Building and Assessing the Capacity of Farmers' Organizations:

The Case of the United Nations World Food Programme's *Purchase for Progress*

by

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A Dissertation Presented in Partial Fulfillment
of the Requirements for the Degree
Doctor of Philosophy

Approved April 2016 by the
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ARIZONA STATE UNIVERSITY

May 2016

ABSTRACT

Intermediating between farmers and development projects, farmers' organizations (FOs) have the potential to improve rural market access and promote equitable growth by reducing transaction costs, strengthening producer bargaining power, and enabling collective action. Capacity building of FOs is a cornerstone of rural development policies and programs, such as the United Nations World Food Programme's *Purchase for Progress (P4P)* project, which partnered with 830 FOs representing 1.7 million farmers from 2008 through 2014.

Despite significant donor investment, a unifying framework defining the concept and measurement of capacity building has eluded development practitioners. The core challenge originates from the paradigm shift away from top-down development toward participatory capacity building. Motivated by the practical difficulties encountered in ceding control to beneficiaries to enable their empowerment and self-determination, this study seeks to clarify conceptualizations of FO capacity and FO capacity building, to refine monitoring and evaluation of capacity building initiatives, and to develop and validate indicators and indices of organizational maturity and capacity.

Drawing on a critical review of the capacity building literature, this study develops an integrated, multi-level, capacity building framework and elaborates different levels of FO participation at each stage of the capacity building process. Through this lens, the research analyzes 11 organizational capacity assessment (OCA) tools and methodologies, and constructs 33 indicators of functional organizational capital to address OCA content gaps in conflict resolution, member participation, adaptive capacity, and the drivers of organizational

change and collective action. The research further proposes methodological changes for increasing member participation in OCA to reduce reporting bias, to build knowledge and planning capacities, and to engender empowerment.

The indicators developed are tested on primary data gathered from P4P (treatment) and non-P4P (control) FOs in Ghana and Malawi. Results show that P4P has positively impacted the organizational capacity of participating groups, although there are regional differences. The statistical analysis validates most of the indicators and indices developed from this study's participatory capacity building framework. Overall, this research contributes to the understanding of what FO capacity building means and how to measure it.

ACKNOWLEDGEMENT

Funding for this research was graciously provided by the United Nations World Food Programme, Arizona State University through a Graduate Education Completion Fellowship, and the Neely Foundation in the form of a Food and Agriculture Sustainability Research Grant.

Many individuals enabled this research; acknowledging them all would be a Sisyphean task. My committee members, Dr. Rimjhim Aggarwal, Dr. Beth Polidoro, and Dr. Erin Lentz, provided invaluable guidance in shaping and strengthening this dissertation. The World Food Programme's Purchase for Progress staff in Rome, including Enrico Christiani, Damien Fontaine, Clare Mzibule, and Ken Davies, enabled this work; without their support, this research would have been grounded at the concept note stage. The trust and freedom extended to me by these individuals created the unique opportunity to follow my intellectual curiosity and pursue new questions as they arose, resulting in an epic journey of continually-evolving study objectives, which doubtlessly frustrated, and hopefully inspired, this group of outstanding collaborators.

WFP country office staff in both Ghana and Malawi including Alessia Decaterina, Kaz Fujiwara, Robert Gama, Valeria Morúa Hernandez, Phillip Hovmand, and Patricia Mikuti, provided data, logistical support, and access to farmers. Administrative staff at many levels of Arizona State University and the World Food Programme worked behind the scenes to ensure that papers were filed, signatures were gathered, and deadlines were met.

The study teams, comprising Shehu Abdulkarim, Atchulo Abukari, Ben Amoah Boateng, Fuseini Bugilla, Lovemore Lupiya, Evance Mwantali, and John Sitor, scheduled and

facilitated discussions with farmers, translated and transcribed for my sole benefit, and worked long hours before, after, and during the field study, preparing the mission, talking with farmers, and contextualizing findings. Leaders and members of sampled farmers' organizations graciously offered their time, shared their experiences, and enriched my understanding of what it means to be a member of a farmers' organization.

Many types of support are required for a journey such as this. If my parents prepared the field for my academic pursuits by supporting my schooling and instilling in me the value of education, then Dr. Christopher Barrett planted the seed for this dissertation many moons ago by suggesting that I pursue a doctoral degree. For far too long, my family provided the emotional support and space required to commit to this journey. For enduring with grace, patience, and good humor my absence, whether in the field, at the library, or locked behind office doors, I confer upon Satya, Jai, and Te, well-deserved Putting her Through (Ph.T.) degrees.

To the many people who supported this study, I offer my enduring gratitude. It is my sincere hope that this research contributes to more effective capacity building and improved outcomes for farmers' organizations and their members.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACE	Agricultural Commodity Exchange of Africa
CBO	Community-Based Organization
CEX	Commodity Exchange
CRS	Catholic Relief Services
EAFF	Eastern Africa Farmers Federation
EC	Executive Committee
FAO	Food and Agriculture Organization
FGD	Focus group discussions
FO	Farmers' Organization
HEA	Household Economy Analysis
HGSF	Home-grown school feeding
HOCAI	Holistic Organizational Capacity Assessment Instrument
IAD	Institutional Analysis and Development
IFAD	International Fund for Agricultural Development
LRP	Local and Regional Procurement
M&E	Monitoring and Evaluation
MA	Maturity Assessment
MiDA	Millennium Development Authority
mt	Metric Tonnes
MOFA	Ministry of Food and Agriculture
NGO	Non-Governmental Organization
OCA	Organizational Capacity Assessment

OPA	Organizational Performance Assessment
P4P	Purchase for Progress
PHHS	Post-Harvest Handling and Storage
PO	Producer Organization
RBA	Rome-Based Agencies
SC	Sub-Committee
SHF	Smallholder Farmer
SLA	Sustainable Livelihoods Approach
ToT	Training of Trainers
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Programme
WRS	Warehouse Receipt System

Chapter 1

INTRODUCTION

1.1 Problem Statement

More than two-thirds of the three billion people comprising the developing world's rural population live on small farms of two hectares or less (Hazell, Poulton, Wiggins, & Dorward, 2010). Smallholder farmers (SHF) constitute more than half of the world's undernourished people and the majority of people living in absolute poverty (IFPRI, 2005). Due to high transaction costs, immediate cash needs, lack of access to financial services, and inaccessibility of more remunerative markets, SHF traditionally have sold their crops to intermediaries at the farm gate after harvest (Fafchamps & Vargas Hill, 2005). Selling at harvest when prices are low for lack of liquidity, then buying when prices are high for lack of household stock (Stephens & Barrett, 2011), the majority of SHF participate in markets as net buyers of the very food they produce. (Barrett, 2008).

Governments, development organizations, and private sector actors along the supply chain have formed multi-stakeholder partnerships aimed at altering the "sell low, buy high" dynamic by shifting producers from informal to formal markets (Ferris et al., 2014; Neven, Odera, Reardon, & Wang, 2009; WFP, 2012). Efforts captured under the umbrella of local and regional procurement (LRP) focus on increasing the quantity and improving the quality of commodity marketed, bolstering storage infrastructure and technology, and strengthening linkages bridging farmers to the network of actors along the value chain, including input dealers, financial service providers, and formal market buyers.

Farmer's Organizations (FOs) serve as an important platform through which LRP and other rural development projects reach their target population (Collion & Rondot, 2001; World Bank, 2003). In recognition that FOs promote equitable growth and poverty reduction (Chen, Jhabvala, Kanbur, & Richards, 2007; World Bank, 2008), as well as decrease transaction costs, strengthen producer bargaining power, and improve market access through collective action (Berdegué, 2004; Rondot & Collion, 2001), capacity building of FOs has become a cornerstone of rural development policies and projects, including LRP.

Though most capacity building efforts narrowly focus on augmenting technical capacities to produce and market commodities through investments in storage, equipment, and trainings, this study draws attention to the functional capacities of FOs. Organizational capacity to manage conflict, to generate consensus, to adapt to dynamic conditions, and to cultivate trust not only enables collective action such as group sales, but also impacts the distribution of program benefits and influences project viability beyond the funding cycle.

1.2 Study Scope and Objectives

This study seeks to clarify the conceptualization of FO capacity and capacity building, to refine monitoring and evaluation of FO capacity and capacity building projects, and to highlight the relationship between capacity building and capacity assessments. Further, this study aims to develop and validate indicators and indices of FO functional capacity, the abilities which enable FOs to achieve their strategic objectives.

To contextualize FO capacity building, this research hones in on the United Nations (UN) World Food Programe's (WFP's) Purchase for Progress (P4P) program, a pilot program launched in September 2008, which contracted 450,102 metric tons (mt) of SHF-

produced commodity from 20 pilot countries valued above $177 million through the pilot period ending in December 2013 (WFP, 2013b). Procurement from SHF is being mainstreamed into WFP operations (WFP, 2013c), with 120,000 mt of SHF-produced commodity, valued at over $42 million, contracted in the first year of post-pilot operations (WFP, 2015). Though implementation strategies vary across countries, all 20 P4P pilot countries utilized FOs as a conduit to SHF for collective marketing and capacity building. This research includes field work designed to investigating the functional organizational capacity of P4P and non-P4P FOs in Ghana and Malawi.

1.3 Overview of Study

The literature review in Chapter 2 frames the challenge of SHF market access, presents ways to categorize SHF and FOs based upon their market participation and function, and reviews evidence related to FOs and collective marketing. The chapter explores the group factors and rules enabling collective action, drawing attention to rules-based trust and the impact of trust on organizational performance. Chapter 2 concludes by extending the sustainable livelihoods analysis framework to enable meso-level analysis through the adoption of organizational capital, the structures, processes, and motivation of organizations generating trust and social capital.

With the significance of FOs as entities with the potential to transform SHF market access established, Chapter 3 structures a nuanced conceptualization of FO capacity and explores the intersection between beneficiary participation and capacity building. The chapter examines the role of training in capacity building, key drivers of capacity building, and the time horizon required to build different types of FO capacity.

Successful FO capacity building necessitates information about current capacity to compare against futures visions, yielding capacity gaps to be addressed through strategic planning and project implementation. Organizational capacity assessments serve a variety of purposes at different level, as developed in Chapter 4. After surveying different types of assessments used by organizations working to build FO capacity, the chapter compares tool content against the organizational change, organizational capital, and collective action literatures. It further develops functional capacity indicators and indices to complement the SCOPEinsight Basic assessment tool, which P4P intends to adopt to standardize FO capacity assessments across countries.

Chapter 5 broadly reviews the P4P pilot, with a focus on the P4P experience in Ghana and Malawi. Utilizing primary data gathered from FOs in those countries, this chapter presents findings on functional capacity, including analysis of the indicators and indices proposed in Chapter 4. Secondary data sources include procurement data collected by WFP headquarters from both countries through December 2014, FO records from Ghana, and transaction records from the Agricultural Commodity Exchange (ACE) in Malawi.

Chapter 6 reviews how a multi-level participatory capacity building framework shifts our understanding of the objectives, methods, and outcomes of FO capacity building, summarizing recommendations, and presenting areas for further study.

Chapter 2

THE ROLE OF FARMERS' ORGANIZATIONS IN IMPROVING MARKET ACCESS FOR SMALLHOLDER FARMERS

Market access shapes the livelihood strategies of smallholder farmers. Barriers to and enablers of market access exist at multiple levels, such as trade and production policies at the national level, infrastructure at the regional level, standards for weights and measures at the district level, number of buyers and sellers at the location level, and transaction costs at the individual level. This chapter explores the challenge of market access for smallholder farmers, utilizes market orientation to segment the smallholder sector, and examines the multiple roles and functions of FOs in improving farmer outcomes, including access to input and output market through collective action. This chapter concludes with an investigation of the factors and rules enabling individuals to address coordination challenges through collective action.

2.1 Smallholder Segmentation and Market Access

Market access determines whether or not prospective buyers and sellers are able to exchange goods or services on terms which enable transactions. De Janvry, Fafchamps, & Sadoulet (1991) describe lack of market access as a "missing market", or a market failure occurring at the household level, rather than the location or commodity level. Though the transaction space exists, individual households opt out of participation when transaction costs outweigh the benefits potentially captured from the foregone exchange. Market access

is heterogeneous across households due to different transaction costs of market participation and varying degrees of spatial integration (Barrett, 2008).

Though specific households face unique constraint sets, Canigiani (2005) identifies nine barriers broadly limiting SHF market access: awareness, technology, organization and management skills, production, productivity, financial resources, infrastructure, information, and policy environment. Lack of connections to established market actors, distortions or absence of input and output markets, and credit constraints further hamper SHF access to markets (Markelova, Meinzen-Dick, Hellin, & Dohrn, 2009), with farmers in remote locations characterized by inadequate transportation and storage infrastructure particularly disadvantaged (IFAD, 2003). In eastern and southern Africa, high transaction costs and poor infrastructure manifest in lack of spatial and temporal market integration, weak producer response to price signals, and high price variability (Rapsomanikis, 2009).

Market access influences production and investment decisions, constraining opportunity sets, livelihood strategies, and well-being. As summarized in the International Fund for Agricultural Development's (IFAD's) (2001) *Rural Poverty Report 2001*,

> Farmers' inability to market produce means lack of income for production inputs, consumer goods and immediate cash requirements, and prevents asset accumulation. Market access thus influences farmers' production systems: those who live close to better roads and have more frequent and direct contact with the market are willing to produce more systematically for the market, while those with poor market access are forced to produce for domestic consumption. (p. 161)

The relationship between market access, production systems, and welfare enables classification of the world's 400-500 million smallholder households. Though smallholder households can be segmented by asset holdings or income (International Finance Corporation, 2011; Nagayets, 2005; World Bank, 2008), degree of market orientation has emerged as a primary characteristic differentiating between smallholders with different types of market engagement and decision-making (Jayne, Mather, & Mghenyi, 2010; Seville, Buxton, & Vorley, 2011; van Manen et al., 2012). While subsistence farmers diversify their crops and livelihood strategies, making production and marketing decisions based upon household food requirements; commercial farmers specialize production, rely more heavily upon agriculture as a livelihood strategy, and allow market signals and comparative advantage to guide production and marketing decision (Jaleta, Gebremedhin, & Hoekstra, 2009).

Peck, Anderson, & Anderson (2013) further distinguish between commercial SHF in tight value chains and those in loose value chains. Well-capitalized smallholders in tight value chains, producing primarily cash crops on a contract basis, typically have access to value chain financing, equipment leasing, long-term loans, and innovative types of production and weather insurance. Commercial SHF in loose value chains produce staple crops with some cash crops, regularly market their surplus production in informal spot transactions, but rarely engage in formal contracts with traders of specific commodities. This segment may have access to savings and input financing through agricultural banks, microfinance institutions, savings and loan groups, full-time traders, and input suppliers. The authors estimate that 7% of the global smallholder population are commercially-oriented and in tight value chains,

33% are commercially-oriented though in loose value chains, and 60% are non-commercial, subsistence producers.

Differences in productivity, access to finance, and market participation manifest in a high degree of market concentration within the smallholder sector. A review of 12 studies investigating SHF participation in staple food markets across eastern and southern Africa finds that between 2 and 10% of producers account for 50-75% of staple commodity sold by smallholders (Barrett, 2008). These sellers are relatively wealthy, with larger landholdings, and greater market access, representing both commercial SHF in tight value chains with some staples to market, and better-off commercial SHF in loose value chains.

Empirical studies highlighting the results of alternate livelihood and investment strategies stemming from different levels of resources and access to markets reflect the multiple equilibria posited in the theoretical work on poverty traps. Trapped in a cycle of low-return investments designed to mitigate risk, poor smallholders rely on negative coping strategies to weather negative shocks, eroding their productive potential and resulting in persistent poverty (Bardhan, Bowles, & Gintis, 2000; Barrett, Bezuneh, Clay, & Reardon, 2005; Dercon & Krishnan, 1996; Ellis, 2000). By contrast, better-off households are able to generate a buffer to protect against negative shocks by investing in higher-risk, higher-return strategies, leading to a virtuous cycle of asset investment and accumulation.

By providing access to productive assets, financial services, production and market information, and higher-value markets, FOs broaden the range of strategies available to members, potentially propelling SHF trapped in the viscous cycle of low-risk, low-return investments toward more remunerative strategies. Collective marketing through FOs enables

members to aggregate their surplus into a single tradable lot, which reduces the per-unit costs of transaction limiting SHF access.

2.2 Farmers' Organizations and Smallholder Access to Markets

Organizations from local to international levels can be classified according to ownership sector and purpose. While public organizations are owned by the government and serve collective interests, individually-owned private organizations are driven by profit. Uphoff (1986) identifies a third sector of organizations which promotes common interests, yet operates with private sector flexibility. Though it does not wield the authority of public sector, this participatory middle sector is not primarily motivated by profit-seeking.

Hobley and Shields (2000) identify role and function as an additional dimension of organizational delineation, differentiating between enabling, delivery, and user/client agencies. The authors distinguish between constitutional enabling agencies which establish, monitor, and enforce the framework and guidelines for all organizations, and collective choice enabling agencies which aim to change policies and institutions to their favor. Delivery agencies provide goods and services to groups and individuals, while user/client agencies increase members' access to resources and benefits. Table 1 presents examples of agricultural organizations organized in a matrix comprised of enabling agencies, delivery agencies, and user/agent agencies across the spectrum of public to private organizations.

Table 1.

Typology of organizations

	Sector		
Role and function	Public	Participatory	Private
Enabling			
Constitutional	Ministry of Agriculture; Bureau of Weights and Measures	Advisory committees to the government	Inspection companies
Collective Choice	District Assembly	Community-based resource management groups; Third-tier FOs advocating for improved market access	Lobby groups
Delivery	Strategic grain reserves; Government marketing boards	Non-governmental organizations distributing assets or services; Outgrower schemes; FOs providing services to members	Enterprises; Agrodealers; Commodity exchanges
User/Client	Consumer protection groups	School feeding committees; FOs connecting members to finance institutions	Consumers; Trader associations

Adapted from *Local Institutional Development: An Analytical Sourcebook with Cases*, by N. Uphoff, 1986, and *The Reality of Trying to Transform Structures and Processes: Forestry in Rural Livelihoods*, by M. Hobley and D. Shields, 2000.

As participatory organizations, FOs perform the across the entire spectrum of roles and functions: lobbying for farmer-friendly policies as enabling agencies, providing inputs and collective marketing services to members as delivery agencies, and facilitating member

access resources and benefits as user agencies. Beyond role and function, FOs can be categorized according to the layers of their internal structure. While first-tier, or primary, FOs organize farmers into community-based organizations (CBOs) with limited geographic range primarily to purchase inputs collectives, secondary FOs unite primary FOs into unions at the district level, and tertiary FOs aggregate secondary unions into federations at the regional or national level. Table 2 presents features of these different FO types.

Table 2.

Features of different types of FOs

	FO type		
Feature	First-tier: Grassroots CBOs	Second-tier: Unions	Third-tier: Federations
Structure	Grassroots and community-based	Umbrella structure of first-tier FOs	Super umbrella body of second-tier FOs
Membership	10 to several hundred	Several hundreds to several thousands	Thousands
Geography	Locality	District	Regional, national
Leadership	Elected from membership base	Elected from representatives of first-tier FOs	Elected from representatives of second-tier FOs
Management	Executive committee leaders	A few paid employees	Highly trained professional and technical staff
Function	Basic collective action, primarily the joint purchase of inputs	Provide first-tier FOs with access to market, credit, inputs, extension and other servicecs	Advocate for farmers; Connect second-tier FOs to markets, credit, and inputs
Marketing	Collective sales on spot markets	Collective sales through contracts and spot market transactions	Link second-tier FOs to national and international sales

Adapted from "FO selection and progression" by D. Fontaine, in *P4P Guidance (draft)*, by World Food Programme, 2016.

While all three levels of FOs provide combinations of goods, services, and collective sales opportunities to members as delivery agencies, third-tier FOs advocate for institutional changes conducive to producers as collective choice enabling agencies, while first-tier FOs focus on member access to resources as user/client agencies. While these categories frame an understanding of the role, function, and features of FO types, it should be noted that FOs conduct business in a myriad of unique ways. The range of services, goods, and opportunities available to members reflects not only production possibilities defined by the biophysical environment, incentives offered and constraints imposed by the institutional environment, but also member priorities, objectives, and goals which shape the structures, processes, and motivation of the FO. Effective capacity building strategies are adapted not only to the different functions and features characterizing FO tiers, but also to FO-specific objectives.

To achieve economies of scale at the FO level and service delivery efficiency at the partner level, development organizations working to build FO capacity often strive to aggregate primary FOs into secondary unions (IFAD, 2013). While broadening membership has the potential to decrease marginal costs of input and output market transactions, it increases coordination costs, particularly if the expansion increases heterogeneity in terms of members' interests in FO operations (Bernard & Spielman, 2009). Bernard et al. (2010) find tradeoffs between inclusive membership, participatory governance, and marketing performance, with market-oriented FOs likely to exhibit strengths in only two of the three dimensions.

Evidence substantiates the ability of FOs to compensate for market imperfections such as high transaction costs, missing credit markets, and coordination gaps and to improve

SHF access to markets (Markelova et al., 2009). Empirical studies find that collective action through FOs reduces barriers to market entry, improves SHF bargaining power with buyers and intermediaries, and opens previously inaccessible high-value markets to SHF (Devaux et al., 2009; Kherallah, Delgado, Gabre-Madhin, Minot, & Johnson, 2002; Thorp, Stewart, & Heyer, 2005).

However, FO membership is exclusive. Members, and to an even greater extent leaders, are better off than the general population from which the membership base is derived (Rondot & Collion, 2001). Non-members do benefit from spill-over effects such as knowledge transfer from members to non-members, participation in collective sales through FOs (Bernard & Spielman, 2009), as well as through utilization of FO capacity building investments in infrastructure and equipment, which generate efficiencies at the locality level (Humphrey & Navas-Alemán, 2010).

Membership in FOs does not automatically propel SHF to higher-level equilibria. The high concentrations of assets, access to input and output markets, and marketed surplus within the smallholder sector render an estimated 50% of SHF unable to participate in formal markets (Ferris et al., 2014), regardless of FO membership or supply-side support. Participation in FO activities is frequently uneven through the membership base, with better-off, more diversified members physically proximate to FO headquarters or collection points more likely to benefit from the formal market opportunities generated by FOs relative to their poorer, more remote peers without alternate means of income (Amani, 2014a).

While collective action among SHF generates efficiencies through bulking, quality control, and access to storage and inputs, the transaction costs of organizing which include establishing rules, as well as monitoring and enforcing the rules, may offset cost savings

gained, particularly for staple foodgrains with slim profit margins (Berdegué, 2004; Stockbridge, Dorward, & Kydd, 2003). Collective marketing of staple cereals and pulses poses unique challenges in sub-Saharan Africa, including generally low returns to producers, non-differentiability on local markets, and a history of political market interference favoring urban populations (Bernard & Spielman, 2009). In a context characterized by limited spatial and temporal price integration resulting in high local price variability, low barriers to entry and many traders, and lack of contract enforcement mechanisms, collective sales on formal markets requires overcoming ample opportunities for side-selling to traders at higher prices than contracted.

Due to the high costs of organizing and relatively low transaction costs of marketing undifferentiated commodity destined for informal spot markets, FOs marketing staple foodgrains realize poor economic and financial outcomes relative to FOs in specialized markets with higher transaction costs (Coulter, 2007; Hellin, Lundy, & Meijer, 2009). Barham and Chitemi (2009) find that in the absence of relationships with buyers providing steady and significant demand, FOs marketing grains and pulses are less likely to improve market performance relative to FOs commercializing high-value perishables, such as vegetables and fruits.

In addition to the challenges unique to groups marketing staple foodgrains, successful FOs must navigate the hurdles facing all collective action organizations, including technical competence, generating group consensus and commitment, fostering trust within the FO and between the FO and other actors, as well as creating, monitoring, and enforcing rules of membership and participation. Cooperation requires assets relatively scarce among SHF such as basic education and financial literacy, management and entrepreneurial skills,

and financial capacity (Hulme & Shepherd, 2003; Pingali, Khwaja, Meijer, & Meijer, 2005; Stringfellow, Coulter, Lucey, McKone, & Hussain, 1997). Cooperation further requires trust and transparency (Ostrom, 1990), as mistrust between members or between members and management can sabotage FO viability (Masakure & Henson, 2005), as can corruption and political hijacking (Key & Runsten, 1999). Close social relations also threaten to interfere with rules enforcement, eroding the credibility and function of community-based organizations (Berdegué, 2004; Mude, 2006).

Despite these challenges, some FOs focused on staple foodgrains improve market performance. Factors enabling success include financial support from partners and diversification into specialized markets with high transaction costs (Barham & Chitemi, 2009; Berdegué, 2004; Chirwa et al., 2005; Coulter, 2007; FAO, 2001). Thorp et al. (2005) attribute FO success in rectifying market failures to the identification and exploitation of an economically viable market opportunity, social legitimacy, appropriate leadership which does not threaten cooperation, supportive ideology and institutional design, and an appropriate catalyst for group formation.

Shifting producers from informal to formal markets necessitates organizational-level commitment to collective marketing, an endogenous desire to change how the FO conducts business, and consensus at the member level to contribute commodity for collective sales. Though traditional marketing channels offer lower prices at harvest and non-standardized weights unfavorable to producers, informal markets offer seller benefits such as instantaneous cash payments for spot transactions of multiple commodities with minimal quality standards, as well as flexibility in the timing of transactions and cash inflows (Amani, 2014b). Formal market contracts reduce the uncertainty of prices, weights, and measures,

however producing specific commodities with rigid specifications necessitates investing to attain quality standards, sacrificing individual choice regarding the timing of transactions, and waiting through the lengthy transaction process. In P4P, wait times between deposit and distribution of payment averaged between 30 and 60 days (Bymolt, Decaterina, & Krieger, 2011), a challenge for cash-strapped smallholder producers to endure. To organize collective marketing on formal markets, FOs must to establish, monitor, and enforce rules regarding aggregation and side-selling.

2.3 Group Factors and Rules Enabling Collective Action

Consensus has been reached on the contextual variables influencing the likelihood of groups overcoming social dilemmas. These include a common understanding shared among group, the size of the total collective benefit, the marginal contribution made by individual members, the cost of failure to cooperate, the temptation to free ride, the choice to participate or not, the presence of leadership, the autonomy to make binding rules, the history of past experience, and the level of social capital (Ostrom, 2000a).

The above factors influence the severity of coordination problems and the distributional struggles associated with collective action in well-documented ways, however the impact of group size and internal heterogeneity remains strongly contested (Agrawal & Gibson, 1999; Esteban & Ray, 2001; Hardin, 1982; Heckathorn, 1993; Keohane & Ostrom, 1995; Leach, Mearns, & Scoones, 1999; Molinas, 1998; Olson, 1965). The lack of consensus reflects challenges in isolating the influence of group size, multiple dimensions of heterogeneity, and conceptual and practical problems with the hypothesized links between small size, homogeneity, and collective action (Poteete & Ostrom, 2004).

The prospects for successful collective action may be inversely related to group size. As membership numbers increase, coordination costs rise, opportunities for frequent interaction and monitoring decrease, the threat of sanctions diminishes, and individuals perceive their contributions as negligible relative to the group's requirements (Axelrod, 1984; Olson, 1965). On the other hand, larger groups can achieve higher levels of collective provision than smaller groups (Esteban & Ray, 2001), and individual decisions about the size of contributions may be less sensitive to group size than anticipated (Brunner & Sonstelie, 2003). The debate is confounded by imprecision regarding the threshold dividing large and small groups, and the degree to which context influences assessment of group size (Poteete & Ostrom, 2004).

Assumptions regarding the positive impact of group homogeneity upon collective action outcomes reflects the myth of community (Guijt & Shah, 1998), which is a failure to perceive the differences within communities and their effects upon local politics (Agrawal & Gibson, 1999). Multiple dimensions of heterogeneity have been investigated, including socio-cultural backgrounds, ethnicities, economic interests, endowments, wealth and entitlements, and political alliances (Baland & Platteau, 1996; Keohane & Ostrom, 1995), with the impact of diversity along these dimensions dependent upon context. Group homogeneity in social class and ethnicity may support consensus building and norm enforcement (Blair 1996), though heterogeneity in interests may generate a few key individuals extremely committed to coordinated action even if the majority are not (Hardin, 1982; Oliver, Marwell, & Teixeira, 1985; Olson, 1965). Heterogeneity in political capital can yield local elite providing leadership and necessary authority for rules enforcement (Vedeld, 2000), and heterogeneity across multiple dimensions may enable groups to draw upon

complementarities to build a strong foundation for collective (Poteete & Ostrom, 2004). "Field research shows that, despite the recurrent argument that homogeneous groups are more effective, heterogeneity does not have a uniform effect on the likelihood of organization collective action and little, if any, effect on the sustainability of such collective actions" (Varughese & Ostrom, 2001, p.750).

The diversity of institutional and biophysical environments in which groups of different compositions and sizes have overcome a broad array of collective problems suggests that rather than one rules-based solution, local knowledge can be harnessed to overcome specific coordination problems by crafting institutions that generate customized incentives perceived by participants as legitimate and fair (Poteete & Ostrom, 2004).

A great deal of work has been done on the rules which enable self-organized groups to successfully address collective action problems. Nobel laureate Elinor Ostrom (1990) attributes failure to successfully manage collective action problems to internal factors such as lack of communication, lack of trust, lack of shared vision/mission, and elite capture, as well as external factors, including authorities, policies, and rapid changes made without sufficient response time.

Ostrom's research into how groups survive for long periods of time and overcome collective action problems yields a set of locally-created institutions adhering to design principles. Her institutional analysis and development (IAD) framework is supported through empirical research on rule-based trust enabling individuals to overcome a wide diversity of social dilemmas and collective-action problems (Berkes, 1989; Bromiley & Cummings, 1998; Bromley et al., 1992; Fairhead & Leach, 1996; Fine & Holyfield, 1996; J. G. March & Olsen, 1985; McCay & Acheson, 1990). Stockbridge et al. (2003) adapts these

design principles for application to FOs, as elaborated in the bulleted list below, and further developed in Section 4.5.1 as indicators proposed for FO capacity assessment tools.

- **Clearly defined boundaries**. To incentivize cooperation, membership in FOs should confer exclusive benefits valued by members. Extending services, goods, and opportunities beyond the membership base reduces member privilege and incentives for self-monitoring.
- **Proportional equivalence between benefits and costs**. Rules governing access to FO services should reflect not only local norms and conditions, but also the rules guiding member contributions. For example, restricting use of FO equipment to members current on annual dues provides incentives for members to respect the terms of membership.
- **Collective-choice arrangements**. Rules governing member behavior should be subject to a transparent and democratic process enabling members to change the rules. Leaders cannot change rules affecting members without their input, and members need access to a channel for broadcasting, within the group, their concerns about the rules and their application.
- **Monitoring**. Good rules ensure good results only if effectively monitored by all parties. The cost of monitoring decreases with repeated interactions, transparency, cooperation, and trust which serve to assure each party others are upholding their end of the bargain. In successful FOs, regular meetings, financial literacy, and clear communications build trust within the group and reduce the cost of monitoring.

- **Graduated Sanctions**. Sanctions reflecting the severity of the offence provide incentives for stakeholders to cooperate. Members who serially break their promise to contribute commodity to group sales should face stricter penalties than those occasionally unable to fulfill their obligations due to poor harvest. Sanctions should be clearly communicated, enforceable, and deemed appropriate by the group.
- **Conflict-resolution mechanisms.** Whether stemming from internal issues such as charges of corruption, or external issues such as a buyer failing to pay, unresolved conflicts threaten to erode trust and social capital within groups. Members and leaders of FOs should have rapid access to low-cost, local arenas to resolve conflict.
- **Minimal recognition of rights to organize.** As the priorities of external authorities and FO likely conflict, members need long-term rights to FO services, goods, and opportunities unchallenged by external authorities. Field work revealed numerous instances of external interference including crowding out member contributions on P4P contracts, orchestrating and compelling unfavorable FO sales to unscrupulous buyers, forcing FOs to extend loans to non-members, and forbidding loan repayment.
- **Nested enterprises, for resources that are parts of larger systems**. FO unions and federations should to be built from the bottom up, rather than the top down, with well-organized and effective primary groups serving as the foundation for higher-tier FO success.

2.3.1 Rules-Based Trust, Social Capital, and Organizational Capital.

The IAD framework focuses on rules-based trust, though organizations can generate other types of trust, including dispositional trust, history-based trust, category-based trust, role-based trust, and third parties as conduits of trust (Kramer, 1999). Within organizations, levels of trust include affective trust between members and other members, generated by feelings or emotions about the trustworthiness of peers; and cognitive trust between FO members and leaders, based upon a rational process of evaluating leaders' ability to advance member interests (Hansen, Morrow Jr., & Batista, 2002).

Developed to reflect local norms and conceptualizations of fairness, "shared prescriptions (must, must not, or may) that are mutually understood and predictably enforced" (E. Ostrom, 2010, p. 262), either by members themselves or by agents responsible for monitoring and enforcement, foster rules-based trust. Defined as "the extent to which one believes that others will not act to exploit one's vulnerabilities" (Hansen et al., 2002, p. 42), trust enables broad public participation in collective problem solving and decision making (Fukuyama, 1995; Putnam, 1993), rendering "collective action of various sorts more feasible" (Uphoff, 2000, p. 229). Trust brings a host of benefits to organizations including improved information flows within the group (Grootaert & van Bastelaer, 2002; Lin, 2001; Serageldin & Grootaert, 2000), better and more complete data collection (Tschannen-Moran & Hoy, 2000), more productive conflict resolution (Lewicki & Wiethoff, 2000), as well as increased acceptance of dispute resolution procedures and outcomes (Tyler, 1994). In the context of organizational change, trust supports workplace learning by creating a climate in

which learners feel safe to seek feedback and help, to vocalize concerns and mistakes, and to adopt innovative behaviors (Edmondson, 2004).

Trust further enhances organizational performance by reducing transaction costs through spontaneous sociability and voluntary deference. Spontaneous sociability refers to cooperation within the parameters established by the formation of new associations (Fukuyama, 1995). Examples of spontaneous sociability include individual contributions of time and effort to the achievement of collective goals (Murnigham, Kim, & Metzger, 1993; Olson, 1965), sharing useful information with other members (Bonacich, 1987), and utilizing restraint when accessing valuable, but limited, organizational resources (Messick et al., 1983; Tyler & Degoey, 1995). For FOs organizing collective action, spontaneous sociability reduces coordination costs by preventing conflicting member priorities from escalating into coordination hurdles for FO leaders and structures to negotiate.

Trust enables hierarchical relationships by reducing the costs of monitoring through individual willingness to comply with organizational rules and to voluntarily defer to organizational leaders (Arrow, 1974; G. J. Miller, 1993; Ostrom, 2000), giving leaders the freedom to make decisions without having to justify every action to members (Creed & Miles, 1993). Among the FOs sampled in Ghana and Malawi, those whose leaders lost the trust of their members suffered from stagnation and passive member resistance including refusal to attend meetings and to participate in FO activities.

Trust is a valuable asset for FOs and a primary component of social capital, "the shared knowledge, understandings, norms, rules, and expectations about patterns of interactions that groups of individuals bring to a recurrent activity" (E. Ostrom, 2000, p. 176). Alternate definitions of social capital reference additional facets such as dense

interlocking networks of relationships between individuals and groups (Portes, 1998; Putnam, 1993; Woolcock, 1998), reciprocity (Oakerson, 1993; M. Taylor, 1982), and social norms (Coleman, 1988; DFID, 1999; Ostrom, 1990). IFAD finds that FOs "with weak social capital are not sustainable and often fail to bring real and shared benefits to their members" (Anyonge et al., 2014, p.2).

Social capital is central to not only to understanding how individuals coordinate to achieve collective action, but also to our conceptualization of the assets enabling people to achieve positive livelihood outcomes. The sustainable livelihoods approach (SLA) recognizes the seasonal and cyclical complexity of livelihood strategies, and guides rural development policy and practice by drawing attention to shocks, coping strategies, and access to assets (Scoones, 1998). In the SLA framework, the range of livelihood strategies available to an individual is determined by their access to five different types of assets: human, financial, physical, natural, and social capital (DFID, 1999). Access to assets is determined through transforming structures and processes, also referred to as policies, institutions, and processes (Hobley & Shields, 2000).

Sustainable livelihoods is integrated into development approaches and data collection at both the micro and the macro levels (Bellon et al., 2005; Bigman, Dercon, Guillaume, & Lambotte, 2000), and can be harnessed to explore linkages between macro- and micro-level assets and vulnerability contexts (Krantz, 2001). At the meso level, a great deal of work has been done in spatially aggregating household economy analysis (HEA) into livelihood zones (Boudreau et al., 2008), which have been integrated into Rome-based agency (RBA) assessments such as WFP's comprehensive food security and vulnerability analysis (WFP, 2009), the Food and Agriculture Organization (FAO) and International Labor

Organization's livelihood assessments (FAO & ILO, 2009), and WFP and the United Nations High Commissioner for Refugees' joint assessment missions (WFP and UNHCR, 2008). Livelihood zone mapping can complement meso-level analysis in poverty mapping (Erenstein, Hellin, & Chandna, 2010; Kristjanson, Radeny, Baltenweck, Ogutu, & Notenbaert, 2005), however the role of local governments and organizations as the "interface between the down-flow of national or federal policy and the up-flow of local aspirations and demands" (Carney, 2003, p. 45) is not well developed.

The study augments the SLA body of research at the meso-level with a focus on the role of FOs in organizing smallholder farmers and mediating the complex and highly differentiated process of capacity development. Though the concept of organizational capital did not arise from SLA, emerging rather from the field of production economics (Prescott & Visscher, 1980; Tomer, 1987), it provides a mechanism for meso-level SLA analysis.

The literature has not yet converged on a singular definition of organizational capital and how to quantify it (Lev, Radhakrishnan, & Evans, 2016), however it is broadly agreed to share characteristics such as intangibility and non-transferability with social capital, and similarly plays an integral role in organizational outcomes (Ludewig & Sadowski, 2009).

Varying conceptualizations of organizational capital arise from different disciplines. A resource-based approach to organizational capital emphasizes the organizational structures and processes activating organizational capabilities (Teece, Pisano, & Shuen, 1997); while the intellectual capital approach accentuates the organizational culture and structures which transform learning into applied knowledge (Bueno et al., 2011). Extending the theory of the firm, an additional definition of organizational capital encompasses training, the design of incentives and organizational processes, and "voice", the "organizational structures that give

workers, especially non-managerial workers, input into the decision-making" (Black & Lynch, 2005, p. 4). Organizational capital influences the effectiveness of social capital in enabling innovation (Carmona-Lavado, Cuevas-Rodriguez, & Cabello-Medina, 2010), and an empirical review finds positive correlations between the trust and member commitment inspired by workplace practices and incentives, and improved productivity and growth (Lev et al., 2016).

This research does not attempt to disentangle the complex interrelationships between human, social, and organizational capital, but rather acknowledges the linkages, and utilizes organizational capital to refer to the organizational structures, processes, and motivation which preserve the shared interpretation of the organization's history and purpose through dynamic changes (Lev et al., 2016).

2.4 Conclusion

Though SHF face systemic market limitations, market access is heterogeneous across households. Commercialized SHF in tight value chains are well-connected to services and market actors, enabling them to engage in farming as a business; this characterization can be extended to commercial SHF in loose value chains to a lesser extent. However, 60% of SHF engage in low-risk, low-reward production and marketing strategies reflecting food security and cash flow constraints rather than market signals. Production and sales among SHF is highly concentrated, and though FOs can improve farmer outcomes by reducing transaction costs and improving market access, output market linkages are unlikely to impact the 50% of SHF unable to commercialize.

Farmers' organizations lobby for farmer-friendly policies as enabling agencies, provide inputs and collective marketing services to members as delivery agencies, and facilitate member access resources and benefits as user agencies. Primary, secondary, and tertiary FOs offer different functions to farmers, and require different capacity building strategies. Farmers' organizations have the potential to improve rural market access and promote equitable growth by reducing transaction costs, strengthening producer bargaining power, and enabling collective action. However, FO membership is exclusive, and the benefits of FO coordination are not evenly distributed, neither through the locality from which members are drawn, nor through the membership base.

Group factors positively impacting the likelihood of successful collective action include a common understanding and purpose shared by the group, autonomy to make binding rules, and level of social capital. The impacts of group size and heterogeneity remain unclear. Rules adhering to Ostrom's design principles enable collective action and generate rules-based trust. Trust enhances organizational performance by improving information flows and conflict resolution processes, creating the space for FOs to adopt changes, and reducing coordination costs through spontaneous sociability and voluntary deference.

Though all conceptualizations of social capital refer to trust, definitions differ in the secondary dimension of social capital emphasized, with candidates including networks, reciprocity, and social norms. Social capital is one of five assets central to the SLA framework, which can be extended to meso-level analysis through adoption of an additional asset: organizational capital. The research adopts a working definition of organizational capital as the structures, processes, and motivation of organizations which preserve the shared interpretation of the group's history and purpose through dynamic changes

Trust, social capital, and organizational capital are integral to the performance of organizations and to the success of capacity building projects, as developed in Chapter 3. During his term as Chief Economist of the World Bank, Joseph Stiglitz noted that "The relatively easy part of capacity development is providing the human capacity, the education, the skills and the knowledge required for development. The hard part of capacity-building is the development of the organizational and social capital" (Stiglitz, 1998, p. 22). Chapter 3 draws upon the participatory development literature to present a multi-level framework of FO capacity building, which emphasizes the organizational and social capital components of FO maturity. Chapter 4 develops indicators of organizational capital and bonding social capital, which are tested on primary data collected from FOs in Ghana and Malawi in Chapter 5.

Chapter 3

PARTICIPATORY APPROACHES TO FARMERS' ORGANIZATION CAPACITY BUILDING

In recognition of the critical function FOs serve in organizing SHF for collective action, governments, donors, and development organizations provide significant resources to FO capacity building. Donors contribute between $15 to $20 billion annually to capacity building in developing countries (OECD, 2006; Otoo, Agapitova, & Behrens, 2009), and almost all World Bank and Food and Agriculture Organization (FAO) projects support capacity building (Constantinou, 2007; FAO, 2010). Between 2006 and 2011, 58% of IFAD-approved projects included FO participation, accounting for $2.42 billion, or 62% of IFAD's project budget (IFAD, 2014).

Both capacity development and beneficiary participation are integrated into development, however the relationship between the two concepts remains implicit, confusion in their working definitions persists, and challenges in measuring the impact of capacity development and participation remain. This chapter outlines the historical context of capacity building and beneficiary participation, establishes key concepts and definitions, and explores participation within the FO capacity building process, including the evidence for and limits of participatory capacity building.

3.1 The Evolution of Capacity Building and Participatory Methods

Institution building in the 1950s and 1960s focused on exporting models of public sector functioning from developed to developing counties, reflected donor priorities, and

utilized rigid, top-down methodologies derived from the assumption of a linear progression from undeveloped to developed states (Easterly, 2007; Mosley, Harrington, & John, 1995). With hindsight, it is easy to criticize these crude attempts to utilize macro-economic policies as tools for development, however in the late 1950's and 1960's many countries emerging from a non-democratic colonial past with a high degree of centralization and low degree of participation lapsed into dictatorships with similar features (Morse, 2007). Top-down development efforts focused on physical infrastructure fit into the framework of highly centralized planning and limited freedoms, and research focused on projections of national production data and general equilibrium models.

By the late 1960s, discontent with this development approach began to foment, due to ineffectiveness, inefficiency, and propensity toward corruption (Morse, 2007; Robertson, 1984). By the 1970s, development efforts shifted from establishing to strengthening public institutions primarily by building the capacity of key individuals (DFID, 2002; UNDP, 2009). During this time, development initiatives began experimenting with action research designed to contextualize and solve social problems (Brown, 1985), leading to solutions deemed contextually appropriate (Leach & Scoones, 2006; Sesan, 2014), and World Bank projects diversified into education, disease eradication, agricultural and rural development, and poverty alleviation (Staples, 2006).

In recognition that support to public ministries did not generate the expected boosts in production and income, people-centered development emerged in the 1980s, focusing on self-regulating organizations empowering citizens and local leaders (Korten & Klauss, 1984; Korten, 1987). This change in focus accompanied the rise of the Washington Consensus, the neoliberal approach to development which promoted liberalization and free trade, while

marginalizing the role of governments through privatization of the health, education, energy, and agricultural sectors (Gore, 2000). In this context, aid was linked to conditionalities such as decreasing public expenditure, eliminating agricultural subsidies and marketing boards, and revising prices (Mosley et al., 1995) intended to change the macroeconomic structure of the economy, through a process known as structural adjustment. Reflecting this change, capacity building efforts shifted from individuals within the public sector to non-public organizations, focused on reforming and strengthening private and non-governmental organizations (NGOs) by supporting analysis, asset management, production, and service delivery (DFID, 2002; UNDP, 2009). In terms of methodology, action research gave way to participatory research, a people-centered learning process of joint inquiry, knowledge production, and problem analysis intended to transform local awareness and distribution of power (Cornwall & Jewkes, 1995; Freire, 2000; Whyte, 1991).

