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AGRICULTURAL COOPERATIVE  
DEVELOPMENT INTERNATIONAL

A . C . D . I .

FINAL REPORT

CONTRACT No. 511-0543-C-00-4217

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REPORTS ISSUED DURING CONTRACT PERIOD

The following are Progress Reports that were issued during this contract:

July 7	-	September 30, 1984
October 1	-	December 31, 1984
January 1	-	March 31, 1985
April 1	-	June 30, 1985
July 1	-	September 30, 1985
October 1	-	December 31, 1985
January 1	-	March 31, 1986

## INTRODUCTION

The purpose of the Chapare Integrated Rural Development Project is to modify and improve the agricultural and forestry production system of Chapare farmers (i.e. located within a vast subtropical rainforest in Central Bolivia containing approximately 422.000 hectares with 12.000 farm families) through three major components: 1) agricultural and forestry production, 2) agroindustrial development and marketing, and 3) project administration - institutional development.

The objective of the ACDI Contract was to work in the area of credit and cooperative development, and assist the Secretaría de Desarrollo del Trópico Boliviano (SDTB) in cooperative development and similar tasks which are related to the Chapare Regional Development Project.

The scope of work of the ACDI advisor was:

- Assist the SDTB at all levels in the planning and implementation of credit and cooperative development activities in the Chapare project area.
- Advise assigned counterparts on the content and focus of community organization activities in the project area.

- Assist in the coordination of the credit, cooperative development and training elements of the Chapare Project.
- Act as overall team leader advising, directing and coordinating the activities of the short-term technical assistance, associated with community organization matters.
- Work closely with farmers' associations to institute social savings and lending practices, including criteria for delinquency and default.
- Establish, in coordination with SDTB personnel, credit guidelines for dealing with transaction and administrative costs.
- Formulate arrangements between private enterprise and producers, which assure the entrepreneurs of timely delivery of commodities which meet the required quality and quantity specifications while also guaranteeing the farmers a fair price for their products.
- Call attention to any action the specialist considers detrimental to the success of the credit, cooperative development and training elements of the Chapare Project.

- Participate in project evaluation(s).
- Assist in the development of small scale agroindustries in the Chapare, and
- Act as liaison between Chapare farmer groups and Instituto Boliviano de Tecnologia Agropecuaria/Chapare (IBTA/Chapare) to facilitate transfer of farming system technologies.

The responsibilities of Agricultural Cooperative Development International (ACDI) as contained in the contract were:

- Administrative support, including accounting and payroll functions.
- Technical support, including consultation and the requisition of technical information and materials.
- Periodic field supervision and performance evaluation.
- Periodic review of the progress of the contract with the client.
- Act as liaison between the United States cooperative movement and ACDI field staff, as it concerns specific Chapare Project activities.

- Give immediate attention to abnormal events and conditions in the course of the contract.

In fulfillment of the above listed scope of work, the advisor was involved in many activities during his 24 month assignment in Cochabamba, Bolivia. The various quarterly reports provide specific details and progress reports on each activity. The following sections attempt to sum-up and give a brief run-down on each of the activities.

As regards ACDI, the central office provided the technical backstopping, encouragement, procurement and forwarding services and the necessary financial support for the advisor in the field. Through periodic phone conversations and correspondence with the advisor, the head office stayed in touch with the advisor, additionally, the ACDI Project Officer for Latin America visited Bolivia 3 times during the two year life of project and was able to visit the Chapare region on at least two occasions.

I. SMALL SCALE AGROINDUSTRIES

1. BEEKEEPING

With a \$us.5.000.- Grant from ACDI's Development Fund and project development funds from USAID, the ACDI advisor implemented a Beekeeping Project with farmer members of the Cooperativa Agropecuaria Multiactiva "Nueva Canaan" Ltda. and other organizations and individuals. This project consisted of:

- Technical assistance to all farmers that showed an interest in beekeeping.
- Building beekeeping equipment in the Chapare to create a small scale farmer owned industry.
- Construction and equipping a honey processing plant where farmers filter, bottle and commercialize their production.
- Construction of a beekeeping supply store and warehouse where Chapare farmers purchase and assemble beekeeping equipment.

