

**Global Forum on Agriculture: Policy Coherence for Development
30 November-1 December 2005, Paris, France**

Session 1. SETTING THE SCENE

POLICY COHERENCE FOR DEVELOPMENT: WHAT IT MEANS FOR FARMERS

By Raul Q. Montemayor (Chairman, IFAP Asian Farmers Committee)

Abstract

Policy coherence is important not only for developing countries who need to effectively utilize scarce resources for their agricultural sectors, but also for developed countries whose long-term growth and progress is inextricably linked to the welfare of developing countries and the world economy as a whole. Governments in developing countries need to translate words into action by giving priority to sustained and coherent policies and programs that provide basic support and services to their large agricultural sectors, thereby reversing long years of neglect and giving farmers the confidence to pursue change and participate in the development effort. These domestic initiatives should however be complemented by reforms in international trade rules that will limit, if not eliminate, the distortive effect of domestic supports and export subsidies on global markets even as developing countries undertake much-needed reforms and prepare their farmers for global competition.

Farmers must be adequately compensated for their efforts if they are to continue providing safe and healthy food to consumers while at the same time protecting the environment. Otherwise, they may be pressured to take shortcuts that will prove harmful to consumers and the environment in the end. In turn, appropriate policies have to be installed to ensure that industrial concentration does not unduly subject farmers to abuse even as trade rules are crafted so that large multinational firms do not corner the benefits of freer trade to the exclusion of developing countries and small-scale producers.

Development assistance must be used to complement domestic reforms and not to fix problems created by incoherent and anti-development trade and other policies. They should focus on addressing agriculture-related problems because these are often the root causes of problems in urban areas and the economy as a whole. The role of the private sector in the development effort likewise needs to be defined, acknowledged, and supported. Farmer organizations in particular both have a right and a responsibility to participate in, and influence, the developmental process and will need to strengthen their ranks and capacities in order to effectively speak for themselves and contribute constructively to the effort.

Introduction

I would first of all like to thank the organizers of this conference and the OECD for giving farmers an opportunity to present their views on what I consider a very timely and important theme – Policy Coherence for Development. I speak today in behalf of the International Federation of Agricultural Producers or IFAP, which is one of the largest international networks of farmer organizations in the world. IFAP presently has 110 national farmer organizations in 75 countries as its members; it represents practically all farmers in the industrialized countries, and almost half a billion agricultural producers in the developing world.

IFAP believes that only farmers can best speak for themselves, even though it is not often that they are asked to do so, and sometimes are even prevented from saying their piece. So, allow me to take advantage of this opportunity to present the major development issues and concerns that farmers face today as a result of policy incoherence at the national, regional and global levels. There are of course many types of farmers living under different conditions and under varying levels of development, and their positions on certain issues may not always coincide. Today, I would like to focus on the concerns of farmers in the developing countries, which I think would be of more interest to policy makers in the OECD and its member-countries. I would also like to contribute some ideas on how farmers and their organizations can help rectify policy inconsistencies and ensure that developmental programs and policies move together in one coherent and progressive direction.

The Need for Policy Coherence

Farmers from developing countries may sometimes wonder why the more advanced countries belonging to the OECD have to worry about development in the poorer regions of the world. One probably could presume that countries, like people, tend to be more magnanimous when they become more prosperous. Charity could also be a way to assuage some hidden guilt arising from the notion that many other countries had to become poor so that the advanced countries could enrich themselves.

I would however like to believe that this concern for development on the part of developed countries transcends mere altruism or remorse. I think that the rich countries know that they will never be able to truly enjoy, and continue to enjoy, their wealth for as long as the billions of people living around them in the developing world are hungry, poor, uneducated, malnourished, and unemployed. Not only will they be unable to extract more wealth from these poor countries, but their own products and services will also find it difficult to find sufficient markets beyond their borders. In other words, their own continued growth is inextricably linked to the development and progress of the poorer countries around them and the world as a whole. Even in the jungles, before man interfered, nature saw to it that predators always had agile and healthy prey to eat; otherwise, they too would not survive if all their prey died from hunger and malnutrition.

