

Collective action to improve market access for smallholder producers of agroforestry products: key lessons learned with insights from Cameroon's experience

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In recent years, there has been a consensus among development practitioners and academics that improving market access for smallholders will lead to improvement in income and food security. This notwithstanding, market failures often limit smallholders' ability to be linked to markets. To address these challenges, market interventions such as collective action is often proposed as a strategy to reduce the risks of market participation. This review synthesizes the key lessons learned from the use of collective action as institutional arrangement to improve market access for smallholder producers of agroforestry products with insights from an experience in Cameroon. Some key lessons learned for the success of collective action include farmers' own motivation, favorable environment and the inclusion of social activities in the implementation of group activities.

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Introduction

The importance improving smallholder agricultural development has received more attention recently by development agencies and academics alike and therefore, there is consensus that improving market access for smallholders will lead to increased income and food security leading to poverty alleviation [1,2]. In recognition of this, development practitioners have shifted their focus from supply-based programs to demand driven ones where farmers can produce for markets instead

of trying to market what they produce. Despite this realignment, farmers in developing countries still face numerous marketing constraints, including those that raise marketing costs and those that increase the risks associated with commercialization [3]. Market interventions, such as collectives, are often proposed as key strategies to deal with market failures. Rural incomes will increase if farmers are linked to markets through a rise in both farm and non-farm incomes stimulated by an increase in the sale of farm products, consumption and returns to labor [4*,5].

Whereas much literature and many case studies exist on collective action as a means for increasing smallholder farmers' market access, they are most often fragmented and context specific. Furthermore, much of the literature has concentrated on food crops with little attention given to agroforestry, resulting in limited scientific knowledge for tree products which often tend to be under-utilized [6*]. The main objective of this review is to synthesize the key lessons learned from the use of collective action to improve market access for smallholder producers with some examples from agroforestry tree products. The review delineates the key guidelines for successful implementation of collective action as a means of reducing market failures and enhancing market participation.

Operationalizing the concept of collective action in marketing

Collective action refers to action taken by a group either directly or indirectly in pursuit of members' perceived shared interest [7], and arises when people collaborate on joint action and decisions to accomplish an outcome which involves their common interest [8]. Modern theory of collective action was developed as a means to overcome free-rider problems and design cooperative solutions for the management of common resources [9]. In recent years, the notion of collective action has been applied to group activities that directly or indirectly enhance the production and marketing of agricultural and food products, and reflects a global trend caused by the increased market competition and integration, and marginalization of minorities into modern markets [10,11]. In the marketing literature, collective action has been conceptualized to comprise of group training in production methods, negotiation skills, grading and sorting,

and group dynamics which subsequently enhance bulk marketing of products by members of cooperatives or communities in order to reduce transaction costs and enhance economies of scale [12*,13]). Thus, collective action is operationalized as an action by members of a group or cooperative who come together to share market knowledge, sell together and develop business opportunities [14].

The key marketing challenge

In perfectly competitive markets where price-taking producers and consumers are assumed to trade goods at publicly known prices, the allocations of goods in the economy is efficient [15]. The above theory contradicts the reality of the African agricultural context which is characterized by information asymmetries amongst various actors [16,17,2]. First, smallholder farmers, who are mostly in rural areas, often do not have access to information regarding prices in urban areas; they mostly sell at farm-gate prices to local traders who on their part have access to price and market information prevailing in other markets [15]. Second, most production systems in Africa are done on a small scale and, hence, farmers acting individually are not able to participate in new markets such as supermarkets where larger quantities and standardization of products are often required. Some authors suggest that because individual farmers offer small quantities of produce for sale, they have little bargaining power with traders and most often accept almost any price offered [18]. In contrast, large-scale farmers produce in large quantities with consistent quality and, hence, are able to attract buyers willing to buy their products at true market prices. Transaction cost economics stipulates that information asymmetry is the main reason why markets perform poorly and why transaction costs are so high [17].

