

FARMER PRODUCER ORGANIZATIONS

AN INNOVATIVE INSTITUTIONAL APPROACH
FOR COLLECTIVE ACTION

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CHAPTER -9: MONITORING OF FARMER PRODUCER ORGANIZATIONS

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9.1 Introduction

Monitoring forms one of the most important aspects in successful and sustainable operation and management of FPO. Monitoring is nothing but a systematic collection and analysis of information of about the FPO and its ongoing projects. Monitoring aims at improving the efficiency and effectiveness of the project implementation so as to derive maximum benefits for the producers.

Efficiency of a FPO in its implementation speaks about whether the output in terms of benefits exceeds the expenditure. It is the ratio of output and input. Funding agency will monitor how efficient the promoting organization and the FPO have been in implementing the project. Similarly, the FPO will monitor the same at the farmers 'producers' level. Certain parameters like the amount spent per farmer vis-a-vis the increase in income could be one indicator of efficiency. Higher the increase in income for the same amount spent, higher is the efficiency.

The effectiveness is a measure of the extent to which the project achieved the specific objectives it set. For example, if the objective of a project is to increase the income levels of all the farmers 'producers' engaged with the FPO, there is a need to measure the extent of increase in income. Similarly, if one of the objective is to increase the volume of the produce, then it is essential to measure the extent of increase. These assessments will indicate how effective the program has been. Higher the increase in income levels, higher would be the effectiveness of the project. The project activities are usually monitored by the FPO, promoting organizations and funding agencies.

9.2 Monitoring by FPO:

The FPO has to satisfy itself that it is able to function in a sound manner for meeting the expectations of all the stakeholders. It also needs to monitor work execution at the producer level. The FPO has to prepare a work schedule or the time line in consultation with the resource institution for procurement of inputs, execution of works, marketing of produce. Accordingly, at each stage, review and monitoring has to be done by the FPO. The FPO has to evolve suitable formats for collecting data for the purpose of review and monitoring.

9.3 Monitoring by promoting organization:

The promoting organization has to monitor the work of the FPO as well as ground level achievements. It has to assess the extent of progress of the work from time to time and if required suggest suitable measures. It has to arrange to design specific formats and provide to the FPO. The FPO will collect data in the specified formats and submit to the promoting organization and to funding agency. Besides the progress, the promoting organization should also monitor staff availability for the project, data on individual producer, cost involved, availability of inputs, volume of produce, income, verification of the books of the FPO etc., and submit detailed report to the funding agency on the agreed intervals, say monthly, bi-monthly or quarterly.

9.4 Monitoring by the Funding Agency:

The funding agency has to evolve suitable formats for the submission of returns by FPO. The funding agency has to monitor the targets vis-a-vis achievements, quality of implementation, participation of members and adequacy of training programmes. Monitoring enables the funding agency to determine whether the resources available are adequate and capacity of the human resources to implement the project is adequate. Monitoring could be at desk level or field level.

9.5 Desk monitoring:

Desk monitoring includes internal review of the project by the project funding agency. It is difficult for the funding agency to conduct field visits at frequent intervals, hence based on the returns submitted by the agency, desk review of the progress could be done. The findings could be discussed in a forum where FPOs and donor can participate. Based on the discussions, bottlenecks in the implementation could be identified, discussed and remedial measures initiated.

The funding agency will undertake review based on both the reports submitted by the FPO and its own staff involved in the field. The review may involve the participation of FPO at agreed intervals, so as to improve the implementation of the project.

At every level, i.e., at the level of funding agency, funding agency and FPO, suitable formats for submission of data and suitable templates for presentations need to be evolved. The returns to be submitted by the FPO should include:

- a. Business projections/ assumptions submitted in proposal and comparison with actual progress
- b. Disbursements - Targets and achievements
- c. Repayments - Dues and their repayment and overdue amount
- d. Operations of Designated Account; and Up-to-date correspondence with borrower
- e. Stock statements, annual report, latest balance sheet and P&L statements (If the review is after annual closing)
- f. Any pending compliance with terms and conditions

After obtaining the returns resource institution and funding agency should:

- a. Review progress
- b. Identify problems in planning and/or implementation

- c. If required make adjustments in release of funds to producers organization

One of the objectives of desk monitoring is to identify the 'Early Warning Signals'. There could be deviation in the implementation plan, violation of terms and conditions, shortfall in achievement, overdue amounts at the level of FPO, operation of designated accounts, inadequacy of suitable field staff, reduced participation of FPO or the producers, which are to be closely monitored and if required, an immediate field level monitoring needs to be taken up.

