

## **“Learning from Literature” - Highlights**

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### **Government, NGOs, Business Organisations, CBOs:**

The Natural Resources Institute has brought out policy series. No.13 deals with the agricultural marketing in developing countries: the role of NGOs and CBOs. It is written by Heather Kindness and Ann Gordan. Ms. Ann Gordon now works in Aga Khan Foundation in Geneva. The small book of 50 pages is extremely useful in clarifying certain concepts and giving tips on how to go about - productivity enhancement and value addition in agriculture area – what we call “Watershed Plus”. It will be very useful for those working for Watershed Plus to go carefully through the book. I am just giving a Note on what I consider very useful for us.

First (Page-6) NGOs and CBOs – Some definitions. (Table 1) comparison is given of organizations in different sectors – government, business and voluntary. The voluntary sector organizations are not membership based organization for mutual benefit. They are service providers to others. The distinguishing marks of voluntary sector are personal commitment, relationship with those served being temporary; it relies upon negotiation and integration with external environment; its resources are obtained from donors, the feed back on its performance is gathered from multiple users.

(Page 9) - Evolving role of NGOs.: Important point is made that the role of the state has been redrawn, in developed and developing countries, there is now a much greater focus on civil society as a way to improve democratic processes and bring about greater accountability in government.

Governments are also seeking ways to be smaller and to sub-contract functions where feasible. Furthermore, funding developing country organizations to carry out development work is considered a way to build indigenous capacity.

The book then gives a quotation “ From the point of view of the donors, civil society was the ‘place’ where something could be done and, often enough, NGOs were the intermediary institutions or midwives of such remedial programmes (relating to structural adjustment), spanning the gap between donors and CSOs. When governments were irredeemably corrupt or oppressive (as, for instance, in Haiti during the Duvalier regime), these programmes seemed to offer virtually the only hope of channelling assistance to the people who most needed it (Norman Uphoff in the Foreword to Farrington et al., 1993:iv).”

Few NGOs have got involved into agricultural marketing activities. Notable among them are TechnoServe, the Intermediate Technology Development Group, Enterprise Works Worldwide and Co-operative League of the USA.

Quoting Gibson, it is pointed out “ Organisations which themselves resemble small business- in terms of their people, culture, systems, structure and behavior- are most likely to be successful in encouraging the growth of small business”.

This should be true about Sajjata Sangh and also the Taluka Federations. It is again pointed out that small enterprise development work has contributed to a realization that it is possible to make much greater use of market mechanisms in pursuit of development objectives.

### **Subsidies:**

There is interesting discussion (Page 13 & 14 ) on the role of subsidies along with business approach of supporting agriculture marketing service by NGOs. Two key advantages are pointed out of better commercial orientation a) cost recovery enables more people to be reached by such programme. b) sustainability become a realistic goal. This is extremely important for the NGOs and the institutions they promote for ‘Watershed Plus’ that they become financially viable if not immediately, over a period of 3/5 years.

### **NGO’s Role:**

There is very valuable discussion (From Page 14) about whether NGO should take direct responsibility in marketing operations or only provide support, a role of a facilitator. I feel that rather than taking direct responsibility, our NGOs who are dealing with farmers who raise cash groups say groundnut and cotton and now horticulture crops, should assume facilitative role - that is, helping farmers organizations to undertake marketing related services. As pointed out on Page 17 this type of facilitative role is beneficial for number of reasons: being less interventionist, it is likely to be achieved at lower cost than if the NGO was more directly responsible for marketing activities; and, therefore, it facilitates reaching a wider audience.

### **Family/Groups:**

Chapter 3 (starting on page 18) goes into details of the kind of services that facilitating NGOs can provide. First the author discusses whether they should deal with individuals or groups. A very good point is made here that when there is a question of using technology or inputs or raising production it is done by individual farm families. It is only in procuring inputs, services such as technology, credit and channelising outputs to markets that NGOs may prefer to work with groups. The advantages listed for working with groups are

- Economies of scale
- Improved access to finance
- Collective bargaining power
- Lower transaction costs.

