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Evaluation of the
MEDA Cocoa Production
and
Marketing Project

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May 1985

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List of Acronyms

BCA	Bureau de Credit Agricole
CIDA	Canadian International Development Agency
CNC	Conseil National des Coopératives
CRUDEM	Centre Rural pour le Développement de Milot
FAO	Food and Agricultural Organization
IDEA	Institut Diocésain d'Education et d'Alphabétisation
MCC	Mennonite Central Committee
MEDA	Mennonite Economic Development Associates
CORODEX	Office pour la Promotion des Denrées d'Exportation
PDCC	Projet de Développement Communautaire de Chambellan
PVO	Private Voluntary Organization
USAID	United States Agency for International Development
4VEH	Missionary radio station operated by OMS International

Please note that the term speculateur used throughout this report refers to intermediary cocoa buyers, not true speculators. Also, a carreau is equal to 1.29 hectares of land.

I INTRODUCTION

A. Background

In late 1982 MEDA began its program of assisting peasant farmer cocoa producers by addressing production and marketing factors through a cooperative structure. In September 1982 MEDA received a 3 year grant from CIDA to establish a cooperatively owned cocoa marketing and production center at Grande Riviere du Nord. In March 1983 MEDA received a 2 year AID grant to replicate this initiative in up to 6 other centers. Hershey Food Corporation collaborates in the project by providing an international market and technical research services.

Soon after the project started it became clear that certain modifications were necessary. The clonal garden and fermenteries were dropped. The large nursery was decentralized. Emphasis was placed on the establishment and functioning of cocoa cooperatives and on increasing production with the assistance of agricultural extension services.

B. Purpose

This process evaluation was undertaken in April 1985 to assess the extent to which MEDA's cocoa project is meeting its program objectives and to make recommendations for the future. Emphasis is placed on the cooperative formation and development aspects of the project.

C. Methodology

The evaluation is based on a review of pertinent literature and reports, interviews with MEDA staff, field visits to each of the

six cooperatives and discussions with coop officers and members. MEDA staff interviewed were the MEDA country representative, the cooperative advisor, agronomists, regional coordinators and several extension agents. Discussions with members were conducted on a group basis; groups varied in size from 3 to about 50 people. All parties interviewed were cordial, thoughtful and helpful. Their receptivity and responsiveness is much appreciated.

II ANALYSIS

A. Principles of Cooperatives

The International Labor Office defines a cooperative as an association of people, often of limited means, who voluntarily join together for a common economic end through the formation of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking. Cooperatives follow the "Rochdale Principles" as established by the International Cooperative Alliance in 1937. These principles are:

1. Open membership
2. Democratic control
3. Distribution of surpluses to the members in proportion to their transactions.
4. Limited interest on capital
5. Political and religious neutrality
6. Cash trading
7. Promotion of education.

In general the MEDA cocoa cooperatives observe the open membership principle. There are no artificial restrictions or exclusions. The qualifications for membership are reasonable and in keeping with the cooperatives' goals. The outreach efforts of the extension agents assure that people in the area become aware of the cooperative and are encouraged to join. The diversity of cocoa holdings among the members is indicative of lack of discrimination. While there are more men than women members, both are represented.

Democratic control is not well developed in the cooperatives. It is especially lacking at Grande Riviere du Nord, the pilot project. While there is popular participation in some of the cooperatives, others are characterized by control of a few leaders. In these instances the cooperatives were also established from the top down, rather than from a foundation based on democratic participation.

The proportionate distribution of surpluses to members and limited interest on capital is being handled by MEDA. Members at all cooperatives indicate that interest is limited to 6%. People are satisfied with their dividend payments; there are no criticisms, although some members do not understand the dividend system.

Political and religious neutrality is observed. It was anticipated that there might be religious discrimination at Ti Bouk since the cooperative there was originally formed through 4VEH. This is not the case, however, as the membership is religiously diverse.

Transactions are made in cash. The cooperatives' following of this principle at Dame-Marie has in fact stopped the speculateurs from purchasing cocoa with promissory notes.

The cooperatives are oriented to the promotion of education, but more effort needs to be put into this area. To date the educational component has focused on agricultural extension regarding cocoa plantations.

B. Impact

The cooperatives' principle attraction is economic. People join the cooperative primarily for the sake of dividend and interest payments. Members also understand that the cooperative is responsible for the price rise of cocoa. Without these economic advantages the cooperatives would likely cease to exist.

People also recognize that the cooperative offers technical benefits - the agricultural extension services. There is considerable interest among the membership in increasing cocoa yields through better plantation maintenance, especially pruning. The availability of cocoa seedlings through the cooperatives' nurseries is also an attraction.

Members are less aware of the social advantages of the cooperative. The cooperative offers an opportunity for people of different social statuses to engage in dialogue and activities around a common interest for mutual benefit. The cooperative structure allows for cooperation rather than competition across class lines. If democratic principles are adhered to, the knowledge, skills and experience of the more sophisticated members can be of benefit

to the entire membership. Over time increased cohesiveness among the members should develop. The process of democratic participation allows members to develop a greater sense of control over their lives. Regardless of social and economic differences all members are equal in the sense that each has one vote in the cooperative. In light of Haiti's social structure these advantages are especially significant.

The cooperatives' support of cocoa production also offers an environmental advantage. While it is little discussed, cocoa production serves a soil conservation function. This benefit is, of course, limited to those environments suited to cocoa production, and especially to new plantations. Old gardens were not planted with soil conservation practices in mind.

The participation of the speculateurs in the cooperatives is of special interest. To date the speculateurs have contributed to the cooperatives' success. They bring to the cooperative their business knowledge and experience. The cooperatives benefit from the sales the speculateurs make to the cooperative. Additionally, a speculateur who is a member will put his energy into supporting the cooperative rather than into competing with it. The advantages the speculateurs derive from coop membership are the dividends and interest payments as well as greater independence from the exporters. The cooperative represents another selling option. The speculateurs are also cocoa producers.

III ISSUES AND RECOMMENDATIONS

A. Cooperative Formation and Development

MEDA's original project proposal was based on the assumption that

the program would be implemented through cooperatives. There is no discussion in the proposal concerning what is involved in forming and developing cooperatives. It was assumed that participating PVO's would provide this service. While 4 of the cooperatives were built on an existing cooperative base, 2 others were completely new. Among the 4 one is seriously lacking in democratic process and another in management skills. The 2 new cooperatives were built from the top down, with little initial base of community support and no educational training about cooperatives.

MEDA's concentration on the achievement of its economic objectives for the cooperatives largely accounts for the initial neglect of emphasis on cooperative formation and development. MEDA is aware of the problem and is currently engaged in efforts to promote more cooperative education within the existing cooperatives.

The educational needs vary somewhat per cooperative. Where member participation in decision making is weak, democratic process needs to be emphasized. Where sound management practices are lacking, management consultant services are necessary. The general membership of all cooperatives lacks an adequate understanding of the cooperative's financing and management system.

Finally, cooperative members remain primarily oriented to individual gain. The development of group solidarity, the notion of one for all and all for one, is largely lacking. Cooperative education needs to pay particular attention to these issues.

Ideally, cooperatives do not engage in business activities until they have completed an initial cooperative formation phase which establishes the foundation upon which the cooperative will continue to function. As MEDA establishes new cooperatives, particular attention should be paid to this process. After choosing a suitable locality for a cocoa cooperative, MEDA should proceed to conduct a series of meetings with a broad base of community residents who would be potential cooperative members. These meetings would explain the basic goals, principles and functioning of a cooperative. Ample time should be allowed for questions and discussion. Next, membership should be established, by-laws written and officers elected. The cooperative would then begin to engage in its business activities. Cooperative education would continue on a regular basis, reinforcing and improving upon people's understanding of cooperatives.

It is both tempting and possible to neglect the cooperative formation phase. With subsidies cooperatives can conduct business on an artificially created structural base. Furthermore, cooperative formation takes time and does not produce the immediate tangible results preferred by donor agencies. To do this, however, is to jeopardize the cooperatives' long term success. Once leadership is established without a genuine constituency, it is difficult to replace it with more representative leadership without disrupting the cooperative's functioning. Where democratic process is lacking, the membership is more vulnerable to domination by a corrupt or self-serving leadership. Also, an artificially established structure is likely to collapse once subsidies are removed.

The cooperatives are unlikely to succeed in the long term unless they become true cooperatives. A true cooperative is characterized by the active democratic participation of a knowledgeable membership capable of making informed decisions which will advance the interests of the group.

In addition to cooperative education other efforts should be made to encourage and reinforce cooperative cohesiveness and participation. This can be done in a number of ways. Small group activities could be organized. Committee formation would be useful. It would give members more opportunity to get to know each other and play a more active role in the cooperative than can be done through participation in general business meetings. Cooperatives could be encouraged to sponsor social events for the membership, such as dances and parties.

