The Future Belongs To The Organized!

Seven Steps To Organizing A Smallholder Farmers’ Association

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MALAWI

Sections of this manual have been adopted from the Agricultural Cooperative Development International (ACDI) Publication ‘Organizing A Cooperative’, James Baarda, Washington DC.
INTRODUCTION

Over the past three to four years the concept of associations as a method for development in the agricultural sector of Malawi has taken off. Much of the success of the association concept must go to the success of the National Smallholder Farmers’ Association of Malawi (NASFAM) and it’s member regional associations. Within three short years, NASFAM has emerged as one of the leading agricultural forces within Malawi, with a membership of over 13 member associations representing over 35,000 farmers as of 1998. Although the success has been relatively quick, the process of the development of the association structure was methodical, and focused on the farmers as the driving force behind the association. Ultimately it was the farmers who formed NASFAM and local associations, and the farmers who have dedicated themselves to the principle of group action as a means to improve their farming businesses.

This manual is a short guide to those who may be involved in the process of the formation of smallholder farmers’ associations in Malawi. Although it must be the farmers themselves who ultimately create the association, they will need to be continually advised throughout the organization process. This guide outlines seven steps that should be followed as closely as possible when forming an association. It should be noted that the seven steps and other parts of the manual have been adapted from the Agricultural Cooperative Development International Publication ‘Organizing a Cooperative’, to fit the Malawi smallholder farmer context and experience.

Although the manual is fairly comprehensive, it only covers the formation and organization of an association, and not the actual operation of an association. After the organization process has been completed the association and its advisors must start to implement those services outlined in the association business plan. Association committees and advisors should request many of the other publications produced by NASFAM to assist them in the operation of a smallholder farmers’ association.

The following manual is the first edition of ‘Seven Steps To Organizing A Smallholder farmers’ association’, therefore we are very interested to hear from those using the manual in the field. We welcome any comments, suggestions, and questions you may have regarding the manual, so that future additions can be updated to make the material more effective. Please note that the terms association formation and association organization have been used interchangeably throughout the manual and should not confuse the user of this manual. Thanks again, and remember that the key to a successful association is ultimately the willingness of farmers to work together as a means to improve their farming business.

Thank You, Robert Gibson

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1.1 What Is A Smallholder Farmers’ Association?
A smallholder farmers’ association is a smallholder farmer owned and smallholder farmer controlled business, that provides services to member smallholder farmers on a non-profit or cost basis.

1.2 Who Forms An Association?
Smallholder farmers who have similar problems and therefore similar needs form an association. These farmers come together to seek solutions to their common problems (High fertilizer prices, crop marketing, low credit access, transport, etc.) through collective action (working together).

1.3 Characteristics Of Associations
1. The purpose of a smallholder farmers’ association is to help smallholder farmers realize higher profits from their farming business.

2. Smallholder associations are organized around mutual needs and therefore mutual interests of smallholder farmers.

3. Associations are not organized to make a profit for the association itself but for it’s smallholder farmer Members who use the association’s services.

4. Associations are 100% democratically controlled and 100% owned by smallholder farmer Members on an equal basis.

5. Association benefits are distributed 100% to smallholder farmer members in proportion to the amount they market produce and purchase inputs / supplies from the association.
6. Associations do business for and with smallholder farmer members.

7. Smallholder farmers’ associations as per their by-laws, are non-political, and non-governmental.

1.4 Member Driven Association Formation

Smallholder farmers’ associations are formed to provide needed services to smallholder farmer members. The service responds to a specific marketing and business need of smallholder farmers, and that need should be identified as the driving force behind the association’s formation.

The need for the association’s services will be an important factor in generating interest in the association and attracting members. The association must meet members needs, as members see their needs, and that must be communicated to interested farmers and prospective members. Ultimately associations must engender feelings, attitudes, and be formed with the total commitment of the smallholder farmer Members.

When an association is being organized to provide a service in response to a need, its advantages, disadvantages, and limits should be considered. If carefully considered, this analysis can:

1. Reduce unreasonable expectations for the association
2. Avoid mistaken beliefs about the association
3. Clarify member obligations to the association

An association’s advantages, disadvantages, and limits will depend upon the specific situation in which it is to be organized and the service it is to perform. Such advantages, disadvantages, and limits will be identified and explained during several stages in the formation process.
1.5 **Associations As Businesses**

✧ Smallholder associations are **commercially viable and sustainable legal entities** registered under the Trustees Incorporation Act Of Malawi.

✧ The volume of business generated by an association (See Table 1: Recommended Business Volumes) must be great enough to sustain the operations of the association as well as the initial cost of development. An association with only 10 Smallholder Clubs will not generate enough output to sustain their operations.

✧ As with any business venture, proper feasibility studies, market surveys, business plans, etc. must be conducted to determine the viability of the association.

✧ Smallholder farmers’ associations have proper accounting systems and professional management.

Table 1: Recommended Produce Volumes To Sustain Operation

<table>
<thead>
<tr>
<th>Produce</th>
<th>Volume</th>
<th>Comments</th>
</tr>
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<tbody>
<tr>
<td>Chilli</td>
<td>20 - 40 Metric Tons</td>
<td>Will cover a large area</td>
</tr>
<tr>
<td>Cotton</td>
<td>20 Metric Tons</td>
<td>Will cover a large area</td>
</tr>
<tr>
<td>Tobacco</td>
<td>2000 - 4000 Bales</td>
<td>50 clubs</td>
</tr>
<tr>
<td>Coffee</td>
<td>20 Metric Tons</td>
<td>20 Metric Tons Per EPA</td>
</tr>
<tr>
<td>Mixed</td>
<td>20 metric tons</td>
<td></td>
</tr>
</tbody>
</table>

**The above table illustrates some examples, not hard and fast rules.**
1.6 The Association’s Purpose

A smallholder farmers’ association cannot exist and be successful without an identified and specific purpose that has been accepted by all smallholder farmer members. The initially identified purpose will change and be refined as the process of organizing the association progresses. One of the important results of producer, market, and finance studies is to help refine the purpose and in some circumstances change it significantly.

Some questions should be answered early in the organization process:

<p>| | |</p>
<table>
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<tr>
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<tbody>
<tr>
<td>1.</td>
<td>What problem is the association to correct through the provision of what services?</td>
</tr>
<tr>
<td>2.</td>
<td>Why is the association concept chosen rather than another type of business-or none at all?</td>
</tr>
<tr>
<td>3.</td>
<td>What are the limits or disadvantages of an association?</td>
</tr>
<tr>
<td>4.</td>
<td>What are the strong points and advantages of an association?</td>
</tr>
</tbody>
</table>

1.7 Association Advantages Include:

1. Smallholder farmer members are able to control their own livelihoods by controlling the association through voting as members;

2. Smallholder farmer members may receive better prices for their products and provide goods and services to farmers at lower costs through bulk purchasing, and bulk service arrangements.

3. The association may improve the operation of markets themselves by acting as a measure of competition, improving quality of services, forcing produce prices upwards, and input prices downwards.

4. The association may provide an assured market or source of supplies and services where none exist;

5. The association can respond to member needs that are not addressed by any other organization. (Grading assistance, training services, etc..)

1.8 Association disadvantages include:

1. Members must participate actively to control their association, and serve sometimes as committee members;
2. Members must pay annual contributions, and must invest money in the association for other ventures.

3. Members bare the risks of a business, including losses.

4. Difficulty in hiring skilled management that will safeguard the association resources and member assets.

5. Difficulty in obtaining credit.

6. Low level of business knowledge of members.

7. **Dependent on member effort and time and a commitment to work together.**

### 1.9 Association limits include:

1. Associations, as businesses, must be operated in a businesslike fashion and cannot provide benefits to members that the association does not generate;

2. Associations cannot guarantee the success for individual members and farmers;

3. Associations can not provide all services that every farmer desires, rather it must focus on key business operations.

4. Associations are driven by the demand of real and felt needs of members. If the association has been formed without these felt needs the institution will fail.

### 1.10 What are Reasonable Expectations?

Associations can’t survive if farmers have unreasonable expectations about what the association can do for them and what obligations are imposed upon them as association members. On the other hand, some incentive exists during the association Organization and membership drive stages to overstate services to prospective members to build support and membership. The benefits an association can provide to farmers must be clearly explained. This will avoid unreasonable expectations, and will also provide the realistic expectation that encourages membership and association support.

**Illustrations of Realistic Vs. Unrealistic Expectations**

<table>
<thead>
<tr>
<th>Some Realistic Expectations</th>
<th>Some Unrealistic Expectations</th>
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<table>
<thead>
<tr>
<th>Some Realistic Expectations</th>
<th>Some Unrealistic Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>association will assist in marketing produce</td>
<td>association will provide interest free loans</td>
</tr>
<tr>
<td>association will facilitate an input purchase program</td>
<td>association will provide free goods, and services</td>
</tr>
<tr>
<td>association will train members</td>
<td>association will function without member participation</td>
</tr>
<tr>
<td>associations will help member realize higher returns on their farming business</td>
<td>association will pay a much higher price for produce than prevailing market rates</td>
</tr>
</tbody>
</table>

### 1.11 How Do Associations Provide Benefits To Members?

- **Increased Market Power**- Because of the large number of farmers that an association represents, the association can bargain for better prices on behalf of member farmers.
  Example: The association can bargain for reduced input prices, and obtain free transport to collection points located close to their villages.

- **Economies of Scale**- Many farmers take part in an activity therefore reducing the cost of that activity.
  Example: The association hires one vehicle to pick hessians for all member clubs.

