

Farmer Organisations for Market Access¹



Farmer organisations in Malawi: the organisation study

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Executive Summary

Information on organisational and management issue was obtained from a survey of 12 organizations, returns from a postal questionnaire and semi-structured interviews with farmer club chairpersons (during the farmer survey reported by Kachule and Dorward, 2005).

The principal objectives of these organizations were to assist farmers to gain market access and improve their market power with more efficient agri-food chain management and empowered human and social capital. There is considerable variation between organisations as regards their origins, legal status, commodity and geographical base, and objectives, and these differences are associated with differences in size, complexity, management structures, activities and outputs. These include provision of technical, marketing and business information and training; facilitation of farmer access to input credit and to input purchases; storage, marketing and transport of produce; and advocacy.

Farmer clubs' problems and weaknesses can be analysed at different levels in terms of low skills and poor club management systems; problems in relating with members (low commitment, poor governance, poor outputs); problems in linking with service organisations (for example late, poor or high cost services); and problems with the wider macro-economic environment (affecting interest rates, prices and risk).

Effective farmer club support organisations' strengths lie in their membership, their trustees and executives, and in the strong relations binding these together. However they also face problems of limited staff capacity, finance and assets. Limited networking and coordination between organisations was also noted.

Critical features that emerged from this are the need for

- careful design of governance systems with the right balance between democratic participation (for membership feedback and commitment) and hierarchical control (for effective management);
- capacity building (in club membership rights and responsibilities as well as in technical and marketing skills);
- networking and linkages (to share information and exploit further economies of scale);
- relationships with commercial partners; and
- arrangements for effective but low cost auditing systems.

Acronyms

ADD	Agricultural Development Division, Ministry of Agriculture
ADMARC	Agricultural Development and Marketing Corporation
APRU	Agricultural Policy Research Unit, Bunda College, University of Malawi
APRU	Agricultural Policy Research Unit
ASSMAG	Association of Seed Marketing Action Groups
CISANET	Civil Society Agriculture
DFID	Department for International Development
FO	Farmer Organisation
FUM	Farmers' Union of Malawi
IDEAA	Initiative for the Development of Equity in African Agriculture
MACs	Marketing Action Committees
MALEZA	Malawi Enterprise Zones Association of Malawi
MoA	Ministry of Agriculture
MRFC	Malawi Rural Finance Company
MUSSCO	Malawi Union of Savings and Cooperative
NASFAM	National Association of Smallholder Farmers of Malawi
NASPA	National Smallholder Seed Producers Association
NGO	Non Governmental Organisation
PAMA	Paprika Association of Malawi
SACA	Smallholder Agricultural Credit Authority
SCA	Smallholder Coffee Authority
SCFT	Smallholder Coffee Farmers Trust
SMART	Specific Measurable Attainable Realistic Time bound
VEZA	Village Enterprises Zone Association

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1 Introduction

This report is an account of the background, methodology, results, discussions and conclusions of the organisations study.

The bases for expecting farmers to organise are derived from a range of parameters that include historical, social and cultural incentives to cooperate, the expectation of social and economic benefits, and factors influenced by the external political and institutional environment. At the broadest level the principal objectives of collaboration can be taken as economic and social inclusion. Collaboration can achieve inclusion through leveraging the four organisational characteristics of structure, strategy, performance and empowerment:

1.1 Economic inclusion

Economic inclusion is closely linked to optimum scale, recognising that small organisations may fail because they do not achieve the minimum efficient scale, and also that large organisations can suffer from diseconomies, especially managerial diseconomies of scale. Economic inclusion may embrace elements such as:

- Structure: through which an organisation achieves critical scale and increased access to markets. Advantages of scale include:
 - reduced costs for inputs and transformation activities;
 - better prices, volumes, quality and improved timing of services and deliveries to market;
 - potential for added value products;
 - greater choice of routes to market.
- Strategy: through which the organisation develops ‘market power’ through scale and creation of competitive advantages
- Performance: whereby the organisation achieves higher levels of efficiency and effectiveness in production and marketing functions

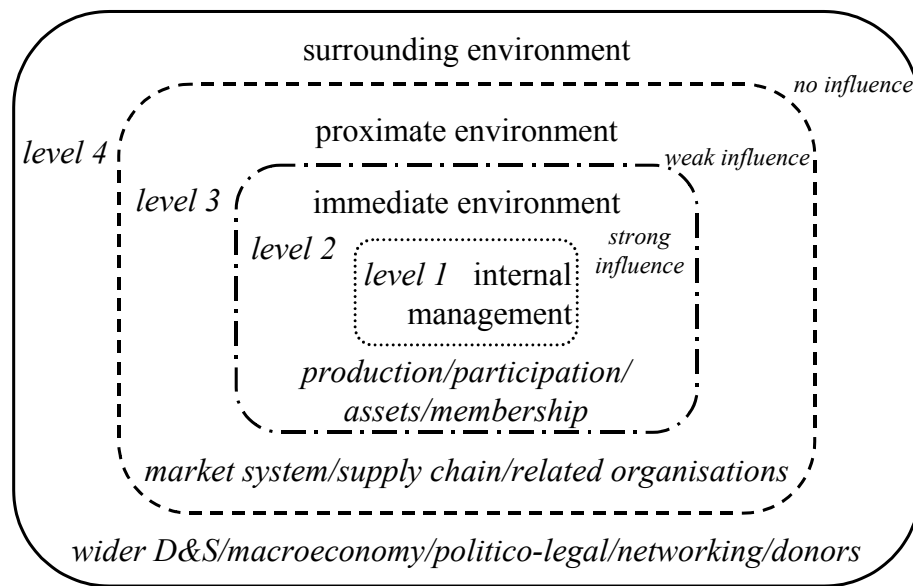
1.2 Social inclusion

- Empowerment is the principal mechanism for achieving social inclusion, which is mainly concerned with the creation of social and other forms of capital assets. Empowerment may be consistent with economic objectives, but can also create conflict and attenuate organisational performance. Empowerment and creation of social assets comes about through:
 - participation and self-empowerment – voice;
 - individual and corporate capacity building;
 - representation and democratic governance;
 - gender focus and female participation;
 - advocacy.

1.3 Analysis of the FO environment

A framework for analysing the internal and external influences on FO effectiveness has been derived from the marketing and management literature (eg Lancaster and Massingham, 1993: 24), and is a tool with which FOs may analyse their own organisation and performance (Figure 1).

Figure 1 *Farmer organisation environment analysis*



The four levels of the environment move from the central, fundamental, internal management of the farmer organisation, which is taken to be the club. Level one is the club management, and interfaces directly with the level two environment and of the membership of the club and its activities: its production and output, and any assets that together make up the grassroots club organisation. In terms of control, the grassroots FO can exert strong influence over its internal (level one) and immediate (level two) environments.