Global poverty and hunger also lead to many problems that people in developed countries are uncomfortable with and oftentimes dread – illegal immigration, HIV/Aids, pandemics, wars, and of course, terrorism. As we have seen, these problems spread quickly in an increasingly globalized environment, and it is impossible even for people in developed countries to insulate themselves from these emerging threats. In the end, helping poor countries develop and move their poor populations away from extreme poverty and desperation is the only effective and permanent recipe for global health, peace and progress.

With all the problems besetting countries and the world as a whole, there is therefore no time or reason for both developed and developing countries to waste efforts and resources on policies and programs that end up cancelling each other out. Because development itself is a multi-faceted challenge, it naturally requires a comprehensive response, the individual components of which must both be effective and complementary to each other. Policy coherence therefore is not merely an embellishment; it is an urgent and critical requirement for any developmental effort to succeed.

It goes without saying that policy coherence for development is as important, even if not more critical, for the poor developing countries themselves. To a large extent, their underdevelopment is of their own doing, arising from years of neglect of their agricultural and other critical sectors, corruption, weak governance, and policy inconsistencies. They too have to set things right in their own backyard and carry out much needed reforms in a coherent and sustained manner if they hope to escape from chronic underdevelopment and lift their masses of citizens up from poverty and hunger. Developed countries can

augment their initiatives but will never be successful if the developing countries themselves do not assume the responsibility and accept the challenge for reform and change.

Coherence in Domestic Agricultural Policies

Perhaps the most obvious and chronic form of incoherence in domestic agricultural policy, specially in developing countries, is the disconnect between what politicians and government functionaries say in public and what they actually do in practice. Farmers have somehow grown accustomed to politicians promising them the moon and the stars during elections, and then disappearing after they have won or lost, only to reappear in the next elections, promising even more moons and stars. I remember a story (probably true) where a local politician in my country was campaigning to get elected and ended up promising farmers in a village that he would build a bridge to help them transport their products to the market. When he was told that there was no need for a bridge because there was no river to cross in the village, he promised to build a river as well!

In many developing countries, widespread hunger, unemployment and poverty is directly traceable to the absence of even the most basic infrastructure that farmers in developed countries often take for granted – roads, bridges, electricity, communication, ports, etc. These deficiencies eat into the already meagre incomes of large masses farmers in the countryside by making it expensive for them to buy the inputs they need and market the products they produce. They also make it difficult if not impossible for farmers to react promptly to market signals and take advantage of emerging market opportunities. Prospects for a higher price or better market for their products in the city or even in another country are useless if farmers cannot even move their produce out of their village because of an impassable road or a broken bridge. I remember another story (probably also true) of farmers in a village complaining to a local trader why his buying price was so low compared to the price announced over the radio station. The trader, knowing that the farmers had nowhere else to go, merely shrugged his shoulders and challenged them to sell their products to the radio station!

Compounding the situation are government policies that prioritize the supply of cheap food to urban consumers (and voters), whether through price controls, government market intervention, or trade and tariff policy favouring cheaper imports. Even in cases where governments use tariffs and import restrictions to protect farmers, these are often tacitly done in exchange for continuing neglect of their agricultural sector. As a result, inherent problems remain in place and aggravate over time, and get exposed only when governments are forced to open up their markets to foreign competition as is what is happening as a result of recent multilateral and regional trade agreements.

Although it is clear that governments in developing countries often lack the resources to address all their problems, it is equally evident that the prominence that politicians promise to give to agriculture and the rural countryside during elections and in public fora almost always disappears when the time comes to allocate the limited budgets of government to priority programs. Typically, debt service and defense get the largest chunks of the limited government pie, while large populations in the rural areas end up with a disproportionately small share for basic services and programs from the government. This is despite commonly accepted findings that investments in agriculture, particularly agricultural research and basic infrastructure, have the largest economic multiplier effects on the economy, benefit the largest sectors, have the most significant impact on poverty incidence, and are key ingredients for eventual industrialization and overall economic development.

