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IFAD's Engagement with Cooperatives

A Study in Relation to the United Nations International Year of Cooperatives

EVALUATION SYNTHESIS



March 2013



Enabling poor rural people
to overcome poverty

Independent Office of Evaluation

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Evaluation Synthesis

March 2013

Report No. 2780

Document of the International Fund for Agricultural Development

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Preface

The Evaluation Committee of IFAD's Executive Board requested the Independent Office of Evaluation of IFAD (IOE) to prepare an evaluation synthesis on the Fund's engagement with cooperatives, in the context of the International Year of Cooperatives, 2012. The objectives were to describe IFAD's evolving approach to supporting cooperatives and provide information on lessons learned and good practices that would contribute to further debate and reflection on the topic, both during the International Year of Cooperatives and beyond.

Cooperatives are not the only farmers' organizations to receive IFAD support. However, as the United Nations has designated 2012 as the International Year of Cooperatives, it was considered appropriate that the synthesis should focus mainly on cooperatives. Other forms of farmers' organizations are also discussed, both in view of their importance and because IFAD documents do not often distinguish between cooperatives and other types of farmers' organizations. Other organizations covered by the report are registered non-cooperative farmer associations and registered or unregistered economic farmer associations (potential pre-cooperatives). Small farmer groups for agricultural extension and various village-level committees (typical in agricultural services and community-driven development projects) have not been included because IOE followed the definition for farmers' organizations used at the IFAD-sponsored Farmers' Forum, that is: "Farmers' organizations are membership-based organizations of smallholders, family farmers and rural producers – including pastoralists, artisanal fishers, landless people and indigenous people – that are structured beyond the grass-roots or community levels, to local, national, regional and global levels."

This evaluation synthesis describes IFAD's approach to supporting cooperatives and other farmers' organizations over the past two decades and, on the basis of nearly 200 reports, proceeds to analyse IFAD activities in this regard. Many valuable observations and lessons emerge, including the fact that cooperatives are essentially economic organizations that provide social services to their members when finances permit. It also emerges that while cooperatives are relatively easy to establish, they are much more difficult to operate because their committee members and staff may lack the requisite knowledge and experience. Consequently, the most common activities in almost all the projects and grants covered by the report have been training and capacity-building. In this context, the vertical organizations established by cooperatives and similar organizations at the district, regional and national levels will be key to providing long-term solutions. However, it appears that despite difficulties in management and capacity-building, properly operated cooperatives and similar farmers' organizations can reach out and help large numbers of rural people, thereby improving their incomes and living conditions, and therefore merit continued IFAD support.

Anne-Marie Lambert, Senior Evaluation Officer, was the lead evaluator for the evaluation synthesis, with contributions from Catrina Perch, Evaluation Officer; Katrin Aidnell, former Associate Evaluation Officer; Lucy Ariano, Evaluation Assistant, who provided administrative support; Turto Turtiainen, lead consultant; and Federica Lomiri, researcher and assistant analyst. The undersigned provided comments on the draft final report. Other persons, including Michael Hamp and Tom Anyonge, provided opinions and advice throughout the study.

Thanks are due to IFAD Management and staff for their valuable assistance to this exercise, including support in preparing the concept note, information on the loans and grants to be reviewed, and contributions to the September 2012 learning workshop on the subject. IOE is also grateful for the support of the Food and Agriculture Organization of the United Nations, World Food Programme, International Department of the German Confederation of Cooperatives – International Raiffeisen Union (DGRV) (Paul Armbuster), and Academy of German Cooperatives (Sebastian Sommer).



Ashwani Muthoo
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Beneficiaries of the Rural Microenterprise Promotion Programme make slippers out of abaca fibre in Camalig, Albay, Philippines. The programme's objective is to see increasing numbers of new and existing rural microenterprises expanding and operating profitably and sustainably.

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Abbreviations and acronyms

ADB	Asian Development Bank
CABFIN	Improving Capacity Building in Rural Finance
CGAP	Consultative Group to Assist the Poor
COPAC	Committee for the Promotion and Advancement of Cooperatives
ESA	East and Southern Africa Division (of IFAD)
FAO	Food and Agriculture Organization of the United Nations
FO	Farmers’ organization
ICA	International Cooperative Alliance
ILO	International Labour Organization
IYC	International Year of Cooperatives
LAC	Latin America and the Caribbean Division (of IFAD)
MFI	microfinance institution
NEN	Near East, North Africa and Europe Division (of IFAD)
SACCO	Savings and credit cooperative
SFOAP	Support of Farmers’ Organizations in Africa Programme
SME	Small and medium-sized enterprise
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
WCA	West and Central Africa Division (of IFAD)
WFP	World Food Programme

Executive summary

1. Cooperatives are not the only farmers' organizations (FOs) to receive IFAD support. However, because the United Nations has designated 2012 as the International Year of Cooperatives (IYC), it was considered appropriate that the evaluation synthesis should focus mainly on cooperatives. Other forms of FOs are also discussed, not only owing to their importance but also because IFAD documents often do not distinguish between cooperatives and other types of FO.
2. In the context of the IYC, the Executive Board requested the Independent Office of Evaluation of IFAD (IOE) to study the Fund's engagement with cooperatives, particularly with regard to IFAD's evolving approaches to supporting cooperatives, lessons learned and good practices that would contribute to further debate and reflection on the topic. To that end, IOE reviewed IFAD's policy and strategy documents relating to a limited but select sample of projects and grants, which revealed that IFAD has provided a wide range of financial support to cooperatives and similar organizations. A typology was also drawn up of planned and actual operations and lessons learned in designing and implementing projects and grants relating to cooperatives and similar FOs. However, to determine the full extent of IFAD's financial support to such organizations would have called for a much larger sample than the allocated resources allowed for the task.
3. **IFAD's policies and approaches.** IFAD has no stand-alone policy on cooperatives or other FOs, and the term "cooperatives" is not specifically mentioned in its strategy and other official documents. For at least the last two decades, IFAD has consistently promoted organizations with values and principles similar to those of cooperatives, and, when discussing support provided above the farm level, its annual reports or policy documents have used more general terms. From the late 1990s, and especially since the year 2000, the terms "farmers' organizations" and "rural people's organizations" appearing in the Fund's annual reports have implicitly encompassed agricultural cooperatives. In the IFAD Rural Finance Policy of 2000 (updated in 2009), the term "rural financial institutions" also encompasses cooperative savings and credit associations.
4. **Terminology and study material.** Because IFAD has not distinguished cooperatives from other FOs, and as most FOs are membership-based and democratically led, it was considered appropriate that they should be included in the study. The definition of FOs recommended by the IFAD-sponsored Farmers' Forum has been used, that is: "Farmer organizations are membership-based organizations of smallholders, family farmers and rural producers – including pastoralists, artisanal fishers, landless people and indigenous people – that are structured beyond the grass-roots or community levels, to local, national, regional and global levels." Cooperatives, which are also membership-based and democratically managed organizations, fall under this definition, as do non-cooperative, registered farmers' associations and economic farmers' associations. Local farmer groups and village development committees have not been included. Altogether, 25 projects from the five IFAD regional divisions and 10 grants, usually supporting multi-country activities, were selected for the study inasmuch as they included components in support of FOs.
5. **Typology of IFAD's assistance to cooperatives and similar FOs.** IOE reviewed the material (project and grant design, appraisal and President's Reports and Recommendations, plus mid-term review, supervision, ex post evaluation and project status reports) for information on the IFAD assistance that was planned and results actually achieved. Items of special interest were activities considered important for the development of cooperatives and other FOs, and for IFAD, and involved the inclusion of FOs in the goals and objectives of projects; components in support of such organizations; problems (challenges) identified and assistance planned and executed; governance issues; beneficiaries; gender promotion; and risk analyses

regarding cooperatives and other FOs. The results of the findings are given in the main report but, for the purpose of this summary, the following aspects are highlighted.

6. Although establishing cooperatives and other FOs, and building up their networks and vertical support organizations, are demanding tasks, their management – especially of cooperatives – is even more demanding, particularly owing to their democratic nature and large, often poorly educated membership. The project and grant designers identified many potential problems, which the study team classified into the following broad groups:
 - Inadequate organization by rural populations;
 - Poor reputation of cooperatives;
 - Effects of economic liberalization;
 - Lack of experience and relative financial weakness of cooperatives;
 - Lack of competencies and systems;
 - Poor infrastructure;
 - Lack of vertical integration and linkages; and
 - Inadequate finance.
7. The measures used to deal with such problems included:
 - Building up capacity (usually in the form of technical assistance, training, workshops and study visits) at all levels: for staff, committee members and ordinary members of cooperatives and other FOs;
 - Strengthening institutions (helping to establish FOs and providing technical assistance or funds for basic infrastructure, equipment, and technical or managerial backstopping);
 - Provision and strengthening of financial services;
 - Technical assistance for special tasks and studies; and
 - Supporting vertical structures for advocacy and policy dialogue with government and traders.
8. These measures, applied selectively in individual projects and grants, generally produced at least moderately satisfactory results. In view of resource limitations, IOE was unable to evaluate the individual projects (and, in any event, only five projects had completed post-evaluations reports). However, the mid-term and supervision reports showed that all but four¹ had average ratings of 4 or more (from “moderately satisfactory” to “satisfactory”); that projects rated below 4 were, on average, deemed as above “moderately unsatisfactory”; and that, with regard to institution-building, even the four weaker projects were rated above 4. In IOE’s view, these ratings would have been higher had situational (economic, social, educational, historical and even psychological situations) and institutional (needs for capacity-building and institutional strengthening) analyses been undertaken before project/programme design.
9. IFAD has used cooperative projects – and to some extent other FO projects – to reach large numbers of beneficiaries and promote women’s participation. In many places as much as 30 per cent or more of the thousands of beneficiaries are women. Cooperative savings and credit societies particularly facilitate access to financial services to women, and, unlike marketing cooperatives, also to farm labourers and other poorest-of-the-poor people.

¹ Ethiopia, Morocco, Bosnia-Herzegovina and Guinea.

10. **Lessons and hypotheses.** A review of the ex post, mid-term review and supervision reports on the projects and grants under study made it possible for IOE to identify a large number of lessons for planning new projects and programmes. The most important of these are summarized under the following headings and subheadings (see also paragraphs 135–149 of the main report):
 - Establishment and operations (with the following subheadings: Initiation phase; Joining FOs; Process of formalization; Management problems; and Services of cooperative microfinance institutions);
 - Roles of different agencies (Multiple organizations involved; and Decentralization and mainstreaming);
 - Coordination and collaboration (Coordination; and Linkages within the sector); and
 - Dependency and sustainability (Dependency; and Targeting of support).
11. As well as learning from individual cases, the study team took a broader view of the project and grant documents and presented a number of hypotheses with regard to topics such as combining multiple beneficiary groups and policies under the same intervention; achieving more rapid start-up of programmes when cooperatives are named as beneficiary groups; dealing with apex organizations' inadequate capacity to lead; assessing the capacity required to operate FOs; and calculating the appropriate length of FO projects and grants (see paragraph 149). As they were based on a relatively small sample, however, these hypotheses will need to be validated.
12. **Validation by "benchmarking."** IOE conducted interviews and reviews of documents with other Rome-based United Nations specialised agencies and with World Bank regarding their activities with respect to cooperatives and other FOs. It also reviewed the relevant Internet documents of a number of other multilateral and bilateral agencies as well as those of foundations promoting cooperatives. These reviews showed results similar to the findings of the study on IFAD's engagement with cooperatives. There was a common understanding regarding problems identified by multilateral/bilateral agencies on the one hand, and designers and evaluators of IFAD projects and grants on the other hand, indicating that, while not new, problems relating to cooperative developments differ from case to case.
13. Similarities also exist with regard to solutions, although tools used by individual agencies may differ. However, although the most suitable types of assistance are well known, it became clear that conditions vary so much across different countries that the general cooperative (or other FO) model needed to be adjusted for each country based on the historical, economic, and social conditions involved. In addition, tools to countermand the problem areas and promote the sustainable development of cooperatives and other FOs must be designed to fit to circumstances. Because there is much accumulated knowledge at the different development institutions, it will not be necessary to seek completely new solutions; instead, close collaboration between the professionals dealing with cooperatives and other FOs in the different development institutions should be promoted, and specialized persons used for situational analyses and programme designs.
14. **The way forward.** As noted at the September 2012 workshop, while this study represents an important stage in developing guidelines for dealing with cooperatives and similar organizations, a "way forward" will need to be developed. Recommended follow-up activities include identifying countries with different types of FOs, and conducting a thorough study of their effectiveness and modes of operation; preparing a number of success stories (and potentially viewpoints of the beneficiaries through a few testimonies); expanding the study to cover farmer associations not included in the report; validating the hypotheses presented; and recommending action tailored to different circumstances.

Young apprentices learn to carve wood and build furniture. Economic Development Programme for the Dry Region of Nicaragua.

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IFAD's Engagement with Cooperatives Evaluation Synthesis

I. Background

1. Cooperatives are not the only farmers' organizations (FOs) to receive IFAD support. However, because the United Nations has designated 2012 as the International Year of Cooperatives (IYC), it was considered appropriate that the evaluation synthesis should focus mainly on cooperatives. Other forms of FOs are also discussed, not only owing to their importance but also because IFAD documents often do not distinguish between cooperatives and other types of FO.

A. International Year of Cooperatives

2. The **International Year of Cooperatives 2012** was launched in October 2011 during the Sixty-sixth Session of the General Assembly of the United Nations. Concentrating on cooperatives for the entire IYC will highlight the contribution these organizations make to socio-economic development, particularly through reducing poverty, generating employment and improving social integration. Employing the theme "Cooperative Enterprises Build a Better World", the IYC seeks to encourage the establishment and growth of cooperatives all over the world, and to increase recognition of their potential role in achieving international development goals, including the Millennium Development Goals.²

Box 1

Rome-based United Nations specialized agencies and the IYC

Recognizing the role that cooperatives can play in agricultural and rural development, the three Rome-based United Nations specialized agencies – the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and World Food Programme (WFP) – organized a joint event focusing on agricultural cooperatives and their potential contribution to achieving food security in developing countries. A joint statement emphasized that the collective aim of the three agencies would be to promote the growth of agricultural cooperatives during the IYC and beyond. To that end, initiatives were planned with a view to facilitating a better understanding of cooperatives, assessing their socio-economic development impact, and raising awareness of their role in the lives of smallholder farmers, both men and women.

3. The Rome-based agencies also pledged to: adopt relevant innovations³ such as FAO's database of good practices with regard to institutional innovations; help cooperatives form networks through which smallholder producers can pool their assets and competencies to overcome market barriers and other constraints, including a lack of access to natural resources; help policymakers design and implement policies, laws, regulations (an enabling environment) and projects that take account of the needs of both men and women smallholders and help agricultural cooperatives to thrive; and help governments, agricultural cooperatives, the international research community, and civil society representatives to analyse the conditions in which cooperatives can best thrive.⁴
4. At the 2012 Farmers' Forum, one of the side events of IYC, representatives and heads of participating organizations focused on agricultural cooperatives as a driver of the development of smallholder agriculture as a business. Several agencies, such as World Bank, FAO and the International Labour Organization (ILO), have established

² United Nations General Assembly Resolution A/RES/64/136 and agenda item 61(b), Sections 8 and 9, of the Report of the Sixty-fourth Session of the General Assembly. For IFAD's strategic vision specifically, see for instance IFAD's Strategic Framework 2011-2015.

³ Webcast of the event is available on the following link:

<http://www.unmultimedia.org/tv/webcast/2011/10/launch-of-international-year-of-cooperatives-agricultural-cooperatives-a-means-to-achieving-food-security-side-event.html>

⁴ IFAD/FAO/WFP joint press release at the side event on agricultural cooperatives; <http://www.ifad.org/media/press/2011/76.htm>

Websites for rural institutions. IFAD's initiative was to establish a social reporting blog, "Rural Organizations as a Focus for the IYC".⁵ IFAD strongly endorsed the IYC and side events linked to it.⁶

5. IOE will present the conclusions of the evaluation synthesis to the Evaluation Committee in April 2013. The report will be disseminated widely: within IFAD, to the Rome-based United Nations agencies, and to international development banks.

B. Cooperative principles and values

6. Given its mandate to promote agricultural and rural development, IFAD has traditionally promoted farmers and their organizations, but without specific reference to cooperatives (see more about IFAD's approaches under chapter III, section A ("Evolving Approaches on Cooperatives and Similar Organizations")). Internationally recognized cooperative principles and values are congruent with IFAD's philosophy regarding the types of FOs it wishes to promote. According to the International Cooperative Alliance (ICA) (the global apex organization for all cooperatives), a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Ranging from small-scale to multimillion-dollar businesses across the globe, about one million cooperatives employ more than 100 million men and women.⁷ With a total membership of some 800 million worldwide, cooperatives have been at the forefront of promoting equal treatment and participation for women since the mid-1970s.
7. Cooperatives differ from investor-owned enterprises inasmuch as they place people, not capital, at the centre of their business, and often represent the views and interests of poor people better than other types of organizations.⁸ But cooperatives are still business enterprises and therefore may be defined in terms of three basic interests: ownership, control and beneficiaries. It is only in the cooperative enterprise that all three interests are vested directly in the hands of the users of services. But to survive and be able to continue providing services to members, cooperatives must be profitable. Because cooperatives are owned and democratically controlled by their members (individuals or groups, and even capital enterprises), the decisions taken by cooperatives balance the need for profitability with the needs of their members and the wider interests of the community.
8. Cooperatives are based on a number of principles and values, which have not changed radically since their establishment by the "Rochdale pioneers" in England in the middle of the 19th century. The current principles and values, summarized in Box 2, are explained in annex I.

Box 2

Cooperative principles

Cooperative principles may be summarized as follows:

1. Membership is voluntary and open.
2. Members control cooperatives democratically.
3. Members participate in the economy of the cooperative by using its services.
4. Cooperatives operate with autonomy and independence.
5. Members receive education, training and information.
6. Cooperatives practise cooperation among themselves.
7. Cooperatives strive for the sustainable development of their community.

⁵ <http://ifad-un.blogspot.com/search/label/cooperative>

⁶ For other events, see, e.g. CABFIN project and partners:

<http://www.ruralfinance.org/rflc-home/cabfin-project-and-partners/en/> (15.03.2012).

⁷ Cooperatives operate in all sectors of the economy, and the 100 million employees worldwide amount to 20 per cent more than the number of people employed by multinational enterprises. In 2008, the largest 300 cooperatives in the world had an aggregate turnover of US\$1.1 trillion, comparable to the gross domestic product of many countries (Source: WFP website).

⁸ IFAD statement to the FAO cooperative meeting on 29 May 2012 (delivered by the Assistant President, Programme Management Department).

C. Cooperatives and agriculture

9. Agriculture – including farming, forestry, fisheries and animal husbandry – is the main source of employment and income in rural areas of the developing world, where the majority of the world's poor and hungry people live. While the importance of cooperatives in the agricultural sector of some countries is well known, and although cooperatives and other forms of collective enterprise already feature significantly in global agricultural production, no global figures of turnover or market shares in developed or developing countries seem to exist. However, in the recent past, international agencies, including IFAD, FAO and WFP, have reported a renewed interest in cooperatives among international development organizations and governments because, through their autonomous joint ownership and democratic control, they can contribute to the development of smallholder agriculture. Agricultural cooperatives may address some of the challenges facing smallholder producers by using the benefit of economies of scale and gaining efficiencies along the value chains.⁹
10. Agricultural cooperatives help small agricultural producers, both men and women, and marginalized groups by creating sustainable rural employment. By being a part of a larger group, smallholder farmers can obtain access to marketing, negotiate better prices and terms in contract farming, and attain lower prices for agricultural inputs like seeds, fertilizer and equipment. Cooperatives can also help smallholder farmers secure land rights and better access to markets. Mature cooperatives can provide farmers with training in natural resource management and better access to information, agricultural technologies, innovations and extension services. Savings and credit cooperatives (increasingly known as SACCOs) provide financial services for smallholder farmers and even for non-farm populations and farm workers in rural areas.
11. Cooperatives and other collective forms of economic and social enterprise have also helped improve women's social and economic capacity. FAO has suggested that increasing women farmers' access to, and use of, productive resources could increase total agricultural output in the developing world by 2.5-4 per cent, potentially reducing hunger by 12-17 per cent.¹⁰

II. Objectives, methodology and scope

A. Objectives of the study

12. Acknowledging the wish of the United Nations to support cooperatives in the context of the IYC 2012, the Executive Board requested the Independent Office of Evaluation (IOE) to study IFAD's engagement with cooperatives. The objectives of the study were to describe IFAD's evolving approach to supporting cooperatives and provide information on lessons learned and good practices that would contribute to further debate and reflection on the topic, both during IYC and beyond.¹¹
13. IOE accordingly divided the assignment into four main components: (a) IFAD's approach to cooperatives and similar FOs; (b) typology of cooperatives and FOs benefitting from IFAD's loans, grants and other interventions; (c) assessment of IFAD support to rural people's organizations; and (d) "benchmarking" against selected sister organizations (see Concept Note).^{12 13}

⁹ For instance IFAD's IYC website of February 2012, and those of FAO and WFP.

¹⁰ FAO: State of Food and Agriculture Report 2010-11. Rome 2012.

¹¹ Concept Note, p. 1.

¹² "Benchmarking" is a comparative analysis with the practices of other agencies for the purpose of identifying similarities, differences and good practices.

¹³ During the study, IOE gathered information on cooperatives in developing countries. A representative list of such literature appears at the end of the bibliography annex.

