b>	Business Development Services
<b>BMZ</b>	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung/ German Federal Ministry for Economic Cooperation and Development
<b>DBV</b>	Deutscher Bauernverband/ German Farmers' Association
<b>FBO</b>	Farmer Based Organisation
<b>FBS</b>	Farmer Business School
<b>NGO</b>	Non-Governmental Organisation
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
<b>ICT</b>	Information and Communication Technologies
<b>ToT</b>	Training of Trainers
<b>SEWOH</b>	Sonderinitiative „EINEWELT ohne Hunger“/ Special Initiative “One World – No Hunger”
<b>SNRD</b>	Sector Network Rural Development Africa
<b>UN IYC</b>	United Nations International Year of Cooperatives 2012

# Preface

Farmer Based Organisations have always been in the focus of GIZ's approaches for inclusive agricultural and territorial development. However, the awareness on their decisive role and the need for strong structures and member-oriented modes of operation as service providers only evolved recently. In the past, many have seen them rather as social, cultural and civil-society associations, without giving priority to questions of service delivery, financial autonomy and representation of member interests.

Today, we highlight their importance as private sector organisations, providing business, technical, social and political services to their members. These functions are emphasized in GIZ methodologies and tools like ValueLinks, Farmer Business School or the Contract Farming Handbook. There is common understanding that smallholders cannot increase their competitiveness in diversified markets without effective Farmer Based Organisations at different levels. Despite this common understanding and the fact that so many GIZ programs support FBO development in Africa, there is no overview on needs, tools and approaches used by these programs.

During the meeting of the *SNRD Working Group Agribusiness and Food Security* (ABFS) in March 2015 in Addis Ababa, members decided to conduct a survey to bridge this gap and to cluster needs, lessons learnt, good practices, strategies and instruments for the efficient and effective promotion of Farmer Based Organisations (FBO). The working group entrusted Mrs Laura Schüppler with this study. Presenting her findings, this report facilitates the exchange of experiences and the sharing of existing tools between GIZ programmes and serves as a basis for further discussions, which may lead to the development of a joint approach and further tools for FBO development.

On behalf of the Working Group, I would like to thank Mrs Schüppler for compiling this excellent study. I further would like to express my gratitude to Mr Ousmane Djibo, speaker of the *Sector Network Rural Development Africa* and to Mr Thomas Breuer *SV Agrarhandel und landwirtschaftliche Wertschöpfungsketten* for the funding of this activity. Let me also express our acknowledgments to Mrs Margret Will and Mrs Katharina Schlemper for their active support in editing this work.

Special thanks are due to all programmes and colleagues for their participation in the survey, for the time spent for answering the questionnaire and especially for their highly relevant and inspiring contributions.

**Moritz Heldmann**

**Speaker of the SNRD Working Group Agribusiness and Food Security**

**Lomé, Togo, 20<sup>th</sup> September 2016**

# Executive Summary

This report presents the results of an inquiry conducted between October 5<sup>th</sup> and November 13<sup>th</sup> 2015 via the online survey tool askallo.org. Representatives of 26 GIZ programmes, most of them bilateral and regional programmes in Africa and Asia, participated in the inquiry. The main objective of the survey and this report is to create a basis for a fruitful exchange of lessons learnt, good practices, strategies and instruments for the efficient and effective promotion of Farmer Based Organisations (FBO) between GIZ programmes and to pro-

vide the grounds for the development of a toolbox. Realised by the Agribusiness & Food Security (ABFS) Working Group of the Sector Network for Rural development Africa (SNRD), the inquiry was welcomed by respondents who stressed the need for exchanging more about their approaches and experiences.

The final version of this report has been compiled after inspiring discussions at the SNRD ABFS meeting in Lomé March 2016.



The report presents and systematizes existing intervention approaches and tools, as well as programmes' interests regarding further development of approaches and tools. It further identifies areas of programmes' common interest and needs in which further product development is recommendable.

Programmes that participated in the inquiry consider FBOs an important and at the same time complex area to engage in. Several GIZ programmes invested significantly into developing tools for promoting FBOs over the years and continue to invest further. A main intervention focus lies with FBOs which offer technical and business-related services. Programmes are, furthermore, interested in finding out more about social and political service delivery of FBOs to farmers. Programmes identified success factors and developed expertise and standardised toolsets especially with regards to organisational development and service management of FBOs. Besides supporting FBOs directly at micro-level, some programmes also strengthen support and framework conditions for FBO promotion, namely by training master trainers, fostering business networks and linkages and strengthening public and private service provision to FBOs. Programmes achieved results and impacts at various levels: They contributed to

the founding of new FBOs, enhanced organisational autonomy and strength, improved and standardised training curricula of extension service providers and reported improved livelihood outcomes on individual levels through their promotion of FBOs.

On these grounds, GIZ should make additional investments into knowledge management and coordinated product development. With its strong practical and conceptual base, GIZ could develop an elaborate toolset and build itself a professional profile within FBO promotion. Up to date, understanding of FBOs, enabling framework conditions, as well as roles, responsibilities and limits of supporting agents is insufficient. GIZ has the potential to support farmers, their organisations, support structures and policy makers to take informed decisions and to develop the necessary capacity for building up performing service oriented FBO sectors. To these ends, GIZ should compile and review existing tools for diagnostics, organisational development and service management, invest into coaching tools for business and entrepreneurial orientation, develop innovative tools and approaches, document experiences with strengthening support structures and framework conditions, and discuss which programme indicators and objectives are conducive.

1 //

# THE INQUIRY



## 1 // 1. Background

In view of the increasing globalisation and commercialisation of agriculture and the urgent need for structural change in rural areas and agriculture, Farmer Based Organisations (FBOs) (e.g. farmer associations and cooperatives, producer and marketing groups etc.) are rapidly gaining in importance. The main reason is that small agricultural holdings lack assets and economies of scale to meet changing market requirements in terms of delivery volumes, supply reliability as well as quality demands and consistency. Furthermore, smallholders are disadvantaged regarding access to financial services, appropriate and new technologies as well as remunerative markets.

An essential means, however not a miracle cure, to overcome these detriments to the professionalization of smallholder based rural economies and hence to rural transformation are collective actions. The significance of cooperation, and particularly of cooperatives, was acknowledged by the UN when it declared 2012 the International Year of Cooperatives.

Organisation and cooperation offer possibilities for sharing knowledge and peer learning, for reducing transaction costs, developing greater market power and improving performance and in the end the competitiveness of entire value chains. To this end, members invest into and contribute to FBOs and FBOs provide services to members. In the beginning, information, training and advisory services will develop the foundation for peer learning. Small success experiences of cooperation, members' investment and service delivery which are managed in a transparent way<sup>1</sup> provide the grounds for creating trust among group members, in leaders, and in the performance of the FBO. Once internal cohesion, democratic and controlling structures as well as leadership and management capacities developed; storage, sorting, packing, transport and marketing, joint purchasing of inputs and machine pooling can become important areas of services that promote members' businesses. Local solutions for savings and credit groups or even unions are quite well functioning in some countries and are often the only means of access to financial services in rural areas. Well-managed FBOs can contribute to increasing policy responsiveness to rural development concerns.

Through fees or commissions on services, FBOs cover costs for providing services. When organised as cooperatives, FBOs generate investment capital through cooperative shares bought by members. While profit making is usually not their main objective, FBOs might generate profit and even distribute dividends depending on legal frameworks and organisational rules and regulations.

Despite their potential, autonomous, viable and service-oriented FBOs are rare, especially in African countries. Besides a lack of business orientation, management capacity, good governance and capital constraints, top-down approaches and often politically motivated incentives have compromised the potential of FBOs. In many countries, FBOs carry a burden of excessive interference and support by governments, NGOs and donors.

In the capacity development strategies of German development cooperation, organisational development plays a key role alongside human resources capacity development, network development and the promotion of improved framework conditions. The importance of horizontal and vertical cooperation for the competitiveness of value chains is also stressed by ValueLinks, GIZ's methodology for value chain development. The performance of procurement systems of agribusinesses - either through spot markets or through contract farming - are highly interrelated with viable and service-oriented FBOs. In the same logic, the special initiative "One World - No Hunger" sets priorities for structural transformation, entrepreneurship development and innovation for increasing rural incomes, reducing poverty, improving resilience as well as food and nutritional security. The Farmer Business School (FBS) approach enhances smallholder interests in collective input purchasing and marketing, thus generating a demand for the development of business oriented FBOs.

Despite the wide recognition of the importance of FBOs, proven concepts, methodologies and instruments for promoting farmer groups, associations or cooperatives are missing. During the SNRD conference in Addis Ababa in March 2015, participants of the Agribusiness and Food Security Working Group (ABFS) accorded highest priority to exchanging experiences and developing joint concepts for

<sup>1</sup> In some countries, (traditional) group saving schemes built the basis of trust and management capacity for later formalization, upscaling and additional service development.



promoting FBOs. As a first step towards the development of a FBO toolkit, participants agreed to conduct an inquiry to collect and systematize existing approaches and tools.

### 1 // 1.1. Sector projects' work on FBOs

#### Sector Project Agricultural Trade and Value Chains in collaboration with AHA

The evaluation of the preliminary phase of the sector project (SV) "Agricultural Trade and Value Chains"<sup>2</sup> revealed some weak points despite the success of projects in promoting value chains. In general, producer organisations in partner countries are weak making the representation and balancing of interests difficult. Therefore, it is necessary to focus on FBOs and sector organisation regarding the further development of the approach of promoting value chains. This should take place in cooperation with participating programs, projects and other implementation partners.

After decades of neglect, the topic of FBOs has gained new impetus in the course of the implementation of the special initiative "ONE WORLD - no hunger". For this reason

the SV has developed a new field of action in April 2015 focusing on the topic of FBOs. The SV attends its generic tasks: consulting the GIZ- external structure and other GIZ units on the subject, consulting of the BMZ, knowledge management and concept development. Two workshops are implemented in 2016 in Benin and Kenya. They will promote the exchange of knowledge and experiences between relevant GIZ-programs contributing to a further conceptual-strategic development of the subject. The results of this SNRD survey will be included into the development of these events.

In the course of the special initiative "ONE WORLD - no hunger", the SV coordinates the activity by the Andreas Hermes Akademie (AHA) on "Strengthening of farmers' organisations for sustainable agricultural development". The AHA is the main training institution of the Deutscher Bauernverband (German Farmers' Association, DBV). FBOs are strengthened in several fields of action. The implementation has begun in 7 pilot countries (Ethiopia, Kenya, Uganda, Tanzania, Burkina Faso, Zambia and India). A flyer presenting the AHA is available.



Self designated 'Struggling Farmers Union'

— 2 former SV "Agricultural Trade and Private Sector Cooperation in Rural Areas" (2011–2014)



### Sector Project Agricultural Policy and Food Security

The sector project “Agricultural Policy and Food Security” in cooperation with the sectorproject “Agricultural Trade and Value Chains” have developed a joint training program on contract farming. The target group of this training are FBOs. Several trainings have already taken place for example in Tanzania in April 2016 provided by the Southern African Confederation of Agricultural Unions (SACAU) and other African farmer unions. The goal is to further develop the content of the training and adapt it to the specific target group. The training will be provided to the Southern African Confederation of Agricultural Unions (SACAU) and other African farmer unions.

In the course of the newly established virtual Community of Practice on Contract Farming, it is also planned to develop and carry out a webinar on FBOs. This will also happen in coordination with the sector project “Agricultural Trade and Value Chains”.

#### 1 // 2. Objectives

The aim of the inquiry was to provide the grounds for eventually developing a toolkit for FBO promotion through the

- Identification, systematization, documentation and assessment of existing GIZ approaches and tools
- Identification of the needs of programmes and projects for the development of additional tools and approaches
- Identification and documentation of experiences, lessons learnt and good practices and their outcomes

The scope of the inquiry did not include an in-depth assessment of existing individual tools. A more detailed assessment of tools and approaches – e.g. through interviews – is recommendable.

#### 1 // 3. Methodology

The inquiry was conducted in English and French between October 5<sup>th</sup> and November 13<sup>th</sup> 2015 via the online survey tool askallo.org. Invitations for participation were sent to programme leaders of all SNRD Africa member programmes and relevant SNRD Asia member programmes.

Programme leaders were advised to pass on the link to staff members who work with FBO promotion. The questionnaire which contained closed and open questions was developed by members of the ABFS Working Group and integrated questions that were used in an SNRD inquiry on farmer organisations conducted in 2005. The questionnaire included narrow questions on specific issues of interest, as well as general questions, e.g. on programmes’ lessons learnt and their recommendations regarding the way forward for the topic within the SNRD.

The analysis of answers to open questions was conducted through structuring, categorizing and assessing the information. In accordance with the objectives of the inquiry, important information is presented in a programme specific way as it facilitates further direct exchange by programmes. Answers to closed questions which had a number of options to select from have been visualised in diagrams. In addition, summary tables in the appendix present all information provided by programmes in alphabetical order (countries).

The quality of information provided by programmes was heterogeneous. While some respondents gave very detailed insights into their programme approaches, other entries needed more interpretation. Programmes were asked to review and complete the interpretations to enhance accuracy and the quality of information.

#### 1 // 3.1. Visualisation of Analytical Approach

The following visualisations<sup>3</sup> portray the analytical approach which underlies the inquiry. The analysis and presentation of results are organised according to an analytical understanding which distinguishes between different levels of FBO promotion (**IMG 1**):

- Levels of organisation of FBOs (individual level, primary level, secondary level and tertiary level)
- Environment for FBO Development (Macro- and Meso-Level)
- Levels of programme intervention (Macro-, Meso- and Micro-Level)

Further, the inquiry distinguished between two areas for FBO development (**IMG 2**), namely:

- organisational development and
- service development and delivery

— 3 The visualizations have been developed by the author of this report

Image 1 // Level of FBO Promotion

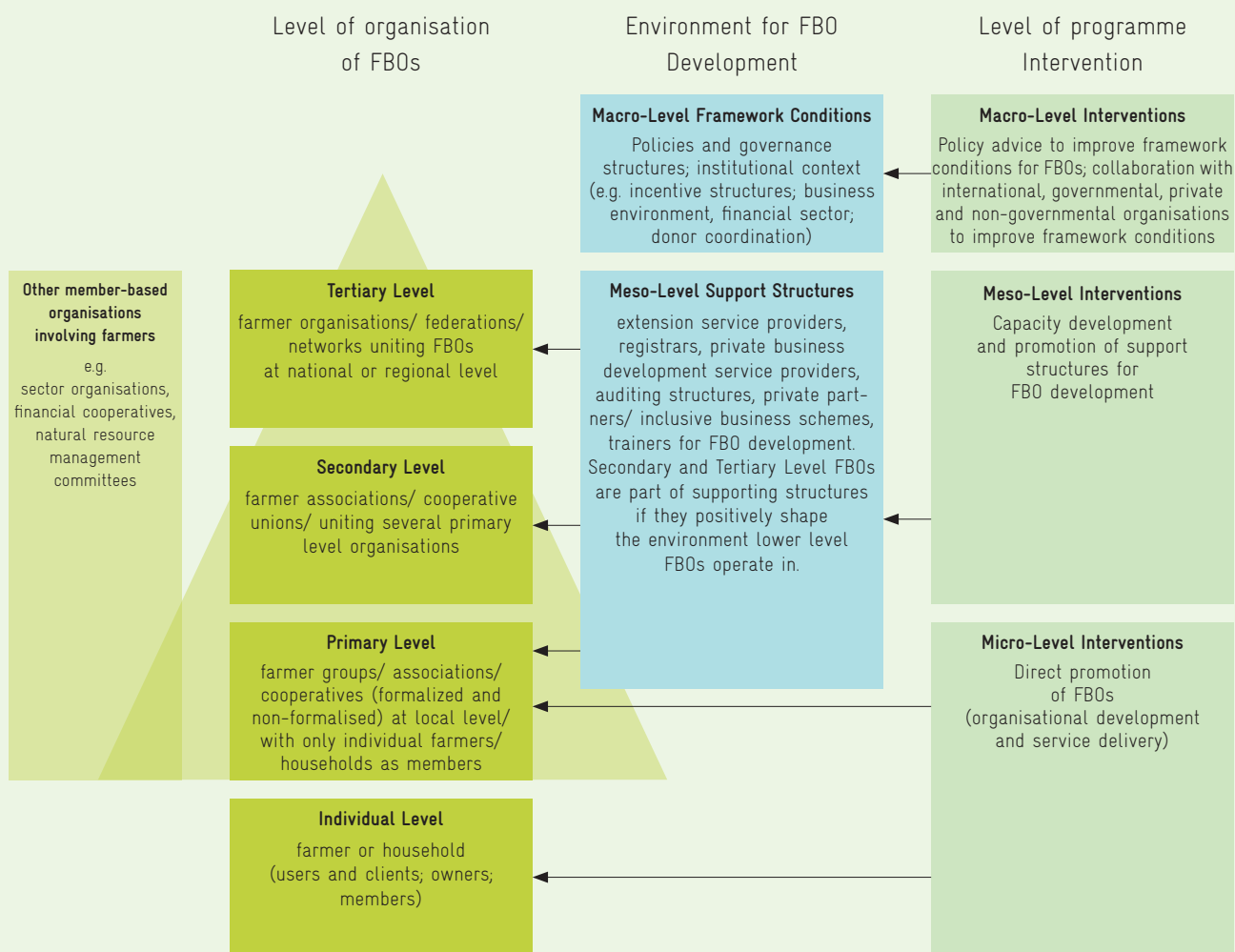


Image 2 // Areas of FBO development



## 1 // 4. Overview of participating programmes

26 programmes participated in the inquiry. Some programmes have longstanding experience working with FBOs, two programmes are currently phasing out, several just started to get involved in the topic. Nearly all programmes are located in Africa; 5 programmes are located in Asia.