At the same time it is mentioned that group enterprises are more likely to succeed when based on joint marketing rather than joint management/ownership of assets, because the latter requires more complex skills and experience. A caution has been given that external organization like NGOs should not so manage that the groups do not develop entrepreneurial skills (page 19).

### **The Poor & Women:**

(On pages 20-22) there is very relevant discussion about how much such benefits can cover the special needs and limitations of the poor and women headed families. The poor who are working for subsistence farming have hardly any surplus and therefore their requirements will not be so much of marketing but of production technology. Similarly women farmers have their own needs. I think we in India have considerable experience of ensuring that the benefit of development reaches those households which are managed by women. Those who want to do it may find the following tips useful.

- Out-of-hours opening
- Relaxing literacy requirements
- Flexible collateral requirements, for example, accepting jewellery rather than land
- Allowing small size of loans

### **Importance of Capacity Building – Look Before You Leap**

The next section (starting on page 22) is very important for Sajjata Sangh and NGOs. There is lot of useful information and guidance on skills and training. It appears to be a world wide experience that there is not adequate assessing the performance of existing groups and providing necessary training in group strengthening before new activities like marketing are undertaken by them. Most of us would agree that it is important not to overestimate group capacities but rather commit ourselves for long term involvement in building group capacities. It is our experience also that often groups fail because the groups are formed too quickly and too much expected of them. All the various experiences that have been documented and presented in the book, I think the most important is (Box 4 on page 24) which is about building farmer associations in northern Mozambique. There the NGOs have worked as a catalyst; government plays a role as coordinator and facilitator of information flow. Even traders were roped in to provide finance. By mid-2000, 80,000 farm families were participating in 200 extension groups. In that year production of white sesame and pigeonpea for export was worth US \$ 4 million (Rs.2 crores), maize yields and incomes were significantly higher for participating farmers than for others, and there were improvements in food security, enterprise by men and women's groups, and savings mobilization. Experience with white sesame has been particularly revealing. Increased production has led to greater trader activity, and competition amongst traders has pushed up farm gate prices (that is price realized by the farmer himself/herself). Very encouraging to know that in subsequent seasons association which were strong enough to finance seed from savings or other sources, were able to negotiate much better sale prices for their crop. This was all promoted by CARE International, Mozambique(2000).

Under training and extension (starting on page 24) it is rightly mentioned and it applies to most of us the starting point of a number for NGOs that marketing initiatives is production. This is obvious because first you produce more and then sell. It is rightly pointed out that improved production practices are important for increasing yields of existing crops, new varieties and new crops. Yet government extension services are often lacking or extremely under-resourced. NGOs, therefore, often assume a role in providing, or facilitating the provision of, relevant extension information.

We are informed that increasingly organisations which provide skills in training for enterprise development are charging from trainees a fee. This helps in NGOs/CBOs with limited funding to reach a wider audience. More significantly, it has been found that charging a fee increases the proportion of the trainees who actually make effective use of the training. I think we should make it practice in activities sponsored by Sajjata Sangh that the farmers or their representatives who attend it, bear a part of the cost, may be on travel/ food etc. It may be a small proportion but it has its own significance.

With regard to improving access to agriculture output the five sets of issues are mentioned: affordability; availability; information; risk and uncertainty; and the overall commercial context.

### **What Kind of CBOs:**

In our context we have so far relied on the co-operative channel to provide inputs like seeds and fertilizers and credit. If this is working well, as in SKTGSM Savarkundla, BAIF's villages in Palitana and AKRSP(I) so much the better. However there are large areas particularly in Saurashtra where the co-operative structure is not working. We have good experience of Sadguru, AKRSP(I) and to some extent BAIF, where the Gramvikas Mandals and their Federation at Taluka level take responsibility for arranging input supply like seeds, manures and fertilizers and arranging for joint market. For making a success of these operations through newly promoted stakeholders organizations requires, extensive training, preparations, and experience gathering on small scale. There is much to learn from our own organisations in Gujarat and to some extent from outside Gujarat and may be outside India.

