



# CO-OPERATIVES LEARNING SERIES



What are the most effective roles for projects in strengthening co-operatives for smallholder producers?

## ROLE OF PROJECTS IN CO-OPERATIVE DEVELOPMENT

*There are many approaches that development projects can take to strengthen and support co-operatives. The following are discussions on more effective and less effective roles.*

### **ACT AS A MARKET FACILITATOR**

Rather than doing everything on behalf of the co-operative, an effective role for a development project is to act as a market facilitator. In this way, the project is brokering relationships, making introductions and taking on a 'behind-the-scenes' background role on strengthening the co-operative and linking it more effectively to the market.

### **SUPPORT ACQUISITION OF MARKET-LED TRAINING AND SKILLS**

There is often a gross mismatch between skills provided through

training to co-operative members and the skills the formal and informal sectors require, resulting in a serious challenge for market participation of young people. Many co-operative members, including young people, are trained in irrelevant skills or skills that simply support the governance of the co-operative, with a result that they are once again unable to sell into the market after the training. This mismatch tends to result in an increase in the number of young co-operative members trained but not in the number of young people actually able to establish longer-term relationships with buyers and suppliers in the market place.

It is helpful for development projects to ensure, therefore, that training is targeted at opportunities that are realistic, high impact, value-added and appropriate in the market. This training could ideally be conducted by market actors rather than development projects.

### **IMPROVE PERFORMANCE OF CO-OPERATIVE MEMBERS**

Development projects tend to focus on fostering cooperation rather than stimulating healthy competition between co-operative members to improve their performance. Projects tend to focus on facilitating highly effective cooperation between

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1. What are stakeholder dialogues?
2. When do we use stakeholder dialogues?
3. Example from the Field: National Co-Operative Forum in Uganda.



co-operative group members. While this is important in ensuring the effective running of a co-operative through shared governance, it is less helpful in stimulating increasing improvements among co-operative members in terms of production and yields.

Further, without a healthy competitive environment, co-operative members may tend to simply perform at the level that the average of its members are performing. This does not drive continued performance and, hence, growth and improvements in the competitiveness of the agricultural system in which they are working overall.

Why would a farmer want to produce better quality than a fellow co-operative member if the produce is all being pulled together for a common buyer? Why would a farmer strive to improve his/her own yields if there is very little recognition or reward for improved performance? Why would a farmer want to produce more if he/she has hardly any examples that higher yields can actually be reached in his/her area?

Improved performance by farmers is key to ensuring success and economic growth. Competition between co-operative members can be very useful to stimulate better performance. For example, healthy competition allows farmers to see examples of higher yields that are being accomplished by their peers that they too can realistically aim to achieve. Healthy competition allows farmers to be motivated to achieve higher yields or higher quality of production because they are rewarded through receiving social recognition among their peers. This is an example of 'horizontal competition' (i.e. between producers that are horizontally linked at the same level of the chain). Generally, these horizontal relationships between co-operative members resemble ineffective competition. Development projects should aim to facilitate changes in relationships and business models that move co-operative members from having ineffective competition to having effective competition between each other.

## INSIGHTS FROM THE FIELD:

- In Mongolia, the Global Communities' co-operative development program, EMIRGE, has been working for the last 5 years to organize farmers in the provinces in which it is working. Market actors, such as equipment providers, are interested in working with the program to take advantage of the fact that the program staff knows which farmers are growing which vegetables, which farmers own greenhouses, etc.
- The Mongolian EMIRGE team has witnessed other projects giving away tools for free to farmers, creating the expectations of handouts. The EMIRGE team does not take this approach; they do not provide grants, subsidies or loans. Instead, EMIRGE connects farmers to stakeholders for mutual benefit.



- The Rwandan EMIRGE team offers Farmer Field School (FFS) trainings, which are very practical, learning-by-doing trainings. The project trains facilitators, with those individuals who complete the training going on to train other farmers.