- Administrative and accounting instruction enabling the cooperative to gain experience in how to manage a cooperatively owned business. This instruction was designed so that it would help the cooperative manage the beekeeping project, as well as other small scale agroindustries the cooperative might desire to start in the future.

#### RECOMMENDATIONS

The Instituto Boliviano de Tecnologia Agropecuaria/Chapare (IBTA/Chapare), should initiate beekeeping training courses in the Chapare. The Instituto Tecnico Agricola Canada in Chimore has shown an interest in having it's students receive training in beekeeping.

The IBTA/Chapare should establish two apiaries, one in the "La Jota" Experimental Station and another in the "Chipiriri" Experimental Station. Using these two apiaries as a base, IBTA/Chapare would be able to conduct training courses for their employees and Chapare farmers.

USAID/B. should fund these beekeeping activities thru the Secretaria de Desarrollo del Tropico Boliviano (SDTB) on a grant basis.

## 2. TEA PROJECT

Six years ago, the Corporación Regional de Desarrollo de Cochabamba (CORDECO) initiated a project to stimulate Chapare farmers to grow tea. At that time, CORDECO promised to build and open a tea plant in Senda B., Chimore and to purchase green tea from the farmers, process and market the tea. Based on these promises Chapare farmers planted approximately 50 hectares of tea in the areas of Chimore, Valle Ivirza and Villa Tunari approximately six years ago.

Unfortunately, CORDECO did not put the tea plant in operation until 1985, seven years after they had promised to do so. Because of this, the farmers had lost approximately 5 years of their tea production. In some cases, the tea growers continued to maintain their tea plantations by picking and pruning their tea plants and discarding the production, as they had no place to market green tea leaves. In most cases the tea farmers abandoned the plantations. The tea plants grew into large trees, which made it impossible to pick and obtain production on a commercial level without substantial rehabilitation expense and work.

In May of 1983, The ACDI advisor (under a previous contract) accompanied three Chapare tea growers from the Cooperativa Agropecuaria Multiactiva "Nueva Canaan" Ltda. to Santiago Sarumpini in the Yungas of La Paz, so that these farmers could learn how to cultivate, process by hand and market their tea production, using appropriate technology. In doing this, the Chapare tea growers were able to start selling their tea immediately.

An agreement was made with the farmers of Santiago Sarumpini to work for them in all aspects of tea cultivation, processing and marketing without pay, if they would teach us all facets of tea production. They agreed to this, and three days were spent in Santiago Sarumpini learning how to cultivate, harvest and hand rub tea. During our trip to the Yungas we also visited two modern tea processing plants in Chimate and Caranavi to learn how mechanized tea processing plants function. Upon our return to La Paz, the tea installation owned by Hansa Ltda., where they blend and package tea for the consumer market, was visited.

The three tea farmers promised that upon returning to the Chapare, they would teach other farmers, that were interested in growing tea, what they had learned. A representative of Hansa Ltda. also accompanied the group. This company is interested in purchasing high quality, hand rubbed tea from the Chapare, as well as the Yungas of La Paz.

Upon returning from the Yungas, approximately ten tea growers rehabilitated their tea plantations, hand rubbed, packaged and sold their tea locally in the Chapare and in Cochabamba.

However, the technicians from the Republic of China working with CORDECO, did not want the tea growers to learn how to process tea by hand, as they expected the farmers to sell all of the green leaf production to the tea plant when it finally opened.

In 1985, CORDECO opened their tea plant and offered to purchase green tea leaves from Chapare tea growers. The ACDI advisor participated in negotiations between CORDECO and Chapare tea growers, so that farmers would receive a fair price for their tea production.

