



# Smallholder Innovation Series

A BRIEF ON HOW TO SUCCEED AS A SMALLHOLDER FARMER

## Smallholder Governance



### What is Smallholder Governance?

For millions of the World's poor, income and food production are reliant on smallholder agriculture. One barrier to a smallholder's development, alongside a lack of technology and education, is an insufficient management system. As individual farmers, they cannot form a large enough presence to either acquire the necessary means for development or gain access to larger markets and therefore, remain at the subsistence level of production. <sup>1</sup>

One solution to overcome this limitation is smallholder governance. This method creates a group of farmers that meet regularly to develop specific strategies that target resource management, market extension, food security and knowledge transfer. As an organised community that shares a combination of outputs, inputs, risks and success, smallholders are better prepared to deal with shocks and can begin to develop towards a strong, local economy.

## Benefits of Smallholder Governance

- *Reduced transaction costs* as an organisation can buy in bulk and manage their combined resource use effectively.
- *Shared Technology and Knowledge* as farmers who are part of a group share information that benefit the collective. This will fasten the pace to which difficulties or climatic issues are overcome.
- *New markets reached* as individual farmers do not have sufficient access to large, extended, markets. However, a farmer organisation that is selling a singular commodity has a larger market presence and can directly, and successfully, target larger markets with efficient planning and research.
- *Increased Household Income* as larger markets are reached, and land-use and resources are managed more efficiently.<sup>2</sup>
- *Reinforced Food Security* in times of climate and market change as a higher income provides a safety net. Furthermore, members of a group are inclined to look after other members; if one farmer's crop fails, there exist many more crops within that group. This is enhanced even further if the farmer organisation has opted to sell a singular commodity and the profits are dispersed evenly.<sup>3</sup>

### Farmer organisation in Kenya: linking smallholders to markets.

Bananas in Kenya are gradually transforming from a subsistence-level crop to a highly lucrative cash crop for smallholders, having the potential to expand into higher-value domestic and export markets. With external assistance from NGO's, farmer groups were formed to promote innovation and improved market access across the local smallholder banana communities. Organisations developed a concise plan that transformed their individual commodities into a collective marketing strategy. The benefits of this organisation have become apparent as findings indicate that household income has risen considerably through the transferal of knowledge amongst farmers and collective production gaining access to larger markets.<sup>2</sup> Smallholder governance in the banana trade in Kenya has helped strengthen local economies, ensured food security amongst its members, and helped develop the productivity and efficiency of farms.

## Types of Organisation

Farmer organisations or associations can be classified into two subsections: one that is community based and exemplifies a resource-orientated organisation, and one that is commodity based and embedded into a market-focused orientation.<sup>2</sup>

*Community-Based, Resource-Orientated Farmer Organizations* are found on the local scale and are usually small and have well-defined geographical boundaries. They can be made up of village-level members or an association of local farmers, and primarily deal with resources that are needed by the members, such as fertilizer or better irrigation methods. Farmers can organize their collective finances to work towards buying the selected inputs. Being focused on inputs that are needed for their farm rather than commodity outputs, this system of organisation is not concerned with crop or commodity standardization, and can have diversity of both.

*Commodity-Based, Market-Orientated Farmer Organizations.* Whereas the previous strategy of organisation was centred on inputs, this method deals with both inputs and outputs. Input supply, collection of produce, processing and marketing are all collectively organised to increase a group's profit that can be funneled back into the collective enterprise, enabling further re-investment. This type of farmer organisation is more complex than the previous and requires research of the targeted markets and fully comprehensive management, but the rewards are more extensive, tapping into larger markets and securing output security for the members. This organisation does not have to be local, and boundaries can be geographically large to incorporate a single commodity, whilst members can be sporadically dispersed.



## Steps to Establishing a Farmer Organisation

1) Local Leaders to Call Community Meetings: The initial stage consists of gathering farmers in a local area to discuss a preliminary strategy for developing a farmer organisation. The farmers should decide upon:

- The democratically-elected group leaders (their job is to plan and run the regular meetings that decide upon projects and future timings).
- Whether the organisation will be resource-focused or commodity-focused.



2) The Development of a Clear and Concise Plan of Action: At a meeting a plan should be composed that establishes:

- The resources that are most urgent i.e. fertiliser, seeds etc.
- Any areas that are in need of improvement i.e. water resource management, extending to a larger market etc.
- A year plan with weekly or monthly intervals to discuss revelations within the community.



4) Education and Action: It is important that every member understands the values and direction of the organisation. Farmer classes should be established alongside the community meetings so that farmers can exchange knowledge and agricultural best-practices. In these classes, risks and problems can be shared amongst the group and can be overcome quicker.

5) Implementing Selected Projects: the final stage involves the beginning of projects, securing resources and the allocation of tasks. Regular monitoring processes should accompany the project and be discussed in reflection meetings that address any issues or difficulties.

## Things to Consider

- **Perception.** Some farmers may not wish to join an organisation believing that being an individual is better. This is the reason why preliminary meetings and education are so important. It is critical that everybody understands the aims and values of an organisation. If they still do not wish to join then that is their choice, however they may wish to join in the future depending on the success of an organisation.
- **Clarity.** If farmers within a group hold different values, strategies and methods, and go in different directions, then the organisation will fail. There needs to be a coherent and clear plan of action that is shared by the whole community.
- **Resources.** Organisations cannot provide all the services that every individual farmer desires. It is best to focus on the fundamental resources that are needed by every farmer within the group.
- **Potential for failure.** Organisations do not guarantee farmer success. As every market, landscape and area is different, organisations will require distinct methods to succeed in their own environment.



### References

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