

CHAPTER 10

Collective action and empowerment



Summary

Even as structural and rural transformation opens up new opportunities, it also generates major risks for smallholders, rural small and medium-sized enterprises (SMEs), and other marginalized groups. This chapter considers if, why and how collective action and rural collective organizations can enhance the scope of inclusive rural transformation.

It considers three questions: how does collective action empower rural people and thereby encourage rural transformation? How do rural collective organizations contribute to making this transformation more inclusive? Which strategies, policies and investments can strengthen the inclusiveness of rural collective organizations?

The basic mechanism underpinning the promise of collective action is empowerment – supporting people to gain control over their lives. The conception of power is not as a zero-sum calculation in which there can be winners only if there are losers, but rather as a process that occurs in relationships involving collaboration, sharing and mutuality. Together these relational attributes generate social capital, which enables and encourages mutually advantageous social cooperation. Mutually reinforcing economic, social and political aspects of empowerment allow people to move out of poverty through participating in growth processes on terms that recognize the value of their contributions and enable them to limit discriminatory practices and to negotiate a fairer distribution of the benefits of growth.

These outcomes are not automatic. Coexisting with conflict and competition, collective action is neither costless nor inherently natural. It must be deliberately articulated and meticulously sustained. Both phases are challenging. The developing world is strewn with unsuccessful collective efforts that were overwhelmed by the failure to overcome collective action's innate challenges.

Collective organizations provide structure for collective action. Several categories of impacts can be generated by the activities of these organizations, thereby producing effects that

promote inclusive rural transformation. Some impacts relate to economic interests of these organizations' members and others to public goods, including positive policy environments. Five are considered here: expanded access to markets and finance, enhanced access to and management of natural resources, improved access to infrastructure, greater access to information and knowledge, and strengthened voice and power in policy processes.

There is no blueprint for solving all collective action problems. Rural collective organizations can deliver such benefits as the five just listed – if they are operating in conditions of democratic governance, homogeneous and optimal group size, accessible and transparent leadership, and forward-looking market-awareness. Yet some conditions and trends associated with structural and rural transformation weaken the legitimacy of local norms and institutions, and therefore lower the potential of collective action and collective organizations as forces for inclusion. Evidence of widely differing outcomes of collective action through rural collective organizations suggests not only that context matters, but also that groups and their individual members face unprecedented challenges in largely uncharted waters. Nevertheless, countless farmers' organizations and other rural collective bodies are already in place and are often entry points for myriad development initiatives.

Building robust rural collective organizations that can empower rural communities to participate in, and benefit from, changes from rural transformation can only be gradual – but is nonetheless essential, and support must be consistent and sustained. Policy and investment to enhance the delivery and inclusion-enhancing capacities of these organizations must focus on four areas: governance, operations, financing and strategy and policy engagement. Government and the private sector have important and complementary roles that must be identified, so they can provide enabling conditions for rural collectives to form, operate and contribute to shaping rural transformation pathways in the interests of marginalized groups and individuals.

Risks of exclusion

Even as structural and rural transformation opens up new opportunities for rural communities, it also generates major risks that smallholders, rural SMEs and other marginalized groups in rural areas may be left behind, excluded from benefits or rendered worse off in absolute terms. Among global regions, in Asia and the Pacific – despite major land reforms in several countries – unequal distribution of land still prevents significant segments of rural populations from benefitting from the region's overall rapid rural transformation. In Latin America and the Caribbean, large numbers of asset-poor smallholder farmers in unfavourable areas face real challenges in accessing the region's fast-changing agrifood markets. In the Near East, North Africa and Eastern Europe, exclusion of rural populations from the benefits of economic growth is linked to widening urban-rural poverty gaps during transformation. In sub-Saharan Africa, major gaps in skills among burgeoning populations of young people render them increasingly at risk of exclusion from the most dynamic segments of rural economies.

Other chapters in this report document some of these risks and opportunities. The chapter on employment shows that the phenomenon of skill-based exclusion is global, posing major threats for such marginalized groups as rural women, indigenous peoples and the elderly. The chapter on land and natural resources illustrates how transformation exaggerates initial differences in endowments, access and control of natural resources, potentially leading to greater inequality, while the chapter on rural finance documents how limited financial intermediation to low-income rural households restricts their ability to respond to increasingly demanding markets. The chapter on technology innovation shows that, as the role of non-divisible technologies – such as farm machinery – grows, many smallholder farmers with little access to assets cannot capture full benefits. The chapter on markets and value chains illustrates how the majority of small farmers, processors, service providers and retailers experience important types and degrees of exclusion, with women and indigenous peoples often especially hard hit.

Given these findings, this chapter considers if, why and how collective action – defined as voluntary action by a group to pursue shared objectives – and rural collective organizations can enhance the scope for inclusive rural transformation. The key recognition is that rural transformation is a complex process with interacting economic, social and political dimensions. Collective action is the most common mechanism for generating and supporting sustained engagement for marginalized groups, aiming to promote their participation at different levels of society (Ostrom 1990; OECD 2012a).

Two related questions: How does collective action empower rural people and ease the process of rural transformation? How do rural collective organizations contribute to making rural transformation more inclusive? Another question springs from evidence that collective organizations are themselves riddled with profound difficulties, suggesting a chance to expand their inclusive capacities and impacts through strategies, policies and investments – but which ones?

The next section examines collective action as a process, so we can understand the factors that drive its substantial promise and challenges under rural transformation. The link from collective action to rural transformation is direct and powerful. Collective action can empower marginalized groups to make decisions and investments that let them adjust to, or keep pace with, changes in agroecosystems, agrifood markets and the wider rural economy. These outcomes are far from automatic. Many collective efforts have been overwhelmed by the failure to overcome inherent challenges. Rural areas present particular obstacles, such as wide spatial dispersion of populations, seasonality of production and marketing, and weather-related risks that lead to problems of asymmetric information and incompatible incentives.

The section after that considers how rural collective organizations can promote inclusive rural transformation. Innovative rural organizations can provide smallholders and other marginalized groups with better management of natural resources, access

to markets and information, and broader participation in policymaking. Their impact is strengthened when backed up by international bodies, including IFAD (box 10.1).

The final section looks at implications for policy and investment. While there is no single “right way” to empower marginalized groups through collective action, group characteristics that ease collective action are increasingly well understood. Critical challenges include weak governance, lack of financial and management capacity, underdeveloped human capital and unfavourable policy environments.

Collective action and rural transformation

This report defines rural transformation as a process that entails long-lasting economic, social and institutional change. Rural societies diversify their economies to high-value agriculture and to the rural non-farm sector, interact with distant places to trade and to acquire goods and ideas, move from dispersed villages to towns and cities,

and become culturally more similar to urban agglomerations.