In relation to the grassroots FO, the level three environment includes related and supporting organisations with which the club has direct contact, but only limited influence. These are commercial input and finance suppliers and marketing organisations; associations and/or apex organisations that facilitate and provide services; and the market systems into which farmers are inserted and which fulfil some or all of the functions of transport, storage, processing and exchange (of goods, services, finance, information, etc).

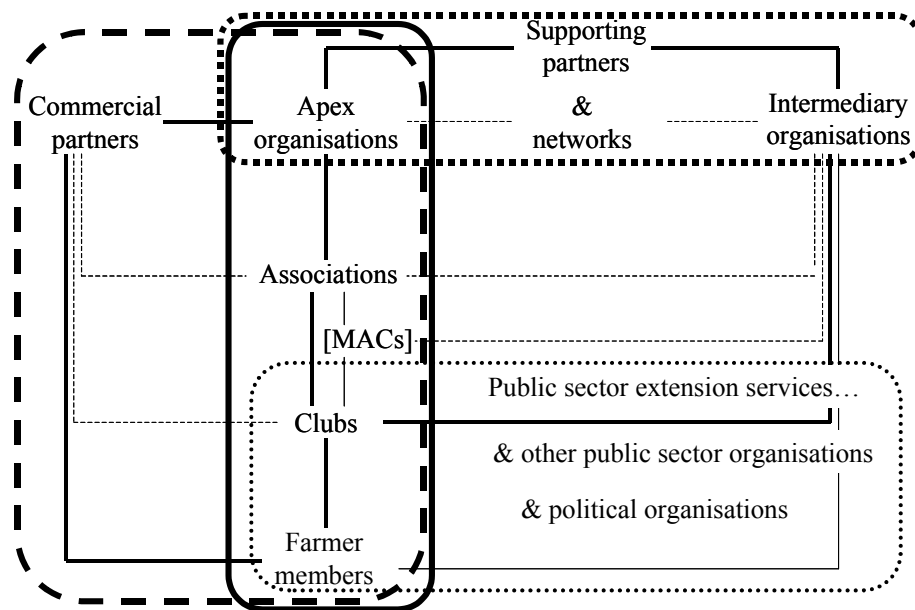
The level four environment is the wider economy: characteristics of supply and demand of the same or competing products, the macroeconomic variables which impinge on system stakeholders, the political and legal environment, and the donor and international community. National public sector organisations can be found within both level three (eg those such as Ministry of Agriculture and level four (other ministries and executive entities of government that are not directly connected to the particular production and marketing systems).

1.4 FO sector structure and organisation

A conceptual map of the farmer organisation sector in Malawi was developed in order to define more clearly the nature of the diverse organisations within the 'FO sector'. The map serves to highlight different interest groups and how FOs have to manage a network of different relationships with different and competing or possibly conflicting objectives and priorities.

The grassroots FO club is usually linked with associations or marketing action groups/committees to apex organisations. Apex organisations typically are national and international NGOs, and provide and facilitate a range of services to clubs, associations and cooperatives. Linkages are more or less formal, and in many cases are defined by governance principles (eg representativeness and democracy) and governance structures (statutes and constitutions) that are often critical factors in FO performance. This complex of organisations and relationships is grouped in the solid bold box in Figure 2 below:

Figure 2 *Organisational networks and interest groups*



Some services are provided directly to the grassroots clubs by associations and apex organisations. In the case of input supply, output marketing and credit provision, apex organisations tend to play a facilitating role as intermediaries between clubs and commercial providers of services. Thus, the ‘FO complex’ (farmer members-apex organisations) is served by commercial partners who, together with the ‘FO complex’, form another network with a commercial focus (in the bold dashed group).

Besides national and international NGOs, important services are provided by national public sector organisations such as MoA. It is noteworthy that among the clubs that are linked to NGO apex organisations are clubs that are not a recent phenomenon but have their origins in the Agricultural Development Divisions formed by historic public sector initiatives. Coincidentally, Presidential and Parliamentary elections were held during the course of the research. It was evident from campaign rallies of almost all the contesting political parties that FOs such as clubs held considerable significance as avenues for delivery of various development programmes. It is possible therefore, to depict another network that links FOs – at least at the grassroots level – with both the public sector and political parties.

A final and critical grouping links the FO apex organisations with other supporting organisations such as advocacy and ‘umbrella’ organisations (which tend not to have strong direct linkages with FO clubs, (eg CISANET and FUM) and other significant

intermediary players at the national and international level. This network is depicted in blue. The donors would also fall into this grouping, which collectively has considerable power and influence over the operation, perhaps governance, and potential development of the FO sector.

2 Methodology

2.1 Data collection

Data about the operation of organisations within the farmer organisation (FO) sector in Malawi were collected through postal questionnaire, interviews with club chairpersons of some of the clubs and associations that were selected for the farmer survey, and FO executive interviews:

- A postal questionnaire was sent to about 45 organisations throughout Malawi. The questionnaire was posted in July 2003 and the response rate was about 33 %.
- Interviews with chairpersons of FOs at the club level were conducted by the field supervisors of the FO survey during the period August to October 2003. A total of 35 club chairpersons were interviewed. The interview and questionnaire data were assessed and interpreted in relation to concepts developed from the literature review and other studies.
- Finally, interviews were conducted with senior executives of the following organisations during the period April to October 2004: Action Aid Malawi, Association of Seed Marketing Action Groups (ASSMAG), Care International, the Civil Society Agriculture Network (CISANET), Concern Universal, Farmers' Union of Malawi (FUM), the Initiative for the Development of Equity in African Agriculture (IDEAA), The Malawi Enterprise Zones Association of Malawi (MALEZA), The National Association of Smallholder Farmers in Malawi (NASFAM), Paprika Association (PAMA), Smallholder Coffee Farmers' Trust and ZIPATSO Association.

The interview guide for the executive interviews is included in Appendix 1. Organisations selected reflected the variety of forms and structures within the FO sector in Malawi. All the organisations interviewed were fully functional and therefore do not reflect the considerable history of failure within the FO sector. Notes from the interviews were transcribed into individual reports for each of the organisations and where possible, the interview notes were supplemented by other organisation's reports (progress, annual reports, etc. Data gaps were filled by telephone requests for further information, and the NASFAM information was supplemented by data extracted from the organisation's Powerpoint presentation on the review of NASFAM under the "*Private Sector Participation in Economic Development of Malawi*".

Results of the organisation interviews and the transcribed notes were summarised in a spreadsheet (Appendices 3.1 and 3.2) and presented at a feedback workshop held in Lilongwe on 7th and 8th February 2005. Feedback from the workshop was incorporated into lessons learnt.