The SDTB and the ACDI advisor have been exploring the possibility that CORDECO sell the tea plant in Chimore to Cooperativa Agropecuaria Multiactiva "Nueva Canaan" Ltda. This would alleviate the problems CORDECO has been having in dealing with the Chapare tea growers. The farmers are complaining that CORDECO does not pay them upon delivery of their tea, and that the price being paid is not adequate, due to the continual erosion in value of the Bolivian peso. CORDECO, for this and other reasons, has not been able to stimulate Chapare tea growers to deliver enough green tea to keep the plant running on a continual basis.

#### RECOMMENDATIONS

- USAID should continue to support the efforts by Chapare tea growers to purchase or rent the CORDECO tea plant. On the outset the farmers would prefer to rent and not purchase the tea plant, as they are not certain that it would be an economically viable business.

- The IBTA/Chapare should design and implement an up-dated technical package for tea cultivation in the Chapare and provide technical assistance to tea growers on a continual and sustained basis.
  
- SDTB should design a credit program specifically for tea growers, so that they can rehabilitate existing tea plantations and expand the number of hectares under cultivation, once the processing and marketing aspects of tea growing are resolved.

## II. LARGE SCALE AGROINDUSTRIAL PROJECTS

### 1. INDUSTRIA MADERERA DE PRENSAJE Y AFINES (IMPA)

The Chapare Integrated Rural Development Project includes funds (PL 480) to finance large scale agroindustrial projects, which would involve large numbers of small farmers and/or create employment opportunities. The only project that has been funded to date is Industria Maderera de Prensaje y Afines (IMPA). This project involves the production, harvesting and marketing of secondary growth wood by Chapare farmers to IMPA, which will convert this raw material into pressed wood to be used in furniture, housing construction, etc.

### RECOMMENDATIONS

If the Chapare farmers are to realize a benefit from this project, IMPA should, with the cooperation of SDTB, immediately:

- Work closely with Cooperativa Agropecuaria Multiactiva "Nueva Canaan" Ltda. in helping them obtain a tractor and cart to haul wood out of each individual farm plot. IMPA has promised the cooperative leaders that it would act as co-guarantor to help the cooperative purchase a tractor and cart, and most recently, IMPA has stated that it will obtain the tractor and cart and make it available to the farmers in the form of a loan. The

loan will be paid off by deducting monies from the sale of wood from the farmers to IMPA.

- The Cooperative and IMPA should work out a logistical calendar for picking up wood in Chimore and help the cooperative set up accounting records for their business with IMPA.
- The cooperative, with IMPA's advice, should start selecting approximately one hundred and thirty farmers needed to fill the 8.890 m<sup>3</sup> contract with IMPA. This will require promotional meetings among the cooperative members. IMPA can play a key role in this process, in order to gain the confidence of cooperative members and establish a mutually beneficial business relationship.
- In order for the cooperative members to sell wood to IMPA, they will have to clear a path into their property, wide enough to accomodate the tractor and cart, so that the wood can be hauled out to the "Senda" where it could be picked up by large IMPA trucks for transport to Cochabamba. In some cases, small fords or wood bridges will also have to be built. It is imperative that these paths and bridges be built as soon as possible by those

farmers selected to participate in this project, if not, the lack of access to the interior of farmer plots will result in a transportation bottleneck.

- The cooperative and IMPA should establish a maintenance program and schedule for the cooperatively owned tractor and wagon.
- A training course will have to be provided to specific cooperative members on how to drive a tractor and maintain it properly.

The following are the large scale agroindustrial projects that are at various stages of development, approval and funding:

- Manufacture of conglomerated wood,  
executed by: Industria Maderera de Prensaje y Afines,  
(IMPA)
- Hog fattening project,  
executed by: Agropecuaria Copacabana
- Installation of the yuca flour plant for breadmaking,  
executed by: Ing. Carlos Cosio M.

- Fish and duck project  
executed by: Sociedad Nueva
  
- Industrial complex in Puerto Villarroel,  
executed by: Carlos Velasco Cuellar
  
- Plywood factory,  
executed by: Fábrica Nacional de Fósforos
  
- Industrialization of cellulose,  
executed by: Quimbol - Chacel

## 2. RECOMMENDATIONS FOR SMALL AND LARGE SCALE AGROINDUSTRIES

The institutions involved in the Chapare Integrated Rural Development Project should establish direct relations with the farmer federations, cooperatives, associations and individual farmers to institute specific crop related agroindustries. In many cases these farmer groups will need training in administration, accounting, marketing and technical training, and backstopping to improve yields, quality and availability of the particular item.