At the core of this complex process are individuals, households and firms venturing into new areas, making decisions and taking risks that they hope will make them better off. However, pervasive inequity and power imbalances, as well as unequal control over assets, create significant barriers. Further, core drivers and reflections of structural and rural transformation – especially commercialization and specialization – often affirm these inequities and imbalances in power and opportunity.

True rural transformation requires empowerment of economically, socially and politically marginalized groups. By expanding the range of available occupations, inclusive rural transformation provides opportunities for more rural people – especially the young – to lead rewarding lives in rural areas. Collective action can generate effects that further such outcomes, but not without difficulty (Ostrom 2004; Di Gregorio et al. 2012).

BOX 10.1 Investing in organizations for inclusive rural transformations in Guinea

IFAD’s support to smallholder organizations focuses on helping individuals work together as they link their groups, eventually forming larger, more powerful and more effective associations or federations.

In Guinea, IFAD works with farmers in grass-roots organizations that federated into unions, federations and a confederation known as the National Confederation of Farmers’ Organizations of Guinea (CNOP-G). It comprises 15 federations with 191 federal unions and six non-federal unions, bringing together over 500,000 individual farmers involved in commodities, including a subset of women farmers known as the “Collège des Femmes.”

CNOP-G is a key partner for the government and the donor community engaged in agriculture. It is also the entry point for the IFAD-funded National Programme to Support Agricultural Value Chain Actors to reach smallholder farmers in targeted value chains.

The programme is demand driven, providing farmers with the resources they need to increase productivity, improve competitiveness and enhance access to equipment and infrastructure at farm and post-harvest levels.

The programme has also introduced an innovative mechanism to strengthen the capacity and accountability of each organization based on its “maturity level,” defined according to objective criteria. CNOP-G has developed a participatory methodology to evaluate the maturity of its federations and unions and, based on this evaluation, draws up a support plan for each organization.

Source: IFAD 2013.

The promise

Thousands of publications have established the core motivation for collective action, namely to achieve goals that individuals could not meet in isolation. Collective action thus is not an objective in itself to which individuals devote their time, labour and energy at the expense of their own individual projects. Rather, it is a means to support individual strategies. The basic mechanism is empowerment – helping people to gain control over their lives. The conception of power is not a zero-sum calculation in which there can be winners only if there are losers, but rather as a process that occurs in relationships involving collaboration, sharing and mutuality (Page and Czuba 1999). Together these relational attributes generate social capital – the network of social connections that exist between people, and their shared values and norms of behaviour – which enables and encourages mutually advantageous social cooperation (Thorp et al. 2005; Ostrom and Ahn 2010; IFAD 2015b).

Collective action generates three linked forms of empowerment: economic, social and political. The economic type relates to overcoming inequity and power imbalances that lead to market failures that prevent poor people from raising their productivity. Social empowerment is about taking steps to change society, so that one's own place is respected on one's own terms, not terms dictated by others. Political empowerment speaks to influencing policy, making demands and calling the state to account.

Mutually reinforcing, these three forms allow people to move out of poverty through participating in growth processes (some people contributing, some benefitting) that recognize the value of their contributions and enable them to limit discriminatory practices and negotiate a fairer distribution of benefits (Ostrom 1990; Ostrom and Ahn 2010; OECD 2012a).

Collective action can be self-reinforcing. By bonding in groups, individuals gain self-confidence and trust that enables them to act more effectively (sometimes resulting in major policy changes – box 10.2). Collective action thus opens the way for those without

much capital to influence economic, social and political outcomes. Collective action networks and associations can also help mitigate the effects of shocks that affect households, such as illness (Bernier and Meinzen-Dick 2014).¹⁵³

For smallholders and other marginalized groups in rural areas, collective action can secure more equitable access to labour, land, commodity and financial markets, and stimulate the development of more responsive and accountable state institutions. This can lead to greater access to higher-quality services and changes in social and political status. Collective action at formative moments of policy reform appears to strongly help deliver change and subsequently hold policy actors accountable (Birner and Wittmer 2003; Joshi 2008; OECD 2012a).

In summary, benefits from collectives accrue from operating more efficiently than other market actors, helping members to avoid the effects of unequal power, increasing members' shares of benefits, helping them to meet standards and attenuate pervasive risk, and, in some cases, adding value to products by drawing services into underserved regions. By helping marginalized groups to achieve such outcomes, collective action can help these groups play in the rural transformation game and thereby contribute to rural transformation directly. By enhancing the voice and power of these groups, collective action can also help them to change the rules of the game itself.

The challenges

Coexisting with conflict and competition, collective action is neither costless nor inherently natural, and it must be deliberately articulated and meticulously sustained.

Prospects for successful collective action are higher when certain preconditions are met. These preconditions can be that the resource or activity is important to local livelihoods, the boundaries for the collectively managed activity or resource are small and clearly defined, the costs of exclusion are high and benefits are tangible, there is wide overlap between location of the collective resource and residences of its users, high demand exists for the activity or

BOX 10.2 The promise of collective action: people-centred land governance in Belize

The Toledo and Stann Creek districts in the south of Belize are home to more than 40 villages of indigenous Mopan and Q'eqchi' Maya people and one village of Garifuna people. Both groups depend on the land and natural resources for their physical survival and continuation of their unique cultures.

In the Toledo district, the Sarstoon Temash National Park was established in 1994. It covers 42,000 acres, including the ancestral territories of the above two communities. Recognized by the Ramsar Convention, the park is the second-largest in the country and houses its most pristine wetlands and tropical rainforest. The communities had not, however, been consulted on the park's creation, but an agreement was reached in 1997 when the government agreed to recognize the communities' customary practices. They established the Sarstoon Temash National Park Steering Committee – which became the Sarstoon Temash Institute for Indigenous Management (SATIIM) in 1999 – to co-manage the park. In 2004, the communities and the government signed a formal co-management agreement.

Three communities adjacent to the park – Conejo, Midway and Sunday Wood – use the northern portion of the park for farming, hunting, fishing and gathering. In 2004, even though they have little impact on the park's biodiversity, they agreed to scale down their activities inside the park to support the conservation effort.

In 2006, the government granted US Capital Energy a licence to conduct seismic testing in an area known as Block 19, which includes the national park. According to SATIIM, the government violated the right to free, prior and informed consent of the Maya and Garifuna communities, the customary owners of the land in question.

SATIIM started legal action and public awareness raising. In 2006, a judicial review found that the permit to start oil exploration in the park was illegal because an environmental impact assessment was lacking, and the licence was quashed. In two separate rulings in 2007 and 2010, the Supreme Court of Belize recognized the Maya communities' property rights to the land they had traditionally occupied and the resources they had traditionally used. SATIIM, working with other non-governmental organizations, collected 3,000 signatures asking the government and the company to stop oil exploration.