The long years of recurrent neglect of, and bias against, the agricultural sector in many developing countries has made the resultant problems larger, more complex, and much harder to solve. In many cases, addressing one problem such as the access to rural credit by providing microfinance services to farmers ends up a failure because other constraints are not addressed at the same time. For example, the

lack of roads forces farmers to sell their products at very low prices, and eventually prevents them from generating enough income to pay their loans. In turn, improved technology that is supposed to increase yields and enhance the efficiency of farmers is often left unapplied because farmers have no money to buy modern seed varieties or the appropriate fertilizer. In other instances, they are afraid to invest their money and time because of the fear or risk that typhoons or pests might suddenly come and wipe away their investments, or the government might unexpectedly allow cheap imports to come in and depress local prices.

Perhaps the most deep-rooted effect of decades of neglect and policy incoherence is the pervasive apathy, lack of motivation, and a sense of hopelessness on the part of farmers in many areas of the developing world. Many have grown to be suspicious of promises that things will get better, wary of change, and resigned to a life of poverty and desperation. When they earn some money, they rarely invest in their farms and instead use the money to send their brightest child to school, with the hope that he or she will someday earn a good-paying job in the city and rescue them from their sordid fate in the farms. To a large extent, farmers themselves have become the largest and most difficult obstacle to change and progress and it will need a serious and sustained effort to get back their confidence and generate their support for any developmental effort. Realigning policies and programs into a coherent strategy will be a necessary step in this direction.

Coherence in Agricultural Trade Policy

The problematic agricultural situation in many developing countries is oftentimes aggravated by external factors. The worldwide push towards trade liberalization and globalization for example has caught many developing countries unprepared if not flatfooted, even as it has forced them to abruptly expose their small-scale farmers to competition from well-equipped producers from the developed world. One may say that trade liberalization is sometimes unfairly being blamed for a country's agricultural woes, when in fact the core problem arises from biased and incoherent domestic agricultural policies that make local farmers uncompetitive and unprepared for competition. Still, experience has shown that adjustment measures have to be carefully planned out and implemented while trade liberalization takes place; otherwise, it will merely aggravate the situation of farmers and even the economy as a whole.

At the same time, reforms clearly have to be undertaken in how countries, specially the developed ones, conduct trade in the global market. Even as they are already well ahead in the development race, developed countries cannot continue insisting on having their cake and eating it too. One may understand their need to protect and subsidize some of their agricultural producers for a variety of economic and non-trade reasons, but to do so at the expense of large masses of poor and underprivileged farmers in many developing countries is simply unfair and self-serving. Nor does it make sense for developing countries to give in to demands to open up their markets even as the developed countries manipulate trade rules so that they can continue equipping their own producers with a huge arsenal of domestic supports and export subsidies which they can use to ward off competition and at the same time penetrate foreign markets.

It does not matter when, where and on whom these trade-distorting practices will have an impact. The point is that these price supports, export subsidies and other artificial benefits that many developed countries give to their farmers can and oftentimes do create surpluses that result in worldwide market distortions, affecting the livelihood and survival of farmers in other countries who do not have any access even to the most basic infrastructure like roads, much less to subsidies. And they allow less efficient farmers in the developed world, well-off as they already are, to displace other more efficient and self-reliant producers from less fortunate parts of the world. Many of these small-scale producers in developing countries have no government support or assistance programs to fall back on when these trade distortive practices wreak havoc on their domestic and export markets.

One cannot allow a person holding a bag of explosives to go scot free just because he has not detonated the bomb, or because there is no guarantee that the bomb will explode or hurt people, or because of a promise that he will make the bomb less and less destructive over time. And yet this is not so different from what the GATT rules have allowed developed countries to do in agricultural trade by effectively legalizing the use of distortive subsidies, albeit at decreasing levels, while at the same time requiring other countries, most of which do not use such subsidies, to increasingly open up their markets to these subsidized foreign products.

Somewhere, large masses of farmers are becoming hungry, unemployed, sickly, and desperate because a few rich countries want to protect their agriculture so that their farmers can maintain comfortable lifestyles and their citizens can continue to enjoy beautiful landscapes. These distortive subsidies literally and indiscriminately maim and kill innocent people, displace them from their farms, and shatter lives and livelihoods, much like the so-called weapons of mass destruction that rich countries spend billions of dollars to unearth and destroy.

