



METHODOLOGIC RECOMMENDATIONS TO SUPPORT INTER-PROFESSIONAL ORGANIZATIONS

21 September, 2017

AUTHORS: JEAN-MARIE BRUN, CELIA CORONEL, LAURENT LIAGRE, IRAM¹



CONTENT

| | |
|---|---|
| 1. Fundamentals: The concept of inter-professional bodies: what and how an inter-profession should be... | 2 |
| 2. Recall of SCCRP involvement in the development of an inter-professional organization for Cambodian Rice Sector | 4 |
| 3. Methodological recommendations for inter-professional organization development | 7 |

ACRONYMS

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| AFD | <i>Agence Française de Développement</i> | FO | Farmer Organization |
| ARPEC | Alliance of Rice Producers and Exporters of Cambodia | FWN | Farmer and Water Net |
| CFAP | Cambodian Farmers' Association Federation of Agricultural Producers | IFC | International Finance Corporation |
| CREA | Cambodian Rice Exporters Association | IRAM | <i>Institut de Recherche et d'Application des Méthodes de Développement</i> |
| CRF | Cambodia Rice Federation | MAFF | Ministry of Agriculture, Forestry and Fisheries |
| ExCo | Executive Committee | MEF | Ministry of Economy and Finances |
| FAEC | Federation of farmer associations promoting family Agriculture Enterprises in Cambodia | MoC | Ministry of Commerce |
| FCFD | Federation of Cambodian Farmer Organizations for Development | SNEC | Supreme National Economic Council |
| FCRE | Federation of Cambodian Rice Exporters | SCCRP | Support to the Commercialization of Cambodian Rice Project |
| FNN | Farmers and Nature Network | SIAL | Salon International de l'Agroalimentaire (Paris) |

¹ www.iram-fr.org

When it was designed, the Support to the Commercialization of Cambodian Rice Project has been given a mandate to provide support to organizations in the Cambodian rice sector and to set the basis for the creation of an inter-professional organization. Yet the concept of what should be an inter-professional organization was not clearly defined. For the interlocutors from AFD side, the word “*interprofession*” (in French, that we translate as inter-professional organization here) refers to a precise concept benchmarked in France or in the European Union by a specific legal framework, also replicated in third countries. A presentation of the concept has been done in the early stage of the project, and we recall in Part 1 of this note (below) the fundamental characteristics of inter-professional organizations, with references to other countries experiences. The Part 2 briefly recalls the experience of the SCCRP project related to the Cambodian rice sector organization and draw attention on possible limits of the current situation. Last Part 3 mainly focuses on some methodological recommendations that could be useful if Cambodian public authorities intend to support the development of further inter-professional organizations in rice sector or for other value-chains.

1. FUNDAMENTALS: THE CONCEPT OF INTER-PROFESSIONAL BODIES: WHAT AND HOW AN INTER-PROFESSION SHOULD BE...

Associations in agricultural value chains are to be found throughout the world. Farmers, traders, processors, importers and exporters are represented by professional associations or similar organizations. These play an important role in promoting the particular interests of their members and provide useful services. “Inter-professional” associations on the other hand represent the value chain as a whole. Inter-professional or commodity associations have taken several forms, adapting to different forms geographical and socio-economic settings. They still have some objectives and features in common.

1.1. WHAT ARE THE PURPOSES OF INTER-PROFESSIONAL ASSOCIATIONS IN THE AGRICULTURE AND FOOD SECTOR?

Inter-professional associations are usually private organizations, recognized by the State, that group together participants from all stages of the same value chain with the objectives of elaborating policies, facilitating the improvement of the performance of the chain and defending the interests of their members as a whole.

In practice, such associations facilitate the reaching of agreements or common position statements for organising dialogue with public institutions and partners that benefit to the sector as a whole. To the difference of professional or business associations, they are embedded in a value chain perspective and imply the existence of common interests among the different stakeholders. Inter-professional associations do not substitute business associations, which have their own mandates; but they allow going beyond vested and possibly short term interests, for a sector will not develop well if the different stakeholders are on too unequal positions.

