



**International
Standard**

ISO 18716

**Professional farmer organization —
Guidance**

Organisation professionnelle agricole — Lignes directrices

**First edition
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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO document should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

ISO draws attention to the possibility that the implementation of this document may involve the use of (a) patent(s). ISO takes no position concerning the evidence, validity or applicability of any claimed patent rights in respect thereof. As of the date of publication of this document, ISO had not received notice of (a) patent(s) which may be required to implement this document. However, implementers are cautioned that this may not represent the latest information, which may be obtained from the patent database available at www.iso.org/patents. ISO shall not be held responsible for identifying any or all such patent rights.

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 34, *Food products*.

This first edition cancels and replaces ISO/IWA 29:2019, which has been technically revised.

The main changes are as follows:

- the Introduction has been updated to further clarify the background and purpose of the document;
- [Clause 1](#) has been extended to further elaborate on the farmer organizations the document is applicable to;
- [Clause 3](#) has been updated;
- [Clause 4](#) has been updated to further elaborate technical elements;
- Clause 5 has been incorporated into [Clause 4](#);
- [Annex A](#) has been extended.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

Farmer organizations can play an important role in agricultural development and in farmers' well-being by, for example, enabling members to improve agricultural and environmental management practices, increase yields and productivity, access better markets, gain exposure to model farmers, access affordable financing, and engage with other key business partners. This can increase the creativity, innovation, socio-economic inclusion, effectiveness and profitability of farmer organizations and their stakeholders.

There are numerous stakeholders with an interest in the professionalization of farmer organizations, including, but not limited to, governments, financial institutions, value chain actors (e.g. suppliers, buyers, aggregators, transporters), business development service providers, international development and non-governmental organizations, and the farmers themselves. Each of these actors can have their own expectations, tools and approaches. For decades, this has led to fragmentation, redundancy and limited efficiency in the provision of services to and by farmer organizations. For example, it is not uncommon to find farmer organizations that have received the same training many times, and yet are unable to demonstrate the clear progress toward professionalization that can help them access more or better markets, financing and enhanced benefits for their members.

The purpose of this document is to establish common guidance and best practices that describe a professional farmer organization. The guidance can be used to develop more harmonized and efficient farmer organizations. This facilitates different stakeholders to more effectively align in their support for farmer organizations and for farmer organizations to demonstrate professionalism in a universally understood way. The guidance is based on the premise that the more professionally a farmer organization operates, the better it will engage with its stakeholders (e.g. members, clients, business partners) and the more likely it is to have better business opportunities and greater sustainability. [Figure 1](#) illustrates how establishing common global guidance can lead to improved business performance.

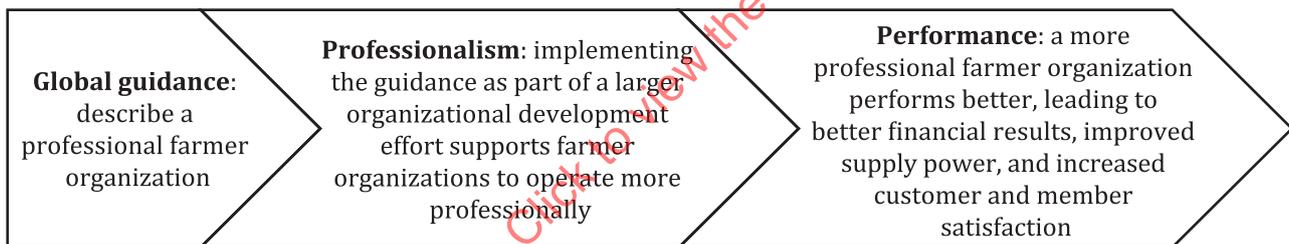


Figure 1 — From common global guidance to improved business performance

Organizational development is a process of continuous learning and improvement. It is not expected that all farmer organizations must meet every criterion described in this document. Rather, this guidance is intended to build a common vision of professionalism that can be used as a tool to inform and support different actors, including farmer organizations and the business development service providers, investors, funders, partners and others that work with them, to increase the professionalism of farmer organizations, leading to improved performance and value for members.