3 Results

3.1 FO services and functions

There was a marked similarity in the kinds of services provided to FO clubs by apex and other supporting organisations. Some of these can be deduced from the organisation mapping introduced in the preceding section. Club chairpersons' and organisations' executive interviews all stressed the significance of financial (credit) and technical (fertiliser and seeds) input supply, and output marketing. Similarly, there was a strong emphasis placed on technical and organisational support: provision of technical information, including research and development services, and commercial (marketing) information; and individual skills training and organisational capacity building. What is not clear is the extent to which the need for organisational capacity building is directly addressed at the club and membership levels.

Among the apex organisations, there were some variation concerning the direct provision or facilitation of post-harvest services such as transportation, provision of packaging materials, and provision of facilities and/or capital for product processing and value adding.

An important difference among supporting organisations is the extent to which different players engage in the advocacy function.

Other significant factors were the nature of governance principles and the governance structures. Almost invariably, the organisations referred to involvement at club member level, and interest in this participative parameter extended to involvement at the association level.

3.2 Problems associated with FOs

A series of problems identified by club chairpersons, and supplemented by comments during organisation executive interviews, can be summarised in relation to the environmental analysis referred to as follows:

Level 1 internal management environment

- weaknesses in club management and finances
- low skill levels

Level 2 immediate membership environment

- ineffective democracy and organisation
- lack of membership commitment
- poor production systems
- low product quality
- insufficient physical assets and infrastructure

Level 3 proximate market chain environment

- inefficiencies in supporting organisations
 - lack of timeliness in service provision
 - poor quality technical services and inexpert advice
 - failure of services due to
 - o low and variable prices

- o withdrawal of services
- o internal mismanagement at association or apex level
- poor logistical infrastructure and communications

Level 4 surrounding macro environment

- low and variable prices for products due to unfavourable demand conditions, often due to competition with substitute products
- high interest rates
- uncertainties from or within:
 - legal framework
 - political will
 - donor climate

It was noted that the current climate probably is propitious for seeking external support from donors and policy makers for enhancing FO efficiency and effectiveness.

3.3 Synthesis of executive interviews

Functional parameters

The use of the interview guide enabled significant parameters that influenced organisational performance to be identified. These are summarised below:

- Origin, development, control and operations

The origin refers to whether or not the initiative in launching the FO was primarily a member or grassroots initiative, or whether the impetus came from an external initiative, which could be donor-led, or the entrepreneurial initiative of a 'charismatic' leader or specialist, e.g., MALEZA which originated from the Village Enterprises Zone Association (VEZA) concept initiated by an American Peace Corps Volunteer in the name of Frank Giarrizzo who worked in the district of Dowa West in the early 1990s. In most cases, organisational development was a gradual process, except where the current organisation emerged from a crisis undergone by a previous organisation. For example ASSMAG whose predecessor was an association in the name of the National Smallholder Seed Producers Association (NASPA), which was founded in 1998-9. NASPA had a secretariat of employed staff who took advantage of the organisation and the ignorance of members and misappropriated funds at the expense of the ordinary members. Following the financial crisis, NASPA was dissolved and ASSMAG, whose secretariat is now managed by farmers themselves, was formed in 2001.

Another example of an organisation emerging from a crisis is that of the Smallholder Coffee Farmers' Trust in Mzuzu which was formerly a parastatal organization known as Mzuzu Smallholder Coffee Authority (SCA). Because of a number of problems that the Authority went through including poor financial management and marketing, the government decided to sell off the authority through the privatisation programme. A study was commissioned to look at alternative ways on how the Authority could be improved. The study came up with three options namely:

- to change the management of the Authority;
- to sell the Authority; and

- to give the Authority to the farmers.

At this time that government was considering alternative ways of improving performance of the authority, which had accumulated over 50 million Malawi Kwacha debt. The government accepted the proposal to hand over the authority to the farmers on the condition that the farmers were to inherit all the debts that the authority had accumulated. The farmers took over the authority in 1998 and renamed it to Smallholder Farmers Coffee Trust. A new board comprising the Ministry of Finance, the Ministry of Agriculture and representatives from five associations was constituted to oversee operations of the Trust.

Of the other organisations, there was variation in the extent to which organisational structures had been formalised and legalised under, for example, the Cooperative or Trust Acts. Formalisation is partly a question of stage of development and partly an issue of explicit strategy (in the case of NASFAM, a strategy not to register).

The evolution of NASFAM towards a more commercial organisation and terms of its mission is illustrative of a trend that has been noted elsewhere towards the creation of farmer-controlled businesses. NASFAM is explicitly in a transition from a development mission to a commercial mission, now aiming to *develop and build a commercially viable network of smallholder directed business associations*. The revised mission involves changes in objectives, focus and structures, with the creation during the period up to 2006 of NASDEC (a not-for-profit holding company *NASFAM Development Corporation* – owned by the constituent clubs and associations), and two wholly-owned subsidiary organisations: NASCOMEX (a commercial subsidiary *NASFAM Commodity Marketing Exchange*), and NASCENT (a not-for-profit development subsidiary *NASFAM Centre for Development Support*).

Regarding governance, most organisations imposed entry conditions such as fees, and made strong claims to be member-controlled through clearly defined management structures and representation mechanisms. Operational structures were highly integrated, with services and functions at different levels managed under the ultimate control of the apex organisation. Most of the organisations had a narrow commodity base, and a clear focus was an attribute that facilitated good performance through precise and limited objectives. Nevertheless the larger organisations included a greater diversity in terms of services provided, crops grown, and geographical regions covered.

Strengths, weaknesses, opportunities and threats

A SWOT analysis identified particular areas of organisation function against which sectoral performance can be measured (Table 1). Besides governance, a key factor considered to be a strength was the asset base of the organisation. Weaknesses included human and operational assets, weak external networking, limited openness to innovation, and a weak financial basis. There was a broad consensus among organisations about the external opportunities and the internal and external threats:

Table 1 Strengths, Opportunities, Weaknesses and Threats (SWOT)