Inter-professional associations also reach agreements on common operating rules that enhance the performance of the sector. They may concern the setting up of standard contracts between producers and industry, specifying for example, characteristics of the raw material and modalities to control quality, price calculation according to quality grades, common codes of conduct, or even national minimum prices... Finally they can offer services such as promotion of trademarks or quality signs, market intelligence, export and domestic market promotion etc. They may also commission technical or scientific research aiming at improving the quality, performance or competitiveness of a national sector.

1.2. REPRESENTATIVENESS AND PARITY ARE FUNDAMENTAL CHARACTERISTICS OF INTER-PROFESSIONAL ASSOCIATIONS

Again, an inter-professional association will only be considered as such if all stakeholders of the chain are properly represented (namely: farmers, traders, processors, importers and exporters, etc. as applicable to the chain). This is a condition to speak for the sector and defend its interests on a concerted basis.

Membership is in principle limited to professional associations that represent the different stages in the chain. This ensures a minimum of representativeness of the organisation. This strictly “inter-professional” approach is to be distinguished from associations that permit individual membership. In some cases a “hybrid” model, where membership draws from both associations and individuals or companies, has developed. These models, found for example in the “Value Chain Roundtables” in Canada, bring together chain stakeholders for *ad hoc* meetings, permitting them to improve business linkages and identify the advantages of working together. This is an alternative approach to chain consultations, which have been useful forums to harmonize contractual arrangements in some agri-food industries, but do not really organise formal dialogue and negotiation with the government.

Inter-professional dialogue necessarily implies a balanced representation and equal voices between each type of stakeholder. The modalities of decision making may differ from one association to another, yet principles of representativeness and parity are pivotal.

In cases where several associations, federations or unions are to be found in each stage of the chain, the principle of parity may be achieved through the use of electoral colleges. There is one college of producers, one of traders, one of processors, etc. Each college carries should have the same number of votes, regardless the number of members it has. This avoids the problem of one “profession” with many associations dominating another with just one or two. It is the responsibility of each profession to come to an agreement within its college on the position to be voiced by the college before each meeting of the Board.

1.3. WHAT ARE THEIR RELATIONSHIPS WITH THE PUBLIC SECTOR?

Inter-professional associations have most commonly a private status, though there are some examples where the State is represented (usually as an observer though). Inter-professional associations are usually ruled by specific laws that ensure their representativeness and make sure they are eligible to speak in the name of the whole chain (parity principles).

On this basis only, the inter-professional associations are a point of reference for governments to organize dialogue with a given sector. The fact that positions to be voiced by the sector have been formulated on a democratic basis, gives them more strength and legitimacy.

In practice, these associations will be able to propose policy and regulation measures to the government that will promote the development of the sector as a whole. These measures can include the public recognition of codes of conduct, quality standards, tariffs, development funds etc. At the same time, professional organisations have a role to disseminate and encourage compliance with “best practices” among their members.

Box 1: the French inter-professional model

In France there are about 60 inter-professional associations that are ruled by a specific status, which is distinct from other associations. The recognition by the state of an association as “*interprofession*” confers some regulatory authority to it. Agreements made by inter-professional organizations become law and are binding on all operators in the sector. However, to have this regulatory authority, the *interprofessions* must be built on 3 guiding principles, which are controlled by the State:

1. Each member organisations must be fully representative of the stage in the chain that they represent. Without this, the inter-professional association loses its legitimacy.
2. There must be parity between the “professions”, if necessary through the use of colleges. All must be treated equally and have the same number of votes.
3. There must be unanimity in the decisions. While there will inevitably be disagreements between members, it is an accepted principle that inter-professional associations speak for and act on behalf of all members. For this to be the case, unanimous decisions must be reached and thus each member of the governing board have a right of veto.

For example, the fresh fruits and vegetables inter-professional association consists of two “colleges” representing on one hand four producers’ associations and on the other hand four associations of wholesalers, exporters and retailers. The meat and livestock *interprofession* is composed of 13 national professional organizations representing professions such as farmers, traders, abattoir operators, meat processors and distributors.