14. From the outset, it was observed that IFAD had no stand-alone policy on cooperatives and that, as a rule, its official documents made no distinction between cooperatives and other rural people's organizations or FOs. Reviewing only the projects or grants dealing expressly with cooperatives would not have given a fair picture of IFAD's approach and/or financial support to rural people and their organizations. Consequently, it was decided to broaden the scope of the study to policies, loans and grants having to do with cooperatives and similar collective forms of organization,¹⁴ while also attempting to identify cases of formal cooperatives being specifically targeted.
15. This evaluation synthesis concentrates on the following topics: (a) describing IFAD's policy developments over the past 20 years with regard to cooperatives (and similar rural organizations), as set out in the organization's official documents; (b) classifying FOs and the type of IFAD support to cooperatives and similar membership-based and democratically-led organizations, describing – to the extent possible – the key elements of such support: types of assistance and objectives; shares of loan and grant funds; number and type of beneficiaries; and risks; (c) assessing and recording lessons learned from IFAD's support to cooperatives and similar organizations; and (d) describing selected reference organizations, their activities vis-à-vis cooperatives and similar organizations, identifying lessons to be drawn and the relevance of such activities to IFAD's work in this field (this section is called "benchmarking").

B. Scope and methodology

16. The scope and methodology differ with regard to the above-mentioned tasks. For the first part, IOE took a comprehensive approach to describing IFAD's policies on cooperatives (and similar rural organizations), reviewing and analysing all relevant IFAD information on cooperatives and similar rural organizations for the past 20 years. This included all annual reports, the last four strategic four-year framework reports, and policy documents on several specific subsectors such as rural finance (the 2000 and 2009 versions), sector-wide approaches for agriculture and rural development, private-sector development and partnership strategy, and dedicated websites on the IYC and FOs. (A list of the documents reviewed is given in annex VI). IOE subsequently reviewed trends and changes in IFAD's approaches and practices.
17. Two different approaches were taken with regard to typology (i.e. classifying the rural organizations that IFAD has financed, and recording the most relevant information on the financial support it has provided: in other words, what was planned and what was done in practice).
18. First of all, as IFAD had supported different types of FOs, it was important to distinguish between them (as described in chapter III.B and in annex VI). Then, in determining what IFAD planned and what it actually did for formal cooperatives and other classes of FO, the study team took a less comprehensive approach. This was due to resource limitations and because a preliminary review of IFAD's portfolio indicated that a standard sampling method would give too few projects and grants for a study on cooperatives. IOE reviewed 35 cases (five loans from each of IFAD's five regional divisions and 10 grants) and information was extracted from design, appraisal, supervision, mid-term review and final evaluation reports for projects, and from Executive Board documents on grants. These 35 cases¹⁵ were selected on the basis of a purposeful sample, i.e. for preparing the present evaluation synthesis in the context of the IYC. IFAD's Programme Management Department, Policy and Technical

¹⁴ The expression "cooperatives and other collective forms of farmer organizations" was used, for instance, on IFAD's website in February 2012.

¹⁵ The study cases are listed in annex II, with their goals and objectives as well as the types of FOs they were mainly targeted to. If the study were larger, many other sources of information could also have been selected. For instance, to review the cooperative savings and credit societies, the Rural Financial Intermediation Programme (RUFIP) and its focus on RUSACCOs would have been an appropriate source.

Advisory Division and other divisions and units were requested to indicate projects and grants that would best serve this purpose.¹⁶

19. Because the loans and grants were selected from those supporting some form of FO, the study team was well aware that the approach would not provide a complete picture of what IFAD has done solely for cooperatives, which was the original purpose of the study. However, as the selected projects and grants represented all five IFAD regional divisions equally and covered a substantial period of time, it was determined that even this purposeful selection would provide a satisfactory proxy to show that IFAD has provided a wide range of financial support to cooperatives and similar organizations.
20. In addition to providing loans and grants, IFAD participates in many regional and international forums/platforms/networks for the purpose of sharing knowledge and lobbying on issues relating to rural institutions and FOs. Therefore, by examining IFAD's participation in such forums (for instance, in the network AgriCord, the European microfinance platform (e-MFP), International Monetary Fund's financial platform, IFAD-supported Farmers' Forum, etc.), the study seeks to assess the effect such participation may have in its engagement with cooperatives.
21. A workshop held at IFAD validated the first deliverable, that is, the working paper¹⁷ on policy developments, typology, and assessment of performance by sample projects and grants, and IFAD established a core learning partnership to validate the overall evaluation synthesis. To some extent, validation will be obtained by "benchmarking," that is, comparing IFAD's activities vis-à-vis cooperatives with those of selected international and other agencies. The "benchmarking" section will be completed after the other sections of the assignment; thus it will not affect the observations made in earlier sections.

III. Approaches and terminology

A. Evolving approaches on cooperatives and similar organizations at IFAD

Attention to cooperatives and the term "cooperative" in IFAD documents

22. Although governments and civil servants (even in developed countries) have promoted the establishment of cooperatives, the development of such entities has taken a considerable period of time and has been achieved without much government involvement or interference (in many countries of Europe, for instance, cooperatives already existed at the end of the 19th century). Thanks to initiatives by colonial governments, cooperatives found their way to developing countries during the early part of the twentieth century, but they remained small in number and had relatively little importance except to their members.
23. Starting in the 1960s, however, when countries in Africa and elsewhere became independent, bilateral/international development and financial agencies began - together with the new governments - to vigorously promote cooperatives throughout the developing world. Governments and their development partners saw cooperatives as tools for accelerated economic and social development, and in many cases they were established as quasi-governmental, even monopolistic, institutions with only a nominal connection to international values and cooperative principles. The

¹⁶ A comprehensive method (for instance, using a simple random or some other fully scientific sampling method) would have necessitated reviewing 150-200 projects and grants, partly because it would have been important to find differences, if any, between the five IFAD geographical regions. The approach used by the study team is probably closest to so-called convenience or opportunity sampling, which is a type of non-probability sampling, involving the sample being drawn from the part of the population that is close at hand. That is, a study population is selected because it is readily available and convenient. It may be through choosing a case among people who are easily available (or including a person in the sample when the data collector happens to meet him/her) or chosen by finding the selected interviewee through technological means such as the Internet or by telephone. The researcher using such a sample cannot make scientific generalizations about the total population because it would not be representative enough.

¹⁷ Working paper available upon request.

number of cooperatives and their memberships rapidly increased, and they were very successful in some countries.¹⁸ However, as of the late 1980s, with the liberalization of markets, government policies moving towards a capitalistic approach and the resulting withdrawal of support to and oversight of cooperatives, the outlook for such entities began to change. In the new paradigm of economic development, they were forced to compete with other types of enterprises and, as they became more independent, started to follow cooperative principles and values more closely.

24. The term “cooperatives” was seldom used in IFAD’s policies/strategies during the organization’s early years,¹⁹ but it is unlikely that IFAD deliberately ignored cooperatives in formulating or stating its policies. As IFAD’s objective at that time was to increase agricultural production, the need to concentrate on institutional aspects was not apparent. And because IFAD used other agencies, such as World Bank, African Development Bank, etc., to prepare its projects, it also accepted their approaches with regard to intermediaries. Indeed, although cooperatives are not specifically mentioned in the main texts of any of IFAD’s annual reports or strategy documents, information (appearing in sidebars and “boxes”) on its involvement with FOs regularly mentioned cooperatives. For example, the annual report of 1997 mentioned the importance of linking local organizations to large-scale formal organizations, which probably included cooperatives. Thus, it seems that the reason the word “cooperative” did not appear in IFAD documents was that a term encompassing all types of FOs and institutions was preferred, and not because it was decided to avoid singling out cooperatives.²⁰

Evolving approaches and priorities

25. As mentioned above, while no special mention was made of the term “cooperative” in IFAD’s documents, for at least the last two decades the organization has consistently promoted organizations with similar values and principles.
26. The most important development concerning cooperatives and similar organizations has been the change of emphasis in IFAD’s policies and lending, from promoting farmers’ groups to promoting their organizations and institutions.
27. In the 1980s and 1990s, IFAD chiefly concentrated on improving productivity and increasing production but, except for government extension officers, there was an absence of efficient, cost-effective channels for passing on agricultural messages or goods to farmers. The forming of farmer groups was more than justified because they made it possible to reach greater numbers of farmers. Following the group approach, IFAD has also emphasized the importance of establishing committees for local community development and capacity-building at the village level (this goes under different names, but is most recently referred to as community-driven development).
28. It gradually became more and more clear that single-activity approaches or projects that had few components and concentrated solely on production, were not enough to bring about meaningful improvements both in agriculture and in rural incomes. What was needed was a comprehensive set of agricultural and non-agricultural service facilities, including improved research, rural infrastructure, off-farm employment opportunities, and a new approach to rural finance. Once IFAD and other development partners had provided for these needs, and with the substantial growth

¹⁸ For instance in Brazil, India and Kenya.

¹⁹ IFAD was established in 1977.

²⁰ It has been suggested that the term “cooperative” was avoided because in some IFAD donor countries, including the United States, it may have a negative connotation. (The word «cooperative» was shunned for decades in the United States because of the fear it would indicate that such organizations were socialistic or even communist, and while cooperatives were registered under the respective cooperative law, they had names such as credit unions, Land O’Lakes, and Diamond Fruit Growers.) Alternatively, it has been suggested that because IFAD worked directly with developing country governments through its loans and grants, and through policy discussions, it had to avoid any controversy in its approach to supporting farmers and their organizations and in selecting the terminology used. Or, avoidance of the term may have simply indicated that IFAD Management did not know about the size and potential of existing cooperative organizations in the world (IFAD has employed specialists and advisers in many subsectors, such as rural finance and the environment, but never a specialist on cooperatives).

in agricultural production and farm employment, they advanced to the next level, that is, learning how to obtain the maximum benefit from increased production, advancing agricultural policies and businesses, and ensuring that farmers obtained their fair share of gains in the sector. In this context, the promotion of FOs, including agricultural cooperatives and cooperative savings and credit societies, became an even more obvious element of the development paradigm. Governments and their development partners were able to add this phase to their strategies without forsaking the priorities identified earlier.

29. This change in approach and emphases will become apparent in the next two subchapters, which deal with agricultural cooperatives and savings and credit societies.

Agricultural cooperatives in IFAD's policy documents

30. While agricultural cooperatives have not been specifically singled out in IFAD's annual reports, more general terms have been used when referring to support above the farm level. The terms most commonly used were "farmers' groups", "organizations and associations", "community development committees", "local institutions", "civil associations" and "rural people's organizations". Only farmers' associations and organizations, and rural people's organizations, are likely to comprise such membership-based, democratically operated and economical organizations that could be seen as cooperatives or similar organizations, the target of this study.²¹ (IOE does not, however, underrate the importance of smaller farmer groups and various village committees, and the purposes for which they were promoted, as, for instance, in community-driven development projects. In addition, IOE acknowledges that such groups promote the cooperative spirit in general and help build social capital through networking in rural communities.)
31. As indicated in the previous chapter, in the 1980s and 1990s IFAD's operations appear to have concentrated on establishing – and, from 1997 on – and building up the capacity of local-level farmer and villager groupings rather than supporting formal or registered organizations such as cooperatives. The participation of farmers and villagers in local development was the slogan of the day. While grass-roots groups and associations were frequently mentioned in the main texts of annual reports, cooperatives were mentioned only occasionally and in some reports not at all. A typical presentation of IFAD's strategic emphasis may be cited from the 1999 annual report, where it was stated that IFAD's assistance aims at "helping the rural poor to organize themselves and gain a voice in local decision-making and resource allocations; encouraging beneficiary participation at various stages of the project cycle; and promoting household food security by providing opportunities for both farm and non-farm employment."²²

²¹ In this study, when talking about the economical and non-disaggregated categories of farmers' organizations, IOE has not considered the village-level farmers' groups often promoted to pass along extension information or goods, such as fertilizer or seeds, or committees established for local community development and capacity-building at the village level. In this respect IOE followed the definition established by the Farmers' Forum (see chapter III, section B). Smaller or community-driven development groups are not cooperatives or similar organizations (membership-based, democratically administered, and economic organizations), on which IOE concentrated in this study.

²² IFAD Annual Report 1999, p. 45.

Farmers' organizations in IFAD documents

As of the late 1990s and especially from the year 2000, the terms "farmers' organizations" and "rural people's organizations" started to appear in the Fund's annual reports (probably as the result of the Rural Poverty Report 2000, see below). From then on, all annual reports have emphasized the need to strengthen the capacity of both the rural poor and their organizations. These must have included cooperatives as well as other membership-based and democratically managed organizations, although no specific definitions were given. Different annual reports elaborated on specific needs: FOs were necessarily part of agro-productive chains (2000); coalition-building among official and unofficial organizations was to be supported (2002); the continuum from farmers to processing and consumers (later known as value chain) was important (2003); federations of FOs should be supported (2004); capacity-building at all levels of FOs was necessary (2008); and so on. And the reports contained numerous statements about how cooperatives had been involved.

32. Typically, an institution's strategic plan is a vehicle for devising innovations and sharpening focus. IFAD's Strategic Framework of 1998 announced shifts in IFAD's management arrangements and business culture, including reorganization of its structure, "re-engineering" approaches, and the building of better links with NGOs and other development agencies. No mention was made of cooperatives or even of farmers' agencies. However, the Strategic Framework for IFAD 2002-2006 stated that, as one of its key objectives, "The Fund also aims to enable the rural poor and their organizations to influence institutions (including policies, laws and regulations) of relevance to rural poverty." This general policy was upheld in the IFAD Strategic Framework 2007-2010, which included such aims as working in partnership with borrowing country governments, poor rural people and their organizations, and other donor agencies; and strengthening the capacity of rural people and their organizations. While local groups were still important, the document also stated that farmers' cooperatives belonged to organizations of the rural poor.
33. The IFAD Strategic Framework 2007-2010 acknowledged that rural people could be empowered by "strengthening a range of organizations formed by, and of, poor rural people". It may be assumed that cooperatives were included in these organizations. The IFAD Strategic Framework 2011-2015 promises similar support to FOs but, again, cooperatives are not specifically mentioned. The aim of IFAD's assistance is that "poor rural women and men and their organizations will be able to manage profitable, sustainable and resilient farm and non-farm enterprises or take advantage of decent work opportunities".²³ As its strategic orientation, IFAD will expand its policy engagement in its borrowing countries by working with governments, FOs (local, national and regional) and other agencies. One of the focus areas will be to integrate poor people within value chains and promote effective and sustainable producer organizations to supply farm inputs and market the outputs.²⁴
34. Cooperatives are mentioned in other policy documents. The 2005 Private Sector Development and Partnership Strategy Policy, for example, states that "of particular importance in the emerging markets are FOs and producers' cooperatives."
35. Throughout its existence, IFAD has always actively promoted the reduction of poverty and, other than lending, its activities have often involved FOs, including cooperatives. Examples of such interventions include organizing, participating in and financing international seminars and conferences, such as the 1997 International Seminar on the Role of Farmers' Organizations in Agricultural and Rural Development, organized in collaboration with the National Agricultural Cooperative Federation of Korea; an International Seminar on Cooperative Development in 1999, also in Korea, and with contributions from the Korean cooperative movement; financing and participating in the world conferences of the International Federation of Agricultural Producers;

²³ A similar statement appears in IFAD's statement to the FAO cooperative meeting in May 29, 2012 (delivered by Kevin Cleaver on behalf of IFAD's president).

²⁴ IFAD Strategic Framework 2011-2015, pp. 18, 36-39.

publishing Rural Poverty Reports in 1997, 2002, 2007 and 2011; and, in 2008, preparing a source book on meeting IFAD's millennium challenges, which outlines strategic elements needed to lift people out of poverty through self-organization and institutional transformation (such as capacity-building for a wide range of poor people's organizations and creating forums for dialogue among the poor, their organizations and their governments).²⁵

Box 4

Farmers' Forum

One of the Fund's major efforts to involve FOs in rural development has been to initiate, in partnership with IFAD and then to finance, the Farmers' Forum – consultations among the leaders of what are essentially non-cooperative FOs from around the world (some cooperative organizations are also involved). A process of consultation and dialogue between small FOs, rural producers' organizations, IFAD and governments on rural development and poverty reduction, the Forum takes place once every two years and is preceded by national and regional consultations. The agenda varies from meeting to meeting, but may include a review of major events and trends in the development of agriculture and (at the 2012 meeting) the strengthening of FOs and linking research to advocacy in such organizations. The agenda of the 2012 Forum included discussions on the IYC.

36. The Farmers' Forum makes recommendations to international organizations for further promotion of agricultural activities and involvement of key stakeholders in policy-making at the international, regional and national levels. However, the Forum mainly comprises representatives of national and regional organizations that exist for advocacy, representation and advisory purposes and, unlike agricultural cooperatives (which are often members of these national organizations), are not directly involved in economic aspects of the sector. But because the Forum operates at IFAD's highest level of governance, its findings influence the organization's policies.
37. Many other IFAD efforts to promote FOs are noteworthy, including the drafting of a policy paper on rural organizations²⁶ (not yet completed) and establishment of a website on rural institutions for knowledge management and dissemination.²⁷ Other noteworthy initiatives have been the workshop on "Learning from Good Practices in Building Agricultural and Rural Development Institutions",²⁸ organized in collaboration with FAO in September 2011, and numerous grants for promoting farmers' and women's organizations (more information on grants appears in chapter IV).
38. **Regional differences.** Strategies outlined in the organization's annual reports give the promotion of FOs as a priority area, but the emphasis differs by region and from year to year. In the Africa region (later split into two), the group approach for improving agricultural productivity predominated until the early twenty-first century, when support to the rural poor and their organizations became a priority. (At least in some countries, cooperatives may be assumed to be among these organizations.²⁹) In the first decade of the new century, empowering the rural poor, building up capacity in their organizations, and developing a legal framework conducive to FOs became priority issues in the two Africa regions, together with the group and community-driven development approaches. In Asia, the group approach remained an important tool. Rural people's organizations were mentioned as early as 1997, although they rarely featured in annual reports or strategic frameworks after that. Even earlier, the Latin America and the Caribbean Division (LAC) acknowledged the importance of the rural poor and their organizations and of "agro-production and

²⁵ IFAD: Source Book; Institutional and organizational analysis for pro-poor change: Meeting IFAD's millennium challenge, Rome, 2008.

²⁶ IFAD: draft IFAD corporate policy paper: Partnership with Farmers and Rural Producers Organizations, 2007 (in IFAD's archives, not printed).

²⁷ <http://www.ifad.org/english/institutions/index.htm>

²⁸ See FAO/IFAD: Good Practices in Building Innovative Rural Institutions to Increase Food Security. FAO 2012.

²⁹ A case in point is Rwanda, where cooperatives feature in several projects.

market” linkages, later known as value chains. FOs were mentioned in annual reports on the region during the 1990s, but rarely appeared in subsequent reports. In the Near East, North Africa and Europe Division (NEN), participative approaches were emphasized in the 1990s but empowering the rural poor and strengthening their organizations became a priority only after the turn of the century.

39. The contents of the last two strategic frameworks have already been already taken into account in many country strategic opportunities programmes (COSOPs) and in the design and implementation of IFAD-financed projects. IFAD has also allocated resources to help build up the capacity of national and subregional federative organizations.³⁰

Financial cooperatives in IFAD’s policy documents

40. During the 20-year period covered by this study, the Fund’s policies on financial cooperatives have evolved more subtly than those for the promotion of agricultural cooperatives. From the start of IFAD’s activities, development of rural finance has received high priority. However, as with agricultural cooperatives, IFAD’s documents have been “shy” about singling out financial cooperatives (savings and credit societies or credit unions and their regional and national organizations), and have usually used more general terms such as “rural financial services” and “microfinance.” Because many of the organizations, which are usually described as microfinance institutions (MFIs), are not membership-based and democratically administered, they do not fall under the purview of this study.³¹ Thus, references to assistance to cooperative financial institutions in IFAD documents are more difficult to detect, although they do exist.
41. The main shift in emphasis over the past 20 years has been the gradual shift from using agricultural development banks or other financial institutions as channels for passing loan funds to farmers (and, occasionally, their organizations³²). As of the 1990s, IFAD has been promoting the building up of rural financial systems based on local savings, thereby acknowledging that cooperative finance and local (village) banks are useful mechanisms for agricultural lending. IFAD’s 1999 annual report, in line with its Rural Finance Policy³³ (which was under preparation at the time), stressed the importance of promoting innovative financial services and integrating the mobilization of savings with provision of credit and the need to support highly participative, shareholder-based financial institutions. All this was clearly related to savings and credit cooperatives or other similar organizations, some of which could be considered as pre-cooperatives. Subsequent annual reports have only mentioned rural finance as an important activity, and some of them also mentioned cooperatives or similar institutions.³⁴

³⁰ For such countries as Rwanda and Uganda. Anecdotal information within IFAD indicates that it has provided financial assistance, partly in the form of grants, to some 80 national-level organizations in 60 countries.

³¹ MFIs are usually established by NGOs or private donors and are often supported by various bilateral and other financing sources, including international development funds. Thus, many of the MFIs are not cooperatives, whereas all cooperative savings and credit societies and credit unions can be considered microfinance institutions.

³² There were exceptions, such as financial support to the Armenian Agricultural Cooperative Bank (see the 1997 Annual Report and IFAD: Private-Sector Development and Partnership Strategy Policy. Rome 2007).

³³ See Box 5.

³⁴ However, not usually in the main text but in cases presented in “boxes” or “sidebars”.

