COOPERATIVE DEVELOPMENT PROGRAM
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ACRONYMS AND TERMS

CDP	Cooperative Development Program
CDP-R	Cooperative Development Program-Russia
Duma	Russian congress, similar to the United States House of Representatives
MAC	Mobilizing Agricultural Credit Program
NAMMS	National Partnership of Microfinance Market Stakeholders in Russia
National Project	The National Project is a Putin Administration initiative to support certain social/economic sectors including Agriculture and rural credit cooperatives
NSAU	National Special Audit Union- the amendments to the Law on Agricultural Cooperatives (Nov 2006) require that all Agricultural Cooperatives belong to a NSAU that will have self-regulating power and responsibility. A NSAU must have at least 40 SAUs as members
Oblast, Krai & Republics	Federal subjects, similar to U.S. states; there are 85 federal subjects in Russi
Raion	A region similar to a state county
RAL	Russian-American Lending Program administered by RCCDF
RCC	Rural Credit Cooperative
RCCDF	Rural Credit Cooperative Development Fund
Rosselkhozbank	State-owned bank, which serves as a conduit of the Government credit and finance policy in the agro industrial complex of the Russian Federation
SAU	Special audit union; under amendments to the Law on Agricultural Cooperatives (Nov. 2006) all Agricultural Cooperatives must belong to one SAU with a membership of at least 25
SME	Small and Medium sized enterprises
1st tier RCC	First tier Rural Credit Cooperatives are membership-based Credit cooperatives serving rural areas.
2nd tier RCC	Second tier Rural Credit Cooperatives serve 1st tier RCCs by providing lobbying, financial monitoring, additional financing and training and its members are credit cooperatives, not individuals
3rd tier RCC	Third tier Rural Credit Cooperative: this is the national-level credit cooperative established by leading 2nd tier RCCs; main function is to attract additional financing and to manage excess liquidity (savings) from regions that are successful in attracting more savings than needed towards regions that need additional loan funding
Union of RCCs	The Union of Rural Credit Cooperatives
USAID	U.S. Agency for International Development

EXECUTIVE SUMMARY

The ACDI/VOCA Cooperative Development Program (CDP) began on July 1, 2004 and included the countries of Brazil, Paraguay, Russia and the Washington, D.C. based Center of Excellence. All of these activities were continuations of the previous ACDI/VOCA CDP program that ended in 2004. The 2004 CDP program was intended to run for five years, but due to various extensions, the program concluded after six years on November 30, 2010.

Under CDP, ACDI/VOCA provided technical assistance and fostered local, national and international partnerships that helped rural cooperatives increase competitiveness, create employment opportunities and improve the overall socio-economic conditions of rural communities.

ACDI/VOCA used the resources of the program to promote a learning agenda to address issues in several areas articulated in the Cooperative Development Framework, these issues included:

1) Achieving scale and salience
2) Strengthening planning and information systems
3) Identifying principles of sound cooperative law and strategies to improve the legislative and regulatory environment; and
4) Identifying and introducing change strategies

While the strategy of the CDP program varied depending on the country i.e. the local enabling environment and cooperative culture and history, ACDI/VOCA was able to successfully promote and assist cooperative development both overseas and through the Washington, D.C. Center of Excellence.

RUSSIA (2004 – 2010)

Partnering with the Rural Credit Cooperative Development Fund (RCCDF), ACDI/VOCA managed a Russian-American lending program that supported improved access to financial resources and institutions for farmers. Under ACDI/VOCA's previous Mobilizing Agricultural Credit Program (MAC), ACDI/VOCA established a fund for financing agricultural credit cooperatives, which since 1998 has been successful in increasing the number of rural credit cooperatives (RCCs) 40 times over and membership by 162 times. As of July 1, 2007, through the efforts of MAC, CDP and the Russian Government National Project, there were over 136,000 members in 1,698 RCCs. In order to secure the future of cooperatives in Russia, CDP encouraged favorable legislation for agricultural cooperatives while strengthening a three-tier network of cooperative financial institutions, including a national credit cooperative and regional credit cooperatives. In particular, CDP focused on achieving a greater scale of financial assistance and strengthening support organizations such as the Training and Advisory Center, Union of Rural Credit Cooperatives and Special Union of Rural Credit Cooperative Auditors (Special Auditors' Union).

PARAGUAY (2004 – 2010)

The Cooperative Development Program in Paraguay focused on the institutional strengthening of agricultural cooperatives and producer associations. ACDI/VOCA provided hands-on advisory services at the local co-op level, while placing greater priority on targeting specific thematic areas deemed to be central to producer organization business success and sustainability. These areas included governance/member needs and enterprises' salience in communities and the marketplace, with the accompanying requirements of competitiveness and sustainability. Intensive training of members, management and leadership of client enterprises in the corresponding rights and responsibilities of each group, business planning and recommended business practices, internal controls, and the production and marketing of competitive products were features of this program. Technical assistance expanded opportunities for income generation for farmers and entrepreneurs along the entire food chain, emphasizing commodity specific, market-driven initiatives.

BRAZIL (2004 – 2006)

The Amazon region activity, supported under the Cooperative Development Program (CDP), focused on the sustainable development of agricultural co-ops. The program focused only on cooperatives with marketable products that would be readily available. In each locale, the program engaged all appropriate sources of support built around value chains such as Brazil nuts, dairy and ecotourism in a project consortium. Partners included mayors, chambers of agriculture and commerce, state secretariats of agriculture, development bank staff, agricultural and environmental NGOs and state-level co-op organizations. Under this program, ACDI/VOCA delivered formal programs in governance, member participation and control, and all aspects central to achieving salience in the community and competitiveness in the market. ACDI/VOCA advisers to the co-ops conducted intensive training activities while preparing realistic short-, medium- and long-term business plans and focusing on environmentally sound and cost-competitive production and handling of a high-quality product.

CENTER FOR EXCELLENCE (2004 – 2010)

With funding from USAID's CDP, ACDI/VOCA developed the Resources for Cooperative and Association Excellence in International Development website to highlight cooperative development achievements and demonstrate how cooperative development is integral to international economic development. As a repository for international cooperative development materials, the website is the first of its kind. It is accessible around the globe and enables economic development practitioners and scholars to share methodology, including best practices and lessons learned. Through its resource library, Profiles of Success case studies and videos, the website provides information from basic definitions of "cooperatives" and "producer associations" to commentaries on cooperatives' role in poverty reduction and enterprise development. For more information, please see ACDI/VOCA's Center of Excellence website, "Resources for Cooperative and Association Excellence in International Development". ACDI/VOCA also collaborated with other CDOs on the Enabling Environment, Cooperative Law and Regulation through the Organization of Cooperative Development Organizations (OCDC).

RUSSIA

INTRODUCTION

In the mid-1990s, there were no rural credit cooperatives and only a dim awareness that credit cooperatives had figured prominently in Russian history prior to the Soviet Period. Sovkhozes and Kolkhozes[1] had a long history of receiving centrally planned orders and low or no-interest loans that were frequently forgiven by the Russian Government; lending to agricultural enterprises of the Sovkhoz or Kolkhoz type was rightfully considered to be a high-risk activity. In the 1990s, as Russia dismantled its central economic planning system, individuals were stimulated by the State to enter into private farming; a movement led by AKKOR (the national farmers' association) began that promoted small private farming as opposed to collective farming that the State increasingly abandoned as funding for subsidizing state collective farming precipitously dropped.

The 1990s were a wrenching time for the agricultural system in Russia that had to adjust to a completely changed market system where state support for agriculture had practically been wiped out. Thousands of farm communities in Russia were slowly dying and many farm assets (dairy cattle, trucks, building materials even scrap metal) were sold off as these farms, typically with hundreds of people working or living on them, spiraled into decay. At the same time, a new class of rugged small and medium farmers, who had broken away from State farms or who had started farming from scratch, emerged. By the mid-1990s the first credit cooperatives were founded, typically by private farmers who realized that the State had no resources or will to finance farming and that commercial banks were weak, did not serve rural communities and were adverse to the perceived risks of lending to agricultural enterprises.

In such an environment, the first problem was to demonstrate that lending to private farmers through credit cooperatives was a good avenue to sound lending. Since 1999, the Russian American Lending Program (RAL) supported the growth of Russian rural credit cooperatives by leveraging up to 7.5 times the available lending capital in RCCs. The RAL Program did demonstrate that lending through credit cooperatives at commercial rates was effective as the RCC members did pay back loans with interest in a timely, profitable manner.

The Cooperative Development Program in Russia was preceded by the Mobilizing Agricultural Credit (MAC) project (1999-2003). This program established a self-sustaining fund for financing agricultural credit cooperatives and the creation of a network of user-owned democratically managed financial institutions. It also contributed to a better legal and regulatory environment. ACDI/VOCA and USAID, together with the USDA, jointly demonstrated that lending to Russian private farmers and rural entrepreneurs could be profitable and that farmers can borrow and repay loans at market interest rates.