Box 2: the Ghanaian Rice Inter-professional Body (GRIB)

The GRIB was created in 2004 in Ghana to organize dialogue within the rice sector and to formalize dialogue between the private operators and the State. The sector faced important challenges, such as the competition with imported rice that flooded urban and rural domestic markets. In that perspective, all the stakeholders, producers, traders and millers agreed to make collective endeavours to improve quality of the local products to meet consumers' requirements. However, all stages of the rice chain were not well organized in business associations, apart from some producers' associations or millers at local level. But there were some efforts made to have each type of stakeholder and each rice-producing region of Ghana represented and participating in the decision making. The members of GRIB managed to build a shared vision of the sector issues and challenges, to set up some useful services (market information) to all members. They organized rice fairs. They collectively advocated for the government to set a "Rice development fund" through levies on imports.

2. RECALL OF SCCRP INVOLVEMENT IN THE DEVELOPMENT OF AN INTER-PROFESSIONAL ORGANIZATION FOR CAMBODIAN RICE SECTOR

2.1. EARLY STAGES OF SCCRP PROJECT: THE REFORM PROCESS ENGAGED WITH FCRE

The description of the scope and objectives of the SCCRP project, annexed to the financing agreement, was giving a mandate to the project to support professional organization of exporters and set the basis for the creation of an inter-professional body. At the early stage of SCCRP implementation, the project's Steering Committee² has endorsed the principle of a support to the recently created Federation of Cambodian Rice Exporters (FCRE). Despite it was named as an exporter organization, FCRE membership was actually wider, as it included not only rice export companies, but also rice milling businesses, companies selling rice mill parts, shipping companies and banks. In addition, the statutes of the federation were specifying that the FCRE shall "bring together producers, industrialists and other relevant entities with the aim of developing and promoting Cambodian rice exports". These elements made FCRE more than a professional organisation of exporters, but not genuinely an inter-professional organisation either.

The process of support to FCRE was based on three levels of supports implemented in parallel and inter-connected³:

- An operational support for the development of services to its members (identification and implementation of quick wins services by the federation that will reinforce competences, visibility and legitimacy of the federation to its members, including contribution to the recruitment of skilled staff and budgetary support to cover running costs as a "seed funding").
- A support to the elaboration of a multiannual strategic plan and an annual action plan validated by all the members (assembly general), including agreement on budgeting and financing plan, so as to strengthen ownership of members.
- A support to the revision of the federation structure and status, in order to clarify the membership (and thereof the nature – professional or inter-professional – of the Federation) and the governance of the FCRE.

The process was putting an emphasis of the dialog with stakeholders (FCRE members and non-members) on individual and multilateral basis, in order to reshape the organization taking into account members expectations. The willingness of FCRE leaders to fairly accept the "rules of the game" proposed by SCCRP and in particular the perspective of a comprehensive reform of the organization was remarkable and deserves to be underlined. A Memorandum of Understanding was signed between SCCRP and FCRE in August 2013, defining the content and modalities of the project technical and financial support, and attached with a clear roadmap defining respective roles and commitments, and objectives by phases of three months (6 phases over a total period of 18 months),

² Which includes, among others, SNEC, MoC, MAFF...

³ Cf. SCCRP, "Implementation Strategy for Component #1: Organization of the rice sector and capacity building of stakeholders", Final draft dated 11 April 2013 and submitted to the project steering committee on 19 April 2013.

including the objectives to achieve at each phase as conditions to unlock the access to the support of the following phase. Moreover, a good coordination frame was developed with other development partners involved in supporting the Federation, notably the IFC.

Box 1 (below) summarizes what has been achieved within a period of approximately 6 months as part of this support to FCRE.

BOX 1: THE INSTITUTIONAL REFORM PROCESS STARTED WITH FCRE, AND WHERE IT STOPPED

By end of 2013 (only 5 months after the partnership agreement was signed between SCCRP and FCRE), FCRE started to show operational improvements with notably new staff recruited (Executive Director and Communication officers), improved communication tool (website, newsletter), better management and transparency (accounting system, human resources management...) and implementation of services and events (strong involvement in 1st Cambodian Rice Festival, organization of conference on collective branding experience,...).