In April 2014, the Supreme Court ruled that the government's decision to allow oil drilling and road construction was unlawful, as the permissions were given without the free, prior and informed consent of the indigenous Maya communities. In June 2014, the court ordered the parties to enter into mediation.

Source: ILC 2014.

resource, the resource is vital for survival, users know what yields are sustainable, the action boundaries of the group are clearly defined, those who benefit from it are more powerful than those who benefit from private property and there are effective arrangements for dispute settlement (Ostrom 1990; Baland and Platteau 1996). This is a daunting set of preconditions, and how many of them can be met depends on circumstances. Not all have to be met simultaneously.

Property rights, for example, are decisive and cross-cutting in their influence on outcomes. The literature identifies three kinds of property rights-related problems that impede collective action:

Free-riding – external common-resource problems that arise when property rights are non-tradable, insecure or unassigned; and internal common-property problems that arise when new members obtain the same patronage and residual rights as existing members and are

entitled to the same payment per unit of patronage.

Horizon problems – disincentives to invest in long-term projects or contribute to growth opportunities because members expect net benefits generated by group assets to arrive sooner than the productive lives of those assets.

Portfolio issues – lack of transferability, liquidity and appreciation mechanisms for exchange of residual claims can prevent members from adjusting the group's asset portfolio to match their personal risk preferences (Meinzen-Dick and Di Gregorio 2004).

A lack of clarity on property rights may cause extensive conflict within groups, leading to breakdowns in trust and cooperation. However, formalizing property rights can lead to a concentration of rights and benefits among certain group members over others. So while collective action has the potential to reduce poverty, it is often biased against the poor (Thorp et al. 2005).

Although collective action offers advantages, the incremental benefits from collective (rather than individual) action may not be enough to offset the transaction costs of organizing. Free-rider problems are especially damaging. They may lead to underinvestment (or underuse) because individuals who bear the costs of collective action know that they share the benefits with non-payers. They may also cause overconsumption (or overuse) and consequent depletion (or deterioration) of the resource or asset because an individual receives all the benefit from consumption but bears only a portion of the cost of its overuse.

Identifying factors that can stop free-riding is more than an academic exercise. It is vital for all group-based efforts, ranging from management of natural resources to marketing of produce to microfinance. Indeed, a failure to minimize free-riding or overcome its effects through cohesion, solidarity and enforcement of rules explains many cases of failed collective action (Thorp et al. 2005; Doss and Meinzen-Dick 2015).

Some features of rural transformation such as roads and connectivity reduce the barriers to collective action. Conditions of democratic

governance, homogeneous group size and forward-looking market-awareness enable rural collective organizations to deliver benefits like increased investment in rural infrastructure, new skills, increased access to finance and enabling regulatory and legal frameworks. The trends associated with structural and rural transformation can also weaken the legitimacy of local norms and institutions and therefore lower the potential of collective action and collective organizations as forces for inclusion. Some of these conditions are population pressures, mounting competition for key resources and altered incentives created by expanding markets. National and regional policies and laws, on the one hand, and local rules and norms, on the other, may also diverge (Di Gregorio et al. 2012).

Despite their ubiquity, farmers' organizations and other rural collective organizations are often viewed negatively, especially in Africa (Ortmann and King 2007; box 10.3), partly due to the use of top-down agricultural cooperatives by some governments as tools to extract resources from rural areas. Rural collective organizations may also be maligned if they routinely pay too little regard to the probity of their leadership, to tradeoffs between equity and efficiency, to the raw mechanics of managing heterogeneous members with divergent interests and to the compromises and loss of vision that can result from reliance on outside support.

Rural collective organizations and inclusive rural transformation

Collective organizations provide a structure for collective action,¹⁵⁴ and in their rural embodiment, have many forms and functions (operating at several levels and generating a range of significant outcomes – box 10.4).¹⁵⁵ Adopting terminology used by IFAD and other agencies, the focus here is on smallholder organizations defined as autonomous organizations of smallholders, family farmers and rural producers (including pastoralists, artisanal fishers, landless people and indigenous people), who are structured beyond the grass-roots or community level, either on a commodity or territorial basis.¹⁵⁶ They include all forms of producers' associations, cooperatives

BOX 10.3 Failures (and success) of participative collective action in the Kafue Flats, Zambia

Fisheries and wildlife are under tremendous pressure in the Kafue Flats, a wetland that is one of the largest floodplains in Southern and Central Africa. This ecosystem once harboured abundant common-pool resources and was managed by local common-property regimes, but is now threatened with overexploitation. The last 30 years have witnessed severe overuse of these commons.

Overuse of the fisheries and mismanagement of the wildlife goes back to the erosion of traditional institutions by state governance. Institutional weakness resulting from economic decline in the country is of major concern, as the institutions can no longer effectively enforce regulations in the area, leading to a de facto open-access constellation for the common-pool resources.

Two cases illustrate this point. The first is the Wetland Project of the World Wide Fund for Nature and the Administrative Management Design initiative designed to deal with management of Lochinvar and Blue Lagoon National Parks and the adjacent game management area through involving local chiefs and communities. The second is the Partners for Wetlands Project, which included local people via their chiefs as well as the public and private sectors from large agricultural enterprises to the eastern side of the Kafue Flats (Mwanachinwala Conservation Area project in Mazabuka). However, both cases yielded poor results owing to misconceptions of traditional representation of local communities and misinterpretation of local economic and political incentives. Although the Administrative Management Design initiative appears to be escalating, implementation receives staunch resistance from chiefs and other local leaders.

A third case, however, is more promising. The constitutional process for fisheries started in 2004 for creating by-laws based on initiatives of local staff of the Department of Fisheries, local interest groups and researchers. Broad local debate on how to manage the fisheries sustainably and develop local by-laws for their joint management appears promising for the future of fisheries in the Kafue Flats. Despite many difficulties, it is an example of local collective action for scaling up governance of common-pool resources.

Among the reasons past projects have had poor outcomes are misconceptions about local power processes and the inability of those involved to use traditionally developed institutional settings or to transform them in a participatory way to create local ownership of the process and its outcomes. Making traditional chiefs the main representatives of divergent local stakeholders has presented a real challenge to successful co-management, undermined by elite capture and the perception of local and immigrant people that they are only partly represented. Institutions were established during colonial times and after independence for managing natural resources in the Kafue Flats. However, while legal instruments and good policies are available, particularly for the management of wildlife resources, there are still no community-based natural resource management structures in the Kafue Flats, which is a serious deficiency for the better management of both common-pool resources and the communities.