Consideration should be given to the establishment of a cooperative federation. A federation would encourage an exchange of information that could be of assistance to cooperatives in formulating new ideas and solving problems. A federation would lay the groundwork for future collaboration among the cooperatives.

B. Membership

While access to membership is generally open, the poorest community residents are restricted from cooperative membership due to financial constraints. There are those who cannot afford to pay the entrance fee and minimum share capital, even on an installment basis. The nature and extent of this problem needs to be researched and alternative means of financing membership

explored, if appropriate.

2. Functioning

With one exception the cooperatives are successful from a financial point of view in that they are receiving dividends and the dividends are equitably distributed. The cooperatives purchase cocoa with MEDA revolving loan funds, keep member sales records and are responsible for shipping cocoa to Port-au-Prince. MEDA staff handle the export shipments to Hershey Company, calculate dividends and perform audit functions. Were MEDA to withdraw these services, it is unlikely that the cooperatives would continue to function. As MEDA's current role is not projected to be a permanent one, plans need to be made for the transfer of these responsibilities to the cooperatives. Phased in training practicums for responsible local staff to be hired and paid through the cooperatives to handle these functions needs to be arranged. A cooperative federation becomes essential in this regard.

The cooperatives are oriented to dividend payments. This is understandable in light of people's cash shortages. It is likely, however, that if dividends were not available for a time, because of the need of funds for capital investment purposes or because of loss, members would likely withdraw from the cooperative. This matter is further underlined by the fact that membership increases after dividend payments are made. Where dividends have not yet been paid, members expect that the first payment will precipitate a membership rise. MEDA is aware of

how critical dividend payments are to the ongoing success of the cooperatives. They currently make dividend payments as frequently as possible. Since this is administratively taxing, MEDA would prefer to make dividend payments once per year, timed in relation to need. This move would not be appreciated by cooperative members; it would likely weaken the cooperatives at this time. There needs to be further cooperative education and stabilization before this change can successfully be made.

Some cooperatives purchase cocoa at differing prices for members, non-members and speculateurs. One cooperative also varies its sorting and drying requirement for different members. It is good business for the cooperatives to purchase cocoa from non-members at a slightly higher price because it brings them more sales and encourages membership. Differing pricing policies and standards within the membership, however, creates distinctions which can easily result in jealousy, factionalism and disharmony. Cooperatives should be encouraged to set one pricing system and quality control standard for all members in order to avoid this eventuality.

There is some variation among the cooperatives as to when a member is eligible to receive dividends. The most equitable practice seems to be at Chambellan where a member is eligible to receive full dividends from the beginning if he pays his share capital in full within 6 months. Other cooperatives may be interested in hearing about and considering this approach.

There is variation per cooperative in relation to their drying and sorting requirements for purchase. It is typical for the

cooperatives to have suffered loss on their initial purchases due to this factor. As new cooperatives form it would be advisable to counsel them as to the acceptable standard and relate to them the experiences of the first cooperatives.

At some cooperatives the drying and sorting question is still an issue. It would be helpful for a Hershey's representative to visit each cooperative, review their purchasing practices and recommend any changes that need to be made.

The MEDA program places considerable emphasis on agricultural extension through the work of its regional coordinators, agronomists and local extension agents. All extension agents are cooperative members. They appear to be generally dedicated and interested in their work. In the south the extension agents were hired on the basis of their performance in the training seminar. This hiring practice is commendable and should be continued.

Extension work has emphasized the improvement of existing cocoa plantations, rather than new plantations. Cooperative members, on the other hand, show considerable interest in starting new plantations. Some people have joined the cooperative for this reason. Members often indicate that they have land available for this purpose and that new cocoa plantations do not interfere with the planting of food crops, since both are grown in the same garden. In one area new plantations would actually regenerate former cocoa land lost to hurricane destruction. Hershey specialists would concur with an emphasis on new plantations. They find it difficult to increase yields significantly

on intercropped gardens. Additionally, the pruning of old trees increases yields for only one to two seasons. Farmers are aware of the unstable cocoa market, but still view new plantations in intercropped gardens as advantageous. MEDA should expand its extension activities to include an emphasis on new plantations. In doing so soil conservation and hurricane protection strategies should be employed. The situation lends itself to collaboration with the existing tree planting programs in Haiti.

Woodpeckers are a serious problem in cocoa plantations. Farmers know of no good solution to this problem. Perhaps a Hershey's expert could study this and other pest problems and suggest appropriate options.

Extension agents are limited in their work by lack of means of locomotion. Some agents would like to have bicycles, others mules. Mules are more versatile. While the use of these animals would facilitate the agents' work, it is not known how valuable they would be from a cost/benefit point of view. The suggestion, however, merits consideration.

The cooperative at Grande Riviere has had access to BCA loans through MEDA. While in principle these loans are worthwhile, differential access to them and repayment problems are causing the cooperative some internal problems. In addition, since Grande Riviere is the pilot project, other cooperatives which are aware of these loans, expect to have access to them as well. Unless there is equal access to BCA loans both within and among cooperatives in the future, this arrangement should be

terminated. In general the cooperatives should be careful to engage in activities which promote unity rather than divisions within the membership.

The sites for the cocoa cooperatives were well chosen. As the appendix illustrates, cocoa is the primary cash crop in each cooperative area. It appears that the more financially successful cooperatives are located in areas of greater cocoa production. For three of the cooperatives coffee is an equally important crop. For three others coffee is a close second. People everywhere were quick to point out that for some cooperative members coffee is a more important crop than cocoa. While it may not be feasible for other reasons, members of all cooperatives are interested in expanding their activities to include the purchase of coffee.

IV CONCLUSION

With the exception of Grande Riviere, the pilot project, all of the cocoa cooperatives were formed within the past 9 to 16 months.

Each is unique, with its own strengths and weaknesses. In addition to the routine services provided through MEDA, all, in one way or another, are still in need of continuing support from MEDA. The case studies which follow are intended to illustrate the cooperatives' characteristics and point out issues to be addressed. The information contained in the case studies forms the basis for the preceding discussion.

All the cooperatives, except Anse d'Hainault, where all the speculateurs are members, have had to confront, to a greater or lesser degree, the issue of competition with the speculateurs and exporters.

The problem is greatest at Ti Bouk, where there are no speculateurs within the membership. The cooptation of the speculateurs elsewhere has helped to minimize this problem. As cooperative membership grows, problems related to competition are likely to become more acute. The cooperatives' best defense to confront this obstacle is a knowledgeable, united membership.

Whether the cooperatives will be successful in the long run also will depend on their ability to develop the skills and resources sufficient to function autonomously. The challenge for MEDA is to allocate program resources in such a way as to foster the development of an educated, cohesive and eventually independent membership.

Grande Riviere du Nord

History

The Grande Riviere cooperative was founded January 8, 1982 with 16 members. This cooperative was built upon earlier cooperative efforts in Grande Riviere which date back to 1962. In 1962 a number of people formed a cooperative for the purpose of bringing electricity to the town. The project was under study for two years but was abandoned because it appeared to be too costly. In 1964, with the assistance of the Mennonite Central Committee, the cooperative opened a fruit canning operation with a membership of about 90 people. The cooperative progressed slowly at first because it lacked the technical knowledge necessary to operate a cannery. Later the project proved to be too costly; the cooperative suffered a loss of members to emigration and experienced equipment breakdown. The cooperative closed in 1971.

It reopened in 1982 with 16 of the former members at the suggestion of the then MEDA representative who had worked with the cooperative when he was affiliated with MCC. Grande Riviere was chosen for the first cocoa cooperative because of its prior cooperative history and its location in a cocoa producing area. This cooperative serves as the pilot project for the other cooperatives formed through MEDA.

Membership

At the present time the cooperative has 600 members, approximately 75% men, 25% women. Husbands, wives and sometimes their adult children are independent members, since they hold independent cocoa plantations. Membership requirements are that one be a responsible person and a planter. It is not required that members have land planted in cocoa, but approximately 75% do. Others have joined with the intention of planting cocoa. People with criminal records are excluded from membership.

People interested in membership must attend the weekly cooperative meetings for about a month before they can join. One is not considered a member until he/she has paid the \$1 entrance fee, a minimum of \$5 share capital, \$0.30 for a notebook and \$0.30 for a rules and regulations booklet. The share capital can be paid in installments, but no dividends are paid until the member has paid all of the above in full.

There is continuing interest in new membership. Loss has been due only to emigration and death. The advantages of membership are said to be:

1. Dividends
2. Interest on share capital
3. Agricultural extension services
4. Access to BCA loans
5. Awareness of services members can render each other
6. Occasional work from the cooperative
7. A better price for cocoa sales
8. Access to pigs
9. Member exemption from paying the branch cutting tax in their cocoa plantations.