New institutional economics emerged in the 1990s (Harriss, Hunter, & Lewis, 1995; North, 1990; Ostrom, 1990), shifting the focus of capacity building away from organizations and toward institutions (DFID, 2002; UNDP, 2009). In tandem, the influential rise of Nobel Laureate Amartya Sen's capability approach resulted in the creation of the Human Development Index (UNDP, 1990), emphasizing the role of institutions as enabling or inhibiting individual freedoms. In 1992, the United Nations Conference in Rio de Janeiro endorsed sustainable development as a guiding principle and stakeholder participation as an important means toward sustainability (United Nations 1993 from (Barnaud & van Paassen, 2013), leading to the enthusiastic adoption of various participatory approaches (Chambers, 1994; Pretty, 1995) promoting dialogue between local stakeholders, development organizations, and researchers (Lélé, 1991). By the early 21st century, participation was

enshrined into mainstream development praxis (Mansuri & Rao, 2004), representing, for example, over 70% of the World Bank (WB) portfolio by 2006, whereas only 6% of WB projects included a participatory component in late 1980s (Werker & Ahmed, 2008).

During the rise of the participatory methodology, four High Level Forums on Aid Effectiveness (2002, 2005, 2008, and 2011), convened representatives of governments, civil society organizations, and donors. Though the first meeting in Rome did not explicitly refer to capacity building, signatories committed to delivering development assistance in accordance with recipient country priorities, to contextualizing development programs, and to enhancing demand-driven technical cooperation (OECD, 2003), the tenets of participatory capacity building. The 2005 Paris Declaration on Aid Effectiveness committed countries to integrating capacity strengthening objectives into their national development strategies and donors to aligning their analytical and financial support with capacity building objectives and strategies (OECD, 2005). The follow-up 2008 Accra Agenda for Action recommitted to demand-driven capacity building at the national, sub-national, sectoral, and thematic levels (OECD, 2008). The 2011 Busan Partnership for Effective Development Co-operation gained even more signatories and reaffirmed commitment to capacity building, highlighting the need for capacity assessments and improved monitoring and evaluation systems (UNDP-OECD, 2011).

Capacity building and beneficiary participation represent a paradigm shift (Kuhn, 2012) away from top-down approaches to development toward empowering beneficiaries to take control of their own capacity development (Chambers, 1995; OECD, 2005). This shift reframes the role of outsiders as one of conveners, catalysts, and facilitators, rather than as experts, directors, or paternalistic judges (Chambers, 1994). Once designers of standardized

technical solutions, development agencies now facilitate and support beneficiaries in cultivating and implementing their own technical solutions (Rocchigiani & Dhamotaran, 2012).

This shift in power from donors and development agencies to beneficiaries places the terms "beneficiary" and "beneficiary participation" on awkward footing, as these connote passive recipients rather than active designers. For this reason, the power neutral term "partner" has come into use to describe all the actors in the multi-stakeholder capacity building process (Rocchigiani & Herbel, 2013). For the sake of clarity, this research continues to differentiate between different types of partners, using "beneficiary" to refer to the final recipients of support, and "implementing partner" to refer to local partners receiving project funding to provide technical support to beneficiaries.

3.2 Key Concepts and Definitions

Capacity building and beneficiary participation have been broadly adopted in international development but what does a commitment to these concepts mean? Starting with organizations as the unit of analysis, this section differentiates between capacity, capacity development and capacity building, presents a multi-level model of capacity, and presents the theory of organizational change underlying the participatory capacity building process.

3.2.1 Capacity and capacity building in a multi-level model.

As the unit of analysis, this section begins with organizations and the process of organizational change. In his classic book establishing a framework for new institutional

economics, North (1990) defines organizations as "groups of individuals bound by some common purpose to achieve objectives" (p.5). With identifiable boundaries, structures, and functions, organizations advance the interests of their members and influence the institutional environment binding the set of decisions available to them (Aldrich, 2008; IFAD, 2008).

Figure 1 presents an open systems model (Scott & Davis, 2016) in which FOs transform inputs into outputs within the operating space defined by the institutional environment, itself embedded within the biophysical environment. The FO transformation process is constrained by both formal and informal institutions, and FOs attempt to influence the institutional environment to create conditions conducive its success and that of its members. Uphoff (1986) defines institutions as "complexes of norms and behaviours that persist over time by serving collectively valued purposes" (pp. 8-9). North (1990) refers to institutions as "any form of constraint that humans devise to shape human interaction" (p. 4), distinguishing between formal institutions, such as laws and rules, and informal institutions, such as norms, guidelines, and codes of conduct. Ostrom (2010) distinguishes between rules as "shared prescriptions (must, must not, or may) that are mutually understood and predictably enforced in particular situations by agents responsible for monitoring conduct and for imposing sanctions," while norms are "shared prescriptions that tend to be enforced by the participants themselves through internally and externally imposed costs and inducements" (p. 263).

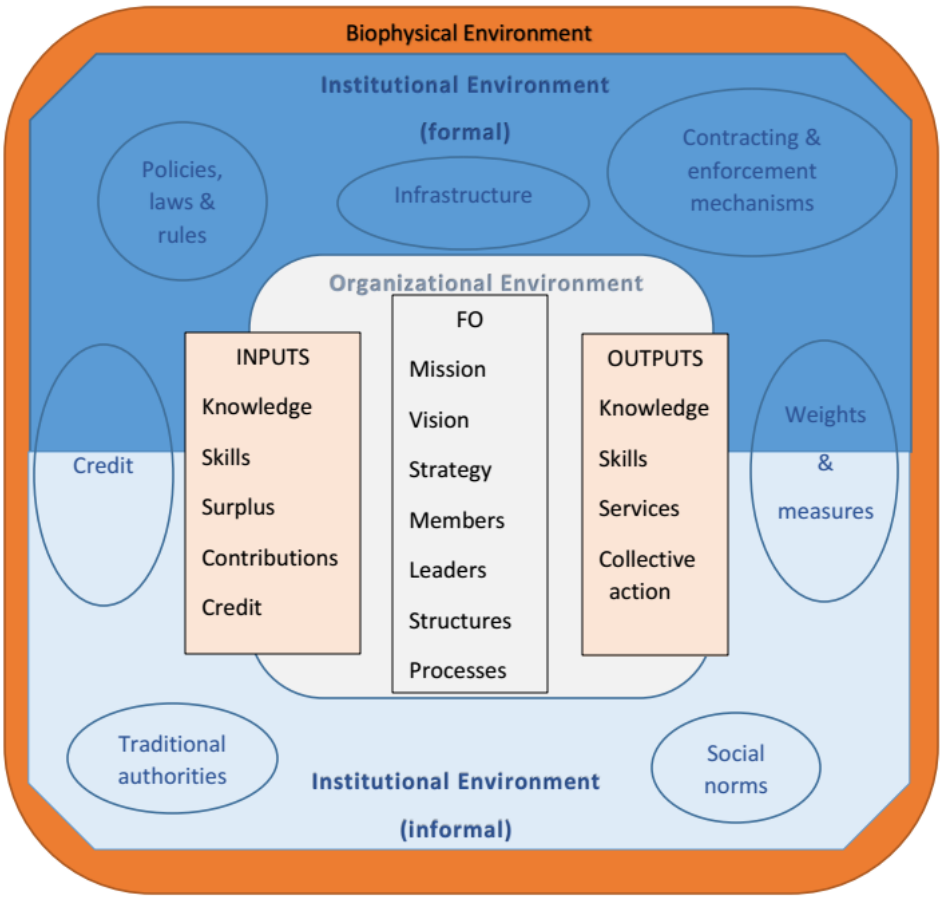

Figure 1. Open systems model of farmers' organizations

By defining the range of choices available to actors, regulating risk and uncertainty, and determining transaction and production costs, institutions determine the feasibility and profitability of engaging in economic activities (North, 1990). The ability of FOs to respond to the incentives framed by the institutional environment depends upon the capabilities of its individual members, as well as the structures, processes, and culture of the FO which influence the motivations, incentives, and constraints of individual members.

Organizational capacity is defined as "the capability of an organization to achieve what it sets out to do" (Fowler, Goold, & James, 1995, p.3). Pact's broad definition includes notions of financial viability and social relevance, "an organization's ability to achieve its mission effectively and sustain itself over the long term" (Pact, 2010, p. xi). IFAD broadens the definition of organizational capacity to include institutional elements influencing organizational operations and performance: "a combination of human, technical and institutional elements (culture, laws, rules, procedures, etc.) which enable an organization to achieve its objectives, especially in relation to its vision" (IFAD, 2015, p.7).

These definitions focus on the ability of organizations to achieve their mission and vision, a departure from WFP's definition of FO capacity, the ability to successfully engage in formal market sales (WFP, 2012). Lack of alignment between WFP's goals for FOs and participating FOs' mission and vision may generate tensions in partnerships, challenges in achieving WFP's procurement goals, and road blocks in capacity building. The importance of linking capacity building activities to FO mission and vision runs through this research.

The concept of capacity has roots in Sen's capability approach, a normative framework emphasizing the substantive freedom available at the individual level which enables people to achieve the "beings and doings" (known as "functionings") they value (Sen, 1999). The capability approach shifts focus from individual-level acquisition of skills and knowledge toward the freedoms individuals have to apply these skills and knowledge in pursuit of their preferred choices. Capabilities, then, are the set of functionings individuals have the freedom to achieve, and an agency-focused capability approach seeks to harness participation and empowerment to expand the range of economic, social, and political actions available to individuals (Crocker, 2008).

Though Sen's capabilities focus on individual-level freedoms to achieve lifestyles they value, the concept can be extended to organizations in multi-level systems. In the context of FO capacity building, capacity at the individual level reflects members' ability to apply information acquired through trainings and other learning initiatives to improve their outcomes (de Rosa & Belman, 2012). Organizational capacity reflects the ability of FOs to achieve their mission and vision, and includes access to resources, the systems and processes in place to manage resources, and skills such as leadership, communications, negotiation, consensus building, and conflict resolution, which generate group cohesion and trust (IFAD, 2015; Rocchigiani & Herbel, 2013). Institutional capacity reflects the ability of formal and informal institutions to support organizations and individuals in achieving their desired performance levels (USAID, 2010). This definition of institutional capacity is relational, rather than an objective description of the institutional environment. The assessment of institutional capacity is relative to individual and organizational strategic objectives; a particular institution such as an export ban may support the objective of some groups, such as urban consumers and governments seeking to keep prices low, while sabotaging the objectives of other groups, such as rural producers and traders seeking higher prices across borders.

The influence of Sen upon the conceptualization of capacity building is evident in the Figure 2, which depicts FAO's capacity development framework. Within this framework, functional capacities such as the capacity to influence policy, to access and exchange knowledge, to initiate and sustain networks, and to manage projects and programs support the actualization of technical capacities relevant to achieving strategic objectives, which reflect member consensus on organizational vision. In their working paper on capacity

building, the Department for International Development draws attention to adaptive capacities, which encompass "flexibility to experiment and adopt novel solutions, and development of generalized responses to broad classes of challenges," (DFID, 2008, p. 3), as well as the diversity that provides the building blocks for adjusting to change, the capacity to learn about how systems multi-level systems work and change, and the capacity to effectively govern through the selection, communication, and implementation of appropriate and broadly-supported solutions (Chapin III, Folke, & Kofinas, 2009).

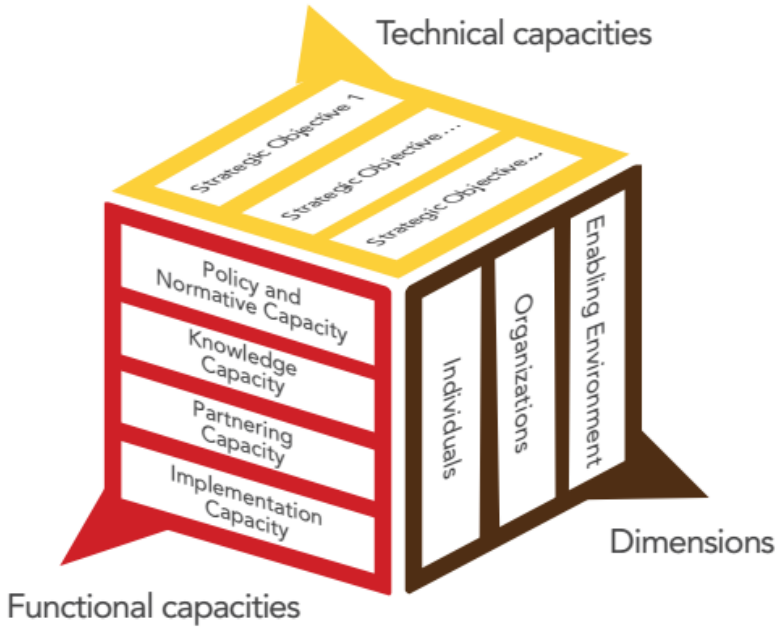

Figure 2. The FAO capacity development framework, reprinted from *Enhancing FAO's Practices for Supporting Capacity Development of Member Countries, Learning Module 1,* by FAO, 2015, p. 24.

As technical capacities reflect strategic objectives, learning initiatives focusing on information transmission and skills development support technical capacities only if the

knowledge imparted reflects the strategic objectives of the FO. For example, technical capacity in grading commodity to achieve codex standards is a relevant technical capacity for a specific FO only if their strategic objectives include sale of graded commodity to buyers with formal quality standards. Strategic objectives embody the vision, mission, and identity of the FO, and activities extraneous to an FO's strategic objectives are less likely to continue after the project lifecycle (Fowler et al., 1995).

By contrast, functional capacities are broadly applicable across strategic objectives, and reflect organizational structures, processes, and motivation which build trust, enhance group cohesion, improve individual and organizational effectiveness, and enable empowerment. Skills supporting functional capacities include management, leadership, budgeting, marketing, information and communication technology; processes such as communications, negotiations, consensus building, conflict management, and advocacy; and the norms, networks, reciprocity, and trust comprising social capital. Functional capacities are "perceived to be a necessary complement to technical (capacity development) interventions as they empower the actors to effectively apply the new knowledge/skills and upscale the results of the intervention" (FAO, 2015, p. 26).

Further developed in Section 4.1.2, FO maturity reflects the organization's functional capacities, while the broader notion of organizational capacity encompasses FO maturity, technical capacity, institutional capacity, and the biophysical environment.

Though critical to the success of enduring organizations mobilizing successful collective action (Ostrom, 1990), functional capacities are more challenging to develop and languish behind technical capacities in capacity building initiatives (IFAD, 2013). Capacity building refers to the external interventions or supports intended to facilitate or catalyze

change (Simister & Smith, 2010). This contrasts with capacity development, "a necessarily endogenous process of unleashing, strengthening, creating and maintaining capacity over time" (OECD, 2006, p. 39). Capacity building supports capacity development through a multi-stakeholder process of planning, designing, implementing, and monitoring interventions designed to change power, identity, and relationships (Pritchard, 2014). If the goal of capacity building is to stimulate and support the endogenous process of capacity development, capacity building must necessarily include some degree of beneficiary participation to effect change process internal to the beneficiary. Writes Clarke (2010), "capacity building can … be understood as the inevitable and logical conclusion of community participation" (p. 113).

However, not all beneficiary participation is equal. Beneficiaries sitting for a meeting to receive information about an upcoming intervention participate by virtue of attendance, however this passive type of participation does not serve the goal of capacity development and differs drastically from a participatory process in which beneficiaries contribute to and share control of the planning, design, implementation, and monitoring of capacity building initiatives. Section 3.3 explores different levels of beneficiary participation in the FO capacity building process.

As outlined in the previous section, the focus of capacity building has shifted from individuals to organizations to institutions. The current conceptualization frames capacity building within a multi-level system in which individuals, organizations, and institutions interact and influence one another. As presented in Figure 3 typical representations of this multi-level system include Venn diagrams or hierarchical representations, drawing attention to different levels of capacity.

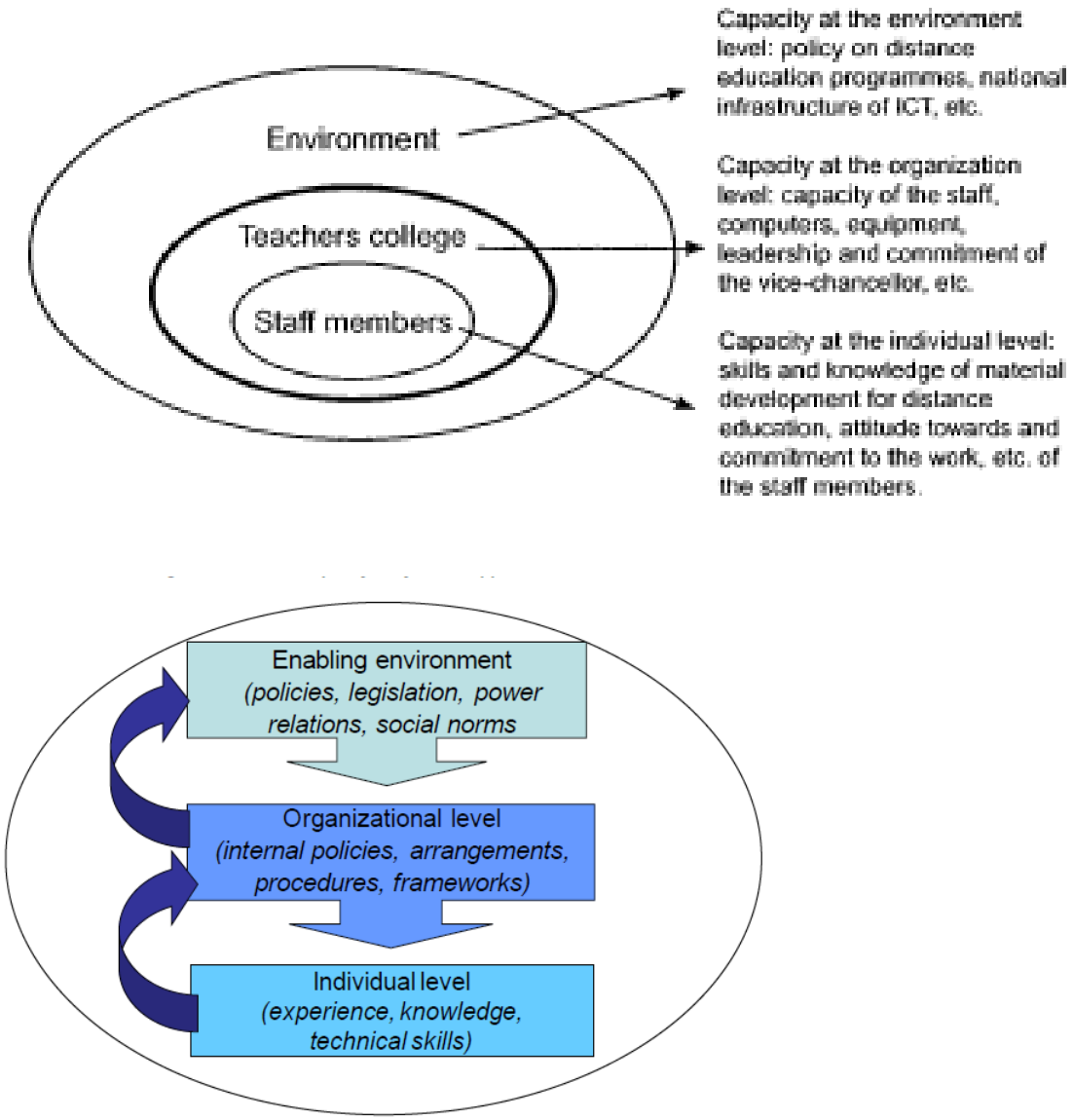

Figure 3. Examples of representations of different levels of capacity, reprinted from UNESCO's *Capacity Building Framework* by A. Matachi, 2006, p. 7, and UNDP's *Capacity Development Practice Note*, by K. Wignaraja and L. Yocarini, p. 6.

While the representations in Figure 3 draw attention to different levels of capacity, they obscure the fact that organizations are comprised of individuals, and that formal and

informal institutions influence and are influenced by the ways people relate to one another. Figure 4 presents an alternate multi-level representation, highlighting the role of individuals as elements of organizations and the institutional environment. The biophysical environment is not represented in Figure 4 as capacity building cannot directly target natural resources. Rather capacity building interventions can seek to influence access to and usage of natural capital at the individual level, the resources organizations secure as inputs and transform into outputs, as well as the policies, laws, regulations, and norms governing natural resource use.

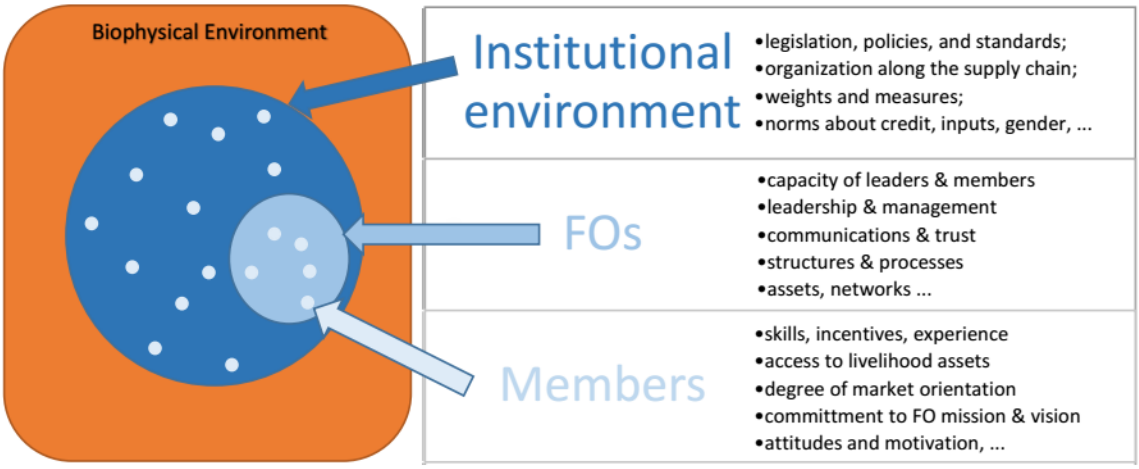

Figure 4. Three dimensions of capacity building.

The role of training. Individuals can acquire information across a variety of platforms, however retaining information and transforming it into knowledge and behavioral change requires reinforcement through application (de Rosa & Belman, 2012). Stand-alone trainings of individuals do not in and of themselves generate behavioral change and capacity development, though capacity building necessarily involves expanding the competencies and capabilities of people, even if the targets of change are organizations and institutions.

Designing organizations such that the structures, processes, and culture of the group aligns with the objectives and goals of its members requires individual-level skills building as well as changing the structures, culture, norms, expectations within the organization to support the individual making the changes. Similarly, strengthening institutions to support smallholder producers requires changing the formal and informal rules that govern the ways people relate to one another.

As an example, changing gender norms in agriculture to enable women to more fully participate in commercial crop sales and to control the resources generated from such sales requires changing attitudes and perceptions of women: their self-perceptions, the perceptions of women within their household, the perceptions of women in the marketplace and in transit to market, as well as within the community at large (Somé, 2014).

Specific barriers learners confront when attempting to apply new information include missing physical capital; lack of social support from the community, managers, colleagues, or organizational culture; lack of follow-up and organizational support for implementing changes; and insufficient individual-level motivation or incentives (de Rosa & Belman, 2012).

3.2.2 Organizational change.

Implicit in capacity building is a conceptualization of the change process and the assumption that outside interventions can influence capacity development through organizational design, the process of aligning FO components toward the achievement of FO goals (Stanford, 2007). A multitude of frameworks for organizational change exist (Aldrich, 2008; McNamara, 2005; Poole & Van de Ven, 2004). Van de Ven & Poole (1995)

categorize these into four families of change process theories: life-cycle, teleological, dialectical, and evolutionary. Table 3 presents defining characteristics of these families.

Table 3.

Families of organizational change theories

	Family			
	Life cycle	Evolution	Dialectic	Teleology
Key metaphor	Organic growth	Competitive survival	Oppositional conflict	Purposeful cooperation
Logic	Prefigured sequence	Natural selection	Contradictory forces	Envisioned end state
Event progression	Linear & irreversible sequence	Recurrent, cumulative & probabilistic sequence of variation	Recurrent, discontinuous sequence of conflict & synthesis	Recurrent, discontinuous sequence of goal setting, implementation, & adaptation
Drivers of change	Institutional, natural, or logical program	Competition for scarce resources	Conflict & confrontation	Goal implementation, M&E, modification based on learning
Barriers to change	Cannot	Extinction	Inability to synthesize	Lack of vision and/or consensus

Adapted from "Explaining Development and Change in Organizations," by A. H. Van de Ven and M. S. Poole, 1995.

In this typology, the capacity building process belongs to the teleological family of organizational change theories in which development occurs through a repetitive sequence

of goal formulation, implementation, evaluation, and modification of goals and process based upon learning (Van de Ven & Poole, 1995). These models do not assume pre-configured rules or sequential stages, rather progress is non-linear and defined by obtaining objectives leading to a desired end state. Common names for this family of models include planned change, scientific management, strategic planning, organizational development, adaptive learning, and total quality management (Kezar, 2001).

A great many teleological models of organizational change exist (Berger & Luckmann, 1967; Chakravarthy & Lorange, 1991; Etzioni, 1963; J. G. March & Olsen, 1985; J. P. March & Simon, 1993; Merton, 1968; Parsons, 2005), with a good deal of consensus between them (Hobley & Shields, 2000). The well-established Kotter (1995) model identifies the following steps to achieving organizational change in an iterative process: establish sense of urgency, create a change team, create and communicate an explicit vision, empower individuals to act on the vision, plan for and create short-term wins, consolidate improvements, and institutionalize change (p. 4). Barriers to change include a vision of change which is unclear, too complicated, or vague; lack of bonding social capital, undermining individuals' ability to take risks; lack of empowerment, which frames change as a threat rather than an opportunity; and failure to create new norms, values, and structures consistent with the desired change. The latter barrier highlights the importance of adaptive capacity in establishing enduring organizational change.

Teleological models of the organizational change process have implications upon FO capacity building. Teleology frames development as progression toward organizational goals, however, the goals of FOs vary, reflecting the interests and needs of their members, the objectives which drew the group together, the evolution of group identity, and the

distribution of power within the FO. Heterogeneous goals, technical capacities, and functional capacities highlight the need for capacity assessments and capacity gap analysis to inform customized capacity building strategies. Participatory in nature, organizational capacity assessments (OCAs) measure organizational maturity and capacity, while achieving a broad array of functions, as developed in Chapter 4.

Teleological models also identify elements which indicate FO capacity to progress toward their goals: a clear and compelling vision, a relevant mission, empowered change agents, and consensus on direction. They further offer insights into effective capacity building management, namely starting with empowerment, complementing the long-term change process with short-term objectives, creating multi-level supports to incentivize the change process and empower change agents, and customizing monitoring and evaluation. As developed in the next section, these themes are embedded in a participatory capacity building framework.

3.3 Participation in the Capacity Building Process

For participatory research such as capacity assessments, key dimensions of participation include information flows, control over the research process and the data collected, the research methods employed, and the time required to participate (Barreteau, Bots, & Daniell, 2010). After decades of external researchers descending into communities to extract information from people without providing them access to the data, the findings, or the processes supported by the data, participatory research highlights the control of information. This section explores the intersection of participation with the capacity building

process by first establishing a typology of participation, then exploring participation through the stages of a capacity building framework.

Multiple typologies of beneficiary participation exist (Cohen & Uphoff, 1980; Cornwall, 1995; Finsterbusch & Van Wicklin, 1987; N. Nelson & Wright, 1995; Pelling, 1998; White, 1996), with most building upon Arnstein's (1969) ladder of participation, developed to describe participation within the urban redevelopment processes. Arnstein's ladder includes eight rungs representing the degree of power devolved to beneficiaries, as presented in Figure 5.

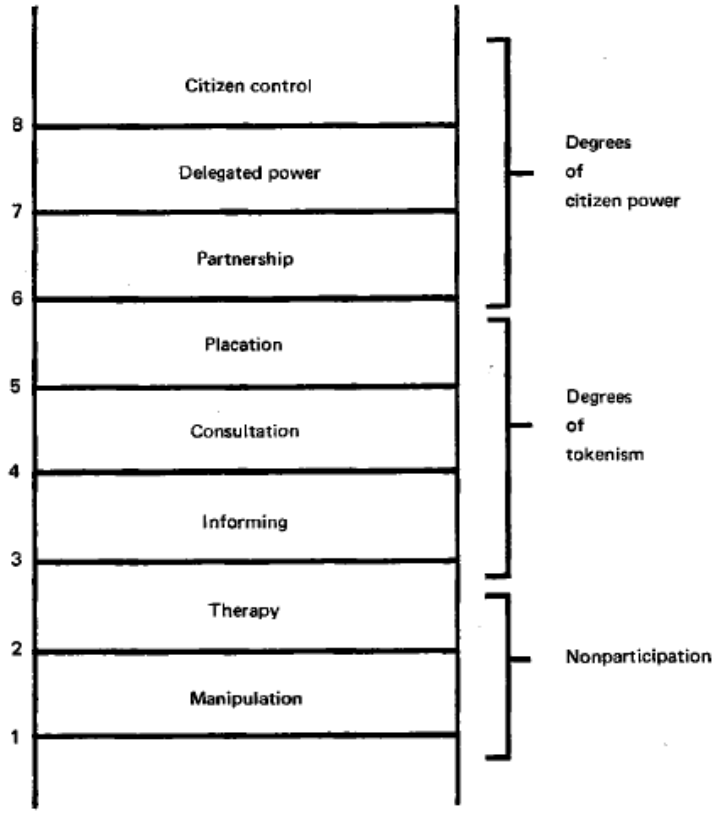

Figure 5. Ladder of citizen participation, reproduced from "A Ladder of Citizen Participation," by S. Arnstein (1969).

According to Arnstein's typology, the lowest two rungs on the ladder represent participation as a pretense, with beneficiary non-participation masquerading as a means for external experts to educate passive beneficiaries about their problems and exogenously-designed solutions. In the middle three rungs, representing degrees of tokenism, information is extracted from beneficiaries, while the information is utilized by decision-wielding outsiders to varying degrees. In the highest three tiers, control is ceded to beneficiaries. Beneficiaries have the power to negotiate with development agencies in *partnership* participation; make the majority of decisions in *delegated power* participation; and hold full managerial power in *citizen control* participation.

In participatory capacity building within the agricultural sector, Sperling et al. (2001) find three degrees of participation utilized in practice: *consultative, collaborative*, and *collegial.* An in Arnstein, *consultative* refers to extracting information from farmers. *Collaborative* signals task sharing between outsiders and farmers, corresponding with Arnstein's *partnership*; while *collegial* represents outsiders supporting programs accountable to the farmers rather than outsiders, in line with Arnstein's *delegated power* and *citizen's control.* This research adopts the Sperling et al. typology, which reorganizes the upper half of the Arnstein ladder into three categories well-suited to describing farmer participation.

As with participation, a multitude of frameworks of the capacity building process also exist. Most share conceptual elements such as interdependence between the individual, organizational, and institutional levels; capacity building as a long-term goal requiring contextualized, participatory, multi-level strategies; and the endogenous process of capacity development which can be facilitated, but not defined, controlled, or expedited by outsiders (ADB, 2008; Matachi, 2006; Otoo et al., 2009; Rocchigiani & Dhamotaran, 2012; UNDP,

2009; USAID, 2010). Reflecting teleological models of the organizational change process, the steps of the capacity building process established in these frameworks are similar, though differences arise in the aggregation of steps into stages. For example, the United States Agency for International Development (USAID) and FAO approaches separate visioning and capacity gap identification as distinct stages (Rocchigiani & Dhamotaran, 2012; USAID, 2010); the United Nations Development Programme (UNDP) (2009) framework enfolds these steps into the capacity assessment stage; while the World Bank includes them as steps in the capacity building strategy stage (Otoo et al., 2009). To draw attention to the well-established role of visioning in building consensus around long-term goals, in enabling collective action, and in strategic planning for sustainable development (Conroy & Berke, 2004; Loorbach, 2010; Rudd, 2000; Weaver & Rotdams, 2006; Arnim Wiek & Iwaniec, 2014), this paper utilizes the stages identified in Figure 6.

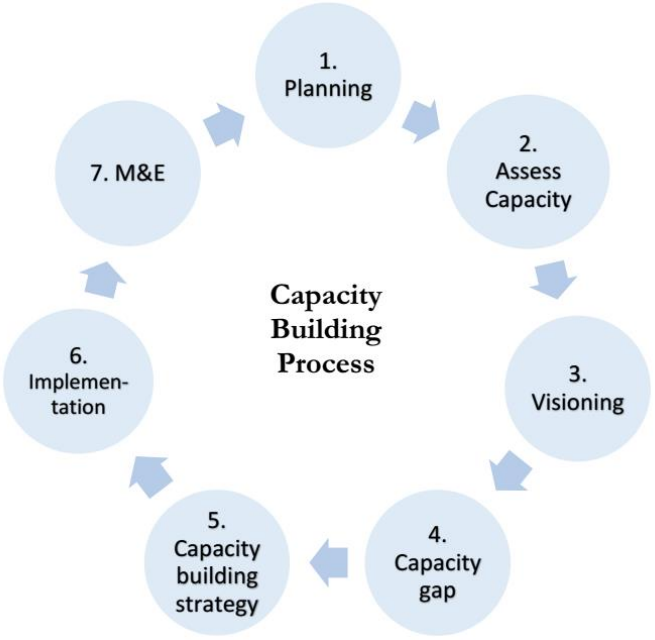

Figure 6. Stages in the capacity building process.

Despite similarities across capacity building frameworks, imprecise definitions of capacity, participation, and capacity building generates disparities in the ways projects understand FO capacity development and participation within the capacity building process (World Bank, 2012). Involving beneficiaries as early as possible enables a local definition of needs and priorities (Pelling, 1998), promotes ownership, responsibility, and sustainability (Chambers, 1994), and improves impact (Finsterbusch & Van Wicklin, 1987). Continuous participation early in the project is a necessary, but not sufficient, condition of empowerment (Cohen & Uphoff, 1980; N. Nelson & Wright, 1995). Drawing upon the Sperling et al. (2001) typology, Table 4 presents the range of FO participation within the capacity building framework developed in this section.

Though Figure 6 presents the capacity building process as an iterative lifecycle, and it is developed as such in this section, the seven stages identified can run concurrently, and do not necessarily occur sequentially. For example, though monitoring and evaluation (M&E) is identified as the final stage, decisions regarding M&E are considered throughout the entire capacity building process.

Table 4.

Range of FO participation in the capacity building process.

	Level of FO participation		
Stage	Consultative	Collaborative	Collegial
1. Planning	FOs congregate participants for assessment	FOs participate in scheduling the assessment	FOs participate in scheduling the assessment, selecting appropriate modules and indicators
2. Assess capacity	Assessment conducted by partners; FOs provide input	FOs conduct assessment; Facilitator scoring	FOs conduct, score, and analyze assessment
3. Visioning	None	FO leaders offer facilitator futures visions	Members offer futures visions; FO builds consensus on values, priorities, and goals
4. Capacity gap	Gaps identified by implementing partners	Facilitator assists FO in gap analysis	FO compares visions with current situation, identifies and prioritizes capacity gaps
5. Capacity building strategy	Partners generate strategic plan aligned with project budget/goals	Facilitator-led process, FOs participate in aligning strategic plan with project budget/goals	FOs generate and own strategic plan aligned with FO goals
6. Implementation	Partners implement plan; FO members attend trainings, workshops, and other activities	Partners and FOs jointly implement plan	Partners and FOs jointly implement plan; FO designs incentives to implement changes; FO seeks additional partners to address gaps beyond project budget/focus
7. M&E	Partners ask FOs about progress on key indicators, formulate recommendations	FO monitors some indicators; Partners conduct analysis; FO participates in validation workshop	FO monitors indicators, conducts analysis, adjusts course; Findings validated for external use through triangulation

3.3.1 Planning.

The planning process begins with engaging stakeholders to generate enthusiasm for, commitment to, and ownership of the capacity building process. The priorities of donors, development agencies, implementing agencies, and beneficiaries differ, resulting in divergent views about the objectives of capacity building (de Rosa & Belman, 2012; Eversole, 2003; Michener, 1998). For example, donors may value trainings as proof that development agencies are achieving results, while development agencies may view trainings as a component of long-term capacity building. Trainings may be a means through which implementing partners increase their influence while imparting critical information. While properly targeted beneficiaries may appreciate trainings for their content, poorly targeted participants likely value trainings as a means of accessing per diem, travel funds, and other associated perks. This example illustrates the challenges in generating a shared understanding of the goals and objectives of capacity building, and highlights the importance of higher-order participation throughout the process to generate repeated opportunities for discussion, adjustment, commitment, and trust building. It is challenging to incorporate FOs in the early stages of planning, though representatives may be able to participate by remote consultation.

Capacity building requires a coordinated strategy between partners with specialized expertise in areas as diverse as leadership and management, pro-poor targeting and community development, agribusiness and rural finance, M&E, and information and communication technology. A review of IFAD projects finds limited coordination between partners, poor sequencing of activities, and a lack of management and technical capacity on

the part of implementing partners, which constrains their ability to provide services of value to targeted FOs (Anyonge & Messer, 2014). Planning for capacity building should consider the capacity gaps of implementing partners as well, as "there is a need to provide more systematic support to service providers, who often lack the required technical and social skills to perform their functions" (IFAD, 2013, p. 33).

Initial design of M&E systems begins in the planning stage with a logistical project framework (logframe) that translates a theory of change into objectives, outcomes, indicators, and a budget. Given the complexities of M&E for capacity building developed in Section 3.3.7, Simister & Smith (2010) recommend planning for the use of additional tools to complement the logframe, such as outcome mapping (Earl, Carden, & Smutylo, 2001), most significant change (Davies & Dart, 2005), ladders of change (Chapman & Wameyo, 2001), and client satisfaction forms.

A well-developed theory of change informs both relevant indicators to monitor as well as the scope of M&E. As seen in Figure 7, the impacts of capacity building interventions extend beyond the targeted beneficiaries. In value chain strengthening and contract marketing projects, these spillover effects include sales from others through targeted beneficiaries, reductions in transaction costs and increased efficiencies stemming from improvements in infrastructure and communications, and wider adoption of crops and techniques proven successful in the project (Bernard, Spielman, Taffesse, & Gabre-Madhin, 2010; FAO, 2014; Humphrey & Navas-Alemán, 2010). While desirable from a development perspective, these spillovers compromise the integrity of experimental design and render challenges in establishing an appropriate scope for M&E, as well as in comparing control and experimental groups.

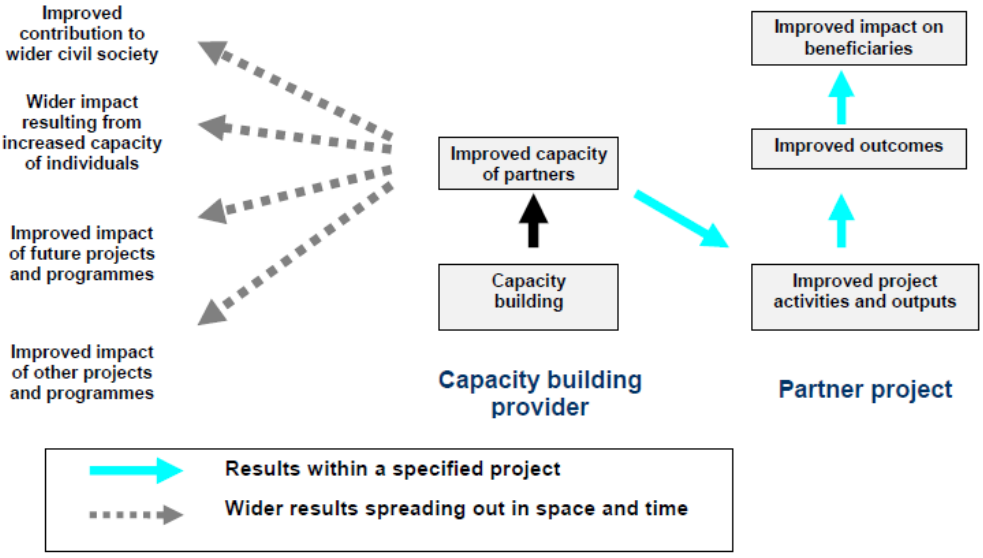

Figure 7. Impacts of capacity building. Reproduced from INTRAC's *Praxis Paper 23 Monitoring and Evaluating Capacity Building: Is it Really That Difficult?* by N. Simister and R. Smith, 2010, p. 8.

3.3.2 Assess capacity.

Customized to context, existing capacities, and desired outcomes, effective capacity building is grounded in an initial capacity assessment which identifies existing strengths, ascertains formal and informal institutions constraining operations, and generates a baseline against which progress can be measured.

The capacity assessment process includes design of, mobilization for, and conducting the assessment. The design phase requires interactive participation across groups of stakeholders, especially the implementing partners selected for their expertise in facilitating participatory research. While inclusion of standardized modules enables comparability of results, modules assessing technical capacities relevant to specific strategic objectives are not

applicable across all FOs. Famers' organizations can participate in tailoring the assessment to their objectives either in the design stage, or during the actual assessment.

Farmers' organizations control the mobilization of their members convened to participate in the assessment. Though it is easiest to convene the default group of "usual suspects", typically comprised of FO leaders and active members physically proximate to meeting place, members representing all levels, functions, and locations of the group should attend the assessment in order to provide a diversity of views and to work toward a shared consensus on the goals and objectives of the capacity building process (CRS, 2011; Fowler et al., 1995; Pact, 2012). Ensuring that less dominant members have opportunities to express their perspectives requires skilled facilitation (Barnaud & van Paassen, 2013).

Within Sperling et al.'s (2001) typology, assessments can be conducted utilizing consultative, collaborative, or collegial participation. Capacity assessments of FO within P4P utilize consultative participation in which WFP staff determine FO capacity by posing questions to FO leaders. This process represents a missed opportunity to empower FOs through greater participation, to build the knowledge capacity of FOs, and to link assessment results to an FO-level capacity building strategy.

Collaborative participation in the capacity assessment would entail extending the P4P capacity assessment process to include FO representatives in visioning, identification of capacity gaps, and design of a tailored capacity building strategy. Collegial participation would comprise FOs conducting a self-assessment, generating data, and analyzing results for their own use through the capacity building process.

Advocates of self-assessment prioritize ownership of the process over validity of the data generated, proposing external validation of internally-generated results to provide an

additional reference point to enable comparability of results over time and across groups, if needed (Fowler et al., 1995; Hailey, James, & Wrigley, 2005; Lusthaus, Adrien, Anderson, Carden, & Montalván, 2002; Rocchigiani & Herbel, 2013). Advocates of facilitated assessment require a greater degree of control over the meanings represented by the data generated in capacity assessments. The difference in these approaches showcases the distinction between M&E for capacity building and M&E for administrative and donor requirements, developed in Section 3.3.7. Figure 8 presents strengths and weaknesses of both approaches. Conducting both internal and external assessments can achieve the dual purpose of building knowledge capacity and generating an objective basis for comparison.

Chapter 4 explores the capacity assessment process in further detail, reviews the capacity assessment tools and processes used by IFAD, FAO, Catholic Relief Services (CRS), and other organizations involved in FO capacity building, and proposes a FO capacity indicators and a methodology for P4P.