<i>Strengths</i>	<i>Opportunities</i>
<p>Governance</p> <ul style="list-style-type: none"> • membership & vertical relations <ul style="list-style-type: none"> - genuine democracy, transparency, accountability - professional trustees & executives <ul style="list-style-type: none"> o genuine participation & empowerment <p>Assets</p> <ul style="list-style-type: none"> • local management & membership <ul style="list-style-type: none"> - secure access to/ownership of basic operational facilities 	<p>Natural resources & technologies</p> <p>Conducive external environment</p> <ul style="list-style-type: none"> • political • economic • legal <p>Level of external and/or donor support</p> <p>Networking possibilities</p>
<i>Weaknesses</i>	<i>Threats</i>
<p>Human resources & social assets</p> <ul style="list-style-type: none"> • internal governance of clubs & associations <ul style="list-style-type: none"> - limited membership commitment <ul style="list-style-type: none"> o weak self-help ethos/strong dependency culture o inability to adhere to governance systems - organisation human capital resources <ul style="list-style-type: none"> o low staff skills o poor motivation o limited human resources development <p>Operational assets</p> <ul style="list-style-type: none"> • club, association, apex organisation infrastructure <ul style="list-style-type: none"> - few administrative assets - poor communications facilities - limited transport <p>External relations</p> <ul style="list-style-type: none"> • weak organisational linkages to proximate environment • poor networking & partnership <ul style="list-style-type: none"> - weak communications & human & social assets • weak advocacy & ‘voice’ <p>Limited exposure to new issues & concepts</p> <ul style="list-style-type: none"> • weak vertical linkages between organisational levels & the wider macro environment? <ul style="list-style-type: none"> - R&D - innovativeness - entrepreneurship <p>Finance</p> <ul style="list-style-type: none"> • club, association, apex organisation <ul style="list-style-type: none"> - lack of sustainable income sources - limited budgetary control 	<p>External macro environment</p> <ul style="list-style-type: none"> • economic environment • political environment <p>Internal organisation environment</p> <ul style="list-style-type: none"> • asset limitations <ul style="list-style-type: none"> - human - natural - social - financial - physical • opportunistic management & ‘organisational capture’ by dominant members <p>Politicisation</p> <ul style="list-style-type: none"> • political intervention, control, subversion by: <ul style="list-style-type: none"> - local interests - regional interests - national interests • ‘organisational capture’ by dominant supporting organisations <ul style="list-style-type: none"> - donors - multilateral organisations - NGOs

A number of key issues emerged from the SWOT analysis. First was organisational governance. This referred specifically to the inter-relationship between hierarchical control structures, and the principles of democracy, participation and accountability. One lesson can be deduced, that there is no single formula for success. External initiatives can be successful, but the imposition of 'collectivism' does not satisfy any demand for democratic principles.

It is evident from the wider field of rural development that grassroots initiatives also can lead to success, particularly those organisations with a social orientation and a faith or advocacy basis. Nevertheless, there is little evidence from this study that grassroots initiatives are well represented among FOs focused on economic benefits through enhanced access to commercial services (such as credit, input and output marketing that are the focus of this research). On the contrary, grassroots initiatives face capacity problems including scaling up to optimal organisation size, and in securing resources of many kinds, most of all skilled management. While there is potential for the grassroots organisation to 'buy in' resources that are lacking, successful so-called grassroots organisations tend to be 'hybrids', a result of grassroots activism and external support.

Secondly, to have clear and limited objectives is important. Operations can be directed towards a social focus, such as community development and capacity building - typical in the case of faith-based organisations and advocacy groups - or towards a range of economic objectives. However, a key lesson is that for the successful coordination, facilitation or delivery of services such as financing, input and output marketing, which are the primary goals of members in many FOs, a sound economic basis with clear membership benefits is essential for organisational performance. In this context, the pursuit of social objectives may hinder economic objectives.

Therefore, diversity of objectives increases organisational complexity and imposes a requirement for more sophisticated and professional organisation management with high-level skills to address 'SMART' objectives – and increases the chances of organisational failure. These limitations must be taken into account. Either objectives should be limited, or consideration must be given to any opportunity there may be to 'buy in' a level of managerial professionalism beyond the immediate capacity of club and association. The solution may be to form a professional secretariat and trustees, and at the same time ensure membership participation.

Nevertheless, organisational growth can still be a legitimate and feasible objective requiring deliberate management. The importance of organisational capacity building was highlighted. Consideration needs to be given to the extent to which capacity building reaches down from supporting and apex organisations in an appropriate form to the grassroots membership.

Third, building external linkages was signalled as a factor that could improve the exchange of information and skills, and help to exploit potential advantages of scale in advocacy and training.

Finally, and not unrelated to the three points above, the organisation studies and the subsequent workshop and discussions highlighted the significance of the political environment. Intervention by the government and political activists in the FO sector is

most likely to be perceived as interference. Such interference can lead to distortion of the objectives of an organisation, distortion of the control structures and operating principles (democracy, participation and accountability), subversion of managers and management practices, and finally to capture of the organisation by local, regional or national political élites.

One topic that was left undeveloped was the relationships with the commercial sector organisations.

3.4 Organisational typologies and organisational development

Type 1: large diverse service providers

NASFAM and the NGOs Action Aid, Care and Concern Universal are organisations that have been formed out of external (donor) initiatives, often building on clubs formed during an earlier era, or existing Village Development Committees:

- complex organisations usually providing, or facilitating provision of, a range of services to members at the club level;
 - input/output services, training and capacity building, provision of information and technical advice, advocacy;
- clear vertical structures and constitutions providing accountability and transparency;
- skilled executive leadership and trustees creating efficient service delivery and networking;
- considerable donor support;
- a strong commercial orientation within a broad ‘empowerment’ and livelihoods agenda.

Organisation typologies - Type 2: ‘phoenix’ organisations

These are (focused) organisations that have developed through crises are Smallholder Coffee Farmers’ Trust, that emerged from the Mzuzu Smallholder Coffee Association; and ASSMAG that emerged from the National Smallholder Seed Producers’ Association with the following characteristics:

- inefficiency and corruption within the secretariats of the previous organisations left an ‘opportunity space’ for the new organisation led by an active membership;
- members assumed previous liabilities;
- focus on cash commodities with strong market linkages;
- governed by effective constitutions:
 - strong vertical organisation co-existing with democratic procedures;
 - transparency, accountability and effectiveness;
- leadership varies:
 - ASSMAG has strong farmer representation and active trustees including independent members;
 - SCFT has active member-leaders, and little dependence on the secretariat.

Organisation typologies - Type 3: external initiatives in transition

Organisations that are responses to opportunities perceived by outsiders, and are still between launch and take-off:

- ‘soft-focus’ hierarchical organisations:

- MALEZA: broad-based enterprise development;
- IDEAA: diversifying from staples to high value products and information;
- member-driven organisations for specific crops:
 - PAMA: umbrella organisation for paprika clubs and associations;
 - ZIPATSO – a ‘phoenix’ organisation, a tangerine production and marketing group looking for outlets.

3.5 Taking it further

The presentation of the results in the workshop and subsequent discussions with stakeholders permitted key ideas to be further developed. The synthesis of experiences from the organisation study is consistent with wider development experiences and with the literature on managing collective enterprises in development. For example, in a seminal paper on community organisation and rural development, Korten (1980) developed a model of the learning process of successful community organisations. The analysis was derived from the literature and case studies of five Asian organisations. The case studies were of organisations that were remarkable in their diversity with respect to a number of variables identified in this Malawi study:

- origin of the organisation – whether the initiative was external or grassroots, private or public sector-inspired, or mixed;
- organisational focus – objectives were narrow or comprehensive;
- targeting – specifically poor-oriented, or general.