While there are 30 or more speculateurs in Grande Riviere, only 3 or 4 of them have become cooperative members. The dividends attract them to join.

Some people are said to be reluctant to join the cooperative because they lack confidence in it. They fear the cooperative may take their money without providing benefits. Some rural people fear that urban based projects may try to trick them. Also, some speculateurs and exporters have spoken against the cooperative.

Small farmers are said to be more interested in joining the cooperative than are large planters. The pig project is currently attracting new membership. The most important factor encouraging membership, however, is still the dividend payments. The extension agents are largely responsible for membership recruitment.

Organization

The cooperative has a weekly meeting every Sunday afternoon. Attendance is reported to be between 200-300 people, members and potential members.

Emphasis in these meetings is placed on member education. The cooperative does not hold general business meetings as such. No voting occurs either for elections or decision making. Three members who have joined the cooperative within the past year report that they do not know how cooperative decisions are made or how the officers came to hold office.

The cooperative officers were originally elected to their posts by the fruit canning cooperative which closed in 1971. When the cooperative reopened in 1982 as the cocoa cooperative, these officers were simply retained. No elections were held even though the interests and membership of the cocoa cooperative were considerably different from the fruit canning cooperative. The cooperative president does not think it would be wise to hold elections. He is concerned that MEDA might not have confidence in a changed leadership.

Cooperative Officer

Profession

President	Cap-Haitien businessman, ½ time MEDA regional coordinator
Vice-President	Retired rural school principal
Secretary	School teacher
Assistant Secretary	Mayor of Grande Riviere
Treasurer	Former congressman, retired school teacher and principal

Cooperative Officer

Profession

Counselor

Speculateur, former teacher

Counselor

Former school principal

Functioning

The cooperative is currently buying cocoa for \$0.45/lb, from members and \$0.50/lb, from non-members. The price paid to non-members is the same price at which the speculateurs are buying cocoa. Some members indicated that prior to the cooperative's existence, speculateurs were able to buy cocoa for as little as \$0.03 to \$0.10/lb. There are not many non-members who sell their cocoa to the cooperative, since the cooperative offers them no advantage. Members recognize that with the cooperative's dividend they are better off selling to the cooperative. Sometimes non-members make an arrangement with members whereby the member sells the non-member's cocoa to the cooperative for him and passes the dividend along to the non-member as well. Usually this non-member joins the cooperative at a later date. There are speculateur members who buy cocoa for \$0.50/lb, and sell it to the cooperative for \$0.45/lb, because with the dividend they expect to get a greater return. The speculateurs are also farmers who sell their own cocoa to the cooperative. Some members have requested that the cooperative purchase cocoa for the same price as the speculateurs, but understand that the cooperative responds to the world market price rather than the speculateurs' price.

The six extension agents, one per rural section, were initially volunteers, but have been paid by MEDA for the last 2 years. They were hired by the MEDA representative and trained by the regional coordinator and agronomist. They also attended a cocoa seminar in the Dominican Republic. They indicate they work 7 days/week at outreach and agricultural extension. The agronomist

holds a staff meeting with them every Monday; they submit monthly reports to the agronomist. The agronomist also holds a seminar every first Monday of the month with 25 to 35 members. Pruning, harvesting techniques and planting hybrid cocoa are emphasized. To date the seminars are being conducted in Grande Riviere, but the agronomist plans to conduct them in Milot and Ti Bouk also. Farmers are said to be receptive to this information.

There has been sufficient interest in the extension agents' work that some non-members have asked for their services. The agents responded that they would need to charge a fee to give assistance to non-members. Since membership is cheaper, some people have chosen to become members in order to receive the extension services:

The cooperative distributes rat poison to members free of charge. There is said to be considerable interest in this service.

The cooperative started a nursery in 1983 at Grande Riviere. This nursery proved to be unsuccessful. Many seedlings were broken en route to the planting sites. Since 1984 the cooperative decentralized the nursery; this approach has been more satisfactory. The seedling survival rate is said to be about 75%. The cooperative charges members \$0.05 per seedling. Between 1983 and 1984, 115 people planted cocoa seedlings. The largest plantation was 2693; the smallest was 20 seedlings. Twenty-three planters planted more than 200 seedlings each. People are said to be interested in planting cocoa because they are able to get a good price for it.

MEDA has made a \$20,000 loan fund available to cooperative members. The fund is being administered through the BCA. One hundred and forty-two members have taken out loans. There are 7 individuals loans; the rest are divided into 13 credit groups. The loans came due in October 1984. Some people

have been delinquent in payment. This poses several problems. First, where credit groups are responsible for the loans, there is pressure on the entire group for the delinquency of one or another member. Additionally, group members cannot take out new loans until the entire group has made repayment. Since the extension agents expected members to have access to further BCA loans, they have personally lent out funds for cooperative members to buy cocoa seedlings. They are unable to receive payment and suggest that the lack of loan money has resulted in reduced cocoa planting this year. Furthermore, there are many cooperative members who would like to take out BCA loans but to date have not had access to them. Some think that the delinquent repayment by those who were granted loans is preventing them from obtaining loans. Others say that the BCA simply lacks the money to grant further loans. The loans were initially intended for cocoa production but came to be used for any type of agricultural production.

Discussion

This cooperative is the oldest of the MEDA sponsored cooperatives; it has the largest membership; it has served as the pilot project in forming the other cooperatives. The speculateurs and exporters posed some problem for the cooperative in the beginning. The speculateurs especially complained that the cooperative was not authorized to purchase cocoa. It needed to be explained that by Haitian law the cooperative does have authorization. The issue became complicated because some members were going into the countryside to buy cocoa, which is against the law. Cocoa must be purchased in towns where there are scales to weigh the cocoa. It was reported that some members still do this, but that the controversy has subsided.

The cooperative appears to function smoothly with regard to financial management, since people are satisfied with their dividend payments and have no

complaints. There are, however, some other issues which should be addressed.

The cooperative is lacking in democratic process. The cooperative president views himself as answerable to MEDA rather than to the membership. Democratic process needs to be introduced, but this must be done slowly and carefully, preceded by thorough member education regarding democratic process. Otherwise, the introduction of this change could be disruptive as the status quo is now firmly entrenched.

The cooperative president is also a half-time regional coordinator for MEDA. This situation causes role confusion. Additionally, as this individual is also a full time businessman, it is unlikely that he can devote sufficient attention to his duties as coordinator, especially for the Milot and Ti Bouk cooperatives. The coordinator role needs to be distinct from that of cooperative officer. The coordinator needs to have sufficient time available to adequately perform his duties.

The BCA loan situation poses a potential threat to the harmony of the cooperative, since members do not have equal access to loans. The present situation lends itself to rumor and jealousy. The facts of the situation need to be clearly communicated to the membership, who in turn need to plan a strategy to ensure equity in the future. As members are not experienced in democratic process and decision making, consultation with MEDA staff in addressing this issue is advised.

The cooperative has not yet decided on a pig distribution strategy since this is a new venture for the cooperative. Once again the membership needs to be involved in studying this issue and deciding on an approach with consultation from MEDA.

MILOT

History

The Milot cooperative was founded May 1, 1984 with 35 members for the purpose of combating injustice and exploitation. The cooperative's first endeavor was the manufacture and sale of cocoa bars which are used to make a chocolate drink. A few months later, as the result of contact with the Grande Riviere cooperative through the agronomist, they were able to make arrangements with MEDA to purchase cocoa for export.

The initial interest in cooperative formation resulted from the fact that 7 people from Milot spent a year in training with the IDEA program in Cap-Haitien in which cooperatives were emphasized. In November 1983 these people called a general meeting in Milot to discuss the formation of a cooperative. Approximately 400-500 people attended this meeting.

Membership

Current membership is about 60 men and women. Husband and wives hold independent membership. Small farmers are said to be more interested in membership than large farmers. Most members have land planted in cocoa, but some do not. A meeting with 7 members, all residents of the town of Milot, revealed that 3 had no land planted in cocoa. Their reasons for joining the cooperative were simply to be a part of it and to get the interest on their share capital. One other member has land with only 10 cocoa trees; he plans to plant more. Another owns no land in cocoa, but has rented land in cocoa. Two others own some land planted in cocoa.

Regarding membership qualifications it was noted that people are free to join and resign from the cooperative as they wish. They must, however, attend Wednesday and Saturday educational meetings before joining and as

members. The \$1 entrance fee as well as the minimum \$5 in share capital can be paid in installments. People are asked to increase their share capital \$5 per year.

The advantages of membership are said to be the dividend and interest payments and the services of the extension agents. Members look forward to having access to loans through the cooperative and in having a pig project as in Grande Riviere.