9.6 Field Level Monitoring:

Field level monitoring involves collection of actual data at the field level. It involves collection of 'elaborate' data from the field level by interacting with the farmers/producers and other stake holders. Specific proforma on the pattern of the format could be evolved for collection of data or depending upon the requirement suitable proforma need to be designed for collection of data.

Often, field level monitoring data on the following aspects is also important as these factors provide leads to the success or failure of the project:

- a. Availability of inputs to members - timeliness
- b. Technical support available to members - targeted Vs. actual frequency
- c. Storage and processing arrangement - planned Vs. achievement
- d. Marketing tie-up - planned benefits Vs. actual benefits
- e. Targeted Productivity / Income growth Vs. Actual achievements
- f. Members views regarding the services provided by FPO and its efficacy

9.7. Monitoring of Projects:

Monitoring should be a part of planning process. It is desirable to frame monitoring parameters in the beginning of planning process itself. These parameters should be in line with the objectives of the project. Therefore, the funding agency, resource institution, and the FPO have to begin gathering information about performance in relation to targets from the beginning itself. In fact, the first information gathering should take place when the project is planned.

Indicators are measurable or tangible signs that the project or the FPO has to achieve. For example, some indicators are increase in productivity, production, income at the level of producers, improvement in the economy of the area leading to establishment of micro enterprises, increase in employment opportunities, community empowerment in terms of arresting migration, improvement in health and hygiene, infrastructure, women participation, women empowerment etc. Through the indicators one can ask and answer questions such as:

Who? - Who are benefiting from the project?

How many? - Number of people benefitted.

How much? - What is the extent of benefit?

Some examples of Indicators could be as follows:

Please note that these are illustrative and are related to agriculture projects - they may or may not suit the needs of other Non-farm based projects.

Economic Development Indicators

- a. Average size of land holding
- b. Average size of irrigated area
- c. Major crops with area and yield
- d. Items of investment
- e. Market price of the produce
- f. Marketing facility

- g. Rural Connectivity- connectivity with marketing centers
- h. Power availability in hours per day
- i. Average annual household income
- j. Increase in the income level
- k. New micro enterprises / Small businesses
- l. Increase in number of people employed
- m. Average weekly/monthly wages
- n. Employment / Unemployment, by age group, occupation, season and gender
- o. Default rates on loans
- p. Percentage of people below the poverty line

Social Development Indicators

- a. Participation of women in the FPO
- b. Infant mortality rates
- c. Literacy rates, by age and gender
- d. Retention rate in school
- e. School completion rates
- f. Number and causes of farmer's/producer's suicides
- g. Housing, Drinking Water, Sanitation and Dwellings with electricity
- h. Number of homeless

Organizational Development Indicators

- a. Number of Producers actively participating in the project
- b. Attendance in the meetings
- c. Attendance in the trainings
- d. No of SHGs / SHGs linked to credit
- e. Primary Agri-Co-operative Society, Other cooperatives, like weavers, fishermen, poultry farmers society, SC and ST Cooperative Societies, Other institutions available in the project area
- f. Structure of different institutions

- g. Participation rate in elections, by age and gender
- h. Participation in public meetings, by age and gender

7.8. Developing indicators:

Indicators are developed based on the objectives / impact assessment of the project. For example, in an agriculture based project, the following might be the objectives:

- a. To improve the producer's income
- b. To develop the area under agriculture
- c. To arrest migration
- d. To improve marketing facilities
- e. To bring change in the quality of lives of the people
- f. To create awareness on sustainability of natural resources
- g. To improve the participation of women in the developmental process to address gender issues
- h. To bring awareness on savings, investment and credit availability
- i. To bring awareness on social situation (housing, health, education etc.)
- j. To improve the organizational situation (local governance, community participation in the projects, women participation, etc.)
- k. To improve Infrastructure facilities like storage, marketing and input availability

For Example, in an agriculture project, some of the direct benefits are: 82

- Increase in income due to increase in productivity
- Saving on transportation
- Savings of own labour in human days on account of village level delivery of inputs, collective marketing etc.
- Similarly, there are indirect benefits like
- Immediate realization of sale proceeds
- Easy availability of credit

These benefits need to be assessed and calculated in terms of money. Finally, the incremental income will determine the success or otherwise of the intervention of the FPO. The incremental income can be determined as shown below:

9.9 Designing monitoring system:

As an example, a step-by-step process is given to design a monitoring system for the organization or project.