- **Gain From Coordination**- By having an organized structure, outside organizations are willing to provide benefits such as lower prices, demonstration plots, transport.
  Example: The association runs maize demonstration plots that demonstrate correct cultural practices to its members.

- **Capture Profits From Processing**- Association members gain by processing the crop before selling it. A single farmer could not afford an efficient oil press, or a mill whereas an association can.
  Example: The association purchases a press to make Sunflower Oil.

- **Provision Of Missing Services**- Associations can provide service that no other organization would offer. (Field Days, Problem Solving, Collective Marketing)

- **Representation Of Members At Higher Institutional Levels**- Associations are able to present the desires and needs of member association as a body which represents much of the rural population in an area. The association power in numbers allows it to be a force for policy change and improved representation at higher institutions.
1.12 Potential Association Services

(1) **Bulk Input Purchase Programs** - By negotiating for lower fertilizer prices and free transport on behalf of members, clubs can save around 15% through reduced prices and transport. Associations invited bids for transport reduced prices through a tender system. *The input program is a key association program in terms of farmer savings, and association operational revenue generation.*

(2) **Transport Programs** - Associations, on behalf of member farmers, contract with transport companies for the transport of bales (or potentially other produce) to the auction floor. Due to the volume of produce being transported, the association is able to bargain for reduced prices, and increased control over the delivery and safety of the produce. Association clubs can save around 10 - 15% through lower transport prices, reduced bale damage and loss, reduced loan rates due to delivery speed, and elimination of bribes. *The transport program is also a key association program in terms of farmer savings, and association revenue generation.*

(3) **Farm Supply Shops** - After conducting extensive feasibility and business studies associations may open supply shops to provide members with needed inputs. Farm supply shops stock those items in demand by member farmers. Through bulk/wholesale purchasing, the farm supply shop is able to sell items to members at reduced prices. Supply shops must be carefully planned and managed, with proper business systems in place.

(4) **Crop Marketing** - Marketing of member produce through local, regional, or international channels. Through consolidating member produce, the association is able to source more lucrative markets, improve prices in local markets, remove ‘middlemen’, and increase overall farmer control over the marketing of their produce. Due to the organizational structure of associations they are in a position to form strong strategic linkages within marketing channels.

(5) **Hessian Collection** - Associations contract private transport for all association clubs to deliver hessian from the auction floor to collection depots near farmers villages. Farmer save between 80 - 90% compared to picking hessians alone as a club.

(6) **Grading Education (Field Days)** - Through educational programs arranged by association members can improve the quality of their produce grading and presentation. Tobacco farmers participating in field day programs saw the rate of rejection decrease and the price per kilogram increase due to improved grading.

(7) **Demonstration Plots / Awards** - Due to the organizational structure of associations, they are in a key position to receive and solicit awards and demonstration plots from private organizations. Demonstration plots can be used in association field days and educational programs.

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As can be seen, well run association services / programs can result in large savings for member clubs who participate fully in association programs, and provide a financial base for the operation and development of the association.

1.13 Association Organization Caveats

- Start small and simple. Smallholder farmers have little margin for risky experiments.

- Create realistic expectations. Association development is like growing crops. You need careful selection of certified seed, proper land husbandry, adequate nurturing, a good and well spread pattern of rainfall, weed and pest protection, and if all this is done will, then you have a bumper harvest!!!

- Associations are formed by smallholder farmers working together to solve their problems. They are not the beginning but the end of working together.

- The more time, effort, and sweat equity invested during all aspects of the organization process by the farmers themselves, will pay large returns in terms of farmer commitment to the association in the long term.

- Smallholder farmer associations cannot be all inclusive. The better off will reap more and do not share the common bonds that enhance the association.

- Make sure what is organized is successful people will learn from examples and usually believe what they see!!!

THE FUTURE BELONGS TO THE ORGANIZED!
Summary

- Ultimately smallholder association's are formed so that members realize MORE MONEY from their farming businesses through the provision of practical services, and a forum for constructive farmer participation.

- Smallholder farmers’ associations are businesses which are owned by smallholder farmers, controlled by smallholder farmers, and whose benefits go to smallholder farmers.

- Smallholder farmers are the only ones who can form a smallholder farmers’ association, not an advisor, NGO, government official, or anyone who is not a smallholder farmer living in the association area. The association organization must be in response to an identified need from farmers.

- Smallholder farmers’ associations must provide services to its members. Some examples of services are transport, crop marketing, retail shops, bulk input programs, etc.

- An association must have enough members and do enough business to sustain itself.

- A disadvantage of associations is that members must put time and effort in running their association.

- The ultimate goal of a smallholder farmers’ association is to put more money into the pockets of smallholder farmer members.

- The future belongs to the organized, developed nations are not only wealthier, they are better organized.
2.1 Financial Structure

- Associations are **100% self financed by members** through entrance fees, annual dues, fees for services, and revenues from retail operations.

- New member clubs must commit themselves through the payment of an entrance or membership fee. This will assure that the member is serious when joining, and will give the member a sense of ownership of the association.

- Projects and advisors should not provide salaries, subsidies, equipment, or grants to associations. **NASFAM and the SADP project does assist associations through technical advice, training programs, informational material, legal assistance, and logistical support** through the local SADP field office (Telephone, fax, photocopy, computer).

- All associations have bank accounts and standard double entry accounting systems.

- Financial audits are required annually and must be presented at the annual general meeting.

2.2 Organizational Structure

- Association membership is made up of clubs comprised of between 10 - 30 individual smallholder farmers. Clubs are groups of farmer who work together to improve their farming businesses. Club eligibility is based on individual association criteria, which includes club size, democratic principles, registration, marketing channels and debt status. Those clubs who qualify for membership can become members of the association and eligible to receive association services. No club is denied membership due to religion, ethnicity, or political beliefs. Every member club is entitled to a single vote, and can exercise that voting power at annual general meeting and general meetings held by the association. (See Appendix I: Club Formation)

- **Operationally the association is dependent on Group Action Committees (GACs) made up of clusters of 5-10 clubs.** GAC’s are in charge of Organizing A Smallholder Association
organizing clubs in their surrounding area for participation in association programs, discussion of issues, and the provision of information and training. (See Appendix II:GAC Formation)

♦ An association committee is elected by the general membership at the Annual General Meeting to voluntarily assist in the running of the association. The committee plans, sets policies for the association, and supervises the general manager.

2.3 Association Control And Management

♦ Association members (clubs) control their associations through their general assembly which is the ultimate authority of the associations. The general assembly, which meets at general meetings and at the annual general meeting, is comprised of one representative per club. For sake of logistics and expediency, the general body has delegated some authority to an association committee elected at the Annual general Meeting. All large decisions must still be approved by the general body.

♦ The association committee is elected from and by the general assembly, the composition is usually based on the GAC demarcation or voter divisional and representational lines. To divide the workload and to encourage wider participation in association operations management, the committee forms sub-committees for each major business and administrative activity (transport, planning, finance, etc.)

♦ All member participation in management activities is VOLUNTARY and only administrative and logistical expenses are paid. Representatives, committee members and sub-committee members receive no honorarium or sitting allowance. There are very few privileges but lots of responsibilities afforded associations leaders. The reward of a committee member is the benefits they gain as a member of a well functioning association, and the satisfaction that they are assisting their community. Committee members receive no special benefits as a committee member.

♦ Due to the size and level of work within an association, the association may decide to hire a professional paid manager. The manager is hired and supervised by the association committee and runs the day to day operations of the association. The manager reports to the association committee and participates with them in planning, and decision making. Paid managers should be well-qualified individuals with business backgrounds.

2.4 Keys To A Strong Association

The structure of the association is important, but only as a skeleton around which the
association is developed. The body of the association is ultimately:

- A sense of belonging by fully participating and contributing to association programs and activities.

- A sense of membership identity with the association. The association must be close and reachable to members.

- Member must trust each other and be worthy of that trust.
Figure 1: Association Structure
Summary

- Associations are financed 100% by members. Smallholder farmer members are the sole owners of the association.

- Associations must have proper financial control systems as with any other business.

- Clubs are the members of associations, a club may have between 10 - 30 members.

- Associations rely on area clusters of 5-10 clubs called Group Action Committees (GACs) for operational organization at the club level.

- The General Assembly made up of a representative from each member club is the ultimate authority of the association.

- The General Assembly elects a committee to oversee running of the association.

- Member participation in the association is voluntary, no special benefits are received by committee members, GAC members, etc..

- The association Committee hires a professional manager to run the day to day operations of the association.

- The association structure is ultimately just a skeleton upon which the association is developed, the body is a member’s sense of belonging, identity with the association, and a sense of trust in fellow members.
Steps in Association Formation

An association must be organized in a careful manner to assure it is a sustainable entity that has been formed by smallholder farmers. Smallholder farmer associations depend upon the support and active participation of member smallholder farmers, therefore their direction and participation in the early stages of organization is critical. Farmers must be assured the association is their organization, not imposed by an outside group whose motives may be suspect if actions are carried out without them. As can be seen in the following outline of formation steps, many meetings are held to assure full participation by all potential member smallholder farmers and that the association is formed from the bottom upwards.

Smallholder Farmers Must Actively Direct And Participate In The Organization Of Their Association!
Meeting 1: Smallholder farmer Meeting- Identifying Economic Needs, Problems, And Issues

The idea of organizing an association, or at least recognition of the need for some organized response to a common problem, is often found among a group of leading smallholder farmers in an area. An initial meeting of leading smallholder farmers will allow them to discuss common problems and issues, and the possibility of farmer collective action and eventual association formation as a means to serve fellow smallholder farmers in an area.