SELF ASSESSMENT	
STRENGTHS	**WEAKNESSES**
Encourages ownership and learning Offers easy access to data Enhances dignity and self-respect Increases perception of the fairness of the process Increases acceptance of feedback because it promotes self-reflection Increases commitments to recommendations Reduces background research Does not require time-consuming procurement negotiations	Objectivity of the analysis may be questionable and findings may be distorted Hard or sensitive issues will probably not be tackled Requires a great deal of managerial time Sensitivities can be strong because the players are involved with the content of the assessment and have some stake in the organization. A clear definition of the roles and of the process can help alleviate tensions. The notion of self-assessment is not accepted in all cultures, and group discussions may not be accepted in some cultures.
EXTERNAL ASSESSMENT	
STRENGTHS	**WEAKNESSES**
Viewed as more objective and independent Allows a broader range of issues to be assessed The external actor can: > focus only on the assessment and not be distracted by the organization's work > help save time and handle very sensitive issues > may bring a fresh perspective and state-of-the-art knowledge A mixed team (i.e. an external actor with local consultants) can obtain a better sense of the issues at the local level, adapt tools to the context and lower the cost of the process	Fewer opportunities for the organization to develop leadership/ownership of the process and its results Requires more time for contract negotiation, orientation and supervision Time spent on-site may be limited by costs The external actor may : > need time to get to know the organization, its policies and procedures or to get the available information > be perceived negatively and generate unnecessary anxiety > not be aware of constraints on the feasibility of recommendations and may not be contracted to follow up on them Requires that the organization invest time in supporting the external actor during the process

Figure 8. Strengths and weaknesses of self versus external assessments. Reprinted from FAO's *Organization Analysis and Development,* by M. Rocchigiana and D. Herbel, 2013, p. 37.

3.3.3 Visioning.

Aspirational visions describe a desirable future state (Costanza, 2000; Kemp & Martens, 2007) and motivate organizational change (Anyonge et al., 2014; Kotter, 1995; Rocchigiani & Herbel, 2013; Van de Ven & Poole, 1995). The process begins with the creation of a vision, harnessed to generate long- and medium-term goals through modelling backward from the future vision to the present in the process of backcasting (Robinson, 1982). A host of backcasting approaches to visioning exist, including those designed to generate broad and equitable stakeholder participation (Eames & Egmose, 2011; Holmberg & Robèrt, 2000; Quist & Vergragt, 2006). Tools to map diversity, negotiate, and build agreement can help facilitators channel interactive participation FO members into a collective, motivating vision (Fischer, 1993; van Kerkhoff & Lebel, 2006; Wiek & Lang, 2011).

A compelling vision internalized by leaders and the membership base drives the teleological change process, as dissatisfaction with the current state cannot motivate the change process through completion (Hobley & Shields, 2000).

3.3.4 Capacity gap identification.

The capacity gap identification stage continues the backcasting process through three steps: 1) translating the visions elaborated in the previous stage into goals and objectives; 2) ascertaining the technical and functional capacities required to achieve the desired objectives, and 3) comparing current capacities against the requisite capacities to identify long- and medium-term capacity gaps at the individual, organizational, and institutional levels.

Relative to institutional-level capacity gaps, individual- and organizational-level capacity gaps are easy to identify. As formal and informal institutions structure the opportunities available to individuals and organizations, the United States Agency for International Development (USAID) (2010) recommends root cause analysis of individual- and organizational- level gaps as a way to unearth institutional capacity gaps. Socially-embedded informal institutions are particularly challenging to identify as they are assumed as objective truths rather than social constructs (Granovetter, 1985). Failure to account for informal institutions has been shown to limit the effectiveness of otherwise well-designed capacity building strategies (IFAD, 2013, 2014; Pritchard, 2014).

Furthermore, gaps in functional capacities are more challenging to identify than gaps in technical capacities. It is relatively easy to develop a shared understanding of the need for hardware, for example a warehouse, and the technical skills required to utilize the warehouse such as production and post-harvest handling and storage (PHHS) skills to boost surplus, and warehouse management skills to receive, maintain, and track stocks. It is more difficult, however, to identify and build the functional capacities necessary to fully utilize the warehouse to bring broad and equitable benefits across the targeted group. Dependent upon the FO-specific context, relevant functional capacity gaps may include, but are not limited to: partnerships with financial institutions to provide credit to boost productivity; collection points to enable utilization from members located far from the warehouse; management skills to enable equitable distribution of credit accessed through the FO across the membership base; leadership, visioning, and consensus-building skills to create a unifying vision and shared identify; trust in the FO to store and market commodity on behalf of members; internal monitoring to protect against elites co-opting the warehouse; empowered

audit sub-committees to address allegations of corruption in an expedient and efficient manner; open channels of communication for members to express dissatisfaction with uneven access to FO assets or services; and conflict resolution processes to address tensions arising from issues such as aflatoxin contamination spreading through the stored commodity due to acceptance of one member's poorly conditioned crop, or threats of side-selling when market prices increase beyond prices contracted for collectively marketed commodity. Functional capacity gaps may not be evident until implementation, further highlighting the importance of providing additional follow-up support throughout the capacity building process.

Figure 9 presents illustrative examples of types of capacity-focused outputs designed to address capacity gaps, such as lack of skills at the individual level; excessive power concentration, unclear vision, and weak planning process at the organizational level; and lack of participation in local, regional, and national policy fora at the institutional level.

DIMENSIONS	CAPACITY-FOCUSED OUTPUTS
INDIVIDUAL	> New skills and knowledge acquired > Participant understanding of an issue improved > Awareness of local/national leaders on important topics increased
ORGANIZATIONAL	> Clear definition of roles and responsibilities among different agencies or organizations > Visions, mandates and priorities improved > Planning processes improved > Consensus to use knowledge-sharing mechanisms among national ministries reached > Linkages between research and extension bodies established > Collaboration increased > Coordination mechanism established at regional or national level among relevant organizations > Increased access to information > Improved partnering capacities
ENABLING ENVIRONMENT	> Policy discussions initiated > Participatory processes put in place to advance the policy agenda > Stakeholders involved in sector planning process > Policy needs assessment jointly designed > Policy and legislative framework reviewed

Figure 9. Illustrative example of capacity-focused outputs to address capacity gaps. Reprinted from *FAO Approaches to Capacity Development in Programming: Processes and Tools*, *Learning Module 2*, by M. Rocchigiani & M. Dhamotaran, 2012, p. 38.

3.3.5 Capacity building strategy

Designing a capacity building strategy involves translating the capacity gap into objectives and an implantation plan. These steps occur against a backdrop of conflicting

priorities, as well as varying conceptualizations and expectations of the capacity building process, as initially developed in Section 3.3.1.

The prioritization of capacity building activities within the strategic plan presents an opportunity for the differing priorities of stakeholders to manifest. Rocchigiani & Dhamotaran (2012) offer the example of donors and development organizations interested in quick and visible results, the Ministry of Agriculture interested in building its own capacity to manage the program after handover, implementing partners interested in mobilizing farmers into larger groups, FOs interested in securing access to assets for their members, and farmers interested in increasing their incomes and expanding their capabilities. Repeated opportunities for interactive participation, communication, and empowerment, create the conditions for stakeholders to converge around a capacity building strategy designed to enable the FO vision. Capacity building strategies unaligned with FO vision risk losing momentum during implementation as obstacles along the way erode support for change (Hobley & Shields, 2000; UNDP, 2009)

In addition to aligning the implementation plan with FO vision, the following factors increase the likelihood of catalyzing the endogenous process of capacity development: building upon existing strengths of FOs and partners (de Rosa & Belman, 2012), striking a balance between technical capacities and functional capacities (IFAD, 2013), planning for short-term gains to sustain momentum through the long capacity development process (Kotter, 1995), and embedding a handover strategy for how activities will be maintained after project funding ends (UNDP, 2009).

The implementation plan may require recruiting additional partners if existing stakeholders cannot address the identified capacity gaps. If the requisite resources cannot be

secured, elements of the implementation plan will need to be either postponed or dropped. To assist with prioritization, the United Nations Development Programme (2009) recommends looking for patterns in capacity gaps to assess whether gaps are consistently large across a specific type of functional or strategic capacity.

Addressing specific capacity gaps likely requires investments in both infrastructure and equipment, referred to by IFAD as "hardware", as well as investments in "software," which includes policies, institutions, organizations and their functional capacities. Capacity building tends to focus upon technical skills at the individual level, however, as established in Section 3.2.1, stand-alone trainings do not engender capacity building. To catalyze multi-level capacity development, capacity building requires integration of learning initiatives into a long-term change strategy with complementary measures to facilitate application of new information and to enable behavioral change. (DFID, 2006; IFAD, 2015; P. Taylor & Clarke, 2008; UNDP, 2009).

A range of learning activities can impart both technical and functional information, including traditional trainings, workshops, and seminars, and more innovative delivery mechanisms such as farmer field days, FO twinning, and peer exchange visits. A consensus has formed around the need for trainings and other learning initiatives tailored to local context and aligned with the broader capacity building strategy (ADB, 2008; Baser & Morgan, 2008; M. Nelson, 2006; Ramalingam, Jones, Reba, & Young, 2008). Learning needs assessments identify the material most appropriate to learners' needs, the correct participants to target, and the multi-level barriers to implementation. Due to time constraints and assumptions about what beneficiaries need to learn, these assessment are frequently ignored (Rocchigiani & Dhamotaran, 2012), however the consequences of skipping this step are

severe. Lack of learning needs assessments is the primary reason individual learning does not transfer into practice (FAO, 2010; World Bank Independent Evaluation Group, 2008)

Table 5 presents the strengths and challenges of different families of learning activities: in person, off-site learning, on-the-job learning, and asynchronous self-study. The elements appropriate to a specific capacity building strategy depend upon the capacity gaps to be addressed, existing capacities of the FO and implementing partners, and the tools, skills, and budget available to support the learning initiatives. Some functional capacities, such as learning from an externally-produced assessment reports, and some technical capacities, such as understanding the components of a contract, require functional literacy and numeracy, which may in and of itself represent a functional capacity gap to address.

From a participation perspective, merely attending trainings can be categorized as a degree of tokenism. Drawing learners into the learning needs assessment illustrates the benefits of collaborative participation – a deeper understanding of the context allows for targeting of the appropriate learners and learning material, as well as the design of complementary capacity building interventions which enable learners to transform the information learned into practice. Collegial participation in this example might entail FOs conducting the learning needs assessment and deciding the content and delivery mode of the learning initiative.

Follow-up support at the organization level to transform information learned by individuals into behavioral changes include assistance with the internal processes of creating incentives, structures, and procedures to manage change and knowledge; promotion of open channels for internal communications and accountability; and facilitating dialogues to identify and overcome barriers to change. At the institutional level, follow-up support starts

with analysis, information, and empowerment with the objective of enabling interactive participatory engagement with influential stakeholders to develop a conducive institutional environment (Rocchigiani & Dhamotaran, 2012).

Table 5.

Strengths and challenges of different learning activities

Activities	Strengths	Challenges
In person, off-site learning: trainings, seminars, review/synthesis events, workshops, farmer field days, policy round tables	Engaged participants Discussion and reflection Peer-to-peer learning Creates networks Easy reporting	Cost and logistics Participants taken out of place where they will use new skills Wrong participants often attend Not for skills learned over time
On-the-job learning: mentoring, coaching, lead farmers, study tours, twinning, peer exchanges, demonstration farms, assessments, M&E	Formal or informal events Learning in place where skills will be applied Implementation problems addressed as they arise Can change focus as needed Learning can be paced over a long-time	Difficult to report outputs Success depends on skills and techniques of coach/mentor/ lead farmer Mentor/coach must be familiar with work context of learner
Asynchronous self-study: television, radio internet, CDs, printed materials	Learners work at own pace Content adaptable to personal learning paths	Requires self-motivation One-way flow of information

Adapted from *FAO Good Learning Practices for Effective Capacity Development*, *Learning Module 3*, by C. de Rosa and A. I. Belman, 2012.

3.3.6 Implementation

To strengthen local systems and create ownership, the capacity building strategy should be implemented through national, regional, and local systems and processes, rather than a parallel system of external partners, (OECD, 2005). The implementation process has the potential to build capacity of all stakeholders, including the capacity of implementing partners to catalyze capacity development at the FO level and the capacity of development agencies to build consensus among and to elicit meaningful participation from stakeholders throughout the capacity building process.

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3.3.7 Monitoring and evaluation

Monitoring and evaluation represents an additional stage in which FO participation can contribute to capacity development. Intensive monitoring not only provides feedback to stakeholders about progress toward product and process goals, but it also builds the capacity of the team to observe, analyze, reflect, and make evidence-based decisions to achieve medium- to long-term objectives. As with assessments, M&E by outside experts does not contribute to capacity building (Rocchigiani & Dhamotaran, 2012).

An effective M&E system includes plans, methods, and resources for data collection, analysis, and reporting, as well as for reviewing and utilizing findings in the iterative process represented in Figure 6. The process of defining M&E systems generates discussions and clarifications about objectives and proxies for progress toward goals, which may vary across stakeholders. In FAO's *Second Learning Module on Capacity Development* (2012), the authors

identify four separate components of M&E for capacity building projects: 1) monitoring for multi-level capacity development, 2) monitoring for administrative requirements, 3) monitoring of key assumptions underlying the theory of change to inform mid-course adjustments, and 4) monitoring of the motivation and commitment of key individuals involved in the exit strategy to ensure sustainability of the activities beyond the project horizon.

Monitoring for administrative requirements focuses upon quantitative product outcomes, documenting evidence of concrete results, such as number of members attending trainings, number of warehouses constructed, and tonnage procured. Most monitoring systems focus on this component, though as UNDP (2009) notes, "measurement of capacity development success cannot be reduced to an increase in input resources such as human, financial, or physical resources. Availability of input resources does not guarantee their contribution to development objectives" (p. 32).

By contrast, M&E for capacity development determines whether or not the products and the process of capacity building partnerships contribute to changes in behaviors and attitudes, systems and structures, and relationships. In acknowledgement that institutional factors beyond the scope of the project may have a greater impact on FO capacity than capacity building initiatives[1], M&E for capacity building includes process outcomes capturing changes catalyzed by participatory capacity building. Rocchigiani & Dhamotaran (2012)

[1] Examples of factors influencing FO capacity observed during field work in Ghana and Malawi include such as weather, unpredictable export bans, collapse of microfinance institutions, delays in released of tranche funding, land grabs/urbanization undermining the land tenure of members, and changes in local weights and measures. See Chapter 5 for further details.

provide the following examples of process indicators supporting M&E for capacity building: how individuals apply knowledge acquired through learning initiatives, FO responsiveness to members' needs, and the formal and informal changes in organizational structures and processes that incentivize and shape how farmers do business and how FOs meet their goals. Relative to quantitative product indicators, qualitative and quantitative process indicators of process are more challenging to capture, however they more accurately measure progress toward capacity development goals (ICRAF, 2013). Section 4.5 develops examples of functional capacity process indicators for FOs.

In addition to designing process indicators beyond those typically incorporated into traditional M&E systems, M&E for capacity building faces the additional obstacle of determining an appropriate level of FO participation throughout the M&E process. Monitoring the endogenous process of capacity development goes beyond using participatory techniques to gather information and organizing workshops, rather it "involve(s) national/local actors intensively in expressing their views about changes and reasons for such changes" (Rocchigiani & Dhamotaran, 2012, p. 49). Local perceptions about progress and achievement help keep the initiative on track, provide signals about implementation problems, and identify needs for adjustments and corrections.

The degree to which FOs participate depends upon how the M&E process is framed within the strategic plan. For participatory monitoring to create desired opportunities for learning, self-reflection, evaluation, and planning, FOs need to have already achieved a level of empowerment which enables self-mobilization participation. If internal M&E does not align with the FO's strategic objectives, functional participatory monitoring requirements will be perceived as an additional burden/requirement of program inclusion rather than an

opportunity for growth, sabotaging the empowerment and learning goals of the exercise, in addition to threatening the validity of results. Stakeholders will have to generate consensus on the level of input FOs have selecting and monitoring indicators, how FOs will participate in analysis and validation, and the degree to which FOs participate in crafting recommendations from findings. Stakeholders should be clear about the expectations of participation and safeguard against onerous participation unaligned with FO objectives (Barreteau, Bots, & Daniell, 2010).

Participatory M&E is not without dangers, as stakeholders may exaggerate responses to maintain access to support (ICRAF, 2013). This can occur when FOs perceive M&E as a judgement and potential threat to their future benefit stream as opposed to a tool designed for them to track their progress. Decoupling funding decisions from M&E for learning about the effectiveness of capacity building removes incentives for deceit and supports honest representation through the participatory process (Platteau, 2004; Simister & Smith, 2010).

Additional challenges specific to monitoring for capacity building include: different time scales of capacity development and the project cycles (The Learning Agenda on Local Capacity Development, 2014; UNDP, 2009), results beyond targeted beneficiaries and difficulties in attribution (Bernard et al., 2010), and challenges in contextualizing specific changes and understanding their impact on FO capacity in the near-, medium-, and long – term. Crises that serve to strengthen one FO's capacity over time may cripple another, and perceived stability may mask stagnation (Simister & Smith, 2010).

3.4 Timeframe of the Capacity Building Process

Capacity building for robust and viable FOs is a time-consuming, participatory engagement which cannot be rushed (FAO, 2010). Tension arises between the lengthy process of capacity building and donor requirements, and a report reviewing USAID partnerships with local organizations notes that "the overarching concern for evidence and results, for measurement and quantification, has influenced project length, cycle, and funding in ways that run counter to six decades of lessons learned about development" (The Learning Agenda on Local Capacity Development, 2014, p.15). Ostrom warns:

> If social capital is conceptualized too casually and projects are designed to enhance "participation" without substantial changes in the structure of institutions, then the concept will become a shallow fad. One does not give stakeholders a "voice and real responsibility" by creating short-term projects that involve outsiders "organizing the farmers" in sweeping tours of the countryside. Participating in solving collective-action problems is a costly and time-consuming process. Enhancing the capabilities of local, public entrepreneurs is an investment activity that needs to be carried out over a long-term period. (E. Ostrom, 2000, pp. 214-215)

Social capital and functional capacities play an essential role in achieving economic development, but, like capacity development, cannot be created by external or top-down processes (FAO, 2015; OECD, 2006; Ostrom, 2000; Woolcock, 1998). Hobley & Shields (2000) advocate giving FOs time and space to change processes, attitudes, and institutions

rather than demanding reviews, audits, and evaluations which put organizations on the defensive and threaten to slow or reverse the change process.

Given the heterogeneity of organizational histories, membership attributes, and institutional environments, FO capacity building requires a flexible approach and methodology, and IFAD's (2013) *Strengthening Institutions and Organizations: An Analysis of Lessons Learnt from Field Application of IFAD's Sourcebook on Institutional and Organizational Analysis for Pro-Poor Change* warns against predicting the pace of organizational change, though estimates that building soft skills and bonding social capital requires at least one year of intensive effort.

Ferris et al.'s (2014) working paper for Catholic Relief Services (CRS) acknowledges that one or two years of supply-side support can boost market performance for farmers in well-organized FOs with the assets and skills needed to increase production who are constrained solely by market access. However, for farmers lacking the requisite skills or access to productive land, the market linkage process may take 10 to 20 years. Table 6 presents examples of FO-level targets associated with short-, medium-, and long-term time frames.

Table 6.

Capacity building targets and timeframes

Time frames	Measurable goals	FO-level targets
Short term (1-3 years)	Services delivered	Assets Training Technical assistance Public works
Medium term (3-8 years)	Output levels	Number of farmers engaged in enterprise process Business planning cycles in place Reduced transaction costs Increased sales price Increased sales volume
Longer term (8-20 years)	Impact and sustainable market limkages	Acquisition of new skills Application of new skills Integration of skills to support dynamic engagement in long-term processes

Reprinted from CRS's *Linking Smallholder Farmers to Markets and the Implications for Extension and Advisory Services,* by S. Ferris, R. Best, D. Seville, A. Buxton, J. Shriver, and E. Wei, 2014, p. 36.

3.5 Goals, Objectives, and Challenges of Participatory Capacity Building.

Participation and capacity building share the goals of empowering people through the process of transforming beneficiaries from passive recipients of aid to active partners in project planning, design, implementation and monitoring (Clayton, Oakley, & Pratt, 1997; N. Nelson & Wright, 1995; Pelling, 1998).

Though the goals of capacity building and participatory approaches converge, capacity building includes broader macro-level objectives such as aligning aid flows with

national priorities, utilizing and strengthening local systems, and harmonizing aid (OECD, 2005). At the program level, both capacity building and participation aim to enrich the quality of information gathered and improve project effectiveness of projects (Cleaver, 1999; Eversole, 2003; James, 2001); to improve targeting and an equitable distribution of benefits (IFAD, 2015; Narayan, 1995); to boost efficiency through cost savings from improved information and volunteer contributions (Chambers, 1995; C. Miller, 2010; N. Nelson & Wright, 1995); and to enhance the prospects for sustainability, narrowly interpreted as longevity of the project after phasing out technical and financial support from donors (Dale, 2004; Finsterbusch & Van Wicklin, 1987; James, 2001; Uphoff, Esman, & Krishna, 1998).

Both capacity development and beneficiary participation are well-integrated into development practice, however challenges emerge regarding the "tyranny of participation" (Cook & Kothari, 2001) and "the romance of capacity building" (Kenny & Clarke, 2010).

3.5.1 Lack of evidence.

Despite decades of significant investment in capacity building and participatory approaches, benefits are not empirically established (Mansuri & Rao, 2013; OECD, 2005, 2012; Pozzoni & Kumar, 2005; World Bank Operations Evaluation Department, 2005). Incorporating beneficiary participation adds a 15 and 20% premium to project costs (Narayan, 1995), however the additional expenditures have yet to be justified through documented improvements in outcomes. Lack of evidence stems from two problems: the absence of unifying frameworks defining the concepts of capacity building and participation and how to measure them, and the empirical methods used to assess impact.

Lack of consensus about the operational definitions of capacity building and participation undermines comparability across assessments (Paul, 1987; P. Taylor & Clarke, 2008; World Bank Operations Evaluation Department, 2005). Impact evaluations of capacity building are hampered by missing linkages between initiatives and development goals, by unspecified capacity building objectives, and by challenges in attribution (World Bank Operations Evaluation Department, 2005). Impact evaluations of participatory projects tend to be limited-scope case studies utilizing qualitative data, or meta-reviews of said case studies, which are not rigorous enough to produce valid, generalizable findings (Pozzoni and Kumar 2005).

Though explicit in the capacity building methodology, capacity building projects rarely address weaknesses at the organizational and institutional levels, with "activities related to the organizational dimension … almost non-existent" (World Bank, 2012, p. 4). Few FO capacity building projects explicitly take informal rules and organizational norms into consideration, leading to challenges in implementation (IFAD, 2013, 2014; Pritchard, 2014).

Rather than focusing on multi-level interventions designed to improve capacity, most capacity building is limited to universally applied, individual-level trainings which are not tailored to address specific capacity gaps (IFAD, 2014). Though most capacity building targets individual learning, there is a limited understanding of how developing individual capacity contributes to organizational and institutional change (IFAD, 2013). Review of the theoretical basis of capacity building coupled with empirical reviews of capacity building projects pointedly establishes that stand-alone trainings are insufficient for capacity building (Pearson, 2011).

Further compounding the problem, development organizations tend to keep assessments internal rather than publically broadcasting results (Ebrahim, 2003), prompting Platteau (2004) to champion sharing and learning from assessment results, rather than penalizing partners for not generating the results envisioned from participation.

Additional challenges to generating impact include the skill required to navigate and assess the participatory process (Mosse, 2001; Stadler, 1995), insufficient expertise and resources devoted to the design and monitoring of appropriate indicators (Simister & Smith, 2010), and a disconnect between assessment results and programming decisions (Darcy, Stobaugh, Walker, & Maxwell, 2013). Finally, it should be noted that the impact of participation, or any project element, upon sustainability is rarely assessed since monitoring ceases after the final evaluation.

3.5.2 Challenges in the participatory process of capacity building.

Critiques of participation build upon three main elements: the myth of community and consensus, biased community representation, and naïve assumptions about power relations between donors, development organizations, implementing partners, and beneficiaries. The participatory process both highlights and generates complexities emerging from power asymmetries between partners and within the community. Many researchers contend that failure to address power dynamics constrains the ability of participatory capacity building to generate benefits (Cook & Kothari, 2001; Eversole, 2003; Kenny & Clarke, 2010; Platteau, 2004).

Relationships between stakeholders. Unequal power relationships between outsiders, including development organizations and implementing partners, and beneficiaries threatens sincere participation (Cook & Kothari, 2001). Furthermore, beneficiaries (or prospective beneficiaries) have strong incentives to align their expression of needs to the project objectives (Chabal & Daloz, 1999; Mosse, 2001; Tembo, 2003); to select non-representative participants with high levels of education, wealth, as well as social and political capital (Kumar, 2002; Mansuri & Rao, 2013; Uphoff et al., 1998); and to hide the truth about operations and distribution of benefits for fear of reduced access to support (Michener 1998).

Though funders and development agencies often neglect to acknowledge the power generated by controlling the flow of financial resources (Eversole, 2003), communities vying for support cannot ignore this truism. Though participation intends to increase local initiative and decentralize control, funders and development agencies retain significant control over the process due to by project management requirements established well before the onset of the project (D. Craig & Porter, 1997; Darcy et al., 2013; Mosse, 2001) as well as deeply-held individual and institutional values regarding the process and evaluation of development (Hocde, Triomphe, Faure, & Dulcire, 2008). Even when projects provide FOs with access to funds at the local level, the budgets are managed by implementing partners, rather than FOs themselves (World Bank, 2012).

Participation is most likely to take place at the implementation stage, rather than in planning, decision-making or evaluation (D. Craig & Porter, 1997; Pozzoni & Kumar, 2005; White, 1996), and Eversole (2003) likens participation to beneficiaries determining the shape of the bricks, rather than the destination of the path.

Relationships within communities. Participation is solicited in communities replete with conflicts of interest and power asymmetries (Barnaud & van Paassen, 2013), however by ignoring the complexities of competing interests, development practitioners fall victim to the myth of community (Guijt & Shah, 1998), which is the assumption that "community" refers to a homogeneous, monolithic group of people.

With a long history of liaising with outsiders on behalf of the community, local elites are adept at framing their personal interests as community concerns and convincing donors and development agencies that the collective good motivates their leadership (Platteau, 2004). Rather than development actors learning about local needs and priorities, Mosse (2001) characterizes the participatory learning process as locals learning the language, requirements, and boundaries of donor-driven projects.

Even when broader, more representative samples of communities participate, cultural and social norms can prevent meaningful participation by non-elites (Cleaver, 2005; Muñoz, Paredes, & Thorp, 2007; Platteau & Abraham, 2002). The public nature of participatory assessments denies researchers access to private information which members of marginalized communities may not be empowered to share in public fora (Barnaud & van Paassen, 2013; Kothari, 2001; Stadler, 1995).

Elite capture. Given biased representation in the participatory process, it is not surprising that participation impedes the equitable distribution of benefits (Cohen & Uphoff, 1980; Mansuri & Rao, 2013; Stoeker, 2010). Elite capture refers to harnessing the participatory process to serve personal interests rather than the common good, and manifests in a myriad of ways difficult for outsiders to monitor (Platteau 2004).

Elite capture is a well-documented phenomenon in FO capacity building (Cohen & Uphoff, 1980), and attempts to limit elite dominance in the FO decision-making process are hindered by high concentrations of power in leadership (particularly in the president, and to a lesser degree the secretary and treasurer), limited rotation of leadership positions, and a dearth of qualified leaders (Elbehri, Lee, Hirsch, & Benali, 2013; IFAD, 2013).

Preventing or uncovering elite capture requires insiders willing to uncover false assumptions about the drivers and distribution of benefits, however community members have little incentive to share this information with outsiders. If targeted beneficiaries receive even a fraction of intended benefits, their position is improved relative to no project at all (representing a Pareto improvement) despite the fact that elites capture almost all of the gains (Platteau, 2004). As alerting outsiders to malfeasance risks the future stream of benefits, elite capture is frequently tolerated if non-elites benefit even marginally (Chabal & Daloz, 1999). In addition, development actors and community members have different conceptualizations of equitable benefit distribution. While funders and development agencies assume and expect participation to be motivated by the common good, community members consider compensation appropriate for intensive involvement in the participatory process (Kumar, 2002; Platteau & Abraham, 2002; Rao & Ibáñez, 2005).

Communities with high concentrations of power are particularly prone to elite capture (Platteau, Somville, & Wahhaj, 2014), and physically remote communities, with low literacy rates, high poverty rates, and with significant caste, race, and/or gender disparities are the most vulnerable (Mansuri & Rao, 2013).

However, elite capture is not a foregone conclusion; leaders do not always capture disproportionate benefits in participatory projects (Alatas et al., 2013; Dasgupta & Beard,

2007; Fritzen, 2007; Kutter, 2014). Though elite capture occurs initially, evidence suggests that active resistance by initially disadvantaged groups ensures a more equitable distribution over time (Classen et al., 2008; Long, 2003; Lund & Saito-Jensen, 2013). Furthermore, explicitly informing beneficiaries about the nature, timing, and magnitude of benefits reduces elite capture (Platteau et al., 2014). Regular elections coupled with social accountability mechanisms such as sharing of financial information, improving channels for members to voice concerns, internal audit bodies and processes, and periodic external audits promotes downward accountability and greater equity in benefit allocation (IFAD, 2013). The financial contributions of members to the group, in the form of share capital and dues or fees, incentivize member vigilance in ensuring that FO objectives align with members' aspirations (Crowley et al., 2007; Herbel, Crowley, Ourabah Haddad, & Lee, 2012; Stringfellow et al., 1997).

Entrenching interests through consensus. The participatory process is further plagued with the myth of consensus (Peterson, Peterson, & Peterson, 2005), a corollary to Gurjit & Shah's (1998) myth of community. Participatory techniques generally render a consensus representing "the community" viewpoint, a process which threatens to replicate and exacerbate existing power relations by legitimizing the interests of the most influential within a community (G. Craig, 2010; Mosse, 2001; Pozzoni & Kumar, 2005). Both communities and facilitators have incentives to simplify and arrive at a consensus in line with project goals (Eversole, 2003), resulting in a process which generates "local knowledge" about community interests reflecting beneficiary understandings about the goals of outsiders (Morse, 2007). Writes Kothari (2001) "Participatory research 'cleans up' local knowledge through mapping

and codification, and marginalizes that which might challenge the status quo or is messy or unmanageable" (p.12).

If facilitators of participatory processes adopt a neutral position with respect to power asymmetries within the community, they risk entrenching privileged interests and further marginalizing the disempowered (Cleaver, 2005; Guijt & Shah, 1998; Mosse, 1994). Alternately, if they adopt a non-neutral position and intervene to give a voice to disadvantaged stakeholders (Edmunds & Wollenberg, 2001), such as women or ethnic minorities, they risk intervening in a social system though lacking the legitimacy to critique and intercede (Innes, 2004). van Paassen & Baunard (2013) propose a compromise between these approaches in which facilitators adopt a critical companion posture, in which they explicitly stating their commitment toward an equitable participatory process. The researchers further suggest strategically selecting participants, while paying special attention to the most powerful and least powerful stakeholders; conducting stakeholder analysis to render transparent competing priorities; using tools highlighting the diversity of interests rather than forcing an early consensus; alternating between interviews, sub-group, and plenary discussions; and aiming toward win-win solutions (Barnaud & van Paassen, 2013).

3.6 Conclusion

Participatory capacity building is deeply entrenched in development practice. As boundary terms (Scoones, 2007), both capacity development and participation are used in a wide variety of contexts to convene partners with a broad range of interests. This flexibility and universality, though valuable, comes at the cost of imprecise working definitions and diverse understandings of what participatory capacity building is and how to measure it.

Though practitioners have varied conceptualizations of FO capacity and approaches to FO capacity building initiatives, these frameworks all adopt a multi-level participatory approach on catalyzing capacity development, an endogenous process. This research builds upon FAO's (2015) definition of FO capacity as the combination of functional and technical capacities which enable FOs to attain their strategic objectives.

In an idealized process of FO capacity building, members representing the diversity of the FO membership base, alongside partners skilled in facilitating capacity building, participate throughout all stages of the multi-stakeholder process, contributing to a customized capacity building strategy designed to address gaps identified in the organizational capacity assessment. Through their collaborative or collegial participation in the process, members develop soft skills such as how to assess, vision, plan, negotiate, monitor, analyze, and advocate, broadening functional capacities at the individual, organizational, and institutional levels. The capacity building strategy includes tailored follow-up supports required to convert learning into applied knowledge, changes in attitude, and capacity development.

This review of the literature indicates that in the actualized process of FO capacity building, implementing partners themselves have limited capacity to support FO capacity development, and activities outlined in the capacity building strategy are poorly sequenced, lack coordination, and do not provide follow-up support required to change behaviors, norms, and attitudes. Power within FOs is highly concentrated among elite leaders, and their consultative participation is limited to the implementation stage, rather than planning, decision-making, and M&E. Furthermore, most capacity building initiatives focus upon technical skills at the individual level, while functional capacities such as trust-building,

conflict management, diplomacy, networking, leadership, and advocacy languish unsupported. Exacerbating the problem of inappropriate content, learning needs assessments are frequently foregone, with training materials undifferentiated across FO-specific contexts, capacity levels, and strategic objectives.

If the activities align with FO objectives and FOs have reached a capacity threshold enabling collaborative participation, participation in learning needs assessments, capacity assessments, and M&E can build FO capacity to learn, analyze, plan, monitor, and negotiate. If not, required participation will lean toward the consultative, and the reluctantly undertaken activities will be perceived as a burdensome requirement of a continued partnership. Chapter 4 explores the principles, roles, and tools of organizational capacity assessments targeting FOs.

Participatory capacity building generates risks such as elite capture and exacerbating existing, though unrecognized, power dynamics. Safeguards against elite capture include staggered bundles, informing members about the timing and flow of benefits, regular elections accompanied by social accountability mechanisms, and FO contributions from members to stimulate internal monitoring. Acknowledging the power derived from controlling resources, recognizing that communities are not a monolith, and overtly establishing the assumptions, values, and priorities of all stakeholders can create the conditions required for an open and equitable participatory process.

The evidence on participatory capacity building is not clear, and M&E for capacity building faces challenges such as spillover effects, imprecise theories of change, and the use of tools designed to monitor product indicators for administrative requirements, rather than process indicators for capacity building. In the absence of empirical evidence documenting

its effects, the broad-based commitment to participatory capacity building is not grounded in proven impact, but rather reflects unproven, implicit values about participation and empowerment. Justifying the additional expense and effort associated with participatory capacity building requires a unifying framework enabling comparative studies with generalizable findings, indicators for measuring participation throughout the capacity building process, and robust research exploring the impact of participatory capacity building on empowerment, effectiveness, efficiency, equity and sustainability.

Chapter 4

ORGANIZATIONAL CAPACITY ASSESSMENTS FOR FARMERS' ORGANIZATIONS

All organizations grapple with internal crises and external shocks. While some organizations with limited resources manage to thrive amid severe challenges, others with significant external support stagnate or flounder in response to minor setbacks. What accounts for these different outcomes and responses to adversity? How can partners best support the capacity of groups to adapt to dynamic conditions while continuing to serve evolving member interests?

IFAD distinguishes between organizational capacity, the "combination of human, technical and institutional elements (culture, laws, rules, procedures, etc.) which enable an organization to achieve its objectives, especially in relation to its vision" (IFAD, 2015, p.7), and the narrower concept of organizational maturity describing the level of functional capacities attained "in key areas such as management, governance, leadership, capacity development and resilience" (IFAD, 2015, p. 6). Both organizational maturity and capacity influence the range of response options available to FOs when confronting challenges and opportunities.

Organizational capacity assessments (OCAs) explore, and potentially enhance, the capacity and maturity of FOs and play an integral role in participatory capacity building. Drawing upon SLA, adapted to meso-level analysis through the adoption of organizational capital, this chapter identifies key components of FO maturity and capacity to be assessed in OCA, and how the assessment process and results can be harnessed internally by FOs and externally by partners in development.

The chapter then reviews existing capacity assessment tools used by seven development practitioners and one professional assessor, proposes functional capacity indicators to include in P4P's FO assessments, and explores how outputs from FO assessments can support WFP targeting, planning, procurement, and M&E.

4.1 Key Concepts and Definitions

Both organizational capacity and organizational maturity are non-linear and dynamic, sensitive to changes in membership, leaders, partners, attitudes, norms, and institutions as well as events such as failed contracts, suspended bank accounts, and accusations of corruption. Appropriate FO structures and institutionalized processes can buttress organizations to negative shocks.

Organizational capacity refers to the "the ability of an organization to mobilize its internal energy to achieve its goals" within the broader institutional and biophysical environment (Rocchigiani & Herbel, 2013, p. 26), and encompasses the narrower concept of organizational maturity, a measure of functional capacities. Chapters 4 and 5 draw upon the elements of organizational capacity and maturity presented in Figure 10.

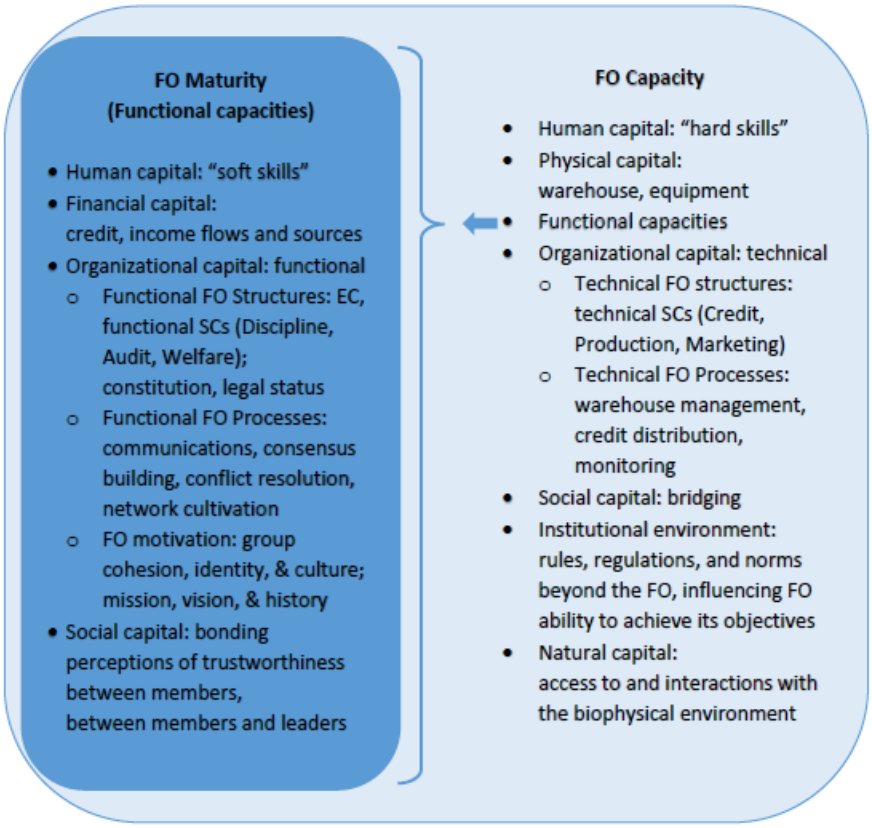

Figure 10. FO maturity and capacity.

4.1.1 Farmers' organization maturity

Though organizational maturity has well-established meanings within the fields of software and workforce development (Curtis, Hefley, & Miller, 2009; Paulk, 2002), this research adopts a working definition based on IFAD's conceptualization of FO functional capacities, illustrated in Figure 2. As developed in Section 3.2.1, technical capacities include structures, process, and technical skills specific to FO strategic objectives, while functional capacities comprise policy and normative capacities, knowledge capacities, partnership

capacities, project implementation capacities, and adaptive capacity, which support a wide range of potential strategic objectives.

As represented in Figure 1, FOs, nested within institutional and biophysical environments, generate their own organizational environment. Organizational capacity, "the capability of an organization to achieve what it sets out to do" (Fowler, Goold, & James, 1995, p.3), reflects how well-suited the organization is to achieving its goals given the institutional parameters defining the operational space of the organization. This effectiveness is sensitive to factors beyond the group's control, such as trade policies, rainfall, and land tenure arrangements.

The maturity of an FO encapsulates its functional capacities, which broadly support a wide range of potential strategic objectives, underpin individual and organizational effectiveness, and enable empowerment. To achieve downward accountability and greater equity in benefit allocation, IFAD (2013) supports FO maturity by coupling the promotion of regular elections with social accountability mechanisms, such as the sharing of financial information, improving channels for members to voice concerns, the establishment of internal audit bodies and processes, and periodic external audits.

Relative to capacity, FO's have a greater degree of control over maturity, though shocks dramatically altering the membership base and/or leadership, generate non-linear changes in both capacity and maturity. Distinguishing between the concepts assists in assessing capacity building initiatives, particularly in cases of external shocks diminishing FO capacity with muted influence on FO maturity, such as export bans or droughts.

This research draws upon SLA to categorize components of organizational capacity and maturity. For organizational maturity, these include the functional capacity of members, financial capital, functional organizational capital, and bonding social capital.

Human capital: "soft skills". The knowledge, skill sets, and health of FO leaders and members serve as the building blocks available to FOs in the form of human capital, "the skills, knowledge, ability to labour and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives" (DFID, 1999, p.7). Individual-level capacity in this context refers to the ways individuals utilize their skills and knowledge to configure an FO response or action. Decisions to implement information into behavioral change depend not only upon individual will, but also the incentives offered and constraints imposed by organizations and the broader institutional and biophysical environments. In line with the distinction between functional and technical capacity, presented in Figure 1, the human capital component of FO maturity focuses on "soft skills" such as leadership, negotiations, and consensus-building, as well as financial management and reporting skills which support FOs across strategic objectives.

Financial capital. Financial capital refers to the flows and stocks of money (DFID, 1999) available to the FO, as well as the diversity of internal and external sources of revenue. Though financial capital is not commonly included in maturity assessments, working capital, financial reserves, and diversity in income broaden the range of options available to the group, contributing to functional capacity.

Functional organizational capital. Organizational structures, processes, and motivation establish incentives and influence member behavior.

Structures. Functional organizational structures include the group's constitution and bylaws, executive committee (EC), and sub-committees (SCs). Though technically formal institutions nested within the organization, this research categorizes the constitution, bylaws, and internal policies as FO structures to avoid confusion with formal and informal institutions of the wider society in which the FO is embedded. Legal status through registration with government entities is also categorized as a functional organizational structure.

While the EC is ultimately responsible for FO performance, active and empowered sub-committees (SCs) diffuse power out of the EC and strengthen FO ability to manage operations and issues related to member behavior and attitudes. Audit SCs can review and reconcile bank statements and FO records, and investigate allegations of corruption and mismanagement should they arise. Production SCs can visit members' farms to ensure adoption of agreed-upon varieties and practices, and can help organize labor exchange if a member requires assistance with time-sensitive activities. Discipline SCs can intervene in cases of members, or leaders, not abiding by the rules and norms of the FO. Welfare SCs can evaluate member requests for assistance and present the case for contributions before the group.

A distinction is drawn between SCs supporting functional and technical capacities. A Marketing SC, for example, will not build organizational maturity if the FO has not internalized collective marketing as a strategic objective. Furthermore, to contribute toward FO mission and vision, SCs must be empowered to undertake their responsibilities. Sub-committees formed in compliance with donor requirements and populated with token

members lacking the appropriate skills and incentives required to do their job do not meaningfully contribute to functional capacity.

Processes. Functional organizational processes describe how FOs undertake activities, and can be formal or informal. Formal processes are codified into formal structures such as constitutions and by-laws, governing the elections process or the process through which member dues are amended. Informal processes are not documented, but rather describe the way FOs do things. Informal processes often become codified into formal processes in response to crises, which draw attention to missing functional capacities, or to reduce uncertainty as FOs engage in more complex mediations between members and the greater rural environment. A mature FO "explicitly and consistently deploy(s) processes that are documented, managed, measured, controlled, and continually improved" (IFAD, 2015, p. 6).

Functional organizational processes including how leaders transmit information to members, how members voice ideas to and register complaints with leaders, and how the FO builds consensus, manages conflict, reviews progress, and keeps records. The FAO capacity development framework represented in Figure 2 organizes functional capacities into four components supporting a wide range of strategic objectives. The knowledge component, defined as "the capacity to create, access and exchange information and knowledge" (FAO, 2015, p. 26), includes how leaders learn about member priorities, how the FO assesses its strengths and weaknesses, and how the FO learns from its experiences. As such, knowledge capacity encompasses adaptive capacity, the ability to transform knowledge gained through experience into changes in structures and processes, a particularly relevant capacity for organizations operating under conditions of extreme uncertainty or navigating complex and tacit knowledge (Staber & Sydow, 2002), such as social norms.

Adaptive capacity can be interpreted as double-loop learning, a term emanating from the field of education, which describes the organization's ability to develop new rules and methods of decision making (Argyris & Schon, 1974). As opposed to single-loop learning, relevant to stable organizational goals, double-loop learning assumes that organizations undergo continual reinvention, incorporating feedback from members and the environment to remain relevant, vibrant, and viable (Staber & Sydow, 2002). This conceptualization of adaptive capacity neatly fits into the teleological family of organizational change models, and is obliquely referenced in the iterative, final step of the Kotter (1995) model, *Institutionalize new approaches*.