In many cases farmers have been introduced to agroforestry without much consideration given to the marketing of the products aside from the gain in productivity [19*]. Consequently, many producers of agroforestry and tree products are disconnected from the market and that can be attributed to problems such as high transaction costs, limited and asymmetric information, lack of coordination and lack of market power which continue to characterize smallholder agricultural production systems in Africa [20]. These problems are compounded in the field of agroforestry due to weak policies and regulations, poorer market information systems compared to staple crops and poor demand due to undervaluation of agroforestry products [21]. Notwithstanding the above, market intervention strategies can assist smallholders to be more competitive, especially where the costs of accessing markets are high due to poor infrastructure, inadequate technology and information barriers [22].

The case for collective action to address market failures

Collective action through formal and informal groups has been used by the poor in Africa to improve their well-being [23]. This has been proven true where collective action involves more vulnerable groups such as women, ethnic minorities and the underprivileged. Based on Oxfam's experience in sub-Saharan Africa, collective action has the advantage of improving the position of small-scale farmers in markets including the delivery of inputs and training, economies of scale and increased bargaining power [24]. Group marketing, for instance, has been used as a strategy to strengthen linkages and build trust among farmers, traders and the private sector in agroforestry tree products value chains [13]. A review of collective action in rural Ghana suggests that collective action is a vital means of promoting business development in rural areas and correct market imperfections [25–28]. Farmers are more able to obtain the necessary information, reach quality standards and operate on a larger scale when they pool financial and labor resources together. This can enable farmers to sell in new domestic or international markets which may be out of reach to individual smallholders [29,16].

Group activities for agroforestry products in Cameroon

Collective action was developed as an organizational arrangement to link producers with traders and the private sector more efficiently by many organizations and development practitioners, such as The World Agroforestry Centre (ICRAF). As an illustration, collective action interventions in agroforestry in Cameroon which was carried out by ICRAF involve activities such as the training of producer groups in value chain and business development practices, group dynamics, financial management, marketing, conflict management and group marketing [30]. This resulted in the creation and consolidation of group activities, increased negotiation and bargaining skills, enhanced leadership and entrepreneurial capacity of producer groups. This has led to increase in the unit price of target agroforestry products of group members compared to non-group members [31], and has led to higher prices, quality of produce and increase in the number of producers involved resulting in innovations that benefit smallholders [32*,33].

Implementing collective action: some reality checks

Although many benefits are mentioned, collective action among farmers is difficult to organize, coordinate and manage. Organizing farmers faces challenges such as establishing rules to guide the operations of the groups, securing commitments on the part of the group members to abide by collectively agreed rules, and monitoring and enforcing compliance with the rules [22,28,34]. The literature has delineated guidelines and conditions to

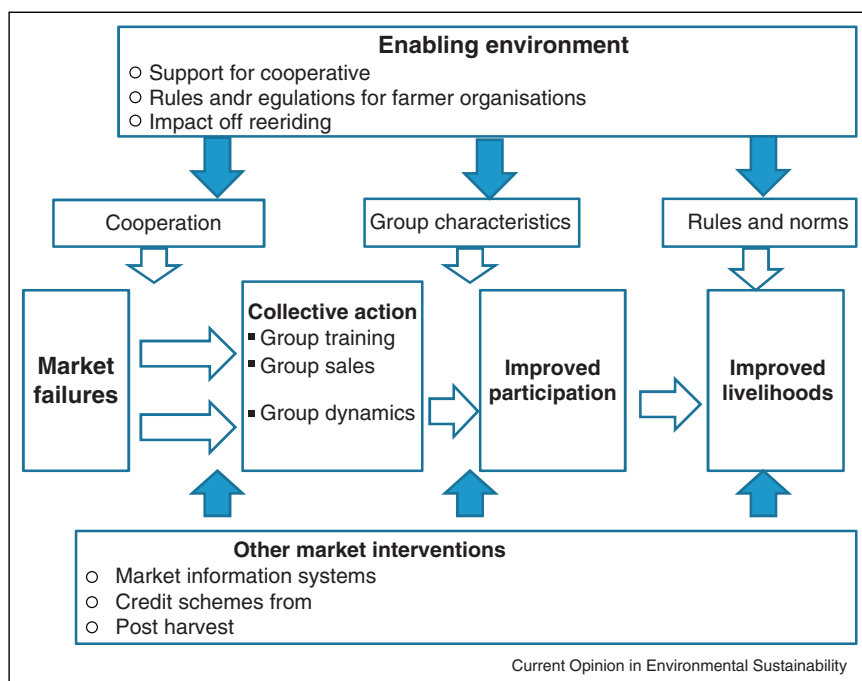
enhance the success of collective action. For instance, it is argued that for it to be effective, voluntary action and cooperation among farmers are important for creating sustainable livelihood options [26,35]. This implies the need for farmers to work together and this should be facilitated by the farmers' willingness to pursue a common course of action instead of being stimulated by outside parties such as non-governmental and development organizations who may be tempted to put farmers into groups for the sole purpose of marketing. One important way of dealing with this limitation is to channel collective or group activities through existing groups (if any) who are bonded by social motivations such as the traditional credit groups known as 'njangi' in Cameroon. 'njangi' is a local term used to describe a credit system mainly organized in communities and by groups where members pool resources at a regular intervals and give them to group member in need. Moreover, it has been demonstrated that existing groups have more group dynamics and social cohesion than newly-established ones [32]. Thus, existing groups have the capacity to undertake collective action activities as a group, due to a certain level of group interconnectedness, motivation and capacity [36,12,28,37]. A study of the farmers' motivation for collective action has revealed that social benefits are quite important for its success [38]. This indicates that collective action should not only be promoted for economic gains but on social benefits as well. The