Nearly all of the programmes are based on a value chain approach, most of them on food chains. Several programmes focus on rice and rice products, cocoa, soya, cassava, cashew, fish/ aquaculture and potatoes. Other value chains that were only mentioned by one programme each were: groundnuts, sunflower, coffee, pineapple, poultry, sheanut, onions, mango and palm tree.

Other programmes' main intervention areas manifest a variety of entry points for working with FBOs within GIZ programmes, namely: land reform/ land management; promotion of local economic cycles and access to finance of SMEs; food standards/ food security; small irrigation; water user groups which maintain soil and water conservation measures; forestry products; livelihood activities/ income generating activities such as bee keeping, fruit production, livestock production, chicken breeding, horticulture, financing clubs.

### List of participating programmes

Country/ Region	Full Name of Programme	Abbreviation
Sector Project	→ Agricultural Trade and Value Chains	→ -
Global	→ Affordable Nutritious Food for Women	→ ANF4W
Africa NA	→ Competitive African Rice Initiative	→ CARI
Africa NA	→ Sustainable Smallholder Agribusiness	→ SSAB
Benin	→ Programme Promotion de l'Agriculture	→ ProAgri
Cambodia	→ ASEAN Sustainable Agrifood Systems	→ ASEAN-SAS Cambodia
Cameroon	→ Programme d'Appui au Programme Sectoriel Forêts Environnement	→ ProPSFE
Côte d'Ivoire	→ Promotion des Filières Agricoles et de la Biodiversité	→ ProFiab
Côte d'Ivoire	→ Projet de Formation Professionnelle dans Le Secteur du Cacao en Côte d'Ivoire	→ ProCacao
Ethiopia	→ Sustainable Land Management	→ SLM
Ghana	→ Adoption of Agro-Ecosystems to Climate Change	→ AAESCC
Kenya	→ Food Security through improved Agricultural Productivity in Western Kenya	→ -
Malawi	→ More Income and Employment in Rural Areas along Selected Value Chains	→ MIERA
Mali	→ Programme d'appui au Sous Secteur de l'Irrigation de Proximité	→ PASSIP
Mauritania	→ Programme de Gestion des Ressources Naturelles	→ ProGRN
Mozambique	→ Improving Framework Conditions for a Competitive Private and Financial Sector in Mozambique	→ ProEcon
Myanmar	→ ASEAN Sustainable Agrifood Systems	→ ASEAN-SAS Myanmar
Namibia	→ Adaptation of Agriculture to Climate Change in Northern Namibia	→ ACN
Namibia	→ Support to Land Reform	→ -
Niger	→ Programme de Promotion de l'Agriculture Productive	→ PromAP
Nigeria	→ Pro-Poor Growth & Promotion of Employment Programme	→ SEDIN
Thailand	→ Better Rice Initiative Asia	→ BRIA
Timor-Leste	→ Fourth Rural Development Programme, Strengthening Public Agricultural Extension Services	→ RDP IV
Togo	→ Appui au REDD+ Readiness et réhabilitation des Forêts au Togo	→ ProREDD
Togo	→ Programme pour le Développement Rurale et l'Agriculture	→ ProDRA
Zimbabwe	→ Agricultural Input Supply Programme III	→ AISP III

2 //

# THE FINDINGS





2 // 1. Farmer Based Organisations (FBOs)

2 // 1.1. Service needs of members and potential members of FBOs

Providing services to members is the reason of being of FBOs, providing services to nonmembers is often a source of additional income. However, developing quality services for which members and non-members are willing to pay,

assuring efficient service delivery to members at local level and maintaining service quality is highly challenging, especially if members are resource-poor and transaction costs are high.

According to the inquiry, production oriented and business related services<sup>4</sup> are the priority service needs of farmers. Political and social services are required as well but on a lower scale (Fig. 1 – Fig. 4).

**? Question**  
What are the service needs of (potential) members that FBOs are responding to/ could respond to?

Figure 1 // Provision of new or better technical and production-oriented services

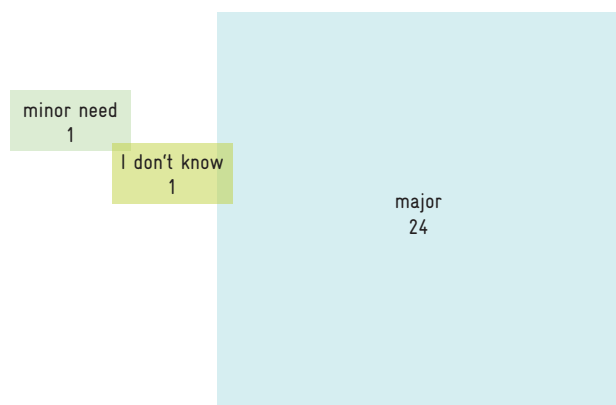


Figure 2 // Provision of new or better marketing and business services and business advisory services

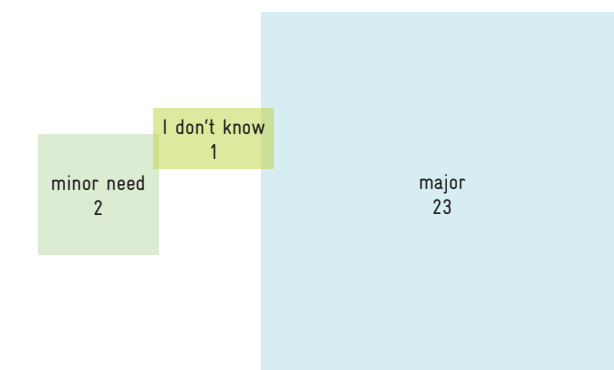


Figure 3 // Provision of new or better social services

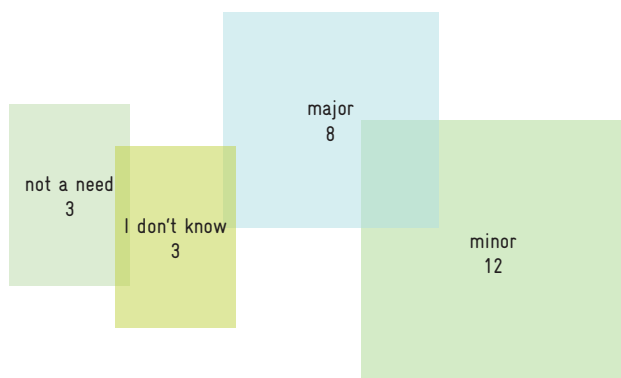
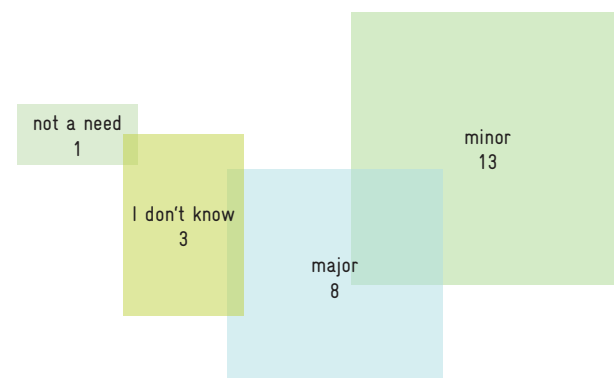


Figure 4 // Provision of new or better political services



<sup>4</sup> The following examples for service categories were provided:  
Technical and production oriented services: e.g. technical advisory or extension services, trainings, applied agricultural research, knowledge and innovation transfer.  
Marketing and business services and business advisory services: e.g. market information, access to finance, input purchasing, access to mach-

inery and equipment, packaging, transport, marketing, farm business development, access to information technologies, certification of products.  
Social services: e.g. insurances, guarantees, educational services (non-farming)  
Political services: e.g. lobbying and advocacy, participation in policy processes, networking and institutional partnerships.

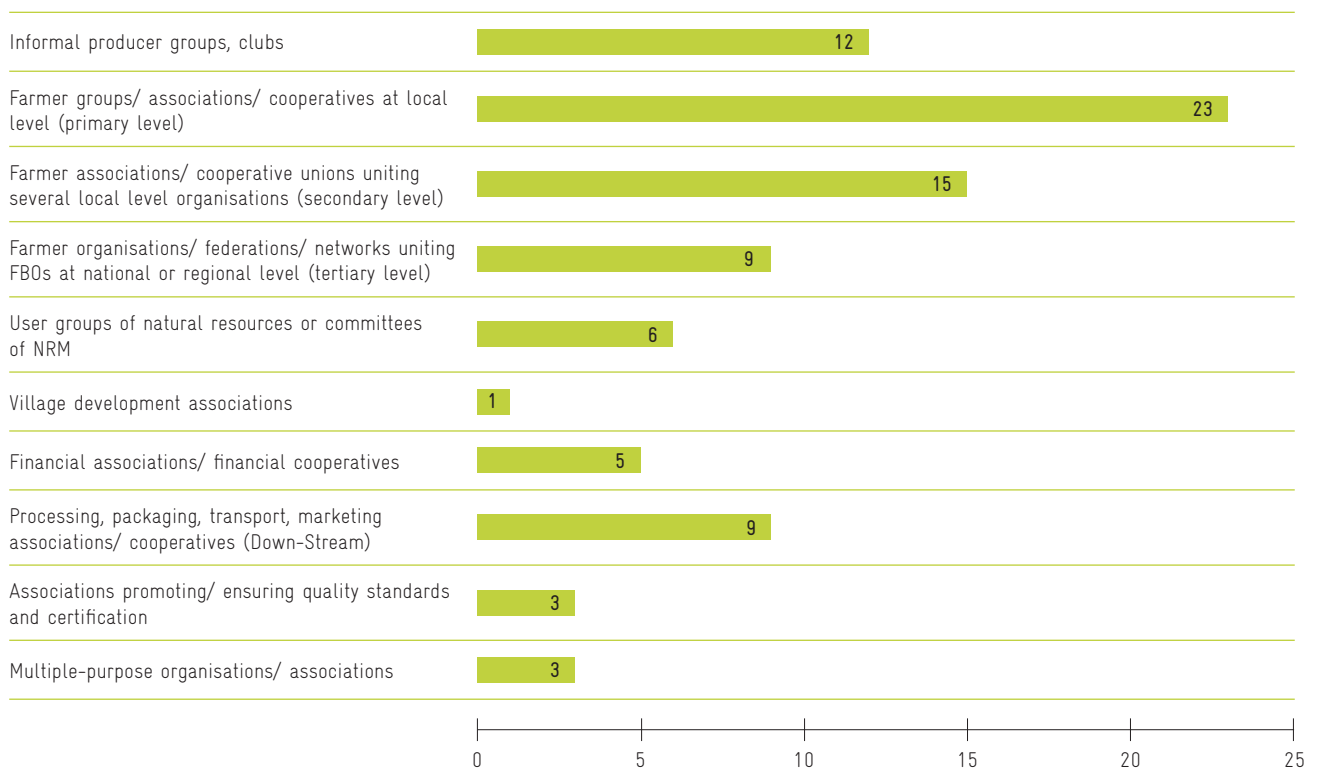
## 2 // 1.2. Characteristics of Partner FBOs

### Types of organisations

FBOs are implementing partners of GIZ programmes at different levels. While the majority of programmes work directly at micro level with primary FBOs, responding programmes also stated a variety of other types of FBOs they were working with - ranging from informal groups to unions and federations, from natural resource committees to processing and packaging associations.

As Fig. 5 shows, nearly all programmes work with FBOs at local/ primary level. A large number of programmes work with groups which are informal. Around half of the participating programmes work with secondary level organisations such as unions. One third of programmes still work with tertiary organisations/ federations, as well as with FBOs which offer more specific down-stream services such as processing, packaging or marketing. In turn, fewer programmes work with financial associations, user groups of natural resources and associations promoting/ ensuring quality standards.

Figure 5 // What types of organisations does your programme work with?



**Experience and autonomy of organisations**

Most FBOs that GIZ works with have little autonomy and are either partly or completely dependent on external support. FBOs are in general rather young; just one programme works with FBOs that have between 10 and 20 years of experience and no FBO has more than 20 years. 22 programmes work with FBOs that have between one and 10 years of experience; while the majority of 14 programmes said that their partner FBOs have between 1 and 5 years (Fig. 6).

Besides observing trends, differentiation and taking closer looks within countries is important. Thus, FBOs can be very experienced and high performers in one sector while they are a new phenomenon in another sector. Furthermore, FBOs can “form and dismantle as incentives and disincentives arise”. Programmes observed that informal organisations do sometimes not record their years of existence or do not even consider themselves as an organisation with an experience. It is not uncommon that FBOs are even newly

founded as a result of a programme intervention – a situation in which programmes carry a special responsibility.

Regarding the degree of autonomy/ dependency of FBOs (Fig. 7): 15 programmes assessed them as between “rather dependent” and “completely dependent”. Only six programmes assessed their partner FBOs as “rather autonomous” while no programme selected “autonomous to a large degree” or “completely autonomous”. This indicates that dependency is a major issue for all FBOs; supposedly not only for those that GIZ works with but in general. One programme mentioned that its assistance helped FBOs to mature from being highly dependent to becoming rather autonomous.

Results from the inquiry indicate that long-standing experience, the degree of autonomy as well as the performance in providing services are closely linked to specific contextual and historical factors.