Functional capacities are generated through the combination of member capacity plus the organizational structures and processes which incentivize individuals to activate their competencies and apply their human capital toward the achievement of collective goals. Thriving FOs generate functional structures and processes supporting "governance that is based on its members' accountability and not just on a centralized decision-making system in the hands of one or two people in the organization" (Elbehri et al., 2013, p. 6).

Motivation. In FAO's definition, organizational motivation "stimulates the desire, efforts and energy of the members and staff to be continually interested and committed to … common goals. It results from the interaction of both conscious and unconscious factors: vision and mission, culture, history and incentives" (Rocchigiani & Herbel, 2013, p. 26). This research includes group cohesion and identity as additional elements of FO motivation.

While mission expresses the goals, characteristics, values, direction, and core purpose of the organization, vision is a compelling statement describing the organization's mid- to long-term aspirations. As developed in Section 3.3.3, clear vision and mission statements

shared throughout the leadership and membership base are essential components of successful organizational change efforts. Analyzing the vision and mission of FOs offers insights into the organization itself, especially the degree to which the statements are understood and internalized by members (Rocchigiani & Herbel, 2013).

In response to dynamic conditions, organizational mission necessarily evolves over time. This progression risks alienating members and undermining group cohesion if the group fails to generate consensus about shifting objectives. Group cohesion, the "total field of forces which act on members to remain in the group" (Festinger, Back, & Schachter, 1950, p. 37), encompasses several dimensions. Multiple frameworks consider social cohesion and task cohesion as primary dimensions across all groups, with additional candidates including vertical cohesion and belongingness (Dion, 2000); consensus among members about values, behavioral rules, and resisting disruptive forces (Cota, Evans, Dion, Kilik, & Longman, 1995); as well as collective cohesion, emotional cohesion, and structural cohesion (Forsyth, 2009).

In addition to compelling members to continue their group association, group cohesion motivates members to achieve organizational goals and objectives (Hansen et al., 2002), in addition to enhancing member satisfaction, increasing group engagement, reducing turnover, and lengthening membership duration (Forsyth, 2009).

The impacts of group cohesion depend upon organizational culture. Groups with high levels of cohesion thrive in organizational cultures supportive of hard work, but collectively attain lower levels of achievement relative to groups with low levels of cohesion if the organizational culture does not support high effort (Forsyth, 2009). Organizational culture is "a set of shared mental assumptions that guide interpretation and action in

organizations by defining appropriate behavior for various situations" (Ravasi & Schultz, 2006, p. 437). The degree to which organizational culture and norms are internalized depends on group identity, defined as "how individuals or subunit parts of an organization define what they do in relation to their understanding of what the organization is" (Fiol, 1991, p. 193).

Group identity enables collective interests to override individual interests, providing "an incentive for cooperative behavior, (and) empowering action in the interests of the group"(Thorp et al., 2005, p. 909). Identification with the organization has been shown to directly and uniquely impact members' cooperative behaviors and performance (spontaneous sociability in the social capital literature), and group identity is expected to improve performance at individual, team, and organizational levels (Mesmer-Magnus, Asencio, Seely, & Dechurch, 2015). Group identity in member-based cooperative organizations generates identification-based trust (Ole Borgen, 2001), a demanding type of trust resulting from the internalization of group preferences (Sheppard & Tuchinsky, 1996).

Mission and vision, along with group identity, cohesion, and culture, all reflect the group's history, including the motivation behind group formation, previous responses to threats and opportunities, and the results obtained and learning engendered from past experience. An IFAD review of institution and organization strengthening projects (2013) identifies group formation as particularly relevant to sustainability. Unlike groups leveraging a common-interest enterprise as a focal point for collective mission and vision which continue to evolve and mature after the funding cycle, groups formed mainly to benefit from project resources collapse after phase out, continuing in name only, and emerging from dormancy only in response to meeting requests from prospective partners. Of the latter

groups, IFAD describes their engagement with the capacity building project as "cosmetic (i.e. preparing a constitution, holding meetings and paying membership subscriptions) and designed to meet eligibility criteria for project support, rather than being genuine attempts to organize and progress into mature viable groupings" (IFAD, 2013, pp. 27-28).

Social capital: bonding. FO motivation, structures and processes, financial and human capital combine to yield bonding social capital, or trust within the group (Narayan, 1999). Within organizations, levels of trust include affective trust between members and other members, based upon feelings or emotions about the trustworthiness of peers; and cognitive trust between FO members and leaders, based upon a rational process of evaluating leaders' ability to advance the interests of members (Hansen et al., 2002). Multiple bases of trust in organizations exist (Kramer, 1999), and a great deal of work has been done on rule-based trust to address a full spectrum of social dilemmas and collective-action problems. Ostrom (1990) distills rules empirically proven to overcome co-ordination problems, distributional struggles, and incentive problems by sustainable, self-organized groups into eight design principles, presented in Section 2.3.

As membership can be withdrawn from voluntary associations such as FOs at any given time, organizational survival depends on the ability to instill and sustain perceptions of mutual trustworthiness among members and between members and leaders (Fine & Holyfield, 1996). Furthermore, trust reduces FO transaction costs by limiting the need for costly negotiations and contracting (Bromiley & Cummings, 1998; Creed & Miles, 1993; Granovetter, 1985; Gulati, 1995; Stockbridge et al., 2003), though it should be noted that for collective sales of low-margin staple commodities, the transaction costs of organizing

collective sales can be higher than the sum of transaction costs incurred on individual-level sales (Berdegué, 2004).

4.1.2 Farmers' organization capacity.

As featured in Figure 10, FO capacity extends beyond functional capacities to include member technical capacity, physical capital, technical FO structures and processes, institutional capacity, as well as access to and interactions with the biophysical environment. While FO maturity is a measure of the organization's ability to achieve a wide range of objectives, FO capacity includes components relevant to specific FO objectives as well as the institutional and biophysical environments which influence capacity development.

Human capital: "hard skills". The "hard skills" of this component comprise technical skills specific to particular strategic objectives, such as testing of incoming commodity and warehouse management for FOs engaging in collective sales of commodity; maintenance skills specific to FO equipment such as mills, threshers, reapers, tractors, and drying lines; and ability to liquidate collateral for FOs extending secured loans to members.

Physical capital. Hard skills may be tied to the efficient utilization of physical capital, the assets and equipment of the FO, harnessed toward the attainment of strategic objectives. Skills not utilized by the FO, and inappropriate, dormant, or under-employed equipment does not enhance FO capacity.

Organizational capital. The specific SCs and processes contributing to technical organizational capital depend upon FO strategic objectives. For example, Asset Management SCs can schedule member usage of jointly-owned equipment, collecting user fees, and arrange for upkeep and maintenance. Marketing SCs can find buyers, negotiate the terms of

collective sales, and arrange transport from fields to collection points to the point of ownership transfer. Credit SCs can screen loan applications and collect cash or in-kind payments for credits issued. These functional structures and processes are irrelevant to FOs without assets to manage, which do not engage in group sales, or which do not extend credits to members. However, for FOs which do provide these goods and services to members, the technical structures and processes directly determine the distribution of benefits and costs throughout the membership base and the sustainability of activities. Organizations which cannot maintain and service their equipment, are unable to find advantageous terms of exchange for their members, or fail to screen out bad credit risks will not engage in those activities for any length of time, undermining task cohesion and group cohesion, and diminishing members' cognitive trust of their leaders.

These above examples highlight the importance of double-loop learning and adaptive capacity. The types of failures do not condemn FOs to irrelevance and collapse; members and development agencies alike expect learning curves. However, FO ability to learn from experience by adapting its structures and processes to mitigate against similar types of future challenges represents a critical component of FO maturity distinguishing groups able to respond to crises from those which flounder.

Social capital: bridging. Bridging social capital refers to cross-cutting ties across groups (Narayan, 1999), and includes public image and branding, as well as linkages to peer FO and to other actors along the supply chain. Strengthening bridging social capital by enhancing an FO's horizontal and vertical network of partners is established as a low-cost, high-return investment in FO capacity building (IFAD, 2013).

Institutional environment. Framing the context within which organizations operate, institutions provide incentives, opportunities and resources binding the quality and extent of services and outcomes FOs provide to their members (IFAD, 2008). Organizational capacity assessments should include the formal and informal rules influencing organizations, their members, and the society in which they are embedded (CRS, 2011; Pact, 2010; Rocchigiani & Herbel, 2013). Formal institutions such as laws regarding activities available to FOs, bank regulations on accessing credit, procurement procedures, reporting requirements, and group constitutions establish the boundaries within which FOs operate. Informal institutions such as local weights and measures, trading practices, gender roles, and local conceptualizations of agriculture as a business further shape the activities of FOs and their members. Writes Eversole (2003), "It is in these informal standards, assumptions, and interrelationships that many of the obstacles to achieving development goals may be found" (pp. 792-793).

Due to the considerable influence of institutions upon FO performance, most FO capacity building supports not only organizational development, but also institutional strengthening to render the institutional environment more conducive to achieving FO objectives and progressing toward FO goals (FAO, 2012; Lusthaus, Adrien, Anderson, Carden, & Montalván, 2002; TASCO, 2014).

Natural capital. In Figure 1, the biophysical environment frames the institutional context in which FOs are embedded. The biophysical environment is comprised natural capital, or "the natural resource stocks from which resource flows and services (e.g. nutrient cycling, erosion protection) useful for livelihoods are derived" (DFID, 1999, p. 11). This component of FO capacity captures the influence of biophysical environment on member

choices and member interactions with the biophysical template including the number of growing seasons, access to land and water, erosion and storm protection, biodiversity, adoption of good agricultural practices appropriate to the agroecology, as well as agrochemical application, management, and disposal. Natural capital establishes the limits of farmer productivity, and sustainable and equitable access to natural capital frequently motivates collective action in the agricultural sector (Ostrom, 1999).

4.2 Participatory Capacity Assessments for Farmers' Organizations

Having distinguished between the components of organizational maturity and capacity, this study turns to the principles of OCA and the potential of OCA to achieve multiple purposes at different levels. Whose interests OCAs serve depends upon how the assessment is designed and how the outputs are harnessed.

The second stage of the participatory capacity building process, as illustrated in Figure 11, OCA identify the strengths and weaknesses of FOs, as well as the multi-level constraints and incentives which shape the assessed group's responses to opportunities and threats.

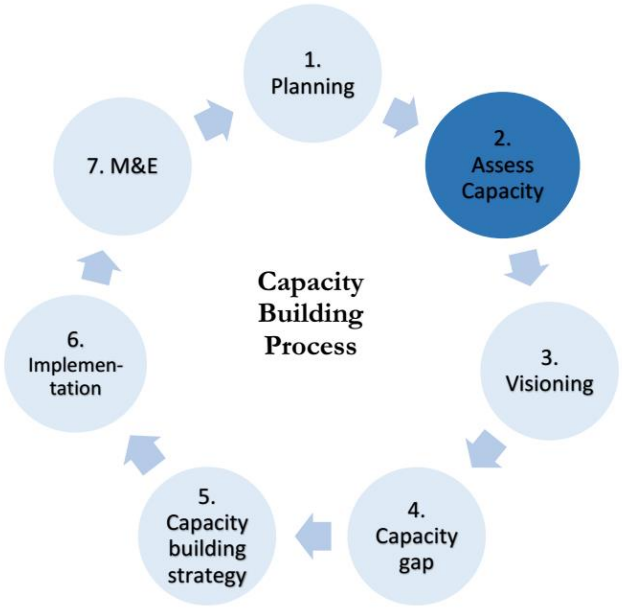

Figure 11. Capacity assessments in the capacity building process.

4.2.1 OCA principles and process.

The OCA process is characterized as multi-level, participatory, inclusive, transparent, and empowering. In recognition that organizations are both comprised of individuals and embedded within the institutional environment, OCAs examine the three dimensions established in the FAO framework for capacity development, illustrated in Figure 2.

Most OCAs explicitly aim to increase empowerment of the assessed organizations and its members. Empowerment occurs through 3 avenues: by building functional capacity in knowledge generation, by giving members a voice to express their perspectives on the FO and its activities, and by enhancing FO ability to seek solutions and mobilize resources toward their identified capacity gaps (Elbehri et al., 2013).

To achieve the goal of empowering FOs and their members, OCA methods must be participatory, inclusive, and transparent. As described in FAO's *Fourth Learning Module on Capacity Development*, "organization analysis needs to be conceived from the beginning as a participatory process" (Rocchigiani & Herbel, 2013, p. 35). This approach frames beneficiaries as active participants in their own development, however as developed in Chapter 3, the degree to which beneficiaries participate and who participates impacts the likelihood that participation yields empowerment and other posited benefits such as effectiveness, efficiency, equity and sustainability. As participation in the OCA process generates knowledge about the organization, the literature promotes "engag(ing) members from all parts of the organization" (Pact, 2012, p. 8) and not limiting the OCA experience to FO leaders. A transparent OCA process not only facilitates knowledge generation, but also creates the space for empowerment of less privileged members, which can occur "only … if they are given access to information as a right and are involved in all significant aspects of a particular intervention. By being involved, not only can they make their preferences known and competencies availed of, but they can also broaden their horizons, acquire fresh perspectives and learn new skills" (IFAD, 2008, p. 31).

Finally, "a participatory organizational assessment process should itself build capacity" (Fowler et al., 1995, p. 3), and the outputs of OCA should facilitate knowledge generation rather than inform external judgment regarding organizational performance. Tying assessment results to funding decisions not only generates biased results, but may lead to potential abuses of the assessment process to justify funding cuts (Simister & Smith, 2010).

4.2.2 OCA benefits at multiple levels

Rocchigiani & Herbel (2013) attribute FO failure to leaders' and members' misunderstandings about organizational strengths and weaknesses, as well as misconceptions about external challenges and opportunities. The authors call for regular OCA, creating the opportunity for FOs to process the dynamic changes occurring at the individual, organizational, and institutional levels.

Benefits to assessed organizations. Capacity assessments serve multiple purposes at the FO level. Creating a forum for members to share their perspectives on FO performance and the degree to which the FO represents their interests enables feedback between members and leaders, and may empower members. Through the process of integrating multiple perspectives on FO effectiveness in achieving organizational and member objectives, participants build a shared understanding of FO strengths and weaknesses. This process increases not only functional capacities in consensus building and knowledge creation, but can also support planning capacity if the FO harnesses OCA results toward solutions to address capacity gaps. "The merit of this methodology is that it is built on making organization members more responsible and on encouraging them to develop their own solutions" (Elbehri et al., 2013, p. 99). Solutions may include designing or updating a capacity building strategy, revitalizing partnerships or seeking new partnerships, as well as changing organizational structures and process for better alignment with organizational mission and vision. By providing a venue for processing lessons from organizational failures and successes, OCA can stimulate the transformation of endogenous knowledge generated into organizational change, thereby strengthening adaptive capacity.

Catholic Relief Services expects significant benefits to accrue at the organizational level, with OCA rendering "stronger, healthier organizations better able to survive in uncertain times; improved service delivery and financial management; improved partner relations; better stewardship; accountability to donors and constituents; reduced risk; and increased opportunity for growth" (CRS, 2011, p. 3).

The CRS expectations and the principles of participatory OCAs reflect the ideal of OCA privileging the learning and empowerment of the assessed organization. However, in practice, many OCA are conducted utilizing consultative, as opposed to collaborative or collegial, participation with the administrative objective of satisfying donor reporting requirements, rather than enhancing FO capacities and promoting long-term sustainability (The Learning Agenda on Local Capacity Development, 2014).

Benefits beyond assessed organizations. The benefits to outsiders of OCA are not negligible. The OCA process builds implementing partner capacity to facilitate FO capacity development. For development agencies working to build FO capacity, OCA can improve targeting, inform a customized capacity building strategy, guide procurement, and feed into M&E.

Lack of congruence between project objectives and FO vision, mission, and objectives hinders the change process (Kotter, 1995). Though organizational capital and maturity tend to be low in rural Africa, many projects assume both can be rapidly expanded (Stringfellow et al., 1997), generating false expectations about the potential of capacity building, and ensuing disappointments. Capacity assessments can improve targeting of groups for inclusion into projects by documenting organizational mission, objectives, and vision. The onus falls on the development agency to select beneficiaries with goals in line

with project objectives. Additional screening criteria may include threshold levels of bonding social capital and maturity levels. To select FOs into projects, IFAD utilizes three-hour focus group discussions (FGD) to conduct a rapid OCA covering organizational motivation, bonding social capital, and functional capacities, with more detailed OCA conducted after adoption to provide baseline measurements of organizational maturity and capacity (IFAD, 2015). The rapid OCA gauges receptivity of the group to the expected project outcomes, determines whether or not the group has an organizational culture which supports improved performance and "can find within itself the resources and wherewithal, even if latent, to confront and overcome its internal constraints and contradictions. Without these minimum prerequisites, progress and growth will not be achievable and sustainable" (IFAD, 2008, p. 44).

For P4P, ensuring that FOs adopted into the program have a vision which involves collective marketing would align project and FO interests. Ideally, FOs included into P4P would have collective sales as a strong feature of their group identity, an endogenous shared vision of formal market access, and a high level of bonding social capital. In addition, OCA including technical marketing capacity can assist WFP in selecting appropriate contracting modalities.

As developed in Section 3.3, OCA feeds into a customized capacity building strategy by generating a basis of comparison between FO current state and FO vision. Not only can an initial OCA generate baseline measures of FO maturity and capacity, but subsequent OCA can monitor changes in process outcomes including developments in organizational maturity though external shocks may sabotage organizational capacity.

For P4P, M&E at the FO level has comprised of FO records and FO surveys. Farmers' organization records capture information such as number of SHF contributing to collective sales and contributions of non-FO members to collective sales, however these self-reported records have not been collected, processed, and/or analyzed in many P4P countries, with Ghana an exception with the data collected annually through a partnership with the Kwame Nkrumah University of Science & Technology. Baseline, midterm, and end of pilot FO surveys capture information on sales, access to credit, assets, and trainings, but no indicators on member participation or distribution of opportunities within the group. Neither FO records nor FO surveys incorporate member feedback, nor do they feed into the capacity building strategy. Complementing OCA into P4P M&E would document process outcomes resulting from P4P interventions.

4.3 Survey of Existing OCA Tools and Methodologies.

This section provides an overview of 11 OCA tools, identified by the name of the agency utilizing the tool followed by the tool name.

WFP. The Ghana tool, in Appendix A, is one of the most advanced among P4P countries, measuring 23 indicators related to group governance, group assets, and group marketing, with responses classified as High, Medium, or Low. Indicators are not assigned equal weights, but rather are scaled to reflect their relative contribution to FO capacity. Scores are summed and a quartile approach is utilized to separated groups into one of four capacity categories: low, medium-low, medium-high, and high.

The Malawi *FO Classification criteria*, available in Appendix B, includes eight indicators related to group marketing, storage and warehouse management, trust issues, strategic

thinking, and vendor status, with responses classified as High, Medium, or Low, though not scored.

International Fund for Agricultural Development (IFAD). IFAD engages in capacity building of institutions and organizations, including FOs, savings and credit groups, and natural resource management groups. When analyzing rural grassroots organizations in advance of capacity development planning, the IFAD *Maturity assessment* (MA) measures 25 indicators across 5 domains: governance, management, leadership, capacity building, and resilience (IFAD, 2015). Each indicator has six to 12 responses which are not mutually exclusive, with responses scored from -6 to 18. Unlike other assessment tools, the response options are not along a graded scaled; each response item is attributed a score, and multiple responses are acceptable. Multiple responses allow indicators to capture multi-faceted concepts, and applying indicator typology presented in Table 8 yields 28 indicators. Summed scores are reported for each domain, and totals across the five domains are aggregated, yielding a total maturity score categorizing the organization as beginner, intermediate, or mature.

IFAD emphasizes a participatory approach to selecting areas targeted for capacity building, as well as identification of priority indicators used to monitor and assess organizational change. The tool reviewed is used in the selection of beneficiaries to determine whether prospective organizations have sufficient capacity to benefit from project support, as well as the in monitoring of selected beneficiaries to track progress in organizational capacity.

Food and Agriculture Organization (FAO). FAO utilizes an *Organizational Performance Assessment* (OPA) tool, adapted from Lusthaus et al.'s organizational assessment

framework (2002) developed for the Inter-American Development Bank and the International Development Research Centre. The OPA tool can be adapted for use with FOs, extension organizations, ministry departments, or ministries. The light version of the tool, used for an initial capacity assessment, employs 35 indicators across four domains: Performance, Motivation, Capacity, and External Environment. The in-depth tool, used to obtain a deeper understanding of organizational weaknesses and to identify capacity building opportunities, measures 284 indicators across eight domains: Human Resources, Capital Resources, Infrastructure, Systems and Processes, Organizational Structure, Process Management, Programme Management, and External Environment (Rocchigiani & Herbel, 2013). In addition to measuring internal organizational capacity and motivation, these tools assess the external environment, including institutions and stakeholders influencing the organization and its relationships. Unlike the other tools, the OPA is presented as a checklist of open-ended questions, without scoring assigned to responses.

In the participatory process, FAO and the target organization determine whether the assessment will be self-administered or whether an external actor will conduct the OPA, identify priority issues and areas for targeted capacity building, and tailor the assessment tool. The understanding generated by application of the OPA informs an organizational design plan, generates internal support for organizational change, and in later iterations monitors progress toward change.

Catholic Relief Services (CRS). For use with non-profit organizations working to support communities, the *Holistic Organizational Capacity Assessment Instrument* (HOCAI) measures 286 indicators across nine domains: Supply, Operations, Internal Management, Financial Management, External Risks, Market, Financial Performance, Enablers, and

Sustainability (CRS, 2011). Each indicator is assigned a level of priority (Top, Medium, and Low) as well as a level of achievement: Strong – meets present needs, Good – will benefit from improvement, Weak – requires improvement, Poor – requires substantial improvement.

The HOCAI guide emphasizes the participatory nature of the tool, from prioritization of capacity areas, to assessment and data analysis, through the design of a capacity building action plan. The capacity assessment matrix does not yield scores, but is used to identify organizational strengths and weaknesses, directly feeding into a capacity building action plan. The HOCAI process promotes organizational resilience, risk management, partner relations, and accountability.

United States Agency for International Development (USAID). Originally developed for the health sector, USAID's *Organizational Capacity Assessment* (OCA) for CBOs measures 26 indicators across six domains: Governance, Administration, Human Resource Management, Financial Management, Organizational Management, and Program Management (USAID, 2012). The tool describes characteristics of Basic, Moderate, and Robust organizations for each indicator.

Designed as a self-assessment tool administered with the support of a skilled facilitator, the OCA requires participation across levels and departments within the organization. For each indicator, participants assess where their organization's current status and also establish their preferred level of organizational capacity in 6 months' time. In this manner, the USAID OCA identifies priority areas for capacity development and simultaneously establishes an organizational development road map. In later iterations, the

tool serves to monitor effectiveness of previous actions and interventions, to evaluate capacity development, and to identify priority areas for capacity building.

Eastern Africa Farmers Federation (EAFF). EAFF modified the USAID OCA tool to administer to the EAFF Secretariat. The tool measures 43 indicators across seven domains: Governance and Legal Structure, Financial Management and Internal Controls, Administrative and Procurement Systems, Human Resource Systems, Program Management, Project Performance Management, as well as Organizational Management and Sustainability (Eastern Africa Farmers Federation, 2014a). The tool includes procurement and project management, and captures additional indicators related to human and financial resource management. As with the USAID OCA, EAFF's describes the characteristics of Low, Moderate, and Strong capacity organizations for each indicator (Eastern Africa Farmers Federation, 2014a).

In 2014, EAFF invited representatives from 16 federations to workshops convened to assess the organizational capacity of members. The tool was used to assess each federation, to identify the dynamics of an ideal federation, and to develop customized organizational development plans (Eastern Africa Farmers Federation, 2014b).

Pact. The Pact tool, developed with funding from USAID, assesses the organizational capacity of CBOs, NGOs, and government institutions working in HIV/AIDS, peace building, livelihoods, governance, and natural resource management. The tool measures 286 indicators across six domains: Governance, Human Resource Management, Financial Management, Program Management, External Relations, and Sustainability (Pact, 2006). Each indicator is scored along an organizational development scale where: 1 = Needs very urgent attention, 2 = Needs urgent attention, 3 = Needs many

improvements, but without urgency, 4 = Needs to improve some aspects, but without urgency, 5 = Needs some minor adjustments, but without urgency, and 6 = No need for improvements. Total scores categorize organizations into a five-stage typology: Nascent, Emerging, Moderate, Expanding, and Mature.

Pact screens potential beneficiaries using three simpler tools to assess management control, program capacity, as well as monitoring, evaluation and reporting. The in-depth OCA tool is utilized at the beginning of organizational development interventions to identify partner strengths and weaknesses and to generate buy-in for capacity building. Partners participate in contextualizing and customizing the tool, but scoring and analysis is conducted by trained facilitators. Assessment results not only identify "quick wins" for organizational change, but also feed into customized institutional strengthening plans specifying organizational development activities as well as M&E systems and communication tools (Pact, 2010).

SCOPEinsight. SCOPEinsight is a global assessment firm which has conducted over 600 assessments in 20 countries spanning 40 agricultural sectors (SCOPEinsight, 2016). The assessments analyze FO strengths and weaknesses for use in self-improvement, capacity building, and M&E, with established products including an In-depth assessment tool targeting professional FOs and a Basic tool for emerging FOs. This research examines the Basic tool in Section 4.5, as the more appropriate assessment tool for the FOs in the case study countries, however the In-depth tool is likely more appropriate for P4P FOs in Latin America.

Two products in development by SCOPEinsight include a tool assessing field agents such as lead farmers or village coordinators, and a tool assessing the character, capacity,

capital, collateral, and context of individual smallholder farmers. The latter could be particularly helpful for P4P in monitoring changes at the SHF level and could potentially be leveraged to incorporate member participation into the SCOPEinsight OCA process.

The Basic assessment measures 93 categories across eight domains: Supply, Operations, Internal Management, Financial Management, External Risks, Market, Financial Performance, Enablers, and Sustainability (SCOPEinsight, 2014b). Each domain contains 2 to 4 categories, and 4 and 21 elements. The assessor summarizes the FO's level of achievement for each element in a few sentences, and assigns a score to each element on a scale from 1 to 5, with 1 indicative of a very immature organization and 5 reflecting a very professional organization. In addition, the assessor includes recommendations for each element, and a description of the level attained by a very professional organization is included in the report.

The assessment generates scores for each of the eight domains, calculated as an average across the elements of the domain, as well as a total capacity score, averaging across domains. By identifying organizational strengths and weakness, the Basic report enables self-improvement, capacity building, monitoring and evaluation, and can be used to signal graduation from support programs. The audience for the Basic tool includes the assessed FOs and their capacity building partners for gap assessment and training needs.

4.4 Comparison of OCA Tools and Methodologies.

Harnessing the typology of indicators established in Table 8, this section compares tool content. While the P4P and SCOPEinsight tools are designed specifically for FOs and address technical marketing capacity, the remaining tools reviewed in Section 4.3 do not

investigate marketing capacity and include FOs among a range of potential targets, including NGOs, CBOs, and even government sectors. Table 7 presents an overview of the tools, ordered from most to least comprehensive.

Table 7.

Overview of organizational capacity assessment tools

Agency	Name of Tool/ Publication	Year	Target Organization	Indica-tors	Response options	Data collection process	Data collection time requirement
SCOPE Insight	SCOPE Pro	2014	Professional FOs	386	5	FGDs with FO management & accountant review	2 days
CRS	HOCAI	2011	Non-profit organizations	290	4	Self-assessment through FGDs, workshop, &/or interviews	Not specified - dependent on data collection process
FAO	In-Depth OPA	2013	Public or private non-profits, including FOs	265	Not specified	Interviews & FGDs	Not specified
PACT	OCA	2010	CBOs, NGOs, and government institutions	175	5 & 1 non-response option	Interviews & FGDs with EC & staff	3 days
SCOPE Insight	SCOPE Basic	2014	Emerging FOs	124	5	FGDs with FO management	4-6 hours
EAFF	OCA	2014	Third-tier FOs	43	3	Self-assessment by broad range of staff	Not specified
FAO	OPA Light	2013	Public or private non-profits, including FOs	35	Not specified	Interviews & FGDs	Not specified
IFAD	Maturity assessment	2015	Rural Grassroot Organizations	29	6-12	Interviews	4-5 days
USAID	OCA	2012	CBOs	26	3	Focus group including all levels of CBO	2-3 days
WFP Ghana	FO classification criteria	2015	FOs	23	3	FGDs with EC	4 hours
WFP Malawi	FO classification criteria	2015	FOs	8	3	FGDs with EC	2 hours

Six of the 11 tools measure fewer than 50 indicators, two examine between 100 and 200 indicators, while the three most extensive collect data on more than 200 indicators. The

P4P tools are the lightest of the group, with the Malawi criteria examining the fewest indicators.

To enable comparison, indicators are reclassified into the typology presented in Table 8, complementing the five assets of the SLA framework with organizational capital and the institutional environment. Not every assessment identifies specific indicators. Some present questions such as "Does the group maintain and utilize up-to-date equipment, and is the equipment maintenance fully budgeted?" which references several categories of indicators: asset maintenance, financial management, and physical capital. This research disaggregates assessment questions into multiple component indicators as appropriate.

The distinction between functional and technical capacities is not explicit in this typology, though most of the organizational processes and structures were functional as only the SCOPEinsight and WFP Ghana tools address technical structures and capacities.

Table 8.

Indicator typology

Category	Description
Human capital	
Skills	People, their skills, and their health
Gender	Womens' representation and participation
Financial capital	Cash reserves, sources of income
Organizational capital	
Motivation	Group identity, FO culture,
Structures	EC, SCs, constitution, by-laws;
	Manuals, job descriptions, institutionalized policies;
	Legal status
Processes	
Adaptive capacity & change management	Incorporation of feedback into structures and processes, incentives to adopt changes
Advocacy & negotiations	Advocacy on behalf of members;
	Negotiations with donors, buyers, and other stakeholders
Asset management	Maintenance of assets
Communications	Internal and external
Conflict management	Conflict resolution processes and outcomes
Finance management	Accounting practices, financial reporting, audits
Governance	Elections, leadership, oversight, & guidance
Human resource management	Reccruitment, compensation, performance evaluations
Knowledge management	Monitoring against plans and evaluation of progress, M&E;
	Training & learning initiatives;
	Report and record management;
	Awareness of policies, risks, member production
Member participation	Bottom-up input into FO activities, decisions & finance
Behaviour	Monitoring of member and leader behaviour and enforcement of sanctions
Operations, management, & administration	(Non-financial) record-keeping, reporting, services, decision-making
Planning	Strategic, budgetary, contingency, succession & operations
Social capital	
Bonding	Perceptions of trustworthiness within the FO
Bridging	Partnerships beyond the FO; image and reputation
Physical capital	Assets, equipment, technology
Natural capital	Access to and interactions with water & land
Institutional environment	
Infrastructure	Roads, bridges
Institutions	Formal and informal institutions

Table 9 presents the distribution of indicators across the seven first-level categories. Financial, physical, and natural capitals are skipped completely by some OCA tools. The WFP Ghana assessment places an unusual emphasis on physical capital, which differentiates between P4P and non-P4P FOs as most of the indicators capture the assets and equipment transferred to P4P FOs on a cost-sharing basis.

Table 9.

Indicators of first-level categories across assessment tools and percentage share of total indicators relative to each assessment.

	Type of capital						Institutional
Tool	Human	Financial	Organizational	Social	Physical	Natural	environment
SCOPE Pro	18	9	292	13	4	17	13
	5%	2%	79%	4%	1%	5%	4%
CRS HOCAI	24	7	234	19		3	3
	8%	2%	81%	7%		1%	1%
FAO in-depth	12		173	25	8		47
	5%		65%	9%	3%		18%
PACT OCA	9	5	140	20			1
	5%	3%	80%	11%			1%
SCOPE Basic	10	3	90	5	5	2	9
	8%	2%	73%	4%	4%	2%	7%
EAFF OCA	2		39	1			1
	5%		91%	2%	0%		2%
FAO light	1		24	2	1		7
	3%		69%	6%	3%		20%
IFAD MA	3	1	17	6	1	1	
	10%	3%	59%	21%	3%	3%	
USAID OCA	3		19	4			
	12%		73%	15%			
WFP Ghana	3		11	1	7	1	
	13%		48%	4%	30%	4%	
WFP Malawi			6	1	1		
			75%	13%	13%		
Total	85	25	1,042	97	27	24	81
Weighted average	6%	2%	75%	7%	2%	2%	6%

All the tools but the WFP Malawi classification include human capital indicators, with half including gender indicators, as illustrated in Figure 12. Most of these gender indicators capture women's representation the member base and leadership positions, with the SCOPE Basic tool including questions about the treatment of pregnant women and their involvement in risky agricultural tasks including exposure to agrochemicals and heavy lifting. None of the tools address women's voice or participation with the organization, such as how women contribute to collective activities, such as community outreach or group sales, nor the extent to which women participate organizational decision-making.

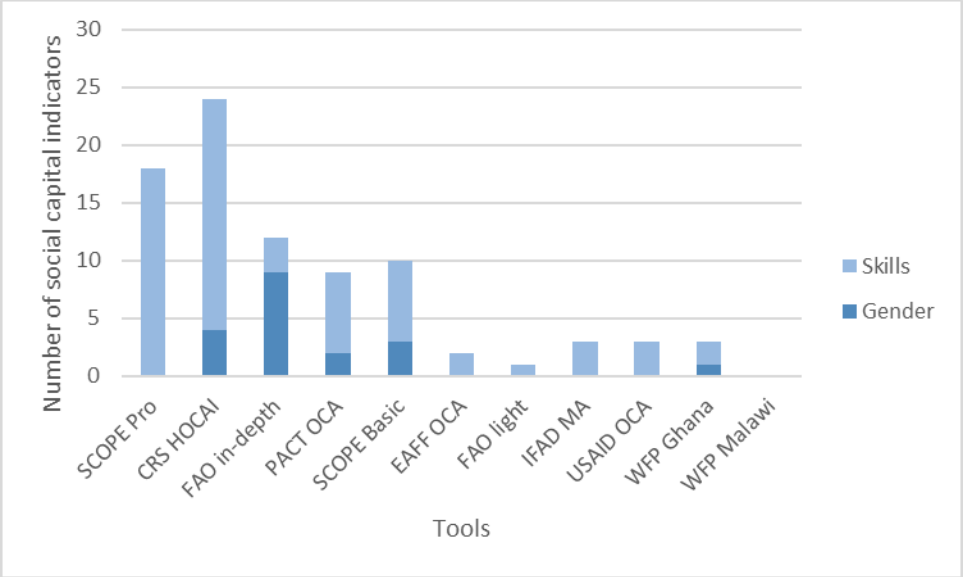

Figure 12. Human capital indicators across assessment tools

All reviewed tools include social capital indicators, with an emphasis on bridging rather than bonding social capital, as presented in Figure 13. Only four OCA measure social bonding indicators, a glaring omission given that "bonding capital ensures cohesiveness and trust among people and is a necessary precondition for attaining common goals" (Anyonge

et al., 2014, p. 2). The FAO in-depth tool exhibits the greatest commitment to social capital, including 11 bonding indicators and 14 bridging indicators, representing nearly 10% of the assessment. The SCOPE Pro tool neglects bonding indicators, while the Basic tool includes only one, *Strength of the membership base*, evaluating member "satisfaction with the services provided to them, the economic performance, the performance of the management, their trust in the management, their feeling of ownership, etc. The difference between active members and official members is also an indicator" (SCOPEinsight, 2014a, p. 17). The WFP tools each contain one bridging social capital indicator capturing the FO's number of buyers beyond WFP.

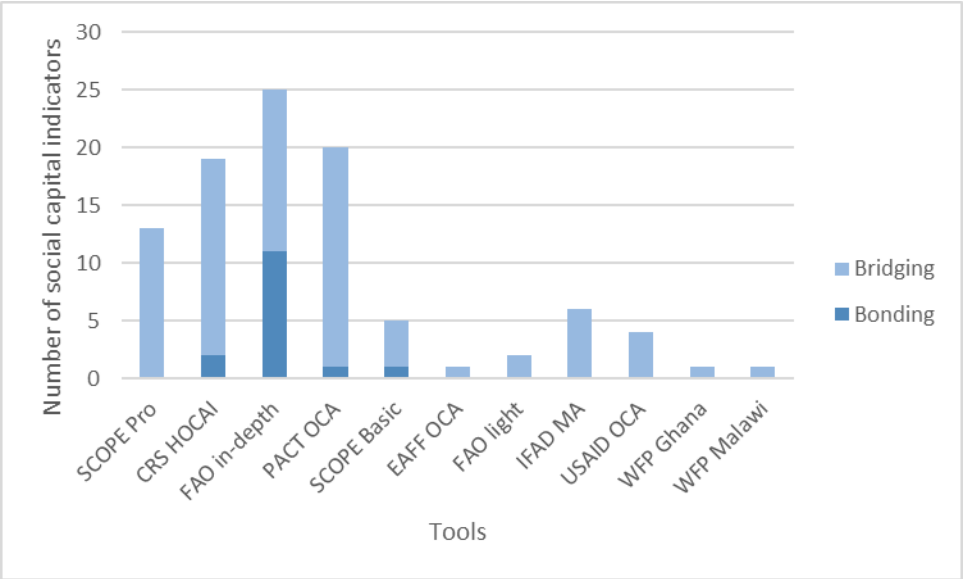

Figure 13. Social capital indicators across assessment tools.

Though the literature emphasizes the significant influence of the institutional environment in shaping organizational outcomes, only the FAO tools emphasize institutional indicators, comprising one-fifth of their tools. The SCOPE tools nod to

infrastructure, competition in terms of suppliers, buyers and other FOs, as well as awareness of national policies on human and worker rights, and child labor laws. None of the OCA tools delve into how economic policies, food quality standards, weights and measures, contracting mechanisms, credit terms, traditional authorities, social norms, and gender roles impact the assessed group. Given the influence of institutions, particularly informal institutions, upon capacity development (IFAD, 2013, 2014; Pritchard, 2014), this dearth, presented in Figure 14, is surprising. A greater focus on the institutional environment would not only develop local perspectives on theories of change and help interpret discrepancies between changes in FO maturity and FO capacity, but also confirm or repudiate assumptions underlying the design of the capacity building initiative, and enable course corrections to accommodate the reality of institutional constraints.

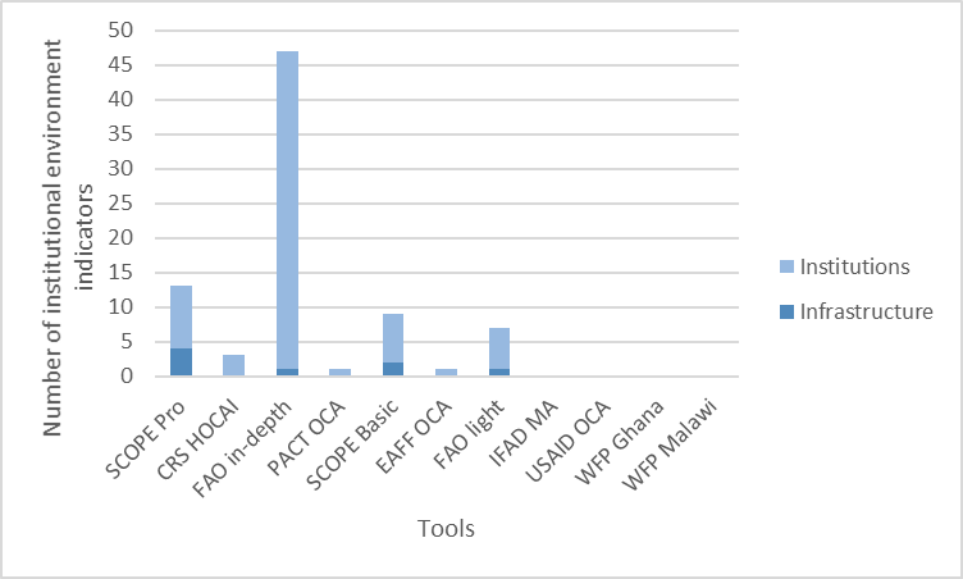

Figure 14. Institutional environment indicators across assessment tools.

The plurality of indicators for each tool captures the FO structures, processes, and motivation comprising organizational capital, with particular emphasis on processes, as presented in Figure 15. Relative to the smaller tools, the larger tools place greater emphasis on organizational structures, particularly internal policies and the division of responsibilities between hierarchies within the organization.

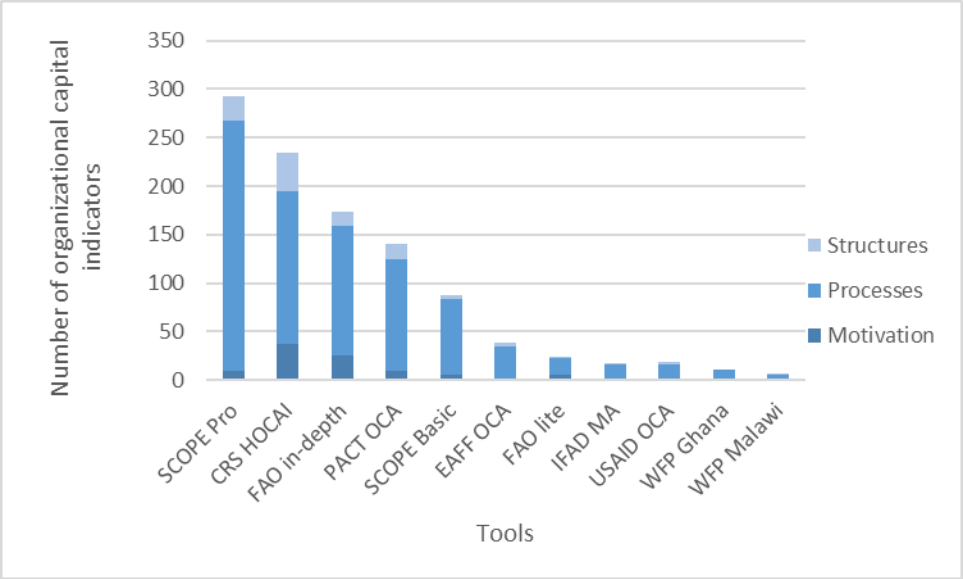

Figure 15. Organizational capital indicators across assessment tools.

Given the importance of mission and vision to organizational change (Kotter, 1995), and the revocable nature of voluntary membership in FOs and the other target organizations of OCA, cursory attention to organizational motivation represents a glaring deficit among the reviewed tools. The IFAD and WFP Malawi tools neglect this category completely, and the EAFF OCA, USAID OCA, and WFP Ghana tools each include exactly one indicator related either to mission and vision or to an element of group history, culture, identity, or cohesion. The WFP Ghana tool captures a history-related indicator, the number of years the

FO has been in existence, a weak measure of either motivation or maturity. The FAO light and CRS HOCAI tools place substantial emphasis on organizational motivation, at 17% and 13% of their content, respectively. Organizational motivational indicators comprise about 3% of the SCOPE tools, focusing upon mission, vision, and objectives as delineated in the business plan in the Basic tool, and organizational history in the Pro tool. Though the drivers of group formation influence group motivation and sustainability (IFAD, 2013), none of the tools examine the intentions underlying group formation.

Across the tools, 80% of the organizational capital indictors capture processes. Aggregated across tools, Figure 16 illustrates the distribution of indicators across Table 8's processes sub-categories. Nearly half of process indicators fall into one of three sub-categories: operations, management, and administration (18%), financial management (16%), and knowledge management (13%).