Rural Finance Policy

The Rural Finance Policy of 2000 described approved practices and new approaches to rural finance, and naturally influenced IFAD's activities as reported in the annual reports. Cooperative savings and credit societies and credit unions were also covered in the policy. The revised version of the Rural Finance Policy (2009) followed broadly the same lines, except that it used the 2008 definition of Consultative Groups to Assist the Poor (a consortium of 33 funding organizations engaging in microfinance): "MFIs are licensed and unlicensed institutions that include NGOs, commercial banks, credit unions and cooperatives, and agricultural, development and savings banks."

42. The policy also listed a number of principles and priorities, not all new but applicable to cooperative financial institutions (or associations that could be considered pre-cooperatives), specifying that IFAD should: support the reform of promising financial institutions; design institutional programmes with incentives to build internal capacity and reduce dependence on external aid; avoid subsidizing interest rates; offer lines of credit to retail and wholesale financial institutions only under exceptional conditions;³⁵ support savings-based self-help groups; develop second-tier and apex organizations of rural finance institutions; and facilitate the development of a conducive policy environment, prudential regulations, and the supervision of cooperatively and privately owned local financial institutions.
43. As for rural finance, differences between the IFAD regional divisions were perhaps less marked than was the case with agricultural cooperatives. As mentioned earlier, support to financial institutions has been a priority for IFAD since its establishment, and references to such support appeared in the annual reports for Asia in 1992, Near East in 1993 and Africa in 1996. In 1999 and 2000, such support became something of a permanent feature in all regions, probably because of the work being done to prepare IFAD's Rural Finance Policy. Cooperative financial institutions (that is, savings and credit societies and credit unions) were seldom mentioned in the reports, but information in the sidebars and "boxes," especially with regard to Africa, indicates that they were not excluded.
44. IFAD has frequently participated in, and contributed to, international and national conferences, seminars and workshops on financial institutions. As one of the milestones, the International Year of Microcredit (2005) received considerable attention throughout around the world, and IFAD participated actively in celebrations for it. The Fund has participated actively in the meetings and research and support programmes of the Consultative Group to Assist the Poor (CGAP).³⁶

B. Categorization of farmers' organizations

45. IFAD has always used broad terminology when describing FOs or the institutions it has promoted. For instance, in its 2010 annual report, IFAD referred to rural institutions, which encompassed a broad mix of groups for farmers, producers and water users; rural workers' associations; savings groups and credit unions; and self-help groups – often formed by women and young people. IFAD also uses the terms "value chains" and "rural financial services," which (a) support the establishment of FOs to improve producers' bargaining power, manage produce in bulk, and reduce transaction costs; and (b) support the development of small and medium-size enterprises (SMEs) for value-added processing.
46. As an earlier example, in 2006, an IFAD study provided a breakdown, into three main categories, of FOs in Eastern and Southern Africa: (a) general FOs (comprising agricultural producer unions, advocacy organizations and agricultural cooperative federations); (b) commodity-based associations (involved in the production, processing and trading of a single agricultural commodity or a set of complementary

³⁵ Exceptional conditions are listed in the 2009 Rural Finance Policy, p. 19.

³⁶ GGAP is a public goods entity with 36 member organizations. IFAD chairs the Constituency of Multilaterals and has had a seat in the Executive Committee of CGAP since 2010.

commodities); and (c) financial service organizations (such as savings and credit cooperatives — often called SACCOs in Anglophone countries and *banques populaires* or *caisses populaires* in Francophone countries).

47. The most recent illustration of IFAD's broad terminology appears in the 2011 Rural Poverty Report. A working paper prepared for that report presented a framework of rural people's organizations, using very broad terminology – including, besides farmer groups, common interest and advocacy groups for farmers, SACCOs, apex organizations, water users' groups and marketing groups, presumably including cooperatives.
48. **Classification and terminology in this study.** As a basis for the typology review contained in this study, IOE has used the definition established by the Farmers' Forum for farmer organizations: "Farmers' organizations are membership-based organizations of smallholders, family farmers and rural producers – including pastoralists, artisanal fishers, landless people and indigenous people – that are structured beyond the grass-roots or community levels, at local, national, regional and global levels."³⁷
49. For the purpose of this study, IOE divided the FOs into three groups: because the main focus of this study is on cooperatives, Group A, **formal cooperatives**, is the first group; the two other groups are Group B, **non-cooperative farmers' associations** and Group C, **other economic farmer associations**. In addition, several project or grant documents did not specify the FOs they dealt with, but as long as they were membership-based and democratically administered organizations for economic purposes, IOE sought to include them in the study. The three groups and non-specified FOs are described in annex III.
50. Whenever possible, IOE also recorded the level of the cooperative and similar organizations – local, district (usually called unions), or national (usually called federations) – supported.

IV. Typology of IFAD support to cooperatives and other farmers' organizations (What was intended?)

51. Because the Fund has a well-developed evaluation methodology and procedures for its projects, it would have been logical to use IFAD criteria when preparing a typology of projects and grants, especially when assessing their performance. However, using IFAD's methodology takes time and resources, and only five ex post or mid-term evaluations on the projects or grants in question had been completed by the time of the study.³⁸ Instead, IOE opted to review aspects of the projects/grants seen as being most important for the development of FOs and for IFAD, that is: goals and objectives; total costs and costs of components involving FOs; category of FOs involved; problems to be addressed by FO components; type and purpose of support under FO components; potential governance issues; beneficiary organizations and individuals; promotion of women; and identified risks regarding FOs.

A. Goals and objectives of projects/grants supporting cooperatives and similar farmers' organizations

52. Given IFAD's focus on empowering poor people to lift themselves out of poverty, the study focused on projects which, as their primary goal, aimed at reducing rural poverty (or the poverty of a particular area and target group). Development objectives describe the purpose of projects, such as helping small-scale producers to gain better access to markets and obtain better prices for their produce, or, in poorest areas or marginal agricultural lands, increasing revenue and improving living

³⁷ Farmers' Forum: The 2008-2009 Partnership in Progress, page 1. Other agencies may use narrower or broader definitions for farmers' organizations. For instance, FAO and WFP appear to prefer to include all types of groups of farmers under this concept.

³⁸ One of these was the PCR in the United Republic of Tanzania, prepared by the Government.

conditions on a sustainable basis, reducing unemployment and improving food security. Because most of the projects were aimed mainly at cooperatives, FOs or rural institutions, their specific objectives usually included: (a) promotion of environmentally sustainable intensification of agriculture or sustainable exploitation of natural resources and growth of rural enterprises; (b) strengthening agricultural services and improving water management systems; (c) growth and diversification of the productive base of the rural poor, including the most vulnerable groups (that is, women and youth); and (d) increasing the financial returns to small operators of market-oriented production and trade activities by improving information about market opportunities, reducing costs, adding value, improving both poor people's access to trade and the reliability of trade relations; and improving the efficiency of value chains.

53. Projects that promote rural financial services have the same general goals as those for agricultural development, particularly with regard to reducing poverty and contributing to improved rural economies. However, under such projects, the aim is to increase rural household revenues by giving them access to financial services, in line with government policies and over and above existing programmes. Because only financial institutions can provide such services, the objectives mention the need to develop viable networks of nearby financial services for rural people, often using the term MFIs. As mentioned in chapter III, section A, some MFIs – such as cooperative savings and credit societies, credit unions and formal self-help savings groups – also belong to FOs. Moreover, projects may aim to finance existing and new microenterprises and help them to operate profitably.
54. Some project documents make no specific mention of FOs or rural institutions in their goals and objectives, but the interventions are structured around components, subcomponents or activities in support of them. Most study case projects use a variety of terms to describe the FOs and, in such cases, the specific objectives include improving the capacity, performance and sustainability of FOs or value chains. However, with the exception of one case (Morocco), there is no mention of cooperatives being targeted.
55. All the grants covered by the study aimed at promoting rural organizations or institutions, with the exception of those provided by FAO and World Bank for developing financial systems more generally applicable for rural or microfinance institutions (Improving Capacity Building in Rural Finance [CABFIN]) and Developing Inclusive Financial Systems for Improving Access to Financial Services in Rural Areas (CGAP), respectively. Some even include cooperatives in their objectives.

B. Components for cooperatives and other farmers' organizations in the sample projects and grants

56. **Loans.** There is substantial variation in the types of FOs supported by IFAD loans in the sample cases, both by subgroup and by size. As a general rule, IFAD assistance to FOs is provided through the components or subcomponents of more general agricultural or rural finance projects, or through activities under subprojects. The most typical cases of support for FOs have to do with projects that mention all three groups covered by the study – formal cooperatives, other (non-cooperative) associations, and economic farmers' associations (potential pre-cooperatives) – but which reserve funds for all without allocating funds among them. Typically, allocations for assistance to FOs vary from 10 per cent to 20 per cent of project funds.
57. The Uruguay project was one of the relatively few cases, in which, in terms of the financial resources (as much as 68 per cent) reserved for their development, the promotion of FOs was its primary purpose. In Guinea and Rwanda, more than 50 per cent of project funds were reserved for FOs.

Cooperatives in focus

Only a few projects could be considered as “cooperative projects or programmes”, that is, projects primarily aimed at assisting formal cooperatives or the members thereof, or which supported agencies promoting cooperatives and reserved most of the allocated funds for them, directly or indirectly (e.g. by providing lending funds). One example of such cases, referred to as Group A by IOE, is the Smallholder Cash and Export Crops Project in Rwanda. Cooperatives sometimes have their own components or subcomponents under a project intended mainly for developing agricultural production, improving rural incomes, promoting value chains, or providing rural finance. One such case is the Agricultural Marketing Improvement Programme in Ethiopia, which provides an estimated 25 per cent of its funds for cooperative development. Another intervention with a substantial cooperative development component is the Dabieshan Poverty Reduction Programme in China (19 per cent).

58. Apart from those already mentioned that have reserved substantial funds for FOs (including cooperatives), most projects allocated only small amounts for these purposes. While the components for assisting FOs may have been substantial, the actual amounts allocated (through subcomponents) were usually less than 10 per cent of project funds, because several other subcomponents and activities were involved.
59. Of the 25 projects covered by the report, in seven of them (Kenya, Ethiopia, Rwanda, Tanzania, Guinea, Morocco and Bangladesh) some funds were specifically targeted for cooperatives. More commonly, however, cooperatives were allowed to benefit from funds earmarked for economic farmers’ associations, referred to as Group C, or other economic farmer associations. In several cases, IFAD funds were made available under components reserved for MFIs, some of which might be rural savings and credit cooperatives.
60. Attention was also paid to non-cooperative registered associations – that is, members of Group B whose primary purpose is to provide advisory services to farmers, advocate their views and lobby on their behalf in the regional or national arena. They may have had access to project funds but were specifically mentioned as partial beneficiaries only in some projects in LAC and the West and Central Africa Division (WCA), and in the Xinjiang Uygur Autonomous Region Modular Rural Development Programme in China.
61. In several cases, it was not possible to judge which types of FOs were the intended beneficiaries; in other words, part of project support belonged to non-specified FOs. This lack of definition among target organizations occurred even in cases such as Ghana, where it transpired that most FOs were cooperatives.
62. **Grants.** Besides providing grants to the poorest developing countries to finance their projects, IFAD provides grants for organizations or programmes that support the work of NGOs; cover several countries; or are often partially, but not sufficiently, financed by other development agencies. The grants reviewed in this study ranged from US\$115,000 (Nepal) to the quite large grants of US\$1.5 million for CGAP and AGEXPORT³⁹. Each IFAD grant has its specific rules and qualification requirements, but all must support IFAD’s mandate, that is, promote agricultural and rural development for the benefit of poor people and vulnerable groups.

³⁹ The amounts in grants, or IFAD’s contribution, for AGRICORD and PAOPA are not clear.

Grants for cooperative development

A number of grants, or the programmes they support, also promote cooperatives and similar organizations. Such support cannot always be easily detected in the relatively short and general grant application and approval documents, but it becomes obvious when the reports prepared by the follow-up or grant completion missions are studied. Of the 10 grants reviewed, those most clearly intended to support cooperatives were for the Federation of Production Cooperative Organizations in Paraguay and the goat development project in Nepal, where the grants were entirely for cooperative development.

63. A number of other grants provided more generally for producers' or FOs and had no cooperative component. These included the Support of Farmers' Organizations in Africa Programme (SFOAP) in sub-Saharan Africa, which supported regional farmers' associations, and the FAO-managed FAO-SEWA, which is essentially aimed at farmers' groups but has a small component for developing regional and national-level institutions. Other grants support both cooperative and non-cooperative associations under the same components.
64. Some programmes supported by IFAD grants appear to be intended for purposes other than FOs, but the implementation reports revealed that they strongly supported the development of such organizations. For example, the European Union Food Facility supports seed production, but it does so by organizing seed producers into cooperatives. In some countries, such as Mali and Senegal, the Facility organizes seed producers' cooperatives into federations or uses existing cooperatives (as in Benin, but not in Côte d'Ivoire or Ghana).
65. With respect to rural finance, IFAD grants do not have special components or subcomponents for cooperative financial institutions (savings and credit cooperatives, credit unions, or their vertical support organizations), but provide financing for studies, capacity-building, or activities related to MFIs in general. Grants that are at least indirectly useful for cooperative financial institutions include: (a) CABFIN (FAO), which establishes an Internet-based rural finance learning centre;⁴⁰ (b) World Bank-hosted CGAP, which is developing inclusive financial systems for improved access to financial services in rural areas; and (c) the Participatory Microfinance Group for Africa,⁴¹ which strengthens cooperatives in countries such as Burkina Faso and Mali, where cooperatives are already strong.

C. Challenges and types of assistance to cooperatives and similar farmers' organizations

66. **Problems encountered by FOs.** Most developing countries have a long tradition of cooperatives, many of which have served rural populations in an exemplary manner (e.g. coffee cooperatives in Brazil and Kenya). As mentioned in chapter III, over the past decade IFAD policy documents have stressed that it is only by organizing themselves into economic and advocacy groups that small farmers can gain meaningful access to markets and obtain fair prices for their produce. Moreover, because FOs can provide rural services more economically (rather than individually), governments and development agencies use FOs to reach more people with available resources. Creating effective and competitive cooperatives and other FOs that are independent and democratically managed, however, is a daunting task.
67. In some cases the documents reviewed contained analyses of the problems for which FOs need funds.⁴² In other cases, the documents identified a number of problems hampering the development of cooperatives and other FOs and for which project

⁴⁰ To be converted to the Rural Finance and Investment Learning Center (RFILC).

⁴¹ PAMIGA (*Groupe Microfinance Participatif pour l'Afrique*) was established as an international NGO by the *Centre International de Développement et de Recherche* (CIDR) and by other knowledgeable about MFIs in Africa.

⁴² They may list several related constraints, including a weak technological base of agricultural production, harvest losses because of poor handling, problematic packaging and transport, underdeveloped local markets and difficulty for farmers to obtain inputs.

resources have been reserved. The main problem areas, varying from country to country, are as follows:⁴³

Inadequate organization by rural populations. Although local groups and organizations exist in all developing countries, economic organizations for farmers or service providers may not exist or there may be too few of them for farmers to benefit from increased marketable production or economies of scale. Often, farming populations do not use the facilities or participate in activities developed for them, and even where cooperatives nominally exist, many are not functioning. Furthermore, existing cooperatives may not have included the poorest farmers.

Poor reputation of cooperatives. In several countries, the cooperatives' reputations have been harmed by political interference; action should be taken to reverse the situation. Similarly, interest in cooperatives may have waned because they were previously set up as government agencies rather than as independent bodies. Although some other FOs may have better reputations than cooperatives, they cannot replace the cooperatives because they have not been established for economic purposes, are too small, or have an inadequate network or too few linkages to be effective, especially in marketing or rural finance.

Economic liberalization. Whereas cooperatives in some countries may have once enjoyed a favoured or even monopolistic situation for produce marketing and input supply, economic and market liberalization may have forced them to compete with other forms of organization for which they were unprepared in either financial or managerial terms. Also, when cooperatives deal with internationally marketed produce, price fluctuations cause difficulties for cooperatives, especially if input prices rise simultaneously because of inadequate competition.

Lack of experience and relative weakness of cooperatives. In many cases, FOs are relatively new or lack experience in the activities for which they have been established. Many also have limited resources or working capital for operational requirements. Cooperatives may be experienced, for example, in supplying farm inputs but not in the purchasing or marketing of agricultural products. Also, a country's general poverty and high unemployment may prevent the accumulation of enough capital for efficient business operations or result in a large number of small transactions with little profit margin.

Lack of competencies and systems. Cooperatives in many countries lack adequate managerial skills and administrative, accounting and audit systems or cost-accounting practices, which results in inefficiency and even the mishandling of cooperative affairs. Moreover, they may not have sufficient management/business support to improve and expand their operations, and even literacy levels of staff may not be adequate for them to participate in and supervise cooperatives. The level of marketing know-how, market information systems, capacity to identify investment opportunities, or cost accounting may also not be sufficient to compete in today's markets. Elsewhere, there may be too little experience in planning or handling micro projects.

Poor infrastructure. Cooperatives may lack facilities to collect, store, process and market farmers' produce, or their facilities may be out-dated. Feeder roads and communications facilities may not be of sufficiently high standard for cooperatives to reach markets and obtain good prices for produce.

Lack of vertical integration and linkages. Small cooperatives or other FOs may find it difficult to reach distant major markets because they do not have

⁴³ Several of these problem areas or individual problems were also highlighted at the validation workshop held at IFAD in September 2012.

higher-level support organizations, linkages to private-sector operators or value chains.

Inadequate finance Whereas banks and MFIs, including cooperative savings and credit societies, may provide for the financial needs of individuals to some extent, cooperatives and other FOs often find it difficult to obtain investment financing at acceptable interest rates. Financial institutions may have little experience, skills or even financial products to deal with FOs, or the institutions may be financially weak.

68. The problem areas identified as justifications for grants fall under the categories of "inadequate organization of rural population," "lack of experience and relative weakness of cooperatives" and "poor reputation of cooperatives". However, while the problems had not been clearly identified in several grants, the need for the grants had been implicitly characterized as "lack of resources", "inadequate access to financial resources" or "insufficient food supply". In other cases, the justification for IFAD grants was to support earlier IFAD interventions.
69. **Measures to assist FOs.** As farmers face many difficulties in organizing themselves and operating FOs, project planners have designed many measures to help them. Typical measures are as follows.

Box 8

Typical measures to support farmers' organizations

The types of assistance can be summarized under the following headings:

- Capacity-building
- Institutional strengthening
- Strengthening of public-sector cooperative and marketing agencies
- Providing and strengthening of financial services
- Technical assistance for special tasks
- Support to vertical structures
- Other support

70. **Capacity-building.**⁴⁴ By far the most common type of assistance that IFAD provides is for capacity-building; all of the study cases included capacity-building support except for Guinea, where the emphasis was on strengthening institutions. According to loan and grant documents, capacity-building (usually in the form of technical assistance, training, workshops and study visits) is needed at all levels: for staff, committee members and ordinary members of cooperatives and other FOs, and occasionally also for officers of their vertical support organizations. Training may range from cooperative and business principles and negotiation skills to such technical topics as marketing and operation of processing facilities. Capacity-building may be also provided by a hired twinning agency or by linking up with other private-sector buyers.
71. Private-sector service operators and NGOs expected to provide capacity-building services for cooperatives often need to be trained for training for tasks that are sometimes new to them. In some places service providers need training to help design and manage micro projects.
72. **Institutional strengthening.** When there are no suitable cooperatives, private-sector or economic groups to help farmers join the market economy or obtain the services they need, projects may assist farmers in forming cooperatives and other rural organizations. After the start-up phase, projects provide technical assistance or funds for basic infrastructure, offices and storage facilities, and

⁴⁴ According to FAO, there is a shift in thinking that combines the concepts capacity building and institutional strengthening under a common heading, such as capacity development. It emphasises the need to look at capacity development as a process of learning and change for individuals, organizations and the enabling environment. It may not take into account the material, physical and perhaps not even operational requirements that make organisations to carry out the functions they have been established to do. And which is a reason why the two concepts have been separated in this study.

equipment; technical or managerial backstopping to enhance planning and operations; for institutional rehabilitation and consolidation of organizations previously set up; or for access to productive resources, markets and other services. In a couple of cases, projects support regional and national FOs in conducting advocacy and policy dialogue with government and traders, restructuring unions and federations, and training leaders. A few projects have financed market and other studies.

73. **Strengthening of public-sector cooperative and marketing agencies.** Recognizing the importance of cooperatives and similar organizations for development of national, local and individual economies – and the responsibility for protecting the members from misuse of resources – governments have established public-sector bodies to promote and supervise these organizations. However, while civil servants are often too young and inexperienced for the functions they are expected to perform, IFAD projects can give them the necessary training. Also, public-sector cooperative agencies may need training in project design, planning and management. This training may extend outside the cooperative governmental agencies, such as to the marketing or monitoring and evaluation departments of various ministries, to governmental parastatals responsible for export marketing of agricultural produce, and even involve small-scale water resource development.
74. **Providing and strengthening financial services.** The importance of access to financial services is acknowledged in numerous IFAD projects, and technical assistance was commonly provided to expand and improve such services in the study cases. Such assistance could be used to develop credit systems and products; strengthen institutions; provide management training in financial technology, and products to cooperative savings and credit societies and other MFIs; provide lines of credit for new export crop associations and cooperatives, or supplementary funds to SMEs and other businesses, presumably including cooperatives; finance cooperative infrastructures, logistics and micro projects with partial subvention; to finance poverty reduction or business plans by FOs (for instance, in Nicaragua); or to contribute to equity capital. In one case (Philippines), IFAD support was provided to increase the number of microfinance loans from funds already available. Other financial-sector activities have been, among several other things, the provision of guarantee funds for establishing a warehouse receipt system; developing partnership agreements between financial agencies and federations; and providing a guarantee fund for women's loans.
75. **Technical assistance for special tasks.** Several projects financed technical assistance for development of longer-term cooperative and other activities. Such technical assistance (international and national) was usually provided by specialists who had been part of project implementation or coordination units or were recruited on short-term contracts. Depending on individual situations, such assistance has involved the preparation of feasibility studies for value chains or cooperative federations, unions and banks; assessment of training needs in cooperative agencies; preparation of guidelines and action plans for farmers' associations, unions and federations; the design of a market information system; and preparation of training materials. Technical assistance has been also used for the monitoring and supervision of IFAD-financed activities.
76. **Support to vertical structures.** Regional- and national-level FOs and cooperative federations usually received support under partnership agreements, for capacity-building and research, and for lobbying with governments to encourage a favourable atmosphere for development of rural or financial institutions and policies to benefit the poor. Several projects mention assistance to develop value chains for marketing and help establish apex organizations for cooperatives and farmers' associations. The multicountry grants provided assistance for a variety of purposes, including the creation of forums for dialogue among people and their organizations,

governments, private and civil society sectors and donors, and even on international trade issues.