Figure 6 // Experience of FBOs

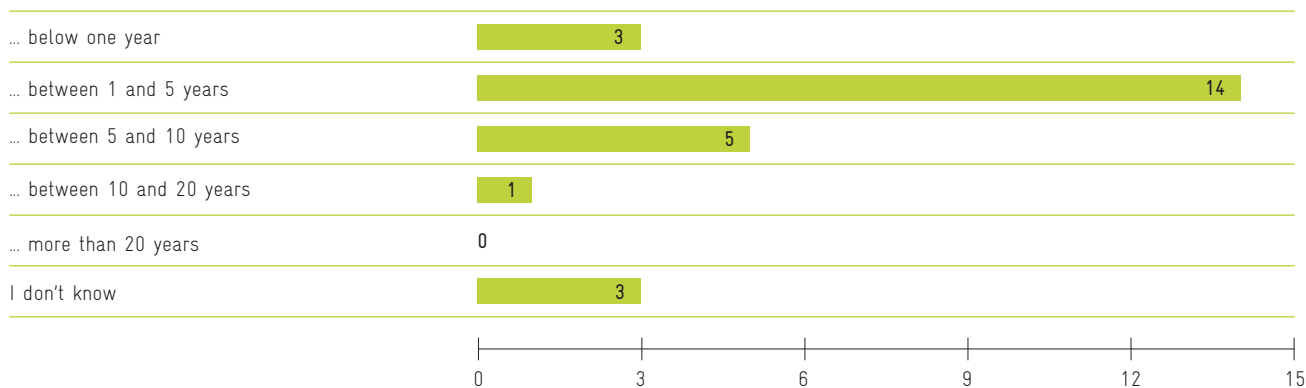
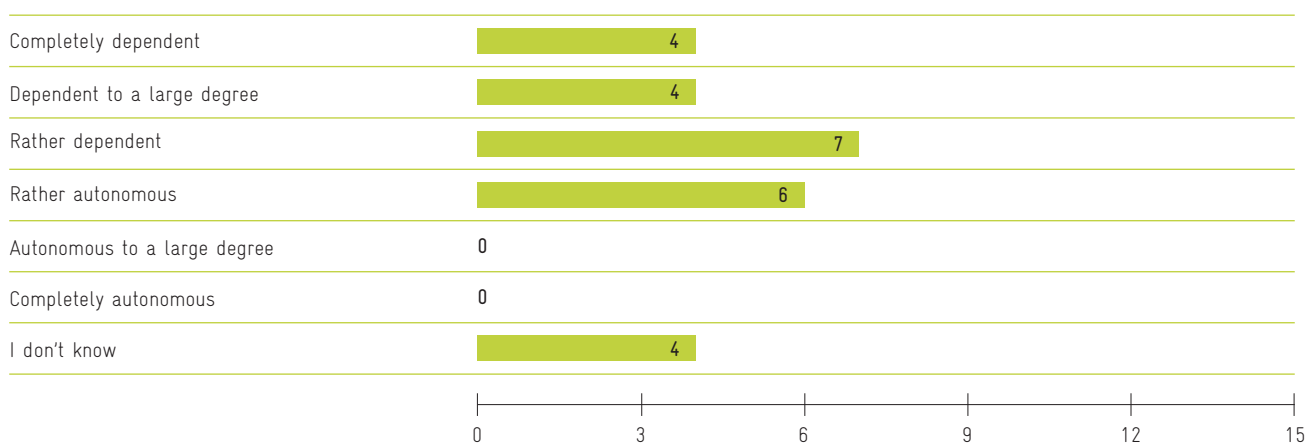


Figure 7 // Experience of FBOs



### Finance and generation of income

Income and finance generation is a major challenge for most of the FBOs GIZ is working with and this issue is linked to the lacking autonomy of many FBOs.

Membership fees and generation of income through commercial activities are the most frequent sources of FBO financing (21 positive selections each). While this fact could indicate rather sustainable means of generating income for FBOs, it has to be noted that only few programmes indicated that FBOs were financing themselves “majorly” through these sources. In addition, a high number of 16 programmes assessed that FBOs were financing themselves “majorly” or “partly” through external subsidies. “Unsustainable” finance is, thus, a frequent phenomenon (Fig. 8 and 9). 12 programmes specified that FBOs did not have

regular sources of income and 6 programmes responded they did not know whether FBOs financed themselves through loans and external subsidies (Fig. 8).

Programmes that either picked “partly” or “majorly” in a specific category were asked to specify in relation to the respective kind of financing (Fig. 10 – 12). It can be noted, that financing through membership fees seems to be more common than buying of shares within member-financed FBOs (Fig. 10). Among FBOs that generate income through commercial activities, income generation through product and service delivery to non-members (14 programmes) seems to be slightly more frequent than income generation through products and services to members (11 programmes) (Fig. 11). It should be noted that 10 programmes stated that GIZ was a source of external subsidies and donations (Fig.12).

Figure 8 // Sources of finance and income

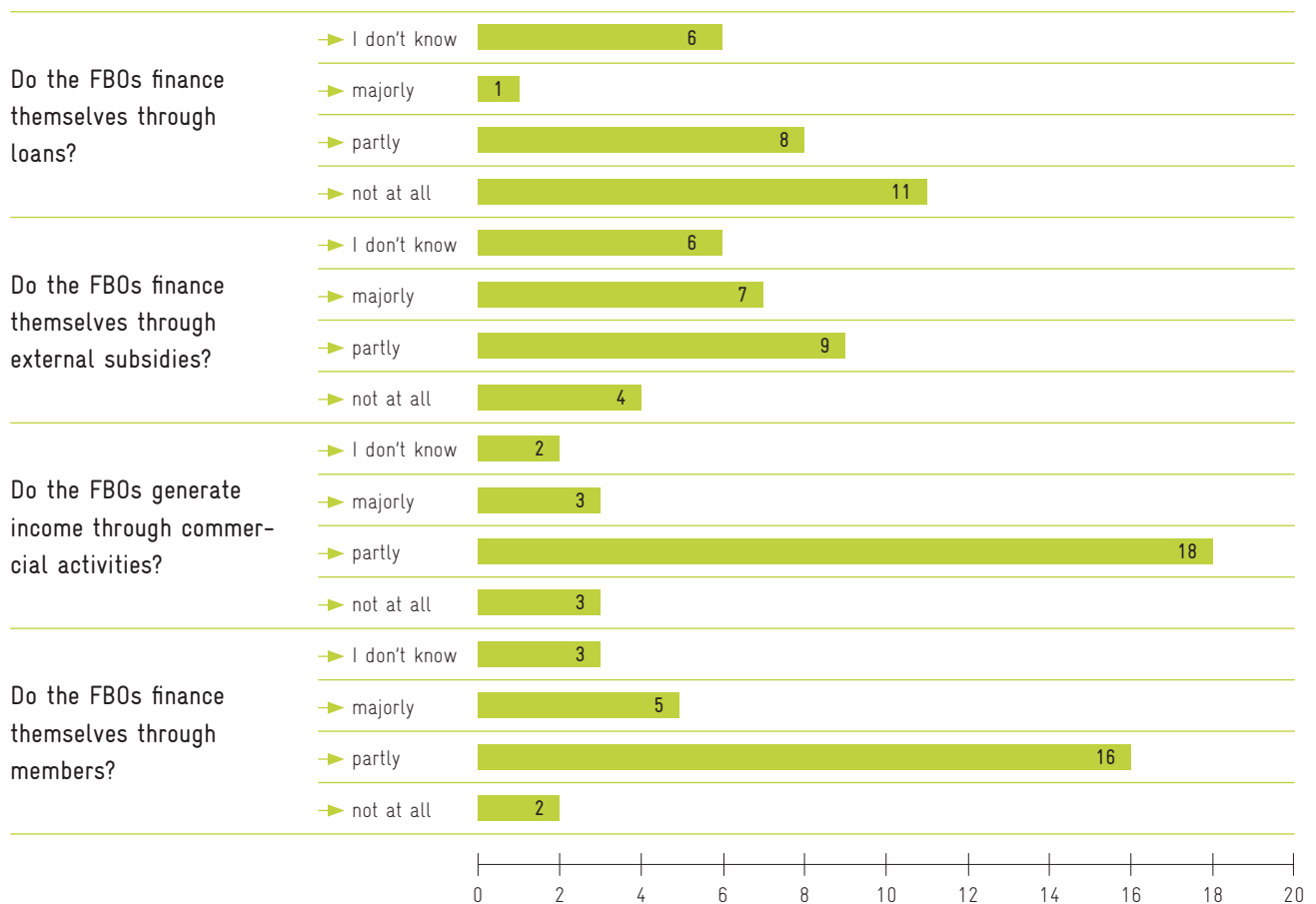




Figure 9 // Sources of Finance and Income

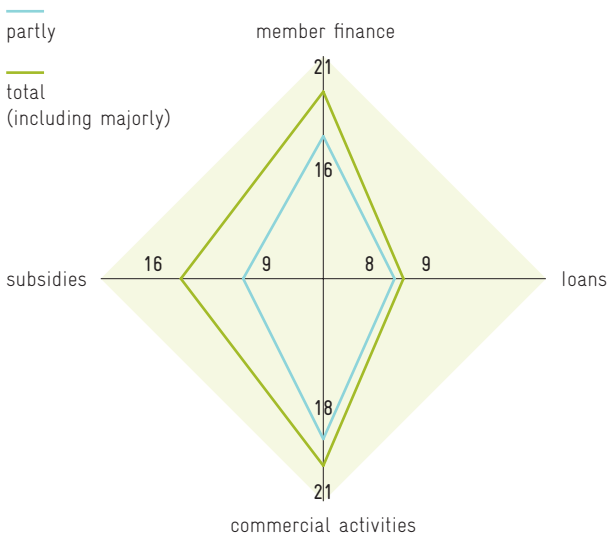


Figure 10 // Sources of Member Finance

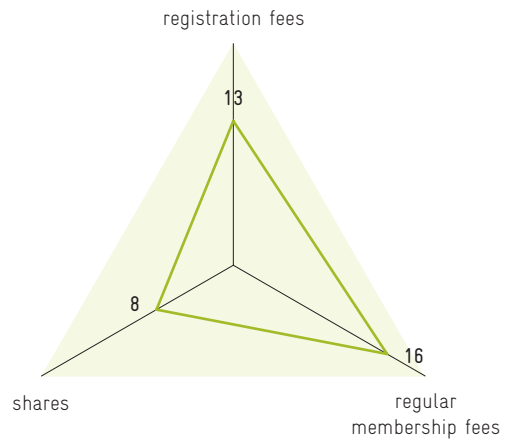


Figure 11 // Sources of Income from Commercial Activities

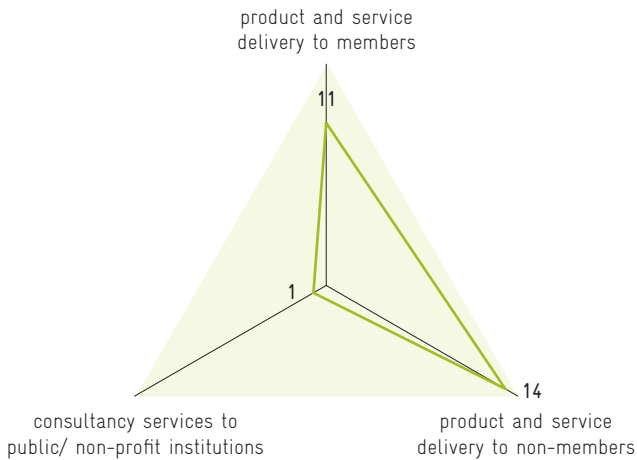
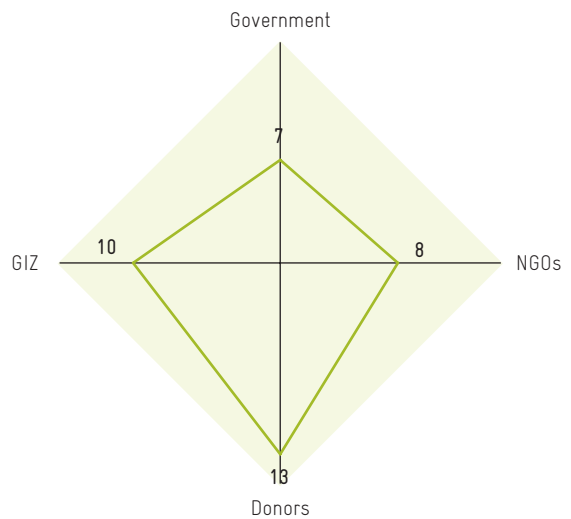


Figure 12 // Sources of External Subsidies and Donations



In addition to the options given in the inquiry, some FBOs are also financed through revolving funds and irregular contributions<sup>5</sup>. One programme stated that members make payments to the group’s cashbox as contribution for receiving publicly subsidized inputs in return. Regarding income generation from commercial activities, programmes specified and gave examples for income generating services (quotes: “FBOs directly selling farmers’ produce”; “taxes for

utilizing natural resources”; “FBOs receive commissions on contracts of members”; “sale of hunting license”, “service fee for installing firewalls”).

One programme mentioned that off-taking companies (processors, exporters) contribute to investments and sponsor activities of FBOs.

<sup>5</sup> FR: „cotisations“

## 2 // 1.3. Support Needs of FBOs

FBOs need support in terms of:

- a) organisational development and business orientation to achieve autonomy and
- b) service management (service development and delivery in technical, social and political terms).

The qualitative answers of programmes have been clustered as follows (direct quotes):

**Support needs in organisational development and business orientation to achieve autonomy**

Professionalisation (“generally FBOs have expressed a need to grow from being merely informal local groups to being recognised viable business entities” (AISP).