A membership fee system was approved, based on a relatively affordable basic membership fee (to avoid a financial barrier and ensure a large inclusiveness) but with premium options (silver, gold, platinum) to give the possibility to the Federation to generate more resources and run the organization. Within only one month after the approval of this new membership fee policy, FCRE had already collected more than 22,000 USD from members.

From the institutional point of view, 3 scenarios for institutional reforms were prepared (taking into account inputs from members), and submitted to a vote during a General Assembly on 22nd of January 2014.

Exceptionally, non-members were invited and allowed to take part on this vote on institutional scenarios. The purpose was to show the willingness to integrate non-members and to take into account their expectations (and address the reasons why they had not joined the Federation so far). Moreover, to address the asymmetry of representations of the different categories of stakeholders, the vote on these institutional scenarios was undertaken by “colleges”: i.e. votes of producers, millers, exporters and service providers were counted separately, and to be adopted, a proposed option had to get a majority of votes in all of these four categories (majority vote inside a college, but unanimity of all colleges required, following a principle in use – by law – in inter-professional organizations in Europe). This proposed method has worked, and an institutional scenario for FCRE reform was approved, with a strong ownership and backstopping of value chain stakeholders. In addition, some key governance principles were also endorsed by vote, providing the guidelines for the rewriting of FCRE statutes, which was the next step foreseen after the General Assembly of January 2014.

This promising process came to an end, less than one month after that very successful General Assembly, after the unilateral decision of the Ministry of Commerce urging FCRE, ARPEC and CREA to merge in a single institution.

2.2. CREATION OF THE CAMBODIAN RICE FEDERATION

While the process engaged with the reform of the FCRE seemed on a right track, the Cambodian Rice Federation was created in early 2014, following the injunction of the Ministry of Commerce to merge three existing organizations of the rice sector (FCRE, ARPEC and CREA). This decision of merging has *de facto* ended the participatory process of reform of the FCRE, while the process of creation of the Cambodian Rice Federation (as the new entity resulting from that merging) has not broadly involved stakeholders of the sector (the decision of merging was not submitted to the approval of General Assemblies of the three organizations), and initial statutes of CRF were also not been submitted to the endorsement of a General Assembly⁴.

Whereas numerous stakeholders of the rice-sector had expressed, in January 2014, their satisfaction regarding the process of reform of FCRE, having the feeling to have a say (and thereof gain ownership) on the objectives and

⁴ Only some amendments to the statutes were submitted to the vote of CRF General Assembly in February 2015.

structure of the organization, the creation of CRF has been a much more top-down process and gave a chance to only few stakeholders to discuss it.

At the stage of CRF creation as well as in the first years after it was established, the SCCRP project only had limited influence on the institutional shaping of the organization. As CRF was aiming at representing the whole sector, the project was only able to successfully advocate for the inclusion of producers (via Farmer Organizations) in the Cambodian Rice Federation. Other suggestions, such as the proposal to define a system of electoral colleges to balance the asymmetry of representation of the different segments of the value chain were not considered.

In terms of methods, the patient and participatory process engaged in FCRE reform (aiming at building ownership, transparency and representativeness) contrasts with a faster and much more top-down approach of establishment of CRF.

2.3. LIMITS OF THE CURRENT SITUATION

Many stakeholders of the rice sector express a certain scepticism or disenchantment regarding the Cambodian Rice Federations. A certain level of distrust has even been expressed by prominent millers and exporters in early 2016, which has been a period of crisis for CRF.

No independent/external assessment of CRF institutional organization and functioning has been done, and we do not pretend here to present a comprehensive and solid evaluation of CRF functioning. The following elements are only to be considered as observations and points of attention that could be considered while exploring possible institutional improvements.