The Russia Cooperative Development Program (CDP-R) was structured to achieve the following goal:

Project Goal: Support enhanced access to privately owned and managed financial resources (credit cooperatives) for private and restructured farms as well as for other rural businesses:

Objective 1: Achievement of scale and salience at the national and oblast levels.
Objective 2: Strengthened RCCDF and rural credit cooperative planning and information systems.
Objective 3: An improved legislative and regulatory environment for Russian rural credit cooperatives.

The implementation of CDP-R proved the feasibility of sustained lending to small farming units by privately owned and managed financial resources (credit cooperatives) and made a considerable contribution to the establishment and institutional development of the rural credit cooperative system in Russia, ensuring its steady functioning.

[1] State Collective farms

The process of rural credit cooperative development in Russia may be divided into four stages. The first (pilot) stage (before 1998) may be described as a period of setting up the first credit cooperatives within the framework of various international projects. It was a kind of testing stage for credit cooperatives that included evaluation of their viability, working out suggestions for the development of legislation.

The second stage (1998 – 2005) was a period of dissemination of pilot cooperative experience in other regions, the establishment of the RCCDF, the development of specialized legislation, the creation of regional rural credit cooperative systems, the formation of positive public opinion related to credit cooperatives. The second stage culminated in the establishment of a third-tier (federal level) cooperative and a third-tier system.

In this period some regions of Russia (Volgograd, Oryol, etc.) adopted regional-level laws, which made it possible for credit cooperatives to act in a more legitimate manner. Regional regulations played a crucial part in the regional cooperative development. In November 2005, significant amendments to regulate the specifics of establishment and activity of agricultural credit cooperatives were made to the Federal Law on Agricultural Cooperatives, such as:

- Determination of rights and responsibilities of credit cooperatives;
- Introduction of financial standards for cooperative activities;
- Mandatory membership of agricultural cooperatives in SAUs, which in their turn, as prescribed by the law, should establish a self-regulated organization of SAUs and be members thereof.

As a whole, the above amendments accumulated the highlights of regional laws and enabled credit cooperatives to operate on the basis of the federal law.

The third stage (2006 – 2008) was related to the adoption and implementation of the National Project, under which more than one thousand agricultural credit consumer cooperatives were set up, and substantial financial resources ($66.7 mln.[2]) were allocated via Rosselkhozbank from the federal budget for the purposes of refinancing of credit cooperatives, making it possible for Rosselkhozbank to become an associated member of credit cooperatives, partial subsidizing of interest rates on loans disbursed to cooperative members for production and processing of agricultural produce.

The fourth stage (2009 to present) is characterized by the increasing influence of global financial crisis on credit cooperatives, search for mechanisms to overcome the crisis, and stabilization of the microfinance market situation.

Financial crisis (2008) affected negatively the financial results of the entire RCC system. The following negative factors were the most essential:

- Early withdrawal of savings from credit cooperatives by its members;
- Russian and international investors reduced substantially resources available to refinance credit cooperatives and their apex institutes;
- Fast risk growth of loan portfolio of credit cooperatives, caused, on one hand by their size reduction and on the other hand, by growth of delays and failures to return loans by RCC members.

At the same time, the financial crisis "has bared" system drawbacks and errors ("bottlenecks") in the management of credit cooperatives. According to experts, the credit cooperatives who ignored the main principles of cooperation in their management policies were in the most difficult situation (received big loans from one or limited number of members, provided loans (up to 50-75 % of a loan portfolio) to one individual or a group of affiliated individuals, did not secure the necessary volume of reserves and place them in a loan portfolio, did not give a proper attention to growth of own capital and control over financial requirements).

2 Hereinafter $1.00 is equal to 30 rubles.

Also the crisis made very obvious the necessity to develop further the legislation regulating introduction of financial requirements and control over activities of agricultural credit cooperatives.

An exceptionally positive role in the rural credit cooperative development has been played by the RAL program, as well as USAID-financed projects designed for credit cooperative institutional development in Russia. Since 1998 ACDI/VOCA, the principal implementer of USAID-financed projects for rural credit cooperative development in Russia has become a strategic partner of Russian credit cooperative development institutions.

CDP-R during the Life of Project (2004-2010) was actively oriented to (a) achieve of scale and salience at the national and regional levels, (b) strengthen RCCDF and rural credit cooperative planning and information systems, (c) improve legislative and regulatory environment for Russian rural credit cooperatives and have played an important part in the formation of a multi-tier rural credit cooperative system based on democratic principles.

STRATEGY & PROBLEM ANALYSIS

According to the RFA the Russia CDP team started with two development hypotheses:

- Once it has been demonstrated that credit cooperatives can lend effectively at market rates and they have obtained through good lending practices and governance policies a critical mass of resources, that model can be replicated on a larger scale.
- After critical issues preventing credit cooperatives from forming and growing are removed, the initiative of the cooperatives is the engine that drives the expansion of the private rural credit system not the donor nor the State.

The initiative of the rural credit cooperatives has been a big factor in driving not just the expansion of the credit cooperative system but also the shape that it will take3. The vision of what the system should look like came from a study of Russia's credit cooperative system prior to the 1917 Revolution as well as how credit cooperatives function in other countries, particularly European ones. The framework for development was established in 2001 by a working group of credit cooperative directors, RCCDF staff and scholars from agrarian research institutions who drew heavily from Russian credit cooperative history prior to 1917 as well as from the modern-day German credit cooperative system. Among the features it proposed for a future Russian system were:

1) A three-tiered system
2) Mobilization of rural dwellers' savings.
3) State support for increased capital funding and improved legal/regulatory framework.
4) Development of several support organizations for credit cooperatives (Union of RCCs, Audit Union, National Training Center, etc.)
5) Establishment ultimately of a Bank for Credit Cooperatives on the base of National Credit Cooperative.

The current model of the RCC system in Russia has been finalized in "The Concept for Developing RCCs" prepared by the RCCDF and approved by the Ministry of Agriculture on March 23, 2006.

During the CDP-R implementation period a number of essential events have occurred that brought corrections to the project strategy:

(a) On November 3, 2006, a significant change to the law on Agricultural Cooperatives that governs rural credit cooperatives was adopted that places a deadline on all agricultural cooperatives to join a new form of special audit unions (SAUs) that ultimately will form national-level, self-regulating organizations. These organizations are charged with regulating the financial activities of their members, providing

[3] ACDI/VOCA has always believed that no *model* could be imposed on Russian credit cooperatives and that the leaders of the credit cooperative movement, mindful of other working systems, would adopt and mold practices best suited to Russia's history and legal and regulatory environment.

standards for reporting and training for their members. In other words, the law has put all cooperatives formed under the Law on Agricultural Cooperatives on alert that the primary organization that will provide their regulations, standards, reporting expectations, training and a host of other functions must be founded by November 2007 in a manner consistent with that outlined in the law.

The Russian Government Decree # 109 as of 20 February 2007 authorized the Ministry of Agriculture to provide for Government regulation of self-regulated organizations of Special Audit Unions of agricultural cooperatives and maintenance of the Register. The Instructions of the Minister of Agriculture #172 as of 21 March of 2007 appointed the Department of Finance and Accounting to maintain and issue excerpts from the unique state registry of self-regulated organizations of SAUs of agricultural cooperatives.

Taking into account changes in the legislation and the importance to be in compliance with the current legal regulations, CDP-R corrected the strategy and directed specific efforts to: (a) establish regional SAUs that serve primarily credit cooperatives and together can establish a National SAU that will assure self-regulations, audits, training and other functions for its members; (b) provide institutional support and training to the SAUs and NSAU.

(b) The Russian Government, recognizing the achievements of the nascent rural credit cooperative system, included credit cooperative development into its National Project. The developmental hypothesis is validated by a growing rural credit cooperative system based on replication of successful credit cooperatives, but the proposition that credit cooperatives will drive the development process by marking out their development path has been under stress as the Russian Government decided to promote the opening of 1,000 new RCCs from 2006-2007 and to provide a large injection of capital that may disrupt the organic growth of bottom-up driven credit cooperatives. Regional administrations are jumping on board making this all look less like financial markets development and more like a political movement and effort to "make the numbers" of the plan.

At this point, however, the feared financial Tsunami that could have hit and seriously weakened existing RCCs has not materialized. Furthermore, the Ministry of Agriculture in March 23, 2006 actually endorsed the concept for developing RCCs that RCCDF developed based on the concept outlined above. The political dexterity of the RCC system in general and the work of RCCDF in particular, allowed the RCC system to promote its own vision for development when the Russian Government decided to bring resources to RCCs.