The meeting should focus on the discussion of common problems faced by members and the specific use of collective action to solve the problems. Information about associations may be needed by those not familiar with associations, and this role can be played by an outside advisor. Leaders should thoroughly discuss whether they feel there is interest in exploring the possibility of association formation as a means of meeting farmer needs, or if an association is not appropriate for their area.

If leaders feel there is interest, a larger meeting of potential and interested smallholder farmer should be planned. Among things to be discussed in preparation for the exploratory meeting are:

- What information about the perceived common problems is readily available
- What information about associations is available
- Who can provide assistance as an advisor to the group
- Who should be invited to an Exploratory Smallholder farmer Meeting
- How and who should contact producers for the exploratory Smallholder farmers Meeting
- A proposed agenda for the meeting
- Selection of a chairman to lead the exploratory meeting

Meeting 2: Exploratory Smallholder farmer Meeting- Vote To Proceed

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To determine if interest is sufficient to start and support an association, a general meeting of potential smallholder farmer members should be called. The meeting date, time, and place are announced by one or more methods, such as word of mouth, through newspapers, letters, or other available means. Outside advisors can be invited to this meeting to assist in the facilitation of the meeting, and provision of information on association development.

In preparing for the meeting agenda, a carefully prepared concept of the proposed association should be presented as the first and main item on the program. Items that should be discussed include:

- What are the common problems farmers face?
- What are the possible solutions to these common problems?
- Association principles and terminology
- Advantages and disadvantages of an association
- Expectations of potential members, membership fees, entrance dues
- Various forms of smallholder farmer commitment needed and the use of pre membership marketing agreements

A possible approach for facilitating the farmer meeting is to have one member of the leadership group discuss the common farmer problem and another member summarize how the proposed association might solve the problem. In addition, a representative of a successful association might explain its operations, benefits and limitations.

Facilitators should remember to allow time for discussion by the farmers. Prospective membership should be encouraged to express their views and ask questions. At this first meeting, no one commits to become a member and no policies of the association are set. All issues prospective members raise should be addressed, although answers to some questions could be delayed until later meetings.

After discussion is over, the chairman should ask for a show of hands
on whether a more detailed study of interest should be undertaken. A positive vote is the signal that the group should go ahead and select a Steering Committee.

The Steering Committee should be elected democratically using a one potential member one vote system or a one GAC one vote system if GACs have already been organized. The committee should be chosen carefully so those leaders with a good work ethic, leadership skills, respect in the community and an interest in association organization are chosen.

Meeting 3*: Steering Committee- Phase I  (*Series of meetings)

The Steering Committee has a very important role in association formation and therefore its members must be chosen carefully. The Committees’ first function is to select a chairman, secretary, and their vices. This can be done either at the close of
the general meeting or at the beginning of the first Steering Committee meeting. An advisor should assist the Committee to nominate 3 names for the chairman and secretary positions, and then conduct a secret ballot with the runner up for each position assuming the position of vice.

The next action, in cooperation with the advisor, is to establish a time period for completing a **feasibility study** which includes a producer member survey, and market analysis report *(See Appendix IV- Association Feasibility Analysis)*. These reports will assist the committee and membership to judge whether the proposed association is likely to be successful and therefore worth the development costs and time and effort of the smallholder farmers.

**Assistance from advisors / specialists will be critical in completing the member survey, and market analysis.** The steering committee should recognize from the beginning that each stage of association formation must be analyzed and justified to the satisfaction of the potential farmer members before proceeding further.

In preliminary discussions to determine association feasibility, the committee should examine what service functions the association could provide, whether they are available from other sources, whether costs would be reduced or quality improved. Intangible functions should be considered as well, such as serving to preserve a market, stabilize prices, or encourage more orderly marketing. The Steering Committee must develop a proposed organizational, and management structure for the association.

**Once the business feasibility study has been completed, preparations should be made for the Second Smallholder farmers’ Meeting, where the results of the study will be presented.**
Meeting 4: Second Smallholder Farmer Meeting - Vote to Proceed

A second meeting of producers is held to hear the results of the feasibility study. A substantial amount of information is contained in the study and therefore the Committee and advisors should be well prepared to:

1. Explain results
2. Discuss the implication of the results

After the feasibility study has been completed the Steering Committee and advisor should have a good idea of the minimum number of producers and minimum volume needed to justify forming an association. Smallholder farmer participation and interest must meet the minimum number to justify continuing the organization process. If Smallholder farmer support is questionable at this stage, or any stage thereafter, it is advisable to require farmers to make a small membership investment and sign a pre-membership agreement. This agreement helps determine the extent of true interest in the proposed association.

After the feasibility study has been accepted the potential farmer members should take a vote whether to proceed or not based on the information presented to them. In voting members must decide whether the association will benefit smallholder farmers, and whether support is great enough to sustain the association and its services. A vote to proceed will signal the Steering Committee to continue with their work outlined in Meeting 5.

Meeting 5*: Steering Committee - Phase II (*Series of meetings)

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Now that members have once again voted to proceed, the Steering Committee will meet again to move along the process of the organization of the association. In ‘Phase II’ of their work the committee will look at two critical issues:

- **Development of an association business plan** - The Business Plan will give final definition to the association’s operations, needs, and services. With the needs identified, the services that the association will provide described, and estimates of volume and market participation defined, the financial needs of the association can be estimated *(See appendix VI- association Business Plan)*.

- **Preparation of by-laws for presentation to the general body** - The steering committee must develop by-laws for the association that state how the association will conduct business. To ease the work the steering committee will usually start with a pre-developed draft version, and then amend that version to their specific association needs. *(Appendix V- Association By-laws)*

Once completed, preparation should be made for Meeting 6: Formation of association, where the results of the steering committee work will be presented. All potential members clubs should be invited to attend actively participate. Interested club should sending at least 1 voting representative and any other interested club members who would like to observe the process.

**Meeting 6: Formation Of Association**

After the work of the steering committee is completed, the general body of potential members must vote to approve, or amend the by-laws and business plan, giving a
final vote of approval for the creation of a legal association. A temporary chairman conducts the first meeting. A draft of the proposed bylaws, then the business plan is presented, discussed, and adopted as read or amended. **The by-laws should be presented and discussed point by point assuring that all members understand each point and have a chance to give any comments or proposed changes to the points. The by-laws will form the background of the association and therefore members must understand and take ownership of the by-laws.**

The next step of the meeting is to elect a committee. The committee election should be done using at least two nominees for each position, voting conducted by secret ballot giving a single vote to each potential member (often those who have signed a pre-membership agreement). The by-laws will dictate the committees term of office, meeting schedule, powers and limitations, etc.

After the committee has been elected the general membership can then take a signatory vote (since it should be a foregone conclusion at this point that the association will be formed) for the committee to proceed with the legal incorporation of the association. All votes and amendments should be carefully recorded, since they will be required in the paperwork for the legal incorporation of the association.

**Formation Meeting Steps**

1. **Adoption of association by-laws:** Each point of by-laws is read carefully and discussed and amended or left as is by the general body. At the completion of the discussions, a vote to adopt the by-laws is taken.

2. **Adoption Of association Business Plan:** The business plan is carefully read and discussed by the general body, with emphasis on the services the association will provide potential members. At the completion of discussions, a vote to adopt the business plan is taken.

3. **Election of Committee:** Committee members elected using a secret ballot system.

   An advisor should assist in assuring that the elections are conducted properly. After the elections have been completed, the results should be presented to the General Body, and the elected committee members should come forward.

4. **Signatory Vote to Proceed:** Although it is already assumed that the
association will be formed, a signatory vote should be taken to advise the committee to proceed with the incorporation of the association.
Meeting 7: First Committee Meeting(s)

The first committee meeting should be held as soon as possible after the bylaws have been adopted. At this meeting or the first two committee meetings, they take the numerous actions necessary to start the function of the association. If officers were not elected at the general meeting, then the committee should first do this.

1. Elect officers- Chairman, Secretary, Treasurer and their vices.

2. Define and appoint members to sub-committees.

3. Prepare final paperwork for filing for incorporation: To become a legal business organization the business must be incorporated. Becoming incorporated will give the association a distinct legal standing. The steering committee must prepare some key items in order to proceed towards legal incorporation and operation.

4. Conduct membership drive- A new association must have enough members to start operation and justify its existence. Association members should feel a responsibility to recommend additional potential members in their area. Members conducting the membership drive must understand what their association is how it operates, its benefits, and its limitation. People join association to gain economic benefits, services and increased income. Most people must be shown the advantages arising from association membership. New members must be asked to join by completing a membership application, and paying a membership fee. The applicant should get a receipt for fund collected, and later is issued a membership certificate.