### **Supporting leadership, strategy and planning**

- strategic planning (PASSIP) and action planning (PromAP)
- training in leadership (ASEAN-SAS Cambodia, ProFIAB), in particular also in cooperatives (ProCacao)

### **Fostering registration and formalisation**

- Formalisation of groups into cooperatives (SEDIN)
- “Support to overcome regulatory burden” (ASEAN-SAS Cambodia)
- formalization/ official recognition (ProDRA)

### **Supporting governance, rules and regulations**

- By-Laws (SLM)
- support for good governance (ProAgri)
- support for management of internal conflicts (ProAgri)
- “associative life”<sup>6</sup> (ProREDD)

### **Supporting general administration and management**

- Management skills (CARI), support to self-organisation (AAESCC), group organisation and management (Kenya, SLM), support to internal operations (ProDRA)

- Administrative and financial management (ProGRN<sup>7</sup>, PromAP, SSAB)
- management of multi-stakeholder platforms/ sector organisations<sup>8</sup> (PASSIP)
- management of cooperatives (ProFIAB)
- information management (ProAgri)

### **Strengthening the management of FBOs as businesses<sup>9</sup>**

- orientation towards entrepreneurial approach (business models; business plans) (ProAgri)
- commercial operations of FBO (SSAB)

### **Supporting financial management (internal financing through membership fees, shares and service charges and external income generation)**

- development of capacities for developing a financing strategy (PromAP)
- mobilisation of internal resources (PASSIP, ProAgri, ProDRA)
- sources of financing (SSAB)
- training in financing (ASEAN-SAS Cambodia)
- training packages for income generating activities (SLM)

**Support needs in service management (service development and delivery)**

### **Improving service management in general**

- improvement of the attractiveness of FBOs through the development of services such as access to financial services, subsidised access to inputs, technical training, management training, networking, lobbying, negotiation techniques (ProDRA)
- provision of business services to members (SSAB)
- service offer development and service orientation (ProGRN)
- trainings, advisory support<sup>10</sup> (ProFIAB)
- exposure visits in and outside Zimbabwe to learn from other similar FBOs that have fully developed their enterprises into viable business entities (AISP)
- organisation of exchange visits (SLM)

<sup>6</sup> FR: “vie associative”

<sup>7</sup> here: user groups of natural resources and NRM committees

<sup>8</sup> FR: interprofession

<sup>9</sup> Similar needs have been expressed by programmes in Burkina Faso, South Sudan and Tunisia (Innovation centres) that did not participate in the inquiry

<sup>10</sup> FR: appui-conseil

**Developing and delivering technical services**

- productivity enhancing techniques, technologies and access to inputs (MIERA)
- Technical and technology advisory services (PromAP, CARI, ProDRA)
- productivity enhancing production techniques (Kenya, SEDIN)

**Developing and delivering business services**

- opportunities for marketing (SEDIN, SEDIN, PromAP, MIERA)
- linkages with value chain actors (Kenya)
- facilitate members' access to inputs of a good quality at a reasonable price (PromAP)
- access to information (MIERA)
- marketing strategy for higher quality rice (ANF4W)
- meet demand requirements (ProEcon)
- access to processing equipment (ProPSFE)
- support for certification (Coco) (ProPSFE)

- Access to buyers or markets (ProEcon)
- Development of partnerships for conducting preservation and regeneration activities of natural resources (ProGRN)
- Access to financial services/ agricultural finance (PromAP, MIERA, ProAgri)
- Link to financial resources for input supply (SLM)

**Strengthening political services (lobbying, advocacy, representation of interests)**

- Lobbying strategy for influencing framework conditions (PASSIP)
- Advocacy and real representation (CARI)
- Linking FBOs to secondary level as well as to tertiary level organisations for farmers to get representation in policy development (AISP)
- improvement of the representativeness (ProDRA)
- “improved standing in the farming sphere” (MIERA)

Producing high quality cassava flour in Malawi



**2 // 2. Programmes' levels and areas of intervention**

**2 // 2.1. Intervention levels (micro-/meso-/macro)**

The majority of programmes (Fig. 13) is active at micro level (direct support to FBOs) and at meso-level (strengthening support structures such as extension service providers, BDS providers, registrars or auditing firms). 10 programmes are active in policy advice to improve framework conditions for FBOs and/ or in collaboration with other major stakeholders and the government at macro-level. Respondents are interested to exchange with other programmes on experiences at all levels: macro level (14 programmes), meso level (13 programmes) and micro level (11 programmes).

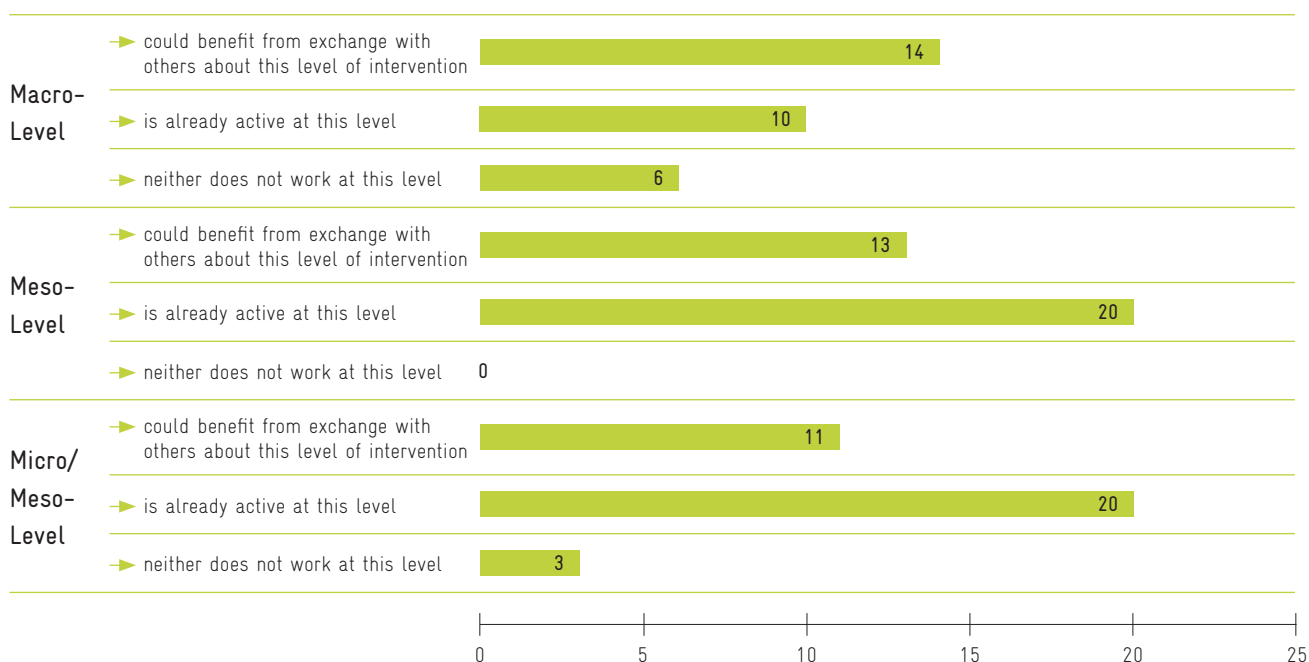
→ The following examples for intervention levels were provided:

**Macro-Level – Framework Conditions** e.g. policy advice to improve framework conditions for FBOs; collaboration with international, governmental and non-governmental organisations

**Meso-Level – Strengthening Facilitating Agents** e.g. support to extension services, registrars, private BDS providers, auditing firms

**Meso-/ Micro-Level** direct support to FBOs

Figure 13 // At which level is your programme active and where would you like to further exchange with others?



**2 // 2.2. Intervention areas (organisational development/ business, technical, social and political service management)**

Existing focus areas for intervention of programmes (Fig. 14) are predominantly in the areas of FBO technical and business service management (18 programmes already active) and organisational development (15 programmes already active). Interventions in relation to political services (5 programmes) and social services (4 active programmes) are less frequent.

The greatest interest to exchange is in “organisational development and autonomy” as mentioned by 18 programmes, followed closely by “social service provision of FBOs”, technical and business service provision, and political service provision. While there seems to be a rather high interest among some programmes to exchange in all areas; a number of programmes were not interested in political services (11 programmes) and social services (10 programmes). Fig. 15 to 19 show specific subtopics of intervention areas that programmes are focusing on or are planning to focus on.



Figure 14 // In which area is your programme already active and where would you like to further exchange with others?

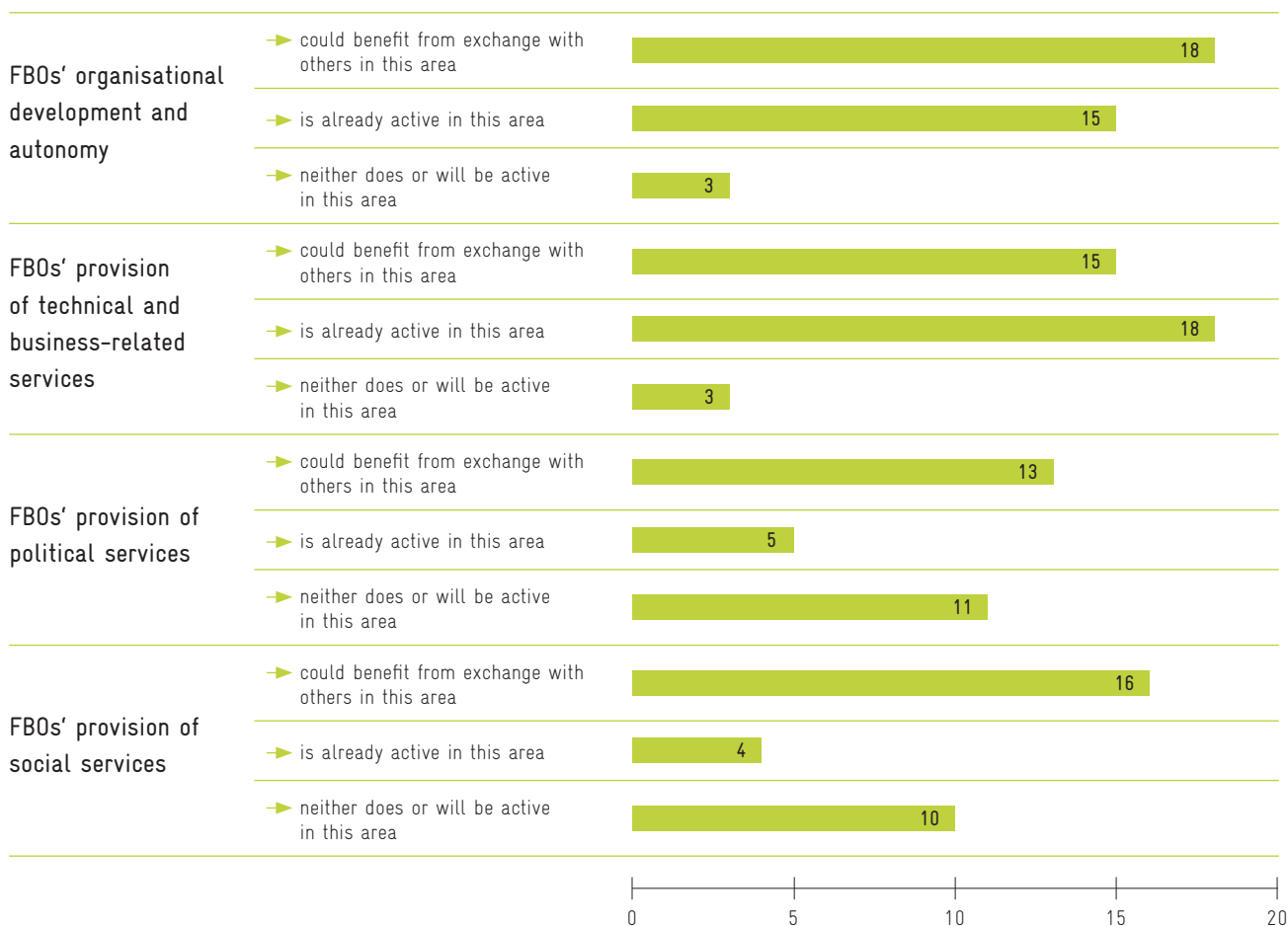
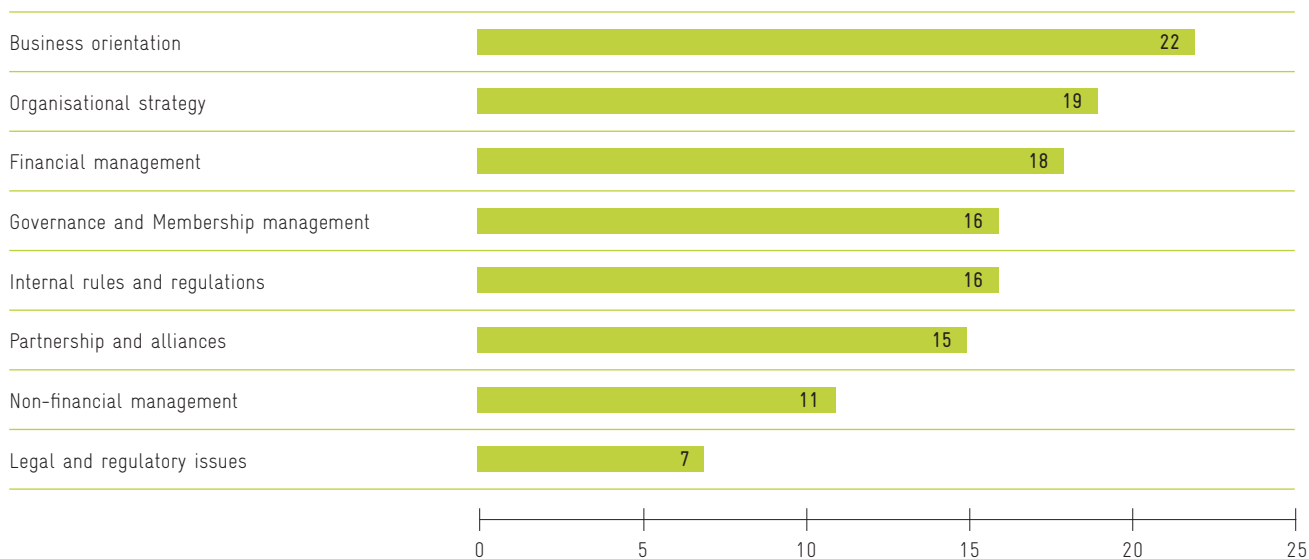
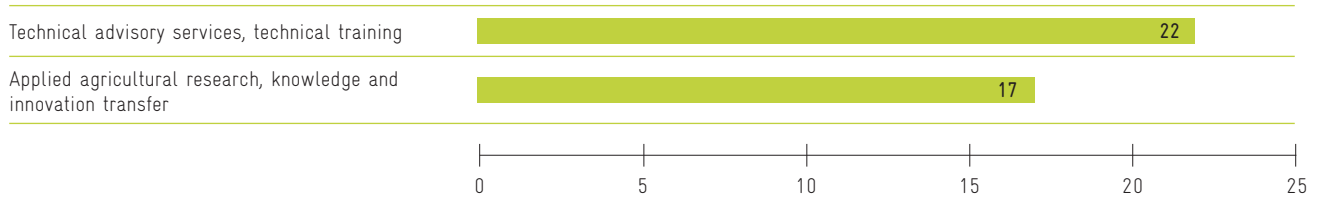


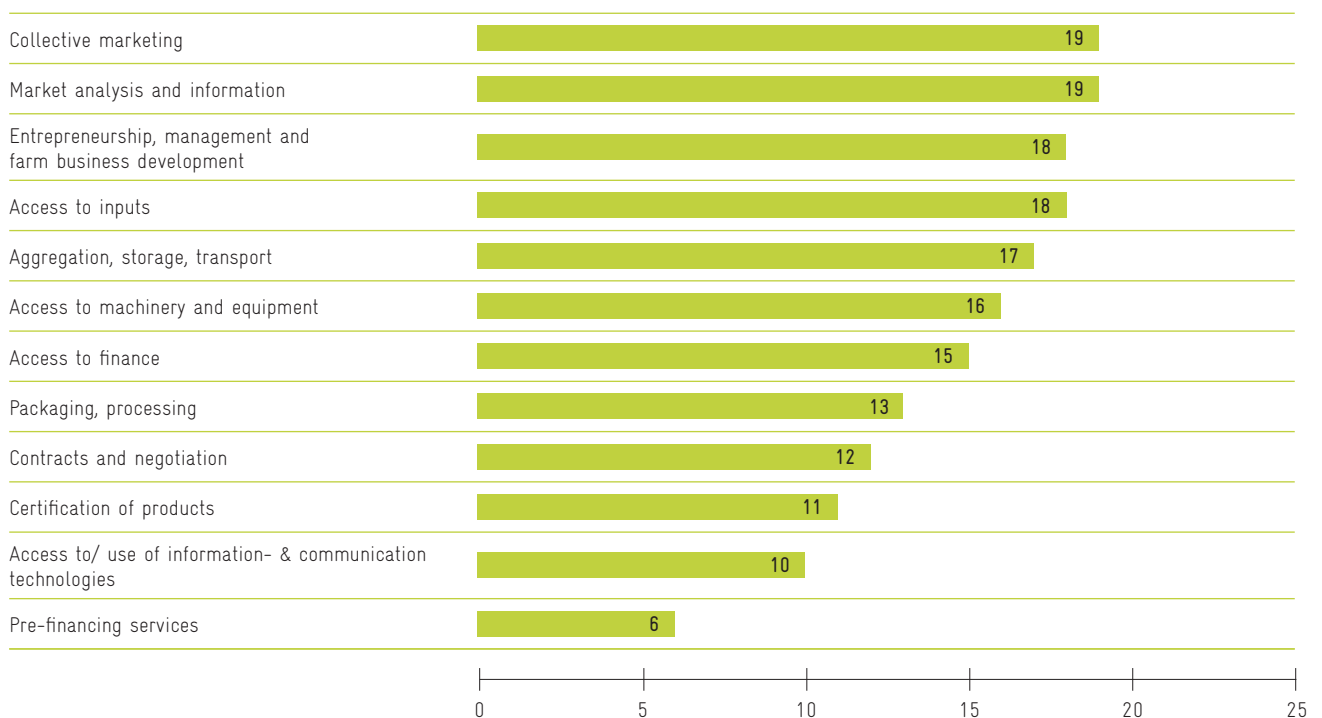
Figure 15 // Which aspects of organisational development of FBOs does or will your programme address?