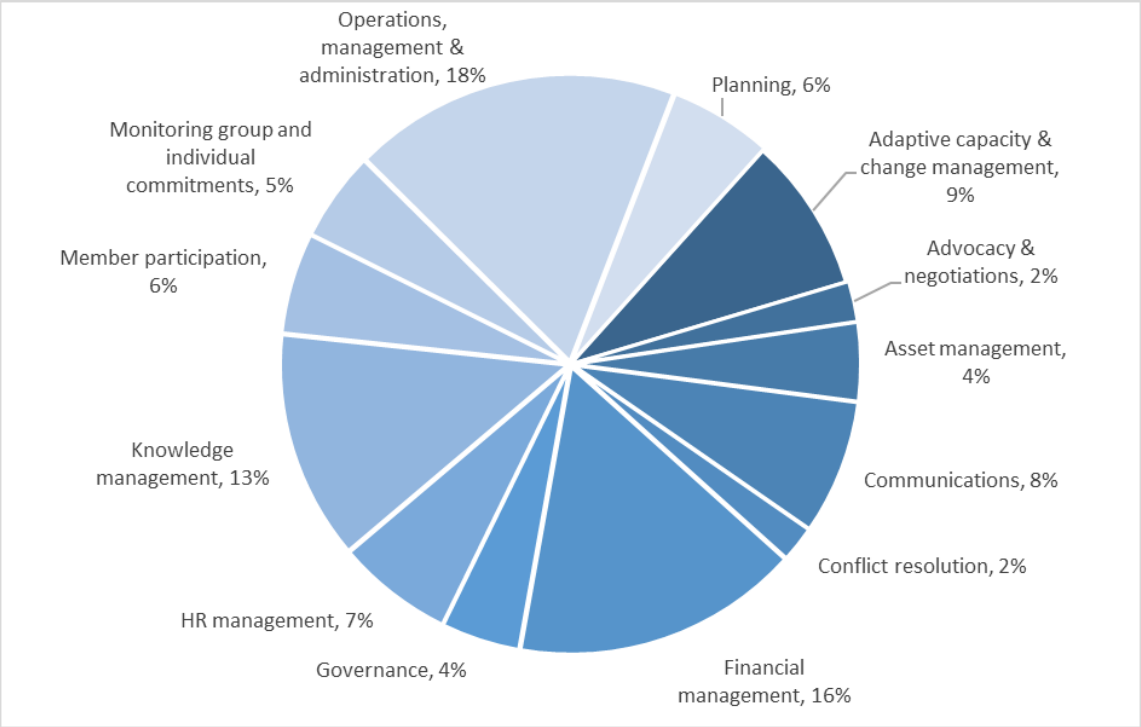

Figure 16. Process indicators of organizational capital aggregated across assessment tools.

Processes reflecting soft skills such as advocacy and negotiations, as well as conflict resolution, total 4% of the process indicators across tools. Member participation, including meeting and training attendance, as well as bottom-up interactions including those between managers and governors, accounts for 6% of process indicators. Though rules-based trust plays in integral role in enabling collective action, monitoring of behaviors and enforcement of sanctions constitutes only 6% of process indicators. Adaptive capacity and change management, capturing the incorporation of internal and external feedback into changes in organizational structures, processes, and incentives to change organizational systems and individual behaviors, comprise 9% of process indicators.

Eight percent of process indicators capture communications. With smaller tools measuring at most one communications indicator, the larger tools include both internal and external communications, as disaggregated in Table 10. Of the bottom-up internal communications indicators, only 3 relate to voice from the membership base; others capture communications from staff to managers, or from managers to governing boards.

Table 10.

Communications indicators across assessments

	Internal			External		
Tool	Top-down	Bottom-up	Unspecified	FO-out	Outside-FO	Unspecified
SCOPE Pro	4	4		1	4	
CRS HOCAI	1	5	2	3	3	3
FAO in-depth	2	2				3
PACT OCA		1		4		3
SCOPE Basic	1	1		1	1	
EAFF OCA						
FAO light						1
IFAD MA				1		
USAID OCA				1		
WFP Ghana			1			
WFP Malawi						

Table 11 presents the distribution of indicators across organizational process categories and assessments. The tools have varying strengths in line with their prioritization of different facets of organizational maturity and capacity. While the PACT OCA tool excels in financial management, the FAO tools surpass its peers in institutional assessment. The FAO in-depth tool draws attention to gender issues and bonding social capital, while the CRS HOCAI tool delves into organizational communications. SCOPEinsight tools are distinguished by their Focus on technical marketing capacity and attention to natural capital distinguish the SCOPEinsight tools.

Table 11.

Distribution of indicators across organizational capacity process categories and percentage share of total indicators relative to each assessment.

Tool	Adaptive capacity	Advocacy	Asset mgmt	Commu-nications	Conflict mgmt	Finance mgmt	Gover-nance	HR mgmt	Know-ledge	Partici-pation	Beha-viour	Opera-tions	Plan-ning
SCOPE Pro	15	5	12	14	1	28	3	10	49	9	33	59	20
	4%	1%	3%	4%	0%	8%	1%	3%	13%	2%	9%	16%	5%
CRS HOCAI	15	8	15	21	5	21	1	8	29	14		18	3
	5%	3%	5%	7%	2%	7%	0%	3%	10%	5%		6%	1%
FAO in-depth	25	2	3	8	8	23	9	9	29	3		8	7
	9%	1%	1%	3%	3%	9%	3%	3%	11%	1%		3%	3%
PACT OCA	6	2	1	8		37	14	12	10	10	1	11	3
	3%	1%	1%	5%		21%	8%	7%	6%	6%	1%	6%	2%
SCOPE Basic		1	2	7		6	3	1	24	2	5	25	6
		1%	2%	6%		5%	2%	1%	20%	2%	4%	20%	5%
EAFF OCA	2		1			6	1	9	3	2		8	2
	5%		2%			14%	2%	21%	7%	5%		19%	5%
FAO lite	3			1		3	2	1	2			2	3
	9%			3%		9%	6%	3%	6%			6%	9%
IFAD MA	3		1	1	1				4	4	1	1	
	10%		3%	3%	3%				14%	14%	3%	3%	
USAID OCA				1		3	1	2	1	1		4	2
				4%		12%	4%	8%	4%	4%		15%	8%
WFP Ghana				1		1						8	
				4%		4%						35%	
WFP Malawi					1		1					3	
					13%		13%					38%	
Total	69	18	35	60	16	128	35	52	102	45	40	146	46
Weighted average	5%	1%	3%	4%	1%	9%	3%	4%	7%	3%	3%	11%	3%

The smaller tools, of 50 or fewer indicators, are better described by the facets they lack. With the exception of the FAO light tool, they do not address the institutional environment, nor bonding social capital. In aggregate, the smaller tools do not focus on financial capital, organizational structures, motivation, or communications, especially internal communications. Their coverage varies, as indicated in Table 11.

The classification criteria used in Ghana and Malawi are less comprehensive and less resource intensive relative to the set of OCAs reviewed. In addition to sharing the gaps exhibited by the smaller tools, the Malawi tool does not include indicators of human capital, natural capital, nor communications. The Ghana tool places heavy emphasis on physical capital, as well as WFP marketing history. It also includes an indicator estimating risk of default on WFP contracts, which should be determined from OCA findings rather than contribute to the assessment.

In terms of methodology, the P4P tools are less participatory than the other OCAs, save the SCOPEinsight tools, and are utilized for the narrow purpose of grouping FOs into capacity categories to determine appropriate contract modalities, rather than aiming to contribute to the assessed organization's capacity development.

4.5 Analysis of the SCOPEinsight Basic Tool

The SCOPEinsight and WFP Ghana tools are the only ones exploring the technical structures, processes, and physical capital associated with collective marketing. In terms of organizational processes, the Ghana tool investigates previous marketing experience, while the SCOPEinsight tools delve into critical processes such as oversight of member

production activities, inbound logistics, testing commodity, management of stocks, and outbound logistics.

Among the OCAs reviewed, the SCOPEinsight tools stand out for their assessment of technical capacity in collective marketing and processing. They have the potential to greatly strengthen P4P assessments by adding significant depth to OCAs, standardizing assessments across countries harmonize classification and to enable comparability. The SCOPEinsight assessment of technical marketing capacity can help WFP determine appropriate contracting modalities. This sub-section examines the SCOPEinsight Basic methodology, methods, and content within the framework for participatory capacity building developed in Chapter 3.

It should be acknowledged that the SCOPEinsight tools did not emerge from participatory capacity building. The great strength of these tools lies in their objective assessment of technical capacities relevant to the interests of P4P and the interests of actors along the supply chain. However, for development organizations committed to capacity building, technical marketing assessments do not provide a robust understanding of FO motivation, bonding social capital, and the structures and processes which enable member voice and non-token participation within the organization. These functional capacities improve FO capacity to succeed across a wide range of prospective endeavors and enable collective action, including group sales. Given that 50% of SHF will not be able to connect with formal markets (Ferris et al., 2014), FOs with empowered membership bases likely have goals and objectives beyond collective marketing which reflect member priorities and can be supported through capacity building initiatives. Tailoring a capacity building strategy to

support objectives endogenous to the FO requires understanding FO vision and member priorities.

Elite capture is a well-documented phenomenon among FOs, and functional capacities determine the distribution of program benefits within an organization. An FO with a high level of technical marketing capacity may participate in "group" sales by aggregating commodity from a few wealthy members or FO executives, topping off with market purchases or lower-priced purchases from poorer FO members. In this case, the benefits of formal market access provided by P4P are captured by elites. This distributional issue does not pose a challenge for private sector buyers seeking commodity sources, for banks financing FO investments, or for WFP's Procurement Unit ensuring a well-stocked pipeline. However, for development agencies committed to FO capacity building, including the P4P Unit, a regressive distribution of benefits sabotages the goal of increasing SHF market access and altering the "sell-low, buy-high" SHF market dynamic.

4.5.1 Methodology.

The SCOPEinsight reports identifying organizational strengths and weakness can be harnessed into the capacity development, however the SCOPEinsight approach does not reflect a participatory capacity building methodology. This manifests in data collection, the knowledge generation process, independence as a stand-alone assessment, and the basis for capacity gap identification.

Data gathered to produce the SCOPEinsight assessments include documents submitted by the FO and primary data collected through FGDs with FO leaders. Members beyond the leadership ranks do not participate in the assessment, in contrast with the other

OCA methodologies, excepting the P4P classification criteria. Gathering primary data exclusively from leaders subjects the assessment to bias, as leaders are wealthier and better educated than members, and well-versed in the language of development agencies, as detailed in Section 3.5.2.

SCOPEinsight offers an external evaluation conducted by professional assessors, generating consultative, rather than collaborative, participation from FO leaders. Assessed FOs do not participate in the selection or prioritization of indicators, the scoring of results, or assessment analysis. Assessed groups own neither the process nor the outputs of the OCA. The SCOPEinsight process does not support functional organizational capacity through the generation of endogeneous knowledge.

Assuming that FOs receive copies of the assessment reports, that FOs have access to the human capital required to read and interpret the reports, and that the assessed FOs communicate findings with members, the SCOPEinsight outputs, such as the Basic report, can serve as a springboard for internal reflection, analysis, and planning. The functional capacities of the FO determine the degree to which this set of assumptions is realistic. The Basic report includes a side-by-side comparison of the assessed group's total score and domain scores against those averaged across 4 peer FOs in the project, a useful metric for understanding FO strengths and weaknesses relative to comparable groups.

The Basic report identifies organizational strengths and weaknesses, which can serve as a basis for capacity building. However, as a professional assessment firm, SCOPEinsight does not facilitate visioning or strategic planning. The SCOPEinsight OCA is a stand-alone exercise; it is contingent upon the development agency and assessed organizations to

incorporate assessment results into capacity building. Failure to take advantage of the findings represents a missed opportunity.

If indeed the Basic reports are integrated into capacity building, the capacity gaps identified by the SCOPEinsight assessor reflect differences between FO current state and the assessor's conceptualization of "very professional organizations." Failing to ground capacity gaps in a vision of preferred future state endogeneous to the assessed group not only risks categorizing gaps in areas irrelevant to the FO's mission, vision, and strategic objectives as weakness, but also threatens to undermines FO autonomy. If gaps identified by SCOPEinsight serve as the sole basis of a capacity building strategy, lack of alignment with group vision will likely hinder implementation.

4.5.2 Methods.

As noted in Section 4.3, SCOPEinsight tools do not specify indicators. The Basic tool has 8 domains; with each domain populated by 2 to 4 categories, each containing between 4 and 21 elements. Elements may reference multiple indicators, and the 93 elements of the Basic tool yield 124 indicators according to this study's indicator typology.

To attain a final capacity score, SCOPEinsight adopts a two-tiered averaging methodology, with all elements weighted equally within a tier. The final capacity score is an average of domain scores, with all 8 domains bearing equal weight. Each domain score represents the average of element scores, with each element weighted equally.

Due to this scoring method, the contribution of a particular element to the final capacity score directly depends upon the number of elements in the domain. For example, the element *Mitigation strategies for weather and natural risks* in the External Risks domain carries

five times more weight in the final score than the *Objectives of executives* element in the Internal Management domain because External Risks includes four elements, while Internal Management includes 21 elements.

The inclusion of multiple indicators within some elements privileges some indicators over others in terms of contribution to the final score. For example, the *Maintenance and cleaning* element in the Operations domain includes one indicator, whether the storage facility is properly maintained. As one of 7 elements in the Operations domain, the *Maintenance and cleaning* indicator constitutes 1.78% of the total score, $\left(\frac{1\ indicator}{1\ element} * \frac{1\ element}{7\ sub-categories\ in\ Operations\ domain} * \frac{1\ domain}{8\ domains} = 1.78\%\right)$.

By contrast, the *Strength of membership base* element, one of 12 within the Supply domain, measures member "satisfaction with the services provided to them, the economic performance, the performance of the management, their trust in the management, their feeling of ownership, etc. The difference between active members and official members is also an indicator" (SCOPEinsight, 2014a, p. 17).

Comprised of at least 6 indicators, *Strength of membership base* is the only Basic tool element capturing member perception of the FO and bonding social capital. A great deal of rich information on member satisfaction, trust, and ownership is compressed into this one element, which contributes only minimally to the total capacity score, $\left(\frac{1\ element}{12\ elements\ in\ Supply\ domain} * \frac{1\ domain}{8\ domains} = 1.04\%\right)$. Any of the specific indicators within the *Strength of membership base* element, such as the sole bonding social capital indicator measuring cognitive trust between members and leaders, contributes $\frac{1.04}{6} = 0.17\%$ to the total score. While maintenance and cleaning is clearly important for FOs utilizing storage facilities to

process and aggregate commodity for collective sales, member's trust in FO leaders underpins all FO undertakings. Due to SCOPEinsight methods, storage maintenance bears 10 times the weight of members' trust in FO leaders in determining the assessed group's final score.

4.5.3 Content.

In terms of content, the SCOPEinsight strengths in technical capacity are complemented by weaknesses in certain facets of functional capacities, as exemplified in *Strength of membership base*. In percentage terms, Figure 17 presents the Basic tool's distribution of indicators across the Table 8 categories compared against an aggregate of the OCA tools reviewed. The tool's focus on the organizational processes of knowledge generation and management, as well as operations and management, is readily apparent, with these two sub-categories of organizational capital processes accounting for nearly 40% of tool content.

The knowledge indicators include multiple types of awareness: of external institutions, of FO performance, of member production, of waste management practices, of water body protection, of agrochemical storage and disposal, and of risks to operations, including market, price, weather, natural, and biological risks. The degree to which some awarenesses are operationalized at the FO-level are measured in the Operations and Internal management domains, however operationalization at the member level is not assessed.

The Basic tool mirrors the aggregated OCA content with respect to institutions, with slightly greater attention to human capital, financial capital, and infrastructure. Due to the focus on technical capacities, the SCOPE tool places greater emphasis on physical capital and infrastructure relative to other tools.

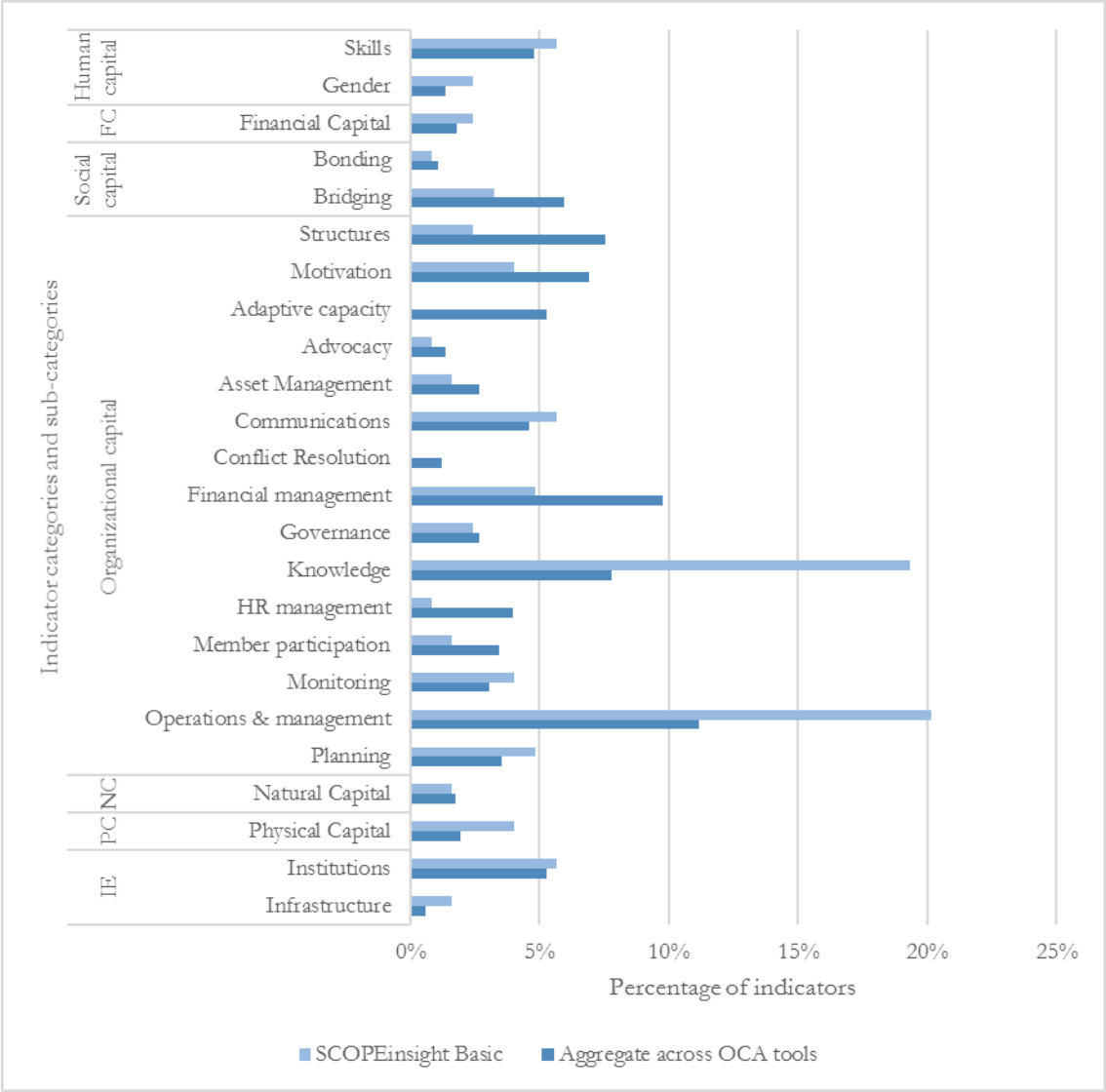

Figure 17. Distribution of SCOPEinsight Basic indicators across categories.

Relative to the aggregate OCA, the SCOPEinsight Basic tool places less emphasis on social capital, organizational structures and motivation, and the organizational processes of adaptive capacity, conflict resolution, human resource management, and member participation. The next section proposes additions to the SCOPEinsight Basic tool to address these lacunae, with the exception of human resource management, which

contributes to incentivizing and retaining employees, but is not identified as a critical component of sustainable collective action or organizational change.

4.6 Recommendations Toward SCOPEinsight Basic Plus

Between its focus on technical marketing capacity and its objective methodology, the SCOPEinsight Basic tool holds great promise for standardizing FO assessments and for informing P4P procurement strategies. As a tool to achieve WFP administrative and procurmement objectives, the SCOPEinsight Basic OCA excels. With some enhancements, a SCOPEinsight Basic Plus tool could also build FO capacity while improving WFP's understanding of the strengths and weaknesses of P4P FOs. This section presents additions and changes to the SCOPEinsight Basic tool and methodology to enable a robust assessment of FO functional capacities as conceptualized within the participatory capacity building framework established in Chapter 3.

4.6.1 Proposed content.

As established in Section 3.2.2, the teleological family of organizational change models highlights the importance of organizational motivation in driving organizational change and the role of adaptive capacity in codifying change into organizational structures and processes. Section 2.3 develops member participation and voice, rules and trust, as well as effective conflict resolution mechanisms as foundations of successful and sustainable organizations.

This section draws on the literature on rules-based trust and organizational change to propose additions toward a SCOPEinsight Basic Plus tool. These additions encompass 3

domains, Organizational Motivation, Member Participation, and Organizational Structures, as well as an Adaptive capacity category. The domains, categories, and elements presented in this sub-section are further developed alongside scoring criteria in Appendix C.

Organizational Motivation domain. An Organizational Motivation domain unpacks the multiple elements in the *Strength of membership base* element, bringing clarity to important elements and outcomes of organizational motivation. The SCOPEinsight tool already includes five indicators of organizational motivation: *Objectives of executives'* in the Internal Management domain, measuring alignment between executives' and FO objectives; *Mission and vision* and *Business objectives* also in the Internal Management domain, exploring these elements as documented in the business plan; *Value of services to members* in the Supply domain, measuring the services offered to members and the loyalty inspired by service provision; and *Branding* in the Market domain, which explores awareness of FO identity. Of these, only *Value of services to members* belongs in an Organizational Motivation domain, the others are well placed where they are.

Given the importance of mission and vision in motivating organizational change, it is surprising to observe these elements are assessed only as components of the business plan. A group without a business plan scores a 0 in the *Mission and vision* element (and in *Business objectives*, as well), though elements are typically scored between 1 to 5. This scoring method is fair within the limited scope of business plan assessment, however "analysing the vision and mission of an organization offers insight into the organization itself" (Rocchigiani & Herbel, 2013, p. 27), and can be easily incorporated into the OCA. Even more revealing is the degree to which members have internalized the mission and vision of the FO, however obtaining this information would require methodological changes, as developed in the next

sub-section. Determining "the degree to which the formal mission statement is understood and internalized by members and stakeholders of the organization; that is, … the congruence of the perceived and stated missions" (Lusthaus et al., 2002, p. 96) is a critical function of OCA for capacity building.

This study proposes three categories within the Organizational Motivation domain: Mission and vision, History, and Group cohesion. The Mission and vision category includes three elements. *Mission and vision* assesses the clarity and feasibility of these statements as articulated by leaders and members. *Operational plans* measures the indicators of the *Business objectives* element, independent of the written business plan. The final element, *Marketing identity*, examines the degree to which collective marketing features in FO vision and mission. Though *Marketing identity* does reflect not functional capacity, it signals compatibility between capacity building strategies designed to increase technical marketing capacity and FO priorities. As a common, compelling vision is the driver of organizational change, this indicator is particularly relevant to P4P and other programs supporting market access.

The History category includes only one element, *Group formation*, which examines the drivers of group formation, identified as being particularly relevant to the organizational sustainability and continuation of project activities after the funding cycle (IFAD, 2013).

The Group cohesion category adopts *Value of services to members,* currently in the Supply domain, and adds five additional elements: *Member satisfaction with contributions*, which explores members' understanding of and satisfaction with the use of their cash, in-kind, and labor contributions to the FO; *Member assistance*, which examines assistance rendered to group members in times of need and the process through which the group confers

assistance; and three indicators of trust, affective trust between members, cognitive trust in leaders, and perceived trustworthiness of the FO.

Appendix D presents the methodology utilized to generate the three trust indicators during the case study. Both study teams (including P4P staff and implementing partners in Ghana) identify the section on bonding social capital as the most revealing. As framed by this research, these indicators are a measure of functional capacity outcomes.

Member Participation domain. A participatory approach to capacity building explicitly values member participation as a means toward member empowerment (Rocchigiani & Herbel, 2013) and a counter-weight against elite capture (Herbel et al., 2012). The SCOPE Basic tool includes two indicators of Member Participation: *Reliability of supplies from members* in the Supply domain which assesses the timeliness of member contributions to collective sales; and *Membership fees* in the Financial Management domain, which examines the percentage of members current on their dues.

This study proposes four categories within the Membership Participation domain: Conflict resolution; Meetings, dues, and sales; Learning; and Planning. Conflict resolution includes three elements: *Raising concerns*, which investigates the paths available for members to raise concerns about FO plans, rules, activities, and members' satisfaction with the process; *Conflict resolution mechanisms*, which explores the internal structures and processes available to the FO for resolving conflict; and *Conflict resolution history*, which explores the timeframe for and member satisfaction with the resolution of previous conflicts. Though categorized as a Conflict resolution element, *Raising concerns* also serves as an indicator of Bottom-up communications. This domain category captures aspects of Ostrom's design principles related to rules modification and conflict resolution, developed in Section 2.3.

The Meetings, dues, and sales category includes five elements: *General meeting frequency*, which captures the number of general meetings open to the membership base during the previous year; *General meeting attendance*, which estimates the average percentage of members present at last year's general meetings; *Membership fees*, currently categorized in the Financial Management domain, examines the percentage of members current or expected to be current on their membership fees by the end of the season; *Trend in active members*, which aims to capture a three-year trend in the number of members fulfilling all conditions of active membership, such as dues payment, share purchase, meeting attendance, labor requirements, and so on; and *Percentage of members contributing to group sales*, which examines the average percentage of members contributing to collective sales over the last three years. For programs with a gender focus, such as P4P, indicators such as *Percentage of group sales contributed by women* or *Percentage of women members contributing to group sales* can be included.

The Learning category includes two elements: *Production learning* and *Business Learning*, which both measures the degree to which transmission of information to members includes active learning through workshops, field days, and plot inspection, as opposed to passive classroom learning. The Planning category includes two elements: *Member involvement in planning decisions* and *Member involvement in operational decisions*, which categorize member involvement into different levels of participation (Arnstein, 1969).

Organizational Structure domain. Organizational structures, including rules, their monitoring and enforcement, and bodies which enable monitoring and enforcement, serve as the basis for rules-based trust, which enables successful collective action and organizational performance. Rules governing member behaviors, and way and degree to which they are monitored and enforced, influence how members participate within

organizations. This domain develops elements reflecting Ostrom's design principles related to rules, monitoring and enforcement, and the right to organize.

The Organizational Structure domain includes 4 categories: Rules, Sales rules, Interference, & Active SCs. Rules includes three elements: *Rules, Rules monitoring,* and *Rules enforcement. Rules* captures the number of formal and informal rules elaborating the terms of membership with associated sanctions. Rules outlining expected fee contributions, share investments, meeting attendance, and member assistance can be formalized into constitutions, by-lays, and procedures, or remain unwritten as informal FO norms. Associated penalties may include fees or fines, deductions from share investments, written or verbal warnings, restriction from group activities, and membership revocation.

Rules are effective to the degree they are monitored, enforced, and adhered to. *Rules monitoring* captures parties tasked with monitoring while *Rules enforcement* measures the degree to which rules are enforced. Adapted to focus on collective marketing, the Sales rules category includes elements parallel to those in the Rules category: *Sales rules, Sales rules monitoring,* and *Sales rules enforcement.*

The remaining categories in the Organizational Structures domain each contain singular elements*: Interference* and *Active sub-committees. Interference* assesses the influence and degree to which actors external to the organization, such as traditional authorities, political figures, financial institutions, as well as partners, limit the group's autonomy and self-determination. In recognition that SCs diffuse power out of the Executive Committee, protect against elite capture, and enable stronger management and oversight, *Active sub-committees* counts the number of SCs that meet regularly, address challenges facing the organization, and manage or oversee FO operations.

Adaptive capacity category. Given the importance of double-loop learning (Argyris & Schon, 1974) to organizational change (Kotter, 1995), relevance, and longevity (Rocchigiani & Herbel, 2013), this research proposes a final category for inclusion into SCOPEinsight Basic Plus, an Adaptive capacity category with 4 elements: *Market response, Structural response, Risk mitigation,* and *Phase-out impact*. *Market response* assesses the FO's history in grappling with unexpected market dynamics, such as unpredicted price changes, buyers' inability to fulfill promises, export bans, and other potentially deleterious changes. *Structural response* investigates the FO's history of adapting organizational structures and processes in response to learning from experience. These changes be formal, such as amendments to the constitution, or informal, such as changing the way the group does business without documenting the changes in by-laws, procedures, or manuals.

Though the SCOPEinsight Basic tool includes an External Risks domain, and the assessed group's awareness of different types of risk is evaluated through elements across multiple domains. By contrast, the proposed *Risk mitigation* element does not differentiate between risk types, but rather examines the FO's posture toward risk mitigation. Does the organization proactively diversify its members, crops, buyers, and activities to minimize risk exposure, or does it react to changes after they occur?

The final element of the Adaptive capacity category, *Phase-out impact*, captures organizational response to the end of supply-side partner support.

The domains, categories, and elements presented in this sub-section, are further developed in Appendix C, alongside scoring criteria.

4.6.2 Proposed methodologies.

Adding elements and re-categorizing content to prioritize functional capacity indicators utilizing the SCOPEinsight methods are relatively changes simple to adopt. On the other hand, adopting principles of participatory capacity building into the SCOPEinsight methodology requires significant modifications and additional costs. This sub-section motivates a more participatory methodology and proposes options for achieving greater member participation.

The objective of changing the SCOPEinsight methodology is to increase member voice in the OCA to achieve both process and product outcomes. In terms of process, including members in the assessment provides them an opportunity to learn about their FO, as well as to share their perspectives of FO strengths and weaknesses with other members and leaders. This process of sharing, reflecting, and learning increases functional knowledge capacities at the individual and organizational levels, increases group cohesion and identification, and may shift power dynamics within the organization, empowering members by validating their perspectives. Participatory OCA may double as training experiences, with inclusive, collaborative participation providing "the first time (members) were faced with an assessment exercise where they were given the right to speak and the time to express themselves" (Elbehri et al., 2013, p. 99).

In terms of product, including members provides the perspective of farmers who are not as well-educated and not as well-versed FO operations and partner relations. Member perceptions of and trust in the FO influences their participation within the group, and

reveals to outsiders group dynamics which are not discernable from FO records and discussions with leaders.

Leaders of FOs are elites (Kumar, 2002; Mansuri & Rao, 2013; Uphoff et al., 1998). Well-versed in the language of development agencies (Mosse, 2001), leaders tailor their message to their understandings of donor expectations (Michener 1998), hold considerable control over FO operations (Elbehri et al., 2013), and benefit disproportionately from FO capacity building initiatives (Cohen & Uphoff, 1980). Including regular members in the OCA process improves assessment outputs by providing a non-elite perspective on FO priorities and relevance. This creates the opportunity for members to contradict leader proclamations, either directly, or indirectly through body language, cueing the assessor to probe into statements generating discomfort within the group.

Elements of the SCOPEinsight Basic tool, such as *Strength of membership base,* cannot be accurately measured in the absence of member participation. Similarly, proposed elements of the SCOPEinsight Basic Plus tool, such as *Member satisfaction with contributions, Trust in leaders,* and *Raising concerns*, require member input. Should members be included in SCOPEinsight assessments, budgets should foresee the participation of members located far from FO headquarters, who likely have different perspectives on FO strengths and weaknesses compared to members physically proximate to the FO (Amani, 2014a).

Including members in FGDs as part of the OCA process bears non-negligible expenses, however it provides the greatest opportunity for collaborative participation from members and reflects the value of inclusion participation shared by the tools reviewed, save WFP and SCOPEinsight OCA. If adopted, the assessor would need to be sensitive to power dynamics between FO members and leaders, intentionally creating space for member voice

in the interest of an equitable and transparent assessment process (Barnaud & van Paassen, 2013).

An alternate and less costly means of incorporating member perspectives into the assessment would be through text messages. The SCOPEinsight Farmer pilot tool collects data from SHF via text message on the character, capacity, capital, collateral, and context of FO members. Assuming SCOPEinsight has the equipment and methodology for collecting this type of information from a randomized sample of FO members, and further assuming that members have the capacity to understand and respond to the questions, this approach can be utilized gather member perspectives on their understanding of FO mission, vision and objectives; the degree to which the FO represents their interests; their participation in and satisfaction with FO activities; as well as their trust in peers and leaders.

Member participation through this avenue represents an improvement over SCOPEinsight's current methodology. However, relative to the FGD option, consultative participation through text messages does not build functional knowledge capacities of members nor organizational motivation, does not provide direct feedback from members to leaders, and cannot empower members. Furthermore, unless member responses are collected and analyzed in advance of FGDs with leaders, contradictions between leader and member perspectives cannot be explored.

In the interest of maintaining objectivity and comparability across assessments, this research does not recommend that FOs participate in scoring the assessments, leaving that critical function to objective assessors. However, as developed in the following section, an internal validation workshop could provide the opportunity for FOs to process assessment results, to compare current capacities against those required to realize their vision of success,

and to prioritize capacity gaps through the creation or adjustment of a capacity building strategy.

4.7 OCA Lessons Learnt and Best Practices

Challenges in conducting participatory OCA for capacity building include lack of staff skilled in facilitation for capacity development. Confirming, rather than assuming, the qualifications of SCOPEinsight assessors is a worthwhile investment, and if the methodology is expanded to include collaborative participation from members, assessors should be trained in facilitating FGDs to ensure equitable participation from groups with entrenched power dynamics.

Reluctance to initiate and commit to the time-consuming, effort-intensive assessment is an additional constraint (CRS, 2011). Though OCA yields long-term benefits, it draws attention and resources away from short-term, seemingly-imperative demands. Framing the OCA as a learning opportunity designed to build FO functional capacity, rather than an administrative requirement, and scheduling the assessment well in advance around FO activities can ease this concern.

Mistakes to avoid include framing OCA as a test and linking support to assessment outcomes (Simister & Smith, 2010), generating unrealistic expectations regarding appropriate capacity building strategies (ICRAF, 2013), and failure to harness OCA outcomes into a customized capacity building strategy (Pact, 2012). The first mistake can be avoided by keeping P4P support independent of OCA analysis. The second can be circumvented by including FOs screened for P4P inclusion into the planning stage of the capacity building process, being transparent about the objectives and priorities of all stakeholders, and

empowering assessed groups to use OCA results to forge their own solutions in remediating endogenously identified capacity gaps.

The SCOPEinsight OCA process can be utilized within a capacity building process. However as professional assessors, SCOPEinsight does not conduct visioning exercises, identify capacity gaps relative to the FO preferred future state, nor does it facilitate the creation of a customized capacity building strategy, the 3 stages following the capacity assessment as illustrated in Figure 11. By working with SCOPEinsight as the implementing partner for FO OCA, P4P runs the risk of "put(ting) the results of such powerful processes on a shelf, or produc(ing) and fil(ing) the report without further action" (Pact, 2012, p. 18).

Some assessed FOs with sufficiently high levels of knowledge and planning capacity, coupled with a dense network of partners, may be able to harness the SCOPEinsight Basic report in support of their functional capacities and strategic plan. However, lower maturity FOs with fewer prospective partners will encounter difficulties in bearing full responsibility for their capacity building if they have not attained the threshold level of empowerment required for collegial participation.

To actualize the potential of SCOPEinsight Basic Plus to build FO capacity and to ground a customized capacity building strategy, it is recommended that P4P follow up on OCA results with workshops convening FO leaders, FO members, and stakeholders, including P4P partners and prospective partners. Depending on FO maturity, the workshop can be internally conducted or facilitated by outsiders, but should serve the objectives of: 1) reviewing and validating OCA results, 2) clarifying FO vision, 3) identifying capacity gaps between assessed capacity and preferred future state, and 4) designing, or updating, a

customized capacity building strategy reflecting the priorities and objectives of the FO, as well as resources availed by the FO, supply-side partners, and WFP in pursuit of FO vision.

Best practices of OCA include ensuring full support from FOs and the wholehearted, active engagement of leaders (Fowler et al., 1995); appropriate facilitation techniques which build trust and create the opportunity for collaborative participation from all participants (Pact, 2012), particularly in isolated rural areas with socio-economically marginalized populations (Rocchigiani & Herbel, 2013); and staying true to the principles of OCA by ensuring that the process builds FO capacity (CRS, 2011). Though self-assessments with external validation have great potential to build FO capacity, as developed in Section 3.3.2, external OCA can be harnessed into the participatory capacity building process through an internal validation, visioning, and strategy building workshop.

4.8 Conclusion and Recommendations

Organizational maturity and capacity can be assessed through participatory OCA, which are multi-level, participatory, inclusive, transparent, and empowering. When determining indicators to collect in OCA, the literature on collective action suggests focusing on rules, their monitoring and enforcement; conflict resolution mechanisms; member participation in voicing concerns and changing rules which impact them; and minimal external interference in internal governance decisions (Ostrom, 1990). These indicators capture the mechanisms generating rules-based trust and social capital, which enables groups of people to overcome coordination problems and achieve collective action (Ostrom, 2000).

The literature on organizational change, specifically teleological organizational change which underlies the iterative capacity building framework (Van de Ven & Poole,

1995), suggests inclusion of indicators capturing organizational motivation, especially vision, and double-loop learning in which lessons learned from experience are transformed into organizational structures and processes (Kotter, 1995). Bonding social capital, organizational motivation, and incentives incorporated into organizational structures and processes shape how information transmitted through learning activities is transformed by individuals into behavioral and organizational change (de Rosa & Belman, 2012).

Comparing the suite of OCA tools to the findings from the collective action and organizational change literatures suggests greater attention to organizational motivation, conflict resolution, rules-based trust, member participation, and bonding social capital. Furthermore, though both the institutional environment and the biophysical environment exert a great deal of influence on FO capacity, the OCA tools reviewed, as a set, do not adequately address these constraints.

The SCOPEinsight Basic tool excels at capturing technical marketing capacity, and bringing SCOPEinsight into the P4P network of partners would bring great value to WFP in terms of generating objective and comparable assessments of P4P FOs. The SCOPEinsight Basic tool can be harnessed by WFP to standardize FO classification, to serve as a basis for M&E, to inform procurement, and to select FOs into P4P. Selection criteria should include alignment of FO mission, vision, and strategic objectives with the P4P goal of connecting SHF to formal markets. Additional selection criteria may include threshold levels of bonding social capital and organizational maturity. Purchase for Progress would benefit from further refining its target beyond "smallholder farmers capable of producing surpluses" (WFP, 2012, p. 10), and re-specifying project goals based upon the SHF segment targeted.

As an objective, external assessment, the SCOPEinsight Basic tool achieves the administrative goals of OCA, but does not satisfy the conditions of OCA for participatory capacity building. This chapter compares SCOPEinsight Basic against the other OCA tools and the literature. The study develops content to address functional capacity gaps in the SCOPEinsight Basic tool, including Organizational Motivation, Member Participation, and Organizational Structure domains, as well as an Adaptive capacity category, detailed in Appendix C. Proposed methodologies for aligning a SCOPEinsight Basic Plus tool with the principles of participatory OCA include greater member participation either through FGDs or text messaging, as well as internal workshops to validate and incorporate OCA findings into the participatory capacity building process. Follow-up is required to ensure that P4P and participating FOs leverage the capacity building opportunity created by the SCOPEinsight assessments.

Chapter 5

PURCHASE FOR PROGRESS IN GHANA AND MALAWI

5.1 P4P Overview: Background, objectives, and interventions

WFP has sourced food commodity from developing countries since at least 1985. From 1986 - 2002, purchases from developing countries hovered around 20-30% of total food procurement (WFP, 2012). In the aftermath of the Indian Ocean Tsunami of December 2000, an outpouring of cash flooded the relief effort, encouraging the food aid community to explore alternatives to transoceanic food aid. Figure 18 illustrates this shift in willingness to procure from developing countries, which has hovered around 70% since 2008. Against the backdrop of significant LRP, WFP considered how to structure procurement to generate development impacts, particularly for SHF, to achieve the dual purpose of providing food assistance while simultaneously reducing poverty through improving SHF access to markets.

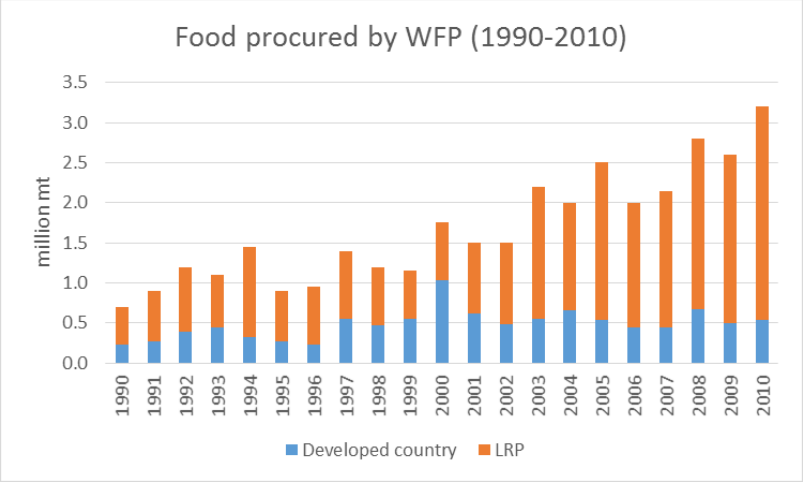

Figure 18. Food procured by WFP (1990 - 2010). Adapted from *Purchase for Progress: A Primer,* by WFP, 2012 and *Food Procurement Annual Report 2010,* by WFP, 2011.

Smallholder farmers face significant barriers to formal market access including inability to produce in regular and sufficient quantities to satisfy demand from large buyers, inability to meet exacting buyers' quality standards, and lack of awareness about sales opportunities (Markelova et al., 2009). Compelled by immediate cash needs and inaccessibility of more remunerative markets, SHF typically sell their crops to intermediaries at the farm gate after harvest, when supply is high and prices drop (Fafchamps & Vargas Hill, 2005).

Purchase for Progress aims to alter this dynamic. An integral component of the P4P development hypothesis is the shift from informal farm-gate sales to formal markets compensating for aggregated commodity meeting exacting quality criteria. Though informal marketing channels offer lower prices at harvest and non-standardized weights unfavorable to producers, these markets offer seller benefits such as instantaneous cash payments for spot transactions of multiple commodities with minimal quality standards, as well as flexibility in the timing of transactions and cash inflows (Amani, 2014a). Formal market contracts reduce the uncertainty of prices, weights, and measures, and participation offers farmers longer-term, transparent buying arrangements, as well as access to services and social investments (Ferris et al., 2014).

However, formal market sales require production of specific commodities to rigid specifications, necessitating investments to attain quality standards. Participating in formal market sales requires individual to sacrifice choice regarding the timing of transactions and to wait through the lengthy transaction process. In addition, when considering prices averaged over time rather than weighted by sales volume, formal markets offer lower average prices relative to informal markets (Neven et al., 2009).

5.1.1 P4P objectives.

As identified in WFP's P4P Primer (2012), the objectives of the pilot are fourfold:

1. To identify and share best practices for WFP, NGOs, governments and agricultural market stakeholders to increase profitable smallholders' engagement in markets.
2. To increase smallholders' capacities so they may increase their income from agricultural markets.
3. To identify and implement best practices for increasing sales by low-income farmers to WFP with a particular focus on small-scale farmers.
4. To transform the WFP food purchase model to support sustainable production and address the root causes of hunger.

To achieve these objectives, the pilot adopts a three-pronged approach: learning and sharing, supply-side interventions, and demand-side interventions.

5.1.2 P4P activities.

Learning and sharing. Double-loop learning (Argyris & Schon, 1974) within P4P occurs largely through national and international fora gathering partners to share country-specific lessons on connecting SHF to institutional markets (Mitchell & Leturque, 2011).

The P4P pilot underwent a mid-term evaluation in 2011 and a final evaluation in 2014. In addition, a series of seven primarily qualitative studies were conducted by Management Systems International in support of the P4P Global Learning Agenda in 2013-

2014. Researchers at the Local and Regional Procurement Learning Alliance produced a series of studies exploring tradeoffs between the multiple objectives of food interventions, and between different modalities of food assistance, including P4P (Lentz, Barrett, Gómez, & Maxwell, 2013).

To reach a wider audience, WFP has submitted several reports for peer-review, and the African Economic Research Consortium will publish a book summarizing lessons learned from the P4P pilot at global, regional, and country levels in 2016. This study represents part of the effort to consolidate learning on FO capacity building and capacity assessment, and to expand lessons learned from P4P beyond WFP.

Supply-side interventions. Supply-side interventions include support along the value chain to increase SHF access to formal markets. This family of interventions includes:

- Building the capacity of farmers to achieve higher yields, to reduce post-harvest losses, and to improve the quality of their commodities;
- Building the capacity of farmers' organizations to govern, to access credit, to distribute inputs to members, to test for quality, to store and handle commodity, to increase female SHF participation, and to negotiate contracts;
- Strengthening market information systems and innovative market platforms such as commodity exchanges (CEX) and warehouse receipt systems (WRS); and
- Strengthening and shaping relations between different categories of actors along the value chain, including SHFs, FOs, implementing partners, traders, transporters, agrodealers, financial institutions, and government (WFP, 2012).

