NUCAFE's Farmer Ownership Model Standard for Smallholder Producers

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Table of contents

Introduction 3

Glossary 5

Section 1 6
General Requirements

Section 2 9
Economic Role

Section 3 11
Environmental Dimension

Section 4 13
Social Dimension

Section 5 15
Key Indicators for Measuring Impact

Introduction

The Farmer Ownership Model helps smallholder producers own their product along the respective value chains to receive higher incomes and improved livelihoods. It is the creation of Joseph Nkandu, whose experience growing up in a small coffee farm motivated him to a find solution to the poverty producers faced. Through his studies, policy advocacy and collaboration with coffee growers, Joseph realized that the circumstances of the producers were exacerbated by low and volatile prices paid by traditional middlemen.

The Farmer Ownership Model is focused on lifting producers out of poverty through a holistic approach which transforms smallholder producers into self-driven, proactive, and empowered individuals. It reduces the role of traditional middlemen and advances value creation through the use of process facilitators so that the producer continues to own their product along the value chain. This ultimately leads to unleashing producers' potential, performance pay, and value for money.

The model focuses on three dimensions:

I. Economic outputs
II. Sustainable farming practices
III. Social inclusivity

The criteria provide a general guideline for adopting the farmer ownership model and ensuring ownership of the producer's product while simultaneously pursuing these elements. Elements are divided into two types: critical success factors and recommended criteria. See table 1 for definitions.

Table 1. Definitions of criteria and producer ownership.

	Critical Success Factor	Recommended	Producer Ownership
Definition	These criteria are fundamental to ensuring producer ownership and must be completed for any producer group.	These criteria can differ in importance or practice depending on the type of producer group. They greatly supplement the Farmer Ownership Model, but do not hinder producer ownership if not implemented.	Producers profitably *own* their product up the value chain and avoid selling their product prematurely to traditional middlemen. Neither the producer group nor any institution that may be representing it (e.g. NUCAFE) must not buy the product as it defeats the purpose of a process facilitator.

Note on the scope of Criteria

This set of criteria provides the main guidelines for replicating the social, environmental and economic goals of the producer ownership model. It does not focus on providing a set of rules for the structure of the producer group, but rather leaves it to the members. Moreover, it does not provide sanctions and how to deal with them. This is because it is intended for *any* producer cooperative and providing sanctions may make sense for some cooperatives or association but not so much for others depending on the type. It is therefore in the best interest of the producer group that adopts this model to craft its own sanctions based on the needs and wants of its members. Lastly, recommended criteria are highly encouraged as they contribute to the wellbeing of members and help with value addition.

Glossary

Producer group: This term refers to producer cooperatives or associations.

C/A: Cooperative/association.

SACCOS: Savings and Credit Cooperative Societies. A financial institution owned and operated by associated producers who work, save, and lend together.

Section 1: General Requirements

This section outlines the general structure of cooperatives in order for the FOM to be adopted. All of the standards must be applied by the leader(s) in charge of the cooperative.

Criteria	Type	Description
Producers form cooperatives	Critical	Smallholder producers must be organized in a C/A in their region. This will enable producers to bulk their product and send to facilities for further processing. On average 20-35 members are expected for a cooperative, but the more producers that join, the better.
Cooperative transparency	Critical	All services, fees, contracts, and prices must be transparent and easy to understand for the members. Leaders must publish reports of progress at least *twice* a year to keep the goals and needs of members on track. A display monitor must be placed in the meeting facility of the cooperative to show relevant information to members.
Product ownership	Critical	When processing a good, producers must not sell to the processing plant(s). The plant is a process facilitator, not a purchaser. This ensures that producers maintain ownership of their product throughout the product's value chain. The product must be sold when it has gained maximum value. This requires avoiding middlemen at early stages of production.
Trainings	Critical	At least 4 annual trainings are required to be provided by cooperatives to their

		members. Trainings must be tailored to the needs of the producers. Topics may include: good agricultural practices, irrigation practices, certification procurement — such as Organic — drought management, market linkage, value chain, record keeping, or financial literacy. It is essential for members to be informed about the value of their good.
Partnership creation	Critical	Cooperatives must create strategic partnerships with a diverse range of stakeholders found in the product's value chain. *Three* Potential partnerships must be identified per year. Some examples of these partners include government ministries for policy advocacy; universities for knowledge dissemination; and international and local institutions for obtaining capital or other types of support.
Policy advocacy	Critical	C/A must be involved whenever possible in local and national government through lobbying and petitioning for favorable conditions for members.
Quality Management	Critical	C/A must implement consistent procedures to ensure uniform quality when processing a good at the farm level and in processing facilities. Maintaining consistent processes will help producers receive higher prices.
Tasting sessions	Recommended	When applicable, C/A should lead sessions for members to taste and assess the quality of the final product. This encourages the producer to truly understand and appreciate their products.
Transportation aid	Recommended	C/A should pick up and transport goods from members to storage facilities

		when bulking. Transportation costs will be reduced for members when the C/A provides this services because hiring third-party drivers may be costly and reduce member income.
Community Building	Recommended	Members should be encouraged and provided with opportunities to visit neighboring cooperatives. Interaction with other cooperatives may lead to building a sense of community and learning from each other.