Source: Chabwela and Haller 2010.

BOX 10.4 Cooperatives and farmers' organizations globally

Over the last 20 years, new and independent cooperatives and farmers' organizations have emerged in many developing countries with growing recognition as representatives of farming communities at national, regional and international levels.

National farmers' organizations of all continents have been structured into regional and global networks. In Africa, five regional networks (EAFF, PROPAC, ROPPA, SACAU and UMNAGRI) have emerged, shaping their respective regional contexts. In 2010, they created a continental platform, the Pan-African Farmers' Organization, to project farmers' interests in Africa's continental agriculture development initiatives – such as the Comprehensive African Agricultural Development Programme (CAADP). In South America, the Coordinadora de Organizaciones de Productores Familiares del Mercosur brings together 20 farmers' organizations from seven countries. In Asia, many regional groups are emerging, such as the Asian Farmers Association for Sustainable Rural Development and the Pacific Island Farmers Organization Network.

Many of these farmers' organizations (at all levels) are members of global movements, such as La Via Campesina (164 from 79 countries, with a membership of 200 million farmers), the World Farmers' Organization (57 from 57 countries) and the Intercontinental Network of Organic Farmers Organizations. The top 300 global cooperatives have a combined turnover of over US\$1.1 trillion. They employ more than 100 million people (more than multinational corporations) and contribute to increased agricultural productivity, expanded access to financial services and critical utilities such as electricity. In Europe, agricultural cooperatives have a market share of about 60 per cent of the processing and marketing of agricultural commodities and about 50 per cent of the supply of inputs.

In India, the Kaira District Co-operative Milk Producers' Union, popularly known as AMUL, is the country's largest food-product marketing organization. Managed by the Gujarat Cooperative Milk Marketing Federation, it has an annual turnover of US\$3.4 billion. Its daily milk procurement is almost 15 million litres from 18,500 village milk cooperative societies, 17 member unions covering 31 districts and 3.4 million milk-producer members.

Over 3 million people in Kenya – over 10 per cent of the country's population – derive a significant part of their income from the activities and services of cooperatives, and in Ethiopia about 900,000 people in agriculture are estimated to generate part of their income through them. In Morocco, the Coopérative Agricole et Agroalimentaire holds a 25 per cent market share in milk and derived products, generates a turnover of around US\$310 million (2011/12) and creates employment for 5,600.

In Brazil, 37 per cent of agricultural gross domestic product (GDP) is produced through cooperatives. In Uruguay, cooperatives are responsible for 3 per cent of GDP and produce 90 per cent of the milk, 34 per cent of honey and 30 per cent of wheat. Sixty per cent of cooperative production is exported to over 40 countries worldwide.

Sources: IFAD 2015b.

and their unions and federations (Anyonge and Messer 2014). The continuing importance of smallholder farms in rural transformation justifies this focus.

Discrimination based on economic class, gender, place of residence, sexual orientation, disability, age or ethnic identity often reduces opportunities and motivations for welfare-enhancing investment, contributing to rural poverty and impeding inclusive rural transformation. Some of these processes occur within the household, which is why IFAD has developed its “household methodologies” (box 10.5). Not only do marginalized groups enter markets and other rural forums with poorer human capital, they also receive lower returns for equal effort because of discrimination (OECD 2012a). Despite being equally productive and entrepreneurial, women farmers often receive lower prices for their crops than do men farmers. They also face systemic exclusion that can deny them access to productive assets such as land or to financial services (FAO 2011; Vargas-Hill and Vigneri 2011).

The literature and IFAD’s extensive portfolio of investments in rural collective organizations suggest five broad categories of impacts that can be generated by these organizations. Some relate to economic interests of members, others to public goods including expanded access to markets and finance, enhanced access to and management of natural resources, improved access to infrastructure, greater access to information and knowledge, and strengthened voice and power in policy processes. These five areas are now considered in turn.

Expanding access to markets and finance

Smallholder farmers and other marginalized groups still face pervasive obstacles when seeking access to markets and finance. Such access becomes more important as rural transformation intensifies, with strong pressures towards concentration and thus growing imbalances in ownership, control and power in value chains.

Smallholder agriculture features large numbers of spatially dispersed producers facing high risks, lacking on-farm storage capacity and trading bulky and relatively low-value

products in small quantities. These hurdles lead to significant market coordination failures because potential service suppliers face uncertain demand for their services and thus refrain from the investments that would improve farmers’ ability to intensify production. If one element of the set is missing, investments in all the others may be lost (or heavily curtailed). In well-developed value chains, sophisticated market actors – including large agribusinesses – coordinate and integrate all these services; however, in poorly developed value chains that serve smallholders this is unlikely, as private investors stay away and markets become trapped in low-output equilibria (Hazell 2012).

Where costs of accessing markets are high – owing either to poor infrastructure, inadequate technology or information barriers – collective action can help to render smallholders more competitive, as their low costs in accessing family labour and intensive local knowledge confer important competitive advantages over larger producers. Yet their high unit transaction costs (in almost all non-labour transactions) are a disadvantage (Poulton et al. 2005). Collective organizations can reduce these barriers to market entry, boosting the inclusivity of rural transformation (Anyonge et al. 2013).

By acting collectively in organizations and their networks, smallholders can realize economies of scale and scope that reduce unit transaction costs of accessing certified seed, fertilizer and other inputs, and of disposing of outputs (box 10.6). They can better assemble and synthesize dispersed market information, secure access to new post-harvest technologies, certify their outputs, and thus tap into high-value markets, allowing them to better compete with larger farmers and agribusinesses (Markelova et al. 2009). These organizations also help smallholders by improving their bargaining power with buyers and intermediaries (Devaux et al. 2009). When linked to other private and public actors, successful arrangements vary from contract farming and fair trade schemes to multistakeholder coordination along the value chain through interprofessional associations and multistakeholder platforms. However, not all commodities and markets lend themselves to

BOX 10.5 Household methodologies increase gender equality and social inclusion

In recent years, IFAD has embraced new and innovative approaches to engage all family and household members in gender equality. To this end, IFAD has found household methodologies useful when working with families to understand intra-household dynamics. Developed and then adapted by IFAD and partners, they shift the focus from assets, resources and infrastructure to people, their relationships and visions for the future. Being participatory, they enable family members to work together to improve relations and decision-making, and to achieve more equitable workloads. Their purpose is to strengthen the overall well-being of the household and empower all its members to realize their development potential and create stronger, more resilient, productive and sustainable smallholder farming and rural livelihood systems.

