

## **FACILITATING ORGANISATION ADVICE WITH PRODUCER ORGANISATIONS**

Gerda Zijm

GOM project Bolivia – namens Icco

From 1998 till 2004 I have been working as a SNV senior adviser in Sucre, Bolivia with several Producer Organisations which were supported at that moment by a project financed by Icco, Cordaid and Novib. In a former stage, the same PO's were financially supported by the Dutch embassy and the project was administrated by SNV. The experience generated in the first years was the base for an advice and support reference framework which I will explain further on.

### **Characteristics of the PO's**

- Situated in a valley region with dry climate, low accessibility, and low internal demand.
- Great variety in sectors, number of members, commercialized volumes and organizational lifetime.

Sectors: handicraft, milk, wheat, potatoes, maize, amaranth.

Number of members: 150 – 800

Lifetime: newly created - more than 15 years.

- History:
  - As the economic branch of a political rural organisation
  - Others by initiative of a national o international NGO
  - none of them has been part of the cooperative movement

### **Characteristics of the organisation and entrepreneurial advice**

#### **1. Reference framework**

In the project document a clear reference framework for organizational support was presented. This framework has been a base for the support of the financing organisations, but also for the advice of SNV. In a former stage of the project this framework had been elaborated: evaluating the experiences, discussing priorities and objectives within the PO's, but also with the more critical observers of this movement: embassy and national NGO's. Of course SNV had a great hand in the elaboration, and it still might be considered as a SNV framework, but it is always presented as an open framework in which PO's, supporting NGO's or state entities can put their own accents.

Base of the reference framework is a recognition of organizational life stages. Although this suggests a linear development of a PO, which of course is far from reality, the concept of these development life stages permits a concretization of measurable references in the process of organisation development.

For several aspects indicators are defined in each development stage. The definition of the aspects comes forth out of the experiences of organisational advice to the PO's: it summarizes the most problematic and important advice situations, which are considered now as the main issues on organisation and entrepreneurial development of PO's.

The four main aspects in the reference framework are:

- own income generating capacity
- self management
- entrepreneurial capacity
- external relations

For each aspect an idealized development process was concretized en systematized in three consecutive development stages.

	Initial stage	Development stage	Consolidation stage
Own income			
Self management			
Entrepreneurial capacity			
External relations			

## 2. Monitoring system

This reference framework served as a base for the project document and the contract between supporting organisations and receiving organisations included an explicit reference to these indicators.

The elaborated monitoring system was a logical result of the same reference framework. Exact numbers and data had been gathered and systemized in simple matrixes. The presented information was limited to key indicators, it was presented were relevant in histograms and had a very clear connexion with the own felt situation of the PO. Directives of the organizations learned rather easily to interpret these data.

In all PO's very little monitoring experience existed. Because of a mix of commercial and project activities, in which "creatively" the one subsidizes the other very little idea existed on rentability of commercial activities. Effective cost management was unknown and in general, directives had very little idea on how much money was needed for common organization costs. They did not know what kind of information they could demand from their professional staff. And administrative staff wasn't capable of informing in a way directives could effectively get more control and insight on the business: they just kept to prepare a Balance and a Year Result Account, their professional background (government, NGO's) limited their ability to present more to the point info on commercial activities.

## 3. Exchange between PO's

During the project meetings were organized every two months. The ownership of these meetings was by the PO's themselves, with a rotating leadership and in the definition of themes to be discussed. Attendance to these meetings was always very good, in spite of the distances to be covered and the high occupations of directives and coordinators. This is understood as a proof of the importance the participants attached to these meetings. After the first years PO's searched contact to each other for punctual questions, even helped each other out of liquid finance matters, lending money for a few weeks.

Compared to the Farmer to Farmer approach the exchange organized in these meetings can be understood as a Producer Organization to Producer Organization approach.

Succes factors:

Context:

- Initially each PO operated rather isolated. Technical assistance services to PO's did not exist neither existed a forum to address specific organizational problems of PO's. A PO movement was still in a pre initial stage, and the relation to the cooperative movement wasn't considered appropriate. The national umbrella organisation CIOEC surged during the project period.
- Directives as well as coordinators feel themselves frequently in a sort of sandwich position. Coordinators, have to cope sometimes with a strong distrust of their directories when they try to address organizational or administrative changes. Directives who start to understand more of the necessities of their

organizations have to deal with a comparable distrust of other members of the PO. Both directives and coordinators encounter a great support being able to share problems, irritations and those situations of distrust.

