Empowering poor people to participate in development is one of the principal pillars underpinning our efforts to reduce poverty. Nowhere is this more important than in rural areas, where seventy-five percent of the world’s poor live. In these areas, agriculture is often the backbone of the economy. Most farming is done by smallholders or landless farmers in tenant relationships.

As individual farmers these smallholders have little power to influence either policies that affect them or to benefit from economies of scale in their engagement with the marketplace. However, when rural producers come together as rural producer organizations (RPOs) at local, regional, and national levels, they can make their voice heard and take an active role in shaping their own pathways out of poverty.

Well-functioning rural institutions, such as RPOs, are necessary for rural people to address the complex challenges they face today – stagnating agricultural productivity, difficult market access, lack of access to financial resources, natural resource degradation, and climate change. However, RPOs often have weak capacities. This indicates that strengthening their capacity at local, regional, and national levels should be a sound investment for donors interested in the fight against rural poverty. This note assesses how the World Bank is doing in this area of investment by providing a summary of a recent desk study titled “Review of World Bank Investments in Building the Capacity of Rural Producer Organizations from 2004 to 2010.”

**BACKGROUND**

From 1997 to 2003, the World Bank partnered with CIRAD-Tera, a French research center devoted to international agricultural and development issues, to enhance its support to agricultural services and RPOs with a view to promoting demand-driven supply of services. This partnership resulted in a 2003 publication titled “Building the Capacity of

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1 RPOs include producer organizations, cooperatives, self-help groups, interest groups, community associations, farmer groups, and water-user associations.
Most of these 171 projects (87%) were under the formal oversight of the Agriculture and Rural Development Sector Board. The total budget of these 171 projects amounted to US$17.5 billion over the 2004–2010 period. The overall share financed by the Bank was 64%. Out of the US$17.5 billion, US$3.4 billion was earmarked to support the capacities of RPOs, either through direct capacity-building activities (US$1.4 billion, 8% of total budget) or through funding of subprojects (US$2 billion, 12% of total budget).

If one compares these data with data collected for 1997–2002, the share of projects that supported RPOs remained about the same (around 23–27%), although the number of projects that supported these organizations increased in the latter period along with the increase in the overall agriculture portfolio of the World Bank. However, the budget dedicated to support RPOs increased notably, moving from 8% to 20% of the total budget of projects supporting RPOs.

Regarding the autonomy of RPOs during 2004-2010, on the one hand, three-quarters of the projects included a specific component dedicated to capacity strengthening, demonstrating a specific attention given to RPOs and allowing for some independence vis-à-vis the other stakeholders of the projects. On the other hand, funds dedicated to capacity building were managed by partners (non-governmental organizations, government, or private sector) in 90% of projects, providing little opportunity for RPOs to increase their capacity by managing funds themselves.

The three main capacity-building services provided by projects were technical training, funding through subprojects, and management/organizational training. Generally, support to RPOs lasted 5 to 6 years. When a project had successive phases, the likelihood for the successive phases to continue supporting RPOs was high.

In addition to the grassroots level, capacity strengthening addressed unions and federations operating at the subnational and national levels in 18% of the projects. Although this percentage is relatively small, there seems to be a recent trend toward an increase in the number of projects tackling the subnational and national levels.

Project preparation and implementation did not involve RPOs as partners very often: one-third of the projects reviewed did not consult RPOs at all during the preparation phase, only 22% of the projects had RPOs represented in project implementation arrangements, and only 4 projects had RPOs as partners in supervision and evaluation missions.

Gender-related indicators were included in 32% of the project result frameworks over the 2004–2010 period. Since 2007, attention to this indicator increased, reaching almost 60% of all projects in 2010.

Geographical distribution

The Africa Region (AFR) dedicated more than 23% of project budgets to RPO capacity strengthening, mainly through funding of subprojects. AFR was the only region that addressed capacity building of unions and federations of RPOs in a noteworthy manner, with one-third of the projects including the national and subnational levels. AFR was also the only region that involved RPOs in the design phase. 40% of projects included gender-specific indicators in project result frameworks.

South Asia Region (SAR) showed a pattern similar to AFR’s except for the involvement of RPOs in project preparation and implementation: SAR dedicated 23% of project budgets to RPO capacity strengthening. Gender-specific indicators were included in 40% of project result frameworks.

Latin America and Caribbean Region (LAC) dedicated around 19% of project budgets to RPO capacity strengthening, whereas the share for Europe and Central Asia Region (ECA) was around 16%.

East Asia and Pacific Region (EAP) dedicated less than 4% of project budgets to RPO capacity strengthening; however, 40% of EAP projects included gender-specific indicators in project result frameworks. Middle East and North Africa Region (MNA) had too few projects to allow useful statistical analysis.