Section 2: Economic Role

This section highlights the responsibilities of the cooperative to support producers economically.

Criteria	Type	Description
Supply chain assistance	Critical	C/A must ensure an efficient and highly transparent supply chain. Depending on the crop, this may involve assisting producers in processing their product, bringing their product to processing facilities, shipping to end buyers, and keeping detailed records of all processes. Cooperatives must inform of any fees to producers in advance through easy to understand documents.
Market intelligence	Critical	C/A must provide access to high paying markets for producers, such as forming relationships with social impact buyers willing to pay premium prices. Cooperatives must also conduct market research regularly, examining the global market for their crop and working consistently to penetrate new markets or stay competitive in current markets.
Payment Transparency	Critical	In order to create trust and commit to transparency, cooperatives must form contracts with end buyers with established prices, solidify regular payment schedules, and share all applicable documentation with producers.

Access to Finance	Critical	C/A must assist producers in meeting their immediate and future financial needs. This may include providing advance payments with affordable interest rates, supporting village SACCOs where producers may save money and receive loans, or partnering with producer banks.
Democratic Leadership System	Critical	C/A leader(s) must publish their notes, up to date books, and must set up a voting process for selecting new. Leaders must be rotated at the discretion of the members.
Diversification	Recommended	To reduce heavy economic loss, cooperatives should encourage producers to diversify in terms of agricultural production.
Crops Loss Preparedness	Recommended	C/A should seek affordable insurance packages to fit the needs of the producers. This ensures that producers are protected from heavy economic losses due to natural events.
Financial literacy training	Recommended	C/A should host financial training sessions for producers to adequately manage their personal finances.

Section 3: Environmental Dimension

This section highlights the responsibilities of the cooperative to protect the environment through sustainable farming practices.

Criteria	Type	Description
Safe inputs	Critical	Producers must not use inputs prohibited by local and international standards. This includes the “dirty 12” and any other listed inputs.
Input management	Critical	Producers must be taught how to minimize the use of pesticides and herbicides. When necessary, pesticides and herbicides must be applied with considerable consideration to the land and nearby water sources to prevent contamination.
Water inputs	Critical	C/A must help producers obtain reliable access to water by providing resources such as solar pumps, water pumps, or deep trenches for storing water.
Water resources	Critical	A buffer zone must be established between agricultural activities and waterbodies. These zones must always contain vegetation to prevent agricultural contaminants from reaching any nearby water source.
Agroforestry	Critical	Producers must be urged not to cut down forests to farm new land. They must follow sound agroforestry guidelines which incorporate trees in

		agriculture and demands the conservation of the nearby environment.
Sustainable technology	Recommended	C/A should procure technology that helps producer process their goods more efficiently and reduces their carbon footprint. Examples of this include solar water pumps and solar panels for electricity.
Climate change awareness	Recommended	Producers should be taught about climate change and environmental issues in their region. This will help them appreciate sustainable practices and understand why they are important for the success of their land.
Farm management	Recommended	Producers should be taught be taught about agroecology and how to manage their farms through sustainable practices.

Section 4: Social Dimension

This section highlights the responsibilities of the cooperative to support producers in their communities.

Criteria	Type	Description
Family Succession Plan	Critical	Farming families must have a delineated family succession plan of who will take over the responsibilities of the farm once the head of the household retires or passes away. The head of the farm must present a document with the plan within 3 months of joining the cooperative.
Gender inclusivity	Critical	The percentage of female producers who receive a payment in their hands must reach a predetermined percentage within a set timeframe. One option is for 25% of female producers to receive a payment in their hands within 2 years.
Learning Exchange	Critical	Producers must learn from each other by visiting each other's agricultural site. This builds community and a network of support.
Youth Involvement	Recommended	C/A should empower youth in agriculture to support the future of the product and provide opportunities for employment. This includes providing training sessions for youth or showing the value and opportunities of the agricultural sector. C/A may also work alongside university students

		interested in the agricultural sector.
Educational Support	Recommended	An education committee to help support education in the local area should be established. This committee can collect funds and sponsor a child or more every year to continue school.
Community Development	Recommended	C/A must encourage producers to meet regularly to discuss needs in their community. Producers should be encouraged to invest their premiums to invest in projects that would improve their community, such as creating roads or enhancing local schools.

Section 5: Key Indicators for Measuring Impact

Cooperative/associations must consistently assess their impact on producer livelihood. They may use the following measures as a guideline to do so:

1. Net income increase within five years after initially adopting the farmer ownership model.
2. Increased yield of product sold measured in appropriate units (e.g. kilograms, liters, metric tons, etc.)
3. General increase in standard of living (i.e., ability to pay off expenses such as debt, school fees, food, clothing or ability to afford expensive goods like TVs, solar panels, etc).
4. The percentage of producers selling products at a higher level of the value chain in contrast to when they joined the producer group.
5. A simple questionnaire to assess the knowledge of members on sustainable agricultural practices
6. An audit of farms to keep track of any deforestation or intentional pollution happening