77. **Other support.** Because they include large numbers of people, cooperatives and other FOs are useful for passing along information and guidance on topics that only indirectly relate to them. One such topic is HIV and AIDS prevention, which affects not only members of FOs but also, disproportionately, more educated persons, including the staff of such organizations. Other topics included training in functional literacy, especially to allow female members of cooperatives to take advantage of opportunities for leadership positions, and even in environmental management.
78. Grants covered by the study typically provided supplementary financing for the recipient organizations, but all grants specified the eligible activities or level of organizations to be supported. The recipients were expected to use the funds to strengthen regional and national agencies or to recruit new staff and pay for advisers and short-term consultants to help expand the agencies, implement and supervise planned activities, or establish and construct administrative and operational facilities. For several grants, an important purpose was to help organize policy dialogue and international/national workshops and meetings.

D. Governance

79. IFAD regards the various forms of governance – including transparency in decision-making and management, and genuine accountability on the part of decision makers – as important for poverty reduction and, more broadly, economic and social development. Improvements in these areas call for the emergence and continued empowerment of civil society.⁴⁵
80. The project documents under review rarely mention the word “governance” as such; and indeed, in several documents, the subject is not mentioned at all. In some of them, governance is indirectly referred to in the general criticism of public-sector agencies at the national, regional, and local levels, and particularly with respect to government involvement in the promotion and supervision of cooperatives. But governance also refers to the deterioration of public agricultural services as a result of efforts to privatize them under economic liberalization policies, and to the exclusion of small-scale producers from direct assistance by agricultural research and extension services. In one case (Bangladesh), the Asian Development Bank’s (ADB) anticorruption policy is mentioned in project documents, especially with regard to government agencies involved in project operations.
81. In the case of business organizations - which is essentially what cooperatives are - governance relates to consistent management, cohesive policies, guidance, the processes and decision-making rights of governing bodies (General Meeting, Board of Administration and Board of Management), and to key personnel responsible for the administration, performance and operations of the cooperative. In general terms, the quality of governance within institutions is often compared to a standard of good governance, which, in the case of cooperatives, frequently implies the quality of management, integrity and impartiality of governing bodies, and the correct and open performance of fiduciary activities.
82. The only direct reference to the poor governance of cooperatives appears in the document on Ghana. The numerous indirect references are very general, apparently because no institutional analysis was carried out during project design, and imply that (a) existing cooperatives may have a reputation for poor management and inadequate audits and accounting; (b) rural organizations may have a weak institutional presence and inadequate leadership in the countryside; (c) producers’ organizations may be in a period of transition because of loss of leadership, lack of enterprising spirit, or a crisis in organizing themselves; and (d) or good governance is

⁴⁵ IFAD draft policy paper: Partnership with Farmers’ and Rural Producers’ Organizations, p. 7.

a condition for increasing and diversifying production as a response to improved market demand.

83. As for grants, design and grant agreement documents mention governance only in the case of Paraguay, stating that the programme follows the Government's policy to combat poor governance. The grants for SFOAP and CGAP emphasize greater transparency as a way of improving FO management.

E. Beneficiaries

84. A common feature of almost all the projects under review is that they are targeted at the poor; some even use part of their funds to support the poorest of the poor, such as landless people, subsistence farmers, or aboriginal populations (e.g. Argentina, Guatemala and India), which are not usually suitable for forming agricultural cooperatives because they seldom produce anything marketable. These groups can, however, benefit from rural finance services and employment opportunities in cooperatives. As explained in the next section, women constitute a substantial proportion of the intended beneficiaries.⁴⁶

Box 9

Large numbers of beneficiaries

Project documents constantly report the number of beneficiaries, either as families or as populations benefiting from project activities. Because cooperatives and similar organizations serve a substantial number of people, the estimated beneficiary numbers are always large, typically varying from some 65,000 in Yemen and 77,000 in Morocco (as well as 12,000 families in Benin and 15,000 families in Uruguay) to several hundred thousand or even more (Ethiopia, Rwanda, Mali, Senegal, Ghana and Sudan).

In some cases, almost the entire project is aimed at promoting FOs or agencies that support them; in Kenya, for example, some 600 marketing groups (potentially pre-cooperatives) and 60 milk bars, of which some are cooperatives, were expected to benefit about 120,000 persons.

85. There appears to be no direct correlation between numbers of beneficiaries and the amount of funds provided by IFAD, governments and various development partners, probably because the type of assistance and the class of FOs supported vary from project to project. Thus, any attempt to compute costs per family or per person would appear meaningless. Also, in most cases it is impossible to estimate the number of people who really gain something from the FO components or subcomponents, because only the totals of benefiting families or populations are mentioned. For example, for one project (United Republic of Tanzania) the number of beneficiaries is estimated at 1.4 million, but only 25 per cent of total project funds are reserved for FOs. In another project (Bangladesh), total beneficiaries are estimated at 324,000 families (1.7 million persons) but project funds for FOs correspond to only 9 per cent.
86. As for MFIs, although they may describe the area where project assistance for FOs will be provided, most case study projects with finance components do not define targets or estimate the number of cooperatives or other FOs that would gain access to project funds. The reason for this is usually that the release of funds is demand-driven, that is, the first qualified organizations to apply will receive funds as long as they are available. In practice, cooperatives are well placed in this "competition", because, unlike the various economic groups, they do not need to create an organization before applying for funds. But when the number of beneficiary organizations is given, it is usually in the hundreds or even thousands (e.g. United Republic of Tanzania). One project (Paraguay), presented a practical approach: the

⁴⁶ The limited scope of the study did not allow to elaborate extensively on the types of benefits that the different beneficiaries receive from the operations of the sample projects (some examples are given in paragraphs 84, 87, 88 and more extensively under the sections that deal with gender. In general, the benefits depend on the type of the project in question. For instance, in the case of a marketing-oriented project, building up cooperatives and similar organizations provide the primary beneficiaries with better opportunities to market their produce, whereas rural finance projects facilitate new savings and borrowing opportunities. Note also the benefits that the institutions get through capacity building and institutional strengthening (paragraphs 70-72).

targets and assistance level and type were defined on the basis of maturity of the respective organizations; thus, the project was expected to support 55 "consolidated" organizations, 110 organizations "in transition" and 200 emerging groups (apparently, pre-cooperatives).

87. When dealing with the cooperative sector, some projects listed targets other than cooperatives or other FOs, or identified the farming population as beneficiaries. In such cases, "a large number of public-sector cooperative and marketing sector staff" were targeted, or targets were given as beneficiaries of capacity-building and training for a large number of leaders and committee members at unions, primary cooperatives and agricultural marketing development associations, even specifying the percentage of women among them. Projects might also specify the number of SMEs and small businesses to be helped through supporting non-cooperative farmers' associations and craft workers' associations.
88. For the grants covered by this study, the ultimate beneficiaries are smallholder men and women - although very few documents give specific numbers of beneficiaries. For the CABFIN and CGAP grants, this approach is self-explanatory: they develop systems and practices for rural finance that will be available all over the developing world. In the regional projects, the organizations supported were regional and national associations in Africa, Latin America and Asia.

F. Gender issues

89. Improving women's social position and reducing their drudgery (and that of other vulnerable groups) have long been important policy issues for IFAD and, in one way or another, almost all study cases involved these topics. Exceptions were the Argentine, Morocco and Philippine projects, which did not specifically target women. Others did not describe measures to promote women's participation because the projects or their components related to FOs were "gender-neutral", or because there appeared to be no need to single out women.
90. Most study cases, however, had a gender-sensitive targeting strategy or projections for women's participation, with the justification that women were important caretakers of cattle, small animals and vegetable gardens, or that the situation was inequitable and called for specific measures for improvement. The targets, when set, were usually at the level of one third or one half of the beneficiaries.⁴⁷
91. There were minor differences between the IFAD divisions. In the East and Southern Africa Division (ESA), the documents contained few details about measures to improve women's participation, apart from setting percentage targets. In WCA, target percentages were not mentioned but project documents contained more details about activities aimed at women, including literacy training, establishment of a guarantee fund for loans, promotion of access to credit, capacity-building efforts for developing women leaders, and the provision of agricultural implements and processing facilities that would reduce their labour burden. In one country (Guinea), there was specific support for the Women's College owned by the Guinean National Confederation of Farmers' Organizations.

⁴⁷ According to more current thinking, in which also men are involved in actions aiming at improving the well-being for the entire community, they should realize that supporting women is a win-win situation and that they perceive the benefits of considering gender equality as an improvement of all cooperative action, benefiting sustainability and growth. Concentration on traditional "women's interests" or role is not particularly "gender transformative" in the sense that it does not challenge the established gender roles.

Support to women in Latin America

With the exception of that in Argentina, gender equity was the central issue of all projects in the Latin America and the Caribbean region. Specific measures were described in detail; for example, the projects in Guatemala and Nicaragua aimed to create equitable or policies and activities to ensure women's participation in decision-making, access to resources and project-financed services. Paraguay even established a special gender advisory section in the project coordination unit to provide gender-training programmes for technicians and benefiting organizations. In Nicaragua, which at the time was still suffering the effects of civil war, women-headed households received priority access to technical assistance for preparing business and employment plans.

92. Projects in the Asia and the Pacific Division (APR) listed specific details of measures to promote women. The projects might have a specific strategic support component for women, preferences for women in other components, training in health and on- and off-farm income-generating activities, and even training in skills needed by women migrating to urban centres, and so on. Similarly, projects in the NEN (except for Morocco, as already mentioned) planned specific measures for helping women: domestic water supplies, vocational training in non-wood-based enterprises, fresh vegetable- growing and dairy processing.
93. Some grants, especially those aimed at developing rural finance systems (CABFIN and CGAP), appear to be gender-neutral; indeed, most grant documents make no mention of gender and women. In some cases, the recipients' policies contain support for women and other underprivileged groups, two of them even setting affirmative selection criteria in favour of women and a target for allocating 30-50 per cent of benefits to them (Paraguay and SFOAP).

G. Risks relating to assistance to cooperatives and other farmers' organizations

94. All the project documents reviewed contained information on the risks associated both with implementation and with achieving goals and targets, as well as on measures to mitigate such risks. However, because projects always comprise several components and even more subcomponents, only a few of which deal with FOs, the documents list only one or two risks relating to FOs and even fewer regarding cooperatives.
95. The risks identified for FOs in the project documents, depending on individual cases, are as follows:

Legal or policy complications. Some of the risks identified at the design or appraisal stages are linked to potential legal or policy complications, such as (a) the legal status of non-registered or registered groups or delays by government in implementing needed reforms; (b) juridical delays in the taking over of government-owned plantations by cooperatives or by a combination of cooperatives and the private sector; or (c) reluctance on the part of government to partially implement a major programme through the private sector;

Potential tardiness in establishing key activities. Another group of risks involve potential tardiness in establishing the structures or activities necessary to build up or strengthen economic groups or other FOs. These include (a) slow establishment of farmers' training centres and staff training colleges; (b) slow mobilization of farmers because of generally weak organization of the rural populations; and (c) delays in mobilizing resources and developing required technologies;

Lack of interest among involved parties. In some cases producers or their organizations may be suspicious about, or simply lack interest in, making common investments or in establishing links with private exporters or traders. Elsewhere, producers may lack interest in collective activities, especially if

earlier efforts were not particularly successful or excessive public-sector involvement was involved;

Weakness of cooperatives and other FOs. The poverty of smallholder populations may prevent or slow down efforts to improve their organizations or attract competent staff or leaders. The financial weakness of some financial cooperatives may make also it difficult to improve them, and the structural weakness of the cooperative movement would necessitate substantial and complex reorganization; and

Low educational levels of members. Illiteracy and/or a general lack of education among farmers may result in limited capacity to monitor their organizations, demand sufficient transparency in operations, and insist on adequate governance and financial management.

96. In a few of the documents reviewed by IOE, problems and constraints had not been analysed and no risks identified for cooperatives or other FOs. However, risks still exist also in these cases: for example, in Yemen, fluctuation in weather conditions and in international prices of coffee and honey give rise to serious concern, also for farmers and their agencies.
97. Only three of the 10 grant documents mentioned risks. In AGRICORD risks relating to FOs include declining public funding and potential government opposition to strong (non-cooperative) farmers' associations. "Challenges" in SFOAP included potential conflicts regarding the allocation of resources between regional and national associations, inadequate programme management at the national level, and uncertain sustainability of SFOAP because of short-term funding.
98. IOE determined that because it is difficult to establish and strengthen these organizations, it was inconceivable that there should be so few risks involved in projects supporting cooperatives. Other potential risks include the difficulty of competing on the free market against investor owned businesses because of: lay leadership, less qualified staff, poorer salaries and more complex decision-making procedures; need for professional management staff and upgraded administration and management procedures when cooperatives grow beyond a certain level; lack of investment capital to develop the facilities needed for efficient operations; lack of adequate audits and verification of fiduciary activities; inadequate access to markets and the absence of efficient vertical support structures; and potential controversies between the perceived economic and social roles of cooperatives.⁴⁸

V. Assessments of IFAD support (What was achieved?)

99. For the five projects and grants for which ex-post evaluations or completion studies were available, the assessment is based on them or on other relevant documents. For the other projects, the study team reviewed the mid-term evaluations and latest supervision reports (and similar documents for grants) and summarized the information from them as follows.

A. Objectives and general achievements

100. **Goals, objectives and orientation.** All the projects and grants reviewed have retained their original goals, probably because many of the projects are still at a relatively early phase of implementation. The objectives for most of the projects and grants have also remained unchanged except when implementation agencies, with the concurrence of IFAD, decided on a new focus (see chapter V, section C.) and on modifications needed for implementation. However, the modifications were usually minor such as specifying the target groups and clarifying the "strengthening capacities" objective to mean capacity development in community institutions and

⁴⁸ These and other possible risks can be found in the cooperative development literature, see annex VI. Section C, e.g. Helm 1968, Turtainen 1992, Turtainen 1997 and Parnell 1999. Also, Dr. Armbruster handled some of these topics in his PowerPoint presentation during the workshop at IFAD in September 2012.

enhanced sustainability of institutions put in place under the project (Benin). (The modification described in chapter V, section C, did not usually affect the original objectives.)

101. IFAD approved short extensions of loan periods for several projects that were unable use all the funds within the original period. In one case, however, the extension was for three years (Kenya) to allow for the reallocation of funds among the most successful activities (increasing the number of established dairy marketing groups and consolidating the better ones).
102. Many projects developed innovations during implementation; for example, in the India project, a marketing organization (Adivase Bazar Committee) was established to ensure fair prices for poor tribal households' produce. The project in the United Republic of Tanzania, involving small private traders in an essentially cooperative project, trained 115 trader groups to deal with economic marketing groups and cooperatives.
103. There have been no changes in the goals or objectives of IFAD's grants, which are always short-term.
104. **Implementation of projects.** Success in project implementation varies considerably.⁴⁹

Box 11

Successes, at least partially

A few projects exceeded the targets set for at least some components (e.g. Nicaragua, Senegal and the United Republic of Tanzania) and most have been implemented sufficiently well to be rated from moderately to fully satisfactory (e.g. in Benin, both China projects, Mali*, Paraguay and Philippines). While a number of others fell below projections, either with regard to disbursements or achievement of objectives, at least the components aimed at supporting FOs were implemented moderately satisfactorily (e.g. in Ghana, Kenya, Mali and Morocco). The project in Bosnia-Herzegovina has engaged even more cooperatives and FOs than originally planned, although its overall performance has been less than moderately satisfactory. In the United Republic of Tanzania, as many as 789 FOs (marketing groups and cooperatives) were established and assisted against a target of 588. In the Dabieshan Project in China, 74 of the 120 cooperatives targeted were involved in the programme within two years of start-up.

* Mali: At the time of preparing this report, all IFAD activities in Mali had been suspended following the outbreak of civil war.

105. Other projects show more modest results. Project documents on projects in WCA provide little information about improved FOs, apart from mentioning the numbers of farmers' groups established or trained (e.g. Ghana), although some give detailed reports on their activities (e.g. in Guinea). In other regions, the performance of several projects in promoting FOs, while not perhaps reaching the original targets, must still be acknowledged. In Argentina, the project has helped improve operations in 15 formal organizations; the Nicaraguan project has helped prepare and finance 315 business plans (including 129 cooperatives) against a target of 300; in Uruguay the project strengthened 200 different types of FOs against a target of 150; in Paraguay, the project has supported 299 FOs, representing some 43 per cent of the farming population; and in Egypt the project performed below expectations in all respects except for lending to new customers and in involving and training MFI staff.
106. Despite a number of achievements, at least six of the projects or their components under study demonstrated poor overall performance or underutilized the funds available. However, some of them still show a substantial number of beneficiary organizations or beneficiary families, or at least partial achievements (see Section E of this chapter), greater empowerment of farmers and more access to credit.

⁴⁹ See annex IV for ratings shown in the most recent PSRs.

107. In many cases, projects with FO components have experienced substantial delays in start- delays or in using the funds allocated for them. But even in these cases, steps have been taken to develop an understanding about the importance of FOs (at least where cooperatives were involved) at the national level. As a result, higher-level cooperative and non-cooperative agencies have been helping to implement fieldwork with lower-level cooperatives and other FOs. Moreover, some annual work plans have taken account of the need for adequate manpower and resources to honour commitments. In a number of cases, however, the delays were avoidable; for example, in Egypt, non-completion of the basic marketing study delayed implementation of other components; in Nicaragua, a cumbersome bureaucracy had the same effect.
108. As for the differences between regions, IOE observed two deviations from what was otherwise a relatively even performance. Generally speaking, projects in LAC performed quite well, especially in institution-building where they performed better than projects in other regions (for Argentina there was no rating in the documents). The projects in NEN had overall ratings lower than other regions but, even there, institution-building was at least “moderately satisfactory”.
109. **Implementation of grants.** The grants provided to international agencies to support regional, national and local organizations in Africa and in NEN have apparently performed quite well. Before starting up effectively in sub-Saharan countries, AGRICORD had first to engage in numerous preliminary coordination activities and hold planning meetings. However, its operations began quickly in Armenia and Moldova, where sufficient FOs already existed. After getting off to a slow start, the European Union’s Food Facility has since started implementing planned operations, including support to cooperatives and other FOs in the target countries (and it established a separate fund with remaining grant and other funds to continue operations beyond the grant period). For SFOAP, which aimed mainly at creating and supporting regional and national organizations, the grant allowed it to increase the organizational and implementation capacity of regional and national FOs, acquire new visibility for them, design new investment projects, and train many heads of organization and staff. It has helped in the establishment and meetings of a Pan-African farmers’ platform as well as platforms in five member countries, and established a monitoring mechanism on agricultural policies in different countries. In the Nepal goat project, the grant made it possible to establish a cooperative goat breeding and marketing network.

Box 12

Example of achievements attained by grants: SFOAP completion report

The final report and conclusions (agreement at completion point) on SFOAP achievements stated, among other things:

- SFOAP contributed significantly to strengthening regional and national FOs by building up their institutional management capacity and their capacity to lobby and advocate;
- SFOAP relevance was rated as high, because its objectives corresponded to genuine smallholder needs and were likely to contribute significantly towards poverty reduction and food security; and
- The effectiveness of SFOAP was satisfactory; it contributed to the emergence of FOs as significant rural development actors that imposed themselves on sectoral institutions. The governance, reputation, credibility and visibility of FOs have been significantly improved.

The final report mentioned, however, that (a) results were uneven between different regions and within networks: organizational capacities are still limited for several national FOs;(b) planning and budgeting capacity varies widely; (c) not all FOs are capable of effective lobbying and advocacy; and (d) the sustainability of both regional and national FOs is still uncertain.