Clearly, there is a need to rationalize the negotiating positions of many developed countries in trade fora like the WTO with their publicly avowed commitments to help developing countries benefit from trade. Trade rules are supposed to remove distortions, level the playing field, and provide each country, big or small, rich or poor, a decent chance to compete and reap benefits from an expanded and freer global market. They are not supposed to perpetuate inequities and unfair trading practices, specially those that work against the interests of developing countries.

In this respect, it is unfortunate, to say the least, that developed countries have again used special and differential treatment or SDT as a bargaining chip or *quid pro quo* in the Doha Development Round negotiations to secure concessions that will allow them to retain much of their trade-distorting subsidies in the foreseeable future. Other developed countries in turn have insisted on reducing their subsidies only if developing countries open up their markets further and aggressively reduce their tariffs. Distortive subsidies are normally banned in international trade, and reducing or removing them should not be treated as a concession that would require some form of compensation from countries that are harmed by such subsidies. Clearly, a thief cannot demand that its erstwhile victims unlock and open their doors and windows wider at night in exchange for a promise to steal less and less from their homes.

This is not to underestimate or belittle the political and economic risks that developed countries have to confront when they undertake reforms and attempt to phase out the distortive support and protection that they have traditionally extended to their well-organized farming sector. One also cannot deny the right even of developed countries to preserve and promote their own agricultural sectors and ensure their own food security. Nor can one question the important cultural, historical, environmental and other contributions that agriculture provides in addition to producing food for their societies. However, it is equally important to remember that these right and prerogatives are not absolute or exclusive. The larger number of developing countries have as much right and need to protect and promote their own agricultural sectors, and the problems and risks they face in undertaking their own set of reforms are as daunting, if not more serious, than those faced by developed countries. There is therefore simply no moral justification for developed countries to insist on one-sided rules in the trade negotiations.

Many studies have also shown that developed countries themselves will be the biggest gainers, at least in the short to the medium term, from a less distorted global marketplace. Clearly, it does not make any economic sense for them to subsidize producers, encourage surpluses, prop up falling prices that arise from the surpluses through additional subsidies, and then provide even more subsidies for exports to alleviate the resultant domestic glut, and to top it all, end up hurting producers in other, and poorer, parts of the world.

Of course, the developing countries should also do their share in making the global marketplace a fairer, freer and more progressive arena for trade. They cannot hide forever under the cloak of underdevelopment, unpreparedness and uncompetitiveness and use these as pretexts for again delaying much-needed reforms in their agricultural and other domestic sectors. Protectionism breeds inefficiency and dependency, and eventually penalizes consumers and farmers alike. Nor is it wise for farmers to perpetually place their future in the hands of politicians and government functionaries whose priorities and whims may change at any time. The most coherent approach to trade liberalization is to make farmers competitive, efficient and profitable, so that they can supply food to the domestic market on an equal footing with imported products, and at the same time compete squarely in the export markets. This is a case where the best defense is a good offense.

Coherence in Other Trade-Related Policies

Aside from the need to craft coherent, fair and responsive rules in international trade, clear and equitable policies and directions also have to be established by governments, the public at large, and the commercial private sector on various issues which have had an increasing impact on how farmers produce, process and sell their products in both domestic and export markets. In particular, coherence is needed in how the issues on food safety and nutrition, market concentration, and sustainability and environmental protection are addressed.

Concerns over food safety, health and nutrition have become more pronounced as a result of the rise in food-borne diseases and illnesses and pronounced levels of both obesity and malnutrition in various parts of the world. To some degree, these have had trade-related effects on farmers. Many developing countries for example have complained against the increasing use of food safety and related sanitary and phytosanitary regulations to block legitimate imports and act as disguised trade barriers. Clearly, it does not provide any benefit to a developing country to be given duty free access by a developed country on the one hand, and then have its exports blocked on the other hand because these have not passed overly stringent chemical residue thresholds, or have not undergone costly laboratory analyses, or do not carry the proper labels and health certifications. The poor country ends up not only with lost export sales but boatloads of rejected cargoes in foreign ports. It is unfortunate that the Doha Development Agenda bypassed reforms in the SPS regulations despite clear indications that the Uruguay Round rules did not satisfactorily achieve the objective of harmonizing global quarantine regulations to protect humans, plants and animals.