Subsectors

Projects belonging to the crop subsector dedicated more than 50% of project budgets to RPO capacity strengthening, whereas projects belonging to the agricultural extension and research subsector dedicated around 10% of project budgets to RPO capacity strengthening. The other subsectors showed a figure around 20%.

Projects belonging to the agricultural extension and research subsector had the greatest share of projects addressing the national and subnational levels (50%), whereas the projects belonging to the irrigation and drainage subsector had only 20% of projects addressing these levels. Projects in the irrigation and drainage subsector did not seem to put a lot of
attention to gender issues, with less than 20% having gender-related indicators.

**HOW HAVE THE LESSONS FROM THE 2003 REPORT BEEN INTEGRATED INTO WORLD BANK PROJECTS?**

Comparing the findings presented above with the lessons learned from the 2003 report, the following conclusions emerge.

**On the positive side:**

- **Projects in the 2004-2010 period paid greater attention to RPOs than projects in the 1997-2002 period:** the level of funding for RPO capacity strengthening increased significantly from 8% to 20% of total budget for projects that supported RPOs. This increase seems to have been mainly due to the introduction of access to funds at the local level through subprojects, using matching and competitive grants or co-financing mechanisms. The community-driven development approach was used in 48% of the projects that supported RPOs.

- **Projects granted greater autonomy to RPOs.** Projects included specific components dedicated to RPO capacity building more systematically, allowing RPOs to strengthen their capacity at their own pace (at least in principle). They also provided access to funds at the local level to a much greater extent for activities such as adoption of technological innovations and investments in agricultural improvements.

- **Projects that supported RPOs were linked to supporting the supply of agricultural services in two-thirds of the projects**, mostly within the same projects. Given that the diversity and quality of agricultural services to RPOs is a prerequisite for the success of projects supporting RPO capacity strengthening, the fact that both the supply and the demand side of agricultural services were addressed under the same umbrella is positive.
• Projects granted greater attention to empowering women in RPO capacity strengthening as indicated by the fact that by gender-related indicators linked to RPOs were included in project result frameworks more systematically.

On the less positive side:
• Relatively few projects entered into partnerships with RPOs: RPOs were represented at the national project implementation arrangements in only 22% of the projects, and RPOs actively participated in project preparation in only 14 projects out of 128. Most of the time RPOs were either not consulted or were just invited to one-time consultative meetings. At the implementation phase RPOs were considered as beneficiaries rather than as partners.

• Projects rarely tackled the three dimensions of capacity development (human dimension, organizational dimension, and enabling environment). Projects typically included training activities on technical themes, but less often on organizational, management, and communication issues. Activities related to the organizational dimension were almost non-existent. The enabling environment of RPOs was rarely addressed – mainly in projects dealing with irrigation and drainage.

• Projects could have done better in terms of granting autonomy to RPOs. Although projects provided RPOs with access to funds at the local level, these funds were rarely managed by the RPOs themselves.

• Projects provided little attention to the national and subnational levels of RPOs, which might be the most appropriate partners for project design during the preparation phase, for the management of funds during the implementation phase, and for the delivery of specific services to RPOs’ members.

• The disparities among regions and among subsectors in the way projects dealt with RPO capacity strengthening seemed to show a lack of common understanding and approach on how to address RPO capacity strengthening.

RECOMMENDATIONS
Looking forward, what could be done to make the WB investments in support to RPOs more effective?

In view of the amount of resources the World Bank allocates to RPO capacity strengthening, the Bank may consider developing an operational strategy on how to partner with RPOs both in designing and implementing projects and in policy making at national and international levels. Collective action can greatly contribute to sustainable agricultural development in certain contexts. RPOs are worth strengthening in and of themselves, and should not be considered only as a channel for delivering project activities and funds to the grassroots level, as it seems to have been the case in most of the projects.

Good practices in capacity strengthening of RPOs exist, both within and outside the World Bank. Collecting and analysing them could be a first step toward building a World Bank operational plan on how to support RPOs. The setup of a community of practice could facilitate this task, as could the existing analytical framework on how cooperatives function, developed by the University of Missouri. FAO, IFPRI, and USAID are considering developing a community of practice. The World Bank may consider joining this effort.

Guidelines could be prepared for the Bank’s task team leaders, supported by a training program that would highlight how to partner with RPOs and ensure proper governance principles. These guidelines would delineate a series of tasks that would have to be undertaken during project preparation and implementation in a systematic way, such as an analysis of existing RPOs, their socioeconomic context, the way they function, and their evolution.

2 An example of a more recent World Bank project that supports RPOs is the US$450 million National Dairy Support Project in India, which provides assistance to dairy cooperatives.

Authors: This note was prepared by Kaisa Antikainen with inputs from Pierre Rondot, Marie-Hélène Collion, Florence Rolle, Hild Rygnestad, and Eija Pehu.