In addition, the levels of coordination and cooperation should be improved, so that viable small scale agroindustries can become a reality in the Chapare region. It would be very helpful if monthly meetings were held at the SDTB regarding the identification of agroindustrial projects, farmer training, project formulation, funding and implementation. A more efficient system for approving and funding agroindustrial projects is needed as well.

### III. FARMER LOAN PROGRAMS

One of the components of the Chapare Integrated Rural Development Project is farmer credit. The only intermediary credit institution that has shown an active interest in making loans in the Chapare region has been the Banco de Cochabamba. The ACDI advisor and his counterpart at the SDTB have contacted all intermediary credit institutions in the Cochabamba area on various occasions, explaining the project's credit program. None of these institutions is actually making loans in the Chapare region at the present time, other than the Banco de Cochabamba.

As of March 31, 1986 the Banco de Cochabamba has requested US\$ 349.600.-, and received only US\$ 264.650, equivalent to Bolivian Pesos 260.157.000.000.-.

Of the amount received the Banco de Cochabamba has made the following loans:

LOANS MADE IN US DOLLARS

Name	Amount Approved	Investment Expenses	Production Expenses	Terms	Guarantee
Jorge Cortez	8.437.00	7.698.00	739.00	6 years	Mortgage
Leoncio Ramos	7.974.56	7.081.70	892.86	2 "	"
Sabino Choque	7.938.84	7.045.98	892.86	2 "	"
Juana Padilla	1.693.00	1.254.73	438.27	3 "	"
Valeriano Montaño	4.222.00	4.222.00		3 "	"

RECOMMENDATIONS

The PL 480 Secretariat should institute strict controls to avoid the decapitalization of funds being held by intermediary credit institutions in Bolivia. The problem of decapitalization results when the official rate of the Bolivian Peso varies from the parallel rate, causing a reduction in a purchasing power of monies being held by the financial institutions.

The financial institutions should receive loan funds in US Dollars and/or be allowed to convert Bolivian pesos into US Dollars, to avoid the problem of decapitalization of Bolivian peso accounts.

It is probable that the financial institutions receiving funds in Bolivian pesos from PL 480, are already converting these pesos into US Dollars to protect themselves from devaluations, but when the devaluation finally occurs, the financial institutions claim they have suffered a loss, and request more funds from PL 480 to make up for the loss in purchasing power of the peso accounts. This may create a situation where the financial institutions obtain windfall profits.

If the PL 480 Secretariat would formally recognize the fact that the financial institutions are no doubt already converting PL 480 peso accounts to US Dollars, this would obviate the need to recapitalize these peso accounts. In other words, the PL 480 Secretariat would authorize the financial institutions to do what they are already doing. By formally recognizing this the financial institutions could not claim a loss of purchasing power in Bolivian peso accounts. This action could result in a savings to the PL 480 Secretariat.

The Banco de Cochabamba should use its own employees to make loans in the Chapare. They are currently using an employee of the Banco Agrícola, who is charging Chapare farmers a fee for each loan processed. PL 480 is already paying the Banco de Cochabamba to perform this service and Chapare farmers should not have to suffer increased transaction costs to obtain a loan.

Furthermore, the PL 480 Secretariat, the SDTB and the Banco de Cochabamba should resolve all the outstanding issues that are causing the Banco de Cochabamba to restrict its loan making activity.

At the present time the Bank is only making loans to Chapare farmers that can offer a valid lein on real estate owned outside of the Chapare region. This has caused the bank to limit loan making to a select few Chapare farmers that are widely disbursed geographically.