While the Procurement and P4P Units provide some trainings in quality standards, contracting, and negotiations, most capacity building trainings are designed and conducted by a network of more than 500 supply-side partners, including government ministries, international and national NGOs, RBAs, as well as research and financial institutions (WFP, 2014). As illustrated in Figure 19, most trainings focus on technical capacities such as *Production and productivity*, and *Post-harvest handling*, with less attention to functional capacities such as *Agribusiness management*, *Credit and finance*, and *M&E*. *FO institutional capacity building* refers to trainings on functional capacities such as leadership and communications, while *Gender* trainings draw attention to gender roles in agriculture and marketing, and the formal and informal institutions which generate inequitable access to resources, such as gendered land tenure restrictions. During the pilot phase, trainings conducted by WFP and P4P partners reached over 768,000 attendees, primarily through FOs (WFP, 2014).

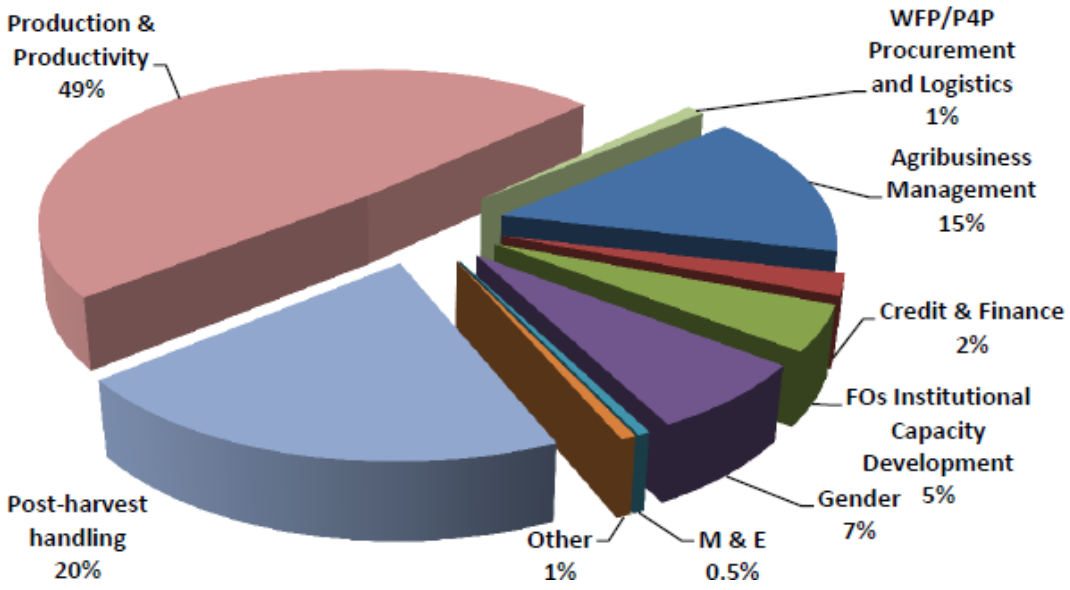

Figure 19. Training topics under P4P by percentage of trainees (September 2008 – December 2013). Reproduced from *Purchase for Progress Final Consolidated Farmers' Organizations and Capacity Development Report,* by WFP, 2014.

Working directly with farmers and providing an organizational basis for collective action and service delivery, FOs provide a viable entry point for WFP to support SHF. During the 5-year pilot period, P4P engaged with over 830 FOs with a total membership base of 1.6 million farmers (WFP, 2013a). Over the same period, 474 FOs signed contracts with WFP for 280,341 mt of food, representing 65% of the total quantity contracted through P4P, with the remaining 35% (151,201 mt) was contracted through traders, processors, or structured trading systems (WFP, 2013b).

The criteria for FO selection into P4P is country specific, and includes characteristics such as production potential, administrative capacity, availability of partners to provide capacity building support, member demographics, and commitment to increasing female SHF participation (Riley & Rinck, 2014). Utilizing the Table 8 indicator typology, Table 12 presents the FO selection criteria elaborated in P4P country implementation plans.

Table 12.

FO selection criteria.

Category	Countries	Percentage of countries
Human capital		
Numbers & expansion capacity	5	25%
SHF	9	45%
Gender	11	55%
Financial capital: Access to/extension of credit	4	20%
Organizational capital		
Structures: Legal status	11	55%
Processes		
Finance management &/or bank account	9	45%
Management	5	25%
Motivation	0	0%
Social capital		
Bonding	0	0%
Bridging: Linkages to partners	9	45%
Physical capital: Warehouse & equipment	8	40%
Natural capital: Surplus zone	10	50%
Institutional environment		
Institutions		
Legal compliance	1	5%
Attitudes toward risk and technology	1	5%
Infrastructure	0	0%
Other		
Focus on staples	7	35%
Proximity to WFP programs & logistics	6	30%
Marketing history	6	30%
Organizational maturity	2	10%

Source: Adapted from *Farmer Organization Capacity Building*, by J. Riley & D. Rinck, 2014.

At least half of P4P countries utilized gender, legal registration, and location within a surplus zone to select FOs into the pilot. Nearly half of P4P countries utilized the percentage of membership comprised of SHF; financial management, interpreted Malawi

and other countries as having a bank account; linkages to partners, including NGOs, financial intermediaries, and food processors; and access to storage and processing equipment.

These criteria neglect functional capacities, which determine not only how the benefits and costs of P4P opportunities are distributed among FO members, but also how and the extent to which SHF participate within the FO. Neither social bonding capital nor organizational motivation were considered as selection criteria, despite their role as enablers of collective action (Ostrom, 1990) and drivers of organizational change (Kotter, 1995). Similarly, organizational processes such as adaptive capacity, communications, conflict management, member participation, as well as rules, monitoring and enforcement were not evaluated.

The selection criteria reflect the assumption that in a context of an enabling environment and market development, coupling WFP's institutional demand with increased FO capacity to produce, to minimize post-harvest losses, and to aggregate quality produce would be sufficient to shepherd smallholder/low-income farmers into the formal market (WFP, 2012).

Demand-side interventions. Though many of the supply-side interventions mirror traditional agricultural extension programs, P4P incentivizes high-quality production from SHF through access to the assured demand of the largest purchaser of food aid in the world (WFP, 2012).

As a United Nations (UN) agency, however, WFP is constrained by a general procurement strategy, requiring open tenders, high volumes, performance bonds, bagging and delivery requirements, stringent quality criteria, and administrative requirements

resulting in a one- to two-month delay in farmer payment after delivery of their deposit to the FO (Bymolt et al., 2011). Purchase for Progress ushered in institutional reform within WFP through the adoption of smallholder-friendly, also known as "pro-poor", procurement modalities which do not compromise quality standards nor cost efficiency, but include accommodations for SHF such as reduced quantities, simplified contract verbiage, waived performance bonds, relaxed bagging and delivery terms, and expedited payment (WFP, 2012).

Listed in order of increasing complexity, WFP utilizes direct contracts, forward contracts, and soft tenders to procure from P4P FOs. The P4P pilot posits that successful FOs will progress from simple to more complex contracting mechanisms, as trainings coupled with the learning generated through the experience of selling to WFP builds FO technical capacity to produce, aggregate, manage, and sell significant quantities of graded commodity (WFP, 2012). The ability to successfully navigate a competitive WFP tendering process suggests that the FO can supply other formal market buyers and institutions, a long-term goal of the project.

To assure a continued demand beyond WFP, P4P links FOs to other institutional markets, primarily schools and strategic grain reserves. Public institutions utilize procurement strategies similar to the UN's, have high levels of demand for foodgrains in many of the P4P countries, and their non-commercial interests may justify purchase from less competitive SHF to advance the national rural development agenda (Kelly & Mbizule, 2013).

5.1.3 FO capacity and capacity assessments.

As established in Chapter 3, capacity building is a multi-level concept posing challenges in definition and measurement. WFP conducted 6 country studies and 3 regional write-shops in 2011 to define success parameters of P4P and P4P contributions to FO capacity building (Bymolt et al., 2011). The consensus built during that process defined the goal of P4P as increasing "the capacity of smallholders to access formal markets" (WFP, 2012, p. 7). As conduits for collective SHF sales, P4P conceptualizes FO capacity as the extent to which "they can sustainably access markets without external support" (WFP, 2012, p. 8). Within this framework, capacity building of FOs includes multi-level interventions designed to remove obstacles to market access. This contrasts with definitions emerging from a participative capacity building framework, in which FO capacity is defined as "the capability of an organization to achieve what it sets out to do" (Fowler, Goold, & James, 1995, p.3), and capacity building occurs through a multi-stakeholder process of planning, designing, implementing, and monitoring interventions designed to change power, identity, and relationships (Pritchard, 2014).

In recognition that FO capacity influences the quantities WFP can procure from P4P groups as well as the contracting modalities appropriate to specific FOs, P4P countries undertook FO capacity assessments in 2011, in response to high levels of defaults from FOs as highlighted by the mid-term evaluation. The goal of the capacity assessments was to address high levels of FO defaults on WFP contracts through organizing FOs into high, medium, or low capacity categories. Honing in on FO capacity to successfully navigate a competitive tendering process, the classification exercise did not include the set of indicators

presented in Table 12, further narrowing the focus on technical marketing capacity and group marketing history. Country offices measured FO capacity in different ways, Table 13 presents an illustrative composite of common classification indicators used by P4P countries and corresponding capacity levels.

The FO classifications represent steps on the ladder toward P4P graduation, signaled by ability to compete without concessions on formal markets. The illustrative criteria in Table 13 include some functional capacity indicators such as trust issues and maturity, both utilized in Malawi, but it is not clear to what extent these were adopted by other countries. In addition, OCA should be harnessed to determine organizational maturity, rather than include organizational maturity as a component of the assessment.

Neither the selection nor the classification OCA utilized by P4P investigated FO mission and vision, missing the opportunity to determine alignment of P4P and FO objectives. If P4P is to change the way FOs do business, FOs and their members must be committed to making the organizational changes required to sell on formal markets as a unifying vision shared by members drives the long-term process of organizational change (Kotter, 1995).

Table 13.

Illustrative composite of P4P's FO capacity classification indicators.

Indicator	Capacity		
	Low	Medium	High
Procurement Modality	Direct contracts only	Experience with direct and soft tendering	Direct, soft tenders, and Bid Volume Only auctions
Volume traded	50-800 mt	801-1500mt	>1500 mt
Reasons for default	Market price fluctuations	Issues with P4P procurement & procedures	Internal management issues
Contract term adherence	Average	Good	Very good
Access to storage	Lease or temporary loan	Long-term lease/loan	Own permanent store
Warehouse management	None	Yes, but not effective	Yes and effective
Membership/trust issues	Yes, could not overcome	Yes, could overcome	None
Credit arrears	Greater than 20%	10-20%	Less than 10%
Length of supply-side support	Not consistent	At least 5 years	More than 10 years
Maturity	Less than 5 years	5-10 years	More than 10 years
Services to members	1-2 services	3-5 services	More than 5 services
Technical & admin staff	None	1-2 staff	More than 2 staff
Strategic thinking	No planning	Planning that is unclear, unrealistic	Effective planning and follow up
Markets beyond WFP	Local markets and small traders	Local markets and traders	Traders
Competes with regular WFP suppliers post-pilot	No	Yes	Yes

Source: Adapted from *Farmer Organization Capacity Building*, by J. Riley & D. Rinck, 2014.

Similarly, the P4P OCA do not examine which FO members contribute to collective sales, and the distribution of benefits associated with P4P and WFP sales opportunities. Elite capture is a well-documented phenomenon in FOs (Cohen & Uphoff, 1980), and neglecting to assess the contribution of smallholder or low-income farmers to collective sales represents a missed opportunity for monitoring the P4P goal of "increasing sales by low-income farmers to WFP with a particular focus on small-scale farmers" (WFP, 2012, p. 7). It was envisioned that SHF contributions to collective sales would be monitored through FO records, however these have not been well-maintained and processed unto usable data in many P4P countries.

By focusing on volumes traded by FOs, rather than the distribution of volumes traded across members, WFP OCA do not distinguish between an FO with 100 members, each of whom contribute 1 mt to collective sales, and an FO with 100 members whose Chairman sells 100 mt in the name of the FO. In this example, the first FO has the potential to intermediate between members and the rural milieu, interrupting the "sell-low, buy-high" market dynamic which sabotages SHF asset accumulation and curtails SHF livelihood strategies. By contrast, the example of the second FO entrenches and exacerbates existing power dynamics within rural communities.

Assuming that OCA results feed into the capacity building strategy, defining FO capacity in terms of formal market access limits capacity building. For FOs without an endogenous motivation to engage in formal market sales, capacity building strategies designed to launch the group onto the formal market not only undermine FO self-determination, but also are likely encounter FO resistance. Rather than framing WFP sales as an opportunity, members of these FOs likely perceive WFP sales as a requirement of

maintaining P4P support, which confers a host of benefits such as enhancing bridging social capital through linkages with P4P partners, human capital enrichment through trainings and other learning activities, and cost-sharing on physical capital acquisition.

5.2 Overview of P4P in Ghana and Malawi.

Ghana's participation in P4P began in 2011, program implementation in two areas, Northern Region in Ghana (henceforth referred to as "Northern"), and Ashanti Region in Ghana (henceforth referred to as "Ashanti"). While the 10 Northern FOs benefit from proximity to WFP's Tamale sub-office, the 16 Ashanti FOs are approximately equidistant from the county office in Accra and the Tamale sub-office, operating with relatively less oversight from P4P. The program procures maize from FOs through direct contracts with FOs, and conducted three rounds of soft tenders through December 2014.

Malawi's participation in P4P began during pilot inception in 2008, and FOs have been adopted into the program each year starting in 2009. At the time of the field study WFP had registered 39 FOs on the P4P roster prior to the fourth quarter of 2014, as well as 25 FO adopted into P4P since the last quarter of 2014 in response to expansion of the home-grown school feeding (HGSF) project which links FOs to schools. The program procured maize and peas from FOs via direct contract through 2012, then shifted exclusively to competitive purchases through ACE, including limited numbers of soft tenders restricted to P4P FOs.

This section provides an overview of capacity building, procurement, and FO capacity assessments in each country.

5.2.1 Capacity building.

Capacity building occurred at both multiple levels in both counties. In Ghana, institutional capacity building occurred through support of Farm Radio, a radio service serving the interests of SHF; partnerships with the Ministry of Agriculture (MOFA) and NGOs in agricultural sector; and negotiations with the media, law makers, traditional authorities, security officers, and market authorities to standardize weights in Ejura-Sekyedumasi District. The latter achievement is recognized as providing immediate and tangible benefits to both P4P and non-P4P producers, and has the potential to scale-up across districts and broadly shift market dynamics in favor of producers.

In Malawi, institutional capacity building focused upon supporting ACE, with WFP purchases constituting 63% of ACE's sales volume in 2011 and 84% in 2012 (Hernandez, 2012). Though the percentage of sales to WFP decreased in 2013, WFP accounts for most of trade across the ACE exchange and "without the support of the WFP … it is not clear that ACE would be able to cover its costs or expand beyond its currently limited role in agricultural markets" (Jayne, Sturgess, Kopicki, & Sitko, 2014, p. 15). In total, ACE has 150,000 mt of warehouse capacity across 30 certified, bonded warehouses located throughout Malawi.

In both countries, organizational capacity building occurred primarily through providing learning opportunities to individuals, including demonstration plots, farmer field days, and an exchange visit to Rwanda for members of P4P FOs in Ghana. In both countries, trainings served as the most common learning platform, with content delivered by WFP and supply-side partners. In Ghana, 5,924 farmers were trained, while in Malawi,

29,784 farmers were trained from program inception through early-2015. Table 14 details training content in both countries.

Table 14.

P4P farmer trainings, from August 2011 – February 2015 in Ghana, July 2009 – April 2015 in Malawi

Country	Agribusiness Management	Food Processing	Gender	M & E	PHHS	Production & Productivity	WFP/P4P Procurement & Logistics	WRS & ACE operations
Ghana	52	164		281	2,612	2,815		
Malawi	16,728		780	28	9,655	2,123	193	277

Source: Adapted from P4P training records, by WFP Ghana and WFP Malawi.

Due to the smaller size of participating FOs in Ghana, many of the trainings included all members, while in Malawi, trainings targeted management and lead farmers. Partners interviewed in Malawi during the field study voiced concerns about the effectiveness of the training of trainers (ToT) strategy. These concerns manifest during FGDs, in which members, particularly those located in periphery areas, were both unaware that P4P trainings had occurred an unexposed to the training content through trickle-down strategies.

In Ghana, when asked about technical trainings in production and PHHS, all sampled FOs referred to Millennium Development Authority (MiDA) trainings, dating back to 2008, when most of the sampled groups were formed. As all the control and experimental groups underwent a comprehensive training package through MiDA, and the P4P training modules were developed without FO-level learning needs assessments, it is not clear whether the P4P's production trainings addressed capacity gaps and contributed to capacity.

In neither country was the training linked to the P4P capacity assessment, and though Production and Productivity, PHHS, and Food Processing modules differentiated between the two program regions in Ghana, the trainings were not tailored to FO capacity needs or capacity levels. Learning needs assessments were not conducted, with training needs identified by supply-side partners implementing the trainings, rather than by participating FOs. Neither country utilized post-training verification exercises to determine adoption rates, behavior modifications, and barriers to change implementation. The absence of learning needs assessment coupled with lack of post-training verification render it difficult to determine the effectiveness of trainings.

The following example of cassava flour trainings highlights the importance of learning needs assessments. In Ghana, FGDs inquired about a recent 2014 training targeting women members of P4P FOs located in Ashanti region sharing information about the production of baked goods from cassava flour. During the training, participants were told they needed ovens to dry the cassava. Without access to ovens, women from six of the seven groups receiving the training did not uptake the skills, due to failure to understand constraints imposed on SHF through lack of access physical capital (ovens) which prevented the information on cassava flour from translating into behavioral change. It has been established that the primary reason individual learning does not transfer into practice is lack of learning needs assessments (FAO, 2010; World Bank Independent Evaluation Group, 2008).

In this example, one of the trained groups, which proves to have the highest level of maturity and capacity among the sampled FOs in Section 5.4.6, managed to transfer knowledge of moringa leaf drying techniques to cassava drying. Through one member's

adaptation of skills developed from participation in a previous training and broadcasting of this knowledge, multiple members were engaged in the profitable production of baked goods using cassava flour at the time of field work. This skills adaptation and utilization within the group was enabled by functional organizational capacities with high levels of bonding social capital and organizational capital creating a safe space for the member to innovate, high levels of member voice prompting the farmer to share her insights with the group, and high levels of group cohesion incentivizing members to follow suit. Though the field study did not investigate whether members of other FOs were aware of moringa drying techniques, it is likely that members of other, lower maturity, groups had the requisite knowledge, but did not adapt their skills, did not innovate through experimentation, did not broadcast their success within the group, and subsequently did not influence member behavior.

5.2.2 Procurement.

WFP procures commodity from SHF in Ghana and Malawi through different strategies. Though WFP originally intended to procure rice from the northern FOs in Ghana, high local prices relative to the import parity price (IPP) required an adjustment in 2012, through a shift to maize. In both Northern and Ashanti regions, WFP's P4P purchases included only maize in Ghana, almost exclusively from FOs and primarily through direct contracts, though three rounds of soft tendering occurred starting in 2013. In Malawi, the basket of goods purchased through P4P included maize, maize meal, corn-soya blend, beans, and peas. While Ghana relied heavily upon FOs to supply commodity, only 5.1% of commodity procured in Malawi was supplied by FOs, while the vast majority (94.4%) was purchased from traders through ACE (WFP P4P Unit, 2015). Among the pilot countries, the

amount procured in Malawi through P4P is second only to Ethiopia, and the quantity purchased in Malawi dwarfs Ghanaian purchases, as seen in Figure 20 (WFP, 2013b). The 2010 purchases in Ghana predate the official launch of the pilot, and represent test purchases from agricultural service providers.

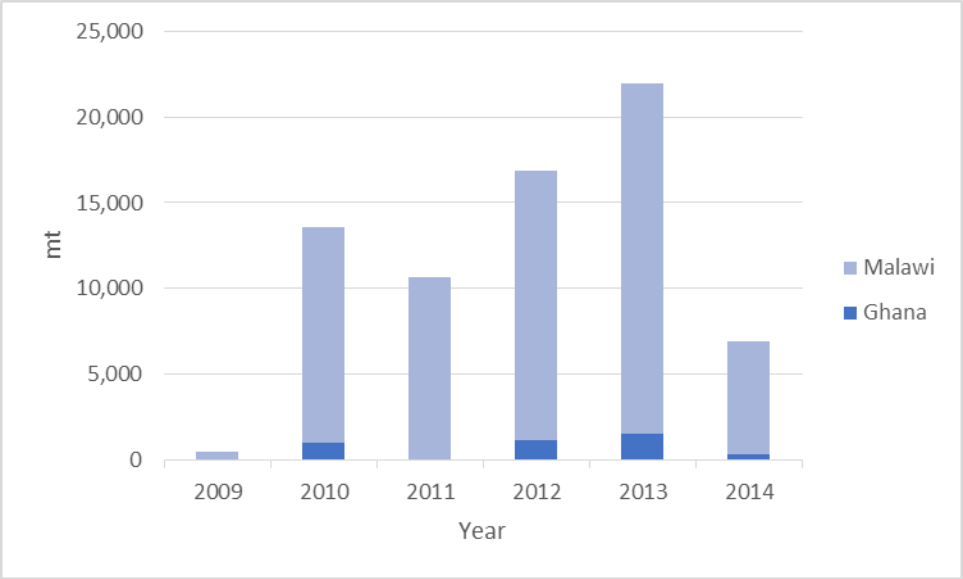

Figure 20. Total quantities contracted by WFP through P4P in Ghana and Malawi

FOs in Ghana participated in direct contracts prior to engaging in soft tendering, and no group which won a soft tender was granted further direct contracts. Defaults were not significant in Ghana; among the 47 contracts issued to FOs through the first half of 2015, only 1 default occurred (WFP P4P Unit, 2015).

In Malawi, FO direct contracts were only issued through 2012, after which procurement was facilitated by ACE, and procurement records do not provide details of suppliers. As calculated from the data in Table 15, tonnage procured through direct

contracts with FOs represents a mere 5% of the commodity procured through ACE (WFP P4P Unit, 2015).

Table 15.

P4P procurement modalities in Ghana and Malawi

Country and type of contract	2009	2010	2011	2012	2013	2014	Total
Ghana							
Quantity Directly Contracted (mt)		1,024		1,162	727	337	3,250
Quantity Competitively Tendered (mt)					849		849
Malawi							
Quantity Directly Contracted (mt)	541	1,895	584	109			3,129
Quantity Competitively Tendered (mt)		10,634	10,082	15,565	20,401	6,599	63,281

Source: *Procurement records (2008-2014) for Ghana and Malawi*, by WFP P4P Unit, 2015.

In contrast with Ghana, direct contracts with FOs in Malawi were subject to significant rates of default, totaling 44% of the 3,129 mt contracted through 2012, as presented in Table 16. At only 8% of 63,281 mt contracted, defaults on tenders through ACE were significantly lower.

Table 16.

Defaults on direct contracts with FOs in Malawi, 2009-2012

Year	Direct FO contracts	Quantity (mt)		Percentage defaulted
		Contracted	Defaulted	
2009	4	541	501	93%
2010	13	1,895	650	34%
2011	11	584	238	41%
2012	4	109	-	0%
Total	32	3,129	1,389	44%

Source: *Procurement records (2008-2014) for Ghana and Malawi*, by WFP P4P Unit, 2015.

Procurement through ACE reduces defaults as contracts are signed after commodity has been aggregated and deposited with ACE. During the field visit, WFP's Procurement Officers expressed appreciation for ACE's facilitation of price discovery, a challenge in under-developed markets lacking spatial and temporal integration. However, procurement through ACE is not without controversy. In the course of field work, FOs expressed extreme dissatisfaction with non-transparent fees incurred through utilization of ACE services, the lengthy duration of storage prior to sales (during which daily storage fees are incurred), and loss of control over transactions after depositing with ACE. This latter problem is compounded when FOs avail themselves of the WRS credit available against their ACE deposit, which also incurs fees and interest.

A review of ACE records documenting maize and pea transactions from rural ACE locations from 2013 and 2014 suggests that the concerns expressed in FGDs are warranted. Of these 30 transactions, the average duration in storage was 187 days (ACE, 2015). Though average increase in price between deposit and sale was 10%, due to costs incurred (of which 74% was interest fees accruing to the financial institutions issuing credits against the warehouse receipt), the average gross margin was negative 20%. In other words, on average, prices increased on ACE deposits, but not by enough to offset the costs incurred during 6 months of storage, netting depositors a 20% loss relative to a direct sale at the time of deposit. Of the 30 transactions investigated, only 1 yielded a positive net return, resulting from a particularly high increase in pea price (52%) between deposit and sale. Though interest fees comprised the lion's share of fees incurred, the 8 deposits which did not access WRS financing also earned negative gross returns, though less significant compared to the leveraged deposits. In recognition of these challenges, ACE intends to shift out of maize, a

market subject to extreme price fluctuations and political interference (Ellis & Manda, 2012), concentrating rather on higher-margin crops such as soy beans, ground nuts, and peas (A. Chittock & J. Kumwenda, personal communication, June 4, 2015). It is not clear how this shift will impact P4P procurement in Malawi.

5.2.3 FO capacity assessments.

As with the other P4P countries, Ghana and Malawi undertook the FO classification exercise in 2011. Utilizing the classification criteria in Appendix A, Ghana's 26 P4P FOs are classified into low (27% of FOs), medium-low (50%), and medium-high (23%) capacity categories, with no FOs classified as high capacity (WFP Ghana P4P Unit, 2014). Utilizing the classification criteria in Appendix B, Malawi's 31 FOs participating in P4P as of 2013 are classified as high capacity (10% of FOs), medium capacity (32%), and low capacity (58%) (WFP Malawi P4P Unit, 2013).

As detailed in Section 4.4, the OCA utilized by P4P in Ghana and Malawi were the lightest of the OCA reviewed, and did not delve into the functional capacities enabling organizational change and collective action. Partnering with SCOPEinsight to conduct OCA in Ghana, Malawi, and the other P4P countries would represent a significant advancement in terms of understanding FO technical capacity in collective marketing. Adopting the indicators presented in Section 4.6.1. and detailed in Appendix C into a SCOPEinsight Basic Plus tool would increase attention to the functional capacities determining the distribution of benefits and costs within the FO and sustainability of FO operations.

Capacity assessments in both countries are conducted as external assessments with P4P staff collecting information from FO leaders without member input, without involving

the FO in prioritization or scoring of indicators, and without sharing findings from the OCA with the assessed groups. In Ghana and Malawi, P4P's OCA ignores member perspectives on FO strengths and weaknesses and does not contribute to capacity development of the assessed groups. Increasing member participation and conducting a post-assessment workshop, as developed in Section 4.6.2, would address these shortcomings, as well as harness P4P OCA into a customized capacity building strategy.

In both Ghana and Malawi, OCA is framed as an external process to inform appropriate procurement modalities with the objective of decreasing default rates. This narrow conceptualization ignores the potential of OCA to contribute to empowerment and capacity development, and misses the opportunity to harness OCA toward P4P's goal of increasing SHF capacities.

Assessments were not utilized in either country to inform the capacity building strategy or training content, nor were they linked to M&E or targeting. In Ghana, FOs were selected into P4P utilizing random selection from a list of MiDA FOs (WFP and AERC, 2013). The process for selecting FOs into P4P in Malawi was not clear, and when probed, the WFP staff in the country office could not recall screening out any FOs requesting to participate in P4P.

With regard to procurement, FOs participated in direct contracts before soft tenders in both countries, however the simpler mechanism was offered to FOs regardless of capacity classification, and the shift to competitive contracting was propelled by donor requirements and country-level Procurement Unit preferences, rather than documented changes in FO capacity.

5.3 Case Study

Field work for the case study was conducted from 10 May through 6 June 2015 in Malawi, and from 27 July through 28 August 2015 in Ghana. This research has two study objectives: to apply the capacity assessment tool developed in Chapter 4 to control and experimental FOs in Ghana and Malawi; and to identify FO-level impacts resulting from P4P interventions.

To achieve these objectives, the study addresses two questions:

- What do findings on functional FO capacities suggest in terms of P4P targeting, strategic planning, procurement, and M&E?
- Were differences observed between experimental and control groups to suggest P4P impacts at the FO level?

This research assumes that P4P can leverage its capacity building initiatives for greater impact through an expanded conceptualization of FO capacity beyond the narrow definition of formal market access, and seeks to identify ways in which WFP and P4P partners can support FO capacity building.

As outlined in Table 17, the mission in each country included three phases: staging, field work, and synthesis.

Table 17.

Primary data collection activities and timetable

Phase	Activities	Malawi	Ghana
I. Staging	Briefing, interviews with WFP staff and partners, mission planning, confirming logistics, training, revising tools	11-14 May 2015	27-31 July 2015
II. Field work	Focus group discussions with FO representatives	15 May-1 June 2015	1-9 August 2015
III. Synthesis	Interviews with WFP staff and partners, closing workshop with mission team, debriefing	2-5 June 2015	24-28 August 2015

As presented in Table 18, data were collected through 16 semi-structured interviews with WFP staff and P4P partners and FGD with representatives of 34 FOs, including 20 treatment groups (P4P FOs) and 14 control groups (non-P4P FOs). In Malawi, the FO chair, secretary, and treasurer sat for a one-hour interview prior to the FGD convening members and representatives from the Marketing and Credit sub-committees, if available. In Ghana, two simultaneous FGDs were conducted, one with FO leaders and the other with members. Focus group discussion instruments are presented in Appendix E.

Table 18.

Interviews, focus groups, and focus group participants

		FOs visited		FO men in FGDs		FO women in FGDs	
Country	Interviews	P4P	Control	Executives	Members	Executives	Members
Malawi	9	7	6	51	50	36	32
Ghana	6	10	7	50	46	31	72
Total	15	17	13	101	96	67	104

Four of the visited FOs were dropped from data analysis, including two groups in Malawi which were first-tier groups of the second-tier umbrella organizations targeted by P4P. Two additional groups were dropped in Ghana, one due to time constraints and the other because the gathered members may not have belonged to the sampled FO.

While the initial sampling of FOs was randomly selected in both countries, one group unavailable to meet with the study team in Ghana was purposively replaced with an FO known to have experienced events straining organizational capacity. Another group similarly unavailable was replaced with a control FO from a location regarded as extremely trustworthy by neighboring FOs.

5.3.1 Study limitations.

Study limitations emerge from control group issues and labor constraints. In both countries, interrelations exist between control and experimental groups. As a P4P impact assessment country, Ghana collects FO- and household-level panel data from both P4P and non-P4P FOs. During FGDs, some members of non-P4P FOs acknowledged accessing P4P-enabled services through relations with members of P4P FOs, reflecting concerns about the prospect of "migration to treatment groups" identified in the Baseline Report (WFP and AERC, 2013, p. 62). As a non-impact assessment country, the P4P Unit in Malawi does not maintain relations with non-P4P FOs, therefore identification of comparable control groups posed a challenge, particularly as FOs not registered on P4P rosters sell to WFP through ACE. All but one of the control FOs in Malawi selected for the study had been recently recruited into P4P through expansion of the HGSF project. Proximity to a school in the

identified HGSF districts and presence of a supply-side partner were the two criteria used to select these FOs into P4P. At the time of data collection, these groups had received no WFP support, apart from an introduction to P4P.

Due to labor constraints in Malawi, FO executives and members participated in one FGD per FO. Though the facilitator actively solicited responses from regular members, they may have been reticent to express their opinions or to contradict leaders for fear of retaliation. This challenge was avoided in Ghana as two FGDs were conducted with each FO, one with members of the executive committee and the second with non-office bearing members.

While the researchers in Malawi were consultants unknown to participants, the research team in Ghana included both WFP staff and P4P partners, which may have resulted in different types of respondent bias in the data set. In both countries, researchers arrived in WFP vehicles, which may have influenced responses, though the consent processes highlighted that FGD results would in no way impact the likelihood of receiving benefits, including sales opportunities, from WFP.

Further limitations include a small sample size, which limits ability to draw generalizable conclusions from study findings, and reliance upon non-parametric data techniques, developed in the following sub-section.

5.3.2 Statistical methods.

The methods utilized test the null hypothesis that no differences can be detected between groups of FOs with respect to difference measures of central tendency and distribution. In this analysis, two separate groupings of sampled FOs are utilized. In the

control versus experimental grouping, the median levels and distributions of non-P4P FOs are compared to those of P4P FOs.

In the regional grouping, mean ranks and distributions of Malawi FOs (comprising both P4P and non-P4P FOs) are compared to Ashanti FOs and Northern FOs. Malawi is treated as a regional entity as strong regional differences between FOs are not apparent, despite differences in agro-climactic conditions. Ghana observations are disaggregated into two regions representing the "North-South Divide" which includes higher rates of poverty, lower rates of literacy, as well as higher rates of food insecurity and malnutrition in the North (WFP and Ghana Ministry of Food and Agriculture, 2012). Biophysical differences exist as well. While the lower half of the country has two rainy seasons, the northern half has only one, and the drylands in Northern Ghana suffer severe degradation, erosion, and siltation, leading to significant migration (Fredua, 2014). Many NGOs have flocked to Northern Ghana, providing both P4P as well as non-P4P FO with supply-side support. By contrast, NGOs providing services to P4P FOs in Ashanti are limited to P4P partners, and only one of the non-P4P FOs sampled in Ashanti sporadically receives NGO support, the others had no current supply-side partners.

Limited observations of non-normal, ordinal data prevented ANOVA and t-tests, which both require satisfaction of three parametric assumptions: that samples are independent and unbiased, that distributions are normal, and homogeneity of variance (Sheshkin, 2011). Further, ANOVA requires numerical data, however both SCOPEinsight and this research utilize Likert-scale responses with non-equal intervals and reduce numerical data to ordinal categories.

This research adopts median, distribution, and mean ranks testing for nonparametric data with analysis following the below three-step approach, with a conditional fourth step:

1. Test the null hypothesis that control (non-P4P) and experimental (P4P) groups have identical medians using Yate's continuity-corrected chi-square;
2. Test the null hypothesis that control and experimental groups have identical distributions using Wilcoxian rank sum testing;
3. Test the null hypothesis that Malawi, Northern, and Ashanti FOs have identical mean ranks using the Kruchev Wallis H test, correcting for ties; and
4. If the H test results are statistically significant, test the null hypothesis each pairing between regions, (Malawi-Northern, Malawi-Ashanti, and Northern-Ashanti) has identical distributions using Wilcoxian rank sum tests, controlling for Type I error across tests by using the Bonferroni approach.

In comparing medians between control and experimental groups, Yate's continuity corrected chi-square is utilized rather than Fisher's exact test due to lack of specificity regarding critical values (Kirch, 2008). The Yates correction is employed due to expected frequencies of less than 10 in each 2x2 box of the chi-square matrix, a direct result of a sample size of 30 (Sheshkin, 2011). The chi-square tests evaluate the null hypothesis that the variables are independent, with statistically significant chi-squares reflecting dependence and implying that group inclusion affects results of the outcome variable.

Wilcoxian rank sums, alternately known as the Wilcoxon Mann-Whitney U statistic, tests the null hypotheses that distributions of groups are identical, implying a 50% probability than a randomly selected observation from one group will exceed an observation

randomly selected from another. The reported p-value is the chance that a random sampling would result in the mean ranks being at least as far apart as they are observed in the data (Sheshkin, 2011).

Though Kruchev Wallis H tests can report on differences in medians in the case of equal distributions, the distribution across groups was not equal, rendering the reported chi-square a test of mean ranks. Kruchev Wallis tests the null hypothesis that mean ranks are equal across groups.

If the Kruchev Wallis null hypothesis is rejected at a 90% level of confidence or higher, post-hoc Wilcoxian rank sums for all pairs are conducted. Debate exists as to which pairwise tests are appropriate following a significant H test (Polhert, 2016). This research utilizes the popular Holm's sequential Bonferroni procedure which adjusts critical values dependent on the ranking of p-values generated from the pairwise comparisons (Holm, 1979).

This three-step approach, with a conditional fourth step, acknowledges that significant regional differences can overshadow differences between control and experimental groups.

5.4 Select Observations

This section presents findings from the research relevant to the proposed additions to the SCOPEinsight Basic tool: Organizational Motivation, Member Participation, and Organizational Structures domains, as well as the Adaptive capacity category. The additions are presented in Section 4.6.1, with scoring criteria presented in Appendix C. As opposed to

the 5-point scoring system presented in detailed in Appendix C, this research adopts a 4-point scoring methodology, transformed to a 5-point scale ex-post.

After reviewing findings related to proposed additions, this section examines two indices, FO maturity and FO capacity indices, as well as FO rankings utilizing the indices.

5.4.1 Organizational motivation

The Organizational Motivation domain includes 10 elements organized into 3 categories: Mission and vision, History, and Group cohesion. This sub-section presents findings related to these elements presented by category.

Mission & vision. The Mission and vision category includes three elements: *Mission and vision, Operational plans,* and *Marketing identity.* For both the *Mission and vision* and the *Marketing identity* elements, P4P groups and non-P4P groups have statistically significant differences in distributions, and statistically significant differences in mean ranks between regions emerge as well. Among the six sets of pairwise comparisons, differences between Malawi and Ashanti are significant at the 1% level for both variables, and differences between Malawi and Northern Region at the 5% level in *Marketing identity*. *Operational plans* did not yield detectable differences in either median levels or distributions.

Nearly half the control FOs articulated unclear or unrealistic missions in FGDs; by contrast the majority of P4P FOs expressed a clear mission, though vision lacked clarity. In only 3 of the FOs sampled were leaders and members alike able to communicate clear mission and vision statements. Groups in Ashanti regions garner the lowest scores in *Mission and vision*.

Perhaps unsurprisingly, P4P FOs have different marketing identities relative to control FOs, however differences in medians are not detectable, though differences in distributions are statistically significant. For more than half of P4P FOs, collective marketing is not a prominent feature of their mission and vision, and for 6 of the 10 P4P FOs visited in Ghana, collective sales to WFP are perceived as a peripheral activity, undertaken to maintain good relations with and continued support from WFP.

Suggesting alignment between P4P objectives and those of the FOs recently adopted into the program in Malawi, 5 of the 6 control FOs sampled include collective marketing in either their mission, or in both mission and vision. The Malawi FOs have a stronger marketing identity compared to their counterparts in Ghana, though pairwise comparisons reveal statistically significant differences in mean ranks only between Malawi and Ashanti.

History. The history category includes a lone element, *Group formation,* which registers statistically significant differences in distributions between P4P and non-P4P groups. The mean ranks across regions also yield significant differences, as well as between the Malawi-Northern and Malawi-Ashanti pairings.

In both countries, most sampled FOs did not arise through self-organization but rather were formed as a result of supply-side partner's vision. While 6 of Ghana's 17 sampled FOs were self-organized, the remainder were formed in 2008 as a direct response to MOFA's the influential MiDA program, a five-year Millennium Challenge Account Project. The MiDA program left a strong legacy among FO participants, as developed in this section.

Eleven of Malawi's 13 FOs were formed by supply-side partners. Lower-level FOs, created by NGOs, were further consolidated into unions by the same partners, oftentimes as part of an exit strategy with the objective of increasing sustainability through improved

aggregation capacity and access to finance. Expansion, particularly if it increases member heterogeneity, increases coordination costs (Bernard et al., 2010), and many of the groups visited in Malawi did not have clear channels of communications with lower-tier component FOs. Lack of clear communication channels impeded information flows at many FOs, particularly in Malawi where discussions in about FO finances, contracts, and marketing generated very heated discussions and accusations of corruption. Discussions with peripheral members of secondary FOs revealed contradictions between membership fees reported by FO leaders and members, confusion regarding the purpose of the secondary FOs, and reports of unequal treatment by the secondary union in their relations with primary groups.

The two instances of self-formation in Malawi include a women's primary FO and the federation organized by the brother of the late president. In the latter case, the FO came together around the significant political capital of the founder, however as a new and unproven group, the FO had yet to embark on collective activities at the time of research and was struggling to collect membership fees.

Group cohesion. The group cohesion category includes six elements: *Member satisfaction with contributions, Member assistance, Trust in members, Trust in leaders, Organizational trustworthiness,* and *Value of services to members*. The *Value of services to members*, measuring the level of value-adding services provided by the FO and the level of membership loyalty to the group, was adopted into this category from the SCOPEinsight Basic tool. This research includes a proxy for the first indicator of the *Value of services to members* element, but as the proxy does not capture membership loyalty, it is evaluated separately and not included as an element of the Organizational Motivation domain. The *Number of services* proxy for *Value of services to members*, measures the number of services offered by the FO to its members, and

statistically significant differences between the distributions of P4P and non-P4P groups are detectable at the 5% level. Experimental FOs offered greater number of services to members, particularly in Ghana. While the defunct Ashanti control groups offer no member services, the Northern control groups continue to meet and provide member services in the post-MiDA period.

Among the five elements of Group cohesion in the Organizational Motivation index, only *Member satisfaction with contributions* and *Trust in leaders* yield statistically significant results. The difference between regional distributions is discernable for *Member satisfaction with contributions,* but detection in mean ranks is limited to the Malawi-Northern pairing. While members in all of the Northern FOs understand and approve of the way the FO manages their contributions, members in the majority of FOs in Malawi and Ashanti either do not know how the FO utilizes their contributions, or do know, but do not approve of the way contributions are managed.

Trust in leaders generates statistically significant differences in distributions between P4P and non-P4P groups, with leaders of P4P FOs faring better than non-P4P FOs in gaining the cognitive trust of members. All 4 of the non-P4P FOs in Ashanti, and 4 of the 6 control FOs in Malawi did not rank their leaders in any of 6 trust categories measured.

Neither *Trust in members* nor *Organizational trustworthiness* yield statistically significant results, with scores generally low across all groups, suggesting that functional capacities would benefit from capacity building designed to increase social bonding capital. It is worth noting that among all the sections of the FGDs, both study teams, including P4P staff and partners in Ghana, found the trust section the most revealing in terms of understanding group dynamics.

Table 19 presents results for Organizational Motivation index and its elements. The first two columns under the *Differences between P4P and non-P4P FOs* table heading report the Yate's continuity-corrected chi-square and Z-score from the Wilcoxian rank sum test, which test for differences in medians and distributions between P4P and non-P4P groups. None of the items tested yielded group differences in medians, however the Organizational Motivation index and 4 of its 9 elements were detected to have statistically significant differences between the distributions of control and experimental groups.

Table 19.

Statistics for the Organizational Motivation index and its elements

	Differences between P4P and non-P4P FOs		Differences between regional FOs			
				M-N	M-A	A-N
Variable	χ2 (1)	Z	χ2 (2)	p	p	p
Motivation index	0.54	1.70 *	4.71 *	0.751	0.076	0.050
Mission & vision	0.64	1.92 *	6.18 **	0.095	0.024 ***	0.453
Operational plans	0.71	1.26	1.47			
Marketing identity	0.54	1.83 *	11.69 ***	0.007 **	0.003 ***	0.634
Formation	2.68	2.12 **	3.91			
Contributions	0.00	0.77	7.04 **	0.031 *	0.688	0.007
Member assistance	0.23	-0.75	4.54			
Trust members	0.04	-0.39	0.35			
Trustworthiness	0.02	0.16	3.05			
Trust EC	0.28	2.08 **	4.04			
ǂNumber services	0.54	-1.98 **	3.03			

Note. n = 30; * $p < .10$, two-tailed. ** $p < .05$, two-tailed. *** $p < 0.01$, two tailed.
ǂ indicates item not included in Motivation index.

The first column under the *Differences between regional FOs* table heading reports another chi-square statistic, testing for differences in mean ranks between regions. The following three columns report p-values from pairwise Wilcoxian rank sum tests, with

significance adjusted using the Holm's sequential Bonferroni approach. The p-value from the Wilcoxian rank sum test comparing mean ranks between Malawi and Northern FOs is reported in the second column under the Differences between regional FOs heading, labelled as M-N. Similarly, M-A represents the Malawi-Ashanti pairing, and A-N represents the Ashanti-Northern pairing. The Organizational motivation index and 3 of its 9 elements were detected to have statistically significant differences between the mean ranks of regional groups. The effect size for the Organizational motivation index is 68%, meaning that a randomly selected FO from the P4P group has a 68% chance of having higher Organizational motivation score than a randomly selected FO from the non-P4P group.

