

Rationale and Recommended Response for Organizing Smallholders: producer organizations and co-operatives

Producer associations and cooperatives are well placed to assist smallholders build the productive and marketing capacities they need to respond to the competitive challenges and commercial opportunities of the market. This is indicated in the World Development Report (World Bank 2008) which states that in *"industrialized countries, producer organizations have been fundamental to the success of the family farm, still the dominant form of organization of production today"*.

In developing and transition economies, farmer organizations have been less successful in delivering business services and linking the smallholder to the private sector. Their performance in these areas has been mixed, at best. This is due primarily to two factors. First, many farmer organizations in developing countries lack the competencies needed to deliver essential business services to their members. Second, farmer organizations in developing countries tend to give priority to advocating the rights and concerns of their members, rather than on improving smallholder capacities to produce more, to market more effectively and to respond more flexibly to the dictates of the marketplace.

This imbalance between representing the "political voice" of their membership and providing business services must be redressed if the farmer organization is to have a significant impact on smallholders' future participation in the growing, but increasingly competitive, agro-industrial market.