110. Most of the grants under study are new or still active, and beneficiary agencies do not report on them as frequently and accurately as IFAD requires for projects. In

addition, FAO has submitted no reports on the grant it received from IFAD for its rural finance programme (CABFIN), but its website reports the posting of more than 150 new documents containing material on rural finance, agricultural investments, contract farming and financial crises. IFAD's archives contained no reports on three of the grants under review.⁵⁰

B. Problems and risks in implementing projects and grants

111. In most of the cases reviewed for this report, no new problems were reported by the mid-term review, supervision or ex post evaluation missions, thus indicating that the justifications for project approval were appropriate. New problems have, however, emerged in a few cases. For instance, in Ghana, it was found necessary to create a venue for consultations between the private and public sectors (a Value Chain Practitioners' Forum) for longer-term development of value chains. Also, in the Philippines, project efforts to increase credit and meet high-value market requirements highlighted the importance of developing working relations with other participants in value chains. In Argentina, visiting missions noted that farmers' groups lack experience, financing and entrepreneurship (as mentioned under Section E.1); although financing may be available, there might be fewer takers than expected among the non-formalized groups. Other problems were observed, for instance, in Egypt and the United Republic of Tanzania.
112. There are also several reports of progress in solving problem areas. For instance, outstanding progress has been reported on structuring producers' organizations and their vertical structures in Madagascar, which was considered a problem area at design and appraisal. In Guatemala, there are reports of strengthened social capital among community groups and "a certain level of consolidation" in 35 formal organizations, including cooperatives. In the United Republic of Tanzania, the implementation of project activities was decentralized to districts, with good results.
113. As for grants, only one encountered unexpected problems. While the four regional networks under SFOAP have strengthened their capacity to promote results-oriented planning, monitoring and reporting, improvements in results-oriented management are still reported as uneven because of the different stages of their institutional development, complexity of the programme, and uneven implementation of the recommendations of the supervision missions with regard to planning, monitoring and reporting formats.
114. A risk analysis is not commonly repeated at mid-term or other phases of project implementation; thus most project documents do not report on new risks. However, the risk analyses prepared at the project design stage, with their risk-mitigating plans, proved to be valuable. That projects made provision for potential risks is borne out by the fact that most of them ended or are likely to end at least as moderately successful projects, albeit sometimes with extensions.

⁵⁰ These were CGAP and the Market Access Grant for Central America, which are new, and that for Paraguay, (completed in 2011).

Examples of new problems and risks

Visiting missions noted new risks in very few cases. For instance, in Ghana, the design and appraisal missions had not studied the availability of value chain specialists, and, in practice, their numbers proved to be inadequate. In Nicaragua, mission reports confirmed the need to strengthen the FOs but observed that in doing so their weaknesses in organization, production and marketing would perforce become evident. In Mali, the low literacy rate and weak organization of the rural population are reflected in limited capacity-building initiatives and inadequate programme management for promoting associations. In Morocco, low literacy was found to diminish the control of, and participation in, pastoralists' cooperatives. In the Dabienhan Project in China, farmers regarded cooperatives with scepticism, apparently because of earlier compulsory membership in some of them and inadequate financial understanding and accountability. Thus it proved necessary to provide more resources for strengthening the cooperatives than originally foreseen. In Kenya, dairy farmers were not always able to service their loans regularly because of the seasonal nature of milk production and the time it took their marketing associations to consolidate operations and become commercially-managed cooperatives.

115. As for grants, supervision missions have expressed concern about the sustainability of the results reached under SFOAP in its Pan-African and regional programmes once the grant period is over. Although not mentioned in the reports, the same concern also applies to other efforts supported by short-term grants.

C. Modifications in approaches and types of assistance

116. **Modifications.** Several modifications in approaches and types of assistance apparently occurred in projects as a result of changed circumstances or inaccurate estimations of costs for various components. One such modification was in Argentina, where the Inter-American Development Bank withdrew its contribution. However, as the importance of small rural organizations became more evident, the Government and IFAD agreed to modify the terms and scope of the project and orient it more towards developing FOs. As one of its main goals, the reoriented project concentrated on promoting and consolidating small producers' organizations (of men and women) and improving self-management experience for better collection and marketing of members' produce, purchases of supplies, transfers of technology and management of revolving funds.⁵¹ In Uruguay, the opposite seems to have occurred: the reoriented project emphasized the importance of addressing the root causes of poverty, including poor productivity and inadequate organizational linkages of poor rural families, rather than strengthening and sustaining beneficiary organizations. In Egypt, when it proved difficult to establish new farmers' marketing organizations, the project supported existing organizations in order to get operations started.
117. In Senegal, efforts to develop agriculture and promote institutions were successful under the preceding project, so that during the latter part of the second project (the project under study) it was possible to concentrate much more on consolidating national institutions and especially on automating their information and financial flows. Similarly, the Benin project shifted emphasis to participatory management and to enhancing the sustainability of institutions (not necessarily cooperatives) established at the village level early in the project, rather than expanding their numbers. Modifications were also needed in the projects in Guinea, India and the United Republic of Tanzania.
118. Modifications may also reflect a more drastic reorientation of project activities or even a change in size as a result of excessive complexity and/or the need to change from an emphasis on numbers of individual beneficiaries or new groups to regional economic organizations (Argentina); or because of a change of government and its priorities (Uruguay). In Rwanda, plans to promote the establishment of farmers'

⁵¹ Simultaneously, the Government agreed to strengthen public and private institutions in the project area and assume the costs of private technical assistance, capacity-building, disclosure and communication, and for the person responsible for marketing and business development.

marketing associations in the horticultural and sericulture sectors were dropped and cooperatives established instead.

119. **Types of assistance.** As a general rule, project activities in support of FOs have varied very little; most concentrate on capacity-building and the strengthening of institutions, public-sector cooperative and marketing agencies, provision and strengthening of financial services, and financing technical assistance for special tasks.
120. As far as IFAD-financed grants are concerned, the only change in orientation occurred in the Food Facility Programme of the European Union. Because implementation got off to a late start, the main focus of the grant changed from unspecified FOs to a greater number of existing cooperatives than originally planned for and to revising work plans for all components (IFAD also extended the grant by one year).

Box 14

Examples of modifications in the types of assistance provided

Training has been undertaken as planned in most projects, especially those dealing with rural finance and MFIs, including cooperative savings and credit societies. In Benin*, for example, 194 financial services associations were established, trained and consolidated - a remarkable achievement. In some projects, more training was needed than foreseen at design (e.g. in India). An example of additional uses of project funds is to be found in Ghana, where the project financed an online information system known as the "Farmer Business Book", which records and manages key data on individual farmers, including personal information such as production levels and associations. In Rwanda, a considerable amount of the funds reserved for expatriate technical assistance was reallocated for use by local service providers and combined with other savings, in order to include more cooperatives in the coffee development programme than originally planned.

* Apart from the financial service associations (which can be considered as pre-cooperatives), the Benin project did not target the types of FOs reviewed in this study.

D. Governance

121. As mentioned in Section IV.D, the term "governance" is used to refer to (a) the general criticism of public-sector agencies; (b) government involvement in the promotion and supervision of cooperatives in a few countries; or (c) deterioration of public agricultural services, at least partly as a result of efforts to privatize them under economic liberalization policies. In some countries, "governance" has been also used in the context of poor management of the cooperative sector.
122. Ex post evaluation, mid-term review and supervision reports rarely refer to official governance, even indirectly. As for the deterioration of public-sector services to agriculturalists or the cooperative sector, improvements have been recorded in Argentina's extension services. In Uruguay, the problems encountered by smallholders resulted in reorientation of the project in their favour (see Section V.C).
123. The governance problem in cooperatives and other FOs has not disappeared. However, capacity-building and technical assistance for the administration and management of cooperatives and other FOs have led to improvements in several countries. In Senegal, for example, the project has helped local self-governance take root, and credit take-off in the Philippines has been impressive. Supervision and other reports refer to management weaknesses in cooperatives, even in such a successful case as Rwanda where the Government, or its semi-independent cooperative agency, has taken drastic steps by removing cooperative committee members guilty of misappropriating funds, and has even prosecuted the worst offenders.
124. Supervision or final reports on grants do not mention governance problems.

E. Beneficiaries and gender

125. **Beneficiaries in projects.** Among the projects and grants under study, there are only five (four projects and one grant) for which an ex post evaluation or final report is available. When a project has been active for only two or three years, it is not

meaningful to gauge the number of beneficiaries because start-up activities take substantial time and outcomes can be expected to appear only after operations reach full speed. However, for some activities, results are achieved fairly rapidly: in the Dabieshan Project in China, while no data are yet available on the additional number of beneficiaries through FOs, the targets for training 25,000 farmers in marketing and credit operations have already been exceeded, only two years after project start-up.

126. Another difficulty in estimating the number of beneficiaries is that, although numbers are provided for selected activities in the supervision reports, they may not give the totals or compare them with targets, even if targets were set at appraisal. However, all programme activities appear to have started or been implemented at least to some extent; in Guinea, for example, agreements and assistance to higher-level organizations have been delayed but a large number of local organizations have been helped and people trained, especially in crop production.
127. A general observation may be drawn from the sample. In most cases of cooperatives being involved in projects, the target numbers of individual beneficiaries or families are large and have been fully or almost fully reached. For example, the project in Senegal has reached 288,000 beneficiaries (88 per cent of the target), although the targets were modified upwards at the time of the mid-term review. In Guatemala, the project aimed at all FOs as defined in this report (Groups A, B and C: non-cooperative associations, registered economic groups or non-specified FOs, respectively) and apparently achieved more than projected. In Nicaragua, Paraguay and Uruguay even more was achieved, from 100 per cent to 120 per cent.⁵² The project in Bosnia-Herzegovina also reached high numbers, with more FOs included than originally foreseen.
128. Conversely, if a project aims at helping other FOs (non-cooperative associations or registered economic groups — Groups B and C in the study— or if the types of FOs were not specific), it often misses the beneficiary target, sometimes substantially (e.g. Argentina, Mali, Sudan and with no information received yet from Yemen). In Kenya, the dairy project had met 75 per cent of its target by the end of the project period before extension, but cooperatives were allowed to participate. The main reason for the lower than expected number of beneficiaries for non-cooperative FOs is probably that cooperatives often have stable and frequently large memberships before the projects start. Moreover, cooperatives may have already proved their benefits to members, whereas the other types of FOs may first have to be established and prove their worth before people will join. An exception here is the project in the United Republic of Tanzania, which essentially aimed at establishing and developing economic marketing groups (including cooperatives); the project reached 46,000 households, nearly double projections. The project in Madagascar, which was targeted to FOs without specifying the type of FOs they should be (cooperatives were also subsequently included), reached 275,000 beneficiaries (97 per cent of the original target). Contrary to this general picture, the farm population may also have been successfully trained under non-cooperative associations, as shown by the technology transfer, organic agriculture and marketing component of the Xinjiang Project in China (these associations may, however, have a cooperative background from China's collective era).

⁵² In Uruguay, however, the extension services were below targets, probably causing a shift in project orientation (see Section D.4).

Box 15

Conversion problems

Although beneficiary targets may have been achieved, the numbers and types of organizations expected to be developed in some countries may not have been reached. In Benin, for example, the various farmers' groups and village committees have not been formally established as pre-cooperatives or other legal entities (credit associations are an exception). Similarly, the Orissa Tribal Empowerment and Livelihoods Programme in India reached its targets but the self-help (credit) groups have not yet been formalized as economic associations or pre-cooperatives.⁵³ However, all programme activities appear to have been started up, at least to some extent. Similarly, under the projects in Ethiopia and Kenya, both mainly targeted at economic farmers' groups, their formal conversion into pre-cooperatives or cooperatives has proved to be a long, drawn-out process.

129. **Beneficiaries of grants.** Because most grants provide budget assistance to implementing agencies and, through them, to regional, national and local FOs, the supervision and final reports on grants do not estimate the number of individual beneficiaries. Exceptions include (a) the Programme for Enhanced Bamboo, from which about 1.4 million people are expected to benefit at least indirectly through membership in FOs, and (b) the programme in Nepal under which close to 1,600 farmers have joined cooperatives and been trained in goat-keeping and marketing. No doubt, the long-term benefits to farmers arising from regional and national organizations, if their sustainability can be ensured, will be considerable because they can help provide favourable agricultural sector policies, leadership and capacity-building. The efforts of two programmes - CABFIN (FAO) and CGAP (World Bank) - to promote and develop appropriate methods and service packages in the rural finance sector are expected ultimately to benefit millions of rural households.⁵⁴
130. **Gender.** As mentioned in chapter IV, section F, nearly all the projects under review included special programmes for promoting women and other underprivileged groups. Women's social standing varies greatly from country to country, and so, too, do the project benefits they have enjoyed. While there are a few projects for which the follow-up and supervision reports do not deal with gender issues, most others report quite impressive results. Literacy training in particular has gained popularity among women, and in several projects women represented 80-90 per cent of participants at training sessions. Also, in more general capacity-building programmes, in several countries women have received a fair share of training.

Box 16

Examples of women beneficiaries

Several projects report high percentages of women among the beneficiaries. For example, in all LAC projects except for that in Argentina, women have received almost 50 per cent of benefits. In Ghana and Sudan, the projects ensure that women receive the money they earn by concentrating activities on "female occupations," such as small livestock and home gardens. In Sudan, women receive 30-100 per cent of proceeds, depending on the type of activity supported. Several projects worked to create employment for women. One of the best examples here was in the United Republic of Tanzania, where the target set for women membership in economic groups and cooperatives (40 per cent) was exceeded; and women's share of employment rose to 73 per cent in market operations, construction work in rural marketing structures, and in crop marketing.

131. It is likely that special women's committees at the central, regional and local levels in Guinea, special "Observatoires" in Senegal and a gender advisory unit in Uruguay, have the desired effect of ensuring that women obtain their share of project benefits. Although the Philippine project contained no specific component for promoting

⁵³ Because of this aspect and as one of the project aims is to work on the village committees, the Orissa programme may not belong to FO projects as defined in this study.

⁵⁴ It should be noted that, valuable as it is, IFAD's contribution to these two programmes is relatively small. However, it is complemented by two other grants, PAMIGA and MIX (for capacity building and performance monitoring as reflected in the IFAD Rural Finance Action Plan). The Rural Finance Action Plan has four priorities, including mainstreaming the systematic reporting of the outreach and financial performance indicators among IFAD's rural finance partners.

women, up to 79 per cent of the beneficiaries of rural microenterprises are women. In organized microenterprises, women have often assumed leading roles.

132. Although there are exceptions, it appears that women are likely to be trained for leadership when formal cooperatives - Group A in the study - are the main target groups or at least are specifically mentioned as the organizations to be supported. In "cooperative projects" such as the one in Bangladesh (which is still at an early stage), women are well represented among project staff. In the Dabieshan Project in China, women hold almost 50 per cent of staff positions and receive 60 per cent of all training provided. In Ethiopia, women beneficiaries exceed 50 per cent of the total. Guinea is an exception to the apparently general tendency for women to have at least an equal share of benefits in projects where cooperatives are prominent: mobilization of women remains low in Guinea despite all the special activities earmarked for them. In projects where groups of FOs other than cooperatives are the main beneficiaries, women's share appears smaller.
133. Other vulnerable groups, such as youth and landless people, are also sometimes considered in the sample projects. Because landless people do not produce agricultural products, they can benefit from cooperatives and similar member-based economic organizations only through employment opportunities and savings and credit facilities in financial groups and cooperatives. Young people would constitute an important target group for the continuity of FOs, a fact noted in some projects.⁵⁵
134. As mentioned in chapter IV, section F, grants tend to be gender-neutral, especially those dealing with financial services. Some grant documents indicate that the objectives set for the benefit of women at approval are being followed up. For instance, in the Philippines gender studies are being carried out under the Bamboo Enhancement Programme; and in Ecuador, microfinance initiatives, with 20 credit groups already operational, have started to provide women with the working capital needed to start up business activities. In Nepal, of the almost 1,600 farmers who have joined the cooperatives formed or strengthened by the goat development project, 40 per cent are women.

F. Lessons learned from project and grant documents⁵⁶

135. As mentioned earlier, only five of the projects and grants under study have advanced to the stage of having project completion reports (PCRs) or validations of governments' completion reports. Therefore, the "lessons learned" from them are few. To supplement the list, IOE has also reviewed the mid-term and most recent supervision reports on individual projects and grants for the purpose of collecting a number of recommendations and observations. These appear to be important, at least under the circumstances in which IFAD interventions have been undertaken. Key lessons are summarized as follows.⁵⁷

Box 17

Lessons learned

Lessons may be summarized under the following headings and subheadings:

- Establishment and operations (Initiation phase, Joining FOs; Process of formalization), management problems; and regulations and services of cooperative MFIs)
- Roles of different agencies (multiple organizations involved; and decentralization and mainstreaming)
- Coordination and collaboration (coordination; and linkages within the sector)
- Dependency and sustainability (dependency; targeting of support)
- Generalizing hypotheses.

⁵⁵ The concept "youth" should cover young women and men, and girls and boys.

⁵⁶ Several of the lessons learned from the sample project and grant documents were also mentioned during the working paper validation workshop at IFAD in September 2012. These included lessons mentioned in this section with regard to management problems, MFIs, linkages needed in the sector (networking) and dependency and sustainability issues.

⁵⁷ Because of different source documents, there is some overlapping in the following "lessons."

Initiation and operations

136. **Initiation phase.** Projects or components dealing with FOs often get off to a slow start, especially when new groups or organizations are to be established. The process of promoting groups with no prior organization requires a phase during which, with programme support, potential beneficiaries' obligations and rights, and basic requirements for operating the planned business activities, have been ensured among potential participants. Sufficient time must be reserved for this phase, which is why project promoters often start FO projects or components by directing activities to existing organizations. But because it is easier to start with existing organizations, new groups or organizations may receive less attention and resources.
137. **Joining FOs.** Farmers may have reservations about joining FOs, especially cooperatives, if they have previously been involved in unsuccessful or poorly operated organizations, or think the organizations are still run by government officials. Also, farmers may be reluctant to convert the economic groups they have established to more formal organizations or to increase the number of members to qualify as viable cooperatives. This is especially the case if they receive the same external support when operating as a group; in such cases, an information campaign is needed. In some cases, although farmers may wish to join a cooperative their acceptance is restricted when the physical facilities are too small. In such situations, early, additional investments are justified.
138. **Process of formalization.** The registering of new FOs may entail a considerable period of time because, in order to ensure their viability, governments set a number of conditions. In the case of MFIs, including cooperative savings and credit societies, the time needed for registration, and especially for starting up lending activities, may be much longer than for other FOs because financial sector agencies (Central Bank, Ministry of Finance, etc.) are usually involved. For instance, the formalization of groups as cooperatives or other registered FOs is important for obtaining loans (as mentioned in the Argentina case).
139. **Management problems.** The concept of management is very broad, comprising as it does planning, organizing, staffing, leading or directing, and controlling and monitoring an organization or effort for the purpose of accomplishing a goal, as well as for motivating staff and beneficiaries. Specific problems may also affect management, including lack of integrity among committee members (who may view the cooperative as their own privileged enterprise); interference by committee members in managers' tasks; lack of a sense of ownership and inadequate knowledge of the rights and duties of members; shortcomings in financial control; and recruiting committee members' family members rather than selecting staff on a competitive basis. A study may be necessary before project start-up in order to ascertain where management is weak.
140. Operating cooperatives and other economic FOs is a demanding task, and some committee members and staff may not have enough knowledge and experience to meet the challenge. Consequently, nearly all the projects and grants covered by this study included training and capacity-building as major activities in their programmes. However, training as such is not sufficient; follow-up counselling should always be included in project design. This phase of the organizational development cycle - consolidation of operations - favours long-term projects. It is also important to train responsible people to set targets and prepare activity plans and budgets, as well as to monitor them sufficiently. As persons in leadership positions often move on, committee positions should be rotated and training provided for a larger group of promising people than just current committee members. In addition, because women need to be involved in positions of responsibility, they have received training, including literacy training, in all regions.
141. **Cooperative MFIs.** The process of moving from self-help savings groups to registered savings and credit cooperatives (often called SACCOs) or other types of

MFI is usually both challenging and slow. This is partly because of cumbersome bureaucratic procedures but even more often because of legal and control requirements set for the institutions. Such requirements are justified because the institutions handle members' savings, because committee members' integrity is not guaranteed, and because the necessary skills, especially in lending activities, are demanding. Also, developing new "loan packages" and services more suitable for farmers or micro-borrowers — standard advice from supervision missions — is a difficult task, in view of the lack of skills in MFIs and among farmers.

Roles of different agencies

142. **Multiple organizations involved.** If too many different types of organizations and groups are involved in a project at the national or regional level (especially organizations that are both important at the national level and are potential competitors, such as cooperative agencies and non-cooperative associations), it may be difficult to agree on conventions, support priorities and achieve balanced and well-coordinated actions. As a result, efficient start-up may be delayed. In such cases (IFAD-led) consultations may be needed before the project or programme starts. A lack of clear knowledge about the roles of different ministries, donors and implementing agencies may also slow down activities, especially at the outset.
143. **Decentralization and mainstreaming.** Decentralizing and mainstreaming the responsibility for implementation to local and national agencies reduces that of project coordination or facilitation units. Such approaches should be taken gradually, perhaps, and with clear agreement on the division of labour and responsibilities. Also, such changes should be made only after ensuring that all the parties involved are sufficiently knowledgeable and capable. It is still very important for project coordination units (and IFAD) to help in planning and to continue monitoring (or developing the monitoring systems) so that workplans are pertinent and any deviations rapidly detected.
144. **Coordination and collaboration.** Coordination of different local "actors", both among them and with external support organizations and local governments, is an essential step in developing programme ownership, for allocating investment priorities in favour of FOs, effectively implementing projects and sustaining organizations and their contributions to local development. FOs - whether cooperatives or non-cooperatives, or for marketing, supply services or rural finance - need to establish or strengthen vertical integration within their branches so as to build up social capital, represent members' issues more forcefully, provide training and other capacity-building services, and even maintain internal control.
145. **Linkages within the sector.** Without external connections, few cooperatives or other FOs can hope to provide local services to their members efficiently. Commercial and other linkages to similar organizations are needed, as well as vertical integration with the "players" in the value chain, that is, higher-level cooperatives and private- or public-sector agencies (exporters, wholesalers and suppliers). It is commonly acknowledged that there is a need for such linkages in order to secure fair services for members. These may be through supply or purchase contracts, establishment of joint ventures with the private sector or through private-public partnership (PPP) agreements. However, linkages involving FOs in value chains call for special skills not always readily available in developing countries.
146. **Complementarity among different programmes.** By building up complementarity among other programmes (possibly financed by different agencies, such as those involved in developing financial institutions), producer and farmer organization projects may increase their impact. For example, results in the United Republic of Tanzania have been impressive in districts where the IFAD-financed project was closely linked with a rural financial services programme aimed at strengthening SACCOs.

