

D: RURAL DEVELOPMENT

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In spite of the significant progress made in recent years in reducing the number of the poor and hungry, 70% of the world's poor live in rural areas. In 1990, 54% of those living in rural areas in developing countries lived on less than \$1.25 a day and were considered extremely poor. By 2010, this share had dropped to 35%. However, rural poverty remains widespread especially in South Asia and Africa. These regions have also seen least progress in improving rural livelihoods.

Many of the rural poor are small-scale producers, family farmers or landless agricultural workers. They include crop producers, fisherfolk, pastoralists, and forest-dependent peoples with limited access to productive means. Given that many farmers in developing countries operate in isolated and small economic units, they face numerous barriers which prevent them from accessing assets and marketing their output. Therefore, they have little capacity to seize economic opportunities, or influence policies that affect them. They are often excluded from decision-making, whether in markets or in policy making processes.

However, when rural producers come together in groups and form co-operatives or other types of collective action organizations, they can shape their own paths out of poverty, and make their voices heard. Efficient and equitable (i.e. inclusive and gender sensitive) co-operatives are a means to increase agricultural productivity in a sustainable manner thus responding to social, economic and environmental needs.

Effective co-operatives in rural areas provide a wide range of socio-economic and environmental services and benefits to their member farmers including access to output and input markets, access to and management of natural resources, access to information, communication and extension as well as influencing decision-making processes. At the economic level, through sharing and pooling of resources, they manage to improve their access to markets, leading to higher returns for their products and strengthened bargaining position. Co-operatives are a means to facilitate engagement in food processing, allowing their members to access and benefit from higher value-added markets.

In Benin (Herbel *et al.*, 2011), local co-operatives known as the Agricultural Shared Use Co-operatives (CUMA) support agricultural mechanization through the collective purchase of agricultural equipment



(tractors, ploughs and trailers). Collective purchase allows farmers to acquire equipment they would have been unable to afford on their own. It also means that farmers can share risks and optimize the use of the equipment (achieving economy of scale), thus reducing mechanization costs. Each CUMA organizes on average ten farmers, with a total farm area of 100 ha or more. The CUMA buys equipment by financing a part of the cost with farmers' own funds and the rest with a long-term bank loan. In the Borgou-Alibori region, a regional union of CUMA brings together 100 co-operatives, with over 800 members. In those areas where the first CUMA was launched in the late 1990s, the area under maize cultivation in particular has doubled and yields have stabilized. The CUMA model is now recognized by the Beninese authorities as a key component of both the 2006 Strategic Plan for Agricultural Rehabilitation of the Ministry of Agriculture, Livestock and Fisheries and the 2007 Promotion of Agricultural Mechanization Programme.

In Argentina (Herbel, Crowley, Ourabah Haddad, Lee, 2011), the creation of the Fecovita Federation, encompassing 32 wine co-operatives and approximately 5.000 members, has allowed wine producers to access national, regional and international markets. The members provide their produce to the co-operative, which is responsible for processing it into wine or juice, and packaging and marketing the final product. The federation focuses on national distribution chains for its low-value products, targeting small grocery stores rather than supermarkets. It now also sells table and high-value wines in regional and international markets (e.g. Brazil, the United States of America). This business model illustrates how limited economies of scale of national and small-scale producers can be overcome by the formation of co-operatives. By joining this co-operative, small producers can add 15 to 20 per cent more value to their products.

Moreover, farmers' co-operatives improve members' livelihoods and support local re-investment in the community in which they live and operate. For instance, by creating and sustaining employment opportunities; or by setting up a school for the whole community not only for the co-operatives' members. In addition, co-operatives that sell their products under the fair-trade label are obliged to provide services for or to invest in the community. In Ethiopia (Meskela, 2012), the Oromia Coffee Farmers Co-operative Union¹ puts part of its surplus into a social fund to be used for the community-oriented activities such as water development, health, education and electricity.

¹ <<http://www.oromiacoffeeunion.org/>> [accessed on 25 Mar. 2016].