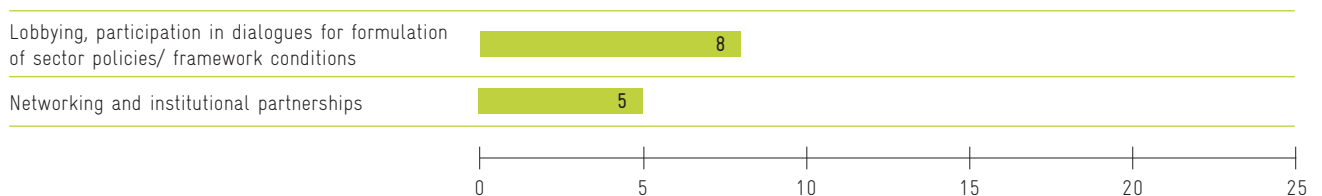
**Figure 16 // Which aspects of production-oriented and technical service delivery of FBOs does or will your programme address?**



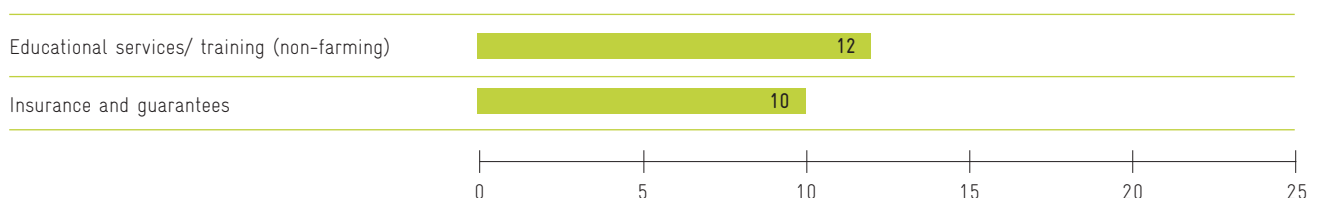
**Figure 17 // Which aspects of marketing and business advisory service delivery of FBOs does or will your programme address?**



**Figure 18 // Which aspects of political service delivery of FBOs does or will our programme address?**



**Figure 19 // Which aspects of social service delivery of FBOs does or will your programme address?**



## 2 // 3. Programme approaches and tools

Experience in the promotion of FBO development is **heterogeneous**. While a few programmes have long-standing experiences<sup>11</sup>, others are just starting to work in this area.

The following section **presents and systematises existing intervention approaches and tools**, as well as interests expressed by programmes for further developing approaches and tools. Furthermore, the section makes **suggestions** in which areas **further inquiry** might be needed or recommendable as a basis for further discussion.

The section<sup>12</sup> is **structured as follows**: At first, programmes' most **comprehensive and strategic intervention approaches** are introduced (2.3.1). Then, **diagnostic tools** for assessing FBOs and FBO environments are presented (2.3.2.). Afterwards, tools which are directly useful for **micro-level interventions** are presented; namely tools for supporting **organisational development and business orientation** (2.3.3.), as well as **service management** (2.3.4. to 2.3.6). Lastly, approaches and tools for working at **meso- and macro-levels** are introduced, namely developing **networks and linkages** (2.3.7) and strengthening **support structures and framework conditions** (2.3.8.). Within each section, existing tools and approaches are presented first. Needs expressed by programmes are presented secondly.

The section assesses the availability of approaches and tools but does not provide for an indepth assessment of individual tools.

## 2 // 3.1. Comprehensive and strategic interventions

Most programmes do not have explicit **strategies** or **elaborate intervention approaches** for FBO promotion. However, several programmes developed or are currently developing comprehensive toolsets and intervention methodologies – sometimes over a significant time span of years. These intervention approaches definitely carry a lot of valuable experience and tools useful for programmes that are new in the field.

ProAgri developed a **comprehensive approach** in the sense that it combines an **explicit intervention approach** with the development and utilization of a comprehensive set of **standardized training modules**, the establishment of a trainer pool with master trainers and the provision of need and demand oriented advisory services at different organisational levels.

ProGRN holds a 10 year experience of facilitating self-organisation in the area of Natural Resource Management. Their experience and lessons learnt might be interesting for other programmes beyond the specific NRM context as results are positive with regards to **financial autonomy and service orientation** achieved for primary organisations and integration of advisory and training approaches **into public agricultural extension structures**, as well as into national laws and strategies. As the programme is phasing out, IFAD decided to replicate the approach in other municipalities.

AISP (Zimbabwe) also possesses a long-lasting experience. Through a comprehensive training approach and a clear focus on enhancing autonomy, the programme achieved **results regarding the status of autonomy and transformation of existing (dormant) FBOs into viable business entities**. Further inquiry could look into how the programme assesses the status of autonomy achieved (e.g. autonomy indicators), which could be of interest for other programmes.

— 11 Summarised Case Examples of ProAgri, SSAB and AISP can be found in Annex 2

12 The respective open questions asked in the questionnaire were:  
a. What interventions does or has your programme realise(d)?  
b. What methods or tools have been developed in your project?  
c. What additional methods or tools would you be interested in or could be useful for your project?

Furthermore, a number of programmes is currently developing more comprehensive approaches and tools and/ or are reviewing their experiences:

- SSAB (Africa NA) is developing a handbook for producer organisations with focus on delivery of business services to members and related strategic/ financial management. SSAB is, further, developing a training concept for structured support post FBS-training.
- CARI (Africa NA) is developing FBS follow-up modules which focus on FBO development.
- SEDIN (Nigeria) currently reviews and adapts the AISP (Zimbabwe) toolset to the Nigerian context.
- ProDRA (Togo) reviews its experience with support needs arising from FBS trainings. The programme also reviews its approach to facilitating the professionalisation and further organisation of farmers at secondary and tertiary levels (umbrella organisations).
- MIERA (Malawi) contributes to the transformation of the institutional framework including the legal and regulatory situation for business-oriented FBOs and fosters mutually beneficial business relations involving FBOs on the ground.

There is a need for clarification by PromAP (Niger) and ProFIAB (Ivory Coast) to which degree the approaches and tools they mention constitute comprehensive programme approaches.

#### a) Approaches and tools

- Development of an intervention approach, combination of comprehensive standardised/ modular training approach with demand-oriented advisory services and support (ProAgri)
- Under development: Handbook on FBOs (SSAB), FBS-Follow-Up Modules for FBOs (CARI)
- “internal strategy on the support of FBOs” (PromAP)
- “procedure manuals” (ProFIAB)

#### b) Reports

- Report on 10 years experience (ProGRN)
- Comprehensive report upcoming on link between FBS, farmers’ organisation at primary level and towards secondary and tertiary levels (ProDRA)
- Implementation report on the capacity development of 8 cooperatives (ProFIAB)

#### c) Interest in (new) approaches and tools

- Analytical framework (ProFIAB)
- “Sharing overall experience on how to analyse, understand and structure a sector would have been interesting at the time.” (ProGRN)
- Interest in international experts on the topic (MIERA)
- Training curricula concerning supervision/ mentoring tools (CARI)
- Facilitators’ manual for increasing FBO performance<sup>13</sup> (PromAP)
- “Something like a toolbox for how to establish FBO step by step including best practice example, maybe according to some specific country criteria in order to be able to compare with the own case.” (ProPSFE)
- An overview of available tools for GIZ to make better decisions (ProDRA)
- Need to increase awareness about farming as a business (SLM)
- exchange with other GIZ programmes especially regarding the degree of financial autonomy of FBOs, business services, access to financial services and on issues regarding regulations (ProDRA)

## 2 // 3.2. FBO diagnosis

Several programmes conducted diagnostics of organisations and/ or the institutional contexts for FBO development or developed tools in this area. It would be valuable to assess these tools and experiences with regards to their potential for enhancement and replication.

#### a) Approaches and tools

- Diagnostic tool of FBOs (ProAgri)
- Situational analysis report (ProAgri)
- Analysis of institutional framework conditions for development of cooperative sector (MIERA), commissioned to DGRV
- Participatory Peer2Peer Workshop Concept including diagnostic of service orientation and service delivery of FBOs (mostly collective marketing) (ProDRA)
- application of ValueLinks as a methodology for diagnosing the state of value chain development including FBO development (ProDRA)
- Institutional analysis (ProREDD), just started

13 FR: guide d’accompagnement des Organisations Paysannes de base pour les rendre plus performantes

b) Interest in (new) approaches and tools

- “effectiveness criteria” for assessing “irrigation FBOs” in order to facilitate their evaluation (PromAP)
- self-diagnosis (ProFIAB),
- institutional diagnostic reference list for Organisational Strengthening (DIRO)

## 2 // 3.3. Organisational development and Business Orientation

The following overview shows that when combined, **GIZ approaches and tools already cover a large number of the “support needs of FBOs”** (as presented under 2.1.3.). Some programmes already developed and utilised what **others are looking for. On these grounds, GIZ could develop a comprehensive conceptual approach and toolkit when coordinating additional efforts.**

Most programmes facilitated organisational development of FBOs in one way or another. While a few programmes developed tools and standardised approaches, several programmes intervened in a rather non-standardised, situational and case-specific way or conducted pilot interventions.

Programmes **got engaged in early organisational stages where the rationale for getting organized** was identified. This was especially the case for programmes that worked with the Farmer Business School approach – **FBS was an entry point** for their work with FBOs. It could be valuable to further investigate and develop case studies on the link between FBS and FBO development – on the one hand for the emergence of business oriented FBOs; on the other hand for the foundation of secondary and tertiary level organisations – as it was the case in Togo. Beyond FBS, tools or analytical frameworks for assessing and weighing costs and benefits of getting organized and whether a clear economic justification and rationale existed were not mentioned.

ProAgri (Benin) developed a **training module on objective formulation**, as well as on “values and cooperative principles”. It was not mentioned whether programmes facilitated **visioning processes** with FBOs. Visioning processes and objective formulation could be important topics for further

product development as they have the potential to foster ownership and the willingness to invest oneself for leaders and members. Values and principles could foster the sense of identification among members, increase external support and serve as a marketing tool. Existing tools such as CEFE might offer points of departure for such exercises.

Programmes facilitated **group formation, official and legal recognition, the development of governing structures and FBO leadership development** in various ways. Several training manuals and tools, especially for primary level organisations, have been developed in this field. AISP developed an explicit manual on cohesion in groups. Three programmes facilitated organisational **planning** and review of organisational plans.

Research on collective action shows that rules of how **contributions and appropriations are made and sanctioned** and how free-riding is prevented or sanctioned are crucial to the long term success of collective action organisations. With the topics “group cohesion” and “conflict management” in mind, it is recommendable to further investigate whether and how programmes already included this subject into their approaches.

Several programmes got engaged in capacity development with regards to **good governance and leadership** - an important topic in view of the prevalence of mismanagement practices. GIZ should further look into the question of how programmes have promoted **effective (internal and external) controlling mechanisms**.

Several programmes developed tools for **professional general and financial management. Financial management deserves specific attention**: Quite a number of FBOs are at least partly financed through external subsidies (Fig.9). 11 GIZ programmes even make financial contributions to FBOs. However, the programmes did not specify how, under which conditions and to which extent. As business and service orientation, strategic decisionmaking, financial management (sourcing and allocation) and organisational autonomy and sustainability are closely linked to each other, external subsidies should be an area for further assessment and product development.



A large majority of programmes works on strengthening business orientation of FBOs. Specific tools, however, were few. While most programmes did not specify which kinds of markets were targeted by partner FBOs, ASEAN SAS Cambodia promoted compliance with organic and fair trade standards and certification systems. Further inquiry should assess how market analysis, the business model concept and Value Links have been used or could be used for **advising and coaching** FBOs on how to position themselves in the market and as a basis for strategy development.

a) Overview of tools and approaches

- ➔ **Rationale for organization and formulation of objectives**
  - FBS Approach/ farmers' individual business orientation and skills as an entry point / a rationale for organization (SSAB; CARI; ProDra; SEDIN ; ProPSFE)
  - Training module on objective formulation (ProAgri)
- ➔ **Process of group formation/ registration and formalisation/ governance/ rules and regulations**
  - Training manual on group structure and group characteristics and on promoting cohesion in FBOs; Training manual on good governance (AISP)

- Training modules on understanding of groups and cooperatives, group formation, founding of a cooperative, founding of a cooperative union, definition of organisational objective, legal requirements, meetings, leadership, statutes, controlling the management (ProAgri)
- Manuel/ training on “associative life” (“la vie associative”) (ProGRN, PromAP)
- Guidelines on group formation (ASEAN-SAS Myanmar)
- Support for group formation, by-laws, participatory planning (SLM)
- Support for defining regulations and rules and holding (participatory) meetings/ statutes; conduction of Annual General Meeting (PromAP; ASEAN SAS Cambodia)
- ➔ **Supporting leadership, strategy and planning**
  - Training of coop leaders (ProCacao; ProFiab)
  - Guide for developing an action plan, support for developing and assessing results of action plans (PromAP); Strategic development plan and operational plan of cooperatives (ProFIAB)
  - Training module on planning, monitoring and evaluation of actions (ProAgri)



Weighing of produce in a Malawian cooperative

- ➔ **Management and administrative tools and financial management**
  - 12 administrative, financial management and accounting tools (ProAgri)
  - Trainings and peer-learning for administrative and financial management (ProGRN)
  - Support to administrative and financial management; opening accounts for FBOs (PromAP)

#### ➔ **Business Orientation**

- Facilitation of business planning for FBOs (CARI)
- Training on product marketing (ProAgri)
- Capacity development to increase competitiveness of stakeholders (including FBOs), “market oriented production” (ProEcon)

#### b) Interest in (new) approaches and tools

- ➔ tools for orientation towards entrepreneurial approach (business model; business plan); Tool for supporting entrepreneurial orientation of FBOs (PromAP), tool on entrepreneurship (PASSIP), Simple business plan development (SLM)
- ➔ tools for administrative management and micro-project development (ProGRM)
- ➔ resource mobilisation (PASSIP)
- ➔ leadership of FBOs (PASSIP)
- ➔ soft issues at micro level, group dynamics; training for transformation; participatory approaches etc (SEDIN); internal conflict management tools (ProAgri)
- ➔ building up farmer groups for collective marketing (rice) (ANF4W)
- ➔ need for developing tools for reaching members, not only leaders (ProFIAB)
- ➔ information management tools (ProAgri)
- ➔ women in agri-business (ProDRA)

## 2 // 3.4. Support to management of business services

**An important number of programmes** focused on strengthening management of specific service offers of FBOs. Existing expertise includes capacity development in relation to managing supply of inputs, an input store, a mutual loan fund or a warehouse.