On a much larger scale, the emerging food safety concerns have led to more rigid quarantine, food safety, labelling, and traceability regulations on food products which in turn have made it more expensive for farmers both in developed and developing countries to sell their products locally and in foreign markets. In many cases, these regulations have forced farmers to shift to new and more costly methods of production that influence the types of fertilizers or pesticides they use for crops, or hormones and antibiotics they apply to animals, and the equipment they utilize for producing and handling food products.

Although it is important to ensure that food products are safe to consume, governments and the public at large should at the same time ensure that farmers are adequately compensated for their efforts. Otherwise, putting intense pressure on farmers to produce better and healthier food, while at the same time demanding that they sell at lower prices, may backfire on the health and welfare of the consuming public in the end. The mad cow disease for example arose to a large extent from attempts of cattle producers to reduce costs and sell their meat products more cheaply in response to consumer demands and stiff market competition. These led some livestock raisers to use offals and waste material from other dead animals as feed ingredients, not knowing that these would result in the spread of BSE years later.

Governments and the consuming public must therefore be willing and ready to pay the price for safe, healthy and nutritious food. The current situation where the share of the farmer out of every dollar that a consumer spends has fallen to as low as five cents even as global prices for raw and semi-processed agricultural commodities have continued to go down is clearly unsustainable. Farmers are not miracle workers, and they will stop producing food if society does not give them the necessary financial and other rewards and incentives for their efforts. Or, they will turn in desperation to production short-cuts that could be harmful to consumers in the end.

The precarious situation of farmers is exacerbated by market concentration, or the emergence of large corporate entities that exert monopoly or excessive control over agricultural technology, inputs and markets. This is an established phenomenon in both developed and developing countries. While corporate size and breadth is arguably necessary for the huge investments in some agricultural ventures, there is the danger that farmers will eventually end up with little or no choice on where to buy their seeds and inputs and sell their products. In some cases, they may become virtual employees of these large corporations. In such a situation, farmers not only lose their leverage in determining the prices of their products. They will also be powerless if the large firms on which they depend for most of their sustenance and livelihood simply decide to pass on to them most or all of the cost and burden of food safety, environmental protection, and other regulations that consumers are unwilling to absorb. Even worse, they will have little recourse if these firms abruptly decide to shift to other more pliant suppliers or move their production and processing operations altogether to a more business friendly country or region.

It appears however that governments and international institutions have no clear policy or approach with regards to the increasing influence of these large multinational firms on both domestic and global markets. Although current international trade rules for example define the terms of engagement among countries, they have practically nothing to say about the potentially distortive or manipulative practices of large transnational firms on trade in agricultural products, services and intellectual properties. Some of these corporations may in fact be even larger and more influential than some large countries and economies. Hence, the push of some developed countries for the incorporation of competition policy in WTO rules has ironically been construed by other developing countries as a mere ploy to dilute the market leverage of local firms over their domestic markets and thus make it easier for these large multinational companies, most of whom are based in rich countries, to penetrate their markets.

The issue of market concentration brings to the fore the question as to who actually benefits from trade liberalization. Clearly, freer and more open trade can be empirically shown to foster overall economic growth within countries and on a global scale. However, the benefits are not spread equally, and there will always be losers in the process. Concerns have been raised that trade liberalization is being pursued for its sake, without considering what countries and sectors need to, or should, benefit most from it, and without adequate concern over those who lose out in the process.

Many developing countries for example will not be able to export more just because the global market has opened up and expanded. In fact, the very factors that make these countries uncompetitive in export markets – lack of roads, high power, input and financing charges, low yields, etc. – are the same factors that make them vulnerable to cheaper imports. Hence, while more advanced and resourceful countries may benefit from trade liberalization and improved market access, a vast majority of less developed countries will suffer or receive a disproportionately small share of the benefits if the proper safeguards are not put in place and they are not given the time and space to undertake the necessary adjustment measures. In turn, one would wonder if it is to the immediate interest of the developed and advanced countries to wait for the less developed countries to catch up, considering that their market advantage to a large extent derives from the incapacity of these underdeveloped countries to produce as efficiently and competitively as they can.