Community organisation and rural development: ‘organisational fit’

As in the organisation study reports presented above, Korten suggested that there is no one model or set of key success factors, but that success depended on ‘organisational fit’. ‘Fit’ is a concept widely recognised in the management literature, which has been used in analysis of the agrifood sector². ‘Organisational fit’ in rural development, Korten argued, is the extent to which program design, beneficiary needs and the capacities of the assisting organisation are productively aligned. Essentially, key variables are the task, the context, and the organisation.

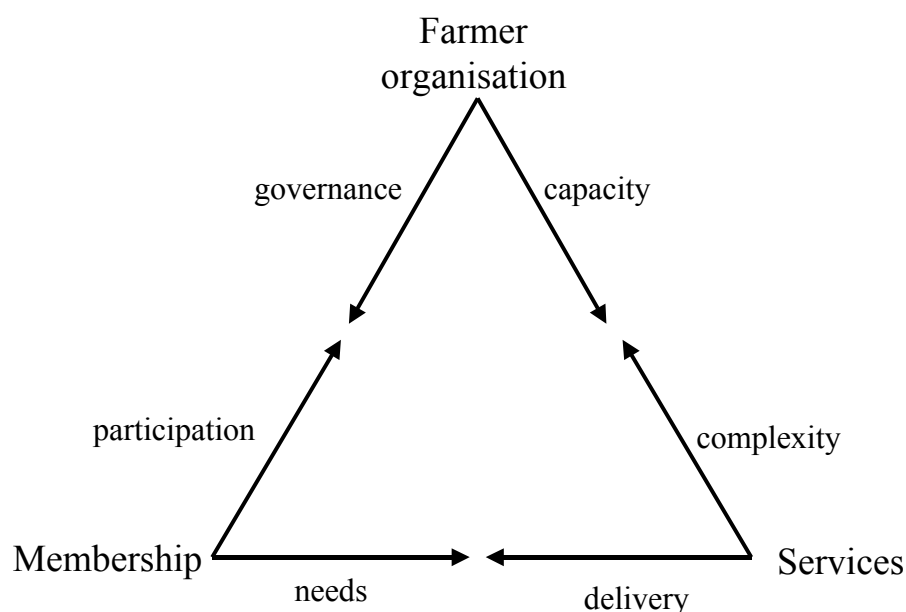
Adapting these concepts to the FO sector, ‘fit’ can be conceived as a function of:

- the FO membership
 - need and effective demand for services
 - participation in organisation management
- the FO itself
 - governance structures, *de jure* and *de facto*
 - management skills and capacity
- the services
 - complexity of the mix of services necessary to meet objectives
 - service delivery systems

These interrelationships are summarised in Figure 3 overleaf:

² See, for example, Garcia and Poole (2004)

Figure 3 **Organisational ‘fit’ (adapted from Kortten, 1980)**

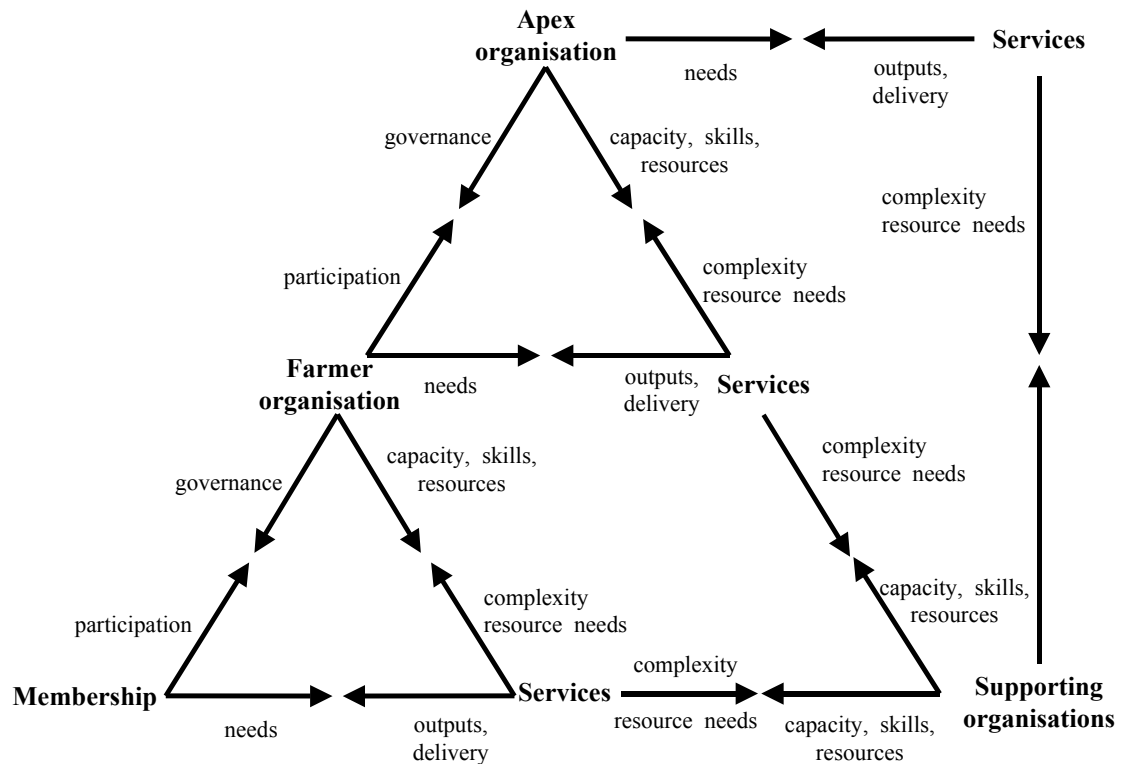


The concept of ‘fit’ can be applied not only at the level of the membership and the primary organisation, or club, but also between the club and/or association and the supporting (or apex) organisation. Within the Malawi context, this ‘double-fit’ is pertinent to the effective functioning of the FO sector as a whole.

There may also be value in considering ‘fit’ between the apex organisation and supporting organisations: the concept can be extended forwards to include the relationships between the apex organisations and other supporting organisations (Figure 4). These are the commercial partners, NGOs and other supporting organisations, donors, and the public sector organisations – thereby becoming a ‘triple-fit’³.

³ From the viewpoint of the membership, the concept can also be extended backwards into the household, to depict the **individual members** forming part of an organisation, the **household**, with a **portfolio of assets** distributed among household members. The intra-household dynamics concern the diverse needs, attributes and decision-making arrangements. Further development of this concept is beyond the scope of this research, but is included in Appendix 2.