There are 2 speculateurs who joined the cooperative. They are also cocoa producers. They joined the cooperative with the intention of selling their cocoa purchases to the cooperative. Since the cooperative prohibits them from selling their purchased cocoa to the cooperative, they have withdrawn their participation, although they have not asked for their share capital back. The cooperative takes the position that it is unjust for the speculateurs to sell their purchased cocoa to the cooperative.

The cooperative is experiencing problems in attracting members. They expect that once members receive their first dividend, more people will join. The extension agents also report that people are waiting to see what kind of dividend members get before they decide to join. The cooperative is a new phenomenon in the area and people are adopting a wait and see attitude before committing themselves. Occasionally people express interest in joining the cooperative if it will provide them with employment.

Organization

The Milot cooperative has a general business meeting once per month. At these meetings issues are discussed and decisions made by vote of the membership. At their last meeting they discussed their problem of not being able to purchase sufficient quantities of cocoa. They reached no conclusions

regarding this point. They also discussed the fact that members and others do not understand how the dividend works. They took a vote on whether the cooperative should buy coffee. The membership decided in favor of buying coffee, but the cooperative lacks the funds to do this.

The cooperative's officers were elected for one year. The next election will be held in May. Officers may be re-elected to their positions.

<u>Officer</u>	<u>Profession</u>
President	Farmer, CRUDEM extension agent
Vice-President	Farmer, public health officer
Secretary	Student, artist/painter
Treasurer	CRUDEM accountant
Under-Secretary	Market woman
Counselor	Engineer
President/Surveillance Committee	Mason
Secretary/Surveillance Committee	Carpenter
Surveillance Committee Member	Photographer

Functioning

The cooperative buys cocoa for \$0.45/lb. from members and for slightly more from non-members. The non-members are given an advantage in order to encourage them to sell their cocoa to the cooperative and to become members. It was noted that members sell their cocoa only to the cooperative. Non-members also sell cocoa to the speculateurs. Some speculateurs have now raised their price to \$0.50/lb. to compete with the cooperative, others are buying cocoa at \$0.45/lb. The cooperative is experiencing difficulty in purchasing sufficient quantities of cocoa.

The cooperative started out making cocoa bars for sale and continues to do so. They use their share capital funds to buy the cocoa to make the bars. They use the MEDA revolving loan fund to purchase cocoa for sale to the Hershey Company. The people who make the cocoa bars work voluntarily. The cooperative hopes to pay them at a later date. The supervisor of the bar project is paid \$10 per month.

There are 3 extension agents working in Milot. They were selected by the cooperative president and approved by vote of the membership. They have been working since December 1984. During October and November they participated in a seminar and practicum in Grande Riviere. The seminar was conducted by the MEDA regional agronomist and emphasized technical aspects of cocoa production. The principles and functioning of cooperatives were mentioned but not emphasized. All three indicate that the training was valuable and that they learned new information. They are currently supervised by the agronomist once or twice a week and by the cooperative president.

The extension agents report that people are not easily motivated to make changes in their cocoa plantations; they do not readily accept the techniques suggested by the agents. The extension agents encourage people to plant plantains as temporary shade for cocoa plants. Sometimes people ask them for money to purchase the plantains. At other times people say they would agree to make changes in their plantations, if they were paid or lent money to do so.

The extension agents lack the necessary tools to do their work. They do not have large and small pruning sheers, machets and meter measures. They would like to have bicycles to make their travel easier and less time consuming. They now make all their visits on foot.

For the first year of operation CRUDEM has provided \$300 to cover the cost of the cooperative's facility rental. There is some concern as to how the cooperative will meet its rent during the second year of operation.

Discussion

The Milot cooperative is not functioning adequately from a financial point of view. It is the only cooperative which is unable to support its overhead. While the members at Milot indicate that the payment of the first dividend is crucial and will provide the needed boost to the cooperative in terms of membership and sales, the cooperative has not, in fact, earned a dividend. It is unclear as to what all the financial problems are. (Record keeping is poor). An audit needs to be completed to make this determination before remedial action can be taken. The membership needs to become better informed about the business aspects of the cooperative. They appear to lack awareness of the cooperative's marginal financial viability.

It is known that there was some loss due to the cooperative's purchase of improperly prepared beans. If this proves to be a continuing problem, the cooperative's cocoa buyer will need further training on how to buy beans or be replaced by someone who is more knowledgeable about this crucial task.

The cooperative appears to need the assistance of a financial management advisor as well as training in management skills and record keeping. While in theory the rationale for not buying the speculateurs' cocoa sounds reasonable, it actually hurts the cooperative. First, the cooperative is restricting itself from purchasing the cocoa it needs to survive. Second, the experience of other cooperatives would indicate that the participation of the speculateurs serves to strengthen the cooperative by virtue, not only of the quantity of cocoa they bring in, but also the knowledge and skills they possess because of their experience as buyers. Thirdly, if speculateurs

are members they will not compete with the cooperative in an effort to close it down, as is currently happening at Milot.

The extension agents need to place more emphasis on membership recruitment. MEDA may wish to organize training sessions specifically around the development of recruitment techniques. Emphasis in outreach needs to be placed on attracting primarily cocoa producers. Attracting members whose only contribution to the cooperative is their share capital is not particularly useful.

People's interest in the agricultural extension services will probably increase over time, especially if they see that there is an economic advantage to improving their cocoa production.

The rent problem also reflects the cooperative's financial management problem. In the short run the cooperative may wish to request a second year grant for rent from CRUDEM, while it establishes itself financially. A danger lies in the cooperative's building expectations of continuing subsidy rather than moving to self-sufficiency. MEDA staff assistance in orienting the cooperative to plan for independence would be helpful here.

There is understandably some concern that unless a dividend is paid, the cooperative will merely continue to limp along or fall apart. The temptation to make some kind of token payment to avoid this eventuality should, however, be resisted. If the cooperative is to survive and grow, the best approach is for MEDA to analyze the situation, communicate it to the membership and in dialogue with the cooperative help plan strategies to correct problem areas. If the membership comes to have a clear understanding of the issues involved and participates in the problem solving process, the cooperative will eventually become stronger and better prepared for the future

than a cooperative which has not encountered these difficulties.

The Milot cooperative places considerable emphasis on cooperative education and democratic process. This cooperative was built more from the bottom up than were some others. These efforts are laudable and should be reinforced as the cooperative focuses on its need to develop sound management practices.

TI BOUK

History

The cocoa cooperative at Ti Bouk was founded August 13, 1984. It was built on the base of a tree planting cooperative which was started over three years ago by a pastor from 4VEH and about 25 people. The tree cooperative planted hardwood trees which cannot be harvested for several years.

While they are waiting, they wanted to get involved with some other project. People in the area were aware of the success of the Grande Riviere cooperative and became interested in developing their own cocoa project. They contacted the MEDA regional coordinator and eventually established the cocoa cooperative.

The stated goals of the cooperative are:

1. To improve members' standard of living.
2. To improve agricultural production and economic and social well-being.
3. To develop more rational systems of agriculture and animal husbandry.
4. Member education.
5. To improve sanitation in the area.
6. To purchase agricultural tools collectively.
7. To sell member products.

Some months ago the cooperative suffered a set back which continues to hamper its functioning. Speculateurs at Le Borgne challenged the cooperative's authorization to purchase cocoa. This resulted in the cooperative's suspension of purchase from November 1984 until January 1985. The speculateurs registered their complaint with the OPRODEX crop control agent at Le Borgne, who made the complaint known to OPRODEX and CNC. This action

resulted in OPRODEX suspending the cooperative's activities. The cooperative went to the MEDA regional coordinator and the Port-au-Prince office for advice and assistance. MEDA discussed the matter with CNC and succeeded in verifying the cooperative's authorization and reversing the suspension. Cooperative members are grateful to the MEDA staff who took their problem seriously and responded with prompt action.

The background to this incident is as follows. The Le Borgne speculateurs accused the cooperative of keeping the exporters from being able to purchase cocoa. The cooperative had sent 22 sacks of cocoa (32 kilo/sack) to Port-au-Prince. The speculateurs did not wish to lose this income. About this time the cooperative vice-president, who is a community organizer for IDEA, was arrested for political reasons along with several other people associated with IDEA. The speculateurs took this opportunity to charge that the cooperative was a disruptive element. They said that the cooperative was affiliated with IDEA and was receiving money from IDEA to purchase cocoa. The cooperative is not affiliated with IDEA and receives its money to purchase cocoa from MEDA's revolving loan fund. The accusations, however, coupled with challenging the cooperative's authorization to purchase cocoa, was enough to cause problems. The cooperative's vice-president was released from prison in Port-au-Prince on April 30, 1985.

Membership

The cooperative currently has 48 members with 10 other people expressing interest in joining. The qualifications for membership are that one live in the area, be honest and have no criminal record. All the members either have land planted in cocoa or are interested in planting cocoa. While the original cooperative was formed through a church institution, religious affiliation is not a restriction to membership. The cocoa cooperative has members who are Baptist, Evangelical, Wesleyan Methodist, Catholic and

Adventist.