Nor can we expect large profit-driven multinational companies to bother themselves with how trade benefits are allocated. Their main concern is to be able to buy the raw materials from the cheapest producers and sell their products to the most lucrative markets. One can therefore raise the question as to whether a trading environment that is arguably freer and more open, but which benefits only a few large companies while marginalizing large masses of small producers, is worth aiming for. In addition, some farmers from both developed and developing countries have raised the issue as to why international trade rules are being given such prominence and influence over domestic agricultural policies, often to the disadvantage of small-scale producers, despite the fact that less than 10% of total global agricultural output is actually being traded internationally.

Even within countries that have somehow been able to expand exports and achieve economic growth due to trade liberalization, there are indications that the benefits have gone mostly to traders, processors, exporters, and large farmers and corporate farms, and less if any to small-scale primary producers. In turn, small-scale farmers invariably bear most of the burden when cheap imports come into their domestic markets. Unless these farmers are consciously allowed to benefit from free trade, trade liberalization may ironically end up aggravating rural poverty in the process.

Concerns have also been raised as to the fate of small-scale producers in a trading environment that rewards economies of scale and places excessive emphasis on production efficiency and cost competitiveness. While large-scale producers may be able to produce food and other agricultural products more efficiently and at least cost to customers, it may in fact be more prudent to spread out production capacity to a larger base of producers than bank on a few suppliers who may suddenly decide to close or move their operations.

Many policies of developed countries also run counter to publicly avowed commitments to promote sustainable development and environmental protection, issues which are critical to the long-term survival and prosperity of farmers in the developing world. While developed countries for example have pushed strongly for strict controls over gas emissions, land and air pollution, and water depletion, their trade policies often push poor farmers in other countries into desperate modes of survival which include environmentally destructive practices like slash-and-burn farming and soil, water and air contamination. In several cases, these developed countries have merely exported their destructive processes and equipment to third-world countries, thereby relegating the poor countries into dumping grounds for toxic waste and pollution.

As in the case with food safety regulations, farmers worldwide are also being pressured to adopt more environmentally friendly farming practices but are not being given the appropriate financial rewards with which they can offset additional costs. Clearly, farmers can only go so far when prices are stagnant or going down while costs are rising. Government should encourage and provide farmers with incentives to adopt good farming practices, instead of focusing on punitive approaches that are based on the premise that farmers abuse the environment and should therefore be controlled and disciplined.

Coherence in Development Aid Policy

Clearly, developed country governments first need to sort out their priorities and strategies before they start preaching and promoting development to developing countries. It would be useless to spend time and money on development assistance only to see the gains more than offset by distortive trade policies and unfavourable impositions on recipient countries. Development aid must be used to promote development, and not to fix problems that result from anti-development policies and programs. In turn, countries that receive development assistance must capitalize on such assistance to directly address their problems and deficiencies, and not use them as another pretext to retain their biases against agriculture, or scrimp on support to farmers, or postpone much needed investments and reforms in the agricultural sector.

In any case, development agencies as a whole need to confront the fact that international assistance for agricultural development has consistently declined over time. Although it can be argued that it is the governments of developing countries themselves that have prioritized non-agriculture projects in requesting for international aid or funding, the assistance agencies are also partly to blame for not clearly delineating and pursuing their program and funding priorities. One can wonder why they often impose numerous conditionalities in exchange for such loans or assistance, but cannot pressure governments to give more attention to their agricultural sectors. The perception that many agricultural development projects fail or give lower returns is also not a valid excuse, given that such deficiencies are usually traceable to poor project design and implementation.

To a large extent, development aid that focuses on problems in urban areas and other sectors aside from agriculture often falls short because the root causes of the problems it is trying to address is not being attended to. For example, many problems in cities like squatting, traffic congestion, sanitation, and crime arise from sordid living conditions in the countryside which force rural residents to migrate and seek jobs or shelter in the cities. Housing projects, expanded road networks, improved water supply, and other amenities in the cities will encourage even more migration and aggravate the problem in the urban areas for as long as income and employment opportunities remain scarce in the rural areas. Channelling development assistance to the rural areas therefore is a more logical and sustainable approach to solving urban problems and promoting economic progress as a whole.

