FAO/AFMA Workshop on the role of Commodity Associations inn Asia and the Pacific

Draft Conclusions and Recommendations

Presentations and working groups

- The workshop reviewed two papers on the topic presented by FAO staff members, as well as papers on the role of commodity associations in Myanmar, Korea Rep, Philippines, Sri Lanka, Thailand and India.
- In addition to formal presentations, participants divided into working groups on two occasions, to discuss the following topics:

1. Why are there so few commodity associations in Asia, are they required and, if so, which types of association or other organization are best suited to the needs of chain participants?
2. What is required for commodity associations in Asia to maximize their effectiveness?

Definition

- The workshop noted the FAO definition of commodity chain associations, as follows:
  - Commodity chain associations are organizations that bring together a wide spectrum of interest groups related to a particular commodity or sector in a particular country.

- It noted that several of the associations being developed in Myanmar broadly corresponded to that definition, as did the Sri Lanka spice association and the Cotton Association of India. The Philippines organic association, on the other hand, represented interest groups from a variety of organic chains, as does the Thai organic association. Commodity associations in Korea were primarily Cooperative associations, although there was some potential for private sector involvement.

Small number of commodity chain associations in Asia

- Participants considered reasons why there appeared to be relatively few commodity chain associations in Asia and the Pacific. Reasons considered included:
  - Lack of funds, so some such associations may have ceased operation in the past
  - Lack of a clear legal basis for chain associations
  - Lack of awareness of potential for associations, with existing associations not being vocal about their achievements
  - Lack of or poor performance of farmer associations or similar bodies, meaning farmers would be poorly represented in chain associations
  - Antagonism between chain actors for a variety of reasons, leading to a reluctance to collaborate
  - Lack of dynamic leadership prepared to take the initiative to establish associations

Types of association most suited to Asia

- Participants noted that no one particular model could be recommended and that it depended on the country and the commodity
- Whatever models were adopted it was essential that farmer representation weaknesses were addressed if farmers were to be adequately represented on chain associations
- Participants noted with interest the different ways in which farmers were represented on associations in India, Myanmar, and Sri Lanka

What is required to maximize the effectiveness of associations

- Participants discussed three aspects of this subject:
  - Linkages with government and policymakers – advocacy
  - Structure and funding of association
  - Involving small-scale farmers

Linkages with government and policymakers – advocacy

- Participants felt that associations' must be source of knowledge of the industry if they are to gain legitimacy and be recognized as representing the industry
- associations should develop close liaison with relevant officials and ensure that they sit on relevant bodies
- Associations must have broad membership to maximize influence and ensure legitimacy

Structure and funding

- Participants agreed that Associations should represent all actors in supply chain
- Executive Members must be elected with limited duration of mandates
- Fees must be justified by high level of performance
- Funding options include service provision, possibly through subsidiary company, levies, etc.
- Associations should not try to do too much and should try to complement the work of governments

Involving small farmers

- Participants stressed that small farmers must be members of associations but need to acknowledge local characteristics and fact that they are often not crop-specific
- Involving farmers can be complex but village-level farmers' groups or coops could become members of associations
- Outside funding to help associations incorporate small farmers may be necessary
- Where suitable farmer organizations do not exist commodity associations should reach out to farmers and involve them in decision making