The guidance may be applied in a range of ways, including, but not limited to:

- supporting farmer organization members and staff (where applicable) to supervise and hold their organization and leadership accountable, and guiding staff to execute their day-to-day responsibilities;
- building confidence of buyers, suppliers, investors and others doing business with farmer organizations;
- directing and harmonizing the expectations and actions of providers of training, assessment, advisory, and other organizational and business development services for better efficiency and effectiveness;
- aligning the vision and interventions of stakeholders, including, but not limited to, government, non-governmental organizations, civil society organizations, service providers, donors, investors and capacity builders in their efforts to professionalize farmer organizations;
- encouraging active engagement with broader stakeholders.

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Professional farmer organization — Guidance

1 Scope

This document gives guidance on the characteristics and best practices of a professional farmer organization.

This document is applicable to commercially oriented farmer organizations. It does not apply to purely socially oriented farmer organizations or individual farmers. It provides a common standard of professionalism for commercially oriented farmer organizations, which can serve as guidance to inform, harmonize, and complement existing and future organizational development and assessment processes.

This document is applicable to large and small farmer organizations, without regard to the number of members, volume of business, output or capital investment, nor to the specific crop or product. It can also be applicable, when adapted, for very small or nascent organizations, for specific or differentiated products or for markets with special requirements.

It does not address every capacity or aspect of professionalism that can be of importance to a specific customer or market, nor imply the need for uniformity in organizational type or structure.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

3.1

farmer organization

cooperative

cooperative union

producer organization

producer association

farm marketing association

formal voluntary entity formed by or with farmers for business and/or other purposes, which can take any legal form and which provides services/benefits for its members, including, but not limited to, production, irrigation, processing and marketing of agricultural products (e.g. crops, livestock, animal products, forest products, aquaculture products, other member products), development and operation of rural folk crafts and products, leisure agriculture and rural tourism resources

Note 1 to entry: Farmers include small scale farmers, people who lease the land they use for agricultural purposes and farm workers.

Note 2 to entry: Farmer organizations can be known by different names in different countries.

3.2

board

board of directors

management committee

group of people mandated to assume legal responsibility to manage and/or oversee an organization

Note 1 to entry: The board can be known by different names in different countries.

3.3

supervisory committee

supervisory council

supervisory board

supervisory commission

control committee

audit committee

committee elected by the general membership or their representation (as prescribed in the organization's *by-laws* (3.10)) to act as an internal control mechanism on/or advisory role to the *board* (3.2) and management and which protects the interest of the members

Note 1 to entry: In some countries, the supervisory committee is more financially oriented.

Note 2 to entry: The supervisory committee can be known by different names in different countries.

3.4

quorum

minimum number or percentage of people required to be present in a meeting for votes or decisions to be taken

3.5

special meeting

extraordinary meeting

meeting that is not part of the regular schedule of meetings, but happens at any given moment to deal with unanticipated urgencies

3.6

member business ratio

ratio that measures the business transactions between a member and his/her *farmer organization* (3.1)

3.7

member equity accounts

member share accounts

means to administer capital and resources invested by the members of a *farmer organization* (3.1)

3.8

general manager

president

director

secretary

person who is hired or appointed to manage an organization's day-to-day business operations and finances, and to carry out the organization's policies

Note 1 to entry: The general manager typically reports to the *board* (3.2).

Note 2 to entry: The general manager can be known by different names in different countries

3.9

officer

person appointed, elected or nominated by the *board* (3.2) or members of a *farmer organization* (3.1), depending on the organization's *by-laws* (3.10), who acts in an official capacity to direct and/or govern the organization

EXAMPLE General manager, treasurer.

Note 1 to entry: An officer can be known by different names in different countries

3.10

by-laws

statutes

rules

constitution

membership agreement

rules documenting how an organization is governed and how the collective action of its members is regulated

4 Key performance areas and characteristics of a professional farmer organization

4.1 General

Professional farmer organizations should demonstrate the characteristics described in this clause, which is organized by key performance areas. These characteristics are intended to be specific to the level of performance expected, but expansive enough to apply to many forms of professional farmer organizations in varying value chains and operating environments.