IFAD has piloted integration of these methodologies in Malawi, Nigeria, Rwanda, Sierra Leone and Uganda with about 50,000 participants. Encouraging results include greater resilience, increased happiness, more girls and boys in school, and increased productivity, incomes and food security – leading IFAD to consider ways of replicating and scaling them up in countries across sub-Saharan Africa and in Asia.

The methodologies may be pursued through groups (such as the Gender Action Learning System) or individually with the support of a household mentor. When linked to other project activities, such as developing financial services, value chains and infrastructure, the methodologies help improve economic productivity.

Source: IFAD 2014.

collective organization, and only about 10 per cent of farmers in developing countries are likely to get involved.

Nevertheless, through these arrangements, farmers are better able to pool financial and labour resources, acquire key commercial assets (e.g. storage and handling capacity, transportation equipment and related facilities, and processing machinery), reach quality standards and operate on a larger scale. This enables them to sell to domestic or international markets that would otherwise be out of reach (Poulton et al. 2005; Narrod et al. 2009; WFP 2015).

Finance and financial services are fundamental to rural transformation, but their provision to poor rural households involves many challenges, many stemming from low population density and weak infrastructure. Limited reach and capacity of financial service providers in these areas, along with low levels of education and financial literacy among potential clients, distort rural financial markets. The demand side is further constrained by the seasonality and risk inherent in smallholder

farming, and by a preponderance of potential clients – particularly women – who lack property rights or secure land tenure, and therefore cannot offer typical loan collateral (Miller and Jones 2010; Kumar et al. 2013; Miller 2015). Unsurprisingly, use of collateral is very rare in rural finance, and repayment incentives are mainly ensured by joint liability or the threat of barring future loans (Huppi and Feder 1990). Short-term credit to cover farm-operating expenses and medium-term credit to acquire farm machinery are especially important in achieving the agricultural productivity growth that underpins rural transformation, but smallholders face immense challenges in accessing such credit (see box 10.6). Group-based microfinance and microcredit schemes, solidarity lending by banks, inventory-credit schemes and warehouse-receipt systems are possible ways to overcome these constraints.¹⁵⁷

Collective action encourages rather than replaces competitive behaviour. In theory, negotiation power translates into more favourable transaction conditions and greater influence over other actors. In practice, however,

BOX 10.6 Faso Jigi, Mali: increasing smallholder access to markets and finance

In the early 1990s, the Government of Mali began deregulating the cereal market, moving away from a state monopoly and allowing the private sector and farmers' organizations to become more involved. It was a positive turning point for many producers, but not everyone could benefit, as many farmers lacked the power to capture the new market opportunities. For example, their produce was not of high enough quality, they lacked information on market demand and they had problems securing pre-harvest financing on good terms. Moreover, they were weakly organized (if at all) and therefore had little bargaining power.

Faso Jigi, a farmers' collective, was formed in 1996 to redress the inability of poor cereal farmers to obtain credit without falling into debt and to negotiate fair prices for their produce.

Unlike their peers elsewhere in the country, Faso Jigi members had to make a commitment to marketing their cereals through the group. In return, they received access to credit through guarantees provided by it. They were also guaranteed a negotiated transfer price for their produce, which was typically higher than the price that individual farmers could fetch on the market. Membership grew steadily.

Faso Jigi encountered difficulties, however: an assessment in 2001 revealed that it had weak accountability and poor management, the transfer price had been increased even while producers' arrears were rising and the marketing fund was shrinking, forcing the collective to place a moratorium on financial agencies providing credit to its members.

In 2002, its board proposed measures to modify the rules governing its collective marketing system, including a price ceiling policy, tighter quality standards and new mechanisms to strengthen the collective accountability of local groups for individual farmers' performance, including delivery commitments. The new measures bore fruit in the 2002/03 season, allowing Faso Jigi to pay its members a net CFAF 200 per kg, compared with a gross price of CFAF 195 fetched by individual producers on the market.

However, in 2006 not all producers fulfilled their delivery commitments when the cereals were harvested. All member rebates were cancelled, penalizing producers who had met their commitments. Even so, the board set a high transfer price for the next season, but again several producers delivered low-quality cereal, just as market prices were falling owing to a surge in rice imports. All these factors pushed Faso Jigi into a large loss in 2007.

This time it responded by giving members more responsibility for its smooth functioning. As an entity, Faso Jigi also had to pay for its members' failures to live up to their cereal commitments, depleting its security reserve to honour its financial commitments. Its ability to display a sense of discipline, as well as to respond to the crisis through a democratic, transparent process, helped the collective maintain its credibility and the trust of its counterparts and partners.

In 2008, armed with a sound credit history, institutional credibility and self-assurance, Faso Jigi negotiated very favourable credit terms for its members, arranging a line of credit through Niesiguiso and the National Bank for Agricultural Development. The group became one of the National Bank's biggest customers. This breakthrough was part not only of economic empowerment, but also of growing recognition of its standing as a major actor in Mali's socioeconomic circles.

Source: OECD 2012b.

the record is mixed. Many farmers' organizations fail to help their members participate in new markets or access new sources of finance. These failures are due to low capacities to enforce adequate systems of rules to direct relations among the members, to establish effective networks with public and market agents, and to become competitive in the market in which they operate (Johnson and Berdegue 2004).

Enhancing natural resource access and management

Structural and rural transformation puts many common properties under new pressure, whether stemming from population expansion, increased competition for resources or breakdowns in management institutions arising from market forces, policy interventions or outsiders' challenges to local rights. A large body of research in natural resource management conducted over several decades has demonstrated how collective action helps rural communities address these forces (Meinzen-Dick et al. 2002; Mwangi et al. 2012).

Individual farmers can adopt most agricultural technologies on their own farms in a given season. To generate the full benefits, farmers working together over wide areas and over prolonged periods must take up typical natural resource management technologies and practices. Yet without secure rights to the underlying natural resources, individual farmers have few incentives to adopt them because they are not assured of the benefits. Collective action normally has to put boundaries on eligibility to benefit from the resource, so that it is not overexploited.

Most natural resources are complex, interdependent ecological and social systems that require integrated management approaches. Private ownership is costly and inequitable. Direct state control has high information, technical, coordination and monitoring requirements. Local community control may be skewed towards influential members. Devolved management arrangements that combine state, private and community control over natural resources can offer more efficient, equitable and sustainable management (Ahmed et al.

2004). However, such devolution is generally unsuccessful without collective action. Most cases of successful natural resource management thus feature some form of co-management between the state and communities as represented by collective organizations (Mwangi et al. 2012).

By promoting longer-term decision-making, collective organizations can encourage environmentally sustainable management practices, which in turn boost inclusive rural transformation. Because agriculture, the non-farm rural economy, and agro-industry are all dependent on the natural resource base, collective organizations have direct and indirect impacts on the inclusiveness of rural transformation.