Dependency and sustainability

147. **Dependency.** Starting up new programmes and establishing new FOs with external financing may create a dependency problem that will endanger sustainability once the project or grant funds have been expended. One way of avoiding this is to identify the level of different organizations' development and aim at consolidating as many as possible of them during the project period. Also, although time consuming, moving from unregistered or registered groups to more formal organizations is essential to ensure longer-term viability. Sustainability also calls for sector integration and links to local community structures (development councils, municipalities, networks of organizations, and so on), as well as for empowering FOs and involving them in value chains (see Section III.A). However, because local community structures or value chain participants are often weak, project support needs to be long-term.
148. **Targeting of support.** With limited resources available, consideration should be given to the targeting of assistance based on the level of the organizations in question; not all FOs require the same type of support. For instance, the more advanced of them need help with consolidation; examples include reinforcement of administration and cost accounting, capacity to negotiate with enterprises, leadership development and establishment of links with relevant agencies. Many other projects may need to start with information campaigns and basic training in elementary business operations. A study to categorize FOs on the basis of their development status would help direct resources according to actual needs.
149. **Observations based on oversight of the projects and grants reviewed (potential hypotheses).** The variety of economic, political and social conditions and of different levels of organizational set-ups in different countries makes it difficult to draw clear conclusions about reasons for the variety of performance levels. However, based on the review, IOE has drawn up a number of generalized, albeit tentative, observations (potential hypotheses), but their validation would call for a larger sample or detailed country and project studies. Seven of them are described below.

Multiple components. It is difficult to combine numerous production, organizational improvement and downstream components under the same project and still have a balanced implementation approach and pace;

Multiple beneficiary groups and policies. Similarly, it is difficult to coordinate and manage projects when different beneficiary groups (such as aborigines and a poor farming population) appear under the same project and components (e.g. in Argentina), or landless and transitory people are placed under a single project (e.g. India and Morocco), or attempts are made to manage implementation under several development approaches and diverse national and sectoral policies;

Cooperatives named as beneficiary groups. It appears that, as a general rule, projects that include cooperatives as beneficiaries from the outset tend to start faster than those aimed at non-cooperative (Group B) and economic farmers' associations (Group C). However, they perform no better than those which include all three groups, that is, cooperatives, non-cooperative associations and economic associations under the same project. An exception here is Senegal, where by only partly targeting cooperatives, the project achieved highly satisfactory results overall and in institutional development in particular. Also, projects may get off to a slow start when funds are not specifically allocated for FOs (or for specific types thereof) or they may not use all the funds available, thereby diminishing achievements. In some countries (such as Uruguay), however, where cooperatives were already well developed, disbursements for FOs were high at project completion;

Capacity to lead in apex organizations. If national or regional FOs lack the capacity to lead, guide, supervise and control lower-level organizations, development at that level will be uneven. An opposite example is Senegal, where the latter part of the project concentrated on consolidating FOs' information systems, with highly satisfactory results. Moreover, if few local-level FOs exist at the start of a programme, they cannot realistically be expected to spring up as purely local initiatives. Therefore, external advocacy and promotion are justified (even though the main reason for farmers joining them initially may be to benefit from economic incentives). Fully committed local leaders are, however, needed for sustainable development of FOs;

Capacity-building and operating FOs. Capacity-building among cooperative leaders, staff, ordinary members and government cooperative staff is relatively easy to organize when external resources are available. However, operating economic FOs such as cooperatives calls for entrepreneurship, which is not easily taught, as well as economic and commercial skills that require not just classroom teaching but also follow-up instruction and coaching, years after the original training;

Length of FO projects and grants. Development of FOs calls for long-term projects (up to 9-10 years) because preparation, planning, recruitment and capacity-building all involve a considerable period of time; and

Grants to regional FOs and international agencies. The grants provided to regional FOs, and the international agencies supporting them, allow recipients to increase the number of their operations, improve visibility, facilitate studies, develop new projects, and train leaders and staff to influence national policies.

VI. "Benchmarking" - other agencies' involvement in cooperatives

A. Multilateral organizations

150. As mentioned in Section II.B, this chapter was prepared after IOE had completed the other sections of the assignment and thus the observations made in earlier sections were not affected. The chapter briefly describes the policies and activities of key international organizations with respect to cooperatives, and provides basic information on key bilateral agencies and foundations involved in cooperative development.⁵⁸ (Comparison with IFAD activities and lessons in the following text are marked by Italics.)
151. **United Nations as the leader of the International Year of Cooperatives.** As mentioned in Section I.A, the United Nations has taken the lead in promoting cooperative development through the IYC. The Department of Development, Economy and Social Affairs (UNDESA) coordinates activities aimed at advocating cooperatives. Within the framework of the United Nations development agenda, UNDESA concentrates on issues ranging from poverty reduction, population, gender equality and indigenous rights, to macroeconomic policy, development finance, public-sector innovation, forest policy, climate change and sustainable development. UNDESA and the Department of Public Information produced the IYC logo, which highlights how cooperative members can together achieve goals that would not otherwise have been possible. UNDESA also promotes the formation and growth of cooperatives and encourages governments to establish policies, laws and regulations conducive to the formation, growth and stability of cooperatives.⁵⁹

⁵⁸ Information in the chapter is based on interviews of knowledgeable staff at FAO, WFP and DGRV. The section on the World Bank relies on the lead consultant's earlier position as cooperatives specialist at the World Bank and on Internet research. Information of other agencies is based on Internet research, as well as on the lead consultant's general knowledge of the international cooperative development field.

⁵⁹ Statement by Sha Zukang, Under-Secretary-General, UN DESA, when releasing the logo (UNDESA website).

152. The economic development arm of the United Nations is the United Nations Development Programme (UNDP), through which developing countries receive expert advice, training and grant support. To help accomplish the Millennium Development Goals (see Section I.A), UNDP focuses, among other things, on poverty reduction, HIV/AIDS prevention, democratic governance, social development and, in all of its programmes, the empowerment of women. Cooperatives can play an important role in all these efforts. UNDP has programmes involving cooperatives in numerous countries. They are prominent in China's effort to reduce poverty; in North Korea's programme to increase grain production; in the development of a new cooperative law in Serbia; in clam production cooperatives in Morocco, where women are taught essential skills; and in Lebanon, which has a variety of different types of women's cooperatives. UNDP programmes that promote cooperatives are often accompanied by benefits such as large investments in rural infrastructure, roads, health care and schools, and concerted efforts to develop local markets (as in China's agricultural reform programme⁶⁰) (*comparable with IFAD's rural organization projects*).
153. **Food and Agriculture Organization of the United Nations (FAO).** The organization's mission is to achieve food security for all and ensure that people have regular access to enough high-quality food to lead active, healthy lives. Accordingly, FAO's mandate is to raise levels of nutrition, increase agricultural productivity, improve the lives of rural populations and contribute to growth of the world economy.
154. FAO activities have four main areas of focus, two of which are most important from the standpoint of FOs: (a) sharing policy expertise, lending its years of experience for devising agricultural policy and strategies for member countries; and (b) bringing its accumulated knowledge to the developing world through field projects.⁶¹ Although FAO has no specific policy on cooperatives or other FOs, the two aforementioned focus areas allow FAO to provide substantial assistance to such organizations.
155. FAO focuses chiefly on increasing world food supplies, but it probably became aware of the critical role of cooperatives and other FOs in the overall food supply chain long before any other international organization. As early as the 1960s, the organization had special units for development of cooperatives and rural finance. These units were closed only a few years ago when a new approach to rural development was developed. FAO's top management realised that small, short-term cooperative or similar projects, with few resources stretched over a large number of countries, did not have the desired impact once they were completed and technical assistance had come to an end. In the new approach, all phases - from farm input supplies to delivery to consumers - are seen to form a continuum involving many elements (FAO now has more than 20 specialized activity units). Policy dialogue and support that help develop an enabling legal basis are key elements of assistance. Cooperatives and other FOs were included in the tasks of interdepartmental rural institution working groups, leaving FAO with no dedicated cooperative staff. Now, FAO has an interdepartmental working group that works specifically on cooperatives (with financial support from the Government of France).⁶²
156. FAO does not, however, ignore the importance of cooperatives and other FOs. In 2011, it had 182 projects involving cooperatives or other FOs throughout the developing world.⁶³ Although most of the support for these organizations has been small in individual cases (such as assisting 14 farmer groups in Liberia's Food Price

⁶⁰ Statement by Helen Clark, UNDP Administrator. Ethiopia, 2010.

⁶¹ Website: <http://www.fao.org> (About FAO).

⁶² FAO's continued strong support to cooperatives was expressed by its Director-General when, as keynote speaker at a meeting of the World Cooperatives Congress in November 2012, he stated: "One of the only chances small-scale food producers have to gain competitive access to local and global markets is by banding together in cooperatives." He also stated that FAO was committed to fostering the growth of agricultural cooperatives, including through appointing special ambassadors for cooperatives to spread the word and by developing approaches, guidelines, methodologies and training tools on organizational development and policy support.

⁶³ FAO, Annual Report on FAO activities in support of producers' organizations and agricultural cooperatives, 2011.

Crisis Project), such support also reached a large number of farmer groups (for example, Ethiopia's Food Security Project reaches 16,000 families, some 90,000 persons). FAO's commitment in this respect will continue, as emphasized by its Director-General at the IYC launching ceremony, when stating that the IYC will provide a renewed opportunity for increasing awareness of the importance of cooperatives and allow FAO to strengthen its role as a generator of knowledge in this area. The organization has appointed a special ambassador for cooperatives for the IYC.

157. As with IFAD projects, the most common support provided by FAO is capacity-building in cooperatives and other FOs by means of a specific capacity-development strategy.⁶⁴ Similarly, FAO helps FOs by means of institutional support, especially by enabling small producers to participate in policy-making.⁶⁵ Manuals prepared for several cooperative activities, ranging from cooperatives and rural development, and cooperatives and credit, to market linkages and even to the role of young people in cooperatives, will provide a strong technical basis for strengthening both institutions and capacity. Among other activities, FAO will also partner with IFAD on country-level strategies and include FOs in their formulation, using the platform of the IFAD-financed Farmers' Forum as well as other international conferences (such as the Regional African FOs, Pan-African Farmers' Organization, Committee on World Food Security and G120 - The World Farmers Speak).
158. Again, like IFAD, in all its operations FAO has taken a strong position with regard to women and the environment. FAO's websites on institution-building and rural finance should be noted in this context.⁶⁶ (The amounts involved in these forms of assistance were not available to the study team.)
159. The interdepartmental working group on cooperatives has divided the principal lessons for developing cooperatives and other FOs into three groups:
 - To succeed in their collective actions, small producers need to gain confidence and to develop a sense of ownership of their organizations. This requires moving from dependency to empowerment through building capacity and developing an enabling environment (FAO calls these "bonding relations") (*compare with similar IFAD's lessons in Section IV.C*);
 - Small FOs (including cooperatives) need to connect with similar organizations and form unions, federations and networks so as to gain stronger negotiating power and more favourable transaction conditions as well as access to better technical and financial facilities and NGOs ("bridging relations") (*compare with IFAD's support of national, regional and international FOs, Sections IV.C and V.F*); and
 - Small FOs must link up with higher-level economic and policy actors, such as higher-level cooperative processing and marketing agencies, private businesses, and government bodies ("linking relations") (*compare with IFAD's promotion of vertical integration and public-private partnerships, Section V.F*).
160. **Collaboration between FAO and the International Labour Organization (ILO).**⁶⁷ The International Labour Organization has a long tradition of promoting cooperatives, not only for labour and consumer development but also in the agricultural sector. Confirming its commitment to the promotion of cooperatives, ILO incorporated into its 2002 Recommendation R.193, on the Promotion of Cooperatives, the international cooperative principles and the 2001 United Nations guidelines aimed at creating an environment that encourages the development of

⁶⁴ FAO: Corporate Strategy on Capacity Development.

⁶⁵ FAO wishes to continue its close links with IFAD in this respect and to utilize the institutional development model that IFAD is in the process of developing.

⁶⁶ <http://www.fao.org/economic/esw/areas-of-work/institution-building/en/#c117111>

⁶⁷ See <http://www.fao-ilo.org/fao-ilo-coop/en/>

cooperatives. ILO is the only United Nations specialized agency to have an explicit policy and mandate to promote cooperatives.

161. FAO and ILO have worked together for many years, within their respective mandates, in the field of cooperative development. Collaboration between the two organizations dates back to 1955 when a Supplementary Understanding to the Cooperation Agreement of 1947 was drawn up. The 2004 Memorandum of Understanding between FAO and ILO expressly mentions cooperatives. In this context, among other activities, FAO has updated parts of the standard management toolkit "Material and Techniques for Cooperative Management Training" (MATCOM), originally published by ILO. ILO is currently in the process of further updating the toolkit through its Cooperative Facility for Africa (ILO/COOPAFRICA), in consultation with FAO.
162. **Collaboration with the Committee for the Promotion and Advancement of Cooperatives (COPAC).** In 1971, the United Nations, FAO, ILO and the International Cooperative Alliance (ICA) created the interagency COPAC. Its office was originally located at FAO but it was subsequently transferred to Geneva. FAO and ILO have worked closely with members of COPAC to promote cooperatives through policy dialogue, cooperative training, and the collection and dissemination of information. The four members of COPAC were instrumental in initiating the idea of the IYC.⁶⁸ During an Expert Group meeting organized by UNDESA in April 2009, United Nations Member States responded positively to a *note verbale* regarding the desirability and feasibility of an international year of cooperatives. In December of that year, the United Nations proclaimed 2012 as the IYC (General Assembly Resolution A/RES/64/136); COPAC now coordinates the implementation of IYC.
163. **World Food Programme (WFP)** is the food aid arm of the United Nations system, its ultimate objective being to eliminate the need for food aid. According to WFP's statement of mission, food aid is one of the many instruments that can help promote food security, which is defined as access of all people at all times to the food needed for an active and healthy life.
164. WFP has no policy document on cooperatives or other FOs.⁶⁹ However, in 2009, the Programme changed its procurement practices in favour of local procurement, which in practice promotes cooperatives. It already had a programme under which it sought to purchase food from local or nearby sources to the extent possible, usually from private traders. (Between 2001 and 2010, purchases in developing countries averaged about US\$600 million annually.) The WFP Strategic Plan 2008-2013 specifies its commitment to using its purchasing power to support sustainable development of food and nutrition systems and to transform assistance into productive investments in local communities.
165. To translate the goal into action, and based on earlier experience with local purchases, in 2008 WFP launched the Purchase for Progress (P4P) pilot programme. The aim was to build up the capacity of smallholder farmers to augment their returns by increasing the productivity and marketing of staple food commodities, that is, cereals, pulses and oilseeds. The pilot started in 20 countries of Africa, Asia and Central America, and, as of end-2011, WFP had concluded P4P purchase contracts for over 207,000 tons of food valued at US\$75 million. The objective for the next five years is to use about 15 per cent of WFP's total spending on local procurement in the pilot countries.
166. WFP is not authorized to deal directly with individual smallholder farmers, but is obliged to use intermediary organizations. Because the criteria for involving local organizations in WFP programmes are that they should (a) have legal status, (b) have surplus food products, (c) receive technical assistance or guidance, and

⁶⁸ They also have been instrumental in arranging a United Nations International Day of Cooperatives every year since 1995.

⁶⁹ Neither the WFP Strategic Plan 2008-2013 nor the World Food Programme' Year in Review, 2011 mention cooperatives or other FOs. However, both documents mention NGOs, which presumably also includes cooperatives.

(d) emphasize women's empowerment, cooperatives automatically become the main focus, although they are not specifically targeted by WFP. Apart from private firms, few other economic organizations in developing countries are involved in collecting, processing and marketing food crops or could meet the other criteria.⁷⁰ For instance, in Mali, where WFP has made a detailed evaluation, practically all purchases are made from cooperatives. For reasons of cost and logistics, WFP buys mainly from cooperative unions, but P4P also helps connect smallholder farmers and their organizations with processing companies and local traders so as to facilitate their access to storage and financial and technical services. Under the ongoing US\$60 million five-year budget for these 20 countries and, through them, some 810 FOs encompassing about 1 million smallholders, WFP aims to strengthen FOs and market structures, and to improve both infrastructure and the coordination of procurement operations. Support for FOs includes improving their administration (governance), helping them to gain access to marketing finance, providing technical assistance in strategic planning, providing guidance in produce and product pricing, and supervising quality standards (*compare these with the types of assistance by IFAD – see Section IV.C*).

167. A special feature of WFP assistance to FOs is that it does not attempt to be even-handed; on the contrary, P4P classifies partners according to their capacity both to deliver food and to compete (thus, partners are classed as high-capacity, medium-capacity and low-capacity organizations). P4P shapes the support activities to fit the needs of each case (in the same way as IFAD does in some countries with regard to training follow-up and management support).
168. The principal lessons drawn from experience under P4P are as follows: (a) although developing local procurement to target levels may require more time than originally foreseen, it is possible if a concerted effort is made; (b) it is important to develop horizontal networking (especially involving local governments) as a link to FOs; and (c) value chains, either vertical cooperative organizations, private-sector intermediaries or both, are essential to facilitate economical procurement of large quantities of food items to meet WFP needs. WFP also sees PPAs as important for increasing procurement of food items from local sources (*compare these with IFAD's experience regarding project length and the need to support vertical chains*).
169. **World Bank.** Like IFAD and other international development agencies described in this report, World Bank has no written policy on cooperatives or other FOs. However, the Bank's strategic and action plans show that it is committed to promoting these forms of organizations as important elements in rural and agricultural development. Although the Bank's documents seldom use the term "cooperatives," cooperatives are included under "farmer organizations" or "producer organizations".⁷¹ The 2003 World Bank Rural Development Strategy⁷² and the 2008 Development Report⁷³ both contain a section on FOs and mention examples that include cooperatives.
170. The follow-up report to the 2008 Development Report, "World Bank Group Agricultural Action Plan 2010-2012", makes no specific mention of cooperatives. However, it emphasizes the need to strengthen producer organizations and describes the means of doing so as follows: "The Bank's support to strengthening of producer organizations will be two-pronged: (a) technical assistance to improve their function (mechanisms to resolve conflict, deal with heterogeneous membership, development of managerial capacity, and participation in high-level negotiations), and

⁷⁰ The types of "first-level" farmers' organizations that could be included are associations, community-based organizations, grass-roots groups, self-help groups and clubs.

⁷¹ An exception is the World Bank: *Rural Development: Sector Policy Paper (1975)*, which mentioned cooperatives as suitable local institutions for rural development in numerous places.

⁷² World Bank: Rural Development Strategy 2003.

⁷³ World Bank: Development Report 2008: Agricultural Development.

(b) financing for demand driven funds, with producer organizations selecting activities and needed services.⁷⁴

171. As well as advocating the promotion of FOs in general terms, the Action Plan also emphasizes the importance of related activities. Among the five focal areas, the Plan mentions linking farmers to the market and strengthening value addition - including continued support to the Doha trade negotiations of the World Trade Organization, investing in transport infrastructure, improving market information, and improving access to finance. Other areas of focus have to do with raising agricultural productivity, reducing risk and vulnerability (food security and gender issues), facilitating the entry to agriculture, improving non-farm incomes, and enhancing environmental services and sustainability. (*Compare the observations in chapters V and VI on the importance of value chains for increased income, investments in infrastructures and the importance of rural finance.*) Furthermore, World Bank documents highlight the roles of various non-cooperative associations and agroindustries, noting that agribusiness trade (and other) associations can serve as vehicles for defining and promoting the interests of the agriculture industry, taking collective action and delivering centralized services, and for networking among members and other stakeholders.⁷⁵
172. In its strategic documents, World Bank has taken a clear position in favour of empowering women and other vulnerable groups, and promoting environmental services - also in the context of climate change. Furthermore, World Bank regards FOs as valuable tools in the fight for good governance, stating that "local, national and global governance for agriculture need to be implemented. Civil society empowerment, particularly of producer organizations, is essential to improving governance at all levels."
173. World Bank has long been active in rural and microfinance, including cooperative financial institutions. Besides financing numerous projects, publications and conferences promoting this activity, it has assumed responsibility for the international microfinance development programme, Financial Services in Rural Areas, and is a partner of FAO in the CABFIN programme. (As mentioned earlier, IFAD has provided grants for these programmes.)
174. World Bank also has a long history of supporting cooperative development. The first major credits of the International Development Association, a subsidiary of the World Bank Group, were provided in the mid-1970s for the large cooperative dairy movement in India, followed by loans for potato stores, multipurpose cooperatives and the oilseed sector. The Bank has not collected data on overall contributions for cooperatives or other FOs over the years, but the figure is certainly substantial because of its favourable attitude to these organizations. The upward trend is expected to continue. In 2006-2008, annual support for the agricultural sector averaged US\$4.1 billion, and the amounts in the following four-year period were expected to grow to between US\$6.6 billion and US\$8.3 billion, a substantial proportion going to producer organizations and associations, agroindustries and development of value chains, in all of which cooperatives are prominent (and also promoted by IFAD).
175. **Other multilateral agencies.** Although the Asian Development Bank has no formal policy on cooperatives, its strategy statements, including those prepared for its Member States,⁷⁶ reveal its favourable position towards cooperatives and similar

⁷⁴ World Bank: World Bank Group Agricultural Action Plan 2010-2012, p. 24.