Under these conditions, our strategy was focused to strengthen the infrastructure of the Credit Cooperative system by developing its institutions: APEX financial institutions (RCCDF, NCC), Training Center, National Special Audit Union, Union of RCCs, second tier and individual credit cooperatives. With a strengthened credit cooperative system, RCCDF and RCCs can attract more lending capital and get united into democratic system of RCCs in a more conscious way.

(c) Fast growth in number of credit cooperatives made obvious acute shortage of financial assets to develop the RCC system and justified the necessity to assist the RCCDF in building its financial strength by following strictly to a plan to attract both Russian and international investors in order to establish a financial organization that can leverage its equity and expand the scale of lending in Russia. In the development strategy of the RCCDF the CDP-R paid particular attention to assist on international auditing, rating, business plan development, improvement of business practices and activities of the Supervisory Council.

(d) The financial crisis of 2008 revealed a number of omissions and drawbacks in the structure of the RCC system, in particular the inadequacy of the present legislation and regulation to a current status of the RCC system, increasing system risks that can create negative impact on development of credit cooperation. Therefore during the post-crisis period the strategy to implement the CDP-R project included an analysis of the current legislation on agricultural cooperation in accordance with the

application of CLARITY Principles and Rubrics, evaluation of the current legislation on agricultural cooperation with the CLARITY Scorecard, conducting round tables to reach out cooperative community, government officials and other shareholders and develop common policies regarding problems with the current legislation and regulation.

The peculiarity of the Russian credit cooperative development lies in the existence of two systems of credit cooperatives (agricultural and non-agricultural) that have been developing in parallel under different legal frameworks.

The agricultural credit cooperative system has been developing based on the Federal Law on Agricultural Cooperatives No. 193-FZ, d.d. December 8, 1995, that regulates the establishment procedure and arrangement of activity of agricultural cooperatives of all types (production and consumer ones). This law imposes restrictions of membership in such cooperatives for persons who are not involved in agricultural production and do not reside in rural areas.

The non-agricultural credit cooperative system has been developing based on the Federal Law on Credit Consumer Cooperatives of Citizens No. 117-FZ, d.d. August 7, 2001. The specified law ceased to be effective due to the adoption of new Law on Credit Cooperatives No. 190-FZ on July 18, 2009 that is still currently in force.

The analysis of legislation that regulates the two systems of credit cooperatives (agricultural and non-agricultural) has shown that at the present stage the specifics of development of these two credit cooperative branches in Russia include: (a) government control, supervision and self-management; (b) institutional (multi-tier) development of credit cooperative system. Regarding these issues, certain similarities between the Federal Laws on Agricultural Cooperatives and on Credit Cooperatives are accompanied by significant differences.

The following may be regarded as significant differences between these two credit cooperative systems:

- Different government control and supervision agencies. The Ministry of Finance of Russia provides government control and supervision over non-agricultural credit cooperatives, while for agricultural cooperatives such an agency is represented by the Ministry of Agriculture de facto but it has not been determined de jure;

- Different government control and supervision mechanisms. The Federal Law on Credit Cooperatives provides for mandatory reporting to the regulator and prescribes system-based regulation of the activity of credit cooperatives, their unions/associations, self-regulated organizations or other forms of joint credit cooperatives. At the same time, the Federal Law on Agricultural Cooperatives provides for only registration and keeping of the register of self-regulated organizations of special audit unions of agricultural cooperatives and does not exercise direct control and supervision over the activity of agricultural credit cooperatives;

- Participation in self-regulated organizations. The Federal Law on Credit Cooperatives stipulates direct and mandatory membership (except for second-tier cooperatives) in a self-regulated organization of credit cooperatives, while the Federal Law on Agricultural Cooperatives provides for only mandatory membership of special audit unions of agricultural cooperatives in a self-regulated organization and does not prescribe direct participation of credit cooperatives in self-regulated organizations;

- Different systems of financial standards established for credit cooperatives. The Federal Law on Agricultural Cooperatives determines four financial standards, while the Federal Law on Credit Cooperatives – eight.

Both laws mentioned above prohibit the purchase of shares and equity interest in business entities, which is the limiting factor for the formation of a logically complete and effectively operating multi-tier mechanism of credit

cooperative development. Such provision rules out the possibility of establishing not only a cooperative bank but also a commercial bank with credit cooperatives as its shareholders/members.

The analysis of legal environment regulating the development of agricultural cooperatives in Russia performed with the use of CLARITY indicators and scorecard has shown that the level of compliance of the regulatory environment with the established principles is equal to 79.2 percent. This is indicative of the fact that the level of compliance of the regulatory environment in Russia with the established principles is rather high.

SUMMARY OF ACTIONS AND OUTCOMES

See below

a) **Objective 1 – Achievement of scale and salience at the national and oblast level**[4]

Target	Activities	Indicators/Anticipated Results	Results as of September 30, 2010
1.1 Expansion of the overall lending operations of RCCDF, NCC, and RCCs through enhanced skills, sufficient liquidity, and portfolio diversification.	1. Improved coordination and performance of cooperative support institutions 2. RCC training needs assessment 3. Advanced training offered by TRAINING CENTER to RCC managers, loan officers, chief accountants, and board directors. 4. TRAINING CENTER institutional development plan developed 5. Accreditation of additional RCCs 6. Attraction of additional loan capital 7. Development and Issuance of new loan products	6,000 private farmers have access to loans or other financial services. Net equity of rural financial institutions increased by $4 mln. (From $4.9 to $8.9). Rural credit cooperative membership grows from 41,000 to 51,000 (increase of 25 percent). 56 RCCs accredited by RCCDF with 100 RCCs borrowing directly or through member 2nd tier RCCs. RCCDF's assets grow to $ 9 mln. From $8 mln. The National Credit Cooperative (NCC) will increase assets by 300 percent from $110,000 to $440,000. The Training Center will develop three courses. 4 potential donors, lenders and/or investors contacted. 2 new loan products developed and offered by RCCDF.	About 8,000 private farmers and rural dwellers have borrowed more than 12,700 loans from the RAL Program. Net equity of 51 accredited RCCs was over 450.0 mln. rubles ($ 15.0 mln). Net equity of 1,515 RCCs was over 6.0 billion rubles ($ 200 million).[5] RCC membership is over 140,000 members from 1,515 RCCs. 61 RCCs totally were accredited by RCCDF. As of September 30, 2010 the number of accredited RCCs is 51 with more than 160 RCCs borrowing from them. RCCDF total assets are 350 million rubles ($11.7 million). NCC assets are 49.6 million rubles ($1.65 mln.). The Training Center institutional development plan and six new modules for training seminars (3 days each) were developed. RCCDF attracted $4.0 million from three external sources. Three new loan products and one financial service were developed: a) Long-term (3 year) loans. b) Winter period loans (November-March) at reduced rates. c) Loan Guarantee for Bank Credit.

[4] The indicators selected for Objective 1 are verified using RCCDF's loan tracking and accounting system, RCC Quarterly financial reports and statements, RCCDF Quarterly financial statements, and surveys of RCCs.

[5] Information on number, equity and assets of RCCs was provided by RCCDF Financial Directorate.

Target	Activities	Indicators/Anticipated Results	Results as of September 30, 2010
1.2 Improve sustainability of rural credit cooperatives[6].	Develop two training courses: o "Monitoring RCCs using CAMEL-based system". o "Automated accounting/ reporting for RCCs". Conduct one ToT workshop for trainers of "Automated accounting/ reporting for RCCs". Conduct five workshops for 1st tier RCCs: "Automated accounting/ reporting for RCCs". Provide support to second and third-tier coops to secure funding.	CAMEL-based monitoring training course developed and delivered. Training course on standardization of accounting/ reporting published. Five trainers trained thru ToT. 80 co-op participants trained on standard accounting/ reporting thru using special program for RCCs. $ thirty million in investments, either in debt financing or equity made by domestic or international financial institutions either to second or third tier coops or RCCDF.	Training modules "Monitoring RCCs using CAMEL-based system" and "Automated accounting/ reporting for RCCs" were developed. 39 persons trained in CAMEL-based monitoring. Training course on standardization of accounting/ reporting developed and published in an edition of 600 copies. 15 persons trained thru ToT workshop for trainers of "Automated accounting/ reporting for RCCs". 161 participants trained in using special program for standardization of RCC accounting/ reporting. $ 4.0 mln. (120, 0 mln. rubles) in new investments made to RCCDF by international financial institutions (Oct 2004 – Sept 2010). $ 160.0 mln. (4,800 mln. rubles) in new investments made to RCCs by domestic financial institutions (*Rosselkhozbank*) (Jan 2006 – Aug 2010). $ 63.0 million (1890.0 million rubles) in new investments made to RCCs by CDP-R partners - domestic financial institutions: RCCDF - 2000 loans 1503 mln. Rubles ($50.1 mln.) (Oct 2004 – Sept 2010); NCC «Narodny Kredit» - 73 loans, 202,9 mln. Rubles ($6.7 mln.) (Oct 2004 - Sept 2010); GERFO – 376 loans, 185, 7 mln. Rubles ($6.2 mln.) (Oct 2005 – Sept 2010).