These collective organizations vary by type of resource system. How much the outputs can be forecast, moved and stored matters, as do the technologies and practices available. Examples include local user associations for surface and groundwater, fishing cooperatives, local wood harvesting groups, wildlife hunting groups, pastoral cooperatives and communities (including those supported by IFAD among others – box 10.7), local seed exchange networks and local groups for coordinated pest management. Federations of user groups may be created to manage larger resources (Meinzen-Dick and Di Gregorio 2004).

These organizations are particularly important where vertical coordination and cooperation among communities, government and the private sector are required for equitable access and use of natural resources (Prato and Longo 2012). They also need to be able to exclude non-members from the resource. Their wide-ranging activities can include setting and implementing and enforcing rules to exploit a resource, representing local communities to outsiders, sharing information and jointly building or maintaining local infrastructure and technologies.

Rural collective organizations can ensure access to the natural assets that are essential to these groups' beneficial participation in rural transformation. Where management of natural resources, such as forests, fisheries, surface water,

BOX 10.7 Empowering pastoral communities in Ethiopia

The Pastoral Community Development Project supported by IFAD, the government of Ethiopia, the World Bank and the International Development Association was conceived as a long-term intervention over 15 years, to reach 4.7 million people. A key aspect was to decentralize *woreda* (district) processes and empower pastoral communities, local administrations and regional governments to better manage local development in their pastoral areas.

In Ethiopia, the pastoral population of 12-15 million live in pastoral and agropastoral *woredas* in remote arid and semi-arid areas. Key development challenges include limited access to public and social services, little participation in local decision-making, poor infrastructure, vulnerability to drought, environmental degradation, restrictions on movements and conflicts related to natural resource management.

The project adopted a bottom-up community-driven development (CDD) approach to promote community participation and demand-driven development processes. Through this approach, the project created genuine participation of pastoral communities, grass-roots institutions and local governments. Communities engaged in a dialogue to ensure that the available resources were applied to their development priorities. They identified education, health, water supply and animal health care services as investment priorities.

The multi-phase project design allowed lessons to be applied in preparing the subsequent phases, particularly in institutionalizing the CDD approach through capacity-building of communities and local implementing bodies, and in enhancing inclusiveness and accountability of planning processes. This long-term approach provided for geographical expansion, greater outreach and consolidated reform processes and institutional measures, enabling tighter integration of pastoral communities into the national policy agenda.

CDD fostered local partnerships among the public sector, private enterprise and civil society, and emphasized the importance of decentralization and community empowerment. Policy dialogue in developing pastoral areas is now established practice in Ethiopia, and the Pastoral Standing Committee in Parliament has become a strong proponent of pastoral institutions.

Source: IFAD 2012.

groundwater and rangelands is devolved, these groups permit community-driven institutional arrangements to emerge by providing platforms for transferring devolved authority to communities.

Improving access to infrastructure

Infrastructure – roads and footpaths, bridges, schools and other buildings, irrigation and drainage, water supply and sanitation, energy and telecommunications – catalyses the impacts of other assets and services such as land and finance (Foster and Briceño-Garmendia 2010; Dorosh et al. 2012). The implications for rural transformation are clear. For instance, smallholder farmers often lack roads that link them to markets where they can buy agricultural

inputs and sell their agricultural products. Seemingly inefficient overproduction of low-value crops by smallholders can be explained as rational food import substitution by households facing high farm-to-market transport costs (Omamo 1998). Such costly outcomes are inimical to inclusive rural transformation.

Rural communities have become involved in provision of long-term infrastructure largely because of failures by national and regional governments. They thus choose self-provision through collective organizations, sometimes accounting for more investment than the government (Akinola 2007).¹⁵⁸

Community-driven approaches are widely used – not only in least-developed countries and fragile and post-conflict contexts, but also in

middle-income countries – to reach the poorest or most marginalized populations (Binswanger-Mkhize et al. 2010). Most development agencies encourage these approaches to build rural infrastructure. For instance, over the previous 10-15 years, such projects and components had constituted 5-10 per cent of World Bank lending, with approximately 400 projects in 94 countries valued at almost US\$30 billion (Wong 2012). Unlike many other community-based approaches that focus on consultation and co-finance, these projects emphasized community control of decision-making and investment resources. These approaches have significantly increased access to community infrastructure and services such as roads, irrigation, water and sanitation, electricity, basic education and health.¹⁵⁹

Collective action for small-scale water harvesting irrigation is especially important to marginalized groups, often generating major benefits (Scott and Silva-Ochoa 2001; Chun 2014; box 10.8). Irrigation to supplement rainfall for crop production requires considerable collective action at watershed level to make decisions, mobilize labour and other resources, and distribute benefits. It also has to overcome changing property rights over land and water, the growing importance of alternative sources of livelihoods and increasing scarcity and competition for water within river basins.

Collective organizations also help expand commercial infrastructure in rural areas. Efficient marketing infrastructure helps to minimize post-harvest losses and to reduce health risks. Farmers' organizations routinely invest in such infrastructure, often with governments, development partners and philanthropic bodies, including matching grants, operation and maintenance support, and user fees (WFP 2015).

Widening access to information and knowledge

Rural transformation leads to higher demand for information, which requires providers to offer advice and promote technology innovations. The need for such pluralistic systems has been

recognized for some time, but progress has been patchy, in part owing to the need for changes in roles and responsibilities of actors (Alex et al. 2004; Feder and Anderson 2004). Collective organizations must be able to express and respond to a raft of demand-side needs, with those of underserved smallholder farmers paramount.

Participation of farmers and other local stakeholders in agricultural research and development has been shown to spur local innovation by speeding up the rate of technology adoption. Farmer-led approaches that combine technical innovation with collective action are especially effective for landscape-level resources and technologies. (Examples include farmer field schools, local agriculture research committees, farmer research groups and farmer innovation methods promoting indigenous knowledge.) Common to these approaches is mutual reinforcement of participatory research and collective action, where the aim is to motivate participation, coordinate actions of multiple resource users, spread risk, manage environmental spillovers and scale up benefits (Knox and Lilja 2004).

Partnerships are critical. IFAD's experience indicates that when linked to NGOs and public and private actors, producer organizations help small operators build their skills to access and use appropriate information and knowledge to innovate and adapt to changing markets (often employing cutting-edge technology – box 10.9). Some of these bodies enable farmers to build capacity to analyse their production systems, test solutions to problems and adopt the practices and technologies best suited (Anyonge et al. 2013).