4.2 Organization's purpose and governance practices

The professional farmer organization should be a formal, legal or registered entity. The organization should have written by-laws and a written policy to change/amend these by-laws.

Becoming a member of the farmer organization should be voluntary (not compulsory).

The board members and officers of the professional farmer organization should oversee the fulfilment of the commitment to comply with regulatory and legal requirements, including maintenance of required documents, licences and by-laws.

All members of a professional farmer organization should acknowledge, agree to and respect these by-laws and amendments.

The following should be documented, with proof of compliance, and should be periodically reviewed and updated as needed, and at least every five years:

- mission or purpose statement, which should also be used to guide organizational planning, priorities and decision-making;
- requirements/eligibility for membership;
- member rights and responsibilities;
- process/policy for election or appointment of governing/management bodies, including terms of office;
- governing/management bodies' duties and responsibilities;
- conditions/process for dismissal/removal and sanctions of members and officers;
- conditions for member meetings (when, notice, special meetings, quorum, required activities/topics at meetings and any voting procedures);
- formation, composition and responsibilities of any committees;
- capital structure and process for allocation of reserves;
- shareholding mechanisms;
- conflict resolution mechanisms/processes;
- requirements/conditions for dissolution of the organization.

See [Annex A](#) for a list of records which should be maintained.

An election process for leadership (e.g. board members and supervisory committee members) should be in place. The elections should:

- be competitive;
- be participatory;
- be based on a description of eligibility and desired qualifications;
- aim for full representation of the farmer organization's membership;
- be held regularly and, for members of the board and supervisory committee, at least every two to three years, with notice to members.

Election requirements and processes may also include:

- measures to promote underrepresented groups (e.g. women, youth, people with disabilities) in leadership positions;
- nomination and selection process;
- voting process;
- term limits and termination process;
- staggered terms to facilitate continuity.

Requirements and processes for board and committee meetings should address, but are not limited to:

- notice;
- quorum;
- special meeting procedures;
- committee purpose;
- required topics (agenda setting);
- minutes.

The professional farmer organization should have a mechanism in place to ensure ethical behaviour and to prevent and/or address conflicts of interest, corruption, discrimination, etc. among leadership, management, employees and members. This mechanism may be a standalone code of conduct or part of policy manuals, by-laws, etc.

4.3 Business management

4.3.1 General

The professional farmer organization should:

- prepare a medium term (three to five years) business plan (e.g. by applying a strengths, weaknesses, opportunities, threats (SWOT) analysis) and a detailed annual plan, with key performance indicators (KPIs) (e.g. economic, social and environmental KPIs) that assess and address social, ecological, cultural, environmental and financial risks, challenges and opportunities;
- conduct planning in consultation with members, and in accordance with operating policies;
- ensure plans are shared with members and are clear and easy for members to understand;

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- periodically compare actual performance against plans and communicate status to the members and the board;
- implement quality management and continuous improvement processes (e.g. post-season reviews that inform annual planning);
- ensure the organization is adequately staffed to achieve its business obligations, i.e. that there is an appropriate ratio between business operations and staff costs that ensures that critical management, financial and governance functions are performed;
- include a competent general manager, with relevant experience, who is responsible for day-to-day operations;
- include a competent financial manager or accountant if required by the organization's size, scale and financial activities;
- have a system of internal controls;
- adhere to written policies and procedures, which are maintained and developed over time on a prioritized basis;
- maintain a list of required records and forms (see [Annex A](#)) for business operations, accounting, record-keeping, financial management, human resource management and risk management (internal and external risks);
- monitor adherence to internal control systems, policies and procedures;
- fulfil its business obligations and commitments in a timely fashion (e.g. meeting contractual commitments, loan agreements, payroll, taxes and other statutory requirements) and only enter into business obligations and commitments that it knows it will be able to honour.

4.3.2 Member engagement and planning

The professional farmer organization should develop and implement an annual membership plan that links to the organization's production and/or business plans and that supports operating at scale with a goal for the member business ratio. The membership plan should:

- address member communications, engagement, training, services, recruiting and retention;
- include continuous capacity building for its members, so that they can be prepared to assume leadership positions.