Step 1:

The funding agency may organize a workshop with appropriate staff or a consultant of FPO.

- a. Explain the project objectives, as a monitoring system needs to cover them.
- b. Generate a list of indicators for each of the objectives.
- c. Clarify what variables need to be linked.
- d. Clarify what information the project or Producers organization is already collecting and what more needs to be collected.

Step 2:

Develop a monitoring format to collect the information from primary and secondary sources. The workshop may also help to know what is to be monitored. The indicators of efficiency, effectiveness and impact need to be prioritized.

Step 3:

Decide how the data will be collected. Whether it will be collected manually or on the computers. Accordingly develop suitable formats. These format models should be amenable to analysis.

Step 4:

This indicates the periodicity of data analysis, whether season wise or yearly. Crop wise, varieties wise and analyze

the information - this means putting it together and trying to answer the questions which are important to the success of the project.

Step 5: Collect, analyze and report.

9.10. Methodology for monitoring

The methodology of monitoring involves the necessary data collection pertaining to the initiative. This involves (I) Primary data collection - It is done at the farmer's /producer's level

- a. Through a survey; or
- b. Through Focused Group Discussion

(ii) Secondary Data - The returns submitted by the FPO, data available from the Government Departments and also published data from other projects.

9.11. Methods of sampling:

There are 3 sampling techniques: (a) random sampling (b) stratified sampling and (c) cluster sampling

(a) Random sampling:

Random sampling involves sampling of households on random basis

(b) Stratified sampling:

In stratified sampling the producers are categorized into different strata like big, medium and small. Data are collected from each strata in a specified proportion i.e., say, every fifth producer's household data from the big producers, every third producer's house hold data from small producers every second house hold data from the very small producers' category

(c) Cluster sampling:

In this case, data of only those producers households will be collected who are in the cluster for a specified period

9.12 Data Analysis:

Analysis is the process of turning the detailed data into an understanding of patterns, trends and interpretations.

Some Important Frequently Asked Questions and Answers:

1) What is monitoring?

Monitoring can be defined as a systematic collection and analysis of information of an ongoing project. It is aimed at improving the efficiency and effectiveness of the project implementation so as to derive maximum benefits for the producers/producer organization.

2) What is efficiency?

Efficiency speaks about whether the output in terms of benefits exceed the expenditure. It is the ratio of output and input. Funding agency will monitor how efficient the producer organization promoting institute and producer organization has been in implementing the project. Similarly, the producer organization will monitor the same at the farmers 'producers' level. Certain parameters like the amount spent per farmer vis-a-vis the increase in income could be one indicator of efficiency. Higher the increase in income for the same amount spent, higher is the efficiency.

3) What is effectiveness?

Effectiveness is a measure of the extent to which the project achieved the specific objectives it set. For example, if the objective of a project is to increase the income levels of all the farmers 'producers' engaged with the producer organization, we have to measure the extent of increase in income. Similarly, if one of the objective is to increase the volume of the produce, we shall measure the extent of increase. These assessments will indicate how effective the program has been. Higher the increase in income levels, higher would be the effectiveness of the project.

4) Who will monitor the Project?

The project is to be monitored by the producer organization, producer organization promoting institute and funding agency.

5) What is to be monitored by the producer organization?

The producer organization has to satisfy itself that it is able to function in a sound manner for meeting the expectations of all the stakeholders. It also needs to monitor work execution at the producer level. The producer organization has to prepare a work schedule/time line in consultation with the producer organization promoting institute for procurement of inputs, execution of works, marketing of produce. Accordingly, at each stage, review and monitoring has to be done by the producer organization. The producer organization has to evolve suitable formats for collecting data for the purpose of review and monitoring.

6) What is to be monitored by the producer organization promoting institute?