The distribution of technologies and information is often tied to property rights. At community level, extension services frequently favour landowners, imparting greater access to men and the wealthy. Collective organizations can strengthen the bargaining power of disadvantaged groups and improve technology-adoption efforts (Meinzen-Dick and Di Gregorio 2004).

BOX 10.8 Building resilience through community-driven public works: the MERET initiative in Ethiopia

The long-standing Managing Environmental Resources to Enable Transition to More Sustainable Livelihoods programme (MERET) is supported by the UN World Food Programme (WFP) in partnership with the Ministry of Agriculture and Rural Development.

MERET aims to address root causes of vulnerability and chronic food insecurity by rehabilitating natural resources and enhancing land productivity. It is implemented in over 450 watersheds in 72 *woredas* of five regions and one of the country's two chartered cities (Dire Dawa), with the Ministry and the Bureau of Agriculture and Rural Development. The programme provides food assistance through food-for-work as a short-term means of enabling longer-term progress in agriculture. The main activities are physical and biological conservation, reforestation, small-scale irrigation, road construction and maintenance, income generation, livelihood diversification and soil fertility improvements.

MERET applies a community-based participatory watershed development approach to sustainable land management, community-based participatory planning and a commitment to community capacity-building. A core element is that the community defines and prioritizes problems and identifies best solutions for the area. The community implements watershed activities through its own labour and management, with external support as needed or available. This promotes a high level of community awareness and ownership of environmental rehabilitation within the watershed, which is good for maintenance and sustainability.

MERET prioritizes and implements a range of physical soil and water conservation measures, including soil and stone bunds, terraces, gully rehabilitation, check dams and area closures. An impact evaluation completed in 2012 – covering 1,800 households in communities served by MERET and 1,800 households in “control” communities – found that MERET-served communities erected soil bunds, cutoff drains and check dams far more than control communities. MERET farmers also adopted significantly more biological soil and water conservation practices than control-site farmers.

These investments improved livelihoods and incomes. Although both control-site and MERET households increased their incomes and productive assets, MERET households saw the greater (statistically significant) gains on most of the livelihood and income indicators across regions. In all regions, MERET participants were diversifying and undertaking income-generating activities, such as livestock fattening, plant nurseries, bee keeping and fish production. Farmers were using small-scale irrigation and shallow wells in increasing numbers, although land shortages and lack of water limited production and reduced the positive effects in relatively lowland areas.

The qualitative findings generally supported the quantitative results that MERET households had more diverse and successful livelihood opportunities. Although a majority of households did not save or take a loan, savings rates for MERET households exceeded those of control-site households by statistically significant margins (29 versus 19 per cent). MERET households that saved money were also more likely to have made formal arrangements with a financial institution than control-site households.

Source: Tango/IDS/EEA 2012.

BOX 10.9 Community organizations at the cutting edge of rural information systems in Uganda

In 2010, the Grameen Foundation, a global nonprofit organization, initiated an innovative project to deliver extension and marketing information to smallholder farmers in rural villages in Uganda. In carefully organized meetings, villagers were asked to choose someone living in the community for many years that they felt suitable to take up the role of community knowledge worker (CKW). This person was then screened by Grameen, provided with an Android smartphone preloaded with an in-house mobile application called CKW Search and trained in using it. CKWs can use this application to search for up-to-date and location-specific information on farming and commodity marketing. In this way, the Grameen Foundation aimed to build a scalable network of resident rural information providers who use smartphones to help close critical information gaps faced by smallholder farmers in extension and marketing information.

Having extension available within remote areas is one advantage over a system in which an externally based extension worker is allocated to serve a village. That the information is delivered through a CKW is important. Not only might this result in lower costs and better access to agricultural information and extension services, but a resident CKW knows the local context and is better able to contextualize the information obtained through the phone. CKWs are assumed to employ a more holistic approach to agricultural extension, factoring in things such as the farmer's ability to deal with risk. Again, the idea is to increase the chances that farmers will act upon the information obtained.

That was the theory. How did it work in practice?

To find out, Van Campenhout (2013), using a difference-in-differences approach, examined the causal impact of the CKW intervention on the crop mix grown by farmers, on maize productivity, on the share of maize marketed and on the price received for maize. He found that the CKW initiative led to a change in the crops that farmers reported growing. In particular, the intervention induced farmers to cultivate fewer food-security crops, such as cassava and sweet potatoes. (These crops are associated with lower risks of adverse impact of drought or disease, but also have less nutritional content and lower value as a source of income.) It motivated farmers to replace these crops by more commercially oriented commodities. For maize specifically, it induced farmers to sell less of their output as a share of the total quantity produced. Most strikingly, his estimates suggest that the presence of a CKW is associated with an average increase in the price at which farmers sell maize of about 12 per cent.

Source: Van Campenhout 2013.

Strengthening voice and power in policy processes

There is growing recognition among development analysts and practitioners of the benefits that can be derived from transferring control over design and implementation of rural development initiatives to local bodies. With increasing appreciation that local citizens have the greatest stake in local development outcomes, principles of decentralization, subsidiarity and local participation are endorsed and written into policies for water resources

management – for instance, in Haiti, Rwanda and the United States (Stoa 2014).

As national governments respond to growing pressures to devolve decision-making, rural power dynamics become increasingly decisive, increasing commensurately the potential impact of rural collective organizations.

Almost by definition, inclusive rural transformation occurs across wide geographical areas, contrasting socioeconomic and cultural contexts, and distinct institutional and political regimes. It requires participation from a broad

spectrum of stakeholders, all of whom must devote resources to ensure that their interests are represented. Despite social and economic marginalization, smallholder farmers and other neglected groups physically dominate rural landscapes. Thus, whether by design or by default, these groups are often strongly affected by public policies and investments that deliberately or inadvertently affect conditions in rural areas. However, these groups typically lack direct channels to express their interests to policymakers, which is where collective organizations come into play (Prato and Longo 2012).

The logic underlying these efforts is that social capital built up in collective organizations is translated into political capital, which is then used to further the interests of members by influencing political regimes (Birner and Wittmer 2003).

While consensus has yet to emerge on the precise mechanisms through which such translation occurs in different contexts, numerous examples of successful policy engagement by farmers' organizations and other rural collectives appear in the literature. One common factor is transparent dialogue among stakeholders from public, private and civil society, based on trust and shared values.

Collective organizations representing smallholders and other marginal groups add to these consultation forums by voicing practical concerns (including at regional level – box 10.10). They also often seek to alter power relationships in the governance processes through which decisions are made on allocation of public assets and finances. Organizations representing marginalized groups can ensure that underlying inequalities and imbalances in assets, incomes, and capabilities are not deliberately or inadvertently reproduced (Birner and Wittmer 2003; Court et al. 2006; Prato and Longo 2012).