[6] This target has been set for the fourth year of the project.

b) **Objective 2 – Strengthened RCCDF and rural credit cooperative planning and information systems**[7]

Target	Activities	Indicators/Anticipated Results	Results as of September 30, 2010
2.1 Strengthened planning and information systems ensure proper loan accounting, minimize loan delinquency, and instill confidence in potential lenders and investors.	1. RCCDF and RCC MIS capabilities upgraded.	RCCDF portfolio at risk is less than 6 percent on loans to RCCs. Accredited RCCs maintain loan delinquency rates of less than 8 percent. MIS installed by RCCDF and integrated into all accredited 2nd tier RCCs.	RCCDF had six international audits (2003-2008) and two international ratings. RCCDF Risk Portfolio is less than 6% according to RAL estimates. Accredited 51 RCCs loan delinquency is less than 8%. MIS software has developed. MIS software is being tested on the basis of three pilot regions. The Regional 2nd tier RCC "Garant" (Saratov) became a MIS implementer (sold 160 copies of MIS software).
	2. CAMELS monitoring and reporting system used implemented by RCCDF.	CAMELS rating and monitoring performed by RCCDF on 45 RCCs.	Number of RCCs monitored with CAMELS is 29. Seven RCCs accredited under the RAL program received international rating.
	3. Prudential norms developed, adopted by RCCs, and adhered to by RCCs.	Prudential norms adopted and incorporated into the charter of 45 RCCs.	CDP developed and distributed a package of in-house regulations for the *1st and 2nd tier* RCCs through MOA and the Union of RCCs (more than 500 printed copies); the package essentially standardized the system of in-house regulations used in the *1st and 2nd tier* RCCs. RCCDF reviewed the accredited RCCs for the extent of prudential norms application. RCCDF publishes the rating of credit cooperatives on a semi-annual basis.

[7] The indicators selected for Objective 2 are verified using RCCDF's Quarterly Financial Statements, RCCDF's loan tracking and accounting system, RCC Quarterly Financial Statements, and Project Quarterly Reports.

c) **Objective 3– An improved legislative and regulatory environment for Russian rural credit cooperatives**[8]

Target	Activities	Indicators/Anticipated Results	Results as of September 30, 2010
3.1 Promote a legislative and policy environment more conducive for rural credit cooperative operations.	1. RCCs receive information on the impact of the new amendments to the Law on Agricultural Cooperatives. 2. ACDI/VOCA and its cooperative partners advocate for the Law on Credit Cooperation. 3. Standardized Chart of Accounts Developed for RCCs 4. Audit manual and prudential norms prepared for RCCs	6 municipal, regional or federal issues affecting RCCs identified and advocacy campaigns launched 3 credit support institutions participating in alliances or working groups to address RCC policy constraints The positive results of 5 tax, registration, or legal precedents disseminated throughout the RCC system A standardized RCC Chart of Accounts prepared and implemented by 45 RCCs (if Ministry of Finance adopts the proposed Chart of Accounts).	Nine round tables/conferences were organized at regional and federal levels to discuss impact of new amendments to the Law on Agricultural Cooperatives and develop ideas to improve the legislation. Two sociological surveys to measure how loans affect the life of rural residents were completed in 2005 and 2010 in order to make legal and policy environment more acceptable for business operations of rural credit cooperatives. More than 3 RCCs support institutions (Union of RCCs, RCCDF, NAMMS, etc.) participating in alliances to address RCC policy constraints. The positive results of over 50 tax, registration, or legal precedents were disseminated throughout "Rural Credit" magazine which is published by Union of RCCs. Methodological recommendations on accounting and taxation in RCCs were developed, printed and distributed through MOA in cooperation with NC RCC&AD project and with participation of RCCDF and Audit union (500 copies). A standardized RCC Chart of Accounts prepared and implemented by over 250 RCCs.

[8] The indicators selected for Objective 3 are verified through quarterly meetings with RCCDF and the Union of RCCs.

Target	Activities	Indicators/Anticipated Results	Results as of September 30, 2010
3.2 Establish regional Special Audit Unions (SAUs) and the National SAU (NSAU) that will by law be the self-regulating organization for agricultural credit cooperatives in Russia[9].	1. Assist SAU / NSAU with registration planning and organization of initiative group meeting to organize the founders' assembly for the NSAU.	Registered, self-regulating NSAU established. 40 SAUs provide self regulatory services to 200 rural credit cooperatives.	The initiative group meeting (August 16, 2007) and the founders' assembly (September 20, 2007) were prepared and took place. 40 regional SAUs became founders of the National SAU. The National SAU was established and registered (June 10, 2008). The Ministry of Agriculture of Russia entered the National SAU into the unified state register of self-regulated organizations of special audit unions of agricultural cooperatives (July 2, 2008). As of September, 2010 45 regional SAUs are members of the National SAU. They provide self regulatory services to over 250 rural credit cooperatives.
	2. Develop in-house regulations for SAUs.	In-house regulations for SAUs developed.	Concept, founding documents and In-house regulations created, printed and distributed among regional SAUs (250 booklets).
	3. Organize one workshop for SAU and NSAU auditors (25 auditors) tied to Russian regulations for special audits.	NSAU sets audit standards and supports SAUs.	A workshop for SAU and NSAU auditors was delivered. Thirty-nine auditors received certificates and were entered into the All-Russia register of auditor consultants.

[9] This target had been sat for the fourth year of the project.

LESSONS LEARNED

- The CDP-R experience demonstrates the following lessons, which should be heeded and possibly applied the implementation of similar projects:

- The credit cooperative system should be developed under an adequate legislative framework based on generally accepted cooperative principles. The leading part in the development and improvement of cooperative legislation should be played by credit cooperative development NGOs built up by the cooperative community.

- It is necessary to lobby with legislative and executive power bodies for conditions that are equal to or at least not worse than those for commercial banks in terms of taxation, subsidies and guaranties for credit cooperatives. It is critical to have the concept of development of rural credit cooperatives approved at the federal level, so that this document can guide legislators.

- The credit cooperative system should have a regulator that will establish the norms and standards of credit cooperative activity. At a certain level of the system's development a self-regulated organization of credit cooperatives may fulfill the regulatory functions.

- The credit cooperative system should form and support at certain levels various tools/funds (guarantee and insurance funds, reserves), assuring stable and steady function of the credit cooperation system as a whole. These funds shall be sufficient to support the system in case of crises.

- Cooperatives should apply a unified accounting system. This should be a prerequisite for accreditation of a cooperative into our loan program. A unified accounting system needs to be developed and adopted either by a government agency regulating credit cooperative activities or by a self-regulated organization, where the members undertake to adopt a unified accounting system.

- A Market Information Systems (MIS) needs to be developed and introduced at the earliest possible stage of the rural credit cooperative system development. In fact the MIS should be based on the accounting programs widely used and supported in a given country.

- In terms of a multi-tier system of rural credit cooperatives, the monitoring function should be decentralized to some extent. This will help reduce monitoring costs, but for this to happen, a training and certification system of local monitoring specialists has to be in place.

- The development of credit cooperatives necessitates the establishment of an apex organization capable of attracting financial resources to the system from domestic and international financial markets.

PROJECT OUTCOMES

PROJECT OUTCOMES OF RCCS STATUS AND DEVELOPMENT

The implementation of CDP-R proved the feasibility of sustained lending to small farming units by privately owned and managed financial resources (credit cooperatives) and made a considerable contribution to the establishment and institutional development of rural credit cooperative system in Russia and ensuring its steady functioning.

The summary of progress to meet specified objectives highlight the following most critical "Project Outcomes" of RCC status and development that were coordinated and/or led by ACDI/VOCA and achieved by numerous shareholders of the RCC community.

Outcome 1: Formation of multi-tier rural credit cooperative system in Russia

The establishment of a multi-tier system under present-day conditions was based on the Concept of developing a multi-tier rural credit cooperative system in Russia. The Concept of RCC development worked out by RCCDF, the key partner in CDP-R implementation, and approved by the Ministry of Agriculture in March 2006 is critical for the development of the system of rural credit cooperatives. The Ministry also approved a methodology for drawing up regional and municipal developmental programs for rural credit cooperatives. The program was designed with immediate support of RCCDF. Based on these recommendations, sixty-three regions of Russia developed and presented to the Ministry of Agriculture regional programs (sub-programs) for the development of consumer (incl. credit) cooperatives.

According to the RCCDF as for September, 2010 1515 RCCs operated in Russia (see Fig. 1). Some decrease in number of RCCs in 2010 in comparison with 2009 is caused by the situation that during the national project to develop agri-industrial complex (see Outcome 3) 1150 RCC were registered, but according to the Ministry of Agriculture of Russia, no more than 70 % of them were really active. Therefore, a part of non-operating cooperatives are in the process of liquidation, and this explains a correction in number of RCCs.