The professional farmer organization should:

- be transparent in operational planning, and have a structure and mechanisms to involve and/or communicate with its members in operational planning and to obtain their approval;

NOTE 1 In larger organizations, this can mean that committee leaders represent members at operational planning meetings.

- enable and/or train membership to be active, informed owners;

NOTE 2 Member engagement can be demonstrated through metrics, such as the percentage of member produce channelled via the farmer organization, the degree to which members invest (e.g. time, money) in the farmer organization, and participation in meetings and other farmer organization activities.

- consider its members as internal clients;
- ensure that members have adequate knowledge of good agricultural practices and technology for relevant crops/products, including post-harvest handling, and of farm business management;
- have mechanisms to terminate inactive memberships.

The farmer organization may:

- include measures to ensure equitable engagement of all members;
- introduce membership fees or another form of equity participation to ensure commitment and ownership of the farmer organization.

4.4 Human resources management

The professional farmer organization should:

- have policies, procedures and accountability mechanisms that clearly communicate, in a suitable language understood by all members, the roles, responsibilities and authorities vested in the professional farmer organization, including benefits;
- be able to attract and retain competent, professional and business-oriented staff;
- have job descriptions, annual plans, performance evaluations and the opportunity for professional development for leadership, management and staff;
- have plans, processes and procedures for recruitment, performance evaluations and professional development opportunities linked to the organization's annual plan and implemented with a commitment to transparency, inclusion and feedback.

4.5 Financial and property management

The professional farmer organization should:

- document and follow an internal control system and financial management policies that ensure accountability, segregation of duties and proper use of resources, and support good financial performance;
- produce periodic financial statements, including an operating statement, balance sheet and statement of cash flows, which can be prepared in-house or by hired professionals (the statements should be produced monthly, but may be produced quarterly);
- have a bank account or similar traceable account in the professional farmer organization's name, with signatories for different transactions and procedures to use and handle the traceable account well identified in the by-laws and/or financial manual/procedures;
- have an annual external audit or financial review that is overseen by a board or supervisory committee and shared with the members;
- conduct long-term financial planning of three to five years, which includes use of assets, asset replacement plan, capitalization requirements/strategy, reserves, distribution of dividends and scenario planning;
- maintain member equity accounts, with equity proportional to the member's use of the farmer organization's services and/or shareholding;
- be able to perform cost analysis and break-even analysis for the different products and services sold by the organization;
- actively manage risk by proper insurance coverage, when available, and with a risk management plan;
- have bookkeeping and data systems that produce relevant and accurate financial information to monitor operations and track business performance;
- use this financial information and set KPIs to adequately, analyse, manage and monitor the business operations;
- be able to demonstrate good financial performance (e.g. as indicated by gross profit, positive cash flow, return on assets/investments and/or member business ratio) and should have a financial capital balance to be able to attract external finance;

- have the capacity to adequately handle tax aspects and/or other regulatory requirements;
- have a capital plan and ensure adequate capitalization to support business operations and planned growth.

The decision on whether or not to acquire external capital should be taken by the leaders of the professional farmer organization, based on the business model, as well as on respective financial projections, economic viability and management capacity. It should be supported by the membership.

4.6 Community and stakeholder engagement

The professional farmer organization should aim to establish itself as a reliable partner for broader stakeholders through its activities and in line with its objectives.

NOTE Broader stakeholders include, but are not limited to, the local community, government, business partners, unions, other farmer organizations, associations, NGOs, universities and research institutes.

The professional farmer organization should:

- engage with similar organizations through associations or unions to share best practices, to share representation within a sector or to pursue other common needs;
- actively engage with its surrounding community;
- operate and make decisions independently and based on its governance processes outlined in its by-laws, not being dictated to by stakeholders from outside.

4.7 Member services and business activities

4.7.1 General

The professional farmer organization should actively seek to add value for members and customers based on a participative needs assessment. This can include:

- offering additional business services and/or opportunities;
- negotiating more beneficial contract terms, as well as member support services (e.g. input supply, record-keeping, financial services, transportation services, mechanization services, advisory services, post-harvest handling, storage, quality management, capacity building);
- income-generating activities;
- literacy programmes;
- training;
- child care;
- youth engagement.