#### a) Overview of tools and approaches

- ➔ Tools and advice for input store management; input procurement; stock management for input shop; management of mutual loan fund (PromAP)
- ➔ training modules on supply management, stock management, management of processing unit (ProAgri)
- ➔ Business plan for warehouse management of FBO (SEDIN)
- ➔ Advisory service for introduction of organic and fair-trade certification; linkage to export markets (ASEAN SAS Cambodia)

#### b) Interest in (new) approaches and tools

- ➔ Access to credit and markets (PASSIP)
- ➔ Experiences on value addition, product marketing (ProGRN)
- ➔ Marketing strategies and business models for obtaining higher prices for rice, possibly link up with public buyers (ANF4W)
- ➔ Service provision in all areas (social, political, technical); organisational development; business development (AISP)

## 2 // 3.5. Support to management of technical services

#### a) Approaches

**11 programmes are involved in technical capacity development focus** in relation to FBOs’ service development. Most of them developed technical material and provided training or engaged in training trainers in technical questions. Some of them developed material on Good Agricultural Practices.

However, **none of the programmes clearly describes the role of FBOs** within programmes’ technical capacity development interventions. FBOs could play an important role for institutionalizing enhanced technical capacity by offering demand driven technical advisory services – possibly in an economically sustainable way in a long term perspective. GIZ should further investigate whether and which kind of experiences programmes have already made in that sense. So far, programmes did not address how they strengthened management capacity of FBOs in relation to technical service provision. A concern should be whether FBOs are at times rather utilized as “delivery mechanisms” for providing technical trainings instead of assisting them to become independent service providers. If that was the case, such interventions would carry the risk to actually counteract the emergence of an autonomous FBO sector.

#### b) Interest in (new) approaches and tools

- ➔ Innovation in the field of fish farming and fish processing (PASSIP)
- ➔ Tool for economic analysis of forest products (ProREDD)
- ➔ planting guide (ProFIAB)

### 2 // 3.6. Support to management of social and political services

Whereas many programmes were **generally interested** and some even said they were already active in social and/ or political services, programmes **did not provide specifications with regards to interventions** so far. There seem to be no pronounced approaches or tools in these areas. Possibly, programme setups and designs are more related to business and technical services. Moreover, knowledge about potential social and political services of FBOs might not be widespread. As interest was expressed by many programmes, exchanging about and exploring these services more is recommendable. However, organisational viability should always be an important concern when considering the promotion of services for which members are less willing or able to pay or services whose benefits are less tangible for members.

#### a) Interest in (new) approaches and tools

- ➔ « Functional Literacy » Tool<sup>14</sup> (PromAP)

### 2 // 3.7. Support to network development and developing linkages (Meso-Level)

**Supporting networks and facilitating linkages are the most common ways for programmes to intervene** at meso-level. Such networks and linkages are especially facilitated among FBOs (peer-learning approaches), between FBOs and commercial partners (e.g. outgrower schemes), and between FBOs and (public/private) service providers.

In relation to product development, one relevant question could be how FBOs' capacity to effectively engage in business networks and relationships can be promoted. In this regard, existing experiences should be further assessed.

#### b) Approaches

- ➔ Linking cooperatives with companies along the value chain/ inclusive business models/ outgrower schemes (MIERA, CARI, ProEcon)
- ➔ B2B with financial institutions (SEDIN), building links to financial institutions (ProDRA)
- ➔ Linking young cashew marketing cooperatives to each other to facilitate peer learning; workshop concept for peer learning (ProDRA)
- ➔ Linking partners and programmes to each other which are active in the management of natural resources (ProGRN)
- ➔ Building linkages with (public) extension providers (ProDRA)/ cooperative offices for legalisation/ registration (SLM)
- ➔ Linking up with other bodies in the country (not specified) (SSAB)
- ➔ To improve public private partnership (not specified) (ASEAN SAS Myanmar)

#### c) Interest in (new) approaches and tools

- ➔ Integrated Development Partnerships with the Private Sector (iDPP) experiences in other countries, value chain approaches, contract farming (ProEcon)
- ➔ Contract Farming, Financing Models in the Agricultural Sector (ASEAN-SAS Cambodia)
- ➔ Tools for partnership development (ProGRN)

### 2 // 3.8. Developing support structures and framework conditions (meso- and macro-levels)

This section deals with interventions at macro- and meso-levels such as **capacity development for (public) extension service providers** and the improvement of **regulatory and legal framework** conditions (enabling environment) for FBO development.

**Few programmes clearly mentioned the role support structures or framework conditions play** within their programmes for facilitating FBO development. Further inquiry should look into how trainings and tools have been institutionalised, support and advisory structures strengthened and other framework conditions (such as regulatory frameworks, the crucial



(public) auditing function or accessibility and affordability of financial services) been taken into account and addressed.

#### a) Approaches

- Only explicit macro-level approach: assessment of the regulatory and institutional conditions for cooperative development (MIERA)
- Training modules for extension service providers (Pro-GRN)
- support for local advisory service in the management of an FBO (PromAP)
- ToT approach (AISP)
- Training of Master trainers (ProAgri)

#### b) Interest in (new) approaches and tools

- Need for capacity development of extension service providers (government extension system) (SLM)
- Training curricula concerning supervision/ mentoring tools (CARI)
- Facilitators' manual for increasing FBO performance<sup>15</sup> (PromAP)

## 2 // 4. Results achieved by programmes

Results have been achieved at various levels and in various ways.<sup>16</sup> When asked about results, programmes reported:

- the number of farmers and individuals trained – mostly in technical or business-related subjects
- the development of tools and comprehensive approaches that can be replicated
- **impact on individual (farmers') level**, for example “increased income through better market access and reduced costs [and...] availability of bio-pesticides and organic food” (ASEAN SAS Cambodia).
- **impact on the level of the organisations**, e.g. FBOs have been formed at different levels (primary FBOs, secondary FBOs such as unions and tertiary FBOs such as national umbrella organisations) as a result of programmes' interventions
- newly founded cooperatives are “**functional**” with the interventions having enhanced ownership and the

motivation of FBOs to improve their performance, facilitate networking and exchange among FBOs (for example ProDRA).

- FBOs **service delivery** is improved; e.g. better access to improved inputs
- market integration and linkages are improved, FBOs are included into inclusive business models along the value chain
- **FBOs are strengthened** (e.g. within outgrower arrangements (CARI))
- Formerly dependent FBOs increased their sense of objectives and vision; they made important steps toward greater **autonomy** and **understand** their organisations as business entities (E.g. AISP: “Through AISP, most of these FBOs have captured the concept of self-reliance”).

As a specific case in point, the 10 years' experience of Pro-GRN is worth mentioning. The programme developed an intervention model in the context of decentralised natural resource management. Impacts achieved relate to the **restoration and management of public goods** (“agro forestry ecosystems”), the integration of the intervention approach into national strategies and plans; as well as the **adoption of standardised trainings by the extension service** and for training extension officers. While the programme mentions collective marketing as an activity conducted by associations, it does not state whether directly tangible livelihood improvements (beyond securing the availability of natural resources) were an objective or whether they were achieved.

— 15 FR: guide d'accompagnement des Organisation Paysannes de base pour les rendre plus performantes

16 Summarised Case Examples of ProAgri, SSAB and AISP can be found in Annex 2



3 //

# CONCLUSIONS, RECOMMENDATIONS AND WAY FORWARD



### 3 // 1. FBO promotion – a crucial and challenging area<sup>7</sup>

GIZ programmes acknowledge the role **FBOs can** play for rural people and their livelihoods. FBO development is a vast field which is relevant in almost all rural development contexts. A focus of GIZ programmes lies with FBOs which offer technical and business-related services to farmers. Well-functioning and performing FBOs respond to **rural peoples' service needs, support farmers to enhance their livelihoods** and thereby contribute to poverty reduction.

To these ends, **demand-orientation and tangible benefits are** key success factors for member and business oriented FBOs. Strict orientation on member needs and efficient service delivery are conditions for achieving livelihood improvements and motivating members to join and stay with FBOs. At the same time, **vision, mission and service offer of FBOs need to be focused** since it is impossible to try to respond to all needs of rural populations at the same time. If FBOs are developed top-down and overloaded with expectations of quick and easy results, failure is very likely.

GIZ programmes consider **FBO promotion a complex area to intervene in**. The **development history of FBOs** is important for understanding the performance of FBOs and their needs for support. **Externally induced incentives** are a major hindering factor for the emergence of performing FBOs that serve member interests and are financially sustainable. **Visionary leadership and competent management** need to be developed. The risk of mismanagement needs to be addressed through effective control structures, transparent management and accountability practices. **Local and member ownership need to be the driving forces behind FBO development** - as opposed to public sector, donor or NGO development agents pushing and generating incentives from outside.

There is **no panacea or miracle blueprint for developing FBOs**. In contrast, **approaches have to be situation specific and flexible**. **Contextual factors** such as literacy levels, existing or absent social networks or business linkages, access to resources, existing or absent support services, former experiences with voluntary or top-down approaches to developing FBOs and framework conditions are decisive for success and failure of FBO promotion and hence for designing intervention strategies. Existing positive experience with collective action and investments into collective action - e.g. through savings and credit groups - can positively affect management capacity and enhance members' willingness for investment.

Furthermore, programmes recommend to involving **public service providers** to enhance sustainability of FBO promotion programmes. However, public services will only succeed if approaches and staff capacities for promoting FBOs are appropriate for accompanying the development of strong producer organisations capable of servicing members and defending members' interests. In practice, this means that public sector service providers have to be impartial and oblique intentions of influencing lobbying and advocacy capacities of FBOs have to be avoided. Besides technical and business concerns, "soft facts" such as sociocultural factors, trust, social networks and business attitudes are as well essential success factors that need to be considered for building sustainable FBOs.

GIZ **interventions** need to be well planned (intervention strategy), well prepared (methodologies and instruments), realised by knowledgeable and experienced experts (e.g. master trainers and coaches) and – most importantly – **sufficient time and resources** have to be made available. **Short durations of GIZ programmes are not conducive for developing and implementing appropriate FBO promotion strategies**.

<sup>7</sup> The full range of lessons learnt reported by programmes are presented in Annex 1

### 3 // 2. GIZ's strengths in promoting FBOs

In accordance with different programme foci, **GIZ programmes use diverse entry points and approaches** for strengthening FBOs. Some programmes developed and apply standardised approaches. Others intervene in case-specific and demand-driven ways. A few programmes have years of experience and developed comprehensive intervention approaches at multiple levels and with comprehensive standardised material. Others developed single tools for working with FBOs or only touch upon FBOs while focusing on other topics. Several programmes are just about to engage in FBO promotion.

The heterogeneity in approaches is an indication for GIZ's **responsiveness and flexibility in developing approaches which suit local conditions**. As a result, GIZ possesses a variety of perspectives on and experience with FBOs which corresponds well to the complexity of FBO development.

**The most prominent experience of programmes lies with direct support for strengthening primary-level FBOs through micro-level interventions.**

Most programmes possess **intervention experience regarding the promotion of organisational development and technical and business-related service delivery**. In these areas, some programmes have developed comprehensive and standardized tool sets, most prominently training approaches. Applied approaches and developed tools include diagnostics of FBOs, as well as training modules and tools for early stages of organisational development such as group formation, official and legal recognition or strategic planning. The **Farmer Business School Approach (FBS)** has proven to be a highly valid tool for facilitating the understanding of the benefits of collective action thus motivating farmers to get organised. Understanding the cost-benefit of FBO affiliation as a factor that motivates cohesion and encourages contributions (e.g. payment of membership fees and service charges, facilitation of peer learning or other voluntary contributions) is the key to promoting FBO membership. In that sense, programmes and extension services can and should seize the opportunity of the knowledge

gained and attitudes changed through FBS courses for promoting FBO development.

Other programmes have developed tools for **strengthening general management capacity and the management of specific services** of FBOs such as collective input purchasing, collective marketing, warehouse management or the management of mutual loan funds.

Beyond micro-level interventions, some programmes engage in **strengthening support structures** for FBO development, namely by promoting **inclusive business models** which involve FBOs, by building specific capacities of **extension service providers**, and by training FBO master trainers. Two programmes intervene at macro-level and target policies and other framework conditions.

The development of FBO capacities for effectively engaging in business networks and promoting business relationships is an area, for which approaches and tools still need to be developed.

While a strong focus is on working with formal primary level FBOs, some programmes also work with **informal farmer groups** or with **formal secondary and tertiary producer organisations** or with **other types of member-based organisations** (e.g. processor or trader associations, natural resource committees or saving groups and financial cooperatives).

Programmes **achieved diverse results at various levels**, namely in relation to strengthening organisational capacities, fostering the functioning and autonomy of FBOs, improving service delivery of FBOs, facilitating the preservation of natural resources as public goods and improving individual livelihoods.



### 3 // 3. Recommendations for conceptual and product development by GIZ

Most programmes express a great interest in and need for further exchange and product development to increase efficiency and effectiveness of interventions that promote FBO development.

To this end, it is recommended that GIZ considers the following areas for concept and product development.

#### 3 // 3.1. Concepts and products for understanding FBOs and the roles of facilitating agents

##### Product 1 Analytical Framework and Guideline

It is obvious that farmers, governmental and non-governmental as well as programme staff need to understand different types of member-based producer organisations as well as principles and conditions for their performance. While specific characteristics of FBOs will always be situation-specific (e.g. according to the country context, to private sector leadership capacities and public sector framework conditions or the history of and attitudes towards different cooperative models), there is nevertheless a need to develop a **common understanding of a general typology of FBOs and of appropriate concepts for analysing their performance and promoting their development.**

There is for instance no common understanding of **whether FBOs form part of civil society, are private sector professional organisations or majorly generate shareholder value.**

In some countries, cooperatives are for instance considered for-profit business entities whose main purpose is the generation of financial dividends for members who hold cooperative shares. Others conceptually situate FBOs - even cooperatives - as part of civil society, especially when they run development projects and are financially supported from outside. Internationally acknowledged definitions, however, emphasize collective action and resulting user benefits such as access to markets, inputs, machinery or credit as the primary *raison-d'être* for cooperatives<sup>18</sup>; thereby framing cooperatives as a sector of its own. Admittedly, many different

forms and “mixed forms” of organisations do indeed exist. However, in order for FBOs to be viable and sustainable, they have to provide benefits to members to motivate member adherence, ownership and members’ investment (financial and non-financial). It is recommended that GIZ takes a clear position in such discussions and contributes to better understanding and categorising different types of FBOs.

By facilitating the understanding of the principles of FBO development and the conditions for their performance, GIZ can take a lead in supporting informed decision making of farmers on whether to join a member-based producer organisation and support structures and policy makers on whether to support FBO development in general or specific FBOs in particular.

It is common understanding of GIZ programmes that **member and service orientation is a core defining element** for the performance and sustainability of FBOs. While creating tangible benefits for and accountability towards members, service orientation and quality are at the same time the basic condition for motivating members to pay their subscription fees and dues and thus to contribute to the performance and sustainability of the organisation. As the analysis of this inquiry suggests, not only technical and business related tasks, but also political and social tasks of FBOs can be framed as services.

Besides the need for developing a shared understanding of FBOs, there is a need to define the **roles and responsibilities of facilitators** since GIZ and partner staff does not always grasp their own role in relation to FBO development. This carries the risk of excessive involvement or ineffective support structures.

Concluding, it is recommended to develop a **guide providing an analytical framework and advice on how to promote FBO development** that provides a common understanding and categorization of FBOs. Furthermore, **roles and responsibilities of support structures and facilitators** should be defined and the scope for adopting appropriate legal and regulatory frameworks should be outlined.