The cooperative is characterized by considerable variation in cocoa sales per member. The smallest per person amount on their first shipment was 9 lb., the largest was 477 lb.

All members except one have paid their entrance fee and minimum share capital with little difficulty. One member has paid \$15 in share capital. Two others have paid \$10. The rest have paid \$5. Members are asked to pay the entrance fee at one time. The share capital can be paid in installments, but there has been generally prompt payment.

The advantages of membership are said to be:

1. A better selling price for the cocoa producer.
2. Honest weights. (People indicate they sometimes got false weights when they sold their cocoa to the speculateurs.)
3. Dividends.
4. The strength and protection of the group.
5. Support, assistance and protection from MEDA, specifically with regard to:
 - cocoa purchasing authorization
 - the revolving loan fund
 - extension services
 - travel expenses to Port-au-Prince at the time of suspension
 - assistance in obtaining a scale.

The suspension caused some members to become fearful; they threatened to withdraw their membership. The cooperative members met, discussed the situation and encouraged them to stay. In the end there were no resignations. At the

present time people are encouraged by the cooperative's success in confronting a powerful obstacle. Although general interest in membership is increasing, people are still pessimistic about the cooperative's future and many remain reluctant to join. They are waiting to see if the cooperative will become "victor or victim."

There are no cooperative members who are speculateurs. This results from the fact that no speculateurs live in the area. Prior to the cooperative's existence people from Ti Bouk sold their cocoa to the speculateurs at Le Borgne or to a speculateur from Le Borgne who came to Ti Bouk to buy cocoa twice per week.

Organization

The cooperative holds a general business meeting the first Sunday of each month and an educational meeting the third Sunday of each month. They also call special meetings as necessary.

When the tree planting cooperative became interested in cocoa, it recruited new members and held an election of officers. The 4VEH pastor was elected president. When he was transferred the membership voted that the vice-president should become president and that they would hold an election to name a new vice-president.

Officer

Profession

President

Farmer, school teacher

Vice-President

Farmer, community organizer with IDEA

Secretary

Farmer, carpenter, pastor's assistant

Treasurer

Farmer, school teacher

Three Counselors

Farmers, two are also butchers

It is of interest to note that only the secretary lives in town. The rest of the officers and the majority of the membership live in rural areas.

Functioning

The cooperative currently buys cocoa for \$0.50/lb. from both members and non-members. The speculateurs at Le Borgne and the one who comes to Ti Bouk buy at the same price. The cooperative suffered some loss due to poor quality control on their initial purchases. They now insist that the cocoa be dried before purchase. The speculateurs have responded to this move by insisting that the cocoa they purchase also be well dried. Formerly they accepted wet cocoa at a lower price. People who sell to the speculateurs are angry with the speculateurs about this development.

In principle the cooperative is willing to buy cocoa from non-members, but at the present time it is hesitant to do so. Non-members, who do not have particular arrangements with speculateurs, are interested in selling their cocoa to the cooperative because it is more convenient for them than either taking their cocoa to Le Borgne or waiting for the speculateurs to come to Ti Bouk. The cooperative prefers that non-members sell their cocoa to the speculateurs in an attempt to keep the speculateurs from having an occasion to harass them again. The cooperative expects that once they have official designation as a cooperative from CNC, their position will be strengthened and they will feel more confident about buying from non-members. They are designated a pre-cooperative at this time.

Ordinarily cooperative members do not sell their cocoa to the speculateurs. During the time of the cooperative's suspension, however, some members found it necessary to do so. (The season of greatest cocoa harvest is from September to May with September, December, March and May being the most important months.) Other members refused to sell to the speculateurs and

held out until the cooperative's authorization was clarified.

The cooperative's current transportation arrangement is also indicative of the fact that the cooperative wishes to maintain a low profile and avoid occasion for confrontation. The primary exporter in the area also has a monopoly on transportation. At the time of their first shipment the cooperative made arrangements with an independent truck owner for cocoa transport to Port-au-Prince. The OPRODEX agent issues transportation permits. When the truck arrived at Le Borgne, the agent refused to issue the permit, even though the cooperative had already gotten authorization from the OPRODEX director in Cap-Haitien. The cooperative needed to secure a second authorization from Cap-Haitien before the agent agreed to issue the permit. Additionally, the Le Borgne agent went to Port-au-Prince to register a complaint against the OPRODEX director in Cap-Haitien. To avoid future transportation problems the cooperative has made arrangements with the Grande Riviere cooperative to send a truck to Ti Bouk to pick up their cocoa.

The cooperative has not yet received a dividend. They understand, however, that soon they will receive a dividend of \$0.07/lb. from their first shipment of cocoa.

The cooperative's treasurer does the cocoa buying. He is not paid for this work, but the cooperative hopes to be able to give him a bonus at the end of the year. They would prefer to hire a buyer but do not have sufficient funds to do so at the present time. The treasurer is also a school teacher, which means he must neglect his teaching duties when buying cocoa for the cooperative.

The cooperative also needs a depot watchman. At the present time 2 or 3 members come each night to guard the cocoa. If there is heavy rain members are unable to come.

The cooperative conducts their meetings at a 4VEH church. This arrangement works out well. They stock the cocoa at a 4VEH facility which is currently not in use. They pay no rent. This arrangement is fine for the moment, but members are concerned that 4VEH may need this facility in the near future, in which case the cooperative will have no storage facility. The cooperative would like to build their own facility, but lack the funds to do so.

Cooperative members would also like to visit other cooperatives to see how they are doing and get ideas. They lack the funds for transportation to do this on their own. They also would be interested in educational seminars on the principles and management of a cooperative. Finally, they would like to have the cooperative buy coffee as well. Since there is much coffee in the area, this would boost their membership considerably.

The cooperative has 3 extension agents who have just completed their training at Grande Riviere in March. The agents were selected by the cooperative membership. As part of their outreach efforts they visit various churches on Sundays to speak about the cooperative. They have not yet begun to do their agricultural extension work, but people seem interested in the pruning and maintenance of their cocoa plantations. Two members have seen the demonstration gardens at Grande Riviere; others have seen photographs and are impressed with the results. The cooperative plans to start a nursery in May or June.

Discussion

The Ti Bouk cooperative is unique in several ways. Its location renders it somewhat isolated. To get to Ti Bouk one must cross the river several times. It rains in this area 10 months of the year. When there is heavy rain, there are two river crossings which cannot be made. This means that Ti Bouk's contact with NEDA personnel is less than that of other cooperatives. There are

no speculateurs living in Ti Bouk, which means that they cannot be incorporated into the membership. Ti Bouk is the only cooperative which has had such serious problems with the speculateurs. Finally the leadership is predominantly rural, whereas for other cooperatives the leadership is generally town based.

The Ti Bouk cooperative has a greater consciousness of the value of strength in numbers than do the other cooperatives. While members understand that they would not have been successful in their struggle without MEDA's support, they also feel gratified and strengthened by the fact that they were able to confront powerful interests and win. One member commented that without MEDA's support they might have been successful anyway, but it would have been more difficult and taken much longer.

Members also understand that their victory is a limited one. Their growth has been stifled and they suffer from a self-imposed restriction on their cocoa purchases. While a cautious strategy is essential, the cooperative should be encouraged to exercise its legal rights without constraint. The cooperative should not wait to do this until it has CNC recognition as a cooperative, as CNC is slow to grant this status.

In hindsight it appears that conflict might have been avoided had MEDA encouraged the formation of a cocoa cooperative at Le Borgne at the same time as Ti Bouk, since Le Borgne is now expressing interest in establishing a cooperative. This approach would have directed Le Borgne's attention toward their own affairs and away from Ti Bouk. MEDA may still find it useful to research the likely consequences of establishing a cooperative at Le Borgne to decide whether this might be of general benefit to the area.

The cooperative has certain financial needs they are meeting through volunteer labor and donations at the present time. Given the cooperative's constraints

they seem to be addressing their needs as best they can, while understanding that these arrangements are temporary and that more permanent arrangements must be made. One option would be for the membership to decide not to pay dividends until they can better meet their expenses. The membership may have other ideas in mind. MEDA staff could be of assistance in helping the membership think through various options and decide on a course of action.

DAME MARIE

History

The Dame-Marie cooperative was formed at MEDA's request. It was founded January 15, 1984 with 11 members. A preliminary meeting of Dame-Marie leaders and the MEDA country representative and agronomist was held in early January 1984. At a subsequent meeting on January 12, the decision was made to form the cooperative. Representatives from Dame-Marie then made a visit to the Grande Riviere cooperative. The first general meeting of the cooperative was held in March 1984. Leaders indicate that their participation in the cooperative was an encouragement to both town and rural people to join.