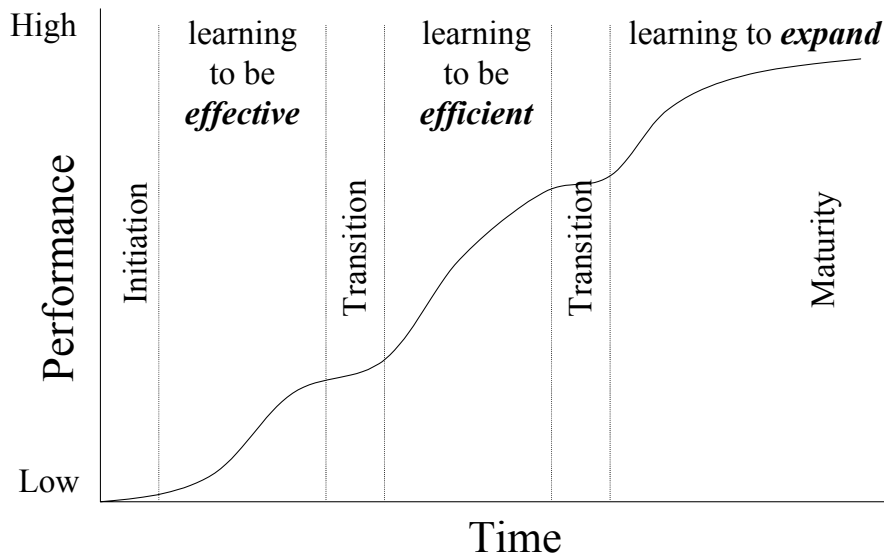
Figure 4 Triple-fit in the FO sector in Malawi



Organisational growth and the learning process

Concepts of scale, complexity and management capacity are themes that were repeated through the organisation study. Korten (1980) also addressed organisation development and suggested three stages that may underlie successful capacity building. Organisational performance and development are more or less successful, according to the way that the tasks, and the organisation itself, develop within a particular context. This development Korten called the ‘learning process’ approach. In the Asian success stories leadership and teamwork rather than a ‘blueprint’ were the key elements, characterised by a ‘bottom-up, capacity building process which built on first-hand knowledge of people and their needs’ and responsive and anticipatory adaptation that a) embraces error; b) plans with people; and c) links knowledge building with action (p. 498).

Figure 5 *The learning process (adapted from Korten, 1980)*



Korten envisaged three stages in the learning process, during which organisations first learn to be *effective* (a time of investment in knowledge and capacity building); then *efficient* (reducing the input requirements in relation to outputs - or services – delivered); and lastly to *expand* (growth to maturity). He does envisage that performance may decline during the transition phases due to learning effects, and this is not represented in the simplified diagram. Again, the interview data and discussions in the workshop were strongly supportive of a launch and growth process. Regarding expansion, optimal organisation size for a particular context – of people, products, services, environment – may vary, and the advantages and disadvantages of scale must be specifically considered. Efficient scale may apply to a range of organisation sizes, and may also change with the wider environment, technology and political processes. Once again, there is no single model or blueprint for optimal size.

4 *Summary of lessons from the organisation studies*

4.1 *Origins*

Both external and grassroots initiatives can work

- Membership commitment can be maintained by effective mobilisation and governance
 - enshrine principles of democracy and accountability
 - ensure clear expectations about entry conditions and potential benefits
- Existing organisational structures in target communities/TAs can be good building blocks

4.2 Objectives

Effective strategies need well-defined objectives, which can help service delivery performance assessment

- Strategies must be within the management capacity of the club, association and apex/supporting organisation(s)
 - focus is effective;
 - use partnerships with supporting organisations to provide access to economic (financial and input) services;
 - link with umbrella and supporting organisations to introduce training and achieve advocacy and lobbying.

Formalise organisational structure and registration according to objectives

Expansion plans should be cautious: slow growth is sustainable growth

Plan a pathway towards financial self-responsibility

4.3 Governance

Define clearly the hierarchical relationships, responsibilities, constitution and by-laws, and skill requirements for officials

- Active grassroots representation helps to achieve horizontal integration
- Grassroots representation improves the effectiveness of vertical linkages to associations, apex and supporting organisations
 - use networking at all levels to leverage support and share information and experiences
 - formalise organisational capacity building through training
- Agree membership basis, targets, recruitment strategy, limits and membership responsibilities and sanctions
- Agree operational standards and procedures for contractual terms
 - quality, quantity, timeliness, sanctions, dispute settlement
- Lease rather than aspire to own assets
- Loss of focus in objectives leads to organisational ‘drift’
- Quality leadership benefits from appointing a skilled secretariat
- Consider including independent, experienced trustees

Put in place procedures for external audit of each organisational level

Avoid interference or capture by local, regional and national political processes and élites

4.4 Internal and external environmental analysis

Seek and clearly identify new commercial opportunities

- Limit the scope of the core FO enterprise
 - decide what services can and cannot be provided
- Identify new products, technologies, markets

- develop new skills within membership
- foster entrepreneurship
- Create linkages to other sector players
 - additional services and capacity building should come from other providers

Evaluate new opportunities and threats to the membership and organisational performance

- Monitor performance against organisation objectives
- Monitor the external political and economic environment and the donor climate

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Appendix 1 Checklist for organisation interviews

1. When was the organization formed?
2. How was the organisation formed?
 - ◆ *Consider previous existing groups, sequence of events/ activities, involvement of partners/ stakeholders, training of members, balance of initiative between outsiders and farmers, and among farmers (few key individuals?)*
3. What is the mandate and main objectives of the organization?
 - ◆ *Does it have a particular focus – geographical, crop, livestock, gender, socio-economic group, etc?*
4. What services does the organization offer to its members? – *complete table*
 - ◆ *Commercial support services linking farmers to private sector agents, organising and bulking, grading; direct marketing/ transport/ input supply services, credit, market information and coordination. How do the terms for all these services differ from alternatives? How is credit organised? Is it engaged in advocacy? (On what issues, in what way, at what levels?) Does it offer 'welfare' services e.g. education, health? Does it manage any group assets on behalf of its members (eg equipment, buildings, land)? Are any services offered to non-members? If so, what are members' benefits over non-members?*
5. How many members does the organization have? – *complete table*
 - ◆ *Are there different categories of members? What is the gender balance? Constraints on women's membership? Is this an issue? What is being done? Is membership growing, static, declining? Is its structure changing? How? Why?*
6. What are the requirements for someone to become and remain a member and what is expected of them?
 - ◆ *Membership fees, other contributions, labour/ time, participation in certain activities through the FO (eg buying inputs, selling crops), attending meetings, other qualifications (such as minimum farm size, etc), specifying the amount and frequency.*
7. How do you ensure that members 'pull their weight' and that significant benefits accrue to members rather than non-members?
 - ◆ *What sanctions does the organisation have to encourage members to adhere to the rules? How often are these used? How are they decided on? How is trust promoted? Is lack of trust a problem?*
8. What is the legal status of the organization?
 - ◆ *External (registration, etc); internal (club/ association structure)*
9. How does it relate to higher and/or lower units in the FO?
 - ◆ *Accountability, controls, services, activities, resources*
10. What is the leadership structure of the organization?

