



**Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation
(COMCEC)**

Improving Institutional Capacity: Strengthening Farmer Organizations In the OIC Member Countries



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IMPROVING INSTITUTIONAL CAPACITY: STRENGTHENING FARMER ORGANIZATIONS IN THE OIC MEMBER COUNTRIES

The analytical study titled “Improving Institutional Capacity: Strengthening Farmer Organizations in the OIC Member Countries” has been commissioned by the COMCEC Coordination Office for the 5th Meeting of the COMCEC Agriculture Working Group, to be held on March 5th, 2015 in Ankara, with a view to enrich the discussions during the Meeting.

The objective of the study is to provide a series of inputs that can inform policy-makers acting in the OIC Member Countries on the best approaches to take for strengthening farmer organizations (FOs). These inputs come in three forms. Firstly, the study shares findings on the current state of FOs in the OIC Member Countries, including the policy environment, FO membership levels, actions of intra-OIC bodies to strengthen FOs and the impact of development in the financial sector that are aimed at FOs. Secondly, five farmer organizations from the Member Countries are analysed as case studies. Finally, a review of recent activities and trends in strengthening FOs internationally is provided, in order to articulate the set of policy levers and activities that are having the most success globally, and to share examples of best practice. These three areas of analysis are then brought together to provide a basis for some suggestions on policies and actions, as well as areas for OIC Member Countries to encourage cooperation among themselves and between the OIC and outside groups.

Key Findings of the Study

- Agriculture is important for OIC Member Countries: 54% of the OIC population lives in rural areas, many engage in agricultural livelihoods, and the stability and success of this agricultural base contributes to national food security and broad based income generation and development.
- Farmer Organizations (FOs) have the potential to deliver significant benefits to OIC Member Countries, given the scale of their agricultural bases and the high level of smallholder farming and fragmentation. FOs contribute to increased productivity and income generation through access to various inputs, services and markets. FOs are active across the whole agricultural value chain, from input supply to processing and value addition. At each stage, well functioning FOs can allow farmers to access improved inputs such as seed on better financial terms, or

provision of credit to allow greater intensity of input use. In trading and marketing, FOs can aggregate members’ output to reduce transaction costs and achieve improved price realisation. FOs can also leverage aggregation and scale benefits by investing in collective facilities to do primary processing, which can allow members to achieve higher prices and margins.

- There are low levels of participation in FOs in OIC Member Countries. 30% of farmers appear to be members of FOs, based on (largely desk-based) research covering 90% of member countries. As a result, there appears to be a material opportunity from increasing participation to spread the benefits of FOs, and ensure that FOs are strengthened to effectively deliver their potential benefits.
- OIC Member Countries also appear to have put in place a strong enabling environment for FOs (including laws to recognise FOs in 90% of countries, and specific bodies tasked with strengthening FOs in 73% of countries). FOs are typically well-organised – with identifiable apex organizations in 81% of countries – and more than three quarters of these are independent from governments.
- In-country visits and profiling of FOs suggests that, while FOs in OIC Member Countries generally have strong governance structures, business fundamentals and accountability to their members, the main challenge appears to be in finding the resources necessary to provide the services that members need. In particular, FOs face increasing demands to provide services that enable members to access international markets, and also provide services that were previously provided by government.

Main Recommendations

- OIC Member Countries can consider allocating additional financial resources to help relieve FO’s funding constraints to be able to provide high quality agricultural extension and inputs to members.
- There is scope to create or invigorate an ecosystem of actors to strengthen FOs, with a more ‘market driven’ mindset to supporting the ecosystem’s functioning. OIC Member governments can actively foster the creation of bodies with a specific mandate to strengthen FOs, as well as expand existing such bodies, and undertake periodic assessment of these bodies performance. This is a proven strategy for strengthening FO environments and research for this report suggests that scope exists for further application of this approach.

- OIC Member governments can catalyze the development of smallholder-focussed agricultural finance. Banks across the OIC are already experimenting with and introducing financial products to benefit FOs. There may be a role for the provision of ‘public goods’ that can support or catalyze the growth of this sector, including creating and disseminating market research and the provision of guarantees to crowd-in further private sector investment into this evolving space.
- There is a need to gather and disseminate better information on FOs and strengthening efforts. Given significant gaps in the availability of data on the size and strength of FOs, as well as government allocations for FO-strengthening efforts, there may be an opportunity to collaborate with the SESRIC.
- OIC Member Countries can consider convening a learning exchange or OIC-wide policy seminar focussed on new farmer organization-promotion policy development by African OIC members. Given the significant amount of policy and program experimentation occurring across Africa, OIC Member Countries could draw on the experiences of the 17 African OIC countries and help disseminate their learnings to the other Member Countries.
- There is an opportunity to collaborate with the International Labor Organization (ILO) to adapt and implement Recommendation 193 in the OIC context. Recommendation 193 provides a framework for farmer organization promotion and has already been adapted by several OIC Member Countries. In this situation, the ILO can provide advice on the creation of such policies, while OIC Member Countries that have already implemented this can advise on OIC-specific considerations.



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