The producer organization promoting institute has to monitor the work of the producer organization as well as ground level achievements. It has to assess the extent of progress of the work from time to time and if required suggest suitable measures. It has to arrange to design specific formats and provide to the producer organization. The producer organization will collect data in the specified formats and submit to the producer organization promoting institute and to funding agency. Besides the progress, the producer organization promoting institute should also monitor staff availability for the project, data on individual producer, cost involved, availability of inputs, volume of produce, income, verification of the books of the producer organization etc., and submit detailed report to the funding agency on the agreed intervals, say monthly, bi-monthly or quarterly.

7) What is to be monitored by the Funding Agency: The funding agency has to evolve suitable formats for the submission of returns by producer organization/producer organization promoting institute. The funding agency has to monitor the targets vis-a-vis achievements, quality of implementation, participation of members and adequacy of training programmes. Monitoring enables the funding agency to determine whether the resources available are adequate and capacity of the human resources to implement the project is adequate. Monitoring could be at desk level (office) or field level.

8) What is desk monitoring?

Desk monitoring includes internal review of the project by the project funding agency. It is difficult for the funding agency or the producer organization promoting institute to conduct field visits at frequent intervals, hence based on the returns submitted by the agency, desk review of the progress could be done. The findings could be discussed in a forum where producer organizations and producer organization promoting institutes can participate. Based on the discussions, bottlenecks in the implementation could be identified, discussed and remedial measures initiated.

The producer organization promoting institute will undertake review based on both the reports submitted by the producer organization and its own staff involved in the field. The review may involve the participation of producer organization at agreed intervals, so as to improve the implementation of the project.

At every level, i.e., at the level of funding agency, producer organization promoting institute and producer organization, suitable formats for submission of data and suitable templates for presentations need to be evolved. The returns to be submitted by the producer organization should include:

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After obtaining the returns producer organization promoting institute and funding agency should:

- a. Review progress
- b. Identify problems in planning and/or implementation
- c. If required make adjustments in release of funds to producers organization

9) Whether the desk level monitoring gives any 'Early Warning Signals'? What are they?

One of the objectives of desk monitoring is to identify the 'Early Warning Signals'. There could be deviation in the implementation plan, violation of terms and conditions, shortfall in achievement, overdue amounts at the level of producer organization, operation of designated accounts, inadequacy of suitable field staff, reduced participation of producer organization or producer organization promoting institute or the producers, which are to be closely monitored and if required, an immediate field level monitoring needs to be taken up.

10) What is Field Level Monitoring?

Field level monitoring involves collection of actual data at the field level. It involves collection of 'elaborate' data from the field level by interacting with the farmers/producers

and other stake holders. Specific proforma on the pattern of the format evolved for collection of data or depending upon the requirement suitable proforma need to be designed for collection of data.

Often, field level monitoring data on the following aspects is also important as these factors provide leads to the success or failure of the project:

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- d. Marketing tie-up - planned benefits Vs. actual benefits
- e. Targeted Productivity / Income growth Vs. Actual achievements
- f. Members views regarding the services provided by producer organization and its efficacy

11) How to Plan Monitoring of Projects?

Monitoring should be a part of planning process. It is desirable to frame monitoring parameters in the beginning of planning process itself. These parameters should be in line with the objectives of the project. Therefore, the funding agency, producer organization promoting institute and the producer organization have to begin gathering information about performance in relation to targets from the beginning itself. In fact, the first information gathering should take place when the project is planned.

12) What indicators can we suggest?

Indicators are measurable or tangible signs that the project or the producer organization has to achieve. For example, some indicators are increase in productivity, production, income at the level of producers, improvement in

the economy of the area leading to establishment of micro enterprises, increase in employment opportunities, community empowerment in terms of arresting migration, improvement in health and hygiene, infrastructure, women participation, women empowerment etc. Through the indicators one can ask and answer questions such as:

Who? - Who are benefiting from the project?