Overall, the service offer from the farmer organization should be financially sustainable.

The professional farmer organization should:

- carefully evaluate opportunities before investing in service development, carry out risk management, and obtain member approval;
- if working with certification schemes, geographic indication systems, etc, be able to manage relevant requirements, including training, record-keeping, product traceability and monitoring for conformity to standards;
- manage the distribution of in-kind premiums/benefits transparently and be able to document the monetary value of the goods concerned or profit-sharing payments.

NOTE 1 Risk management can include, but is not limited to, market risk management (see 4.7.6).

NOTE 2 Not all professional farmer organizations offer the same member services. This document presents some of the services/activities that are most commonly offered.

4.7.2 Production plan

The professional farmer organization should prepare a production and quality management plan, which can include a seasonal plan, as well as a long-term plan. See [Annex B](#) for examples of what a production and quality management plan can include.

4.7.3 Land preparation and irrigation

If land preparation and irrigation are offered, the professional farmer organization should:

- ensure all members can have equitable access to the services provided;
- take all required steps to ensure safe and proper land preparation and use of machinery;
- support members to plan the equitable use of land preparation and irrigation machinery and supplies;
- have access to adequate facilities for storing machinery;
- ensure that the processes of land preparation and irrigation are aligned with environmental best practices and good agricultural practices.

4.7.4 Input supply

If input supply services are offered, the professional farmer organization should:

- ensure safe storage and handling;
- support members to use inputs properly and handle them safely;
- maintain records of products sold;
- be able to collect from members if products are provided on credit;
- provide inputs and ensure quality input supply, avoiding counterfeit products, etc.

4.7.5 Product collection, post-harvest handling, processing and storage

The professional farmer organization should:

- take all the required steps to ensure safe product/harvest collection and the handling and secure storage of products;
- apply measures to enhance the quality of the product (e.g. sorting, grading, sampling, cooling), and to meet market demand and address market needs;
- understand and respond to buyers' requirements, including all relevant requirements for product quality and for processed products;
- meet hygienic and safety standards;
- maintain records (including traceability);
- have access to adequate facilities catering for the logistical and storage needs of its products;
- ensure facilities are properly maintained and used efficiently, following quality standards.

4.7.6 Sales and marketing

The professional farmer organization should:

- create and implement a sales and marketing plan, which can include market analysis, promotion and branding, price-setting terms and conditions and/or sales channels, including digital platforms;
- develop communication and negotiation skills, maintain market awareness and mitigate market risks;
- consistently fulfil its commitment to meet its obligations (e.g. formal and informal contracts) and maintain good relationships with buyers.

4.7.7 Financial services

The professional farmer organization may facilitate access to finance both for the organization and its members. It can engage with financial institutions and/or other value chain actors to obtain investment or working capital. The professional farmer organization should have policies and procedures that govern the direct or indirect provision of finance to their members.

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Annex A (informative)

Record-keeping

In order to be able to demonstrate performance in accordance with this document, the professional farmer organization should keep the following records:

- evidence of registration/incorporation;
- business licence(s)/registration certificate;
- tax number;
- articles of association;
- written by-laws;
- member registry, including name, gender, age, contact information, year joined, land in cultivation and production/marketing history;
- member training plan, if applicable;
- employee records including job descriptions, information on employee's gender and age, whether employee is a member of the farmer organization, performance evaluations and training plans;
- asset registry, including name of asset, when acquired, life of the asset and salvage value;
- member equity register;
- internal capitalization strategy;
- strategic, annual and/or operational plans;
- business plan with financial and cash flow pro formas;
- tax records;
- audits and finance statements from prior years;
- contracts and loan agreements;
- bank statements;
- governance policies;
- operations and management policies (e.g. financial management policies, human resource policies, marketing manuals);
- human resources manual;
- insurance documents;
- meeting minutes and reports;
- accounts receivables with ageing;
- accounts payable with ageing;
- stock and inventory records;