5. Adopt membership application and certificates.

6. Selection of a bank.

Organizing A Smallholder Association 28
(7) Set time frame for hiring a manager

(8) Designate responsible parties authorized to handle funds

(9) Arrange for bookkeeping and auditing

(10) Print and distribute by-laws to all members of the association

(11) Secure a location, and facilities

(12) Select meeting schedule

(13) Final GAC Demarcation
<table>
<thead>
<tr>
<th><strong>Meeting</strong></th>
<th><strong>General Purpose</strong></th>
<th><strong>Specific Items</strong></th>
</tr>
</thead>
</table>
| **Meeting 1**  | Leaders Meetings   | • Discussion of problems facing area farmers  
• Discussion of solutions potentially provided by association structure  
• Discussion of association structure, organization steps, advantages, limitations  
• General Consensus as to proceed  
• Identification of advisors to assist in organization  
• Adoption of agenda and meeting leader for Meeting 2 - Exploratory farmers meeting |
| **Meeting 2**  | Exploratory Farmers Meeting | • Discussion of problems facing area farmers  
• Presentation of association as a potential solution to problems faced  
• Discussion of advantages and disadvantages of association structure  
• Discussion of member responsibilities in an association  
• Questions from potential membership, answered by leaders with advisor assistance  
• Vote to proceed with study of association formation  
• Election of steering committee |
| **Meeting 3**  | Steering Committee Phase I | • Selection of officers, chairman, secretary  
• Conduct feasibility study with assistance of advisors |
<table>
<thead>
<tr>
<th><strong>Meeting</strong></th>
<th><strong>General Purpose</strong></th>
<th><strong>Specific Items</strong></th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>• Preliminary discussion of potential association services, beginning of business plan</td>
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<tr>
<td></td>
<td></td>
<td>• Preparation of pre-membership agreements</td>
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<td></td>
<td></td>
<td>• Preparation for Meeting 4- Farmer meeting, vote to proceed</td>
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<tr>
<td><strong>Meeting 4</strong></td>
<td>Farmer Meeting- Vote to proceed</td>
<td>• Presentation of feasibility study to potential members (See appendix I)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Discussion of feasibility study, and vote to proceed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Distribution of pre-membership agreements (See appendix V)</td>
</tr>
<tr>
<td><strong>Meeting 5</strong></td>
<td>Steering Committee- Phase II</td>
<td>• Preparation of business plan with assistance of advisor (See appendix III)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Preparation of by-laws (See appendix II)</td>
</tr>
<tr>
<td><strong>Meeting 6</strong></td>
<td>Farmer Meeting- Association Formation</td>
<td>• Discussion, amendments and adoption of association by-laws. (By-laws read carefully point by point with discussion after each point.)</td>
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<tr>
<td></td>
<td></td>
<td>• Discussion, amendments and adoption of association business plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Election of committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Vote to proceed with legal formation of association</td>
</tr>
<tr>
<td><strong>Meeting 7</strong></td>
<td>Initial Committee Meetings</td>
<td>• Election of officers, appointment of sub-committees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Completion of papers of incorporation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Arrange for membership drive, applications, certificates, etc.</td>
</tr>
<tr>
<td>Meeting</td>
<td>General Purpose</td>
<td>Specific Items</td>
</tr>
<tr>
<td>---------</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Preparation of accounts, bank account and signatories, auditing, etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Select meeting schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Arrange for distribution of by-laws to membership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Set time frame for hiring manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Secure location, facilities, etc.</td>
</tr>
</tbody>
</table>
Summary

- Associations must be organized in a careful manner to assure that the association created is formed from the bottom up, and is truly a smallholder farmers’ association.

- Advisory services will be needed throughout the formation process. An advisor should have an understanding of associations, and should be dedicated to the development of rural agriculture through collective action.

- Throughout the organization process, potential association Members should continually decide whether interest in collective action (working together) is sufficient, and whether the organization process should continue.

- An advisor should never force an association to be formed for the sake of a quota he or she may have been given, if smallholder farmer interest is not sufficient then an association should not be formed.

- The association Steering Committee plays a very large role in the formation of the association and should therefore be chosen carefully. The committee will be responsible for organizing a feasibility study, draft by-laws, and a business plan for the association.

- At the first committee meetings, quickly put in place financial and organizational systems to insure the sustainability of the association.

Tips For Advisors:

Advisors ask yourselves the following questions throughout the organization process:

1. Do the functions of the association meet the real and felt needs of smallholder farmers?

2. Do the needs arise from the farmers themselves?

3. Is association formation the simplest solution to solve the identified problems?

4. Are the needs strong enough to form a strong member commitment?

5. Will services bring tangible results?

6. Is the organization process easy to understand and manage for the leaders, and the potential members?

7. Is the association representing the interests of all potential farmer members, or only the leaders?
Appendix I: Club Formation

In areas where there are not existing clubs, the process of club formation will be another step in the overall formation of an association. Clubs and not individual farmers are the members of an association. The formation of clubs as association members serves several purposes:

Club Formation Purpose

- Members are able to share knowledge regarding crop production, marketing, grading, etc.
- Members can consolidate produce to improve the efficiency of the marketing system.
- Members can purchase and share items sold in bulk quantities.
- The club structure is easier logistically for the association to manage.
- The club structure serves as a communication channel for important association information.
- Clubs may apply for loan with lending institutions.
- Certain crops (tobacco) require the club structure for the issuance of a grower's license.
- Members are able to share resources, (Jacks, presses, etc.) which would otherwise be unavailable to a single farmer.
- Clubs provide a channel for member education.

Requirement For A Smallholder Farmer Club

- 10 - 20 ‘true’ smallholder farmers commitment to work together
- Club constitution to act as a guide for running the club
- Main committee to run club activities.
- An account with a local bank.
- Record books for recording of all transactions.
- Meeting location, and schedule for regular meetings
- Club garden, if possible.
(1) An advisor should hold general educational meetings informing are smallholder farmers what a club and its benefits are. Farmers should already be familiar with the concept of association formation, and aware that to be a member they must first form or join a club.

(2) Smallholder farmers should then meet with other smallholder farmers in their surrounding area and agree in principle to form a club, at which time they inform the advisor of their intentions.

(3) The advisor then visits the farmers who wish to form a club, and consults with all potential members, leaders in the area, and the local credit advisor. The advisor should be assured that the club is ‘genuine’ and that no single individual or estate owner will dominate the club for their own agenda, or use the club to solely obtain loan. After the advisor agrees with the farmer intentions to form a club he or she should assist the club to adopt a club constitution which will clearly show the club how to run its affairs. (See Club Constitution Guide Booklet)

(4) After a constitution has been adopted, the advisor should assist the club in holding elections for the officer bearer and committee positions. As is outlined in their constitution clubs should elect a Chairperson, Secretary, Treasurer, and there vices. Depending on the size of the committee outlined in the constitution, the remaining committee positions should be filled through a similar election procedure. The club should agree upon specific meeting times and locations each month. The advisor then informs the association of the formation of the club.

(5) In it’s first meeting the club should discuss the issues of membership to the association, opening of a bank account, club activities, etc. Clubs should inform their local advisor of their intention to join the association so that basic training can be conducted with the club immediately.
Group Action Committees form the operational backbone of the association. Since its initial feasibility study and look at association structure, the Steering Committee should develop a preliminary plan for the total number of GACs and their potential demarcations. Final demarcations should be discussed at the association formation meeting and finalized by the association committee. In selection of GACs important detail should be paid to the following criteria:

- **Concentration of clubs in an area**

- **Infrastructure and potential for location of collection and delivery depots / centers**

- **Familiarity of clubs (Are there any reasons why certain clubs would not work well together?)**

After GAC demarcations and a list of clubs in each GAC have been finalized, GAC formation meetings dates should be set. Announcements should then be sent for a meeting of all farmers from all clubs in a GAC area who will potentially join the association. A committee representative should then lead the meeting, with assistance from advisor(s). At the meeting the following are discussed:

- **Role Of GAC in the association.**

- **Elections are conducted for positions on GAC. Every club should meet, and elect a single representative.**

- **From the representatives the functional officers are elected for the GAC**

- **Meeting dates and location are set**

After the initial meeting the advisor(s) will need to continue to attend GAC meetings, and conduct periodic training. The advisor will help the GAC to make decisions and solve problems. Some of the training sessions to be conducted with clubs include; Leadership, Planning, Roles and Responsibilities In association, Technical Program Organizing A Smallholder Association 36
NOTE: If the steering committee has decided that GAC representatives or officer are automatically on the committee, then the process of GAC formation should be done prior to the actual formation of the association. This will facilitate the elections to be held at the formation meeting.
Appendix III: Steering Committee Workplan

The Steering Committee assumes a large responsibility in the organization of an association. The committee must therefore clearly understand its role in association organization and complete its work as expeditiously as possible. **The general role of the steering committee is the following:**

- In cooperation with an advisor(s) complete a comprehensive feasibility study for the association, and do a general analysis of the study results.

- Develop proposed organizational and management structure for the association (GAC demarcation, area of operation, etc.)

- Presentation of feasibility study results to potential member farmers meeting

- In cooperation with an advisor(s) complete a business plan for the association.

- Prepare draft version of association by-laws

- Presentation of business plan and draft by-laws at the formation meeting
Appendix IV: Association Feasibility Analysis

An association feasibility study should be conducted in conjunction with a well-qualified advisor(s). The study is a critical step in association formation and must be conducted carefully and critically. Results of the feasibility study will be presented at the second farmer’s meeting.

The results presented will assist the potential members in making an intelligent decision as to whether the steering committee should proceed in the organization of the association. Not only does the feasibility study give information with which to decide whether to continue, it also provides critical information that will be used in formulating an association business plan.

The two components of an association feasibility study are:

(1) **Potential Member User Survey / Analysis**
As discussed previously, an association exists to address the specific needs of it’s farmer members. A survey is the best method of obtaining information about potential members.

(a) **The purpose and importance of the survey is to obtain the following information:**

(i) **Smallholder farmer needs**
- What are the collective needs of farmers in the area, and can the association meet these needs?

- What are the priorities of needs of farmers, are there critical needs that an association should try to address first or primarily?

(ii) **Potential business volume for the association**
- What is the total volume to be marketed / supplied by the association, is it enough to sustain the association?