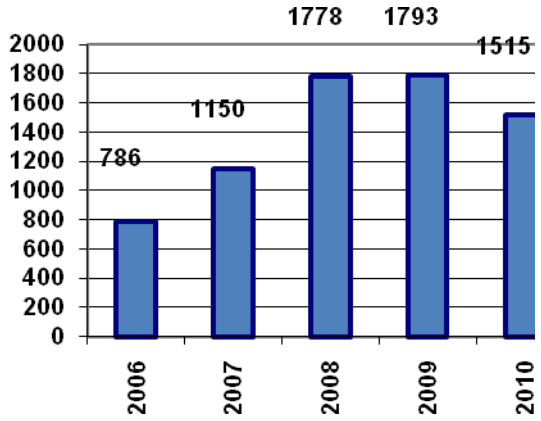

Fig 1 Dynamics in number of RCCs (a source: RCCDF)

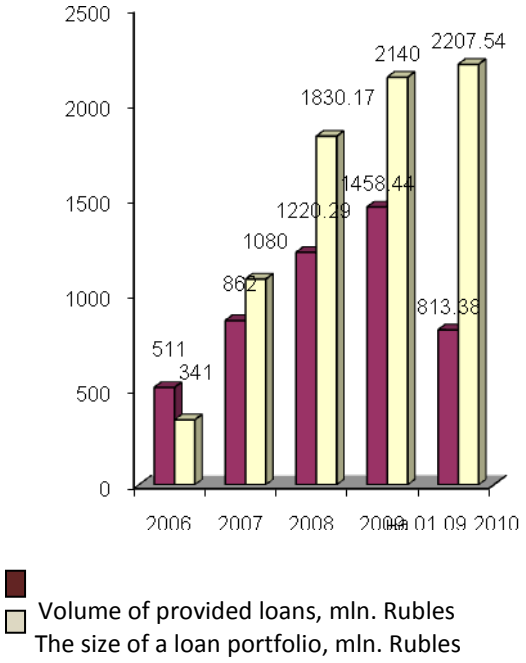

Fig. 2 Loans of Rosselhozbank to RCCs (a source: Rosselhozbank)

As of September 1, 2010 the overall credit portfolio of Rosselzozbank in RCCs makes 2.2 billion rubles ($73.4 mln.) (See Fig. 2). In 2009 RCCs provided loans for 1.5 billion rubles ($50 mln.), for 8 months of 2010 – for 0.8 billion rubles ($26.7 mln.).

Overall RCC membership is more than 140,000.

An exceptionally positive role in the rural credit cooperative development has been played by the RAL program (see *Outcome 2*), as well as USAID-financed projects designed for credit cooperative institutional development in Russia. Since 1998 ACDI/VOCA, the principal implementer of USAID-financed projects for rural credit cooperative development in Russia, has become a

strategic partner of Russian credit cooperative development institutions and plays an important part in the formation of a multi-tier rural credit cooperative system based on democratic principles.

At the present time, a two-tier system of rural credit cooperatives is functioning or is establishing in 33 regions of Russia (see Fig. 3). The regional systems get gradually integrated into the third (federal) tier *NCC «Narodny Kredit»*.

The analysis of rural credit cooperative system development demonstrates that in the near future the multi-tier system will continue developing, primarily due to the development of second-tier (regional) cooperatives, growing number of cooperative members and the efforts of cooperatives made to improve the quality of their work.

Regional systems of rural credit cooperation in the Chuvash republic, the Astrakhan and Saratov oblasts which are the most active participants of CDP-R project demonstrate good dynamics of development.

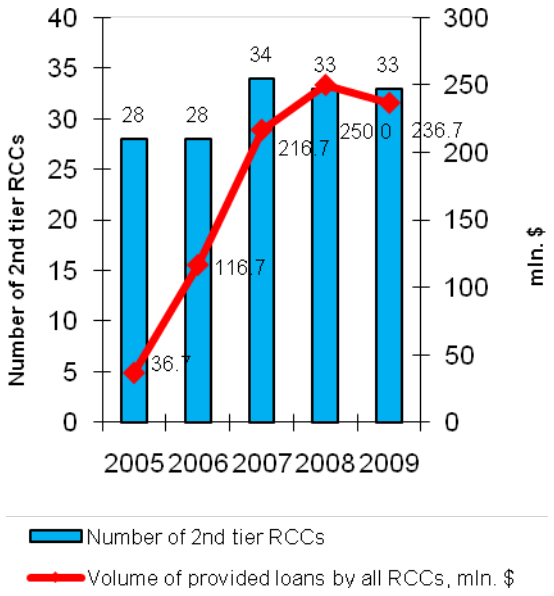

Fig. 3 Dynamics in number of 2nd tier RCCs and provided loans by all RCCs (a source: RCCDF)

Examples of two-level regional systems (as of September, 2010).

The Chuvash Republic: Regional system of RCCs consists of 37 credit and 5 supply-marketing cooperatives uniting more than 6 thousand shareholders. In the first half of the year 2010, 1367 loans were provided in the amount of 240 million rbl. ($8 mln).

The Astrakhan oblast: Regional RCC system is established on the basis of RCC «National credit» – second level cooperative and its members - 13 credit cooperatives, with total number of about 1000 members – individuals and legal entities. The current loan portfolio of the entire system totals 452 million rbl. ($15, 1 mln.), the reserve fund – 18 million rbl. ($0.6 mln).

The Saratov oblast: Regional RCC system unites 18 credit cooperatives with about 3000 members. The current loan portfolio of the entire system is 306 million rbl. ($10, 2 mln), the reserve fund – 10 million rbl. ($3.3 mln).

However, the development of the RCC system in Russia is not yet complete. The analysis made by CDP-R together with the Union of RCCs in April-June, 2010 has shown that from the surveyed 189 credit cooperatives, only 60.8 % were members of a higher level cooperative, 39.2 % were members of the Union of Rural Credit Cooperatives, and 29.6 % from them were members of a higher level credit cooperative and a member of the Union of Rural Credit Cooperatives at the same time. 29.6 % were not members of any of the above listed

organizations. Further efforts are required to develop a multi-tier system of RCCs in Russia and unification of cooperatives under the democratically managed system – the Union of RCCs.

Outcome 2: Contribution to successful implementation of the Russian-American Lending Program (RAL)

The key element in the formation of a multi-tier system was represented by the Russian-American Lending Program that was managed by the RAL Supervisory Council of RCCDF. The Supervisory Council played a significant role in determining the lending policy, managing the loan portfolio, specifying lending standards and limits, working out problem loan procedures. Since the RAL Program was launched, the Supervisory Council has held 69 meetings under the RAL Program, 12 meetings in 2009-2010. One of the Co-Chairpersons of the Supervisory Council represents, under a commission of USDA, ACDI/VOCA.

As of September, 2010 the RCCDF cooperated with 51 RCCs, accredited in the RAL Program, including 12 second tier cooperatives. The loan portfolio in accredited cooperatives was more than 2 billion rbl. ($66.7 mln). All together about 160 rural credit cooperatives of the first tier received financing from the RCCDF, including operations via second tier cooperatives. For all period of activity the Fund provided loans to agricultural credit consumer cooperatives for about 2.5 billion rbl. ($83, 3 mln).

In 2008 the Commission for International Humanitarian and Technical Assistance at the government of the Russian Federation provided a certificate of the Russian-American Lending Program continuation, which made it possible to postpone the taxation deadline for the RAL Program funds till 2012.

The purposeful effort and decisions made by the RAL Supervisory Council of RCCDF made it possible to develop systemized financial flows for the multi-tier system. Complying with the Concept of developing a multi-tier rural credit cooperative system in Russia, RCCDF's Supervisory Council played an even more active part in supporting regional 2nd tier cooperatives, including increased financing on conditions that will contribute to the effective functioning of these cooperatives. At the same time, RCCDF worked on reducing differentiation in the terms and conditions for loans disbursed to 1st tier cooperatives from RCCDF's funds and from the financial mutual aid funds of 2nd tier cooperatives.

The agreement concluded between USDA and Russian MOA for cooperation in the framework of RAL Program expired by the end of year 2008. Also, the agreement concluded between USDA and RCCDF on technical support of RAL Program and participation of the ACDI/VOCA in Supervisory Council expires by the end of 2010. At the meeting on March 25, 2010 the Board of Trustees, the supreme body of RCDDF management, decided to transfer part of powers of the Supervisory Council to the RCCDF Financial Directorate.

It demonstrates that the Supervisory Council of the RAL Program has fulfilled its mission, and terminate its activities and all powers and responsibility to manage financial means of RAL Program shall be further transferred to the RCCDF Financial Directorate.