Figure 21 present a box plot of the Organizational Motivation index. For each group, the horizontal lines at the top and bottom represent scores of the lowest and highest scoring groups. The top and bottom boundaries of the shaded rectangles represent the boundaries between the first and second quartiles, and the third and fourth quartiles. The vertical line inside the shaded rectangle represents the median. While the distribution for Northern FOs is quite compact, both the distributions for P4P FOs in Ashanti and non-P4P FOs in Malawi are relatively dispersed. The generally defunct non-P4P FOs in Ashanti score poorly on the Organizational Motivation index, and P4P groups in Ashanti had similarly low medians, with a few groups on the high end of the spectrum, resulting in a long and asymmetric whisker above the shaded rectangle. By contrast, the P4P groups in Malawi had a tighter ranger relative to the non-P4P groups, suggesting that the newly adopted P4P groups are more heterogeneous in terms of motivation relative to their better-established P4P peers.

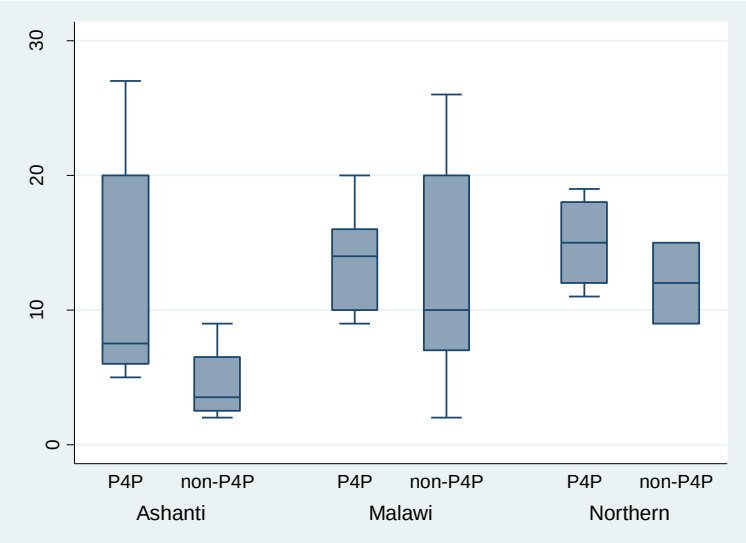

Figure 21. Box plot of Organizational Motivation index, by group and region.

5.4.2 Member participation

The Member Participation domain includes 12 elements organized into four categories: Conflict resolution; Meetings, dues, and sales; Learning; and Planning. This sub-section develops findings presented by category.

Conflict resolution. This category includes three elements: *Raising concerns, Conflict mechanisms,* and *Conflict history*. Of them, only *Raising concerns* yielded statistically significant differences in mean ranks between regions, specifically in the Malawi-Northern pairing. Nearly 40% of Malawi FOs (5 of 13) have no process enabling members to raise concerns to FO management. By contrast, members from all of the Ghana FOs can raise concerns to their leaders, and nearly half of the Ghana FOs, including the entire set of Northern P4P FOs, had not only raised concerns, but were satisfied with the process. This country-level

difference reflects differences in size and structure of the primary FOs in Ghana and the mostly higher-level FOs in Malawi.

Over 40% of FOs sampled (13 of 30) do not have conflict resolution mechanisms. The EC helps members to resolve conflicts in nearly 40% of the sample (11 of 13), while only 20% (6 of 30) have structures such as Audit or Discipline SCs available to assist with conflict resolution.

For 6 of the FOs, conflict had not arisen. Among the rest, only 2 resolved their conflicts in less than 6 months. Of the 24 FOs faced with conflict, nearly half (11 of 24) took longer than one year to resolve conflict, and for 6 groups, including 2 P4P FOs in Ashanti and 5 FOs in Malawi, conflict extending beyond one year was ongoing at the time of data collection.

In Malawi, conflict arose between members and executives due to poor-record keeping, low financial literacy, and unclear communications, particularly on margins captured by FOs on collective sales. Four Malawi FOs resolved conflicts in less than a year, in part due to external mediation from supply-side partners, complemented by the creation of audit sub-committees, internal and external investigations, and elections.

In Ghana, conflict arose due to lack of checks and balances within organizational structures and process which generated opportunities for executives to abuse privileges related to P4P activities. Unlike their peers in Malawi, the Ghana FOs did not receive external support in grappling with corruption issues, and inability to engage in productive conflict stemmed from lack of conflict resolution structures and processes, coupled with inability to convene a quorum of members required to change leadership. The 2 Ghana FOs

which expedited the conflict resolution process validated member concerns through existing conflict resolution structures and addressed these concerns through transparent processes.

Meetings, dues, and sales. This category includes 5 elements: *General meeting frequency, General meeting attendance, Membership fees, Trend in active membership,* and *Percentage of members contributing to sales.* Three of these elements are associated with statistically significant differences in mean ranks across regions, *General meeting frequency, Membership fees,* and *Trend in active membership,* and two generate significant differences between control and experimental groups, *Trend in active membership,* and *Percentage of members contributing to sales.* A significant difference is detected between control and experimental group median levels of *Percentage of members contributing to sales* as well.

Almost half of the FOs in Malawi held between 1 and 5 general meetings in 2014; by contrast the primary groups in Northern meet at least monthly. The Northern FOs all have roots in microfinance, requiring regular meetings for contributions and collections. While 5 of the 6 P4P FOs in Ashanti met more than 6 times in 2014, only 1 of the non-P4P FOs did. With the exception of the control P4P with an intermittent outside partner, the remaining Ashanti control FOs were defunct, convening only to receive prospective partners.

Meeting attendance is strong among the Northern FOs, as well as the P4P Ashanti FOs, and lower, in percentage terms, for the larger Malawi groups, again reflecting differences between primary and higher-tier FOs. Regional differences in the percentage of members current on dues at the time of data collection, or expected to be current by the end of the season, are significant between Malawi and Northern, as well as between Ashanti and Northern. While all members are current on dues across control and experimental groups in Northern, this drops to less than half in Malawi (6 of 13), half of the P4P FOs in Ashanti,

and only 1 of the non-P4P FOs in Ashanti, the group with an intermittent partner. Despite lack of current activity, this group remains current on membership fees to enhance their ability to attract partners. Though consolidation would reduce monthly fees, this FO maintains multiple bank account because partners have different banking requirements. Their savvy reflects Mosse's (2001) observation about the influence of donor requirements and boundaries on beneficiary language and behavior.

The FOs sampled in Ghana are smaller than those in Malawi. All the Ghana FOs are primary FOs with 50-60 members. By contrast, the Malawi set includes 4 primary-tier FOs, 8 secondary-tier unions, and 1 tertiary-tier federation. In Malawi, membership numbers are difficult to gauge, with drastic differences between reported members, members active within the last year, and members current on dues. While the federation claims a membership base of 20,000, it had only 200 dues-paying members at the time of data collection.

In both countries, perceived donor expectations influence participant responses to questions about membership, revealing the political nature of membership numbers, as well as limits to the assumption that FOs with larger membership bases have higher aggregation capacity.

In Ghana, FO membership has remained static since 2008, with new members admitted only to replace those who have passed away or who have moved from the location. Some of the P4P FOs attract farmers interested in joining, however to safeguard membership benefits, for fear that new members may threaten group dynamics, and to satisfy perceived donor expectations that groups should have 50 members, a relic of MiDA's insistence on groups of 50.

As opposed to the consistency of member numbers in Ghana, FO-constructed timelines of membership numbers and supply-side partners in Malawi established a clear pattern of membership ebbing and flowing in tandem with funding from supply-side partners. As in Ghana, perceptions of donor expectations impacted membership numbers, though in a different way. Initial requests for membership numbers in Malawi were met with inflated responses, though probing for a definition of active membership whittled down membership numbers by a factor of 10, on average. When asked about the discrepancy between initial responses and active members, participants explained that donors prefer high membership numbers due to increased ability to leverage impact through a larger membership base.

The perception that donors want larger membership numbers was reiterated at WFP, both at the country offices and headquarters. Staff expressed disincentives to reducing the registered number of P4P FO members as knowledge of membership evolves due to concerns that reporting diminished numbers would signal failure at higher-levels within WFP and to donors.

Trend in active membership generates statistically significant differences between regions, with the difference between Ashanti and Northern significant at the 10% level. Of the sampled FOs, only 2 in Malawi increased active membership over the last three years. All but one of the Northern FOs maintained a constant active membership over the same period, while the FOs in Ashanti, including half the P4P FOs reported decreases in active members, as did nearly 40% (5 of 13) Malawi FOs.

The percentage of members contributing to group sales varies across control and experimental groups. Of the control groups in Ghana, none located in Northern participate in collective marketing, nor had 3 of the 4 control FOs in Ashanti. Among the FOs which collectively sold in the past year, about half within each category (P4P groups in all 3 regions and non-P4P groups in Malawi) had greater than 75% of their members contribute commodity. The remaining half were evenly distributed between quartiles, though 3 control groups in Malawi had less than a quarter of members contribute to collective sales, indicating of potential distributional inequities among the newly adopted P4P FOs.

Learning. This category includes 2 elements, *Production learning* and *Business learning*, the former yielding statistically significant differences in mean ranks between regions, specifically between Malawi and Northern. In Ghana, trainings targeted all members, though the larger, higher-tiered groups in Malawi adopted a ToT model. Members in Malawi were not exposed to training concepts shared with the trainings (typically EC members and lead farmers), casting doubt on the efficacy of the ToT approach adopted by supply-side partners.

Planning. This category includes 2 elements, *Member involvement in planning decisions* and *Member involvement in operational decisions*, neither of which generated statistically significant results. As presented in Figure 22, one-fifth of FOs reported that members have no involvement in strategic and budgetary planning. The proportion reduces to one-tenth of FOs when considering member participation in operational decisions, such as whether or not to agree to buyers' terms, to accept loans, or to invest in a group asset. More than one-third of FOs inform members of decisions, the lowest degree of token participation, as developed in Arnstein's Ladder of Participation (1969). Just over 20% of FOs gather

feedback from members in the planning process through consultative participation. Members are more likely to participation collaboratively in operational decisions compared to planning decisions.

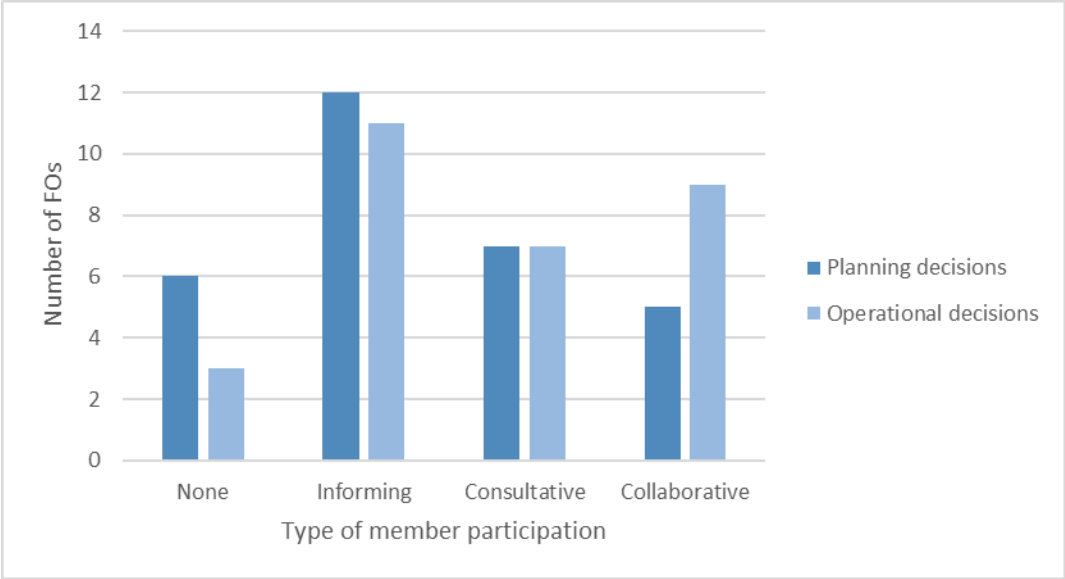

Figure 22. Type of member participation in planning and operational decisions

Table 20 presents results for Member Participation index and its elements. Statistically significant differences between P4P and non-P4P FOs emerged in median levels of *Percentage of members contributing to collective sales*, with higher median levels in P4P groups, and in the distributions for the *Percentage* element, as well as the *Trend in active members*. Five of the 12 elements yielded statistically significant differences between the mean ranks of regional groups.

Table 20.

Statistics for the Member Participation index and its elements

	Differences between P4P and non-P4P FOs		Differences between regional FOs			
				M-N	M-A	A-N
Variable	χ2 (1)	Z	χ2 (2)	p	p	p
Participation index	0.54	1.22	3.49			
Raising concerns	0.04	0.37	5.85 *	0.028 *	0.168	0.141
Conflict mechanisms	0.01	0.38	1.61			
Conflict history	0.18	0.68	4.06			
GM frequency	0.00	1.49	8.62 **	0.003 ***	0.254	0.066
GM attendance	0.71	1.48	3.06			
Membership fees	0.00	0.26	6.89 **	0.022 **	0.353	0.015 **
Trend active	0.87	-1.68 *	5.87 *	0.649	0.056	0.026 *
% sales	3.59 *	2.43 **	2.30			
Production learning	1.03	1.58	7.29 **	0.003 ***	0.491	0.1368
Business learning	0.00	0.19	4.14			
Member planning	0.05	0.29	1.01			
Member operations	0.24	-0.59	0.90			

Note. n = 30; * $p < .10$, two-tailed. ** $p < .05$, two-tailed. *** $p < 0.01$, two tailed.

Figure 23 presents a box plot of the Member Participation index. As with the Organizational Motivation index, the distribution of Member Participation for Northern FOs is quite compact, particularly for P4P FOs, while the Ashanti and Malawi FOs display greater degrees of dispersion. The P4P groups in Malawi had a slightly tighter ranger relative to the non-P4P groups, and control groups in Ashanti and Malawi both had distributions skewed toward the lower range of participation, with extended whiskers above the shaded rectangles resulting from one or two FOs with high Member Participation scores.

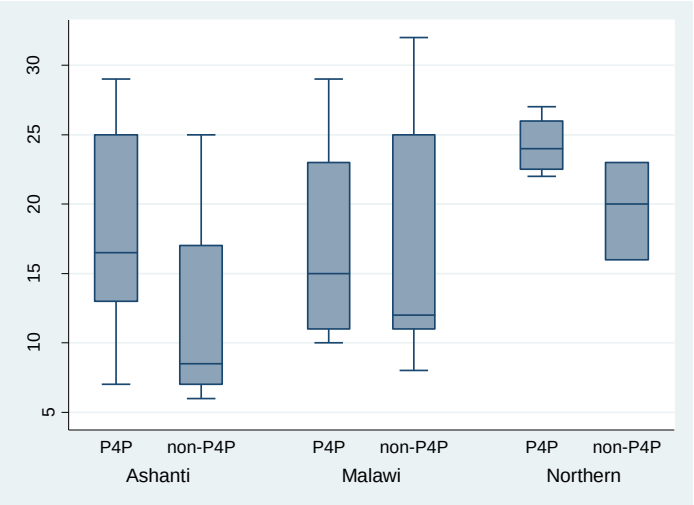

Figure 23. Box plot for Member Participation index, by group and region

5.4.3 Organizational structures

The Organizational structures category includes 8 elements organized into 4 categories: Rules, Sales rules, Interference, and Active Subcommittees. This sub-section develops findings related to these elements by category.

Rules. The Rules category includes three elements: *Number of rules defining membership, Monitoring of rules,* and *Enforcement of rules. Number of rules* and *Enforcement of rules* yield statistically significant differences between regions. The plurality of FOs, over 40%, have 1 or 2 rules governing membership with associated penalties. Due to their microfinance activities, the Northern FOs have more rules regarding meeting attendance and member contributions, and mean ranks comparisons yield statistically significant differences between Malawi-Northern and Ashanti-Northern. Seven FOs, nearly a quarter of the sample, including the 3 defunct control groups in Ashanti, have no rules governing membership.

More than three-quarters of the sample (23 of 30) have rules governing membership, though in 20 of groups, monitoring is restricted to the EC. Rules enforcement is negligible or weak in nearly half the groups (14 of 30). Northern FOs are the most likely to enforce penalties, a necessity given their microfinance activities. Five FOs utilize SCs to monitor member behavior, and 2 P4P groups in Ghana embody the ideal of peer monitoring, which reduces and equitably distributes the costs of monitoring.

Rules enforcement of rules was strongest in Northern and weakest in Ashanti. The 2 FOs with the highest levels of maturity and capacity both attributed their success to strict rules enforcement.

Sales rules. The Sales rules category adopts the Rules category elements, adapted to capture technical capacities in collective marketing. The category includes three elements: *Collective sales rules, Monitoring of collective sales,* and *Enforcement of collective sales rules,* with the final element capturing statistically significant differences between P4P and non-P4P groups in both medians and distributions.

Twenty-two of the sampled FOs, including 60% of the P4P FOs, do not have rules guiding in-kind contributions to collective sales, nor penalties for members failing to provide formally or informally contracted commodity to the FO. In both countries, WFP contracts with FOs through P4P do not specify default penalties, reflecting pro-poor procurement principles such as waiving performance bonds and not removing defaulters from the vendor list. Other buyers supplied by the sampled FOs purchase through informal contracts, which similarly do not stipulate penalties for default.

A few FOs have rules regarding member contributions to collective sales, such as minimal contributions per member. None of the groups has rules regarding the withdrawal

of contributions after transfer into FO possession. This is not relevant for Ashanti FOs lacking storage facilities, but FOs aggregating commodity at central locations have to contend with members threatening to withdraw their contribution when unanticipated delays occur between deposit and uplift. Groups experienced in this scenario rely upon the EC to defuse tensions arising from members seeking to withdraw and side-sell, though none of the FOs adapted FO structures or processes to mitigate future occurrences.

Interference. The sole element of this category, *Interference* measures the degree of negative external interference encountered by the FO in terms of governance, decision-making, and operations. The *Interference* element yields statistically significant differences in mean ranks between regions, and between the Malawi-Northern and Ashanti-Northern pairings. While the Northern FOs were free from interference from external authorities, 30% of FOs in Ashanti (3 of 10%) encountered frozen bank accounts due to financial institution collapse, and 70% of FOs in Malawi (9 of 13) encountered interference from traditional authorities, financial institutions, or other external entities.

Sub-committees. Another solo element, *Sub-committees* provides a count of the number of active SCs within the FO. To assess whether SCs are active or not, leaders reported the number of SC meetings in the last year, agenda items covered, and outcomes of meetings. Forty percent of the sample (12 of 30 FOs) did not have active SCs, including one of the second-tier FOs in Malawi, cobbled together in the poorly-conceived exit strategy of the supply-side partner. For FOs without active SCs, power is concentrated exclusively in the EC. Marketing SCs in Malawi were particularly bloated and ineffective, populated by many members and though barely responsive to dynamic market conditions.

Table 21 presents results for Organizational Structure index and its elements. Differences between P4P and non-P4P FOs emerge in median levels and distributions of *Sales rules emforcement*. Three of the 12 elements yield statistically significant differences between the mean ranks of regional groups. Though only one element yields significant differences between control and experimental groups, the index itself captures statistically significant differences between P4P and non-P4P groups, suggesting that the gestalt of the elements captures discernable differences in organizational structure. The effect size for the Organizational Structure Index is 72%.

Table 21.

Statistics for the Organizational Structure index and its elements

	Differences between P4P and non-P4P FOs		Differences between regional FOs			
				M-N	M-A	A-N
Variable	$\chi 2$ (1)	Z	$\chi 2$ (2)	p	p	p
Organizational structures	3.59 *	2.25 **	2.96			
Rules	0.42	1.53	7.06 **	0.032 *	0.462	0.015
Rules monitor	0.22	0.63	4.11			**
Rules enforce	0.00	0.91	5.56 *	0.169	0.116	0.038 *
Sales rules	2.69	2.02	0.69			
Sales rules monitor	1.78	1.76	3.83			
Sales rules enforce	2.71 *	2.10 **	3.16			
Interference	0.00	0.19	6.47 **	0.018 *	0.107	0.393
Active SCs	2.05	1.89	3.50			

Note. n = 30; * $p < .10$, two-tailed. ** $p < .05$, two-tailed. *** $p < 0.01$, two tailed.

Figure 24 presents a box plot of the Organizational Structure index. As with the previous indices, the distribution for Northern FOs is quite compact, particularly for P4P FOs, as well as for the defunct Ashanti control groups.

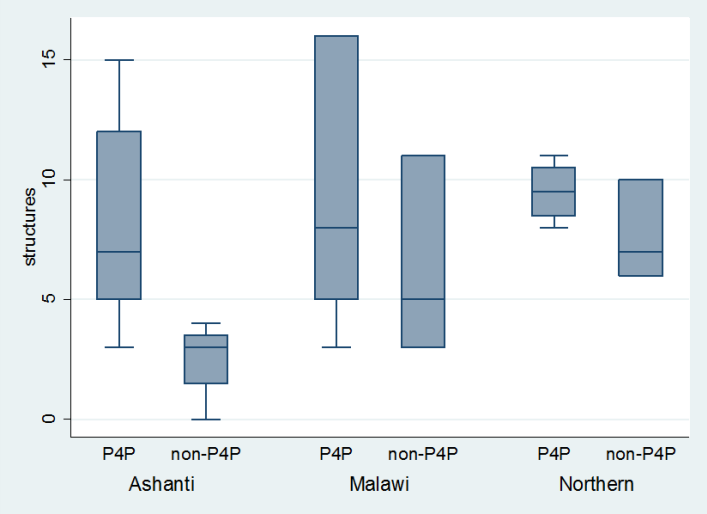

Figure 24. Box plot of Organizational Structures index, by group and region.

5.4.4 Adaptive capacity

The Adaptive capacity category includes 4 elements: *Market response, Structural response, Risk mitigation,* and *Phase out impact*. *Market response* measures FOs ability to respond to changes in market conditions such as unpredicted price changes, cancelled contracts, and export bans. Statistically significant differences in median levels between control and experimental groups as well as in distributions emerge, with P4P FOs altering their marketing tactics with greater responsiveness compared to non-P4P FOs.

Structural response measures changes in organizational structures or processes in response to challenges such as corruption charges, buyers failing to respect the terms of agreement, members breaking rules, or FOs not achieving their mission. Nearly half of the sample (13 of 30 FOs) have not changed organizational structures or processes, though 30%

(9 of 30) have adopted changes deemed effective in preventing similar challenges from recurring. The remainder adopted changes, but are uncertain about efficacy.

Though almost all the FOs have constitutions establishing the rules governing membership and elected posts, these have not been amended since inception. New arrangements, such as changes in dues payment, and new activities, such as collective sales and management of P4P-assisted assets are not formalized into constitutions, bylaws, procedures, or manuals. None of the 4 P4P groups in Northern receiving warehouses, threshers, reapers, and grinding mills from P4P on a cost-sharing basis have updated their constitutions to reflect the new activities, though management of group assets poses more challenges than management of collective activities such as group sales (Stringfellow et al., 1997). For most groups, the constitution is not a living, breathing document guiding the FO, but rather a formality imposed by donors at formation.

A single control group employs risk mitigation strategies, whereas 65% of the P4P groups (11 of 17) do. Only 3 of the sampled FOs, including a control group in Malawi, proactively diversifies members, crops, buyers, and activities to minimize risk.

Phase out impact renders statistically significant differences between control and experimental groups, however because experimental groups have WFP and the suite of P4P partners available to them, the phase out of previous partners impacted control groups to a greater extent. While the MiDA exit strategy rendered almost all of the control groups in Ashanti non-functional, control groups in Northern continued their activities, thanks in part to the abundance of NGOs in the area. The exit strategy of partners in Malawi often included aggregation into second-tier FOs and asset transfer. In the absence of sufficient bonding social capital and organizational structures and processes to ensure member

representation and voice, many of the higher-tier FOs suffer from communications failures and lack of trust.

Successful scaling up of smallholder organizations requires capacity building designed to facilitate bonding among members, bridging between the FOs targeted for inclusion in the umbrella organizations, and linking with upstream players in the public and private sectors (Anyonge & Messer, 2014b). Rather than an end in itself, the creation of a secondary FO is a means through which the goals of improving FO performance and increasing FO ability to adapt to changing contexts can be realized.

Table 22 presents results for the Adaptive capacity category and its elements. Differences between P4P and non-P4P FOs emerge in median levels and distributions of *Market response*, *Risk mitigation*, *Phase out impact,* as well as the Adaptive capacity index. Five of the 12 elements yield statistically significant differences between the mean ranks of regional groups. The effect size for the Adaptive capacity category is 80%.

Table 22.

Statistics for Adaptive capacity category and its elements

	Differences between P4P and non-P4P FOs		Differences between regional FOs			
				M-N	M-A	A-N
Variable	$\chi 2$ (1)	Z	$\chi 2$ (2)	p	p	p
Adaptive capacity	4.12 **	2.77 ***	2.66			
Market response	4.90 **	2.35 **	0.72			
Structural response	0.10	1.37	0.22			
Risk mitigation	7.74 **	2.80 ***	0.62			
Phase out impact	3.00 *	2.13 **	6.49 **	0.099	0.103	0.029

Note. n = 30; * $p < .10$, two-tailed. ** $p < .05$, two-tailed. *** $p < 0.01$, two tailed.

Figure 25 presents a box plot of the Adaptive capacity index. As with previous indices, the range of Northern FOs is small compared to other groups, though the lack of capacity among Ashanti control groups stands out. Figure 25 presents 2 outliers, a P4P FO in Ashanti and non-P4P FO in Malawi with Adaptive capacity scores far beyond their peers. These two primary women's FOs exhibit the greatest levels of FO maturity and FO capacity, as developed in the next section.

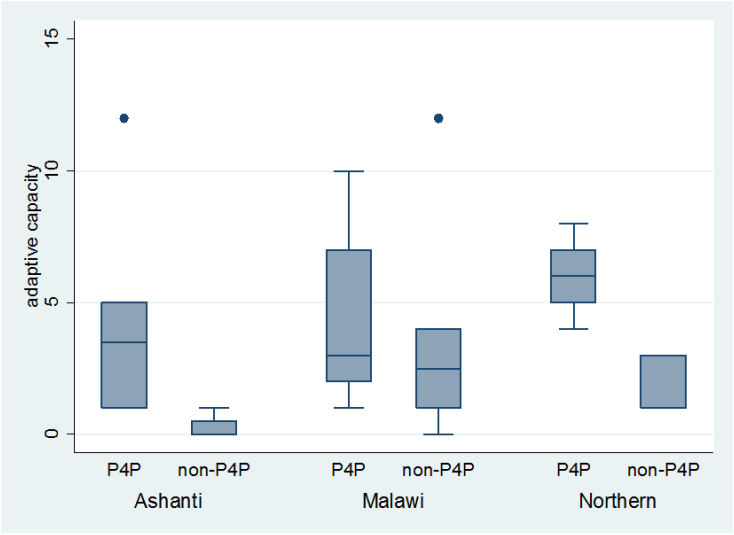

Figure 25. Box plot of Adaptive capacity category.

5.4.6 FO maturity and capacity

An FO maturity index aggregates the 33 elements developed in the previous sub-section plus an additional 9 elements covering functional capacities already addressed in the SCOPEinsight Basic tool, such as human capital, financial capital, governance, and sources of price information. Each element is equally weighted in the index. The maturity index

captures statistically significant differences between P4P and non-P4P distributions at the 5% level, with an effect size of 74%.

An FO capacity index representing technical capacities, aggregated the FO maturity index and 30 additional elements related to physical capital, technical marketing capacity, and bridging social capital. As with the maturity index, all elements are equally weighted. This index does not reflect the full spectrum of FO capacity as developed in Section 4.1.2, as elements capturing the institutional and biophysical environment were not collected. The capacity index captures statistically significant differences in medians and distributions between control and experimental groups with an effect size of 80%. Table 23 presents statistics for the maturity and capacity indicators.

Table 23.

Statistics for maturity and capacity indices

	Differences between P4P and non-P4P FOs			Differences between regional FOs			
					M-N	M-A	A-N
Index	$\chi2$ (1)	Z	ES	$\chi2$ (2)	p	p	p
Maturity	2.17	2.20 **	0.74	4.63 *	0.5001	0.0823	0.0635
Capacity	3.59 *	2.81 ***	0.80	3.53			

Figures 26 and 27 present box plots of FO maturity and capacity, respectively. As with the other indices, the Northern distributions were more compact relative to Ashanti and Malawi. From these figures and the previous boxplots, it is clear that the Northern FOs are a distinct and relatively homogeneous group, though whether this is attributable to culture, to holding regular meetings, to focusing on microfinance, to P4P oversight, to

having support from supply-side partners beyond P4P, or to a combination of factors is not clear.

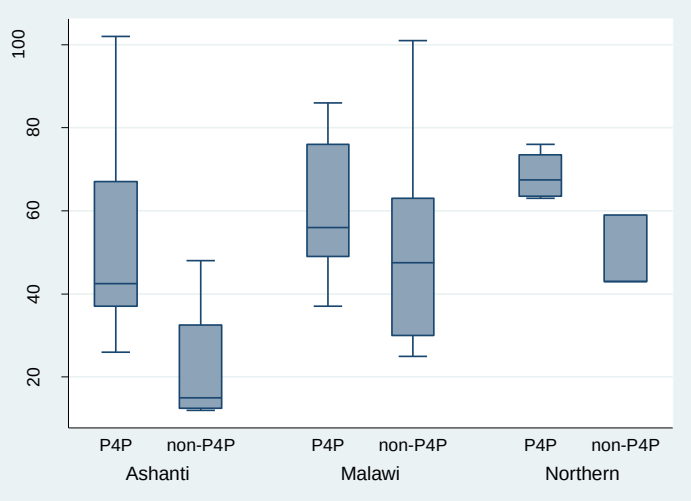

Figure 26. Box plot of FO maturity, by group and region

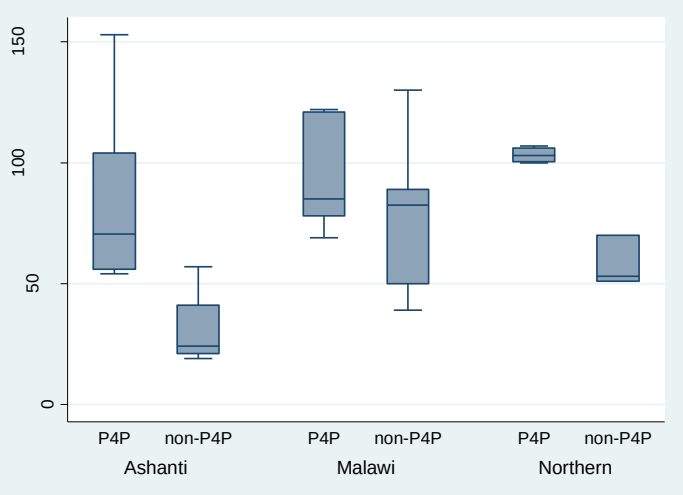

Figure 27. Box plot of FO capacity, by group and region

The range of capacity scores for Northern P4P FOs is very narrowly distributed, as these groups received the same assets from WFP and share collective sales experience selling to WFP, and schools through HGSF. While the distribution of Northern non-P4P FOs maturity scores is more compact than the Malawi and Ashanti groups, the middle half of the distribution, represented by the shaded rectangle, is roughly comparable to the middle half of the distribution of Malawi groups and Ashanti P4P groups. However, Northern control groups are penalized in the capacity assessment, falling relative to the other groups due to their lack of marketing technical capacity and experience.

Separating functional capacities from technical capacities by differentiating between FO maturity and capacity is useful in terms of measuring capacity building, as developed in Section 4.1.1. Ranking FOs by maturity and capacity yields different results, as presented in Table 24.

Table 24.

FO rankings in the maturity and capacity indices

Region	P4P	FO Name	Maturity ranking	Capacity ranking
Ashanti	1	Enso Nyame Ye Womens Group	1	1
Malawi	0	Chimbiya Piggery Cooperative	2	2
Malawi	1	Mdeka Farmers and Marketing Co-op Society Ltd	3	4
Malawi	1	Likasi Producers and Marketing Co-op Society	4	3
Northern	1	Suglo Konbo	5	5
Northern	1	Pagazaa Sugro Mbori Buni Farmers Group	6	6
Ashanti	1	Lord is my Shepard	7	7
Northern	1	Kpalsi Zisung Association	8	10
Malawi	0	Tasanganapo Producers and Marketing Coop	9	12
Northern	1	Kobli Kom Maize Group	10	9
Malawi	1	Cheka Cooperative Society	11	8
Northern	0	Tiyumtaba Farmers Group	12	18
Malawi	1	Chilitudwa	13	13
Malawi	1	Chilanga Farmers Trust	14	19
Malawi	0	Masuku Smallholder Farmers Association	15	11
Malawi	1	Nanguluwe women club	16	14
Ashanti	0	Nyame Ne Buafoa	17	21
Malawi	0	Namibawa	18	16
Ashanti	1	Mayaden Maize Farmers	19	20
Northern	0	Puumaya Farmers' Association	20	24
Northern	0	Shigu Wumpini	21	25
Ashanti	1	Odo Farmers Association	22	23
Malawi	1	Kafulu Smallholder Farmers Association	23	15
Ashanti	1	United Farmers Association	24	17
Malawi	0	Mzizima cluster	25	26
Ashanti	1	Asuogya Farmers Group	26	22
Malawi	0	Mpale Producers and Marketing Cooperative	27	27
Ashanti	0	Nyame Bekyere	28	28
Ashanti	0	Asempa Maize Growers	29	29
Ashanti	0	Frante Farmers Association	30	30

While groups at the tails shifted by at most one position between indices, suggesting that very mature groups have high capacity, and very immature groups have low capacity, the groups in the middle of the distribution are more sensitive to index construction. For example, Kafulu Smallholder Farmers Association jumped from 23rd on the maturity ranking to 15th on the capacity ranking, due to their proven capacity to supply significant quantities of maize to WFP through ACE, despite elite capture, lack of member participation (some members of the Malawi Procurement Unit were not aware that Kafulu was an FO), and lack of adaptive capacity which rendered Kafulu completely dependent on ACE to market their aggregated commodity for consecutive years, despite a history of dissatisfaction with the wait times and fees associated with these sales. While Kafulu is categorized as a high capacity FO utilizing the Malawi classification criteria, it emerges as an immature group through the maturity index, and either a low capacity group, or a developing group through the capacity index, depending on the classification system used. Appendix F presents classification methods, maturity and capacity rankings, scores, and FO classifications.

Figures 28 and 29 present distributions of FOs across maturity and capacity classifications. Almost two-thirds of FOs are classified as immature or maturing (19 of 30), and a single control group is classified as professional or very professional. Differences in median levels of maturity are not significant between P4P and non-P4P groups, though P4P FOs have higher median levels of capacity than non-P4P FOs, statistically significant at the 10% level.

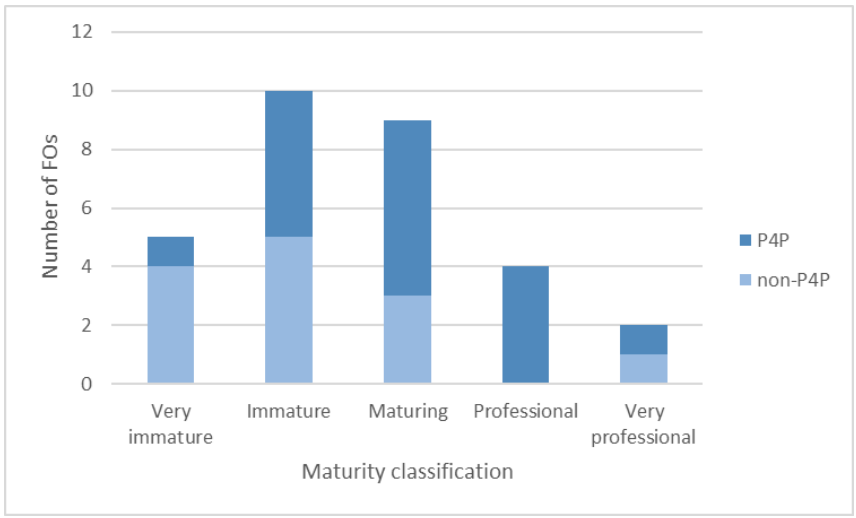

Figure 28. Distribution of sampled FOs across maturity classifications

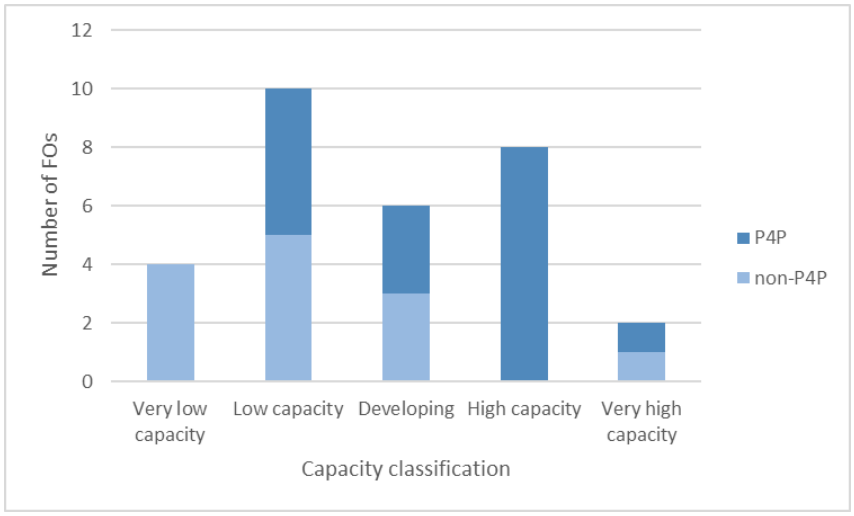

Figure 29. Distribution of sampled FOs across capacity classifications

The two very professional, very high capacity groups are two outliers on the Adaptive capacity box plot, Figure 25. Enso Nyame Ye Womens Group, a P4P FO in Ashanti, and Chimbiya Piggery Cooperative, a control group in Malawi recently adopted into P4P through HGSF, are both self-organized, long-standing women's primary FOs. The

groups both have cultivated relationships with many buyers including traders, processors and institutions such as schools and NGOs, however they utilize informal, oral contracts. Neither group specializes in undifferentiated foodgrains: Enso Nyame Ye collectively markets livestock, fresh produce, processed flours, and very dried maize for use poultry feed; Chimbiya's main product is pigs, though members produce and contribute foodgrains as pig feed.

Both of these FOs attribute their success to strict rules enforcement. Though factor analysis is not possible due to data, the correlation coefficient between the FO maturity index and *Rules enforcement* is 76%, though this drops to 67% between the FO capacity index and *Rules enforcement*.

When examining the data for possible proxies of FO maturity and capacity, which could be useful for rapid OCA for targeting purposes, strong correlations emerge between the indices and some elements, as presented in Table 25.

Table 25.

Select correlation coefficients

	Index	
Element	FO maturity	FO capacity
Adaptive capacity index	88%	88%
Mission and vision	87%	83%
Risk mitigation	81%	80%
Rules enforcement	76%	67%
Marketing identity	53%	63%

Of the elements examined, *Mission and vision* yield the highest correlation coefficients with the both indices, though it is outperformed by the Adaptive capacity index, comprised

of *Risk mitigation* and three other elements in the Adaptive capacity category. *Risk mitigation* itself is highly correlated with the FO maturity and capacity indices. That single elements and the four-element Adaptive capacity index have such high correlations with indices comprised of 42 and 72 equally-weighted elements highlights the importance of clear mission and vision shared across the membership base and double-loop learning emphasized throughout this study.

Rules enforcement and *Marketing identity* were not as strongly correlated with FO maturity and capacity. Though lack of defaults in the Ghana procurement data and lack of specificity in the Malawi data on purchases through ACE prevented analysis, it would be interesting to examine the relationship between these elements and contract performance, as well as between the maturity and capacity indices and contract performance.

5.6 Conclusion and Recommendations.

Despite the fact that capacity building strategies were not rooted in OCA, P4P has positively impacted a limited definition of FO capacity, though differences in Malawi cannot be directly attributed to P4P due to lack of baseline for control FOs. Relative to non-P4P groups, P4P groups had significantly higher median levels of adaptive capacity and organizational structures, as well as greater responsiveness to market changes, stricter enforcement of sales rules, and a more proactive stance toward risk mitigation.

The P4P FOs, however, do not have detectably higher levels of organizational maturity compared to non-P4P groups, suggesting that capacity building to support functional capacities would further enhance FO capacity, member participation, equitable

distribution of P4P benefits across the membership base, and FO ability to sustainably engage in operations.

In addition to country-specific targeting criteria, marketing identity and social bonding capital, as established in Chapter 4, findings from the case study suggest that P4P should include *Mission and vision* and either *Risk mitigation* or the Adaptive capacity index in its targeting criteria.

The case study reveals several opportunities to leverage P4P's impact on FO capacity building, including providing support to FOs when conflict arises, building social bonding capital to enhance the generally low levels of trust found in Ashanti and Malawi FOs, and establishing proportional penalties for FO defaults to signal the importance of FO sales rules, sales rules monitoring, and sales rules enforcement in preventing side-selling.

In Malawi, the capacity of supply-side partners was assumed rather than vetted, with capacity building results varying across supply-side partners. The partners aggregating primary groups into secondary unions without facilitating bonding between members, bridging between primary groups, and linking to actors along the supply chain failed to increase FO capacity through their exit strategy. In addition, the poor returns on deposits of maize and peas in rural ACE-certified warehouses suggests a review of WFP purchases through ACE and investigation into the impact on SHF in terms of welfare and attitudes toward structured trade opportunities. At a minimum, farmers depositing commodity with ACE need to be well-informed about the fee structure, especially those associated with warehouse receipt financing, as well as average lengths between deposit and sale.

Though the trust indicators do not generate strong results, the process of collecting the trust elements, documented in Appendix D was valued by both study teams, including the P4P staff and supply-side partners conducting field work in Ghana, for the insights generated into power and trust dynamics within the FO.

Chapter 3 presents a case for decoupling funding decisions from M&E designed to learn about capacity building effectiveness. With regards to member reporting, tension between honest representation and fear of sanctions arose at the FO level as well as at WFP. Across the multi-stakeholder partnership committed to capacity building, honesty should be incentivized rather than penalized.

Case study results provide evidence that the conceptualization of FO capacity and maturity presented in Chapter 3 can be measured, and that the content additions toward a SCOPEinsight Basic Plus tool presented in Chapter 4 measure meaningful differences in functional capacities contributing to FO maturity and capacity.

Chapter 6

CONCLUSION AND RECOMMENDATIONS

By clarifying the conceptualization of FO capacity, outlining a range of participation options for FOs through the capacity building process, analyzing OCAs within the participatory capacity building framework, as well as developing and applying indicators of functional capacity to FOs in Ghana and Malawi, this research contributes to the understanding of what FO capacity building means and how to measure it.

While organizational functional capacities support a wide range of strategic objectives, determine the distribution of benefits and costs within an organization, and enable empowerment; organizational technical capacities support a group's ability to achieve specific strategic objectives. Organizational capacity is "the capability of an organization to achieve what it sets out to do" (Fowler, Goold, & James, 1995, p.3). Capacity building initiatives supporting externally-identified goals which intended beneficiaries have not internalized do not generate capacity development.

Failure to prioritize the goals, objectives, and priorities of groups targeted for capacity building remains a key obstacle hindering effectiveness. The subordination of beneficiary interests to those of development agencies manifests in a multitude of ways: assuming beneficiary needs rather than conducting learning needs assessments; designing capacity building strategies irrespective of group objectives and vision; ignoring capacity gaps between current state and beneficiaries' preferred future state; and applying uniform strategies for building capacity across program areas which do not reflect the needs, vision, or priorities of the targeted groups.

These problems point to the core challenge of the paradigm shift away from top-down development toward participatory capacity building: ceding control to beneficiaries to enable their empowerment and self-determination. Difficulties in implementing the ideals of participatory capacity building arise from two sources. On the one hand, targeted groups may lack sufficient levels of empowerment for collegial participation throughout the capacity building process. On the other hand, the need for accountability, for comparability, and for satisfying reporting requirements limits the degree to which outside experts responsible for the flow of resources can surrender control to beneficiaries. These limitations reinforce one another in an amplifying loop, combining to preserve the well-established dynamic of outsiders determining how aid is distributed and utilized, with targeted groups profiting from the distribution as best they can. Beneficiary participation is often consultative, a degree of tokenism per Arnstein's (1969) classification, and occurs primarily during project implementation, rather than throughout the entire capacity building process, a necessary, but not sufficient, condition of empowerment.