Membership

The cooperative's current membership is 237 men and women. Members are generally farmers who own or rent from 1/4 to about 12 carreau of land. Husbands, wives and adult children from the same families hold independent memberships. There has been some loss of membership due to absenteeism from meetings. Members are dropped if they have three consecutive unexcused absences. Eighteen people were dropped for this reason, but some were later reinstated. One member died. At their last meeting, 120 people were in attendance. The cooperative president indicates that he would like to see everyone in the area become a cooperative member in order to make it a strong organization. Membership increases immediately after dividend payments are made.

There are 33 members who have paid more than the \$5 minimum in share capital. One individual paid \$200, one paid \$100 and several paid \$20. Several of these people are not cocoa producers but are considered cooperative donors or collaborators.

Members indicate that cooperative membership is open to local residents of good character who hold land in cocoa, either rented or owned. The exception is noted above. The extension agents indicate that there is general interest in joining the cooperative, but that the \$1 entrance fee and minimum \$5 share capital excludes some people from membership. A new member must pay a minimum of \$2 at one time to enter the cooperative. The rest can be paid in installments of a minimum of \$2 each time. Once a member has paid half of his/her share capital, he/she is entitled to dividends. While some people are still uncertain as to whether they wish to join, more often the problem is one of financial limitation.

The cooperative president indicates that he exercises discretion in allowing members to join. If he feels an individual lacks understanding of the concept of a cooperative, he will refuse this person membership until he/she is better prepared. The president wants potential members to go through a period of study before becoming members.

The advantages of membership are said to be:

1. The cooperative's presence has been instrumental in the cocoa price rise.
2. Dividend and interest payments.
3. The regeneration of existing cocoa plantations through pruning and cocoa plant replacement.
4. The availability of cocoa seedlings through the nursery.
5. Pest control.
6. Immediate cash payment for cocoa sales from the cooperative and the speculateurs. (In the past speculateurs sometimes did not pay sellers upon receipt of the cocoa but gave them promissory notes.)

7. The opportunity for social contact and discussion of common problems.
8. Education regarding technical and economic matters.
9. Assistance to small groups on repairs of cocoa drying areas.

There are 28 speculateurs in the Dame-Marie area; 19 of them are cooperative members. The others are said to be influenced by the exporters, who tell them not to join the cooperative because it will eventually fail and that in the end they will be better off. While 70% of the speculateurs in the area are cooperative members, they represent only 8% of the cooperative's membership. All the speculateurs are cocoa producers as well. The speculateurs who have joined the cooperative are for the most part the smaller speculateurs, although the cooperative president and the president of the surveillance committee are large speculateurs. Speculateurs are interested in the cooperative because of the economic advantage the dividends give them. They also wish to be independent of the exporters.

Organization

The cooperative holds a general business meeting the first Sunday of each month. At their last meeting they discussed the need to hold an election for treasurer, since the current treasurer has not been attending meetings. They discussed nursery plans, the cooperative's cocoa purchasing fund and whether they are interested in purchasing coffee. (They are. Some area producers hold more coffee than cocoa.)

The cooperative's officers were selected at the time of the cooperative's formation. MEDA is said to have endorsed the presidential candidate. Current members were not members then and are unaware of how the officers were chosen.

The president, secretary, treasurer and president of the surveillance committee are elected for 3 year terms. The vice-president, 2 counselors and one member of the surveillance committee are elected for 1 year terms. Those in one year posts were re-elected this year. Officers indicate that the membership would be asked to vote on any new projects undertaken by the cooperative, but the membership does not routinely vote regarding decision making.

<u>Officer</u>	<u>Profession</u>
President	Businessman, <u>speculateur</u> , planter
Vice-President	School teacher, planter
Secretary	School teacher, planter
Treasurer	Businessman, planter
President/Surveillance Committee	Businessman, <u>speculateur</u>
Surveillance Committee Member	Tailor, large planter
Surveillance Committee Member	Planter
Counselor	Planter, agricultural technician
Counselor	Planter, <u>speculateur</u>
Counselor	Pastor
Counselor	School teacher, CNC representative

The cooperative has had some problems with their officers. Three were replaced. The president indicates that these three were speculateurs who aligned themselves with the exporters.

Functioning

The cooperative buys cocoa at \$0.55/lb. from simple members and at \$0.60/lb. from speculateurs. An equalization adjustment is made at the time of the

dividend payment. The arrangement was made to satisfy the speculateurs who need to pay a tax and want greater immediate access to cash to purchase more cocoa. Some members would prefer to receive a higher initial return as well. The president suggests that it may be best to pay simple members and speculateurs the same amount to avoid controversy. Speculateurs are currently buying cocoa for \$0.60/lb. The cooperative buys from members and non-members for the same price. Some members suggest that it would be advantageous to the cooperative to buy from non-members at a slightly higher price.

At one point the exporters offered to buy cocoa from the cooperative at \$1/lb. MEDA advised selling, but the cooperative decided against this move to maintain their relationship with MEDA.

There is some discussion among members as to whether the cooperative (dividend included) offers a price advantage over the speculateurs. The question arises in relation to the cooperative's drying and sorting requirement. The cooperative suffered an initial loss due to its purchasing wet cocoa. Since that time they require that the cocoa be well dried and sorted. Their loss is now minimal. The speculateurs' purchase price varies according to how well dried and sorted the cocoa is. Some members are uncertain that with the reduction in weight due to the drying and sorting, they are getting a better deal from the cooperative. Some think that for less work they can do just as well if they sell to the speculateurs. Members agree, however, that the cooperative's importance lies in keeping the cocoa price high. Before the cooperative started the speculateurs were paying \$0.50/lb.

Some cooperative members sell cocoa to the speculateurs. This is said to be due to lack of understanding of how the cooperative works on the part

of some. Others have loan obligations with the speculateurs. Some others do not wish to wait until their cocoa is dry to sell it to the cooperative.

Some members wonder why the price of cocoa does not continue to rise, since other crops and their cost of living is rising. Some members have the idea that MEDA sets the cocoa price. Others understand that the world market price is the determining factor. Members indicate that in 1978 the price of cocoa was \$1.40/lb., but later the price fell and has not come close since.

The cooperative received its first dividend in November 1984 and the first part of their second dividend in February 1985. Some members do not understand how the dividend is calculated and why they have not received full payment on their second dividend.

Extension

The extension agents participated in a seminar conducted by MEDA's regional agronomist. The seminar was open to all; 29 people participated. Afterward a test was administered. The 4 top scorers were chosen to be the extension agents. The agents indicate they work 6 days/week, 8 hours/day.

The agronomist has trained work crews in the proper techniques to be used in pruning cocoa plantations to increase yields. Members are permitted to pay for this service out of their dividend payments. Each extension agent works with one of these crews. One crew member complained that not enough people are requesting this service. He has not had work since February. While someone countered by saying this work is seasonal, the crew member indicated that the season ends in April, not February. The extension agents indicate that people are generally interested in increasing cocoa production through better maintenance of their cocoa plantations. There are some farmers, however, who cannot afford to have the pruning work done. There is

some debate on this point. Some think the problem is lack of confidence in the technique; others say it is a lack of funds.

The extension agents show farmers how to prepare poison for rat control. They work with all interested area farmers on rat control rather than just members due to the nature of the problem. People are interested in rat control but indicate that the work needs to be more extensive to be effective.

The area also has problems with woodpeckers and bats eating cocoa pods. The woodpecker problem is particularly serious. People know of no good solution for this problem. The cooperative has recently begun a program whereby they pay children a few cents for each dead woodpecker. It is too early to say whether this will help.

People are interested in having access to cocoa seedlings through the nursery. The land is well suited to increased cocoa production and many people are said to have land available to plant. The nursery is just getting started.

People appreciate the services of the coordinator and agronomist. They would, however, like to have a permanent technician stationed at Dame-Marie to work with them.

The extension agents will conduct study sessions with members to educate them about the principles and functioning of a cooperative. At the moment the agents are receiving this training from the CNC representative at Anse d'Hainault. According to the president, ordinarily, before people can join a cooperative, they must participate in a three month study period. In order that the cooperative start functioning as soon as

possible, however, this phase was postponed. It has resulted in there being many members who do not understand the concept of a cooperative.

The extension agents travel on foot in the course of their work. This is tiring and time-consuming. They have requested transportation from MEDA. MEDA discussed giving each of them \$200 to purchase a mule, after which it would be their responsibility to maintain the animal. They are interested in this proposal and are awaiting feedback from MEDA.

Discussion

The cooperative appears to be dominated by its leadership. While this leadership is sophisticated and able to keep the cooperative functioning smoothly and at a profit, democratic process is lacking. The rush to get the cooperative set up and functioning, without first establishing a solid foundation of knowledgeable members prepared to participate in leadership appointments and ongoing decision-making, is in large part responsible for creating this situation. While this matter is now being addressed through cooperative education, it is more difficult to arrive at democratic participation once a precedent of control by a few is already established.