- **Representativeness / Modalities of endorsement of CRF policy messages:** Whereas CRF is officially recognized as the organization entitled to speak on behalf of all the economic stakeholders in Cambodian rice sector, its representativeness can be questioned considering the two following limits:
 1. There is no mechanism (such as a system of electoral colleges for instance) to balance the asymmetry of representation of categories of stakeholders. A category of stakeholders which is more represented among the members have a dominant weight in votes.
 2. There is no clear procedure for CRF to internally define and approve its “policy positions” before to communicate them outside, in particular to the government or to the media or public. Policy messages are not previously endorsed by the different groups in the rice sector, which could be considered a necessary prerequisite to claim to speak on behalf of the whole sector. As there is an asymmetry in the number of members per category, even an (hypothetic) validation of advocacy messages by a simple vote of members would lead to an over-representation of some categories (millers most likely in the current balance of members by categories) to the detriment of under-represented categories (notably farmers). Only a system of college (one college corresponding to a category of actors in the value chain) and vote at the unanimity of colleges would balance this asymmetry of representation.
- **Modalities of election of the Board do not ensure a strong backstopping and recognition of Board members by all CRF members.** Except for the president which is elected in a separate vote, and Farmer representatives which are elected among FO Federations, other (11) members of the Board are elected in a process in which voter can choose only one name in a list of candidate, instead of being entitled to tick eleven names, for the eleven seat to fulfil. This results in members of the Board being elected with only a very small number of voices. In last elections of CRF Board (in 2016) for instance, the last person to be elected as member of the Board had received only 8 voices (on a total of 193 voters)⁵. This system does not ensure a strong basis for the Board members.
- **Roles, prerogatives and modalities of the composition of the Executive Committees seem not clearly formalized.** CRF has established a number of Executive Committees to handle and make decision on specific fields of activities of CRF. For instance: Global Market Promotion ExCo, Seed and Farming ExCo, etc... In the beginning, it seems these committees were established on a voluntary basis. But after the election of CRF Board for a second mandate, the composition of the different Executive Committee has been reshuffled, and new committees were appointed by CRF management alone, leading to a mistrust of some of the members (in particular those who were evicted from previous ExCos!).

⁵ And even only 7 voices received by the last candidate elected in 2014, for 195 voters.

3. METHODOLOGICAL RECOMMENDATIONS FOR INTER-PROFESSIONAL ORGANIZATION DEVELOPMENT

Taking stock on international experiences and of the current situation observed in the Cambodian Rice Sector, this last section identifies some methodological recommendations that could be useful if Cambodian public authorities intend to support the development of further inter-professional organizations in rice sector or for other value-chains.

3.1. ELECTORAL COLLEGE SYSTEM TO ENSURE (IN STATUTES) THE FUNDAMENTAL PRINCIPAL OF REPRESENTATIVENESS

To set up a real inter-professional organization, representative of the Cambodian rice sector (or identically of another sector) as a whole, it is essential to have a balance of representation of categories of stakeholders. This is usually done by a system of electoral colleges (tentatively, for rice sector: Producers, Millers, Exporters, and Input + Service providers) where each college represents a “profession” and has the same weight in decision making. This representation is defined regardless of the number of people belonging to each category (or profession) and regardless of their real economic weight. But it ensures democracy within the organization and prevents any asymmetry of power.

In the governing body of the organization (the Board) it is desirable to have an equal repartition of vote weights among the different colleges (e.g. each college selects 3 delegates to sit in the Board of Director).

To be endorsed, any strategic decisions shall be approved by the unanimity of all colleges (i.e. a majority of producers + a majority of millers + a majority of exporters + a majority of input and service providers). This shall at least apply for the two following types of decisions:

- Position papers to be submitted to the government or to institutional partners (as part of the policy dialog role of the inter-professional body);
- Revision of Statutes.

Different modalities to ensure a fair and balanced representativeness can be defined, taking into account the specificities and the structuration of the value-chains, but the principles and criteria of a balanced representativeness should not be neglected.

3.2. FINANCE AND INCLUSIVENESS

3.2.1. BALANCE INCLUSIVENESS AND SUFFICIENT CONTRIBUTION LEVEL

Whereas it is understood that an inter-professional organization need financial resources to implement and sustain its structure and activities, financial contributions (membership fees, service fees, etc.) are necessary, but membership fee level should not constitute a major obstacle for economic stakeholders to participate (as simple member as well as to access responsibilities in the governance bodies of the organization).