The book refers to "constructive partnerships between the commercial, private non-profit(NGOs) farming community and government sectors". This is important. It is not necessary that for productivity and value addition NGOs should try to provide everything. The existing - commercial channels charging only small commission, should be roped in. AMUL for example has hundreds of outlets in the country. They are all private. If AMUL tries to setup its own outlets or insisted on co-operatives to do it. It would not have worked. It is important that it should work for the benefit of the small producers. A couple of more points made in the book.

- Better information reduces uncertainty enabling farmers to make more informed production decisions.

- Avoid actions which undermine the development of sustainable commercial input supply in networks; support input markets by setting standards and regulations.

### **Agro-processing technology:**

What we are trying through Watershed Plus is higher value realization of the crops for the farmers. Access to processing technology can provide new market opportunities by reducing perishability or adding value in other ways. (Page 27).

### **Some important points:**

- Processing adds value through preservation of the product thereby increasing the time available for marketing.
- Small scale agro-processing enterprises create employment at low levels of investment.
- Enterprises owned and managed by individuals or households are often more successful than group enterprises. The experiences that group approaches to the adoption of agro-processing technology are often weak and entrepreneurial skills are less evident than when working with active individuals. That is why there is recommendation to reduce the need for entrepreneurial skills by introducing private company offering marketing services to small-scale producers.

### **Conclusions:**

In the last part of the book the following conclusions have been drawn from variety of experiences.

1. NGOs and CBOs increasingly see business development and promotion of viable commercial activities not just as a legitimate way to achieve broader social objectives, but also as a means by which the benefits generated may reach a wider audience and be sustained.
2. This commercial focus cannot be pursued effectively unless the NGO/CBO is also 'business-like' in its approach, employing people with the appropriate skills, adequately resourcing these activities, and according them status in their programmes commensurate with their potential to generate significant sustainable benefits.
3. It is important to build on existing marketing channels, rather than attempt to circumvent them or establish new ones. Existing channels will outlive the project and a sustainable strategy is more likely to be one that enables rural communities to achieve more from what is already there, rather than try to replace it. By the same token, more facilitative and less interventionist strategies are likely to be more sustainable.
4. The discussion of groups or individuals as a target audience was inconclusive. Groups can offer a cost-effective vehicle for service delivery and promote broader civil society objectives. However, they are not always the ideal channel for commercial activities. Moreover, care should be taken to assess

capacity and motivation, lest lack of group cohesion should undermine an otherwise promising venture. The inputs required to establish and strengthen effective farmers' associations are considerable and should not be underestimated.

5. NGOs often deliberately and legitimately target particularly disadvantaged groups or areas. To bring about lasting livelihood improvements under these circumstances is difficult. Rigorous and innovative approaches are required to generate even modest development. Information-sharing and evaluation of apparently successful approaches is needed, as well as the further development of these approaches and others, firmly rooted in the principles emerging from existing experience.
6. Sustainable marketing interventions must give consideration to a number of related issues, i.e. building capacity and linkages, whilst also facilitating access to the necessary training, information, hardware, inputs and financial services.

### **Organisational objectives:**

It is important for NGOs and CBOs to be clear about their objectives. There has been a general move away from welfare/social objectives towards development/business-oriented objectives in recent years. The rationale for this is that the latter encourages greater sustainability and allows NGOs and CBOs to reach wider audience. However, this does not mean that welfare/social objectives and subsidized activities are always inappropriate.

Firstly, marketing activities should not be treated as peripheral to other organizational activities; adequate financial and labour resources are required. Secondly, the sustainability of marketing interventions is more likely if minimal recourse is made to the use of subsidies-direct or indirect. Farmer contributions to costs and the management of marketing activities, as well as linkages to private sector services, should be encouraged.

### **Training:**

Training and capacity building are key. Developing the marketing and entrepreneurial skills of farmers to enable them to adapt to changing markets beyond the life of the NGO/CBO intervention is important.

There is extensive discussion in the paper on credit facilities and on the role of the government and how the policies should be adopted to promote enterprises at the local level. Our members are fairly aware about the credit and therefore details are not given here. You have to learn from experience what CBOs should expect from government and others by your support and guidance.