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Some examples of Indicators could be as follows:

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- h. Power availability in hours per day
- i. Average annual household income
- j. Increase in the income level
- k. New micro enterprises / Small businesses
- l. Increase in number of people employed
- m. Average weekly/monthly wages
- n. Employment / Unemployment, by age group, occupation, season and gender
- o. Default rates on loans
- p. Percentage of people below the poverty line

Social Development Indicators

- a. Participation of women in the project, federations/producer organization
- b. Infant mortality rates
- c. Literacy rates, by age and gender
- d. Retention rate in school
- e. School completion rates
- f. Number and causes of farmer's/producer's suicides
- g. Housing, Drinking Water, Sanitation and Dwellings with electricity
- h. Number of homeless

Institutional/ Organizational Development Indicators

- a. Number of Producers actively participating in the project
- b. Attendance in the meetings
- c. Attendance in the trainings
- d. No of SHGs / SHGs linked to credit
- e. Primary Agri-Co-operative Society, Other cooperatives, like weavers, fishermen, SC and ST Cooperative Societies, Other institutions available in the project area
- f. Structure of different institutions
- g. Participation rate in elections, by age and gender
- h. Participation in public meetings, by age and gender

13) How to develop indicators?

Indicators are developed based on the objectives / impact assessment of the project. For example, in an agriculture based project, the following might be the objectives:

- a. To improve the producer's income
- b. To develop the area under agriculture
- c. To arrest migration
- d. To improve marketing facilities

- e. To bring change in the quality of lives of the people
- f. To create awareness on sustainability of natural resources
- g. To improve participation of women in developmental process to address gender issues
- h. To bring awareness on savings, investment and credit availability
- i. To bring awareness on social situation (housing, health, education etc.)
- j. To improve the organizational situation (local governance, community participation in the projects, women participation, etc.)
- k. To improve Infrastructure facilities like storage, marketing and input availability

For Example, in an agriculture project, some of the direct benefits are:

- Increase in income due to increase in productivity
- Saving on transportation
- Savings of own labour in human days on account of village level delivery of inputs, collective marketing etc.
- Similarly, there are indirect benefits like
- Immediate realization of sale proceeds
- Easy availability of credit

These benefits need to be assessed and calculated in terms of money. Finally, the incremental income will determine the success or otherwise of the intervention of the producer organization. The incremental income can be determined as shown below:

Before producer organization's intervention

S No	Name of farmer's/producer's	Crop	Cropped Area (ha)	Yield/ha	Total Yield (quintals)	Price/ qtl	Total income

Before producer organization's intervention

S	Name of farmer's / producer's	Crop	Cropped Area (ha)	Yield/ha	Total Yield (quintals)	Price / qtl	Any other Income / Dividend / Bonus	Total income	Net Incremental Income

14) How to design monitoring system?

As an example, a step-by-step process is given to design a monitoring system for the organization or project.

Step 1: The funding agency may organize a workshop with appropriate staff or a consultant of producer organization /producer organization promoting institute/ Producer's Federations' /cluster level committee and producers.

- Explain the project objectives, as a monitoring system needs to cover them.
- Generate a list of indicators for each of the objectives.
- Clarify what variables need to be linked.
- Clarify what information the project or Producers organization is already collecting and what more needs to be collected.

Step 2: Develop a monitoring format to collect the information from primary and secondary sources. The workshop may also help to know what is to be monitored. The indicators of efficiency, effectiveness and impact need to be prioritised.

Step 3: Decide how the data will be collected. Whether it will be collected manually or on the computers. Accordingly develop suitable formats. These format models should be amenable to analysis.

Step 4: Decide how often the data are required to be analyzed, whether season wise or yearly. Crop wise, varieties wise and analyze the information - this means putting it together and trying to answer the questions which are important to the success of the project.

Step 5: Collect, analyze and report.

15) What is the Methodology for monitoring?

Primary data collection - It is done at the farmer's/producer's level

- Through a survey; or
- Through Focused Group Discussion

Secondary Data - The returns submitted by the producer organization, data available from the Government Departments and also published data from other projects.

16) What are the methods of sampling?

There are 3 sampling techniques: random sampling, stratified sampling and cluster sampling

Random sampling: Sampling of households on random basis

Stratified sampling: The producers are categorized into different strata like big, medium and small. Data are collected from each strata in a specified proportion i.e., say, every fifth producer's household data from the big producers, every third producer's house hold data from small producers every second house hold data from the very small producers' category

Cluster sampling: In this case, data of only those producers households will be collected who are in the cluster for a specified period

17) How to analyze the data?

Analysis is the process of turning the detailed data into an understanding of patterns, trends and interpretations.