Outcome 3: Government recognition of the rural credit cooperative system

The successful effort of the rural credit cooperative system during the last decade has gained government recognition. This experience was used in preparation and implementation of the Agro-industrial Complex Development National Project (2006-2007). According to the RF Ministry of Agriculture, as of the beginning of the National Project implementation, there were 511 agricultural cooperatives registered, while by the end of the Project, their number has increased to 1,634, i.e., the National Project made it possible, within a short period of

time, to register 1,150[10] agricultural credit cooperatives and provide funding to part of them through Rosselkhozbank (100% State owned bank) that provided capital to form a share fund and disbursed loans for the purpose of cooperative development and loan portfolio refinancing. However, the monitoring results of this process demonstrated a higher growth in number of cooperatives as compared to their qualitative development. According to the Ministry of Agriculture of Russia no more than 70 percent of newly established credit cooperatives started their real activity.

As a whole, the CDP-R experts regard as a positive result the inclusion of credit cooperatives into the prioritized lines of development of small farming units and the disbursement of subsidized credit resources to credit cooperatives through Rosselkhozbank. This opinion is based on the fact that CDP-R and the National Project have similar goals and target groups; they are oriented towards providing access for small farming units to financial resources.

One of the forms of the state support to develop credit cooperatives is associated membership of Rosselkhozbank in RCCs. During the period of 2006-2009 Rosselkhozbank became an associated member in 87 RCCs in 35 regions of the Russian Federation and invested in shares 697.63 million rubles ($23.3 mln.) (Fig. 4).

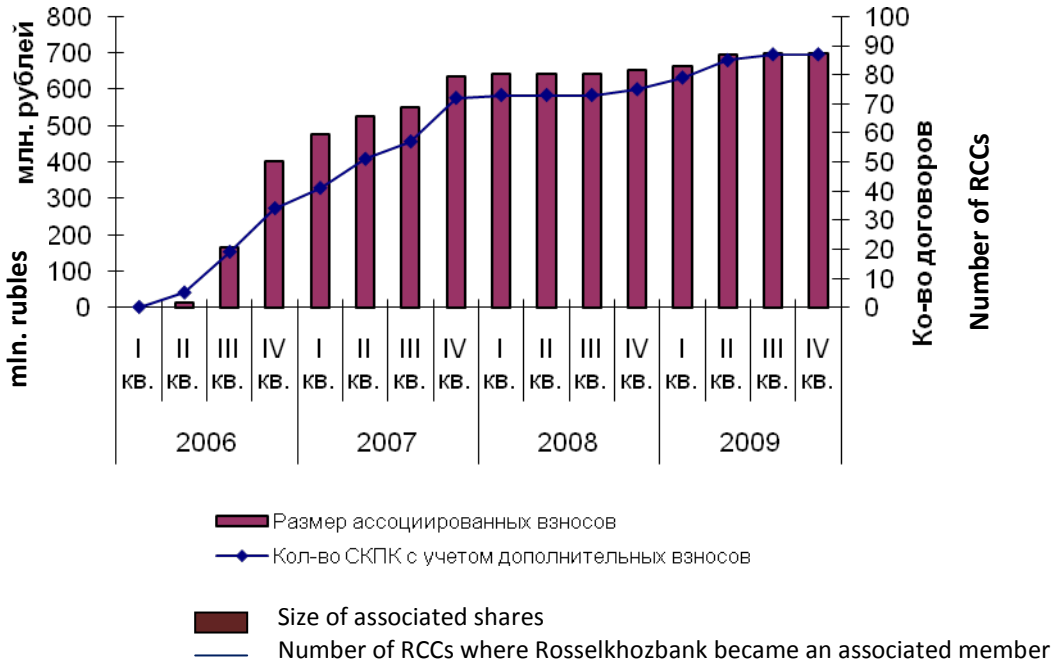

Fig 4. Associated membership of Rosselkhozbank in RCCs (a source: Rosselkhozbank)

The state determined its policies to finance RCCs and its members through Rosselkhozbank (terms, collateral requirements, interest rates, subsidies of interest rates) (see attachment 1). The state policy to finance RCCs is aimed to form a credit policy of apex institutions in the RCC system including the first and second tier cooperatives.

Outcome 4: Development of local apex institutions of rural credit cooperative development

[10] RCCDF, the Union of Rural Credit Cooperatives and *2nd tier* RCCs assisted in the establishment of 775 RCCs. RCCDF and the Union provided information and methodological support to the *2nd tier* RCCs. The *2nd tier* RCCs played a key role in the development of initiative groups, preparation of founding documents, and organization of incorporation meetings, interaction with regional and municipal authorities.

According to the data as of September 30, 2010, more than 300 organizations of the rural credit cooperative system of Russia, including 4 federal-level organizations, 33 second-tier cooperatives, 280 first-tier cooperatives, benefited in a varying degree from the activity of CDP-R. At the federal level, CDP-R provided everyday working collaboration with the Union of RCCs, Rural Credit Cooperation Development Fund (RCCDF), NCC «Narodny Kredit» (the 3rd tier RCC), and the Russian self-regulated organization of special audit unions of agricultural cooperatives Union "Agrokontrol". Most of these organizations received grants from CDP-R for the purpose of their further development in the lines complying with the goals and objectives of CDP-R.

The Union of RCCs is not a grant recipient but is an active partner of the CDP-R effort. It is a non-governmental organization whose membership consists of rural credit cooperatives and their regional unions. The project provided systematic support to various activities/events conducted by the Union of RCCs (conferences, roundtables, information support).

CDP-R together with the Union of RCCs organized sociologic surveys to review how credit cooperatives affect rural population (2005, 2010), analysis of economic and financial status of agricultural cooperatives (2010). The results of those surveys have allowed to reveal needs, problems and results of activities of RCCs and to develop ideas for further development of the system.

Today, the Union of RCCs whose membership comprises 300 credit cooperatives from various regions of Russia propagates, actively and regularly, the ideas of rural credit cooperation, lobbies the interests of credit cooperatives at all authority levels in government and non-governmental organizations, holds annual conferences, takes an active part in personnel training, pays great attention to consultation activity. Specifically, the Union established and launched a legal advice center to render free legal services to members of the Union.

ACDI/VOCA being a member of the Union of RCCs believes that the Union of RCCs serves as an important democratic institute lobbying interests of all credit cooperatives.

Russian self-regulated organization of special audit unions of agricultural cooperatives Union "Agrokontrol" (RSO "Agrokontrol"). Amendments into the Federal Law on Agricultural Cooperation stipulated development of self-regulated organization of special audit unions of agricultural cooperatives. Due to the joint efforts of RCCDF, Audit Union and CDP-R, the RSO "Agrokontrol" was founded and registered, which was confirmed by a certificate of entering into the Unified State Register of Legal Entities issued by the Federal Tax Service and a certificate of state registration of non-profit organization RSO "Agrokontrol", d.d. June 10, 2008, issued by the Central Federal District Department of the Ministry of Justice of the Russian Federation.

On July 2, 2008, the Ministry of Agriculture of Russia entered the RSO "Agrokontrol" into the unified state register of self-regulated organizations of special audit unions of agricultural cooperatives.

According to the data as of September 30, 2010, RSO "Agrokontrol" comprises 45 regional special audit unions of more than 1,500 various agricultural cooperatives:

- NCC «Narodny Kredit», the 3rd tier RCC. The NCC was registered on October 10, 2004. The following key functions were identified for NCC:
- Raising additional financial resources to the credit cooperative system;
- Reallocation of temporarily underutilized funds in the credit cooperative system;
- Mitigation of financial risks. In particular, NCC introduced a ratio of share capital contribution to the loan value of 1:7.5, which significantly increases the sustainability of NCC in comparison with RCCDF.

At present, NCC includes 17 regional 2nd tier credit cooperatives which in their turn total a membership of 280 first-tier cooperatives. As of September 30, 2010, NCC has disbursed $6.7 mln. in 73 loans since the beginning of its activity.

Further development of NCC is associated with the developmental strategy of an apex organization of the credit cooperative system. In line with the resolution of the RCCDF Board of Trustees, NCC is viewed as an alternative option for the development of an apex organization based on cooperative principles.

Rural Credit Cooperation Development Fund (RCCDF). Starting from 1998, RCCDF has been implementing the RAL Program being a rural credit cooperative development institution and the key partner in the implementation of CDP-R. As of September 30, 2010, RCCDF loan portfolio amounted to $10.0 mln, RCCDF provided end users with over than 12700 loans totaling $83.3 mln.

In the long view, RCCDF will continue serving as a financial and intellectual center of RCC development working on a self-financing and self-sufficiency basis as it continues to be the major lender for most agricultural credit cooperatives.