Purchase for Progress is not immune from these challenges. The capacity building strategy reflects WFP's goal of connecting SHF to market rather than FO goals; the support package is uniform across countries or regions, shaped by supply-side partner capacities rather than FO needs; and neither learning needs assessments nor post-training verification exercises are conducted, leaving unanswered the question of how SHF have changed their attitudes, behaviours, and participation within FOs in response to P4P initiatives. Monitoring and evaluation within P4P focuses on product indicators such as tonnes contracted and delivered, numbers trained, assets distributed on a cost-sharing basis, and events held, such as workshops, farmer field days, and field demonstrations. These product outcomes

represent a crude measure of P4P achievements, and do not reveal deeper changes in attitudes, behaviours, functional capacities, and power dynamics resulting from these interventions. What type of FO members contribute to the tonnage procured? How do trainings and other learning events generate changes in attitudes and behaviours at the individual level, and changes in structures, processes, and motivation at the FO level? Who utilizes the assets acquired by FOs through P4P assistance, how do they employ the assets, and how is asset maintenance and upkeep managed? How do bridging social capital events create, build, and change relationships between FOs, their peers, and actors along the supply chain? The true impact of P4P lies in the answers to these questions, which are not addressed in P4P M&E.

Purchase for Progress deserves to claim significant achievements through product outcomes, but as with all capacity building programs, challenges in attribution arise due to scope, exacerbated due to lack of process indicators in M&E. In Ghana, standardizing weights in Ejura- Sekyedumasi District immediately altered market dynamics in favour of producers, and holds the promise of scaling-up enduring change. In Malawi, WFP purchases through ACE vitalized the CEX, which now provides structured trade and financing opportunities to farmers and traders accessing their network of 30 certified warehouses. These types of interventions impact the landscape in which SHF and FOs operate, but M&E has not documented how these initiatives changes the attitudes and behaviours of SHF, nor the structures and processes of FOs, nor how SHF participate within FOs.

Despite the framing of OCA within P4P and disconnect between OCA results and capacity building, P4P participation has positively impacted a limited measure of FO capacity

which excludes indicators of the institutional and biophysical environments. Baseline measures were not available in Malawi, so the difference cannot be attributed to P4P, however as control and experimental groups were comparable at baseline in Ghana, it is reasonable to state that P4P effectively rescued the Ashanti FOs from collapse and boosted the capacity of groups in Northern FOs. The proposed content additions toward a SCOPEinsight Basic Plus tool would help discern and measure these impacts.

As with other participatory capacity building programs, P4P suffers from lack of comparability between countries, stemming from different contexts, capacity building strategies, and classification systems. Partnering with SCOPEinsight to conduct objective assessments would represent significant progress in terms of measuring comparable changes in FO maturity and capacity across countries and harmonizing FO classification systems.

Expanding the SCOPEinsight methodology to increase member voice would generate more valid results and contribute to FO capacity building. Utilizing the SCOPEinsight outputs as a basis for customized capacity building strategies through an internal workshop would harness the full potential of the assessments.

Partnering with SCOPEinsight for OCA would not only inform capacity building, feed into M&E and procurement, but also improve targeting. In addition to targeting criteria established at the country-level, P4P should seek to partner with FOs exhibiting the factors driving organizational change and facilitating collective action: a strong marketing identity expressed through the mission and vision of the group and high levels of bonding social capital. Case study results suggest that *Mission and vision*, and either *Risk mitigation* or the

Adaptive capacity index should also be incorporated into the targeting criteria as proxies for organizational maturity and capacity.

Over half of P4P countries utilize percentage of SHF to target FOs for inclusion into P4P, however WFP does not investigate how these SHF members participate within the FO. Rather, it is assumed that the P4P benefits extended to FOs will trickle down to SHF members. The extent to which this assumption is correct depends upon the functional capacities of the FO.

To improve targeting of FOs for inclusion into P4P, WFP needs to further refine the type of SHF P4P aims to connect to market: non-commercial farmers with the potential to sell on formal markets, the entire segment of commercial SHF in loose value chains, or the upper-tier of commercial SHF in loose value chains. Regardless of the target group, capacity building initiatives should reflect the goals of P4P FOs and their members.

If P4P targets non-commercial SHF, supporting their ability to produce a reliable surplus and to shift out of the "buy high, sell low" dynamic, WFP should expect to provide at least 2 years of intensive support, focusing on building social capital and empowerment, alongside technical production and PHHS.

If P4P targets the entire segment of commercial SHF in loose value chains, WFP will need to pay close attention to the distribution of opportunities within FOs, which are prone to elite capture stemming from excessive power concentration within the EC and lack of checks and balances within organizational structures and processes. Capacity building for this segment should include supporting the functional capacities which enable meaningful participation across the membership base.

If P4P targets only the higher-tier producers within commercial SHF in loose value chains, then distributional issues within the FO are not as important to monitor. Capacity building strategies should reflect this group's likely desire to shift production away from low-margin staple foodgrains and into higher-value crops with tight value chains, which could pose challenges for WFP's procurement strategy.

The choice of target group within the SHF sector reflects an unsettled question regarding P4P identity; is P4P a procurement program or a development program? Is WFP's primary objective to reliably procure safe commodity in a timely fashion from SHF, or to support enduring rural organizations capable of altering market dynamics in favor of SHF?

Framing P4P as a procurement program targeting the higher-tier of commercial SHF in loose value chains has distinct advantages: clear administrative targets, continued focus on product as opposed to process outcomes, greater efficiency, and lower threat of disrupting the WFP pipeline. Disadvantages include limited ability to change market dynamics for SHF.

Framing P4P as a development program has the advantage of prioritizing the capacity development of FOs, which mediate between SHF and the rural environment, and have the potential to both transform rural market dynamics and to endure beyond the project cycle. Disadvantages include increased transaction costs and loss of efficiency in procurement, the extended timeframe of capacity building, lack of control over FO capacity development, and additional M&E to document process outcomes.

Purchase for Progress can continue straddling these identifies, striving to achieve efficiency in procurement while simultaneously aiming to build capacity of FOs and SHF, however trade-offs will continue to present themselves in operations, beginning with

targeting. The objective and target group of P4P determines whether the delivery at place of 100 mt, aggregated exclusively by the Chairman, in full accordance with the terms of the FO contract issued through a soft tendering process should be categorized as a P4P success or failure.

6.1 Further Research

Several knowledge gaps emerge from this study. The first is the relationship between individual capacity, empowerment, and organizational change. How do trainings and other learning initiatives empower individuals and generate change at the organizational level? A better understanding of these mechanisms can help improve effectiveness of capacity building initiatives.

Secondly, under what conditions is ToT an effective strategy for information dissemination leading to behavioral change? How can capacity building support the functional capacities necessary to enable effective ToT? Though ToT is an attractive platform due to the promise of empowerment, peer learning, learning in situ, and reduced costs, the experience of FOs in Malawi raises concerns about its efficacy.

Thirdly, to what degree do findings from externally-validated, self-administered OCA diverge from external OCA? Comparing the product outputs and process outcomes resulting from self-administered OCA against external OCA would help inform development agencies deciding between the two methods.

Additionally, is organizational maturity or marketing technical capacity a better predictor of WFP contract compliance? Do specific functional capacities help FOs achieve

their mission and vision while simultaneously decreasing the risk of default on formal market contracts? These question can be investigated by comparing standardized OCA results against P4P procurement data. Findings would help identify the sets of FO capacities that support WFP's procurement objectives, that propel FOs toward their preferred future state, and the intersection between them.

Finally, if SCOPEinsight Basic, or SCOPEinsight Basic Plus, is adopted as the OCA tool across P4P countries, what indicators can best proxy for the domain components, organizational maturity, and organizational capacity? This can be established through factor analysis, and findings could reduce the elements investigated in the assessment to the essentials. As a starting point, findings from this research suggest a high degree of correspondence between adaptive capacity and both organizational maturity and capacity.

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APPENDIX A

FO CLASSIFICATION CRITERIA IN GHANA

	Indicators	Low Capacity	Medium Capacity	High Capacity
Governance	Years in existence	Less than 3 years	Between 3 and 10 years	Above 10 years
	Members	Less than 40	Between 40 and 100	Above 100
	Women members	less than 30%	30-50%	Over 50%
	Record Keeping	No records	Basic Record Keeping	Basic and Business/ Financial Records
			1. Minutes of meetings	1. Store inventory - commodities and other assets
			2. Memberships register	2. Invoice and receipt books
			3. List of assets	3. Bank Statements
	Services provision to members	No services/Limited services (labour)	Offer different services (labour, seeds, etc)	Wide range of services (extension, tractor, credit, etc)
		(1 – 2 services)	(3 – 5 services)	(more than 5 services)
	Meetings held within last 3 months	1 time	2 times	3 times
	Hired permanent staff	None	1 to 2 staff	Above 2
Marketing (P4P)	Number of sales to WFP	Never supplied	1 or 2	3 or more
	Type of contract used with WFP and contract performance	No contract with WFP (never supplied) or Direct Contracts were totally or partly defaulted	Successfully delivered through Direct Contracts (but have not yet graduated to Soft Tenders)	Successfully delivered through Soft Tenders
	Participation in WFP Direct Negotiation	Never	Once	More than once
	No. of times participated in WFP Soft tendering	Never	Once	More than once
	Transportation to WFP Warehouse (Basis)	Never transported	Free Carrier (FCA)	Delivery at Place (DAP)
	Group sales beyond WFP (Other buyers)	No group sales	Group sales to 1 – 2 buyers	Group sales to more than 2 buyers
	Volume of group sales to other buyers (beyond WFP) per contract or per sale	No group sales	Less than 50mt	Above 50mt
	Risk of default (to P4P Modalities)	Risk of high default (above 50% default)	Partial default (10% - 50% default)	Low likelihood of default (less than 10%)
Assets	Store Ownership	Lease or temporary loan	Long-term lease/loan	Own permanent store
	Industrial Weighing Scale	No	No	Yes
	Sieve	No	No	Yes
	Tarpaulin	No	Yes	Yes
	Truck (MT)	No	Yes	Yes
	Land (Acre)	No	Yes	Yes
	Moisture Meter	No	No	Yes

Source: *Ghana P4P FO Classification Criteria* (WFP Ghana P4P Unit, 2014)

APPENDIX B

FO CLASSIFICATION CRITERIA IN MALAWI

Indicators	Capacity level		
	Low	Medium	High
Procurement modality	No experience/Negative experience with Direct Contracting	Positive experience with Direct Contracting and/or Soft Tendering	Experience with DC, soft tendering and/or open BVO (Bid Volume Only)
Markets beyond WFP	Community/individual sales to small vendors	Small/medium traders	Medium and big traders/Warehouse Receipt System (WRS)
Reasons for default	Side selling (due to market price fluctuation)	Side selling (due to issues with WFP's procurement procedures) or quality/quantity issues	Management issues (fraud, lack of internal control)
Membership/Trust issues	Yes (could not overcome)	Yes (could overcome)	No
Access to storage	No	Yes (rented/owned)	Yes (rented/owned)
Warehouse management	None	Yes (not effective)	Yes (effective)
Strategic thinking	No planning	Planning (unclear/unrealistic or not following)	Planning (and following up)

Source: *Classification of Malawi P4P FOs by Capacity Level* (WFP Malawi P4P Unit, 2013)

APPENDIX C

PROPOSED ADDITIONS TO SCOPEINSIGHT BASIC OCA

Organizational motivation

The organization's motivation drives the change process and group cohesion allows the individual members to cooperate toward group objectives.

SCORES	
	Organizational Motivation
	Mission and vision
	History
	Group cohesion

Topic	Scoring criteria
Mission and vision	
Mission and vision	Clear mission and unifying vision are required for organizational change. Score 1: Unclear or unrealistic mission and vision Score 2: Clear mission, unclear or unrealistic vision Score 3: Leaders can articulate clear mission and unifying vision to members and other stakeholders Score 4: Leaders can articulate clear mission and unifying vision to members and other stakeholders AND members understand the organization's mission and vision Score 5: Leaders and members can articulate clear mission and unifying vision to other stakeholders
Operational plans	Operational plans (formal and informal, such as business plan, marketing plan, and budget) should be clear, realistic, and aligned with organizational mission and vision Score 1: Plans not developed, unclear, or unrealistic Score 2: Operational plans do not align with FO mission and vision Score 3: Realistic operational plans reflecting FO mission and vision Score 4: Realistic operational plans reflecting FO mission and vision PLUS concrete action steps have been taken toward strategic objectives Score 5: Documented, realistic operational plans reflect FO mission and vision PLUS concrete action steps have been taken toward strategic objectives

Marketing identity	Collective sales included as a component of mission and vision. Score 1: Mission and vision do not include collective marketing organization does not participate in collective sales Score 2: Mission and vision do not include collective marketing organization participates in collective sales as a peripheral activity Score 3: Mission includes collective marketing Score 4: Mission and vision include collective marketing Score 5: Collective marketing is a prominent feature of the FO mission and vision
History	
Group formation	The drivers of group formation influence member motivation and organization development. Score 1: Formed by external partners to receive assistance Score 2: Formed by external partners to improve access to loans Score 3: Formed by external partners to participate in a specific income-generating project Score 4: Formed by members to receive assistance/ improve access to loans/ participate in a specific project Score 5: Formed by members as a self-help group to assist one another
Group cohesion	
Value of services to members*	Examples of services that add value to the members of the organization are: training, collective equipment use, storage, transport, financial services, advocacy, etcetera. The more of these services an organization provides to its members, the more loyal its members are likely to be. Score 1: Value-adding services are not provided and membership loyalty is low. Score 5: Value-adding services are regularly provided and membership loyalty is high.

Member satisfaction with contributions	Do members understand what their cash, in-kind, and labor contributions are used for, and are they satisfied with how the organization manages these contribution? Score 1: No, members do not understand how the organization utilizes their contributions, and they have concerns Score 2: No, members do not understand how the organization utilizes their contributions, but they trust that leaders and managers are doing a good job managing their contributions Score 3: Yes, members are aware, but they are not satisfied with how the organization manages their contributions Score 4: Yes, members are aware of and are satisfied with how the FO manages contributions Score 5: Yes, members are aware of and voted to approve the FO budget
Member assistance	Assistance to members in times of need (illness, hospitalization, funeral, …) builds goodwill. Score 1: None Score 2: The organization sometimes informally organizes members to contribute money or labor to assist members in need. Score 3: The organization has a committee which formally organizes members to contribute money or labor to assist members in need. Score 5: The organization has structures and processes to assist members in need with cash grants, which are not repaid Score 4: The organization has structures and processes to assist members in need with cash loans, to be repaid, with or without interest
Trust in members	Do members trust other members? Score 1: No, members are not indicated in any trust category Score 2: No, members are not ranked in any trust category Score 3: Yes, members are ranked in one trust category Score 4: Yes, members are ranked in two trust categories Score 5: Yes, members are ranked in three or more trust categories

Trust in leaders	Do members trust the organization's leaders? Score 1: No, leaders are not indicated in any trust category Score 2: No, leaders are not ranked in any trust category Score 3: Yes, leaders are ranked in one trust category Score 4: Yes, leaders are ranked in two trust categories Score 5: Yes, leaders are ranked in three or more trust categories
Organizational trustworthiness	Do members perceive the organization to be trustworthy? Score 1: Not mentioned, even when prompted, or categorized as not trustworthy Score 3: Somewhat trustworthy Score 5: Very trustworthy

Member participation

Active participation across the membership base enables empowerment and protects against elite capture.

SCORES	
	Member participation
	Conflict resolution
	Meetings, dues, and sales
	Learning
	Planning

Topic	Scoring criteria
Conflict resolution	
Raising concerns	Is there a way for members to raise concerns about FO plans, rules, activities, and decisions? Has this occurred? Were members satisfied with the process? Score 1: Don't know Score 2: No, members cannot raise concerns about the organization's activities Score 3: Yes, members can raise concerns about the organization's activities, but this has not occurred Score 4: Yes, members can raise concerns about the organization's activities. This has occurred, but members were not satisfied with the process Score 5: Yes, members can raise concerns about the organization's activities. This has occurred, and members were satisfied with the process
Conflict resolution mechanisms	How does the FO resolve internal conflicts? Score 1: The organization does not have access conflict resolution mechanisms Score 2: The organization relies on partners to resolve conflicts Score 3: Leaders helps members resolve conflicts Score 4: Audit and/or Discipline SCs have been established, becoming active in case of complaints Score 5: Audit and Discipline SCs proactively review records, providing checks and balances within the organization

Conflict resolution history	Have the conflicts which have arisen within the FO been adequately addressed? While not every member can be satisfied with the final outcome, are members broadly satisfied with the process through which conflict has been addressed? Score 1: Conflicts have lingered for more than one year, and the resolution process is unclear Score 2: Conflicts have not arisen Score 3: Conflicts were resolved, but took more than one year Score 4: Conflicts were resolved, but took more than six months Score 5: Conflicts have been resolved quickly and efficiently, and members consider the process fair and transparent
Meetings, dues, and sales	
General meeting frequency	General meeting frequency in the previous year. Score 1: No meetings Score 2: 1 general meeting Score 3: 2-3 general meetings Score 4: 4-5 general meetings Score 5: 6+ general meetings
Attendance at general meetings	Average percentage attendance at general meetings in the previous year. Score 1: 0-20% Score 2: 21-40% Score 3: 41-60% Score 4: 61-80% Score 5: >80%
Membership fees	Percentage of members current or expected to be current on their membership fees by the end of the season. Score 1: 0-20% Score 2: 21-40% Score 3: 41-60% Score 4: 61-80% Score 5: >80%

Trend in active members	Trend in number of members fulfilling all membership conditions (dues, shares, attending meetings, fulfilling labor requirements, …) over the last three years. Score 1: Don't know Score 2: Decreasing Score 3: No clear trend Score 4: Constant Score 5: Increasing
Percentage of members contributing to group sales	Percentage of eligible members contributing to group sales over the last three years. Score 1: 0-20% Score 2: 21-40% Score 3: 41-60% Score 4: 61-80% Score 5: >80%
Learning	
Production learning	How is production information (productivity, post-harvest and storage, grading and quality standards, …) shared through the member base? Score 1: Information not shared with members Score 2: All members present to receive information Score 3: Through meetings organized by the group Score 4: Through lead farmers, workshops, and/or farmer field days Score 5: Through lead farmers, workshops, and/or farmer field days as well as Farm or Production SC's who inspect member fields and provide technical assistance

Business learning	How is business information (marketing, negotiations, contracts, commodity exchanges, warehouse receipt systems, accounting and record-keeping, ...) shared through the member base? Score 1: Information not shared with members Score 2: All members present to receive information Score 3: Through meetings organized by the group Score 4: Through lead farmers and mentors Score 5: Through workshops organized by the group
Planning	
Member involvement in planning decisions	To what extent are members involved in strategic and budgetary planning? Score 1: None Score 2: Leaders make plans and share information with members at meetings Score 3: Leaders present plans and members vote to approve plans Score 4: Leaders gather feedback from members during meetings or through other means and incorporate member ideas into planning Score 5: Planning decisions made collectively and members vote to approve plans
Member involvement in operational decisions	To what extent are members involved in decisions about FO operations? Score 1: None Score 2: Leaders make plans and share information with members at meetings Score 3: Leaders present plans and members vote to approve plans Score 4: Leaders gather feedback from members during meetings or through other means and incorporate member ideas into planning Score 5: Planning decisions made collectively and members vote to approve plans

Organizational structures

Organizational structures influence member behavior and participation.

SCORES	
	Organizational structures
	Rules
	Sales rules
	Interference
	Sub-committees

Topic	Scoring criteria
Rules	
Rules	Rules elaborating the terms of membership, and penalties for breaking the rules, govern member behaviour. Score 1: No rules with penalties Score 2: 1-2 rules with penalties Score 3: 3-4 rules with penalties Score 4: 5-6 rules with penalties Score 5: 7 or more rules with penalties
Rules monitoring	Rules are effective to the degree they are monitored and adhered to. Score 1: No rules to monitor Score 2: No monitoring, rules are ineffective and irrelevant to member behaviour Score 3: Executive Committee monitors rules Score 4: Executive Committee and appropriate Sub-Committees monitor rules Score 5: Leaders and members are share responsibility in monitoring behaviours

Rules enforcement	If rules are broken, enforcement of penalties promotes justice and deters others from breaking the rules. Score 1: No rules to enforce Score 2: Rules exist, but are not enforced Score 3: Selective enforcement of some rules, while others are ignored Score 4: Strict enforcement of some rules, selective enforcement of other rules Score 5: Strict enforcement of all rules
Sales rules	
Sales rules	Rules elaborating member contributions to group sales, and penalties for breaking the rules, govern member participation in collective marketing. Score 1: No rules on member contributions to group sales Score 2: Unrealistic rules on member contributions to group sales Score 3: Organization must aggregate commodity from members before buying/aggregating from non-members Score 4: The organization has rules governing member contributions to group sales Score 5: The organization has rules governing member contributions to group sales and penalties for side-selling
Sales rules monitoring	Sales rules are effective to the degree they are monitored and adhered to. Score 1: No sales rules to monitor Score 2: No monitoring, sales rules are ineffective and irrelevant to member behaviour Score 3: Executive Committee monitors sales rules Score 4: Executive Committee and appropriate Sub-Committees monitor sales rules Score 5: Leaders and members are share responsibility in monitoring sales behaviours

Sales rules enforcement	If sales rules are broken, enforcement of penalties promotes justice and deters others from breaking the rules. Score 1: No sales rules to enforce Score 2: Sales rules exist, but are not enforced Score 3: Selective enforcement of some sales rules, while others are ignored Score 4: Strict enforcement of some sales rules, selective enforcement of other sales rules Score 5: Strict enforcement of all sales rules
Interference	
Interference	Actors external to the organization, such as traditional authorities, political figures, financial institutions, as well as partners, can limit the group's autonomy, to positive or negative effect. Score 1: Excessive interference from external authorities has sabotaged organizational development Score 2: Limited negative interference from external authorities Score 3: No interference from external authorities Score 4: Limited positive interference from external authorities Score 5: Positive interference from external authorities has boosted FO development
Sub-committees	
Active sub-committees	Sub-committees diffuse power out of the Executive Committee, protect against elite capture, and enable stronger management and oversight. Score 1: No sub-committees Score 2: Sub-committee exist, but do not meet and or actively participate in group governance Score 3: 1-2 active sub-committees Score 4: 3-4 active sub-committees Score 5: 5 or more active sub-committees

SCORES	
	Adaptive capacity
	Market response
	Structural response
	Risk mitigation
	Phase out impact

Topic	Scoring criteria
Adaptive capacity	
Market response	Ability to respond to changes in market conditions, such as unpredicted price changes, buyers' inability to fulfill promises, export bans, etc. Score 1: No collective marketing Score 2: Unable to adapt to changing market conditions, hopes for the best; returns aggregated commodity back to members if buyer backs out of transaction Score 3: Organization reacts by relying on partners to find alternative markets Score 4: Leaders (such as Executive Committee, or Marketing Sub-Committee) react by finding alternate buyers Score 5: Organization proactively develops alternative, implementable marketing strategies in anticipation of market changes
Structural response	Ability to respond to challenges and dynamic conditions encountered by the group by changing organizational structure, processes, and/or rules. Examples of changes include: creating or activating sub-committees, holding elections, voting to change rules, enforcing penalties, requiring written contracts, etc. Score 1: No problems encountered or recognized Score 2: No changes in organizational structures, processes, or rules made Score 3: Some changes adopted, but it is not clear whether the changes were effective in preventing the problem for recurring Score 4: Changes adopted were somewhat effective in preventing the problem for recurring Score 5: Changes adopted were effective in preventing the problem from recurring

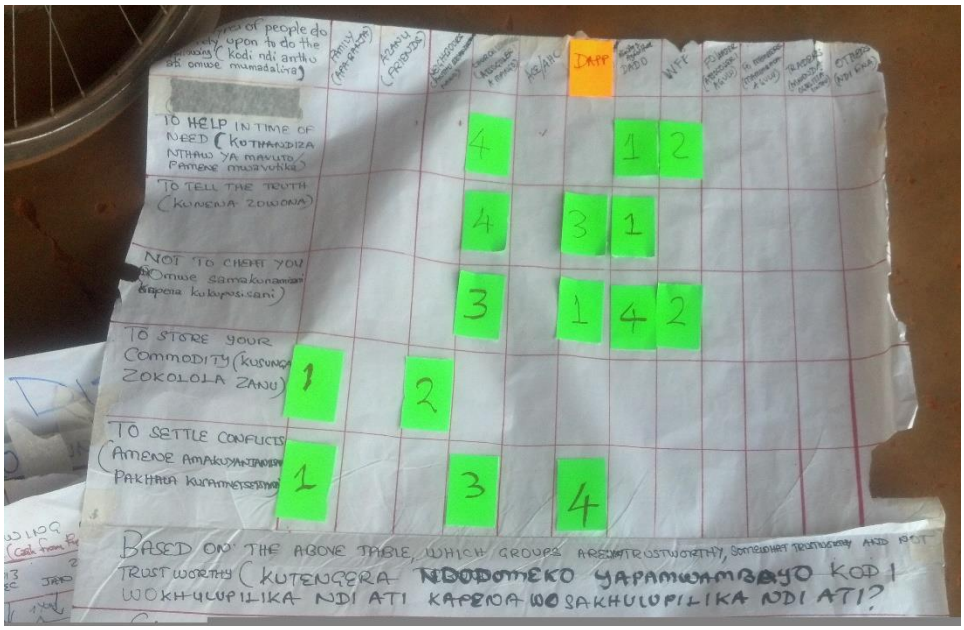
Risk mitigation	Organizations vary in their awareness and response to risk exposure, with less mature groups responding to change while more mature groups proactively protect themselves from negative risk. Score 1: No risk mitigation strategies, the organization reacts to changes after they occur Score 2: The organization is aware of likely risks Score 3: The organization is aware of likely risks and considers changes to mitigate risk Score 4: The organization is aware of likely risks, considers changes, and has a strategy to mitigate risks should they occur Score 5: The organization considers likely changes and makes back-up plans and proactively diversifies members, crops, buyers, and activities to minimize risk
Phase out impact	How has phase out of partners impacted the organization? Score 1: Has not occurred, organization has not grappled with partner phase-out Score 2: Significant disruption of activities, organization is waiting/waited for other partners and donors to resume activities Score 3: Significant disruption of activities, organization leaders actively seeking/sought other partners and donors to resume activities Score 4: Organization continues/continued core activities at a reduced scale Score 5: Organization continues/continued all activities, adopting the roles and responsibilities of previously assumed by partners

APPENDIX D

TRUST INDICATOR METHODOLOGY

After experimentation with different approaches to collecting this data, the study settled upon the following methodology.

The trust indicators were collected at the end of the FGD. A grid including different types of trust and different categories of people was presented to FGD participations, as in the below. Five different types of trust were explored in the rows: trust to help in times of need, trust to tell the truth, trust not to cheat you, trust to store your commodity, and trust to settle conflicts. 12 member categories were included in the columns: family, friends, neighbors, religious leaders, CEX, supply-side partners, MoFA, WFP, FO leaders, FO members, traders, and others (specified).



After finding that group discussions led to vociferous members claiming their trust and others agreeing to form consensus, this study opted to convened members privately. In one-on-one conversations with a facilitator, each category of trust was explored and members offered their categories of people they trusted for each type of trust.

After collecting information from each participant, the facilitator tallied the counts for each entity category across members and trust categories. These totals were ranked, and the facilitator asked the group the rankings were correct, and if not why. In some cases, rankings were adjusted to incorporate member feedback.

Utilizing total "votes" the facilitator then placed the ranked entities into one of three categories: most trustworthy, somewhat trustworthy, and not at all trustworthy. Members again had the opportunity to provide feedback on this categorization,

Clarifications were requested when rankings did not reflect previous statements. For example, if the group complained grievously about WFP breaking commitments in terms of logistics and payment, but placed WFP in the most trustworthy category, the facilitator would follow-up with probing questions. Similarly, failing to mention the FO, or neglecting to include it in a trust category prompted probing.

The study team found this approach superior in terms of generating unbiased feedback across all participants, and relieving participants of the public pressure to build consensus reflecting the priorities of more influential community members (Barnaud & van Paassen, 2013; Cleaver, 2005; Kothari, 2001; Muñoz, Paredes, & Thorp, 2007; Platteau & Abraham, 2002; Stadler, 1995).

Of the information gathered during the mission, both study teams, including the P4P staff and implementing partners comprising the Ghana team, found this section on bonding social capital to be the most valuable in terms of understanding FO dynamics.

APPENDIX E

FO LEADER AND MEMBER DATA COLLECTION INSTRUMENTS

NAME
FGD #
DATE

In attendance:

	M	F
Committee		

1) DIVERSITY: What percentage of community and FO members fall in the following categories?

Variable	Category	Community	FO
Population			M: F:
Age	Aged (66+)	%	%
	Adult (36-65)	%	%
	Youth (18-35)	%	%
	Child (0-17)	%	%
Social-Economic Status	Rich	%	%
	Middle	%	%
	Poor	%	%
Primary Occupation	Salaried	%	%
	Business	%	%
	Farming	%	%
	Other (unemployed)	%	%
Religion		%	%
		%	%
		%	%
	Other	%	%
Highest Level of Education	Tertiary	%	%
	Secondary	%	%
	Primary	%	%
	None	%	%
Tribe		%	%
		%	%
		%	%
	Other	%	%

2) What other local associations (farming, religious, civic, …) are there in the community? Which of these associations do FO members frequently belong?

Association	Estimated # of members	# FO members belonging to assoc

3) Are there competing FOs serving the same community? If so, how does this FO distinguish itself from the competition?

NAME
FGD #
DATE

TRUST

4) Can most people in your community be relied upon? Can most people beyond your community be relied upon?

5) Which types of people do you rely upon to do the following:

This includes: ACDI-VOCA, SARI, IFDC, GGC, ADRA, ...

	Family	Friends	Neighbors	Religious leaders	MOFA extension	Supply-side partner	WFP	WHSE Operator	FO executives	FO members	Traders	O	O (2)
To help you in time of need													
To tell the truth													
Not to cheat you													
To store your commodity													
To sell your commodity													
To settle conflicts													

7) Based on the above table, which groups are: very trustworthy, somewhat trustworthy, and not trustworthy

CATEGORY	GROUPS
Very trustworthy	
Somewhat trustworthy	
Least trustworthy	

NAME
FGD #
DATE

ORGANIZATION, RULES, & MANAGEMENT

8) Is your FO registered? If so, when and with what agency?

Committee		Male members	Female members	Freq/ year	LAST MEETING				
					Date	Males	Females	Agenda items	Resolution
Executive	Meet separately from group? Y/N							1. 2. 3.	1. 2. 3.
Subs	(SPECIFY)								

9) How often do you hold regular meetings convening all members?

	Date of last meeting	Males at last meeting	Females at last meeting	Agenda items at last meeting	Resolution
Regular					
Emergency					

10) When was the last election for the Executive Committee? What % of members voted? How often are elections held and for what posts?

NAME
FGD #
DATE

11) Who is involved in decision making regarding the following activities? To what extent are non-committee members involved in these decisions?

Activity	Committee1	Committee2	Non-Executive members
Planning			
Change policies/rules			
Investments			
Credit issued to FO from financial institutions			
Contracts			
Price given to members on collective sales			
Terms of credit issued to members by FO			
Credit issued to members by FO			
Monitoring credit issued to members from FO			

12) Are there rules of membership? Are these written? Are these up-to-date? Do members have copies of the rules? Are there problems with members not respecting the rules?

Category	Rules	Penalties	Monitoring	Enforce?
Membership fee				Y/N
Dues				Y/N
Levy				Y/N
Input credit repayment				Y/N
Cash credit repayment				Y/N
Collective sales (in-kind)				Y/N
Collective sales (cash)				Y/N
Meetings				Y/N
Other				Y/N

13) Does limited access to FO services generate conflict between non-executive members and other non-executive members? What types of conflicts arise? Does the FO have a process for addressing these conflicts?

14) Have there been members who were not happy with proposals or decisions made by the Executive Committee? What happened?

NAME
FGD #
DATE

15) What type of conflicts arise between executives within the FO? Is there a process for addressing these conflicts?

FO EVOLUTION

16) How and when did your FO begin? What was its original purpose, and how has the purpose and mission changed over time? How do you expect these to change over the next year? 3-5 years? 10 years?

17) FO TIMELINE: Beginning with a current profile, how have the following changed over time, and what events caused these changes:

a. MEMBERSHIP (numbers, reasons for joining FO, types of farmers)

- How many members have paid their dues for this season?

b. SERVICES (Inputs, credit, weighting, storage, marketing)

i. Who can use FO services related to crop production, marketing and storage?

ii. Have external authorities (village elders, district leaders, funders, others, ...) interfered with FO service provision?

c. PARTNERSHIPS: Who are your partners, and what support do they provide?

d. ASSETS: What assets has the FO attained and how were these obtained?

e. BUYERS: Who buys your commodity? Do your buyers test for quality?

f. Since inception, what has happened that encouraged members to join and become more active in FO activities? Since inception, what has happened that discouraged members? How have these events impacted FO rules, regulations, and the way the FO and its members do business?

NAME
FGD #
DATE

18) What capacity building trainings did the FO receive in 2014/15?

Training	Who facilitated?	Who funded?	M	F
How do you share this knowledge with other members?				

19) Have you ever received training in the following topics?

Topic	Yes/No	If yes, year	Facilitator	Funder	M	F
Organizational management	Y/N					
Communications	Y/N					
Financial management	Y/N					
Marketing	Y/N					
Contracts and negotiations	Y/N					
Warehouse management	Y/N					
Good Agricultural Practices	Y/N					
Post-harvest handling	Y/N					
Quality control	Y/N					
Food processing	Y/N					
What benefits have you noticed from implementing these practices?						

20) How does the FO find buyers? Has the FO developed a business plan? If yes, in what year?

21) How does the FO establish sales price?

22) Does the FO receive price and market information via sms? How does price and market information help the FO do business?

23) Has the FO applied for loans? Has the FO received loans? If yes, source and amount.

NAME
FGD #
DATE

PREVIOUS MARKETING SEASON

24)

Amount currently in bank	Annual expenditure	% from member sales & svcs	% from loans	% from donors

25) For the previous marketing season, what types of credit did the FO extend to members?

Type of credit	Access fees	Length of loan	Interest on loan	Members requesting loan	Members receiving loan	Total value loaned	Total value due	Total value repaid	Problems, if any
Cash									
Seeds									
Fertilizer									
Other									

26) For the previous marketing season, where did the FO aggregate and store commodity:

	Rented space			Owned warehouse				Aggregation and storage equipment available	Source of equipment
Member houses (MT)	Rented space (MT)	Monthly expenses	Condition of rented space	Owned warehouse (MT)	Monthly expenses	Warehouse condition	Source of warehouse		

27) For the previous marketing season

Crop	Quantity sold (specify units)	Raw/Graded (details)	Date sold	Buyer	Contract type	Price received by FO (units)	Price received by members (units)	Problems (if any)
		R/G						
		R/G						
		R/G						
		R/G						

NAME
FGD #
DATE

28) For the previous marketing season, did you engage in negotiations to sell to WFP? If no, why not?

   a. If yes, did it result in a contract? If no, why not?

   b. If yes, did you fulfill the terms of the contract? If no, why not? What were the consequences?

   c. Experience, benefits, consequences & challenges:

29) For the previous marketing season: Production and marketed surplus

Crop	Total member production	Members' total marketed surplus	Members surplus marketed through FO (A)	FO purchases from non-members (B)	Total sold by FO (A) + (B) (cross check with 27)
	MT	MT	MT	MT	MT
	MT	MT	MT	MT	MT
	MT	MT	MT	MT	MT
	MT	MT	MT	MT	MT

30) What are the consequences if the FO does not uphold contracts/side-sells?

31) What are the consequences if a member does not uphold a contract with the FO/side-sells?

32) To what extent do extension workers support FO members?

33) What is the process for seeking assistance from the FO? Are there rules and regulations to guide the FO in providing assistance?

NAME
FGD #
DATE

In attendance:

	M	F
Regular		

0) How often do you hold regular meetings convening all members?

	Date of last meeting	Males at last meeting	Females at last meeting	Agenda items at last meeting	Resolution
Regular					
Special(2014)					

1) In what year (& month) was the last election for the Executive Committee? Did you vote? How often are elections held,for what posts?

2) Do members have a way of sharing problems with the Executive Committee? What kind of problems have members shared with the EC? How were these resolved?

3) In what way, if any, do non-committee members participate in the following types of decisions?

ACTIVITIES	Participation by non-committee members
Planning	
Change policies/rules	
Investments	
Credit issued to FO from financial institutions	
Contracts	
Price given to members on collective sales	
Terms of credit issued to members by FO	
Credit issued to members by FO	
Monitoring credit issued to members from FO	

NAME
FGD #
DATE

4) Does limited access to FO services generate conflict between non-executive members and other non-executive members? What types of conflicts arise? Does the FO have a process for addressing these conflicts?

5) Have there been members who were not happy with proposals or decisions made by the Executive Committee? What happened?

6) Are there rules of membership? Are these written in a constitution? Do members have copies of the Constitution? Do members respect the rules of FO membership? Do you respect the rules of FO membership?

Category	Rules	Penalties	Monitoring	Enforce?
Membership fee				Y/N
Dues				Y/N
Levy				Y/N
Credit repayment				Y/N
Collective sales (in-kind)				Y/N
Collective sales (cash)				Y/N
Meetings				Y/N
Other				Y/N

7) If a member has problems with FO rules, how can they share the problem with the FO? Has this happened before? How was the problem resolved?

8) What are the consequences if a member does not uphold a contract with the FO/side-sells?

9) What are the consequences if the FO does not uphold a contract/side-sells?

10) What FO-provided services have you used? (Inputs, credit, ploughing, reapers/threshers, weighing, storage, marketing, ...)

11) Who can use FO services related to crop production, marketing and storage? Does the FO purchase (raw/graded) commodity from non-members?

12) To what extent do extension workers (MOFA, ACDI-VOCA, ...) support FO members?

13) What was the most recent negative shock which the community mobilized or received assistance for (i.e. drought, flood, harvest failure)? What year (and month) did the shock occur?

14) In the case of the identified shock, how did the community support members who need help? What is the process for seeking assistance from the community?

15) In the case of the identified shock, how did the FO support members who need help? What is the process for seeking assistance from the FO? Are there rules and regulations to guide the FO in providing assistance?

16) During the identified shock, what did you personally receive or give:

Item	Receive (from whom)	Give
Seed/roots/stems		
Food		
Clothes		
Household items/basic necessities		
Cash		
Other (specify)		

NAME
FGD #
DATE

17) Can most people in your community be relied upon? Can most people beyond your community be relied upon?

18) Which types of people do you rely upon to do the following:

This includes: ACDI-VOCA, SARI, IFDC, GGC, ADRA, ...

	Family	Friends	Neighbors	Religious leaders	MOFA extension	Supply-side partner	WFP	FO executives	FO members	Traders	Other	Other (2)
To help you in time of need												
To tell the truth												
Not to cheat you												
To store your commodity												
To sell your commodity												
To settle conflicts												

Based on the above table, which groups are: very trustworthy, somewhat trustworthy, and not trustworthy

Category	Groups
Very trustworthy	
Somewhat trustworthy	
Not trustworthy	

APPENDIX F

FO RANKINGS AND CLASSIFICATION

Though this study utilizes a 4-point scale, total maturity and capacity scores are converted to a 5-point scale, divided into 5 classifications reflecting the SCOPEinsight typology: Very professional, professional, maturing, immature, and very immature for the maturity index; Very high capacity, high capacity, developing, low capacity, and very low capacity for the capacity index. Groups were classified using two methods: a relative approach, in which thresholds between categories are defined by quintiles between the highest and lowest scores attained; and an absolute approach, in which thresholds between categories are defined by quintiles between the highest and lowest possible score. While the first approach is more appropriate for comparisons within regions or countries, the latter allows for broader comparisons.

Maturity ranking	Region	P4P	FO Name	Adjusted avg score	Maturity category*	
					Relative	Absolute
1	Ashanti	1	Enso Nyame Ye Womens Group	4.22	5	5
2	Malawi	0	Chimbiya Piggery Cooperative	4.19	5	4
3	Malawi	1	Mdeka Farmers and Marketing Cooperative Society Ltd	3.75	4	4
4	Malawi	1	Likasi Producers and Marketing Cooperative Society	3.46	4	4
5	Northern	1	Suglo Konbo	3.46	4	4
6	Northern	1	Pagazaa Sugro Mbori Buni Farmers Group	3.31	4	3
7	Ashanti	1	Lord is my Shepard	3.20	3	3
8	Northern	1	Kpalsi Zisung Association	3.11	3	3
9	Malawi	0	Tasanganapo Producers and Marketing Cooperative	3.08	3	3
10	Northern	1	Kobli Kom Maize Group	3.08	3	3
11	Malawi	1	Cheka Cooperative Society	3.02	3	3
12	Northern	0	Tiyumtaba Farmers Group	2.97	3	3
13	Malawi	1	Chilitudwa	2.88	3	3
14	Malawi	1	Chilanga Farmers Trust	2.82	3	3
15	Malawi	0	Masuku Smallholder Farmers Association	2.73	3	3
16	Malawi	1	Nanguluwe women club	2.67	2	3
17	Ashanti	0	Nyame Ne Buafoa	2.65	2	3
18	Malawi	0	Namibawa	2.53	2	2
19	Ashanti	1	Mayaden Maize Farmers	2.53	2	2
20	Northern	0	Puumaya Farmers' Association	2.50	2	2
21	Northern	0	Shigu Wumpini	2.50	2	2
22	Ashanti	1	Odo Farmers Association	2.44	2	2
23	Malawi	1	Kafulu Smallholder Farmers Association	2.33	2	2
24	Ashanti	1	United Farmers Association	2.33	2	2
25	Malawi	0	Mzizima cluster	2.12	2	2
26	Ashanti	1	Asuogya Farmers Group	2.01	1	2
27	Malawi	0	Mpale Producers and Marketing Cooperative	1.98	1	2
28	Ashanti	0	Nyame Bekyere	1.74	1	1
29	Ashanti	0	Asempa Maize Growers	1.63	1	1
30	Ashanti	0	Frante Farmers Association	1.60	1	1

Note. * for maturity categories, 5 = very professional, 4 = professional, 3 = maturing, 2 = immature, 1 = very immature

Capacity ranking	Region	P4P	FO Name	Adjusted avg score	Capacity category*	
					Relative	Absolute
1	Ashanti	1	Enso Nyame Ye Womens Group	3.87	5	4
2	Malawi	0	Chimbiya Piggery Cooperative	3.48	5	4
3	Malawi	1	Likasi Producers and Marketing Cooperative Society	3.34	4	3
4	Malawi	1	Mdeka Farmers and Marketing Cooperative Society Ltd	3.32	4	3
5	Northern	1	Suglo Konbo	3.08	4	3
6	Northern	1	Pagazaa Sugro Mbori Buni Farmers Group	3.05	4	3
7	Ashanti	1	Lord is my Shepard	3.03	4	3
8	Malawi	1	Cheka Integrated Agriculture - Aquaculture Cooperative Society	3.01	4	3
9	Northern	1	Kobli Kom Maize Group	2.98	4	3
10	Northern	1	Kpalsi Zisung Association	2.96	4	3
11	Malawi	0	Masuku Smallholder Farmers Association	2.77	3	3
12	Malawi	0	Tasanganapo Producers and Marketing Cooperative	2.74	3	3
13	Malawi	1	Chilitudwa	2.71	3	3
14	Malawi	1	Nanguluwe women club	2.64	3	3
15	Malawi	1	Kafulu Smallholder Farmers Association	2.59	3	2
16	Malawi	0	Namibawa	2.59	3	2
17	Ashanti	1	United Farmers Association	2.48	2	2
18	Northern	0	Tiyumtaba Farmers Group	2.45	2	2
19	Malawi	1	Chilanga Farmers Trust	2.43	2	2
20	Ashanti	1	Mayaden Maize Farmers	2.43	2	2
21	Ashanti	0	Nyame Ne Buafoa	2.23	2	2
22	Ashanti	1	Asuogya Farmers Group	2.21	2	2
23	Ashanti	1	Odo Farmers Association	2.17	2	2
24	Northern	0	Puumaya Farmers' Association	2.16	2	2
25	Northern	0	Shigu Wumpini	2.12	2	2
26	Malawi	0	Mzizima cluster	2.11	2	2
27	Malawi	0	Mpale Producers and Marketing Cooperative	1.92	1	2
28	Ashanti	0	Nyame Bekyere	1.68	1	1
29	Ashanti	0	Asempa Maize Growers	1.64	1	1
30	Ashanti	0	Frante Farmers Association	1.58	1	1

Note. * for capacity categories, 5 = very professional, 4 = professional, 3 = developing, 2 = low capacity, 1 = very low capacity