The president's member selection practices place an inappropriate restriction on membership. It easily lends itself to discrimination against the less sophisticated small farmer. A more equitable approach would be to require all candidates to participate in a training course before they are admitted to membership.

The cooperative's dual pricing system for members and speculateurs is not in the best interest of the cooperative. This practice creates two classes of membership and promotes divisions within the cooperative. The cooperative should establish one price for all members. It should begin to develop

consciousness of the need to adopt practices which promote unity rather than disharmony among the membership.

The relative advantage of the cooperative's buying only well dried and sorted cocoa needs to be clarified. The Hershey Company is purchasing Sanchez quality beans; overly rigorous sorting may result in the loss of income to the cooperative. The Hershey Company has noted the problem of oversorting at Dame-Marie in August 1984 and at Grande Riviere in January 1984. Thorough drying on the other hand should result in minimal loss to the cooperative. Perhaps a Hershey's representative could be called in to study the situation and confirm acceptable standards.

It is likely that people are reluctant to prune their cocoa plantations both for reasons of finance and lack of understanding of the benefits of pruning. As the project continues people should be more disposed to pruning because they will see the results demonstrated. Caution should be exercised not to place too great an emphasis on the pruning of older trees, however, as heavy pruning of these trees increases yields for only one to two seasons.

The cooperative is seeking a solution to its woodpecker and bat problems. Perhaps a Hershey's expert could be called in to study the problem and propose suitable interventions.

Members lack a clear understanding of MEDA's role and the dividend payment system. These matters need to be clarified; they should be incorporated into the training package.

ANSE D'HAINAULT

History

The Anse d'Hainault cooperative was established on July 30, 1984 for the purpose of regenerating cocoa plantations and improving selling conditions in the area. There has never been an agricultural cooperative here, but people had some awareness of cooperatives because the FAO established a fishing cooperative at Anse d'Hainault. The MEDA regional coordinator came to Anse d'Hainault and talked with several people about forming a cooperative. Later a general meeting attended by 35 people established the cooperative.

Membership

The cooperative currently has 127 members. Twelve members are women, the rest are men. It was suggested that men are over represented because they are more likely to farm the cocoa plantations, have greater need and are better informed than are women. Four families have more than one member in the cooperative.

Member recruitment has not been difficult. The receipt of dividends is a primary motivating factor. It is estimated that the average member holds 2½ to 3 hectares of cocoa. The smallest holding is about ½ hectare. The middle range is 3 to 4 hectares, and the largest holdings range from 10 to 20 hectares of cocoa. Approximately 25% of the membership does not have land in cocoa production at this time. Their interest in membership is to have access to seedlings from the nursery so that they can start plantations. While at the present time the emphasis of the nursery is to provide replacement seedlings for existing plantations, it is hoped that in the future it will provide seedlings for new plantations.

Cooperative membership is open to all agriculturalists who pay their entrance fee and share capital. The usual member is a cocoa planter. The only people ineligible are those who have criminal records.

The cooperative requires that members pay their \$1 entrance fee at one time. The minimum \$5 share capital may be paid in installments. The payment of share capital is difficult for some people. Installment payments make this easier. Once a member has paid half of the minimum share capital he is eligible to receive dividends. People are motivated to pay the rest of the minimum share capital and more (some have paid up to \$50) for the sake of the interest.

The advantages of membership are said to be:

1. Dividends
2. Extension services, especially pruning
3. The reserve fund
4. The education fund
5. Contingency or emergency funds
6. Interest on share capital
7. Access to cocoa seedlings

All 12 of the speculateurs in Anse d'Hainault are cooperative members. This represents 100% of the speculateurs but only 9% of the cooperative's membership. All the speculateurs but one were involved in the formation of the cooperative. The one was absent at the time of the cooperative's formation. The speculateurs have joined the cooperative for the economic advantage membership gives them. It was noted that membership is more advantageous for the small rather than the large speculateur. The dividend payment represents a kind of forced savings which provides the capital from which the speculateur can purchase more cocoa. If the speculateurs sell their cocoa

to a large speculateur or exporter they do not have this advantage. The arrangement speculateurs have with exporters is that the exporters lend them money for purchases at the beginning of the year and settle accounts at the end of the year. There are two large speculateurs who are cooperative members, the rest are middle and smaller speculateurs.

Organization

There is a general business meeting of the cooperative the second Sunday of the month. An educational meeting is held once per week for members and for those who are interested in becoming members.

The founding members decided who the officers should be. Elections are to be held every two years, but an individual may have his office revoked if he is not performing his duties satisfactorily.

<u>Officer</u>	<u>Profession</u>
President	<u>Speculateur</u> , planter
Vice-President	Tax Officer, planter
Secretary	Planter, OPRODEX representative
Treasurer	<u>Speculateur</u> , planter
President/Surveillance Committee	Notary
Three Counselors	Planters

Functioning

The cooperative buys cocoa from simple members for \$0.60/lb. and from speculateurs for \$0.65/lb. An advantage is given to the speculateurs because they buy and need to prepare the cocoa before selling it to the cooperative. The cooperative generally buys only well dried and sorted cocoa. Non-members do not sell to the cooperative, probably for this reason.

There is some controversy over the requirement that the cocoa be well dried. The sorting was initially something of a problem, but now people are doing it without difficulty. The cooperative has been accepting cocoa that is less than well dried from some members. Other members, especially the speculateurs who bring in well dried cocoa, would like the cooperative to pay a reduced price for wet cocoa. The president argues that to introduce differential payment has the appearance of cheating or favoritism. (In fact the favoritism charge could be applied to those who are allowed to bring in wet cocoa.)

Wet cocoa weighs more, therefore the price is higher. Wet cocoa also costs the cooperative more because it requires additional labor for it to be dried. Both issues affect dividends. Some people feel that the cooperative should not be too rigid on the drying issue because some members lack adequate drying area to prepare their cocoa.

It was suggested that the cooperative could provide a drying service for members who do not have drying areas. This idea was rejected by the coordinator who indicated that the cooperative does not give credit. He further informed the members that MEDA is willing to pay half the price for small groups to jointly build drying areas.

It was further noted that some members, who cannot sell their cocoa to the cooperative because it is too wet, sell it to the speculateurs. Speculateurs are buying wet unsorted cocoa for \$0.50/lb. and dry sorted cocoa for \$0.55/lb. The question was again raised as to whether, even with the cooperative's better price and dividend, one might not be better off selling wet unsorted cocoa to the speculateurs.

The president of the cooperative is confident that for the simple member selling dry cocoa to the cooperative and getting the dividend is advantageous. Larger speculateurs, however, are raising the question as to whether, after drying and sorting the cocoa they buy, they are getting a better deal through the cooperative. For the middle and smaller speculateur it is not so much an issue.

While all the speculateurs at Anse d'Hainault are cooperative members, they do not sell all the cocoa they buy to the cooperative. As noted, they sell unprepared cocoa to the large speculateurs. Since the cooperative does not advance them funds to buy cocoa, they continue to deal with the exporters who do. Thirdly, the cooperative's revolving loan fund is not large enough to purchase the volume they could potentially bring in. While the speculateurs' business is important to the cooperative it is the business of other members which sustains it during the peak harvest seasons. During the slack seasons the business of the speculateurs is more important.

There are six cooperative members in training to become extension agents. In December they spent two days at Dame-Marie learning pruning techniques along with the Dame-Marie extension agents. The Dame-Marie agents are now studying cooperative principles and functioning with them at Anse d'Hainault. These sessions are being conducted by the CNC representative. Interested cooperative members are also participating in these sessions. In January they followed a pruning practicum with the pruning teams. In April they started work on the nurseries. They have all volunteered for this training; the cooperative asked that there be a volunteer from each rural section. The trainees are impressed with the demonstration gardens. They think the gardens will encourage people to have the pruning done on their plantations. Five members have already had this work done.

The cooperative finds that its management committee lacks management skills. They would like CNC to conduct a seminar for them in this area. The cooperative also is lacking in office supplies, a calculator and typewriter. They are renting their current facility but would like to build their own. They would like to set up a chocolate making operation for local consumption. They are interested in a grain storage project. They would also like the cooperative to buy coffee and have a decorticator. Some people expressed an interest in making flour out of breadfruit. Breadfruit bears well but there is no way of conserving it.

Discussion

The current cooperative membership was not involved in electing the leadership nor are there indications of popular involvement in decision making. The training being conducted by the CNC representative should, however, better orient members to democratic process.

Cocoa drying is an issue which needs further study. Cocoa quality acceptable to Hershey but not higher should be verified and standardized. To avoid conflict and in the interest of fairness the cooperative should have the same quality expectations of all members. As stated for Dame-Marie the cooperative should purchase cocoa at the same price from all members.