Basic membership fees shall therefore be kept at a reasonable level to ensure inclusiveness (no financial barrier to access membership, and even to become a member of the Board for instance⁶).

As part of the process of reform of FCRE engaged with the support of SCCR project in end 2013 and until January 2014, an interesting compromise system of membership fees had been proposed (and adopted by FCRE General Assembly). It consists in different level of membership fees (Basic / Silver / Gold / Platinum). Entry ticket (Basic membership) shall be very affordable the Federation to be inclusive (no heavy financial barrier to membership), and additional “premium membership” options allows to generate significant incomes to cover costs. But it is of high importance to underline that **higher level of contribution (premium membership)** can provide

⁶ This refer to a proposed clause in CRF draft statutes discussed in February 2014 according to which members of the Board shall pay a very significantly higher level of contribution... a very disputable system, which would *de facto* exclude members who cannot afford it to sit in governing bodies, and would thereof establish a plutocratic system.

additional benefits (for instance free advertising space in a newsletter, or logo/link to the member website from the Federation website, discount on services such as training sessions, time slot for a speech in an event organized by the Federation, etc...) but **shall in no way provide additional power in the Federation's governance** (to pay a premium membership fee should in no way be a condition to be eligible to the Board, for instance).

3.2.2. FINANCIAL TRANSPARENCY

Is it too obvious to say that the funds management in the inter-professional body shall be perfectly transparent? Annual action plans and correlated financial plans shall be approved by members, and there shall be a full transparency and reporting on both sources of incomes and expenditures, audited regularly and presented to members annually.

3.3. A PARTICIPATORY APPROACH TO ADDRESS INSTITUTIONAL ASPECTS AND DEVELOP QUICK-WIN SERVICES

Sense of ownership is essential for the success of the organization and the method used to support the establishment and accompany the emergence of the inter-professional organization is essential. Large consultation/participation process is essential to set up a transparent, democratic and representative organization.

The following principles were characteristic of the method used by SCCRP team in support to FCRE reforms in 2013, and we believe they are still valid methodological recommendations:

- A combination of structural reform process with quick-win practical measures / services to consolidate the interest of members (combined with budgetary support).
- A patient and progressive process of consultation, based on bilateral consultation and broader consultation workshop, defining first the large picture of the organization desired and key principles largely endorsed by stakeholders, before to progressively develop the rules (statutes and by-laws) that reflect those principles.
- Formalized partnership engagement (MoU) between the inter-professional organization and the support entity: define and jointly validate the approach, steps along the process and both side commitments, as well as phased objectives and conditions to achieve to unlock supports (notably funds) from one phase to another. Clear modalities of monitoring and coordination have also to be defined. (One may refer to the MoU signed in August 2013 between SCCRP and FCRE as an example).

A specific point that was particularly appreciated by members of FCRE in the process of support to the organization in 2013 (and which could be recommended for similar cases): externalize recruitment of staff to a Human Resources firm: this is helpful not only to identify and recruit highly qualified professional staff, but also to prevent the suspicion of nepotism / favouritism in the recruitment processes.

3.4. SUPPORT THE ENROLLMENT AND PARTICIPATION OF WEAKER STAKEHOLDERS

Specific categories of actors may need more support to be mobilized and ensure their representation. In parallel of the process of establishment of inter-professional bodies, support may also be provided to weaker or more vulnerable groups (with less resources, knowledge, limited access to information and to decision makers...).

Typically in the case of inter-professional bodies in the agriculture sector, small-holder farmers may need more support to be able to be represented in the process.

3.5. A REGULATION ON INTER-PROFESSIONAL ORGANIZATIONS?

If the Royal Government of Cambodia intends to multiply the development of inter-professional organizations to consolidate the development and competitiveness of its agri-food sector, and in particular if the Government consider empowering such organizations with specific prerogatives (such as acknowledging an exclusive right to represent economic stakeholders in a certain value chain, and to define rules which, by extension, will apply to all the stakeholders in a given sector), then it would be desirable to define a regulation benchmarking the conditions to fulfill for such an organization to be recognized as a representative inter-professional body.