- What infrastructure will the association need to meet the potential volume?

(iii) **Location and characteristics of farmers**
- What is the concentration of clubs in an area?
- What will be the structure of the association, to provide for communication, and smooth operations?
- Where are potential collection and delivery centres?

(iv) Opinions of farmers regarding association, and there potential use of / desire to join.
- What do farmers expect from the association?
- Are farmers knowledgeable about associations and their purpose?
- What are clubs attitudes toward existing associations, existing extension systems, local marketing and supply businesses?

(b) Procedures For Conducting
The potential member survey is best carried out using formal survey techniques to assure that the information gathered is both complete and accurate. A formal list of questions should be developed, and then used in implementation of the survey by the survey team. The team will meet with each potential club, making notes of their responses to each question. The information given should be kept confidential, and only presented in aggregate form.

The survey team should travel to meet a list of potential members identified by the steering committee. The steering committee can send members with the survey team if desired. The survey will serve two purposes:

(1) Gather required information
(2) Introduce potential members to the association concept, giving the survey team a brief opportunity to educate farmers about associations.

(C) Specific Information To Be Gathered
Organizing A Smallholder Association 40
i. What is produced?
ii. How much is produced?
iii. Are there any anticipated changes in production?
iv. When will produce be ready for marketing?
v. What farm supplies / inputs are used?
vi. How much inputs are used and when is it needed?
vii. What are the current prices paid for inputs, transport, produce,..
viii. Where is the farmer located?
ix. What is the farmer's experience and capabilities?
ix. What is the farmer's understanding and experience with an association?

(C) Compiling and Presenting Results

After completion of the survey, the results should be compiled carefully for each point of the survey. In general, any estimates should be done conservatively, assuming that all surveyed farmers expressing interest will not necessarily join the association. After compilation of results several questions should be answered using the data and included in the narrative and presentation of the feasibility study. They include

(i) Given the potential marketing and supply volumes are they large enough to sustain an association?

(ii) Given the crops produced, supplies required, and other indicated needs and problems what services should the association offer?

(iii) Given farmer locations, volumes sizes, etc., what structure and facilities will the association require to begin the association?

These are some of the key items to be analyzed when looking at the collected data. Remember that the results should be kept carefully as they will be used extensively in preparation of an association business plan.
(2) **Market And Supply Analysis**

(a) **Purpose**
The market and supply analysis is prepared to determine if the association can play an economic role in the marketplace by offering its proposed services. In preparing the analysis, information should be gathered on the following:

i. **Current produce volumes and prices from potential membership**: What prices are members receiving for produce, who do they sell produce to, what are transport arrangements, etc..

ii. **Current buyers of crops produced by potential members**: Who are the key buyers of member produce in the area. What are the ‘links in the chain’ after the initial purchase is made.

iii. **Current marketing and pricing systems**: As mentioned what is the framework of the marketing system. What are the local price, national price, and world price structures for the produce.

iv. **Potential buyers of produce**: What is the possibility of expansion of potential buyers of produce?

v. **Areas to improve efficiency of marketing system**: What are the potential areas where the association could improve efficiency and reduce costs of the current marketing system? Transport? Processing? Etc..

vi. **Possibility of market development**: What is the potential for development of new markets? Can the association potentially directly market produce nationally, internationally, etc.?

vii. **Current volume of input purchase**: What is the current volume and price of input purchases by potential members? What companies are supplying inputs to potential members.

viii. **Current suppliers of inputs, prices of inputs**: Who are the area suppliers of inputs? What input prices do they offer?

ix. **Input supply marketing channels**: What is the framework of the input supply market? Who are the local, national, and international suppliers? What are the different pricing structures?
x. **Potential Role For association In Input Marketing:** What are the potential sources of supply for an association? What are the areas of inefficiency in the supply market that could be potentially addressed by the association? What are the opportunities for direct, bulk, and other marketing arrangements?

(b) **Procedure**

A variety of sources can be used to obtain the required information to complete a market and supply analysis. As with the potential member survey, the market and supply analysis should be done in conjunction with a well-qualified advisor. The advisor preferably has a business background, and has access to market information. Some of the sources will be:

i. **Potential Membership Survey**- The compiled survey data will be used to assess the current marketing channels used by potential members. Who are they marketing to, and being supplied by, and what are the pricing structures.

ii. **Previous Research**- Perhaps a market study has already been completed that will provide valuable information. Any previous research information should be scrutinized carefully before use to make sure it is relevant.

iii. **Common Industry Knowledge**- Using well known information from advisors, people within the industry, etc.

iv. **Published Market Information**- Use of trade publications, and national and international market data.

v. **Internet Information**- Using of the Internet to access market information, information on specific markets, world trends, and other relevant information.

(c) **Compiling and Presenting Results**

The marketing results should be compiled in a comprehensive yet straightforward manner. The steering committee and advisors should pay careful attention to the analysis of the results and their presentation to the general body.

As discussed, the feasibility study is a critical step in the organizational process of an association. The results of the feasibility study are to be Organizing A Smallholder Association 43
presented at the second farmer producer meeting. The results and analysis will determine if the steering committee should proceed with the organization of the association. The presentation should be carefully designed to give potential members the required information with which to make an intelligent decision. It is much better to determine an association is not feasible now, rather than when it has been formed using considerable effort, time, and money.
### Sample Potential Member Survey

**Club Name**

<table>
<thead>
<tr>
<th>Enumerator</th>
<th>ADD</th>
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<tbody>
<tr>
<td>Date</td>
<td>RDP</td>
</tr>
<tr>
<td>Section</td>
<td>EPA</td>
</tr>
<tr>
<td>Name Of FA</td>
<td></td>
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<tr>
<td>Year Registered</td>
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**Records**

<table>
<thead>
<tr>
<th>Address</th>
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<tbody>
<tr>
<td>Number Of Members</td>
<td></td>
</tr>
<tr>
<td>Quota</td>
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</tr>
<tr>
<td>Bales Offered</td>
<td></td>
</tr>
<tr>
<td>Bales Sold</td>
<td></td>
</tr>
<tr>
<td>Realised US$</td>
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<tr>
<td>Kg Sold</td>
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<td>Average Price</td>
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**Club Response**

<table>
<thead>
<tr>
<th>Bailing Jack</th>
<th>Jack Rental</th>
<th>MK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
<td>Scale Rental</td>
<td>MK</td>
</tr>
<tr>
<td>Club House</td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**Comments**

6. How many members have visited the auction floors?

7. How many members can calculate their seller sheets?

8. What is the highest level of education attained in the club? (#)

#### 1.0 Loan Status

1.1 Did you receive any credit this year if so from what company? If not why?

1.2 Did you take a loan the previous year? If so from where

1.3 Did you repay this loan, if not why?

1.4 Do you have record for the loans?

1.5 How did you buy inputs this year? Cash Credit Both

1.6 Where did you buy your inputs?

#### 2.0 Proceed sharing and general

Organizing A Smallholder Association 45
2.1 Who calculate the proceeds from tobacco sales in your club?

2.2 Do you know your rehandler? If yes, who does it?

2.3 How far is the nearest Club EPA

3.0 Problems, Training

3.1 What are the main problems faced by the club?

3.2 Term of office of committee members?

Number of women on the committee

4.0 Training requirements

In what area does the club need training?

5.0 Is your FA available and useful?

6.0 Other crop Details

<table>
<thead>
<tr>
<th>Crop</th>
<th>Quantity</th>
<th>Prevailing Prices</th>
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<tbody>
<tr>
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</tr>
</tbody>
</table>

6.2 What other crops should be marketed by the club?

6.3 What crops does the club have difficulty marketing?

6.4 What business would you like assistance in starting for the club?

6.5 What would you require to start the business?
Appendix IV: Association By-laws

The work of developing association by-laws is a critical task of the steering committee. The association by-laws will guide the association in its day to day business and will be a constant tool for use by the association. By-laws should be carefully developed to meet the specific needs, and circumstances of the association. The by-laws should be thorough as to avoid ambiguity in their interpretation.

For a smallholder association to develop by-laws from scratch is a large task, therefore a sample by-laws has been included. The sample by-laws should be reviewed and amended by the steering committee to best serve their association. For such a large amount of work a series of meeting will be required to complete the task. The by-laws should be discussed carefully and should go through a series of drafts. After a final draft has been completed the by-laws are then presented to the general body for adoption.

Sample By-laws of the NASFAM Smallholder Farmers’ Associations

Instructional Guidelines Notes

- Those clauses in *italics* or ( ) brackets are guidelines to the above by-law clause. They will help the Steering Committee to understand the clause and any potential changes that may need to be made.

- If the Steering Committee changes a by-law they should be sure that the new clause is thorough and clear.

- Any changes to by laws should be done with the ‘integrity’ of the by-laws and association principles in mind. No changes should be made that will potentially benefit Steering Committee Members; rather all changes should be for the good of all members.
BYLAW 1

Name

The name of the association shall be the _____________________ Smallholder farmers' association ("hereinafter referred to as the “association”).

BYLAW 2

Interpretation

In these Bylaws unless the context otherwise requires:-

“AGM” means the Annual General Meeting;
“EPA” means Extension Planning Area.

BYLAW 3

Objectives of the association

1. The objectives of the association shall be :-

(a) to improve the economic and social interests of its smallholder farmer members;

(b) to engage in any business or service which benefits the interests of its members.

(c) It is the purpose of the association to conduct its affairs and businesses in a way so that its member clubs, and the members of its member clubs, receive a better return for their produce or production, better value for their purchases, and better services than are available from other sources.