#### IV. COMMUNITY ORGANIZATIONS

The Chapare farmers are highly organized as compared to farmers in other areas of Bolivia. Almost all farmers are members of a Federation, which is composed of "centrales" and "sindicatos" (communities). The two principal federations are the Federación Especial de Agricultores del Trópico (FEAT) and the Federación Especial Carrasco Tropical. FEAT has 33 centrals and 269 syndicates. There are 37,330 heads of households under this federation. Other federations are the Federación Especial de Agricultores de Chimoré (FEACH), Federación de Centrales Unidas, and the Federación del Chapare.

The federations basically serve social and political functions, and also mediate property disputes among Chapare land owners.

1. COOPERATIVA MULTIACTIVA TRÓPICO DE COCHABAMBA

In 1983, the Federación Especial de Agricultores del Trópico (FEAT), requested that ACDI advise the federation as to what would be the best mechanism to carry out development programs. The ACDI advisor suggested that the federation form a multiactive cooperative and to separate its activities from those of the federation, as the federation was basically political in nature and the cooperative would be developmental.

Based on this recommendations, FEAT formed Cooperative Multiactiva Trópico de Cochabamba on November 21, 1984. Currently, the Cooperative has 17.830 members (heads of households) with a possibility of expanding their membership to 37.330 members.

The services offered by this cooperative are:

- The sale of consumer items such as: sugar, flour, oil, sardines, soup, vermicelli.
- The sale of agricultural inputs such as axes, machete, shovels, picks, fumigators, chain saws, herbicides and fungicides.

The cooperative also has firm plans of:

- Selling portable saw-mills, and ricemills.
- Transportation, industrialization and commercialization of agricultural products.
- Offering health services and a mobile health unit.
- Housing construction.

As a long term project, the cooperative would like to open one or more hospitals in the Chapare. The cooperative is also administering a credit program in the amount of US Dollars 410.000 with 240 loans, and an average loan amount of US Dollars 1.708.-. They own an office and warehouse in Cochabamba on Calle Bolivar 0862.

The cooperative has financed all of its present activities without obtaining loans or grants from outside entities.

To become a member of the cooperative, a person must pay an initial cuota of US Dollars 50.- cash, and subsequent cuotas totalling US Dollars 200.-. The cooperative has already collected member capital in the amount of US Dollars 891.500.- to carry out its development projects.

The cooperative has applied for a \$us.20.000.- loan from the Banco de Cochabamba for the purchase of farm supplies and tools for re-sale to Chapare member farmers.

2. COOPERATIVA DE SERVICIOS AGROPECUARIOS "SANTIAGO CARRASCO  
TROPICAL

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The ACIDI advisor was able to establish relations with Sr. Asterio Camacho, President of the Cooperativa de Servicios Agropecuarios "Santiago Carrasco Tropical". The cooperative has its office at 723 Aroma, telephone 27399, Cochabamba, Bolivia. This cooperative presently has approximately 200 members, and is in the process of affiliating with the Federacion Especial Carrasco Tropical. If this union becomes a reality, the cooperative could potentially grow to 30.000 members (heads of households). The cooperative is interested in promoting the cultivation new crops, such as cardamon, macadamia, cacao, etc. among its members.

The other cooperatives and associations that the ACIDI advisor has been able to establish relations with are:

- Cooperativa "El Piñal"

Location: Mariposas, Chapare

President: Sr. Velasquez

- Asociación de Pescadores
  - Location: Puerto Villarroel
  - President: Jorge Ruiz
  
- Cooperativa de Ahorro y Crédito "La Victoria" Ltda.
  - Location: La Victoria, Chapare
  - President: Basilio Claros
  
- Cooperativa "El Samaritano"
  - Location: Nueva Canaan, Senda B
  - President: Emeterio Baltazar
  
- Cooperativa Agropecuaria Multiactiva "Nueva Canaan" Ltda.
  - Location: Nueva Canaan
  - President: Juan Gonzales

#### RECOMMENDATION

Given the magnitude of these cooperatives and associations, the PL 480 Secretariat, USAID/B., SDTB and IBTA/Chapare should make every effort to include these cooperatives and associations in Chapare Integrated Rural Development Project activities.