



Farmer Organisations for Market Access

Briefing Paper 1

Stakeholder Interests in Farmer Organisations: working together for success

The successful establishment and operations of Farmer Organisations generally needs different stakeholders to work together – farmers, FO leaders and staff, NGOs, government agencies, private companies and donors. To work together for success, it is important that they clearly understand what each of them is wanting to achieve.

What can different stakeholders expect to gain from working with FOs?

Consideration of this question is important for different people and organisations with an interest in promoting and working with FOs. Different stakeholders need to understand, face up to and openly discuss these different interests to ensure that they work together for the same goals, and are realistic in what they can achieve together when working with FOs.

Table 1 sets out the interests that different types of stakeholders tend to have in working with or promoting FOs¹. This shows, different stakeholders may have different interests in FOs and therefore make different demands on FOs. While many of these interests and demands are similar or complementary, there may also be conflicts between them – for example private sector and FO member interests in reduced transaction costs may require small and homogeneous membership (to keep down costs of group coordination) and a focus on a narrow range of high value activities – but this may conflict with the need to expand membership to gain economies of scale in marketing and with NGO and government agency interests to expand membership to poorer and more vulnerable groups.

Table 1 Different Stakeholder interests in FOs

Interests	Stakeholders			
	<i>Farmers</i>	<i>Private sector</i>	<i>NGOs</i>	<i>Public sector*</i>
Overall objectives	<i>Improved livelihood opportunities & security</i>	<i>Knowledge & business opportunities to increase profits</i>	<i>Improved rural service delivery, economic growth, welfare & poverty reduction</i>	
Specific objectives in their own dealings with FOs				
Access to commercial services	Financial, input & output markets, & technical services			
Low transaction costs	Trust, grading, etc			
Economies of scale	In business transactions		In social service delivery	
Improved information flow	Market & technical info.		Community (& market & technical) info.	
Power	Farmer lobbying		Empowerment	?
Cost effective rural entry			For a wide range of economic & social services	
Improved food security	Household food security		Household food security	Household & national food security

* Does not include extension staff working directly with FOs to improve their market access.

There are also different interest groups among farmers (between members and non-members, between farmers with different resources and capabilities) and within farmer organisations (between leaders and

¹ This paper is concerned with FOs as producer organisations concerned with improving members' market access. It does not examine organisations whose principle focus is the management of common property resources (such as irrigation systems, local fisheries or forests), or grassroots 'self help' or faith based organisations.

ordinary members, between members with different resources and enterprise interests, between members and staff). Conflicting interests of FO members are discussed further in Briefing Paper 2 (Challenges to FOs)

FO members (and other stakeholders) also have interests outside FOs which may strengthen their commitment but may sometimes dilute or compromise their commitment to FO activities. Particularly problematic examples of the latter arise when FO leaders or FO or other agency staff illegitimately pursue their own interests in working with FOs. These may include, for example, opportunities FOs provide for gaining political or social influence or for diverting FO and other resources for personal gain. All stakeholders need to establish procedures that guard against such behaviour.

Governments may also have a wider interest in FOs promoting economic coordination for pro-poor growth. In the 1970s and 1980s ADMARC and the Ministry of Agriculture coordinated input supplies, credit and produce marketing systems around farmer clubs. This was very successful in stimulating more intensive maize production and also worked with some other crops. However the system broke down in the 1990s with the introduction of structural adjustment and market liberalisation policies, drought, and political change². Large scale FOs may offer an opportunity to replace some aspects of this system, stimulating wider agricultural and non agricultural growth and benefiting not only direct stakeholders but the wider economy too.

Judging FO success

Since stakeholder may have different interests in FOs, they may also have different criteria for judging FO success. It may be useful for stakeholders working together with FOs to explicitly consider and set out criteria and targets by which they would judge FO success and the success of their activities (the different objectives listed in table 1 may be useful here). Setting out such targets may be useful even though it is often difficult to attribute changes in members activities and welfare, or differences between members and non-members, to FO activities.

The success of FOs is also often considered in terms of their sustainability and life, but in dynamic development situations successful FOs might be those that exist only for a short time if they manage to establish new commercial and market structures which can then develop without continued FO activities. Stakeholders will need to discuss how they expect an FO to change and evolve over time, in terms of its activities and membership. Will there be certain conditions under which even a successful FO would be no longer useful to its members and should disband?

This briefing paper is part of a series produced by the research project *Farmer Organisations for Market Access*. Other papers in the series are:

- Briefing Paper 2: Challenges facing Farmer Organisations
- Briefing Paper 3: Principles for Farmer Organisation Tasks and Services
- Briefing Paper 4: Principles for Farmer Organisation Establishment and Governance
- Briefing Paper 5: Principles for Farmer Organisation Support and Policy

These are summaries of extracts from Chirwa et al (2005) *Farmer Organisations for Market Access: Principles for Policy and Practice*. All project outputs may be downloaded from www.

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² Success was achieved in the context of a social and political system that had many unacceptable elements, and the degree to which this could have been achieved without these elements is debated.