⁷⁵ World Bank (John E. Lamb) (2012): *Establishing and Strengthening Farmer, Commodity, and Interprofessional Associations*. Agricultural and Rural Development, Washington, D.C.

⁷⁶ *Development of Agricultural Sector Strategy and Policy* (for Thailand and its Ministry of Cooperatives).

institutions. Also, in practice, ADB actively promotes cooperatives with a number of projects in support of agricultural cooperatives and similar organizations.⁷⁷

176. Microfinance, incorporating rural banks and cooperative credit and savings associations, plays a significant role in ADB's overarching goal to reduce poverty in Asia and the Pacific. As expressed in its microfinance strategy,⁷⁸ ADB believes that providing access to microfinance is an effective way of reaching the poor and improving their lives.⁷⁹ Through its loans and other activities, ADB aims to support the development of sustainable microfinance systems that can provide diverse, high-quality services under its country programmes, for example, its programme in Mongolia to help improve the performance of savings and credit cooperatives and provide modern financial education;⁸⁰ and its Rural Cooperative Credit Restructuring and Development Programme in India.⁸¹
177. The African Development Bank and the Inter-American Development Bank also promote cooperatives and other FOs, but the extent of their engagement is not studied in this document.⁸² (*Engagement with cooperatives by selected bilateral agencies and foundations is summarized in annex V.*)

VII. Conclusions

178. **Evolving IFAD policies on cooperatives and similar organizations.** Starting in the 1960s, when a number of countries in Africa and elsewhere became independent, the bilateral/international development and financial agencies, joined with the new governments in vigorously promoting cooperatives all over the developing world. Although their numbers and membership originally expanded rapidly, many of them ran into difficulties in the 1980s and 1990s when markets were liberalized and government policies moved towards a capitalistic approach. As a result, support to, and in some cases even oversight of, cooperatives was withdrawn, which changed the outlook for cooperatives. During its early years, IFAD seldom used the term "cooperatives" in its policies or strategies, despite actively working with cooperatives.
179. This study concludes that IFAD did not intentionally ignore cooperatives in formulating its policies for increasing agricultural production, but as it was concerned with increasing agricultural production there appeared to be no particular need to concentrate on institutional aspects. Moreover, because IFAD used other agencies such as World Bank and FAO to prepare its projects, it also accepted their approaches regarding intermediaries. Thus, it seems that the reason for "cooperatives" not appearing in official IFAD documents was because it was preferable to use the generic term "FOs" rather than singling out cooperatives (see paragraphs 24-28).
180. In retrospect, it seems rational to use generic terms for FOs in policy and strategy documents and in annual reports, but less so to avoid mentioning cooperatives in project/grant design and other documents. Cooperatives have their distinctive features and account for far more economic and formal organizations than other forms of FOs in the rural areas of most developing countries. While important for farmers, the other two groups of FOs - non-cooperative associations and economic farmers' groups - have a different nature or level of activity and formalization, and need a different type of support (paragraphs 30-32, 41). Ideally, rather than just a few, all design and other project reports should have distinguished cooperatives from other farmers' associations. Such an approach would have allowed for organization-specific support activities to be planned at the outset, project start-up to

⁷⁷ General info on relevant projects can be found at

<http://ss.adb.org/?cx=003580287232275984586%3A28nh6wpajf4&q=cooperatives+policy&sa=>

⁷⁸ ADB: Finance for the Poor: Microfinance Development Strategy.

⁷⁹ <http://beta.adb.org/sectors/finance/microfinance>

⁸⁰ <http://beta.adb.org/news/mongolia/adb-mongolia-sign-agreements-support-ger-areas-development-and-deepen-financial-service>

⁸¹ <http://www.adb.org/Documents/Tranche-Releases/IND/36343-01-ind-prtr.pdf>.

⁸² Because of resource constraints, information about them may be accessed on their Websites www.AfDB.org and www.iadb.org

be speeded up, and the quality of assistance improved. It would also be desirable, in supervision and project status reports, to collect separate information on the types of FOs that projects or grants are meant to support.

181. **Typology of IFAD projects and grants.** IOE observed a large number of problem or activity areas in project and grant documents, which need to be addressed in terms of action and resources (paragraphs 66-68,111-115). Government actions - economic liberalization and cancellation of earlier positioning in the agricultural sector for marketing and input supplies - forced cooperatives to compete with other forms of commercial entities, but they were poorly prepared to meet the challenge. The cases covered by the study proved that, in many cases, IFAD's and other agencies' projects and programmes have helped overcome these challenges, at least moderately satisfactorily. However, for the long term, countries and their cooperative or farmer movements should not rely on external assistance to strengthen agricultural sector agencies; in this context, building up vertical integration (district and national unions and federations) will be especially important. As in developed countries, once cooperatives and associations are strong enough, they can take over the capacity-building, institution-strengthening and even guidance and control functions now provided with the help of external financiers or governments. Because commercial operations require capital, cooperative financial agencies or financial institutions favourable to cooperatives will need to be developed or strengthened for long-term development.
182. Notwithstanding, external support to FOs at all levels will likely continue to be needed for several years. Capacity-building and institution-strengthening — the major tools in IFAD projects and grants — are never-ending activities; after all, committee members change every few years, new staff is needed because older staff members find better-paying employment elsewhere and new members are acquired. In addition, few cooperatives are sufficiently strong to compete in the marketplace. IFAD support to these activities has been, and will continue to be, justified in the future. However, with limited resources in relation to the huge number of cooperatives and other FOs involved, the use of the funds even for capacity-building and institution-strengthening must be rationalized (as already occurred in a couple of study cases — see, for example, paragraphs 70, 109-110). There are three levels of institution building, each with different requirements in terms of improvement and assistance needs:
 - Advocating for and establishing organizations (this might take time but is relatively easy as long as appropriate guidance and manpower are available);
 - Organizing and expanding operations to the level of profitability (most difficult, necessitating considerable capacity-building and entrepreneurship); and
 - Consolidating activities and ensuring long-term sustainability (a very important phase but requiring fewer external resources and technical assistance —backstopping may be sufficient).
183. An analysis of financial and human capacities (a sort of "stress test") at the programme design phase would allow cooperatives (or other FOs) to be placed in each of these groups, and would improve the design of needed measures and allocations of funds.
184. The study shows that cooperatives are difficult to manage and operate, especially once they become large, as they must if they are to be profitable in today's market economy (see, for example, paragraphs 79-83, 121-123, 136-141). Their development depends on the varying economic, social, educational, historical and even psychological situations of each country. For cooperative programmes to succeed, these "determinants" will need to be studied and the assistance approach tailored to individual cases.

185. Risk analysis of projects for the development of cooperatives and other FOs is important (see paragraphs 94-98, 111-114). Very few risks relating to cooperatives or other FOs were identified by the study team. It was determined that because establishing and strengthening organizations is not only difficult but depends on many factors, it is inconceivable that there should be so few risks involved. The aforementioned studies would also be helpful to better assess the risks and countermeasures needed in each case.
186. Projects that support cooperatives have reached large numbers of beneficiaries, particularly women; in many cases, the number extends to tens of thousands, even hundreds of thousands, of which at least 30 per cent were women. Cooperative savings and credit societies, in particular, facilitate women's access to financial services and, in contrast to marketing cooperatives, that of farm labourers and other poorest-of-the-poor (see, for example, paragraphs 84-88, 125-128).
187. In the 1980s and 1990s, in particular, it became customary to blame excessive government control and involvement for most of the difficulties faced by cooperatives. This may have been often true, but in several cases the study showed that cooperative departments and agencies proved their value in terms of promoting and safeguarding cooperatives against mismanagement or fraudulence (including Bangladesh, Ethiopia, Kenya and Rwanda).
188. Despite the problems identified both before and during project and grant implementation, support to cooperatives and other FOs appears to have been adequate. IOE was not able to evaluate individual projects in detail (only five projects had completed post-evaluation reports); nevertheless, ratings in the mid-term review and supervision reports showed that all but four⁸³ had achieved an average rating of 4 or more (from "moderately satisfactory" to "satisfactory"), and even the projects rated below 4 had an average rating above "moderately unsatisfactory" (see annex IV). As for institution-building, even the four lagging projects were rated above 4. With regard to differences among regions, IOE observed two deviations from the otherwise relatively uniform performance. In LAC, two projects (in Guatemala and Uruguay) with ratings above "satisfactory", generally performed quite well especially in institution-building for which they performed better than projects in other regions. Overall ratings of projects in NEN were lower than in other regions, but institution-building was at least "moderately satisfactory." In the study team's view, performing situational and institutional analyses, and using consultants specialized in cooperatives, would further improve performance.
189. **Lessons.** When analysing documents for the 25 project and 10 grant cases under review, IOE observed a large number of potential lessons (paragraphs 135-148). Apart from the need to target support to specific FOs on the basis of advance institutional analyses as already mentioned, IOE suggests that the greatest concern may be that, when starting up new programmes and establishing new FOs with external financing, a dependency problem might emerge and endanger sustainability. Making these organizations sustainable requires integration within the sector and linkages to local community structures (development councils, municipalities, networks of organizations, and so on), as well as empowering the FOs and involving them in value chains.
190. In addition to lessons learned from the individual cases just discussed, IOE attempted to take a broader view of the project and grant documents and present a number of hypotheses. However, based as they are on a relatively small sample (paragraph 149), some of them will need to be validated. Perhaps the most important observation is that when cooperatives are indicated as beneficiary groups from the outset, projects tend to start faster than when they are aimed at non-cooperative and economic farmers' associations. Also, when grants are provided to regional FOs (often through other development agencies) for the purpose of promoting

⁸³ Bosnia-Erzegovina, Etiopia, Guinea and Morocco.

international, national and local FOs, the recipients are able to increase their operations, improve visibility, facilitate studies, develop new projects and train leaders and staff to influence national policies.

191. **Validation by “benchmarking”.** IOE carried out interviews with, and reviewed the documents of, other Rome-based United Nations specialized agencies and World Bank, with regard to their activities involving cooperative and other FOs. It also reviewed relevant Internet documents of a number of other multilateral/ bilateral agencies and foundations (paragraphs 150-177 and annex V).
192. The reviews showed results similar to the findings of the study on IFAD’s engagement with cooperatives, including that although none of the major multilateral agencies except for ILO had a specific cooperative policy, all favoured developing FOs, including cooperatives. There were no major differences regarding problems faced by multilateral/bilateral agencies, on the one hand, and by the designers and evaluators of IFAD projects and grants on the other hand - indicating that, while not new, problems relating to cooperative development vary from case to case.
193. As for solutions, similarities also exist, although the tools used by different agencies may not be the same (for instance, USAID places higher priority than others on revising restrictive cooperative laws and regulations; the German development agencies have also been active in this area). However, although the types of assistance are well known, it became clear that conditions in different countries are so different that “one cannot come into a country and just create cooperatives”.⁸⁴ Instead, the general cooperative (or other FO) model needs to be adjusted in each country according to the historical, economic and social conditions involved. In this context, it will be important to use the accumulated knowledge of different development institutions (such as COPAC, FAO, ICA and bilateral agencies with experience in cooperatives) rather than seeking new panaceas. The best way forward would be to ensure close collaboration between professionals dealing with cooperatives and other FOs in these institutions.
194. **The way forward.** The September 2012 workshop at IFAD noted, among other things, that while the study was important with regard to developing guidance for IFAD and its staff on dealing with cooperatives and similar organizations, it would be necessary to develop a way forward. The follow-up activities recommended include identifying countries that have projects with different types of FOs and making a thorough, on-the-spot study about their effectiveness and modes of operations; preparing a number of success stories; increasing the coverage to farmer associations not included in the study; validating the hypotheses presented; and making recommendations tailored to different circumstances.

⁸⁴ A conclusion presented at the workshop organized to validate the approach of this study, held in September 2012.

Definition, values and principles of cooperatives

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1st principle: Voluntary and open membership. Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd principle: Democratic member control. Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3rd principle: Member economic participation. Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th principle: Autonomy and independence. Cooperatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th principle: Education, training and information. Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

6th principle: Cooperation among cooperatives. Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th principle: Concern for community. Cooperatives work for the sustainable development of their communities through policies approved by their members.

Source: ICA's Website (<http://2012.coop/welcome>)

Goals and farmers' organizations – specific objectives of sample projects and grants

<i>Project/farmers' organizations involved</i>	<i>Goals and objectives/farmers' organizations at which support was aimed</i>
APR	
<p>India: Orissa Tribal Empowerment and Livelihoods Programme (2003-2012)</p>	<p><u>General objective:</u> to ensure the sustainable improvement of the livelihoods and food security of poor tribal households by promoting more efficient, equitable, self-managed and sustainable exploitation of natural resources at their disposal and by developing off-/non-farm enterprises. FOs: economic farmer groups (Group C).</p>
<p>Bangladesh: Participatory Small-scale Water Resources Development Project (PSSWRP). Proposed supplementary loan; Inception memo (2010-2018)</p>	<p><u>General objective:</u> to enhance productivity and sustainability in agriculture through sustainable small-scale water resource management systems in subproject areas. <u>Specific objective:</u> to achieve small-scale water resource management systems within the project area, by financing subproject investments in the sector, including subprojects for flood management, drainage improvement, water conservation and command area development, including surface water irrigation. The project will support the development of inclusive water management cooperative associations (WMCAS) that include landowners, land operators, women, fishers and other vulnerable groups. FOs: formal cooperatives (Group A).</p>
<p>Philippines: Rural Microenterprise Promotion Programme (2006-2013)</p>	<p><u>Development goal:</u> reducing rural poverty by increasing economic development and rural income, and by creating employment for 200,000 poor rural households. <u>Programme objective:</u> increasing the number of rural microenterprises that operate both profitably and sustainably. FOs: Comp. 1; microenterprises (cooperatives allowed) (Group C). Comp.2: Credit coops (Group A).</p>
<p>China: Xinjiang Uygur Autonomous Region Modular Rural Development Programme (2008-2014)</p>	<p><u>General objective:</u> to reduce incidence of poverty in target villages in a sustainable and gender equitable manner (of the 16 Prefectures in the XUAR, four were selected in accordance with government priorities and on the basis of poverty incidence). FOs: Comp. B; non-cooperative associations (Group B). Comp. D; Credit coops and (Group A) and village credit funds (Group C).</p>
<p>China: Dabieshan Area Poverty Reduction Programme (DARP) (2009-2016)</p>	<p><u>General objective:</u> to help increase incomes and reduce poverty for farm households in a sustainable and gender-equitable manner in eight poverty-stricken counties of Xinyang Prefecture, Henan Province, by improving access to markets, services, technology and investment support. <u>Policy and institutional objectives:</u> to strengthen agricultural support services so that poor people have better access to knowledge and, as a result, are capable of adopting improved technology. The ongoing development of private farmer cooperatives will be enhanced through inclusion of the poor in order to enhance their capacity to access input and remunerative output markets. In that way, the programme responds directly to the recent government regulation on farmer cooperatives. FOs: formal cooperatives (Group A); non-cooperative associations (Group B); and economic farmer groups (Group C).</p>
ESA	
<p>Kenya: Smallholder Dairy Commercialization Programme (2006-2015)</p>	<p><u>Overall goal:</u> to increase the incomes of poor rural households who depend primarily on the production and trade of dairy products for their livelihoods. As well as production increases, the project aims at creating employment and benefits from expanded opportunities for market-oriented activities, in particular through strengthened and expanded farmer organizations. FOs: economic farmer groups (Group C) (cooperatives allowed).</p>
<p>Madagascar: Rural Income Promotion Programme (PPRR) (2004-2012)</p>	<p><u>Development (and overall) objective:</u> to reduce rural poverty in one province by increasing smallholder incomes and boosting the capacity of communities to take responsibility for their own development. Specific objectives include (i) (d): the forging of partnerships between producer groups and commercial operators; (ii) (b): strengthening producer organizations; and (ii) (c): improving access to (mutualist) financial services. FOs: non-specified FOs (Group D); in practice, cooperatives allowed.</p>
<p>Ethiopia: Agricultural Marketing Improvement Programme (AMIP) (2006-2013)</p>	<p><u>Programme goal:</u> sustainable poverty reduction by securing, safeguarding and increasing real incomes and food security among the majority smallholder farmers living on a daily income per capita of around USD 0.30, which is far below the Millennium Day Goal of at least one dollar a day. The objective is to improve the effectiveness and efficiency of key elements of the agricultural</p>

Project/farmers' organizations involved	Goals and objectives/farmers' organizations at which support was aimed
	marketing system. FOs: formal cooperatives (Group A); other economic farmer groups allowed.
<p>Rwanda: Smallholder Cash and Export Crops Development Project (PDCRE) (2003-2011)</p>	<p>Project goal: to maximize and diversify the incomes of poor smallholder cash crop growers, subject to developing financially sustainable commercial processing and marketing activities. Among other objectives, the project will (iv) develop efficient, cost-effective and financially sustainable processing and marketing enterprises controlled by cooperatives. FOs: formal cooperatives (Group A) and economic farmer groups (Group C).</p>
<p>Tanzania: Agricultural Marketing Systems Development Programme (AMSDP) (2003-2009)</p>	<p>Programme objective: within the goals of income generation for smallholders and food security in two zones, to improve the structure, conduct and performance of the agricultural marketing system. A specific objective (b) is to empower target groups by strengthening them both financially and organizationally, especially in marketing. FOs: economic farmer groups (Group C) (cooperatives allowed); another component: SACCOs (Group A).</p>
LAC	
<p>Argentina: Rural Development Project for the North-Eastern Provinces (PRODERNEA) (1999-2007)</p>	<p>General objective: to contribute to overcoming the root causes of poverty in the north-east by strengthening the productive capacity of human and natural resources among poor people, small producers and indigenous people in the region, through a sustainable increase in incomes and self-management capacities. FOs: economic farmer groups (Group C); (aborigines included).</p>
<p>Guatemala: Rural Development Programme for Las Verapaces (PRODEVER) (2001-2007)</p>	<p>General objective: to reduce rural poverty among peasants living in a very fragile natural resource environment in the poorest municipalities of the Las Verapaces Department. Specific objectives include: (a) to increase peasant incomes through promotion and support of agricultural and non-agricultural income-generating activities; (b) to promote and consolidate peasants' organizations so as to strengthen local institutions; (c) to improve access by the rural population to rural financial services; and (d) to introduce and implement a gender-sensitive approach to all programme activities. FOs: formal cooperatives (Group A); non-cooperative associations (Group B); economic farmer groups (Group C).</p>
<p>Nicaragua: Programme for the Economic Development of the Dry Region in Nicaragua (PRODESEC) (2004-2010)</p>	<p>General objective: to raise, in a sustainable manner, the income of rural poor families in the dry region by developing their skills and providing access to new opportunities. Specific objectives include: (a) developing the human and social capital of the target group and its organizations, aiming at increasing their ability to take advantage of opportunities for improving their income; (b) taking full advantage of market and business opportunities with new income-generating activities; and (c) improving the target group's access to markets, services and productive assets, contributing to the development of services, from financing to investment initiatives and access to information and knowledge. FOs: formal cooperatives (Group A); non-cooperative associations (Group B); economic farmer groups (Group C).</p>
<p>Paraguay: Empowerment of Rural Poor Organizations and Harmonization of Investments (Paraguay Rural) (2007-2014)</p>	<p>General objective: to ensure that the rural poor in five selected departments of the north-eastern region and their strengthened organizations have access to the productive and financial resources and services already available in the project area, and to incorporate them into the national development processes. Specific objectives include: (a) empowerment of rural poor organizations, accumulation of their social capital and application of a gender approach so as to generate an appropriate demand-driven system of productive and financial resources in the project area; (b) promotion of sustainable business opportunities (agricultural and non-agricultural) based on the diversification and modernization of productive and commercial activities. FOs: formal cooperatives (Group A); non-cooperative associations (Group B); economic farmer groups (Group C).</p>
<p>Uruguay: National Smallholder Support Programme-PHASE II (PRONAPPA II) (2001-2011)</p>	<p>General objective: to contribute to alleviating rural poverty by raising the income levels and living standards of the rural poor. Specific objectives include: (i) strengthening beneficiary organizations and sectoral institutions in order to foster participation, ownership, and the sustainability of policies and interventions; (ii) improving access of project beneficiaries to financial resources in order to support productive investment and create rural microenterprises; (iv) providing sustainable access to production-support services for small-scale agricultural producers and small and medium-sized enterprises. FOs: formal cooperatives (Group A); non-cooperative associations (Group B); economic farmer groups (Group C); (including national level).</p>

<i>Project/farmers' organizations involved</i>	<i>Goals and objectives/farmers' organizations at which support was aimed</i>
NEN	
Yemen: Economic Opportunities Programme (EOP) (2010-2016)	General objective: to create sustainable economic opportunities for poor women and men in the programme areas. Institutional objectives: to create an Economic Opportunities Fund; empower producers' associations as representative local institutions serving their members. FOs: non-specified FOs (Group D), possibly also for economic farmer organizations (Group C).
Egypt: Upper Egypt Rural Development Project (2007-2015)	General objective: to contribute to poverty reduction and improved livelihoods of the target population in the project area. FOs: economic farmer organizations (Group C), possibly including non-cooperative associations (Group B).
Morocco: Livestock and Rangelands Development Project in the Eastern Region (LRDP) – PHASE II (2004-2010)	General objective: to contribute to reducing poverty and unemployment and to improving the livelihoods of target population in the project area. Specific objective: to strengthen the institutional and financial capacity of pastoral cooperatives in the project area. FOs: formal cooperatives (Groups A) and non-cooperative associations (Groups B).
Sudan: Western Sudan Resources Management Programme (WSRMP) (2005-2013)	General objective: to improve the equity, efficiency and stability of the economy of the three Kordofan States through rationalizing the regulation and use of natural resources, enabling poor households to have access to productive services and fair terms of trade. FOs: non-cooperative associations (Group B). And economic farmer organizations (Group C).
Bosnia-Herzegovina: Rural Enterprise Enhancement Project. (2007-2012)	General objective: sustained growth of rural enterprises and employment opportunities in the project area. The rural enterprises would be supported to improve linkages between various tiers of value chains for commodities and services, thus contributing to dynamic local economies linked to equally dynamic regional and national economies. FOs: non-cooperative associations (Group B). And economic farmer organizations (Group C).
WCA	
Guinea: National Programme to Support Agricultural Value Chain Actors (PNAFA) (2004-2013)	General objective: to improve the incomes of small farmers and of poor rural households. Specific objectives: to enhance the productivity and competitiveness of the activities of poor rural households by strengthening capacities of organizations that play a key role in the development of promising value chains.
Mali: Sahelian Areas Development Fund Programme (1999-2012 <i>1st phase:</i> 1999-2003, <i>2nd phase:</i> 2003-2007, <i>3rd phase:</i> 2007-2013)	General objective: to reduce the poverty of families in the Sahelian area by increasing revenue and improving living conditions. Objective 1st phase: put in place institutions and programme management procedures and initiate investments for target groups; Objective 2nd phase: strengthen the institutions and extend the activities on the entire project area; Objective 3rd phase: support the institutional and financial sustainability of associations and FOs partners of the project by strengthening their capacities in the effective and sustainable management of their activities and their active participation in the local development. FOs: non-cooperative associations (Group B) and economic farmer groups (Group C).
Senegal: Agricultural Services and Producer Organizations Project – Phase II (PRODAM). 2003-2011 (Phase I: 1993-2000)	General objective: to assist targeted rural populations to develop their own capacity to improve their incomes and living conditions on a sustainable basis. Specific objective: (a) to improve the capacity of beneficiary organizations to provide essential services to members and play an important advocacy role on their behalf. FOs: formal cooperatives (Group A) and non-cooperative associations (Group B).
Benin: Rural Development Support Programme (PADAER). (2007-2012)	General objective: to contribute to reducing rural poverty by increasing the incomes of poor rural households. Specific objective: strengthening the capacity of community-level institutions. FOs: non-cooperative associations (Group B) and economic farmer groups (Group C).
Ghana: Northern Rural Growth Programme (NRGP). (2008-2017)	General objective: to achieve sustainable agricultural and rural livelihoods and food security for the rural poor in northern Ghana, particularly for those dependent on marginal lands, for rural women and for vulnerable groups. Specific objective: to develop inclusive and remunerative commodity and food chains to generate agricultural surplus production and orient it towards remunerative markets in southern Ghana and abroad. FOs: economic farmer groups (Group C) (cooperatives allowed).