(You may suggest other objectives but keep them simple and to the point.)

BYLAW 4

Powers of the association

1. The powers of the association shall be:

(a) to negotiate and enter into contracts to help the association run its affairs and business;

(b) to raise money by charging fees and receiving deposits from members and by other means allowed by these Bylaws.

Organizing A Smallholder Association 48
(c) to receive donations of gifts of moneys or other property from any person, body or organization for the furtherance of its objectives.

(d) to invest and deal with any of its monies not immediately required in any interest earning account as it may deem fit;

(e) to do all things which, in the opinion of the association, are conducive to the advancement of the objectives of the association.

(Remember that the association will eventually enter into business transactions and that the main purpose of the association is to provide services to members which may require contracts and loan agreements. It is best to put these points up front to the association Committee so they can grasp the “reality” of what they are doing.)

BYLAW 5

Membership

1. Membership shall consist of Smallholder Burley Marketing Clubs registered with the Tobacco Control Commission to sell tobacco on the Auction Floor.

   (This by-law may be outdated, and may limit the association. Associations should not feel the need to limit membership to tobacco clubs only. Although those clubs participating in the Tobacco Services should be required to market their tobacco to AHL)

2. A club which is a member of the association shall

   (a) grow tobacco in the XXXX area which is defined as the area within XXXX EPA;

   (It is assumed that all associations are formed around an existing EPA zone. If the association wants to expand beyond EPA boundaries then a clear definition of the zone is required.)

   (b) actively market tobacco at AHL;

   (See above, ‘tobacco club’ only associations may not be appropriate for your area. To keep the common purpose” theme of association building it may be best to limit membership to tobacco marketing clubs only. This bylaw stipulated that the club must be actively marketing on the AHL floor. Clubs that do not should not be members.)

   (c) have a minimum of ten active members.

   (This is strictly a committee choice and may depend on local factors. It may be desired to have no limit on club membership size - you can then delete this from the bylaws.)
3. Any change in the membership status of a club may result in termination of that club’s membership with the association.

(This simple line provides the committee with the power to remove clubs from association membership if their status as described in bylaw 4.a-c.changes. Discuss the point carefully so that they understand their “authority”.)

4. Clubs apply to the association Committee to become members. The Committee decides if the club can be a member based on the conditions in Bylaw 2 (2). Founding members who pay their entrance and annual fees before January 1, 1997, need not apply to join.

(The “founding” clubs may not have to go through this process but new clubs desiring membership should.)

5. A club which is a member of the association shall pay an Entrance Fee of K100.00 and an Annual Subscription fee of K200.00.

(You should suggest that the entrance fee be substantial, about K1,000 or more. Annual dues are an option only and can be eliminated by the committee. If desired, you should recommend a reasonable amount, about K100 or K200. The purpose is to identify interested clubs on an annual basis and to create and operating fund during the formation period. The downside is the collecting an recording requirement. You should promote both payments.)

6. A Club which is a member of the association may be expelled from the association for any action which is held by the Committee and confirmed by the General Meeting to be dishonest or contrary to the stated objectives of the association.

(This bylaw provides the committee with authority to remove a club from membership although its membership requirements are still valid. Reasons for dismissal may be intentional loan default, embezzlement of funds, illegal trade, or other criminal actions.)

7. A register of the clubs who are members of the association shall be maintained by the association Secretary. The register shall contain all the names of the members of each member club and such other data which the Committee may deem necessary. The Reciter shall be accessible to all members.

(This is standard)

BYLAW 6

Annual General Meeting

1. The power of the association is held by the membership at a General meeting. Except during a General Meeting, this power is delegated to an association Committee elected by the association members.
(Very important!. It is the general membership (in this case farmers are represented at the association through the Club Representatives) which has supreme authority which is exercised through a democratic process at General Meetings. Because you can’t convene a general members meeting every time you want to make a decision, the General Meeting will delegate most of their authority (but not all) to their associations Committee. The bylaws should make it clear what authority has been delegated. This is the most important part of the bylaws and you should take time to make sure it is clear to the Committee.)

(a) The AGM shall consist of a meeting at which every member of a club which is a member of the association shall have the right to attend.

(b) Only one representative selected by each member club may vote on all questions and each such representative, regardless of the size of his club, shall have one vote only.

(c) A club member of the association shall be allowed to have an alternate representative in case the club’s first representative is unable to perform his/her duties.

(This is well presented and should be clear. In case your association has been formed using another format, that format should be clearly stated in this bylaw. If your association was initially formed using a different format, but wished to change to this format, go through the bylaw very careful to make sure everyone understands the Club Representative format.)

2. The AGM of the association shall be held each year at a time agreed upon by the Committee.

(A more specific time can be stated but best to leave it general.)

3. A General Meeting may also be convened as necessary by the Committee or by at least 5 members of the association. There shall be at least one General Meeting per year in addition to the AGM.

(These types of meeting may be called quarterly or whenever there is a need to meet.)

4. Notice of every AGM and General Meeting shall be made available in writing to every Club Representative at the registered postal address of the member club at least (2) weeks before the meeting.

(If writing to Club Representatives is a problem, then a clear message delivery system should be presented in the bylaw. Work of mouth or SADP staff driving around is not acceptable.)

5. The business of the AGM and General Meetings shall be stated in the announcement notice as a proposed agenda which requires approval of the Representatives prior to the start of the meeting. Changes to the agenda must be presented to the Committee Secretary.
(A meeting should not be a surprise or a secret. All Representatives should know the purpose of the meeting and if they have suggestions to make on the agenda they should have time to submit them to the Committee Secretary.)

6. There shall be no meeting allowance payable to any Representative for attending any General Meetings of the association. The association shall not be responsible for any of the travel or per diem expenses of Representatives coming to attend the General Meetings.

(This is a decision to be made by the Committee but they should realize the costs related to such a policy. You should recommend that no formal reimbursements to made to Representatives but that a lunch could be provided.)

7. The quorum for the AGM and General Meeting shall be 50% of the association membership.

(If an association has 100 clubs, each with a Representative, the General Meeting has a total of 100 members. This bylaw stipulated that at least 50 must be in attendance to have a quorum.)

8. It shall be the duty of the Secretary to record the Minutes of the AGM and General Meetings in a Minute Book. Association Members have the right to see the Minute Book.

(Standard Bylaw)

BYLAW 7

Association Committee

1. The management of the affairs of the association shall be conducted in accordance with the decisions made by the association Committee.

(Although the supreme authority of an association is the General Membership, the “management” of the association has been delegated to the association Committee. At some point the “day to day” management of the association business may be further delegated to a manager.)

2. The association Committee shall be elected at the AGM and shall hold office until the following AGM. The association Committee shall consist of not less than seven and not more than fifteen members depending on agreed criteria, as follow:-.

(A committee should be a reasonable size; five is too small and fifteen is too large. If possible a committee should be an odd number to reduce the possibility of tie votes.)

(a) Association Committee members shall be selected from agreed zones or other demarcations such as Action Groups or EPA Sections. Such criteria shall be agreed upon at the first AGM;
(This process may vary from EPA to EPA. If you have 9-10 Area Transport Committees or other such Group Action Committees, then Representatives from each group vote for one of their own to be on the committee. Other groupings such as Sections can also be considered. If your groupings are too many, say 20 or more (or more than 15) then some other system should be devised. An open election to choose 11 committee members from a general membership of 100 voting Representatives may produce an off-sided committee with members coming from one are only. If you don’t think an open, non demarcated election is a problem then proceed as you think best.)

(b) Two outside non-members may be selected at the AGM to sit on the association Committee with (or without) voting rights. These persons are expected to bring additional areas of experience and expertise to the association Committee.

(This may be controversial and not desired by the Committee. An example of this bylaw is for the SADP coordinator to sit on the committee with or without voting rights. I suggest that you become an ex-officio member but without voting rights. Do not involve yourself in tie-breaking situations. Other examples of non-member committee members are the local bank manager, or a respected Program Manager. Usually politicians or government officials would not be desirable members.)

3. The association Committee meetings shall be regularly scheduled; called on the order of the Chairman, or by a majority of the Committee members. Meetings shall be held whenever necessary but not less than four times per year. Ten days notice of a meeting shall be given to all Committee members. If the Committee has decided to hold a monthly meeting on a fixed day in the month no notice of such meeting need be given.

(This can be shortened and simplified if desired; should be self-explanatory.)

4. A clear majority of members of the Committee shall form a quorum.

(Standard bylaw but it should be made clear that no meeting should be held and no deliberations recorded if there is no quorum.)

5. After the AGM, the Committee shall elect from amongst its members a Chairman, a Vice Chairman, a Treasurer, and a Secretary.

(Standard bylaw but the committee can add or delete positions if they want to.)

6. The Committee shall exercise all the powers and accept all the duties laid down in these Bylaws and in particular shall have all duties listed below:-

(a) to appoint, fix the salary of, suspend or dismiss a Business Manager;

(b) to confirm the salaries of employees hired by the Manager. The Manager shall have the sole responsibility for appointment of employees;

(c) to maintain, or have maintained, true and accurate records and accounts of all
the business transactions of the association;

(d) to ensure safe custody of the association’s property;

e) to carry out checks, or arrange professional audits on the association’s stock, cash, assets and financial records;

(f) to enter into contracts on behalf of the association;

g) to borrow money on behalf of the association not exceeding the amount (maximum liability) fixed by the AGM;

(h) to convene the AGM and General Meeting as may be required for the smooth running of the association;

(i) to ensure that resolutions of the AGM are compiled with;

(j) to delegate any of the above duties to sub-committees as may be appointed; and

(k) to admit new association club members and maintain the Register of Members.