Finally, development assistance agencies must increasingly recognize the important role that the private sector can and must play in tandem with government. Whereas traditional ODA has been channelled through the government bureaucracy and focused on supporting government-initiated programs, relatively limited effort and initiative has been allotted to building up institutions and programs run by the private sector, including farmer organizations, that can be more results-oriented, less politically vulnerable, and more attuned to the real needs of small farmers and target beneficiaries. Such private initiatives are particularly important since many rural development assistance loans and programs often come with conditionalities that require governments to phase out or privatize functions that traditionally have provided marketing, credit and other basic services to farmers. While deregulation and privatization may have their merits, they are often pursued without putting in place alternative or substitute institutions and programs that can provide safeguards and necessary assistance to affected farmers. As a result, farmers often end up in a worse situation.

Role of producer organizations

Because farmers are often the victims of incoherent policies, both of their governments and other countries, they have as much right as responsibility to participate in programs that affect their welfare. In order to constructively and effectively influence decisions however, they have to establish credible, independent and solid organizations of farmers. Only as a unified force in their countries and in the international community will they have the clout and repute to be heard and seriously listened to.

Strong farmer organizations at the domestic and international levels have become even more important now with the advent of globalization and the need to consolidate forces not only in the formulation of trade rules but also the conduct of trade. Even in developed countries, farmer cooperatives and similar business enterprises that grew rapidly in the past when food commodities were in short supply and markets were generally supply driven are now experiencing major adjustment problems. In many cases, they face stiff competition from both large multinational firms and niche players who have assumed larger control over the processing and marketing sectors of the value chain so as to cater to the requirements of an increasingly demand-driven and consumer-oriented market. In most developing countries, large masses of unorganized small farmers have rarely been able to exert market power over

emerging hypermarkets and integrated agribusiness firms, and will need to act swiftly and effectively to establish an effective counterforce to industrial concentration.

It is towards this objective that the International Federation of Agricultural Producers of IFAP has spent the last sixty or so years helping strengthen national farmer organizations and linking them together into a dynamic international farmers network. This has enabled the national organizations to participate in local decision-making bodies, implement programs for their members, and participate in the design and monitoring of developmental programs funded from local sources and/or development aid. Some farmer organizations have established large and profitable cooperative business operations that provide important economic services to their members and allow them to directly and more profitably participate in the domestic and global markets.

At the same time, IFAP has developed close links with international agencies like the Food and Agriculture Organization (FAO), the World Bank, the International Fund for Agricultural Development (IFAD), the World Trade Organization (WTO), the Consultative Group on International Agricultural Research (CGIAR), and similar institutions to carry its advocacy to the international arena.

IFAP maintains a keen and natural interest in development issues because its members, particularly the large masses of farmers in the developing world, will be the main beneficiaries, if not victims, of any developmental effort. Through their local and national networks, the farmer organizations under IFAP can play a constructive role in helping design such development programs, pinpointing inconsistencies based on the experience and feedback they gather from the field, assisting in the implementation of such programs, and participating in monitoring exercise that will measure the impact of such programs against objectives.

A case in point is IFAP's recent tie-up with the Global Forum on Agricultural Research or GFAR and the FAO for the participation of farmer organizations under IFAP in the determination of agricultural research and development priorities in different parts of the world, the involvement of farmer representatives in bodies that allocate budgets and set priorities for research activities, and their role in technology dissemination and monitoring programs.

Similar linkages could easily be developed between IFAP and its member organizations and OECD countries which seek to implement development projects in selected areas. IFAP members in fact can provide such donor countries with independent feedback and proposals which could help in refining the design of development programs and ensuring that such programs complement other initiatives.

There is therefore a clear case of allowing farmers to speak for themselves and making them active participants in the development process, and ensuring that development efforts are coherent, effective and responsive to the needs of farmers and the rural poor in general. As the IFAP stressed during a recent OECD proceeding: "Whether or not most of the millennium development goals are met depends on more effective and pro-poor producer organizations being engaged in all aspects – from determining what should be done, to doing it, and to monitoring progress".