<i>Grants/farmers' organizations involved</i>	<i>Goals and objectives/farmers' organizations at which support was aimed</i>
Policy and Technical Advisory Division grants	
Capacity-building for Farmers' Organizations involved in IFAD Country Programmes (2011-2014)	(Recipient: Agricorn): The overall goal is to help FOs contribute to improving the lives of farmers around the world by strengthening their organizational capacity to better address problems facing poor farmers locally and to participate more fully in national and international forums dealing with agricultural issues. Specifically in selected Saharan and CEN countries. FOs: Non-specified FOs (Group D).
European Union Food Facility Programme (2009-2011)	(Recipient: ECOWAS region)The facility/programme is intended to: <ul style="list-style-type: none"> • Improve availability of, and access to, agricultural services and inputs, particularly seeds and fertilizer; • Increase agricultural production capacity and meet the basic food requirements of the most vulnerable groups; • Meet specific equipment and economic infrastructure requirements on a small scale. FOs: Non-specified FOs (Group D), but in practice numerous local cooperatives.
Improving Capacity-building in Rural Finance (CABFIN); (2009-2013)	Support to Rural Finance Learning Center (RFLC) is intended to further develop it into a leading resource centre for agriculture and rural finance, with particular emphasis on capacity-building for partners, counterpart institutions and organizations that offer learning material and instruments, best practices and guidelines. A user survey for the portal was launched in December 2006. FOs: MFIs (Group C), but also formal cooperative savings and credit societies).
Responsible and Sustainable Growth for Rural Microfinance Programme (PAMIGA) (2012-2014)	<u>For the PAMIGA network of rural finance institutions (a French NGO).</u> The targeted intermediaries of the programme are 14 African rural finance institutions (RFIs) that are members of the PAMIGA network and information-sharing platform, their staff, managers and directors. The RFIs serve a total of 500,000 clients and family household economies, mostly located in rural areas – the programme target group. The programme focuses on scaling up rural financial intermediaries, developing new products, and using technology to reduce costs. FOs: MFIs (Group C), but also formal cooperative savings and credit societies.
Developing Inclusive Financial Systems for Improved Access to Financial Services in Rural Areas (CGAP) (2011-2013)	The goal is linked to IFAD Strategic Objective 3 on increasing access to a broad range of financial services. <u>The principal objectives</u> of this grant are to: build financial market infrastructure in rural areas; (b) improve equitable and efficient delivery, outreach and sustainability of financial services for poor people in rural areas; (c) build up the capacity of IFAD stakeholders and partners in rural finance in all regions; (d) forge strategic partnerships with centres of excellence in rural and microfinance to improve IFAD operations and impact; and (e) improve transparency. FOs: MFIs (Group C), but also formal cooperative savings and credit societies)
Support to Farmers' Organizations in Africa Programme (SFOAP) (4 years; 2009-)	To strengthen FOs' capacity to influence policies and support programmes affecting agriculture, rural development and food security. <u>Specific objectives:</u> (a) to empower FOs by strengthening their institutional capacities at the national, regional and Pan-African levels; (b) strengthen the role of FOs in the articulation and implementation of policies and programmes related to agriculture development. FOs: Non-cooperative associations at national or higher levels (Group B); through them also cooperatives in some countries.
Programme for the development of a rural finance network in the Republic of Paraguay; (Source: Design report) (2007-2011)	<u>Overall objective:</u> to "create mechanisms to facilitate access by small-scale producers to financial services for production and to carry out their business plans, by networking organizations (cooperatives) to channel resources efficiently and effectively." <u>Specific objectives for cooperatives</u> aim to contribute to developing a network of partnerships between first-class cooperative and non-cooperative organizations, to ensure access to credit by weaker cooperatives and to use Instituto Nacional de Cooperativismo (INCOOP) to help weaker cooperatives. FOs: formal cooperatives (Group A).
Market access Programme for Rural Associative Micro-, Small and Medium-Sized Enterprises in Central America; (El Salvador, Guatemala, Honduras and Nicaragua) (2011-2014)	<u>The project goal</u> is (verbatim) for producers' organizations in poor territories to access markets after improving their technical and business management capacities in a sustainable manner in coordination with IFAD projects and the public sector, training technicians and institutional officials that support the generation of jobs and income, poverty reduction and access to food.

<i>Project/farmers' organizations involved</i>	<i>Goals and objectives/farmers' organizations at which support was aimed</i>
Programme for Enhanced Bamboo-based smallholder livelihood opportunities; (South America) (2008-2012)	<p>FOs: Non-specified FOs (Group D).</p> <p><u>Overall objective:</u> to strengthen the capacity of the rural poor and their organizations, enabling them to influence institutions (including policies, laws and regulations) of relevance to rural poverty reduction. FOs: Non-cooperative associations at national or lower levels (Group D); possibly some in Group A.</p>
Development of Supply and Markets for High Quality Breeding Goats through Strengthened Cooperative Goat Resource Centre, Nepal; (2007 – 2010)	<p><u>Recipient:</u> Centre for Integrated Agriculture and Cooperative System (COCIS). <u>The overall goal</u> is to improve the livelihood conditions of the poorest rural households through development of economic activities in the leasehold forest lands, based on goat breeding and supply of goats through marketing centres in the selected pocket areas. <u>Specific objectives</u> are to: (a) improve capacity to produce high-quality breeding goats and ensure supplies of such breeding goats to meet the demand through Goat Producers' and Marketing Cooperatives; (b) institutionalize cooperative goat production and improve the incomes of cooperative members. FOs: formal cooperatives (Group A).</p>

Description of farmers' organizations covered by the synthesis study

1. Three groups of FOs are so distinct and differ so greatly one from the other that they must be dealt with in a study that focuses mainly on cooperatives without excluding organizations that while similar to FOs are either not formalized under the same law as cooperatives or are not registered at all. As per the Farmers' Forum definition of such organizations, they do not include community or grass-roots groups such as those established for community-directed development or agricultural extension purposes.
2. **Formal cooperatives.** The main group under this category consists of organizations that have the word "cooperative" in their name and/or are registered as cooperatives. Thus this category also includes organizations that follow the official cooperative principles defined by ICA but, for one reason or another (usually political, to avoid the "stigma" of socialism or earlier failure), are called by another name such as credit unions or grain silo associations.
3. **Non-cooperative farmers' associations.** This group contains various farmers' associations organized beyond the grass-roots or community levels. They are membership-based and democratically organized and administered in the same way as cooperatives, but are formalized under something other than the cooperative registry, such as the societies' registry. They may act as a representation or pressure group, promote more advanced agricultural practices, help to market agricultural inputs, or operate as service providers (typical examples are the district-level potato growers' associations and their national federation in Rwanda).¹
4. **Other economic farmers' associations.** This group includes some small, often unregistered, associations of farmers above the village level, which aim to improve the lot of their members by developing services such as crop marketing, rural finance and input supplies, and have the potential to become cooperatives (for example, the "Associations de services financiers" in Guinea). These "pre-cooperatives" may be also registered under the cooperative law in some countries.
5. In many cases the documents mention FOs in such general terms that they — or their funding — do not fit into any of the three categories mentioned. However, the study team has also included them under the overall heading "FOs", if they are membership-based and democratically administered.

¹ In developed countries, non-cooperative farmers' associations may have many other types of activities, such as laboratory analyses, research, technology transfer, seed multiplication, group purchase of inputs, dispute resolution, crop insurance and support in labour relations.

Most recent performance rates for selected criteria in sample projects¹

IFAD regional division/project	Rates ^a		
	Project implementation progress (average of rates) ^b	Institution building	Gender focus
APR			
India: Orissa Tribal Empowerment and Livelihoods Programme (2003-2012).	4.1	3	3
Bangladesh: Participatory Small-scale Water Resources Development Project (PSSWRP).	4	4	4
Philippines: Rural Microenterprise Promotion Programme (2006-2013).	4.5	4	5
China: Xinjiang Uygur Autonomous Region Modular Rural Development Programme (2008-2014).	4.1	4	5
China: Dabieshan Area Poverty Reduction Programme (DARP). (2009-2016)	4.2	4	4
ESA			
Kenya: Smallholder Dairy Commercialization Programme (2006-2015).	4.1	4	4
Madagascar: Rural Income Promotion Programme (PPRR) (2004-2012).	4.4	4	5
Ethiopia: Agricultural Marketing Improvement Programme (AMIP) (2006-2013).	3.7	4	3
Rwanda: Smallholder Cash and Export Crops Development Project (PDCRE) (2003-2011).	4.4	4	4
Tanzania: Agricultural Marketing Systems Development Programme (AMSDP) (2003-2009).	4.4	4	5
LAC			
Argentina: Rural Development Project for the North-Eastern Provinces (PRODERNEA) (1999-2007).	4 ^c	Missing	Missing
Guatemala: Rural Development Programme for Las Verapaces (PRODEVER) (2001-2007).	5.4	5	6
Nicaragua: Programme for the Economic Development of the Dry Region in Nicaragua (PRODESEC) (2004-2010).	4.8	5	4
Paraguay: Empowerment of Rural Poor Organizations and Harmonization of Investments (Paraguay Rural) (2007-2014).	4.4	5	5
Uruguay: National Smallholder Support Programme-PHASE II (PRONAPPA II) (2001-2011).	5.1	6	5

¹ IFAD's Evaluation or PSR reports.

IFAD regional division/project	Rates^a		
	Project implementation progress (average of rates)^b	Institution building	Gender focus
NEN			
Yemen: Economic Opportunities Programme (EOP) (2010-2016).	Missing	Missing	Missing
Egypt: Upper Egypt Rural Development Project (2007-2015).	4.1	5	4
Morocco: Livestock and Rangelands Development Project in the Eastern Region (LRDP)–PHASE II (2004-2010).	3.5	4	4
Sudan: Western Sudan Resources Management Programme (WSRMP) (2005-2013).	4	4	4
Bosnia-Herzegovina: Rural Enterprise Enhancement Project (2007-2012)	3.7	4	5
WCA			
Guinea: Smallholder Development Project in the Forest Region (2003-2008)	3.8	4	4
Mali: Sahelian Areas Development Fund Programme (FODESA) (1999-2012)	4.4	4	4
<i>1st phase:</i> 1999-2003			
<i>2nd phase:</i> 2003-2007			
<i>3rd phase:</i> 2007-2013			
Senegal: Agricultural Services and Producer Organizations Project - Phase II (PRODAM) (2003-2011)	5.5	6	6
Phase I: 1993-2000			
Benin: Rural Development Support Programme (PADAER) (2007-2012).	4.1	4	4
Ghana: Northern Rural Growth Programme (NRGP) (2008-2017).	4.1	4	4

^a Legend of rates: 6 = highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory; 1 = highly unsatisfactory.

^b The criteria to measure the project's progress are: quality of project management; performance of M&E; coherence between AWPB and implementation; gender focus; poverty focus; effectiveness of targeting approach; and innovation and learning.

^c No PSR available. We only have the rating on the overall project achievement in the Final Evaluation Report.

Key bilateral agencies and foundations involved in cooperative development

Key bilateral organizations

1. **USAID.** At the United States Agency for International Development, the Local Sustainability Division is the Agency's main unit working closely with local development partners, and implementing pioneering programmes, including the Development Grants Program and the Cooperative Development Program. Working closely with United States cooperative development organizations (CDOs),¹ the Cooperative Development Program works in South America, Asia, Africa and the former Soviet Union countries, and focuses on developing, implementing and extending workable solutions to key cooperative development challenges, including:
 - Revising restrictive cooperative laws and regulations
 - Encouraging improved, policy-based governance
 - Raising members' financial participation as a major element in self-reliance
 - Achieving more scale and high-quality of activities
 - Reducing the dependency that may result from external assistance
 - Building mutually beneficial business and trade relationships between United States and partner cooperatives.
2. The policy covering the USAID and CDO relationship, "Policy on AID-US Cooperative Organization Relationships", was developed as early as 1980.²
3. **DFID.** The Department for International Development of the United Kingdom works with three broad types of cooperatives: financial cooperatives, agricultural cooperatives and utility cooperatives (including utilities such as water and electricity cooperatives) in English-speaking developing countries. DFID provides financial and technical assistance, and helps governments and regulatory bodies set up cooperatives.³
4. **CIDA.** The Canadian International Development Agency⁴ carries out its extensive international development assistance for cooperatives through three non-governmental agencies: the Canadian Cooperative Association, Desjardin and SOCODEVI (see under Section C below).
5. **JICA.** The Japanese International Cooperation Agency is a bilateral development organization that aims to reduce poverty by providing support in developing countries for human resources development, capacity-building, policy and institutional improvements, as well as for social and economic infrastructure, thereby pursuing sustained poverty reduction through equitable growth. JICA is one of the most prominent supporters of cooperatives.⁵
6. **German Development Agencies.** The best-known German international development agencies involved in cooperatives are GIZ and KfW. GIZ works with cooperatives in its programmes and projects in partner countries, of which there are currently more than 130. For example, GIZ has a project for agricultural cooperatives in Egypt and a project for financial cooperatives in India. *GIZ and IFAD support a project for cooperatives in Ha Tinh and Tra Vinh Province in Vietnam.*⁶

¹ In developing countries, CDOs focus on savings and credit, health, housing, agribusiness, technology transfer, democratic institutions, rural telecommunications and electrification and private enterprise development (see <http://idea.usaid.gov/ls/cdp>).

² <http://www.usaid.gov/policy/ads/200/pd73.pdf>

³ <http://www.dfid.gov.uk/What-we-do/Who-we-work-with/Business-and-the-private-sector/Cooperatives/>

⁴ <http://www.acdi-cida.gc.ca/home>

⁵ A list of some projects can be found at

http://search.jica.go.jp/search?q=cooperatives&btnG.x=46&btnG.y=9&btnG=Search&client=english_frontend&site=english_collection&oe=utf8&ie=utf8&output=xml_no_dtd&proxyreload=1&proxystylesheet=english

⁶ <http://www.gtz.de/en/weltweit/asien-pazifik/indien/10321.htm>

7. KFW banking group (Kreditanstalt für Wiederaufbau) is a German Government-owned development bank based in Frankfurt. In developing countries it has a number of projects that relate to cooperatives; for example, KFW and Deutsche Bank together recently launched the Africa Agriculture Trade and Investment Fund (AATIF), which promotes agriculture and trade in order to improve food security and seeks alliances with private sector to reduce poverty and increase employment in Africa. KFW provides financing to cooperatives as well as to small and medium-size enterprises--either directly or indirectly through local banks and established private-sector enterprises, which represent an important link, for instance, in Africa's agricultural value chain.⁷
8. **AFD (Agence Française de Développement).** Is the French international development agency. It is a public institution, aiming to fight poverty and inequality, to support economic growth and to preserve global public goods. For instance, AFD supports the health sector by improving access to drinking water and sanitation, education and training; supports the private sector, and works to combat the effects of global warming. AFD provides development financing for sustainable development projects carried out by local government authorities, public companies, and the private and collective-action sectors. These projects focus on urban development and infrastructures, rural development, industry, financial systems, education and health. Under its rural development wing, AFD finances the strengthening of cooperatives and rural finance institutions in numerous countries, particularly in Africa's francophone countries.
9. IFAD and AFD have recently established a partnership agreement with the aim of cooperating more closely in certain activities, for example, on dealing with the rise in food prices and their consequences for Sub-Saharan Africa, payment for environmental services and management of agricultural risks. The partnership also has created the African Agriculture Fund (AAF), which aims to support agro-industrial businesses and African agricultural cooperatives via private equity investments. The partnership has been considerably scaled up since 2010, particularly with new commonly financed projects in Syria and Cameroon. AFD also has a collaboration agreement with FAO, and helps finance FAO's Study Group on Institution Building, which includes studies on cooperatives.

Foundations and private agencies

10. The Study Team cites five cooperative development agencies as examples of international organizations representing or working for cooperatives.
11. **International Cooperative Alliance (ICA).** ICA, located in Geneva,⁸ is an international NGO and the top cooperative organization in the world. Its mission is to unite, represent and serve cooperatives worldwide. ICA's 276 members are international and national apex organizations in 98 countries; ICA counts more than a billion cooperators as its "family." Among its many activities, ICA leads, through its international research committee, cooperative research efforts, collaborating with several universities and individual researchers. It also has had a policy to promote women into leadership positions and, in general, improve the women's role in society since its annual meeting in 1975. ICA's Website provides contacts for all major cooperative organizations in the world.
12. **Canadian NGOs for international cooperative development.** The main Canadian non-governmental cooperative agencies involved in international cooperative development are:
 - The Canadian Cooperative Association,⁹ which represents more than nine million cooperative and credit union members from over 2,000 organizations.

⁷ http://www.kfw.de/kfw/en/KfW_Group/Press/Latest_News/PressArchiv/2012/20120111_55587.jsp

⁸ <http://ica.coop>

⁹ <http://coopsCanada.coop>

Its mission is to develop cooperatives in Canada and in more than 40 other countries by securing an enabling and supportive legislative environment and by providing technical and financial resources to help emerging cooperatives;

- Desjardin (Movement Desjardins),¹⁰ which is a central financial cooperative in francophone Canada. Outside francophone Canada, Desjardins works, through its subsidiary, "Développement international Desjardins,"¹¹ in some 25 developing and "emerging" countries, providing technical and financial assistance to help poor people have access to good financial services;
- SOCODEVI, which is a network of cooperatives and mutual enterprises that cooperate to enrich and share technical expertise and know-how with partners in developing countries. Their development initiatives have reached 12 million persons through 600 cooperative and mutual enterprises in more than 40 countries.

13. **DGRV (Deutscher Genossenschafts- und Raiffeisenverband e. V.--**German Cooperative and Raiffeisen Confederation – reg. assoc.) is both the apex and auditing association of the German cooperative organizations, covering multiple sectors of cooperatives.¹² DGRV supports the development of cooperative systems worldwide. It has major programmes in Latin America (Brazil, Paraguay, Chile, Bolivia, Ecuador, El Salvador, Mexico, interregional) and in Southern Africa, Central Asia, China, Vietnam, Laos, Cambodia, CEEC/NIS). Some of the "success factors" learned in its work in developing countries are:

- Adequate legal basis for cooperatives
- Cooperatives are structured as a decentralized, multilevel network system
- Cooperative development efforts are adjusted to historical, economic, social and cultural conditions in each country,
- Compulsory audit (e.g. in Germany by cooperative federations)
- Regulation and supervision of cooperative financial institutions (level-playing field)

14. **Other well-known foundations.** Other well-known foundations involved in promoting cooperatives in developing countries include:

- Swedish Cooperative Center in Sweden;
- Aga Khan Foundation (headquarters: international);
- American Ford, Rockefeller and Bill and Melinda Gates Foundations; and
- SNV in Holland.

¹⁰ <http://www.desjardins.com/>

¹¹ <http://www.did.qc.ca/>

¹² From Dr. Paul Armbruster's presentation at the September 26 workshop. His presentation also included an extensive historical and current description of the very advance cooperative movement in Germany. (The presentation is available from the lead consultant of this study.)

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