— 18 As opposed to profit-making and resulting dividends to member-owners



Since it is quite common for GIZ programmes to give **financial support to FBOs**<sup>19</sup>, the guiding document should also provide advice on how to design financial contributions that do not compromise economic viability, autonomy and ownership of FBOs.

The practical guide also has to provide guidance for identifying priority needs for FBO support. Often programmes **only interact with FBOs in relation to technical capacity development** in the beginning and discover late that organisational development issues are the root causes for failure in performance and credibility gaps. Therefore, a guiding document should also provide low-threshold tools for at least discussing basic organisational development questions with partner FBOs. A shared diagnostic tool could also be helpful in this regard.

#### **Product 2 – Case studies of Good Practice Examples**

Lessons learnt and good practices developed by some GIZ programmes should be assessed, summarised and presented as case studies in the guiding document to serve as examples for others. According to the inquiry, the following programmes should be considered for such exercises:

- ➔ AISP and ProAgri for their general approaches and tools developed for FBO development
- ➔ CARI, SSAB and ProDRA for their achievements and linkages between FBS and FBO promotion
- ➔ ProGRN for their experiences with institutionalising proven approaches for organisational development among public extension services and within policies

#### **Product 3 Diagnostic Tools**

Based on existing tools and experiences (e.g. ProAgri), **diagnostic tools for analysing FBOs and for assessing the FBO environment** should be developed. Such diagnostic tools serve in the first instance members and officials of FBOs and in the second place enhance GIZ and partner staffs' understanding, facilitate debate, and provide the grounds for advising and coaching FBOs, support structures and policy makers. A diagnostic tool helps to categorize existing FBOs in a given context, to assess the degree of service orientation

and existing management capacity, autonomy and organisational viability and provides indications on how best to promote FBOs.

A key instrument in the toolkit has to be the **assessment of the economic benefits of getting organised (weighing costs and benefits)** as a means to help farmers and their organisations to take informed decisions.<sup>20</sup>

As a first step towards this end, existing tools, for example from ProAgri, ProDRA (participatory diagnostic workshops) and MIERA (assessment of framework conditions commissioned to DGRV) should be assessed and, if necessary adapted to serve as guidance for other programmes.

### **3 // 3.2. Concepts and products for supporting early stages of organisational development**

#### **Product 4 START-UP PHASE – Review, consolidate and complement organisational development tools**

Most trainings and tools developed by programmes relate to the start-up phase and early stages of organisational development of FBOs. This corresponds with the fact that partner FBOs of GIZ are young.<sup>21</sup>

The **variety of existing tools mentioned** (see 2 // 3.3. Organisational Development) should be **reviewed** and selected ones should be assembled as part of the **toolkit**. Valuable existing tools include modules on group formation, objective formulation, by-laws and legal recognition, governing structures, leadership and controlling, financial and non-financial management, as well as organisational planning and strategy development.

**Financing strategies and the analysis of different financing models** including mobilisation of **internal capital and income generation through services** were identified as highly important and challenging issues by programmes. A majority of programmes' **partner FBOs already generates at least partly income through membership fees, service provision and commercial activities**. However, FBOs do

— 19 See figure 12, p. 25 20 Existing approaches were mentioned by colleagues from Ivory Coast (respective initiatives/ organisations: Scopelnsight and Incofin)

21 Only one of the programmes works with FBOs older than 10 years

not systematically grasp opportunities for income generation yet. It is therefore recommended, to **develop a product on financing strategies for FBOs**.

Furthermore, GIZ should consider to develop tools and advisory material in the following start-up areas as they are also **crucial for organisational success**:

- ➔ **visioning processes** for promoting member commitment as part of early organisational stages,
- ➔ establishing effective internal and external **controlling mechanisms** to prevent and address the risk of mismanagement
- ➔ formulating effective **rules and sanctions with regards to contributions and appropriation**<sup>22</sup> (to prevent and address e.g. the risk of free-riding by members)

### 3 // 3.3. Concepts and products for business and service orientation

**Promoting business and service orientation, as well as business and technical service management of FBOs is a priority intervention area for most programmes.** Programmes also engage in facilitating network development and linkages among FBOs or between FBOs and public and private service providers and with commercial partners.

#### Product 5 Develop business models for FBOs as service providers

So far, tools developed by programmes related to the management of specific services rather than advice with regards to the development of business models for FBOs as service providers. **Programmes did not mention existing coaching tools for FBOs on how to develop entrepreneurship capacities and position themselves in the market.**

A GIZ advisory tool in this area could for example **support FBOs to analyse members' needs and external markets and to develop business strategies and service offers accordingly.** Furthermore, the tool has to provide guidance for the **assessment of internal entrepreneurship and service capacities.** The tools developed could also be used for training FBO leaders, managers<sup>23</sup> and members as well

as external facilitators such as extension officers, GIZ staff or others.

Existing tools such as Value Links, FBS, CEFE or contract farming could facilitate product development in this field. The BUS trainings of the Andreas Hermes Akademie (AHA) also offer methods and tools in this area. Furthermore, approaches developed by the programmes ProEcon, ProAgri and CARI should be assessed and relevant elements adapted and integrated into the new products.

### 3 // 3.4. Concepts and products for service management of business and technical services

#### Product 6 Consolidate tools and elaborate case studies for management of business and technical services

Programmes have developed **approaches for supporting FBOs in managing their services**, for example with regards to input store management, keeping accounts of service management, input procurement, managing a mutual loan fund, business planning for warehouse management or managing organic and fair trade certification services. For the development of a **toolkit**, GIZ should **review experiences and formulate case studies of how FBOs have introduced and managed** such services with support from GIZ programmes. Furthermore, GIZ should **develop management tools for typical services** (e.g. peer learning, information on markets and new technologies, access to quality inputs, to certification bodies or financial service providers, collective marketing of members' produce and collective input purchasing/ input procurement). Furthermore, it is recommendable to develop case studies about successful promotion of service packages that involve several partners.<sup>24</sup>

So far, **technical trainings and capacity development measures** conducted by FBOs for farmers have **not been systematically considered a service** that can be provided in a selfsufficient way. GIZ should further investigate whether and how such existing technical collaborations with FBOs could be made more sustainable if FBOs are coached on how to offer technical advice and trainings as a service.

— 22 How high should contributions/ shares and fees be? What happens if one does not play his/ her part? How is free-riding going to be sanctioned?

23 While professionally trained and employed managers have the potential to contribute importantly to economic viability, accountability to members can be a major challenge. Moreover, there have been cases of political instrumentalisation through "professional managers".

24 E.g. within contract farming schemes or as part of public private partnerships between FBOs, technical partners and microfinance institutions.

### 3 // 3.5. New horizons – concepts and products for the consolidation stage (organisational development and case-specific coaching)

Currently, GIZ works with rather young FBOs. Established organisations usually encounter new challenges, they have to adapt to changing external conditions, to handle internal conflicts or even to reinvent themselves. So far, programmes have not mentioned **mentoring or coaching tools** which would target already established FBOs and further promote them with regards to their organisational development and service delivery. Programmes expressed a need in this regard, especially with regards to internal conflict management. Therefore, GIZ should consider developing approaches and tools in this area.

### 3 // 3.6. New horizons – concepts and products for social and political services

Besides their major focus on technical and business related services, programmes are **interested** in finding out more about promoting FBOs' provision of **political services** (lobbying and advocacy) and **social services** (e.g. with regards to guarantee and insurance schemes<sup>25</sup> or educational services beyond agriculture-related technical offers). So far, programmes have limited experience in promoting political service delivery and do not have experiences with promoting social services.

As some programmes have a pronounced interest in this area, **social service development could be an interesting field for developing innovative concepts**. Guarantee and insurance schemes involving FBOs could be interesting within programmes that focus for instance on adaptation to climate change. Moreover, basic but fundamental problems such as low literacy levels are up to now an important factor hindering rural development and livelihood improvements. In some contexts, FBOs might provide educational services such as literacy courses – possibly in a self-sufficient way.

When developing concepts in this area, GIZ should, however, **keep in mind to not overload FBOs with expectations and tasks and to not compromise organisational sustainability** for alleged social benefits.

### 3 // 3.7. Concepts and products for meso- and macro-level interventions: achieving scope, impact and sustainability

#### **Product 7 Review and make available existing experiences with strengthening meso- and macro levels**

**Strengthening meso-level support structures and promoting enabling policy environments** are crucial for enhancing impact and securing the sustainability of achievements.

Support structures and enabling environments relate to important topics such as functioning basic economic infrastructure (mainly road networks, market places, communication), social infrastructure (mainly education and health services) and public utilities (mainly access to water, sewage systems, power supply), auditing mechanisms, access to public and private business advisory services and training offers as well as registrars fulfilling a constructive regulatory role.

**GIZ experiences in these areas should be reviewed and made available to other programmes**. ProAgri's experience with and tools for strengthening secondary and tertiary FBOs in their service provision to lower level FBOs **should be made available**. Programmes' experiences with **outgrower schemes involving FBOs, inclusive business models and peerlearning formats between FBOs** should be shared. MI-ERA's current assessment of the framework conditions for cooperative development in Malawi (conducted by DGRV consultants) offers another point of departure. Moreover, AISP, ProGRN and PromAP might have approaches of interest available in this area.

### 3 // 3.8. Concepts and products for defining appropriate programme objectives, indicators and managing results

Last but not least, programme interventions are majorly determined by the way objectives and indicators are formulated. Different programme setups can facilitate or even hinder effective promotion of FBOs.<sup>26</sup>

The inquiry did not specifically ask about how objectives and indicators related to FBO promotion were formulated and how helpful they had been. However, the inquiry showed that results were intended and/ or observed at all levels (“individual livelihoods”, “organisational strength” up to “policy revision”).

— 25 depending on their specific characteristics, they can also be framed as “financial services”

26 Quantitative targets of how many new cooperatives should be registered can for example lead to artificial organisations being built up

In order to best respond to realities on the ground and to create the conditions for bottomup organisational development, **GIZ programmes experienced in FBO promotion should discuss how best objectives and indicators can be formulated for different intervention levels** and how programmes can be designed. Within such an exercise, examples for operationalising key concepts (such as “organisational autonomy”/ “organisational strength” and “service performance”) should be developed. The process could be combined with the development of diagnostic tools mentioned earlier. Results of this process should be included into an analytical framework.

### 3 // 4. Way forward

GIZ possesses the potential to develop an **elaborate - if not a cutting edge - intervention toolset for promoting the emergence of member-based business-oriented and professionally managed FBOs**. The inquiry showed that **GIZ programmes have already invested significantly into developing approaches and tools** – oftentimes probably with relatively high product development costs as exchange between programmes has so far been limited. With their responses to this inquiry, programmes presented their experience, comprehensive intervention methodologies, important results and **promising ongoing efforts for product development**.

FBOs are relevant in nearly all agricultural and rural development programmes. Being present in a large number of countries and disposing of even more means in the context of SEWOH, GIZ has the possibility and the freedom to experiment, innovate, develop and offer **high quality and practice-oriented relevant advisory services and technical support to partners in relation to FBO development**.

Through enhanced collaboration and partnerships with **German and European FBOs** and member based organisations, interventions could benefit from practical experience and credibility. In combination with **new technologies and innovative services (e.g. ICT or renewable energies)**, support for interventions and visibility of achievements could be enhanced within and beyond GIZ.

Within SNRD, **first steps** have been taken towards enhancing exchange and exploring synergies for product development. Bilateral programmes and global projects financed by the BMZ are investing into concept and product development for FBO promotion and the Sector Project Agricultural Trade and Value Chains - in partnership with the Andreas Hermes Akademie and the Deutsche Bauernverband - is taking concrete steps to advance the topic. In March 2016, the SNRD working group ABFS worked on the topic and discussed the findings of this report. The Sector Project continues to further develop ideas for a concept and a toolset and building up the expertise within GIZ. Meetings should be used to further identify and **act upon mutual priorities. These occasions will be used for building a GIZ profile for FBO promotion.**

Developing a GIZ profile requires further **investments** into knowledge management and product development. A number of potential areas and concrete ideas for product development have been highlighted in this report. Furthermore, **scope and time for sharing and exchanging experience** will need to be enhanced. Therefore, **programmes should exchange about appropriate means for sharing knowledge**. If online tools are needed, existing wikis or Communities of Practice could be approached. Furthermore, programmes should engage in **co-developing tools** to avoid costs for reinventing the wheel. Existing expertise by third parties should be valorised, while national staff needs to be involved. **Sharing responsibilities across countries (national and international staff) is needed**. And – as it is admittedly a complex field to intervene in - success stories should be shared and visibility of achievements increased within and beyond GIZ.

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Managing your agricultural cooperative. Trainer's Manual with several modules

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# Annex 1 // Quotes Lessons Learnt

## Direct quotes from respondents

### Involvement of Public Services

“The implication of [decentralised technical services and communes in monitoring] was fundamental to the success and sustainability of the system.” (Mauritania)

### Incentives

“Most of FBOs that are nonfunctional are usually those that were compelled by external sources to form groups if they were to benefit from them.” (Zimbabwe)

“Many FBO [were] created for the sole purpose of accessing support measures (training, inputs, credit) without clear business perspective and sustainability vision.” (CARI)

### Complexity - Heterogeneity - Dynamism Timeframe - Planning vs. Flexibility - Need Orientation

“[It] takes a lot of time.” (CARI)

“Very intensive follow up and supervision [are] needed, so the time frame of the projects is too short. [...] Also result based activities have higher priority than capacity building of staff (partner) but also of farmer based organisations.” (ProPSFE, Cameroon)

“Accompanying FBOs must be an entire program with clear objectives and indicators which extends over a period that can produce effects.” (Benin)

“It is important to target the right support at the right groups and not treat them as homogeneous entities.” (Malawi)

“Supporting FBOs and having satisfying and sustainable results is a sensitive exercise (“un exercice délicat”).” (Niger)

“It is important to assess the need for support from the beginning and gradually increase autonomy of associations.” (Mauritania)

“Methods of intervention are not as systematic as in other areas of activity. [...] Standardized top down approaches are not appropriate. [...] GIZ needs to focus on existing dynamics rather than imposing a predefined model. [...] On the other hand it is also true that tools or experiences on supporting FBOs are not available or well known in our team, compared to [other topics of intervention].” (ProDRA, Togo)

“[It is a] challenge to develop innovative and comprehensive approaches for the different realities and types of smallholder farmers.” (Mozambique)

“The environment these FBOs are operating in is dynamic; hence the need to always stay abreast of these changes and mentor the FBOs to continuously improve their systems and operations.” (Zimbabwe)

### Trust and Soft Issues

“‘Soft’ issues (trust, group dynamics, internal/external politics) are critical and mostly overlooked.”  
(Nigeria, SEDIN)

### Context Factors

“The high level of illiteracy in FBOs not only limit the effectiveness of their administrative management but also the type of support the program can provide.”  
(Niger)

“Dynamic development of FBO sector after FBS intervention was also facilitated by very good market conditions for cashew nuts.” (ProDRA, Togo)

### Governance and Representation

“Umbrella organisations/Union (are) often without real representation at grass root level.” (CARI)

“Many existing associations / cooperatives are merely political entities and do not represent the „real“ farmer.” (Nigeria, SEDIN)

### Focus, Service and Business Orientation and Effectiveness

“FBO are a good way to help producers to get access to inputs and finances (bulk procurement, access to loans etc.) and to establish livelihoods outside of cocoa production and to improve the post-harvest practices for cocoa.” (SSAB)

“FBOs have the tendency to rely too heavily on partners. However, FBOs work well if common interests exist and they make an effort of providing services based on these common interests.” (Niger)

“FBOs are very instrumental in aiding development in the agriculture sector. There are many benefits that farmers can derive from such collective action. [...] most FBOs are failing to offer such tangible services.