Outcome 5: Mobilizing investment into the rural credit cooperative system

For the period October 2004 – September, 2010 $ 63.0 million (1890.0 million rubles) in new investments made to RCCs by CDP-R partners - domestic financial institution, including; RCCDF - $50.1 mln, (1503 mln. Rubles), NCC «Narodny Kredit»- $6.7 mln. (202, 9 mln. Rubles),
GERFO –$6.2 mln. (185, 7 mln. rubles).

At the same time, for the period of January 2006 – August 2010 Rosselkhozbank provided loans to RCCs for the amount of 4,800 mln rubles ($160.0 mln.)

Now Public Stock Company "Rosselkhozbank" is the main creditor of RCCs. As for September 1, 2010 the bank has concluded more than 1532 loan agreements with RCCs for the total amount about 4.8 billion rubles ($160 mln.) (See Fig. 4). Only for the period of January 1, 2010 – September 1, 2010 rural credit cooperatives received 202 loans for the amount of 0.81 billion rubles ($27 mln.). As for September 1, 2010 the loan portfolio of Rosselhozbank in RCCs was 2.2 billion rubles ($73.3 mln.) that makes about 30 % of a total loan portfolio of all credit cooperatives in Russia.

The share of foreign investors in financing RCCs is not big. For the period October 2004 – September, 2010 it has not exceeded $6.0 mln.

In 2010 189 credit cooperatives from 50 regions of Russia were analyzed. The share of own capital in assets made 25.9 %, savings of cooperative members – 24.0 %, loans from cooperatives of a higher level – 9.5 %. Thus, 58.5 % of the RCC capital is formed by internal resources to finance the system of RCCs. In average the analyzed cooperatives on 1 ruble of own capital attracted 2.6 rubles of outside resources (from cooperative members and other outside sources).

CDP-R was an active facilitator in helping RCCDF get access to the international capital market and mobilize financial resources to refinance credit cooperatives. As of October 1, 2008, 31.5 percent of RCCDF's loan portfolio ($5.1 mln.) was represented by investment mobilized on international markets. This became possible due to successful rating assignments (2006 and 2008), annual international audits (2004 through 2008), regular contacts of CDP-R experts with potential investors made at international conferences. However, the RCCDF

started to lose its positions and now foreign investments make an insignificant share in a loan portfolio of RCCDF.

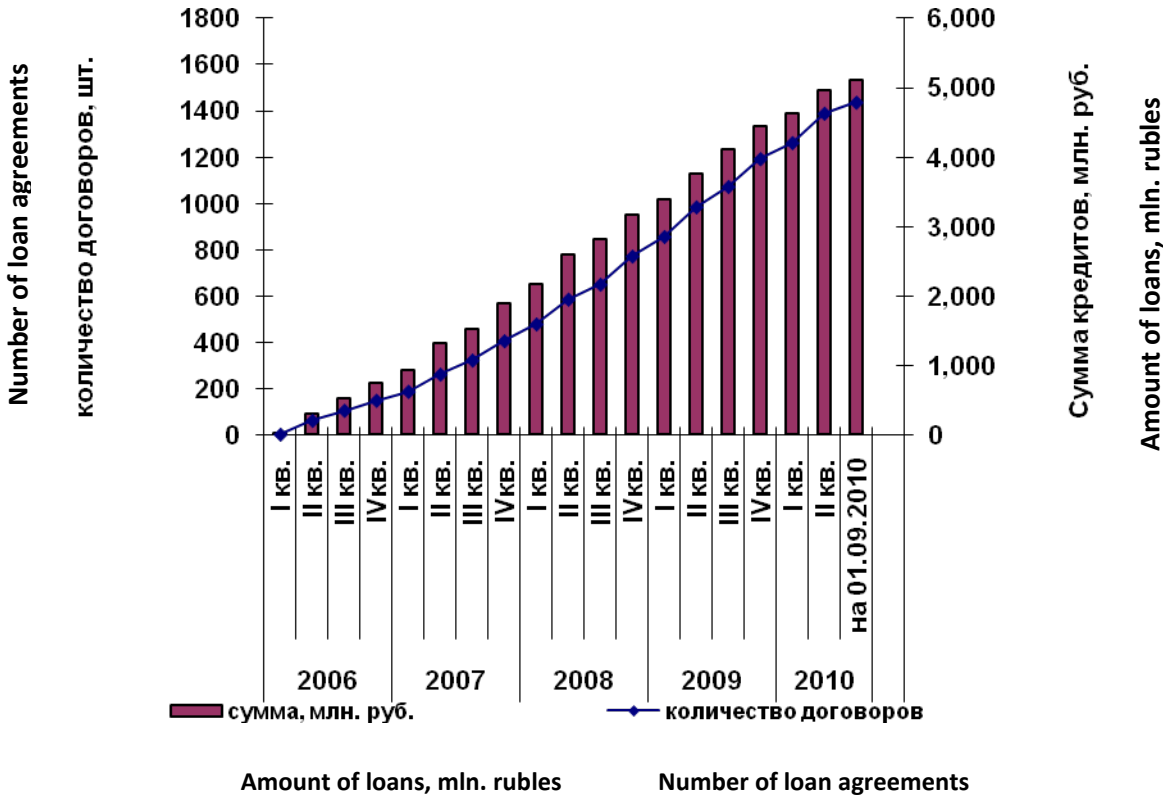

Fig 4 Dynamics to finance rural credit cooperatives through Rossekkhozbank (a source – Rosselkhozbank)

We have every reason to believe that in future investments into credit cooperatives will increase not only due to national banks, but also to international investors. Notably, international investors have already been considering the possibility of providing direct loans to 2nd tier cooperatives. CDP experts believe that as risks caused by the current financial crisis get decreased (exchange rates stabilized, interest rates on the interbank lending market lowered, micro financial institutions credibility improved), the regional 2nd tier credit cooperatives will enhance the volume of their external borrowings.

Outcome 6: Establishing a system of training personnel for rural credit cooperatives

For successful implementation of the training component, CDP-R paid great attention to three elements needed to be in place: a) Unified training programs; b) Unified training materials; c) Excellent Facilitators and Trainers.

The training courses developed under CDP-R and NC RCC&AD projects made it possible to conduct 3-day workshops on seven subjects that covered various aspects of credit cooperative activity – from starting a cooperative to establishing an accounting and reporting system, monitoring and business planning.

One of CDP-R goals was to transfer all training courses to Russian organizations, including higher educational institutions that teach students.

To meet the above-mentioned objectives, ACDI/VOCA implemented vigorously the January 2006 decision made by ACDI/VOCA, RCCDF and Training & Consulting Center "Credit Cooperation" (Training Center) to establish a Training Consortium. Seventeen potential participants from various regions were identified. The participants signed a tri-lateral Memorandum of Understanding, which stipulated the use of unified training approaches and standard training materials. CDP-R financed the development of training materials under CDP-R direction and ultimately granted a copyright to the Training Center. The Training Center updates training materials as needed, maintains the database of workshops held and participants and provides uniform Certificates of Accomplishment.

Overall 1000 participants, including 680 women (68 percent), took part in over 50 workshops under CDP-R and Training Consortium activity.

Training in the framework of CDP-R project, including ToT seminars, promoted establishment of the training institutions at the second tier regional cooperatives. For example, the second tier cooperative "Garant" (Saratov) created the Center of monitoring and training which has independently started to provide training and consultation not only to its members, the first tier cooperatives, but also to credit cooperatives from neighboring regions where there were no such training centers. Only for the period April – September, 2010 the Center has organized six seminars and trained over 100 specialists of RCCs.

Outcome 7: Development of CAMEL-based credit cooperative monitoring system

CDP-R implemented a CAMEL-based credit cooperative monitoring system. To this end, the project, involving Farm Credit Administration experts, (a) developed methodological materials on how to conduct monitoring; (b) trained local specialists; (c) provided practical training of local specialists and joint practical activity on conducting monitoring.

The successful implementation of the monitoring system was facilitated by the fact that the CDP-R team and the Farmer-to-Farmer (FtF) team worked in close collaboration on the development of rural credit cooperatives. The FtF was instrumental in attracting Farm Credit Administration bank examiners and other technical experts to Russia. Since the inception of CDP-R, 46 FtF volunteers provided consultancy to credit cooperatives and institutions supporting rural credit cooperatives, including training of local experts and their practical work in the course of credit cooperative monitoring together with FtF volunteers.

The RCCDF monitoring experts that underwent theoretical and practical training under CDP-R performed over 40 monitoring examinations. 39 specialists from RCCs received training at the seminars of CAMEL-based credit cooperative monitoring system.

The rapidly developing rural credit cooperative system called for implementing a cooperative monitoring system at a regional level. Considering the widely scattered nature of cooperative locations, the RAL Supervisory Council made a decision on the necessity to transfer the functions of performing monitoring examinations of 1st tier credit cooperatives to 2nd tier credit cooperatives. To this effect, CDP-R conducted monitoring training seminars for local specialists and their practical training together with volunteers and RCCDF monitoring experts. This contributed to the development of local specialists capable of performing monitoring examinations on their own.