CHAMBELLAN

History

The Chambellan cocoa cooperative was formed in March 1984. In January 1984 MEDA representatives came to Chambellan and discussed the idea of forming a cocoa cooperative with PDCC staff. Later 4 people from Chambellan visited the Grande Riviere cooperative. After this a general meeting, attended by about 200 people, was held at Chambellan to discuss setting up a cocoa cooperative. Follow-up meetings established the cooperative's structure. The cooperative is now independent of PDCC.

Membership

The cooperative currently has 179 members both men and women. The goal of the cooperative is for all area cocoa producers to become members. They realize, however, that some people are restricted from membership because they cannot afford to pay the minimum share capital required, even if it is paid in installments. All current members are people from Chambellan, who either own or rent land planted in cocoa.

Some of the residents in the Chambellan area are not from Chambellan. They settled here in 1965 after hurricane Flora caused serious damage to their community, a rural section in the area of Cayes. These people account for the majority of the approximately 30% of the population in the area who do not hold any land.

The majority of cooperative members are small planters with $\frac{1}{4}$ to $\frac{1}{2}$ carreau planted in cocoa. A few have medium size holdings-2 to 4 carreau. Large planters have 10 to 15 carreau in cocoa. Husbands, wives and adult children hold independent membership because they have separate land.

The qualification for membership is that one have land, either owned or rented, planted in cocoa, or that one intends to plant cocoa. All the members of this cooperative were already members of the cooperative established by PDCC.

The advantages of membership are said to be:

1. Working together for a common purpose
2. Improvement in members' economic circumstances
3. The timing of the dividend payment functions as a type of credit.

Eight speculateurs are cooperative members; all are also large planters but small scale speculateurs. They find that they derive greater benefit from the cooperative than from the exporters. They also join because they have greater confidence in the cooperative and because they wish to support community progress. There are 10 other speculateurs who are not members. They were, however, invited to join and attended the cooperative's first meetings. They had wanted MEDA to advance them funds to purchase cocoa, as the exporters do. When they realized that MEDA would not do so, they lost interest in membership. It is also said that they are influenced by the exporters not to join. In addition to the 18 speculateurs who live in Chambellan, there are about 20 others who come to buy cocoa here every Thursday, market day.

There is general interest in joining the cooperative. There has been no loss of membership. The dividend payments are a strong encouragement. Membership jumped markedly after the first dividend payment. There are some people who do not wish to devote the required amount of study time to it. Others are still adopting a wait and see attitude before joining. In the past people participated in activities that failed; they are now more cautious. The entrance fee and share capital requirement prevents many people from joining.

It is estimated that only 10% of the people in the area can meet this requirement without difficulty.

The cooperative requires that the entrance fee be paid at one time. The share capital can be paid in installments. Individuals are not eligible to receive dividends until they have paid all of the \$5 minimum share capital. Once they have paid this amount, however, they can receive full dividends on all the cocoa they have sold to the cooperative since they joined, if this occurs within a 6 month period. If the share capital is not paid within 6 months, the dividends are lost.

Organization

The cooperative held an election of officers in April 1984. At that time the cooperative had 89 members. The vote was conducted by secret ballot. There is an election for 1/3 of the officers each year. Officers can be re-elected to their posts.

<u>Officer</u>	<u>Profession</u>
President	Farmer, tailor
Vice-President	Farmer, tailor
Secretary	Farmer, animal raiser
Treasurer	Farmer, tailor
President/Surveillance Committee	Farmer
Surveillance Committee Member	Farmer
Surveillance Committee Member	Farmer, musician

The president, vice-president and secretary are also extension agents for PDCC. Additionally, 2 members of the surveillance committee were trained by PDCC.

The cooperative holds a general business meeting on the last Saturday of each month. Decisions are made by vote of the membership. Members are asked to participate in study sessions once per week for a 3 month period. These sessions are conducted by the PDCC and cooperative extension agents.

Functioning

The cooperative currently buys cocoa for \$0.60/lb. It now buys only well dried and sorted cocoa. It suffered an initial loss due to buying less well prepared cocoa. It buys from non-members for the same price, although not many non-members sell cocoa to the cooperative. Speculateurs buy cocoa for \$0.60 as well, but do not exercise the same quality control.

The speculateur members sell their own dried and sorted cocoa to the cooperative. The less well prepared cocoa, that they purchase, they sell to the exporters. Members also sell their well prepared cocoa to the cooperative and the rest to the speculateurs.

Members indicate that the cooperative is responsible for cocoa selling at \$0.60/lb. Prior to the cooperative's existence speculateurs bought cocoa for \$0.30 and \$0.40/lb. In April and May 1984 the speculateurs began purchasing cocoa for \$0.90/lb, while the cooperative was buying cocoa for \$0.60/lb. The cooperative called a general meeting of the membership to discuss the situation. They decided not to sell to the speculateurs.

The extension agents began their work in October 1984. All are cooperative members. They were selected from candidates who participated in the MEDA sponsored seminar at Dame-Marie. The agronomist and regional coordinator evaluated the candidates and made the selections. The agents found the seminar to be informative.

The extension agents work from Monday to Saturday. Sometimes they visit community councils on Sundays to talk about the cooperative. They travel on foot. Some of their contacts are 3 to 4 hours away. When the rivers rise they are sometimes prevented from returning home and must sleep out. The agents have family responsibilities and would be interested in receiving raises.

The biggest problem the extension agents see in the cocoa plantations are rats and woodpeckers. Woodpeckers are more serious. The cooperative is paying children \$0.04 for each woodpecker they kill. The cooperative makes rat poison available. Additionally, some people lack the financial means to maintain their cocoa plantations. Harvests are not good due to too much humidity and shade. Pruning will be done in December, January and February according to seasonal requirements. Pruning crews have been trained, both members and non-members have requested this service.

The cooperative is interested in starting new cocoa plantations. Members indicate that the area is well suited to cocoa production, and that people have land they would like to plant in cocoa. Before hurricane Hazel hit in 1954 this area produced more cocoa than Dame-Marie. Since that time it has been hit several times by hurricanes. People are hopeful that Chambellan can rise to its former level of productivity. PDCC has been supporting this activity.

The cooperative is interested in buying coffee. Many members of the cocoa cooperative have more land in coffee than in cocoa. They would like to have a meeting place; they now meet at a private home. They would also like to have a cooperative drying area. They are also concerned that their transport costs are high. They pay \$1.20 per sack to transport cocoa to Jérémie and another \$1.20 per sack for boat transport to Port-au-Prince.

The cooperative pays a manager to buy cocoa for them. They pay him \$1 per sack. The cooperative's first manager was negligent in his duties; the cooperative suffered some loss as the result. The membership, therefore, decided to fire this manager and hire another. The new manager is working well.

The cooperative wishes to be as knowledgeable as possible about their operation. For this reason they would like MEDA to inform them monthly of the world cocoa price, not just at the time of dividend payments. They would also like to have other details monthly from MEDA such as quantity sold, freight charges, other expenses and dividend calculations.

Discussion

The Chambellan cooperative is more oriented to democratic process than are some of the other MEDA sponsored cooperatives. This reflects positively on the prior work of PDCC. MEDA was fortunate in being able to build upon this foundation.

The dividend arrangement in relation to installment paying of share capital seems equitable. This arrangement might be suggested to the other cooperatives.

The issue of how many people are prevented from joining the cooperative because they cannot afford the minimal share capital investment merits some research. It would be important to know what the nature of the financial constraints are, as well as potentially how much cocoa these people are likely to sell to the cooperative. If it would be advantageous to the cooperative to include these people as members, perhaps interventions can be designed to facilitate their access to membership.

Given the area's history and suitability for cocoa production, an emphasis on starting new plantations seems appropriate. Since the area is often struck by

hurricanes, however, if possible, emphasis on planting should also include hurricane protection strategies such as windbreaks.

APPENDIX

Prioritized Cash Crops

Grande Riviere

cocoa
coffee
beans, corn, plantains
oranges
labapain
coconuts
taro
yams

Milot

coffee, cocoa
yams
plantains
oranges
sweet potatoes
beans
corn
taro
labapain
sugar cane
breadfruit

Ti Bouk

cocoa
coffee
yams
plantains
malanga
rice
sugar cane
corn

Dame-Marie

cocoa
coffee
beans
corn, rice
malanga
yams
peanuts
manioc
millet
sugar cane
coconuts

Anse d'Hainault

coffee, cocoa
rice, corn
beans
ginger
yams
malanga
bananas
millet
peanuts
sweet potatoes
manioc
cotton
breadfruit
grapefruit
oranges
limes

Chambellan

coffee, cocoa
corn
beans
malanga
rice
coconut
grapefruit
oranges
limes
yams
sweet potatoes
plantains
mazambel
breadfruit

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