Implications for policy and investment – be formal, but flexible and adaptive

No blueprint or "one-size-fits-all" solution can be used to seize all collective opportunities and solve all collective action problems (Ostrom 2004). In many ways, collective action goes

against the grain of many powerful institutional, cultural and economic norms: moving from competing for resources to sharing them, shifting from outputs to outcomes with heightened accountability, going from technical approaches to adaptive and evolving ones, and funding processes with several interacting thrusts rather than individual programmes (FRB-SFO 2014). Evidence of widely differing outcomes suggests not only that context matters, but also that groups and their individual members face unprecedented challenges in largely uncharted waters. There is likely to be underinvestment in collective action, which implies the necessity for support by NGOs, the private sector and governments.

Despite these difficulties, countless farmers' organizations and other rural collective bodies are already in place and tend to be entry points for multiple development initiatives. Effective approaches cater to diverse contexts, taking into account the different stages of development of organizations (IFAD 2015a). However, effective policies must generally focus on governance, operations, financing, strategy and policy engagement.

Governance requirements include transparency and legitimacy, aiming to strengthen bonds of solidarity and foster democratic principles that will expand membership over the long term. Support for rural collective organizations must build on existing social capital. Local social capital is often not enough to overcome local barriers built on norms and customs. For collective action to endure and spread, it needs to connect with external agents who channel new ideas, innovation and material incentives that support and promote initiatives. Sustainable access to finance is crucial.

Operational imperatives relate to how collective action can provide services to members. They include the structures and processes for assigning decision-making authority, for evaluating performance, for rewarding performance and thus organizational efficiency and effectiveness (Brickley et al. 1996). The establishment of property rights over collective goods and services is a very important issue. Leaders of rural collective organizations require strong

BOX 10.10 Supporting hearings on the Cooperative Societies Bill of the East African Community

The East African Community (EAC) is the regional intergovernmental organization of Burundi, Kenya, Rwanda, Tanzania and Uganda. The East African Legislative Assembly (EALA) is its legislative sub-entity, with nine elected members from each country and seven ex-officio members elected by the legislature of each country. The core functions of the EALA are legislation, oversight and representation.

Cooperatives play a significant role in the economies of the five countries of EAC. There are more than 30,000 registered cooperatives in the region and they employ, directly and indirectly, more than 15 million people. About half of these cooperatives are related to agriculture. Savings and credit cooperatives are also becoming increasingly common. There are considerable differences in the legal frameworks for cooperatives in the different countries, and some national frameworks constrain development of the cooperative movement. A regionally based legal framework would incorporate good practices from the different laws across the region to create a common enabling environment for cooperative development. It would also enable the formation of regional cooperative societies and unions, and expand business opportunities.

The East African Farmers' Federation (EAFF) is an apex organization whose role is to voice the concerns and interests of farmers in the region. Its membership comprises 20 farmer and pastoralist organizations from nine countries: Burundi, Djibouti, the Democratic Republic of the Congo, Eritrea, Ethiopia, Kenya, Rwanda, Tanzania and Uganda.

Since 2009, in response to concern from its member organizations on the challenges facing the cooperative movement in the region, EAFF has been lobbying for EAC-wide legislation for cooperatives. In 2009, EAFF commissioned a comparative study of the cooperative laws in the region to generate findings to inform its advocacy for a regional law. Between 2010 and 2013, it convened meetings with experts in cooperatives and stakeholders to discuss the contents of the proposed legislation. In April 2013, an EAFF team met the Speaker of the EALA and the EALA Committee on Agriculture, Tourism and Natural Resources (the Committee), one of whose members agreed to move the bill as a private member's bill in the assembly.

In January 2014, the EAC Cooperative Societies Bill 2014 was read for the first time in the EALA. The Speaker then forwarded the bill to the Committee for further consultations. In January 2015, the EALA passed the East African Community Cooperative Societies Act 2014. As an act of the EALA, it now awaits assent by the Heads of State of the five EAC countries. Once ratified, it will become law and take precedence over existing national laws. This means that national laws will have to be amended wherever necessary to conform to the EALA act. Following national ratification, EAFF intends to collaborate with its member organizations on awareness-raising efforts in all EAC partner countries. The act establishes the East African Cooperative Agency, which will develop the rules and regulations of the act as one of its first tasks.

Source: IFAD 2015c.

support to develop and implement contractual arrangements that maintain the economies of scale that these organizations can generate.

Financial needs centre on selecting appropriate equity and fee structures, along with suitable patronage rights, for there is no empowerment without financial autonomy. Such autonomy stems from raising adequate funds from members and external sources and from managing those resources. Priorities are building functional literacy and numeracy, boosting financial literacy, choosing relevant business models, designing profitable business lines, and strengthening financial management. Participatory planning of activities and transparency in activities at all levels should be supported.

Strategy and policy engagement priorities spring from the frequent need for co-management of collective resources with public and private actors. Leaders of rural organizations need support to build market intelligence, and to understand the operating mechanisms and strategies of government and external funders, including platforms and processes used for policy design and formulation at local, regional, national and international levels. These platforms and processes, such as the REAF MERCOSUR initiative in Latin America,¹⁶⁰ can be effective in overcoming laws and regulations that limit the spheres of operation of rural collectives, including those that prohibit these groups from benefitting from public funding (IFAD 2015b).

Inclusive rural transformation requires the coordination of a variety of funding sources and programmes, and the cooperation of many agricultural, natural resource, public works and community development and financial providers. As rural communities, markets and local authorities are constantly changing, it is nearly impossible to fully plan for success without a flexible and adaptive approach. This is the rationale for so-called “territorial development approaches” and other spatially defined initiatives that embrace and operationalize the diversity of rural and urban actors in rural areas, aiming to develop a common agenda that spans the range of interests.

At the core of these approaches – well established across Latin America and becoming increasingly important in other parts of the world – are rural collective organizations seeking to link smallholder farmers to external economic and policy actors such as private businesses and governments. Marginalized groups can then gain access to the markets on which their livelihoods increasingly depend as rural transformation unfolds. For all these links to end in a positive-sum game in which all partners cooperate to advance their common interests, make and then increase profits, and share benefits and risks, policies must support local rules and authority, sanction local organizing and encourage the participation of civil society.

Building robust rural collective organizations – which can empower rural communities to participate in, and benefit from, current and expected changes from rural transformation – can only be a gradual process. However, it is essential, and support must be consistent and sustained. Government and the private sector have important and complementary roles in enabling collective organizations to deal with the many constraints they face. These roles must be identified and embraced, to provide incentives and enabling conditions for rural collectives to form, operate and contribute to shaping rural transformation pathways in the interests of marginalized groups and individuals.

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