- ◆ *What is the committee structure; criteria for leadership; number, functions and appointment of leaders and officers; relations between different levels; support for leaders, demands on leaders. How many management, technical, clerical, and labour employees does the organisation have? Are there any particular leadership problems? Do leaders receive any remuneration? What are they expected to put into the organisation?*
11. How has the FO raised the finance it needs? Is it able to raise enough for its activities?
- ◆ *What is the organisation's annual turnover? Does it have savings? Is there a balance sheet? Profit and loss account? Does it have any significant assets? What financial benefits do the members get from the organisation (eg dividends?). If so, on what basis are the dividends allocated. How is share capital raised? What are the organisation's financial objectives? (profit?, growth? least cost service delivery?)*
12. Who are the organisation's main partners? – *complete table*
- ◆ *Consider government agencies/ ministries, NGOs, donors, private sector companies and others providing finance, services (eg input/ output marketing, technical information), organisational support, etc. Current, past (?and future?) relations of the organisation and farmers with outside partners; services; financial relations; benefits to and from partners*
13. What successes has the organization achieved so far?
- ◆ *Service delivery, financial, membership, sustainability, farmer benefits, any info from farmer feedback etc*
14. What has contributed to these successes?
15. What are the main opportunities currently facing the organisation?
16. What problems has the organization faced and still faces, and what actions have been taken and are needed to address these problems?
- ◆ *What external constraints limit growth – in membership, in scale of existing activities, in expansion into new activities? What internal issues are facing the organisation? What impact has the recent food crisis had? What impact is HIV/AIDS having? How is the organisation addressing these issues?*
17. What plans and aspirations does the organisation have for the future?
18. What are the critical elements of an effective farmer club?
- ◆ *Internal elements (members characteristics, rules, structure, leadership); external relations (partners and support); activities (types of activity, demands on and benefits to members)*
19. Is it possible to have a farmer club focussed on food crop production?
- ◆ *Probe on demand, possible activities, difficulties, solutions to difficulties*

Questions do not have to be asked in the above order as later questions may be covered during earlier discussion, but please write up the interview in the sequence above.

**FARMER ORGANISATIONS: ACCESS TO MARKETS
PRO-FORMA FOR ORGANISATION INTERVIEWS**

Organisation:..... Respondents
(posts):.....

Place:.....
.....

Date:
.....

Interviewer:

1. When was the organization formed?
4. What services does the organization offer to its members?

Activity / service	Members involved 2002/3	Physical and financial volume 2002/3 (with units)	Comments (terms, partners, trends, issues, demand, problems, finances)

◆ *Commercial support services linking farmers to private sector agents, organising and bulking, grading; direct marketing/ transport/ input supply services, credit, market information and coordination. How do the terms for all these services differ from alternatives? How is credit organised? Is it engaged in advocacy? (On what issues, in what way, at what levels?) Does it offer 'welfare' services e.g. education, health? Does it manage any group assets on behalf of its members (eg equipment, buildings, land)? Are any services offered to non-members? If so, what are members' benefits over non-members?*

5. How many members does the organization have?

	At formation	2000	2002	Current
Male				
Female				
Total				
Active				

members				
---------	--	--	--	--

- ◆ *Are there different categories of members? What is the gender balance? Constraints on women's membership? Is this an issue? What is being done? Is membership growing, static, declining? Is its structure changing? How? Why?*

12. Who are the organisation's main partners?

Name of Partner	Activity / service/ support	Year started	Comments (terms, trends, issues, demand, problems, financial arrangements)

- ◆ *Consider government agencies/ ministries, NGOs, donors, private sector companies and others providing finance, services (eg input/ output marketing, technical information), organisational support, etc. Current, past (?and future?) relations of the organisation and farmers with outside partners; services; financial relations; benefits to and from partners*

FARMER ORGANISATIONS: ACCESS TO MARKETS

CHECKLIST FOR PARTNER INTERVIEWS

Purpose of the interview: to determine

- ◆ *scale and scope of partner activities with FO(s) in context of overall activities*
- ◆ *benefits of working with FO(s)*
- ◆ *difficulties in working with FO(s)*
- ◆ *opportunities for improvement / strengthening FO relations and mutual benefits*

Organisational background

Nature of the organisation: commercial/ NGO/ public sector. Objectives, ownership, history of formation, growth etc.

Main activities of the organisation: if trading then commodities, sources, volumes, turnover. If service delivery then types of service, volumes, turnover. Geographical focus/ spread. Profitability of the different activities, growth / decline. Main opportunities/ problems/ issues for the different activities and for the organisation as a whole. What are the main risks faced by the organisation? What are the main constraints inhibiting expansion?

Structure and staffing: Organogram, number of professional/ managerial/ administrative/ technical/ clerical/ labour staff.

Financial: Turnover, profits/ surplus, sources of finance.

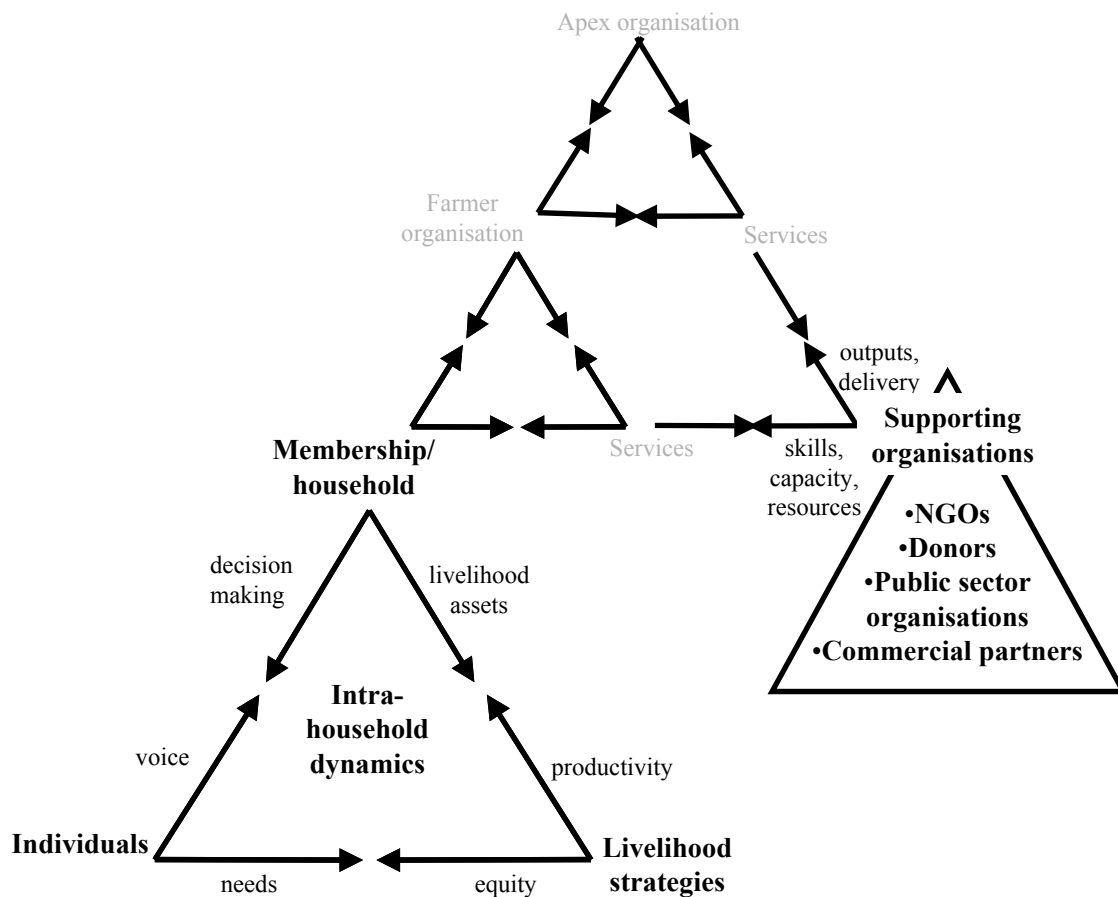
Opportunities and threats: main issues facing the organisation as a whole