(Most of these are standard but new ones can be added and some can be deleted if so desired. You should recommend that sections a. And. be included even though there may be no immediate desire to recruit a manager. It is an option they may wish to exercise later.)

7. The Committee shall keep a minute book to record proceedings at all its meetings. The minute book shall be kept by the Secretary.

(Standard bylaw)

8. The association Committee shall always keep available for inspection:-

(a) the Register of Members;
(b) a list of the Club Representatives with address information; and
(c) a list of the committee members of the association.

(Standard Bylaw)

9. Any Committee member who fails to attend three consecutive meetings without satisfying the Committee of reasonable cause for the absences, shall cease to be a Committee member. Vacancies shall be filled by a Representative elected from the zone concerned.

(This may be too strict and the committees may wish to make it five meetings. Remember that the best people, and hopefully the best are elected to these positions, are also the busiest and may find it difficult to attend the meetings. But clubs must be represented and decisions must be made and committee members must attend meetings! Otherwise a more interested and available candidate should be found even if he/she is less...
experienced.)

10. There will be no sitting fees, travel expenses and per diem allowances paid to Committee members for Committee Meetings. Expenses related to other trips made by members on behalf of the association may be agreed to by the Committee in advance of the trip.

(This is self explanatory. When the association starts making a profit, the bylaw can be amended.)

11. The Committee may create from amongst its members or by co-option, such subcommittees as it may deem necessary but no decision of any sub committee shall be binding upon the association or its members unless the right to make such binding decision has been expressly granted and recorded in the minutes of the Committee. The proceedings of any sub-committee shall not be valid unless there shall have been at least one member of the Committee present throughout such proceedings.

(You should discuss this in detail with the committee. If the committee forms a sub-committee, say for example a Transport Sub-Committee (subcom), and wants the sub-committee to take an active role in solving transport problems, and to make fast decisions on trucking arrangements, then the bylaws should be stated in a general way to allow for that arrangement to take place. Usually sub-committees are made up of committee members, sometimes they are mad up from membership with a committee member as subcom Chairman. I suggested that subcoms be formed as working groups charged to take action on specific programs (ie, transport, AHL, inputs, etc.) The main intent is to provide hands-on problem solving.)

12. Members of the Committee may not become employees of the association until at least one year after they have left their post on the Committee.

(Standard bylaw although exceptions can be made)

BYLAW 8

DUTIES OF THE CHAIRMAN

The Chairman shall carry out those duties customarily carried out by a Chairman and those duties he/she may be directed by the Committee to perform. These duties may include:

(a) preparing and approving the agenda for meetings in consultation with the secretary;
(b) convening meetings as stipulated in the Bylaws;
(c) be an exemplary leader and play an active and aggressive role in the affairs of the association;
(d) instill discipline with support from the Disciplinary sub-committee;
(e) delegate duties to the Vice-Chairman, when and if necessary;
(f) solve emergencies and problem situations which arise;
(g) arrange for special instructors and training for members as needed;
(h) conduct meetings through the democratic process;
(I) supervise the preparation of the association annual work plan;
(j) delegate responsibility for conducting association business to sub-committees and other responsible parties;
(k) represent the association in public and private forums.

(Most of these are standard; add and delete as the committee sees fit.)

BYLAW 9

DUTIES OF THE VICE CHAIRMAN

The Vice Chairman shall perform the duties of Chairman when the Chairman is unable to perform them, and such duties which may be assigned.

BYLAW 10

DUTIES OF THE SECRETARY

The duties of the Secretary shall include:

(a) the summoning of meetings of the association and of the Committee;

(b) the attendance at all meetings of the association and of the Committee and the maintenance of the minutes of such meetings in the minute book;

(c) the conduct in a businesslike manner of the correspondence of the association;

(d) the custody of the Register of Members of the association and the keeping of such register correct and up to date;

(e) the preparation in a businesslike manner of the reports of the Committee and the recording in a businesslike manner of all transactions and the accounts of the association not otherwise provided for; and

(f) any other duties which these Bylaws or the Committee shall require him/her to do.

BYLAW 11

DUTIES OF THE TREASURER

The duties of the Treasurer shall include:

(a) attendance at all meetings of the association and of the Committee;

(b) the collection and receipt of all moneys payable to the association and the issue of receipts for such moneys from a duplicate receipt book, each receipt being renumbered consecutively;

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the payment of all moneys owing by the association and the obtaining of a receipt for such payments;

the keeping in a businesslike manner of such books of the association as may be required by these Bylaws of the association and by ordinary business practice showing the receipt and payment of moneys received and paid under (b) and (c) above.

the preparation in a businesslike manner of the annual accounts showing the income and expenditure, the profit and loss and assets and liabilities of the association;

the custody of all the books of accounts of the association;

the custody of all ready cash belonging to the association separate from any other moneys in a safe, cash box or other place of safety and the payment of such at the earliest opportunity into a bank;

the presentation of cash in hand, books of account or other documents to the Committee or a person entitled by law to see them;

any other duties which the Committee may require the Treasurer to do.

(You may want to discuss the cash custody arrangements and banking duties)

BYLAW 12

Loans

1. The association shall not make any loans for any purposes, neither to members, employees, nor non members.

( The exception to this is when the association is managing a seasonal loan program on behalf of its members. Otherwise, no exceptions!)

2. Any person wishing to purchase goods or use the services of the association shall pay for the service no later than the date of receiving the goods or services. Any person who has a cheque to the association dishonored by a bank shall repay the amount to the association before any further services shall be provided by the association. Any person who has more than one cheque dishonored shall lose the privilege to pay by cheque.

(Standard procedures)
Committee to maintain bank accounts

1. The Committee may open bank accounts with banks in Malawi and with such other bodies as may be approved by law in Malawi.

   *(Standard procedure)*

2. All monies received by the association in whatever form shall be deposited into the associations bank account intact without deduction of any kind no later than the next working day.

   *(May be too strict but serves the purpose of tight fiscal control. May not be easy where there are no banks nearby. System requires all money deposited to an account before funds are accessed by cheque or cash withdraw which will create a bank record for all cash in/out transactions.)*

3. All cheques or other relevant documents drawn on cash or bank accounts shall be signed by two Committee members one of whom shall be the Treasurer.

   *(The committee may decide which two members will sign. Proximity between the two signees is a consideration for convenience sake, but remember that the two must form a check and balance relationship and should not be too “close”)*

BYLAW 14

Funds of the association and liability of members

1. The funds of the association may be derived from any or all of the following:-

   (a) Shares, entrance fees and annual dues;

   *(Shares (or a Share) is the “stock” that a member buys in the “company” or association. The intent of selling shares is to create “Share Capital” which represents member “equity” or ownership in the association. Share capital can be used for capital projects of creation or assets (buildings, vehicles, office equipment). The more fixed or permanent (building and land) the assets are, the more likely they will retain their value. If possible the association should try to keep the value of their assets equal to or more that their total Share Capital. Should the association close or be forced to liquidate, members should be able to have their shares returned to them. Share Capital should not be used for operating expenses since the fund would be reduced without a corresponding acquisition of an asset.)*

   A key point here is that shares may have to be returned to members but annual dues and entrance fees do not. Annual dues and entrance fees may be used for operating expenses especially at the formation stage when the association has no
commercially derived income.

Shares may also earn shareholders “dividends” but this occurs only at the second phase of association formation when serious business take place. It is probably not necessary to discuss this point too extensively with the committee. Explain that shares may earn income but not any time soon.

If the committee wants to implement the share concept at the start, please encourage them to do so. If they are confused and want to wait, no problem. It can still remain in the bylaw for later implementation. The committee may also want the General Meeting (general membership) to make the decision on all fund raising activities which is also acceptable and may be the best procedure to follow.

(b) Levies, commissions and fines;

(This may be left as a general statement providing the committee with an option to exercise later. An example is a cess or levy charged by the association for transport services. A cess, commission or levy could be deducted through a stop-order at AHL but I would not encourage this to be considered in the near future)

(c) Loans from sources approved by the Committee;

(Although you should not encourage loans at this juncture, it is highly likely that the association will have to use loan mechanisms in the near future to facilitate block purchase of inputs or some other major activity. This should be in the bylaws.)

(d) Deposits from members;

(This is an important bylaw in that it allows the association to collect money from members to create reserves for input purchasing or other commercial activity thereby avoiding dependency on loans. Members should receive interest for long term deposits (three months or more?), and all member deposits should be treated as “savings” and be safely deposited in the association bank account. It is best that member deposits be earmarked for a specific purpose (“input purchase fund”) and that the association not be in the general “savings” business.)

(e) Grants and donations;

(Standard bylaw)

(f) Retained profits; and

(This may be premature but is a good education point for the committee. The purpose of the association is to eliminate the profit making middlemen, to reduce costs to members and provide better service where they are inefficient or non-existent. If the association makes high profits, the purpose is defeated. If all or part of the profits are reinvested in the association to improve or increase services)
to members then the purpose is being met. Usually retained profits are divided into several categories including a percentage allocation to a reserve fund and a capital investment fund, and a return to members based on share dividends or a member’s use (patronage) of the association services. This should be explained to the committee but it really pertains to a phase Two association with a strong business function.)

(g) Other unspecified income arising out of the operation in accordance with these Bylaws.

(Standard bylaw.)