implication is that collective action is more likely to be successful when social factors which bind the people together are included in its implementation.

In addition, the existence of a favorable environment, e.g., external support for organizations, low levels of articulation with external markets, governmental bodies that do not undermine local authority, and supportive external sanctioning institutions [28,39,33,40,41,42], is an important criterion to enhance collective action. Furthermore, group characteristics, such as group size and norms are also critical to the success of group activities [24,32,40,34]. Generally smaller groups, where there is high level of accountability by its leaders are preferred. Finally, shared values which can be manifested in cultural practices, agreement and trust are important to enhance group cohesion leading to group stability [43–45].

Notwithstanding the above, collective action is limited because in many cases it cannot be effective if used alone. It needs to work in tandem with other forms of interventions such as guaranteed funds and post-harvest technology although it is an easy entry point to improve farmers' benefits from marketing agricultural products [13]. Furthermore, like other forms of common properties collective action for marketing can be plagued with the problem of 'free riding' [9], where some members may not want to make commitments based on group norms

Figure 1



Conceptual framework for collective action for agroforestry products. *Source:* Authors' own development.

such as payment of dues but might still want to sell their products or obtain information which have been disseminated to farmer groups through relatives and friends who are members of the group.

The relationship between collective action, its motivators, outcome and impact as discussed is summarized in Figure 1. It shows that market interventions such as collective action can be used to address market imperfections which will subsequently lead to increased market participation and improve livelihoods. Collective action is likely to succeed when internal factors, including favorable group size, group norms and voluntary cooperation among members exist. All these need to be put in the context of an enabling environment, which includes favorable policies and regulations, and supporting institutions such as market information.

Conclusion

Market imperfections can increase the transaction cost of exchanges and reduce profitability but interventions such as collective action can be used to avert some of the negative consequences if organized following the guidelines elaborated in the preceding section [46,47]. Suggestions provided in this review, with some experience from Cameroon, offer an opportunity for effective implementation of collective action to benefit smallholder producers of agroforestry products by improving their access to markets and reducing transaction costs. Whereas the review has provided insights into how collective action can be implemented in reality, views gathered are not meant to provide the best practices for the implementation of collective action for marketing, but to provide an indication of some of the critical factors that one needs to consider. In view of the fact that most African countries are characterized by weak institutional frameworks that support agricultural growth and development, collective action is more likely to be efficient when combined with other interventions such as post-harvest, credit and market information systems, among others. Finally, the success of collective action also depends on the characteristics of the products as well as the incentive of other producers to free ride [48], necessitating the need to recommend 'best fit' models of market intervention(s) which takes into account the specificities of the product, producers, and relevant institutional and policy environment for accelerated impacts.

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