Development agents that are supporting FBOs should hammer on the need for service delivery to farmers to be visible in FBOs. [...] There is need to mentor FBOs to allow farmers to derive such benefits, only then would FBOs be sustainable.” (Zimbabwe)

“The introduction of [processing] complicated the approach; overloaded associations with responsibilities and carried the risk of distracting them from their primary mission.” (Mauritania)

“Services provided by FBOs to their members and external support to FBOs should be developed demand driven and only if FBO are ready to step up. FBO are not an end in itself. SSAB does not support artificial, blown up or „dead“ FBO that are just interested in getting finance without own contributions.” (SSAB)

# Annex 2 // Case & Good Practice Examples

Programmes with longstanding experience and positive results were asked to provide their stories as an addition to their inputs to the inquiry. The following three programmes responded to the request and provided draft case studies.

## 2 // 1. AISP Experiences

### Background

GIZ Zimbabwe was implementing the Food Security and Agriculture Programme (AISP III) in six districts in Zimbabwe which comprise of Manicaland and Masvingo provinces. This was the 3<sup>rd</sup> phase of the project which was initiated in 2009 responding to an emergency situation and was characterised by timely distribution of agricultural inputs during an emergency scenario, the second phase (AISP II) focused more on extension and training support together with agricultural inputs. In AISP III, the shift was towards capacity development as the main conceptual approach. The main objective in AISP III was to support existing systems (service providers) in order to increase production for small-scale farmers, and also job creation, and enhanced sustainability of farm enterprises. The project had 4 key components (thematic areas) which were Group Development, Good Agriculture practices and Climate change adaptation, Extension and training and Market linkages. The four thematic areas were not independent of each other; one component would feed into the next towards achieving the overall project goal. Strengthening the self-organisation of farmers preceded other thematic areas as it allowed setting a foundation for other components to execute their activities.

### Promoting FBO under AISP

As one of the four thematic areas, the project focused on promoting FBOs. The focus on farmer groups began in 2009, in the initial phase of the Agricultural Input Supply Project (AISP) in Manicaland Province. Using the group approach, AISP I & II focused on both provision of agricultural inputs and the training of farmer groups on technical production skills by AGRITEX personnel. AISP III was mainly concentrating its efforts on strengthening farmer groups to become more functional, i.e. to become profitable viable enterprises, to offer service to its members and to be self-organised. Under Group development, the approach

used to strengthen FBO was through Training of Trainer (ToT) approach. Under this approach the GIZ Technical Training Team (TTT) on Group Development facilitates the training of AGRITEX officers, supervisors and workers (Government extension workers) in farmer group development; and the latter carry out the capacity development of farmer groups directly; the AGRITEX personnel played the role of group promoters. About (90% of 700) AGRITEX staffs from the 6 districts have been trained in group development topics. The target was to strengthen 1000 FBO towards self-organisation and the project managed to strengthen all the groups although the results depict different levels of functionality. Four modules were developed under the group development thematic area, and two have been trained through a TOT approach down to group level. However, due to the current el-Niño effects, Zimbabwe has been affected by drought. The project had to switch into a drought mitigation operation mode during the last 6 months of operation hence only two modules were trained during AISP III.

The project is now in its 4<sup>th</sup> phase, in this phase success stories from AISP III will be consolidated and the most promising groups will be strengthened further for production. However, on the other hand due to the drought effect, some of these groups may be used as vehicles to distribute free inputs by various stakeholders thereby undermining the spirit of 'farming as a business'.

### Recommendations

- 1. FBOs need to be mentored by a group promoter (a facilitator at grassroots level), until they have come to a stage where they are fully developed and are in the performing stage (at this stage the group is productive, autonomous and motivated).
- 2. It is important that the group promoter empowers the FBOs so that they take charge of their growth and development, which is more sustainable in the long run.
- 3. It is important to empower farmers to be able to demand services, either be from government, NGOs or private sector companies.
- 4. FBOs should organise exchange and learning visits with similar organisations either in country or outside the country, this will allow members to get insights in different contexts.

## 2 // 2. ProAgri Experiences

The current framework conditions for FBOs are marked by the national implementation of the ‘Uniform Act relating to cooperative societies’ as agreed upon within the Organization for the Harmonization of Business Law in Africa (OHADA).

In this context, **ProAgri / GIZ** in cooperation with CARDER (Atacora-Donga, Borgou-Alibori, Zou Collines) took the initiative to develop approaches for the support of FBOs, which should aim to:

- ➔ strengthen the capacity of FBOs through 24 training modules and 12 tools for administrative management, accounting and equipment management;
- ➔ implement trainings of 12 trainers, 10 technicians of umbrella unions, 8 technicians for NGOs and 8 technicians for the public sector;
- ➔ support the establishment / harmonisation with the Uniform Act of OHADA;
- ➔ accompany the development of simplified business plans for FBOs;
- ➔ accompany the development of action plans;
- ➔ support the mobilisation of own resources;
- ➔ provide institutional support to umbrella organisations;
- ➔ support the public-private dialogue.

The training process is organised in four main levels:

- ➔ 1. basic training;
- ➔ 2. training on ‘life in a cooperative/ association’
- ➔ 3. management training;
- ➔ 4. specific trainings.

The supportive approaches of ProAgri are based on an organisational diagnosis that allows in a first step to identify the needs of the organisation. In a second step needs are translated jointly with local partners into training activities. Then, the modules of the trainings / tools are selected and trainers are mobilised. Finally, training activities are implemented and local partners are supported in monitoring / evaluation of training and the founding of organisations.

Thus, 62 processing organisations (shea, soybean and rice), consisting of about 1,500 women, have recently gone through training on community life. 62 cooperatives of

cashew nut producers (at a higher level) are receiving support to harmonise their activities with the Uniform Act and the renewal of their bodies.

Framework agreements have jointly been developed and implemented with the umbrella organisations of the cooperatives (FENAPAB, AKB, URPS ...) in order to improve services to their members.

In this sense, we accompanied the umbrella organisations in developing their strategic plans; we provided technical and individual advice. We contributed to their visibility and strengthened their positions as national umbrella organisations and sector organisations by supporting their participation in regional and international fora. Also, the exchange between different groups of actors within a public-private dialogue is facilitated.

The support of grassroots organisations allows building up quality umbrella organisations and having private actors who can better contribute to a public-private dialogue. A remarkable awareness is also observed with regards to self-promotion, self-responsibility, democracy, equality, equity and solidarity. In this way, commercial enterprises, with the main objective of improving economic and social conditions and consisting of members who believe in the ethical values based on honesty, transparency and social responsibility are gradually established.

**BRAHIMA Ismaël Ben, Technical Advisor in the Programme ProAgri, in charge of the development of FBOs**



## 2 // 3. SSAB: The connection between FBS and FBOs

### Our Programme

The **Sustainable Smallholder Agri-Business Programme (SSAB) (05/14-11/18)** is commissioned by the BMZ. The Nigeria Risk-sharing Incentive-based System for Agricultural Lending supports the programme financially since 2013. The European Union co-finances the Cocoa-Food Link Programme (CFLP), an action plan of the intra-ACP1 New Commodities Programme since end 2014 in Nigeria, Cameroon, Ghana, Côte d'Ivoire and Togo. CFLP is implemented through SSAB. Our objective is to help 350,000 West and Central African smallholders mainly in cocoa production zones of Nigeria, Cameroon, Côte d'Ivoire, Ghana and Togo to increase sustainably their income and food supply from diversified production.

### Farmer Business School: Contents and impacts

We have developed the Farmer Business School (FBS) approach together with local partners during the first phase of the programme. The training covers investment strategies and practical management skills to use production factors and viable GAP. The modules tackle planning, cost-profit calculations for cocoa and food crops (maize and cassava), farm management for food security and balanced diet, professional organisation and access to financial services. To sensitize smallholders about the benefits of being member of a strong farmer based organisation (FBO), one module has been dedicated to this topic. Since 2010, our partners have trained 300,000 cocoa producers in FBS.

### Several evaluations of FBS have revealed that FBS fosters producer organisation

- ➔ **Adherence to existing groups/ forming new groups:** In *Cameroon and Nigeria* 40 to 60% of producers included in the survey have become members of FBO. New FBO have been registered after FBS by 60 to 80 % of groups. 30 to 70 % of producers kept the FBS group as informal business groups. FBS has triggered also the reactivation of dormant cooperatives, e.g. by election of new board of directors and readjustments of the management of group business operations. In Nigeria, FBS groups and FBS cooperatives have registered three federations of FBS-cooperatives at state level. The registration of three other state level federations is underway.
- ➔ **Financial services:** In *Nigeria, Ghana and Cameroon*, 60 to 80% of groups established group savings accounts.

Average group savings in 491 USD (NG), 444 USD (GH), 2,548 USD (CAM) respectively. Savings have been used to buy inputs directly to get access to groups loans for cocoa and/or food crops

- ➔ **Group sales of cocoa and food** varies widely across countries. *Cameroon:* 60 to 80 % of groups sell cocoa as a group and 30 to 45% sell food as group. In *Côte d'Ivoire* high incidence of grouped cocoa sales is the result of farmers already being coop members. In *Ghana and Nigeria*, less than 20% of groups sell cocoa respectively food as group (wide range of products). Grouped sales of food still rare.
- ➔ **Grouped input purchase** for cocoa is most frequent in *Nigeria, Cameroon and Ghana* (40 to 60 % of groups). Grouped purchase of inputs for food production is much less frequent all as it depends on individual diversification choices (Source: GIZ/SCB FBS Impact Assessment 2013).

### Needs of FBS Graduates

Whilst the figures underline that FBS motivates cocoa smallholders to establish farmer groups, they also show the need to develop support protocols for the groups resp. FBO after

FBO in Cameroon has started a cocoa nursery



FBS training. To improve the smallholders' access to inputs, financial services and markets, we believe that the following is necessary to shape meaningful support protocols: Market orientation, entrepreneurship, knowledge of value chains, good governance of farmer organisations, technical and economic viability are considered as crucial success factors. Combined specific analytical skills (technical, economic, organisational, participation) are necessary. Strategies and methods that enhance project ownership and sublimate frequent paternalism within farmer organisations or of the socio-political context reinforce dynamics of development processes and sustainability beyond technical co-operation. Professional training, agricultural research and innovation transfer, financial services and input supply for instance are intermediate interventions. That means that only if and when promising markets (i.e. trends of demand, supply, quality standards and competitors), are identified for existing production potentials, support to enhance social, institutional, organisational and technical development can be designed and implemented in a coherent and self-reinforcing manner. Commercial operations of FBS are a learning field that can trigger institutional development according to the principle that form follows function.

#### Our response and added value for SNRD Africa

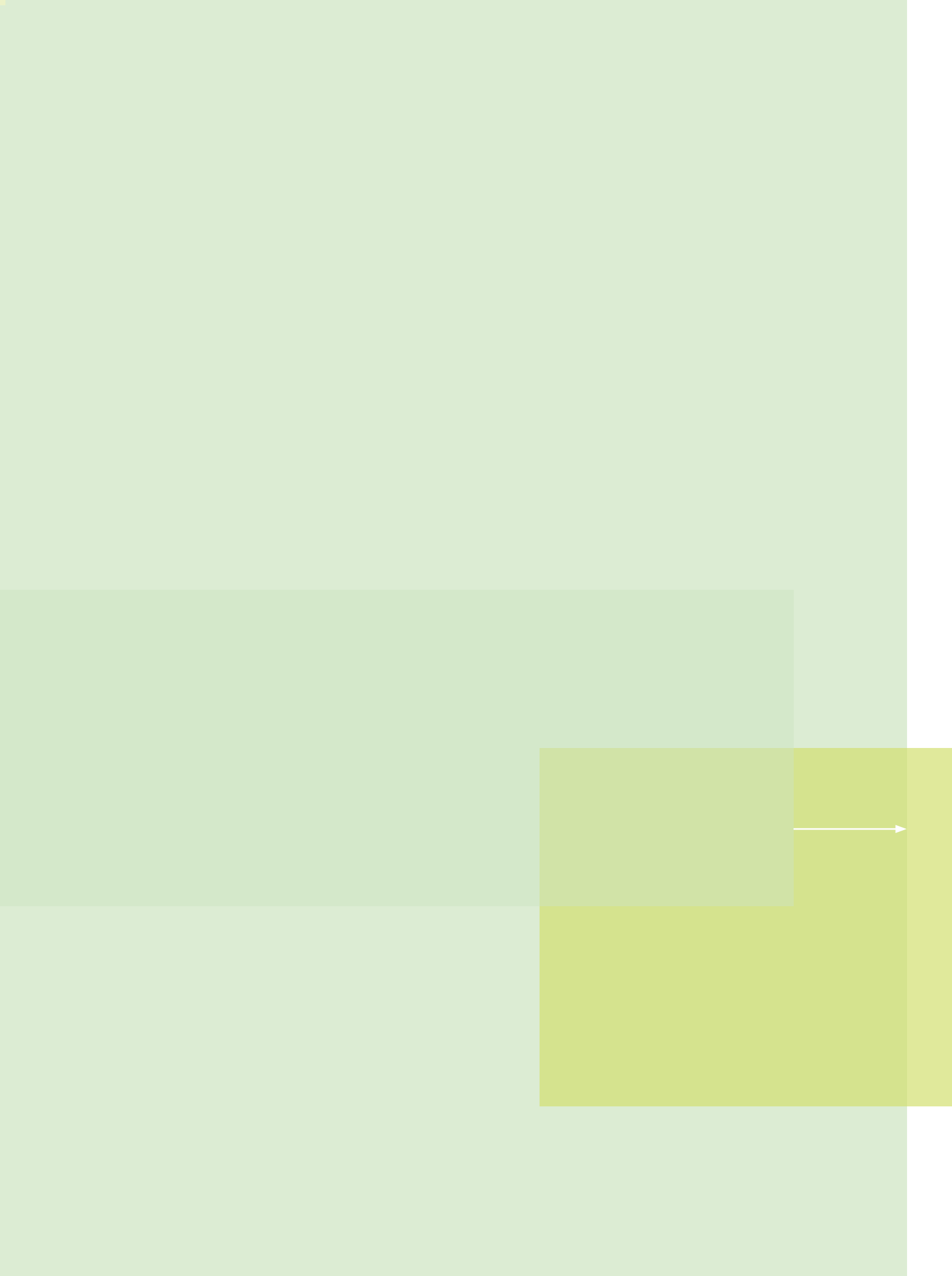
To sharpen the support to FBO's in the context of SSAB programme, we are developing a handbook and training curriculum for managers of FBO's in Cameroon and Côte d'Ivoire with a focus on business services for members and related financial and strategic management. We believe that this area has been long neglected both by the FBO's (whose core task should be delivering services to their members!) as well as development partners. Based on the experiences and core competences of our programme, we believe that this is the intervention area where we can contribute with our expertise and make a difference for our target group, the cocoa smallholders.

The handbook is written in simple French language, contains a lot of examples and practical tools to make it indeed relevant for the targeted group. The contents are relevant for all types of FBO in West- and Central Africa beyond cocoa and can easily be adapted to the context other countries. The manual is accompanied by a trainers' guide that contains short modules (max. 100 minutes long) that can be used either for subsequent trainings or also separately, according to the needs and interests of the FBOs.

FBO in Cameroon has produced high quality cocoa beans











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