2. The funds of the association shall be applied solely to the achievement of the objectives stated in these Bylaws.

(Standard bylaw but very important! Many such businesses, when they start managing large sums of money, begin to lose sight of the main purpose of the association/business. The temptation to use association funds and profits on non-commercial activities is strong. There is also a tendency to use association funds for diversification projects that are far from the objectives of the association (car hire, furniture making, bottle stores). The lesson here is to stick to the business at hand and do it well! Diversification is good but don’t deviate.)

3. The share capital of the association shall be formed by selling one share, with an initial value of K_______ each, to each member.

(Since the member is a club, the amount can be more than for a single farmer but still within reason. You may suggest a figure between K2,000 and K5,000. Again, they may decide not to have shares for the first year or two which is fine. You should encourage them to start the share program, but don’t force it if they don’t understand it or don’t want it.)

4. Shares shall be withdrawable. A member may transfer his or her share to another member of the association subject to the Committee’s approval.

(Standard bylaw.)

5. In case of liquidation of the association, the liability of each member shall be limited to the nominal value of shares held by each member.

(This is simple. If the association goes bankrupt and is owing banks or other creditors money, the assets of the association including Share Capital will be used to pay the debt. If the assets are not sufficient to cover the debt, the most the member can lose is the value of the share. Members may lose their investment (share) but not their farm.)

BYLAW 15

Deposits
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1. Deposits may be accepted by the Committee from members on behalf of the association and the association may agree to pay on such deposits such rate of interest as may from time to time seem desirable.

(This was discussed earlier in length under “Funds”. Make sure that the two bylaws are compatible.)

2. Every depositing member shall be furnished by the association with a passbook into which shall be entered all transactions referring to the member’s deposit account.

(The committee may decide which members will sign. Proximity between the two signees is a consideration for convenience sake, but remember that the two must form a check and balance relationship and should not be too “close”.)

BYLAW 16

Business

1. It shall be the stated purpose of the association to conduct its business in a way so that its member clubs and members of its member clubs receive a better return for their produce or production, better value for their purchases, and better services than is available from other sources.

(Nicely stated, no change should be necessary)

2. The Committee shall at least annually determine and review a written Trading Policy or Operational Plan to cover the circumstances in which sales can be made, services provided to both members, members of clubs that are members and non-members, and the circumstances in which transactions can be undertaken with such persons.

(This is a bit premature for a new association to enact but not too early to discuss. A Trade Policy will clearly explain all the steps required to carry out a trade transaction and will be amended and revised constantly over time. Such detail is inappropriate for the Bylaws, especially since revision is desired and expected.)

3. In order to obtain as wide a representation of ideas and spread the knowledge of the association into the community and, to avoid possible nepotism within the association, the association shall follow the policy of not hiring relatives of employees or of Committee Members. Relatives shall be defined as persons who have the following relationship to employees or their wives and to Committee members or their wives:-

(a) parents or grandparents;
(b) children or grandchildren, etc;
(c) first cousins; and
(d) persons who have lived with one of the above persons at any time during the last 12 months.
(This may be too strict and the committee may wish to water it down a bit. Remember that bylaws must be adopted by the General Meeting and the membership may desire clear and strict rules on this issue.)

4. The association shall continue to seek ways to extend the benefits of the association in the marketing of additional kinds of produce and in new commercial areas, and shall follow a policy of encouraging additional membership.

(Remember that diversification is ok but deviation is not)

5. The association, and the Committee are not political institutions, and shall not become involved in local or national politics. The association shall not engage in politics by supporting any candidates or political parties. Furthermore should any person who is a member of the Committee become a candidate for parliament or other Governmental office, that person must simultaneously resign from his or her position with the association:

Provided that nothing in the above paragraph shall be construed to prohibit the association’s employees or members from seeking legitimate changes to legislation and rules for the betterment of its members. Members are encouraged to actively participate in the political process as individuals outside the activities of the association.

(Discuss this at length and explain that the SADP project actively promotes the democratic and political process that exists in Malawi. But don’t mix business with politics! Don’t decide membership on political affiliation. The common purpose here is farming, marketing and self improvement - not politics. You don’t want to see two associations in one EPA with political demarcations!)

BYLAW 17

Donated capital

Donations of physical assets such as fixed assets, inventory, and supplies to be used in the business shall be recorded on the books of the association at the original cost (if new) or present market value (if used) with a credit to donated capital. Normal depreciation of donated fixed assets and write off of other donated costs shall be charged to the profit and loss accounts of the business. Thus the donated capital account will remain on the books of the association without diminution throughout the life of the association.

(This is actually an accounting concept which may not be understood by all but makes sense. Explain that all donated assets are duly recorded as regular association property, and treated the same as other assets which are purchased with association funds.)

BYLAW 18

Financial Year
The financial year of the association shall be from the first day of October in each year to the thirtieth day of September of the following year.

(The committee may choose any financial year but this one seems to fit into their seasonal requirements.)

BYLAW 19

The Common Seal

The common seal of the association shall be kept by the Secretary at a safe and secured place and shall be fixed in the presence of the Chairman and the Secretary and both the Chairman and the Secretary shall sign every instrument to which the common seal is affixed.

BYLAW 20

Amendment of these Bylaws

These Bylaws may be amended at an Annual General Meeting of the association by two thirds majority of the members present and voting.

BYLAW 21

Liability of the association Committee

The Committee members shall not be personally liable for any act or default of theirs or of the association done in the exercise, in good faith, of the legitimate functions of the association.

The above Bylaws were adopted at a General meeting of the ____________________
Smallholder farmers’ association on the _______day of ________________ at ________.
Appendix V: Association Business Plan

The business plan will assist the association in planning what the association will do and how it will do it. All businesses must have a sound plan before beginning the actual operations of the business. The business plan will provide a blueprint for the association for the first years of operation.

(a) Purpose of Plan

(1) Redefines and refines the purpose for the formation of the association, using information gathered in the feasibility study.

(2) Establishes what the association will do in a set period of time.

(3) Describes what facilities, staff, equipment will be required by the association.

(4) Describes the financial requirements for activities, and the level of contributions and financing that will be required.

(5) Describes expected volumes to be marketed, and supplied

(b) Procedure For Formulation

Once again this crucial task should be conducted in conjunction with a well-qualified advisor. The business plan should contain considerable detail and should be thorough. Some specific items that should be include in the final business plan are:

(1) Projected volumes of marketing and supply.

(2) Cash flow statement, and financing of activities.

(3) Membership fees, and share capital requirements

(4) Projected volumes, assets, liabilities, and member equity.

(5) General Activity Work Plan- Should be detailed, with consideration of time frame, responsible party, monitoring, and indicators.

(6) Budget
The business plan should be presented at the third farmer's meeting. The presentation will be very important to the potential membership in giving them information about what the association will do and how it will do it. The business plan will also help to dispel any myths and unreasonable expectations about the services the association will offer. Potential members will learn in detail how the association will be financed, how their contributions will be utilized and any risks they may face. After the presentation the steering committee and advisors should be prepared to answer a large number of questions.
Appendix VI: Association Incorporation

After all steps of formation have been completed the association should file for incorporation. The following paperwork should be submitted in full and submitted to the commission or oaths:

- association By-laws adopted and signed
- Two copies of the declaration statements contained on the following pages
- Two copies of the incorporation application form
- Two copies of the association seal

After completion of the paperwork it is submitted to the Commissioner of Oaths for approval. Incorporation usually takes place 4-8 months after submission of the paperwork. To avoid delays, and resubmission, the paperwork should be submitted in full, with accurate and complete information the first time.
STATUTORY DECLARATION

We,

all in the Republic of Malawi, being Trustees of the Registered Trustees of the XYZ Smallholder Tobacco Farmer’s association hereby jointly and solemnly declare:-

(I) that we are making the declaration in compliance with rule 2(4) of the Trustees Incorporation Rules;

(ii) that the signatures appended to the Form A are true to the best of our knowledge.

DECLARED and affirmed by the said: 1.____________________________________ 2.____________________________________ 3.____________________________________ 4.____________________________________ 5.____________________________________ 6.____________________________________ 7.____________________________________ 8.____________________________________ 9.____________________________________ 10.___________________________________ 11.___________________________________ 12.___________________________________ 13.___________________________________ 14.___________________________________ 15.___________________________________ 16.___________________________________ 17.___________________________________ 18.___________________________________

at                                                ; on the day of                                           , 1996.
COMMISSIONER FOR OATHS

Extract of the Minutes of a Meeting of XYZ Smallholder Tobacco Farmers’ Association Held at Bolero on the 21st of October, 1996:

...It was resolved that the Association known as XYZ Smallholder Tobacco Farmers’ Association be incorporated under the Trustees Incorporation Act. It was further resolved that the following be the Trustees of the incorporated body and that they be charged with task of registering the body.

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Dated the ....................... day of ......................... 1996

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**RESOLUTION**

At the meeting of the following persons signing herein below at

On the day of 1996, it was resolved that the Registered Trustees of The Smallholder Farmers Association apply for the incorporation under the provision of the Trustees Incorporation Act and that its Constitution be as per annexure.

It was further resolved that the persons as named herein be the first registered Trustees of the Smallholder Farmers Association.

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Sample Association Membership Application Form

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Member Information

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Signed: __________________________ Date
Application Rules (as per association by-laws)

1. Club must be located in EPA
2. Club must be registered with TCC and be actively marketing on the Auction Floors
3. Club must have a minimum of 10 members and all must sign the application form
4. Entrance fee and first year annual dues must be paid at the time of membership approval

For Association Use

Date Received
Date Approved
Comments