FO relations (discussion could cover relations with specific FO(s) in study and more general observations / experience with FOs)

Involvement with FO: Historical overview, process of getting involved (how did it happen?), geographical scope, reasons for getting involved, nature of activities, proportion of activities / turnover, nature of relationship / contractual arrangements.

Issues in relationship with FO: benefits and disadvantages / difficulties in working with FOs (compared to working independently of FOs?). General weaknesses of FOs, opportunities and threats. Scope for extending work with FOs, and for FOs to expand in scale and scope. Things which FOs can and should do, things which they cannot and should not do. Main challenges facing FOs. Essential elements of a strong FO / common failings.

Appendix 2 The FO sector, intra-household dynamics and supporting organisations



Appendix 3.1 Summary data for farmer organisations

	SUMMARY DATA FOR FARMER ORGANISATIONS	SCFT	CARE	ZIPATSO	CONCERN	PAMA	MALEZA	ASSMAG	FUM	IDEAA	CISANET	ACTION AID	NASFAM
	years of continuous operation to 2004	6	5	12	15	5	10	4	< 1 yr	7	1		10
origins:	external initiative			①			①					①	①
	member initiative	①				①	①		①				
	hybrid		①		①			①		①	①		
organisational development:	gradual evolution		①	①	①	①	①	①	①		①	①	①
	substantive transformation	①		①				①				①	①
mode of control:	decision making by membership	①	①	①	①	①	①	①	①	①	①	①	①
	external/hierarchical control			①								①	
membership 2004:	number of individuals at 1st tier level	>3000		120	Comm' based	12,000		2,450	>40,000	>5,000		Comm' based	>100,000
operational level:	1st tier - primary - club	①	①	①	①	①	①	①		①		①	①
	2nd tier - secondary - association	①	①	①		①	①	①		①			①
	3rd tier - apex	①	①	①	①	①	①	①	①	①	①		①
commodity base:	limited commercial scope		①	①	①		①					①	
	significant commercial scope	①				①		①	①	①			①
	diverse		①		①								①
geographical scope:	local		①	①	①					①			
	regional	①					①						
	national					①		①	①	?	①	①	①
gender of membership:	predominantly/all male												
	predominantly/all female												
objectives and services:	finance												
	input provision	①	①	①	①	①	①	①		①		①	①
	transportation	①	①	①		①	①	①		①			①
	processing	①		①		①	①	①		①			①
	marketing	①	①	①	①	①	①	①		①		①	①
	technical advice	①	①	①	①	①	①	①		①		①	①
	training/capacity building/skills	①	①	①	①	①	①	①	①	①		①	①
	organisational development	①	①	①	①	①	①	①	①	①		①	①
	advocacy	①	①		①	①	①	①	①	①	①	①	①
management:	capacity building at club level												
fees:	individual	①	①	①	①	①	①	①	①	①	①		①
	corporate					①		①	①	①	①		①
external support:	highly dependent on external finance			①			①		①		①	①	
	somewhat dependent	①	①		①	①		①		①			①
	independent of outside support												
partnerships & networking:	extensive							①	①	①	①	①	①
	narrow	①	①	①	①	①	①						
	cooperative						①		①	①	①	①	①
	association			①		①	①	①	①	①	①	①	①
	trust	①							①		①	①	
	informal/unregistered/CONGOMA		①		①		①				①	①	

Appendix 3.2 Strengths and weaknesses

STRENGTHS												
Democratically elected leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Registered with the Government	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
Good transparency and accountability	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Has basic knowledge on group dynamics	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Basic facilities (vehicle/s, computers, photocopying)	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓
Some basic office space and furniture	✓	Renting	Renting	Renting	Renting	Renting	Renting	Renting	Renting	Renting	Renting	✓
Strong and multidisciplinary Board of Trustees	✓				✓		✓	✓	✓	✓		✓
Dedicated Executive Secretariat	✓		✓		✓	✓	✓	✓		✓		✓
WEAKNESSES												
Lack of commitment and voluntary spirit/self-help			✓	✓		✓						
Limited capacity for lobbying	✓	✓	✓	✓		✓	✓	✓	✓		✓	
Limited networking with other organizations	✓	✓	✓	✓	✓	✓	✓	✓			✓	
Dependency syndrome, largely depends on partners		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	?
Inability to adhere to constitutions/bye-laws			✓									
No steady, sustainable source of income		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
No sustainable income-generating programs		✓	✓	✓	✓	✓	✓	✓		✓		
No own budget to control		✓	✓	✓		✓	✓	✓				
Survive through partnership	✓		✓	✓	✓	✓	✓	✓	✓	✓		
No own office and dwelling infrastructure		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Inadequate transport facilities	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Inadequate and/or old computers	✓	✓	✓	✓	✓	✓	✓	✓			✓	
Poor communication facilities	✓	✓	✓	✓		✓	✓					
No adequate qualified personnel in all departments	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
Limited exposure to new issues/concepts	✓		✓	✓		✓	✓	✓	✓	✓	✓	
No staff development plan at all levels	✓		✓	✓		✓	✓	✓	✓	✓		
No staff motivation	✓		✓	✓		✓	✓	✓		✓		
SUMMARY DATA FOR FARMER ORGANISATIONS	SCFT	CARE	ZIPATSO	CONCERN	PAMA	MALEZA	ASSMAG	FUM	IDEAA	CISANET	ACTION AID	NASFAM