As co-operatives continue to be embedded in communities and farmers operate in a strongly regulated environment, co-operative leaders need to have the skills for policy dialogue. Co-operation among farmers can also help small-scale producers to voice their concerns and interests and ultimately increase their negotiation power by influencing policy making processes. In 2001, the Network of Farmers' and Agricultural Producer Organizations of West Africa (ROPPA), a regional apex farmer organization from ten west African countries (Benin, Burkina Faso, Côte d'Ivoire, the Gambia, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo), negotiated the formulation of a West African Regional Agricultural Policy with the Economic Community of Western African States (ECOWAS). ROPPA organized consultations with each of its national platforms within ECOWAS countries. Providing tools, resources and external expertise, it improved small-scale farmers' capacities to analyse the implications of the ECOWAS policy on rural development. This enabled farmers and their representatives to understand the concepts underlying agricultural policy and to propose alternatives. Under the umbrella of ROPPA, national farmers' organizations developed and presented a joint proposal to government officials, resulting in increased ownership of the ECOWAS Agricultural Policy by farmers' organizations. ROPPA also facilitated discussions on the policy among farmers from different countries. Following these consultations, farmers' organizations developed and sent to ECOWAS a common proposal on how to develop the agricultural sector and jointly identified the challenges, roles and responsibilities of the various actors involved. As a result small-scale producers' interests were included in the new regional policy (Herbel, Crowley, Ourabah Haddad, Lee, 2011).

The question is now how small-scale farmers and their organizations can best be supported by international organizations like FAO to develop their capacities so that they can improve their well-being, the economic performance of their organizations and lead their development path.

In both developed and developing countries (as mentioned above), there are examples of producer organizations and co-operatives that are innovative and have proven to be successful in helping small scale producers overcome different constraints. However, they too often remain limited in scale and scope. The main challenge is to build on these success stories in order to catalyse sustainable rural development.

FAO and the development community calls for a reorientation of interventions to recognize producers' capacities as individuals and as organizations to make informed choices in front of different agendas and more powerful actors. Support for such organizations may need to build



on existing organizational development processes in order to stimulate the active engagement of small producers in their own development path, appreciate their own successes and build on existing assets. Creating new organizations from scratch is the least desirable option. This sounds good in theory but it is extremely challenging in practice. The first challenge is for policy-makers to formulate and design better policies that support small producers' strengths and respond to their needs rather than directing them. The second challenge for development practitioners is to be demand-driven rather than supply driven. Development practitioners need to shift from a role of implementer (expert adviser, problem solver, and trainer) to a facilitator's role (coach, process adviser). A shift from being service providers and problem-solvers to facilitators of institutional improvements is essential to build on small producers' strengths and enhance their problem-solving ability. This change requires focusing on outcomes and long-term sustainability rather than on outputs and immediate results.

Strengthened knowledge and capacities of individuals are central to fostering rural farmer dynamics and strong organizations, but this cannot happen in a vacuum. Capacity development² is constrained when the organizations and the overall environment to which individuals belong lack the ability to absorb and maintain the enhanced resources, or fail to anticipate emerging needs. Hence, three key dimensions of interventions are recognized and need to be addressed: individual, organizational and the enabling environment. The individual dimension concerns the technical and managerial skills and information that producer organizations can obtain on topics concerning the business environment, the technology and the market in which they operate; the organizational dimension concerns the on-going learning process through which the organization readjusts its vision, goals and structures in order to maintain its competitiveness, ensure survival in the market as well as increase and improve delivery of benefits to its members. The enabling environment dimension relates to the need to strengthen the voice of rural organizations at the policy level as well as to stimulate country policy reforms through provision of transparent regulatory framework and economic incentives with a new approach based on the principles of participation and consultation rather than top-down processes. Many governments are encouraged to support this approach and FAO has an important role to play.

However, putting this into practice is a long-term commitment, requiring

² FAO approved in 2010 a Corporate Strategy on Capacity Development which calls for strategic approaches going beyond the training of individuals.



mobilization of local resources and local knowledge for self-reliant development and willingness to engage into 'win-win' partnerships. These new types of partnerships imply that member-based organizations such as co-operatives become partners on an equal footing with other powerful actors (including donors) and decision-makers. It is only through this new relationship that co-operatives and other forms of collective action organizations will be able to become agents of change and to overcome the challenges of poverty, food security and rural development.

References

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