Internal:

- Because all PO's had (partially) the same monitoring system, it was rather easy to compare data. PO's that show unreliable or incomplete data were questioned in the meetings.
- Mixed (directives and professional staff) meetings. A very important issue in PO's is the relation between professional management and farmer directives. Power conflicts, great distrust and lack of knowledge are great barriers to effective change in management. In the meetings a cautious facilitation and management of subgroups, separating or just mixing different groups and persons, opened possibilities to work on these issues.

## Some lessons learned

### **1. A clear reference framework is a good basis for organizational strengthening efforts.**

- The younger PO's could take more advantage of lessons learned and instruments developed during the process and were able to come to very promising results on: cost management, economic dependency and external relations.
- The PO's with a history in political rural organizations had the hardest problems to come to real changes in management of their economic branches.
- The PO's with a large history as a donations receiving organization, had to cope a mentality change of members. The framework helped to get things clear, but the process of change was more difficult than that of PO's who's members invested (though small amounts) in their PO from the beginning.

Within SNV the frame work was discussed several times. Application of a frame work as if it is a sort of a planning tool was criticized as a too paternalistic way, just prescribing how the economic organization has to behave. Therefore during the project year the frame work was presented every time more open ended and changed from the initial Planning Frame work to a Reference Frame work.

But even so, this reference frame work presented a rather entrepreneurial vision on producer organizations. Some producer organizations wished to open up this economic view and give way to a more solidarial perspective on economy. The frame work as a whole still was questioned and denied. At the other hand, many PO's did have a clear demand on support on entrepreneurial capacities and commercialization and use the frame work to support that process.

The reference framework can be considered as a piece of 'soft technology', and open to use and abuse, just like any other technical ('hard') issue. However instead of implicit paternalistic control by donors, the explicit reference frame work democratically opens up discussions on essential issues in organizational change processes.

### **2. Financial support to organization strengthening efforts for PO's is often necessary.**

Financing organizations in general have a rather harsh policy on subsidizing organizational overhead costs of any organization, but specifically of economic organizations. The idea that an economic organization must be able to auto finance

these costs from the beginning is generally too optimistic, because most PO's have to cope with low state support, little experience, and difficult production and commercial conditions. Supporting PO's to become auto financing these recurrent costs / overhead is necessary and proved viable option for most of the POs in the project.

3. **The monitoring system wasn't only an instrument for advisers and support organizations** so that they could have more insight on improvements on organizational and entrepreneurial capacities of the PO. It also was very important to improve the monitoring system of each organization and by that the control of directives over their organization. And it facilitated concrete exchange of information between several PO's. The monitoring system gave a satisfactory insight in the qualitative process of organizational strengthening.

The monitoring system by no means intended to give a complete view on changes in all organizational capacities. Its strength came out to be its problem orientedness and its practical usefulness.

During the project the exchange between participating PO's had a very positive effect on the change processes in the organizations. For the PO's it was important to relate to same type of organizations to be able to share experiences in for instance common, PO specific, problems.

I am now laying the last hand on a manual for self assessment of organizational capacities of PO's. Based on the same reference frame work and based on the principle that an assessment of a few priority points can effectively increment control of directives and stimulate changes in the PO's.

4. **Institutional audits were an important input in the process of improvement of the administration and self control of directives.**

Not only project finance was audited, but every year an institutional audit was demanded by the supporting organizations. This made it possible to explain the audits as a useful instrument for directives and not only a control instrument of financiers of parts of the organizations activities.

The issue of financial transparency is very important in PO's, it helps directives to inform on their tasks to members, in the same way it helps administrative staff give a solid ground to their informs. Nonetheless, the understanding of institutional audits, its content as well as its importance and outreach took several institutional audits and therefore years.

5. **Smoothering the relationship between staff and directives is crucial to an effective management of PO's.**

Differences in knowledge, self-esteem, and even culture constantly undermine a good relationship between staff and directives. It is an issue which in other type of organizations isn't that important, but it is more or less the heart and essence of any PO. Also PO's here in Holland are constantly searching for a good equilibrium between both entities.

Organization advice to PO's therefore is a specialized matter, and experience within the sector is needed to be able to facilitate change processes.