Outcome 8: Development of Management Information System under the rural credit cooperative system

Lack of automated Management Information System (MIS) significantly reduces the investment appeal of RCCDF and RCCs. For RCCDF the most essential component of MIS is a loan portfolio management system

for a multi-tier system of RCCs. RCCDF received a special grant from CDP-R for the development of the above-mentioned component.

Loan portfolio management software was developed and tested in three pilot regions (Saratov, the Republic of Chuvashia and the Republic of Mariy El) and presented to 2nd tier RCCs.

At the first stage three training seminars "Accounting and Reporting in RCCs on "1C" platform" were delivered in the pilot regions to introduce the Management Information System. At these seminars 59 accountants and credit specialists from 1st tier cooperatives were trained. At the second stage five more training seminars were conducted in various regions, another 102 accountants and credit specialists were trained.

The objective of the second stage was to enhance, based on the experience of pilot regions, the capacity of the loan portfolio management software and install it in other cooperatives which are members of the 3rd tier RCC "Narodny Kredit". "Narodny Kredit" continued the activities under the grant received from ACDI/VOCA. Specifically, the capacity of the loan portfolio management software was enhanced. Now the software can process both loan portfolio information and financial data.

CDP-R organized and provided financial support to the development of the training manual "Automation of Lending and Savings Activity and Accounting and Reporting in RCCs on "1C": Accounting 7.7 platform". The manual was published in an edition of 600 copies and is used for training cooperative accountants and credit specialists who started mastering a special module "Accounting in micro-finance organizations" software for automation of accounting, credit and savings activities in RCCs that runs on "1C: Accounting" platform.

Since 2008 the second tier credit cooperative "Garant" (Saratov) as one of the active participants of CDP-R project has been responsible for distribution and support of MIS software. RCC "Garant" sold 160 packages of MIS software to RCCs. As for September 2010 RCC "Garant" provided consultations to 30 RCCs.

RCC "Garant" launched the program of distant services to cooperatives by remote access to accounting data of cooperatives which opened up new possibilities in MIS distribution and support.

Web-site www.ruralcredit.ru was developed for the RCCs system. The web-site serves as a valuable source of information to provide information and consultancy to RCCs. The web-site indicated that many RCCs applied for advice in accounting, taxation, development of special audit unions, etc. Providing for regular feedback from the web-site users will invariably help RCCDF and other apex entities of credit cooperatives take a lead in rendering information and consultancy to credit cooperatives of Russia. Since this activity is very important for the credit cooperative community, ACDI/VOCA funded this initiative at an early stage of the project.

According to the credit cooperative community, the www.ruralcredut.ru web-site has become an important information resource for credit cooperatives and in future will be used on a wider scale by credit cooperatives.

Outcome 9: Development and introduction of prudential norms for rural credit cooperatives

Before the implementation of CDP-R, there were no attempts to develop prudential norms and standardize RCCs activities in Russia. However, the need to standardize documentation system, credit and savings activities and accounting in RCCs was growing with the increasing number of credit cooperatives and development of a multi-tier RCC system. By virtue of the above-said, the CDP-R team organized the development and introduction of prudential norms:

1) the development of standard in-house regulations and provisions for rural credit cooperatives;
2) the development of Methodological recommendations on accounting and taxation in RCCs;

3) Observance of prudential norms in rural credit cooperatives.

ACDI/VOCA organized and supervised the development of standard in-house regulations and provisions for 1st tier RCCs and provided financial support to the development of standard documents package. The job was done by a working group of 10 representatives from rural credit cooperatives and RCCDF.

Developed by CDP-R expert working group a package of in-house regulations for the 1st tier RCCs was printed (500 booklets). The Ministry of Agriculture of Russia disseminated these documents among all regional ministries (departments) of agriculture. Also seventy RCCs received the package of in-house regulations for the 1st tier RCCs through www.ruralcredit.ru. Over 150 participants of "How to start an RCC" workshops, which were held by the Training Consortium and NC RCC&AD project, also received a standardized package of essential documents for RCCs.

ACDI/VOCA also supervised and provided financial support to the development of Methodological recommendations on accounting and taxation in rural credit cooperatives. The recommendations enable unification of accounting in RCCs and facilitate automation of accounting and provision of information to rural credit cooperatives. The recommendations were printed (1000 booklets) and the Union of RCCs and Ministry of Agriculture of Russia disseminated these documents among all regional ministries (departments) of agriculture. Over 400 participants of "Accounting and Taxation in RCC" workshops, which were delivered by the Training Consortium and NC RCC&AD project, also received this manual.

The feedback received by ACDI/VOCA and Union of RCCs from the regions demonstrated high demand for the in-house regulations in RCCs. ACDI/VOCA continued its technical assistance in developing a similar package of documents for 2nd tier RCCs as the RCCs appreciated this package of standard prudential norms. A working group financed by ACDI/VOCA developed standard in-house documentation for 2nd tier RCCs (charter, regulations, loan agreements, monitoring procedures, etc.). These documents were printed, and the Union of RCCs disseminated them among all the constituent entities of Russia.

Elaboration of in-house regulations, prudential norms and recommendations promoted active development of the system of rural credit cooperation in the regions (see Outcome 1).

The analysis of legal environment regulating the development of agricultural cooperatives in Russia performed with the use of CLARITY indicators and scorecard has shown that the level of compliance of the regulatory environment with the established principles is equal to 79.2 percent (see CDP-R semi-annual report as of June 30, 2010). This is indicative of the fact that the level of compliance of the regulatory environment in Russia with the established principles is rather high.

The overall sufficiently high level of compliance of the regulatory environment with the established principles (79.2%) does not mean that the legislation in force adequately meets the needs of credit cooperatives and their systems as a whole.

In addition to the earlier conducted expert assessment, CDP-R studies the opinion of RCC management regarding a need for further development of legislation (the legal environment), in particular regarding regulation and self-regulation in the agricultural credit cooperative system. To achieve that, CDP-R conducts surveys of RCC directors related to further development of agricultural credit cooperative system (see Outcome 10).

Outcome 10: Improvement of the regulatory and legal framework for the development of rural credit cooperative system

CDP-R provided organizational and financial assistance to the effort of RCCDF and the Union of RCCs related to improving the regulatory and legal framework for the development of rural credit cooperative system.

RCCDF and the Union of RCCs took an active part in various working groups. Through working in these groups it was possible to communicate the opinion of rural credit cooperative community to the State Duma, the Council of Federation and various ministries and to advocate the interests of credit cooperatives in governmental institutions.

In April-June 2010, CDP-R together with the Union of RCCs organized a special survey to study the opinion of RCC managers regarding the necessity to improve regulatory and legal framework in order to develop rural credit cooperative system at this particular stage. The necessity for conducting surveys of RCC directors on further development of agricultural credit cooperative system was dictated by the fact that at the present stage of agricultural credit cooperative system development, the improvement of legislation in terms of government control and self-regulation, establishment of financial standards and exercising control over the activity of agricultural credit consumer cooperatives continues to be relevant.

The surveys were conducted simultaneously with the sociologic surveys to review the influence of credit cooperatives on rural population; the directors of 189 RCCs participated in it.

The results of the surveys have shown that 64 percent of the interviewed prefer to continue operating under the framework of the Federal Law on Agricultural Cooperatives. At the same time, 54 percent of the directors consider that the specified law requires improvement.

More than 48 percent of cooperative directors feel positive about the enforcement of government control over the activity of RCCs and prefer the Ministry of Agriculture (40 percent of the interviewed) to be the government regulator in this case. However, only 8 percent of respondents spoke for the immediate enforcement of government control. Twenty-five percent of respondents observed that there was no need to enforce government control, and 15 percent responded that cooperatives were not ready for the enforcement of government control.

The cooperative directors differ materially in how they view the formation of a self-regulation mechanism. Up to 10 percent of the interviewed consider that the implementation of self-regulation principle is premature, while 38 percent of the respondents view special audit unions as possible self-regulated organizations, and according to 17 percent of the interviewed a self-regulated organization should be established using an industry-based approach.

As for the improvement of tax legislation, 28 percent of respondents observed that (a) the system of taxation of RCCs should consider the specifics of income generation and cost formation in credit cooperatives; (b) funds allocated by RCCs to augment their equity capital (27%) and to form appropriate reserves (22 percent) should be exempted from taxation; (c) a personal income tax (NDFL) on depositors' income be imposed provided that the latter exceeds the CB refinancing rate plus five percentage points (by analogy with banks, at a 35 percent rate) (20 percent).

More than 49 percent of cooperative directors consider that the agricultural credit cooperative system should have an apex financial organization of its own. Twenty-four percent of the interviewed gave negative answers and 27 percent were undecided. In this connection, 26.9 percent of the respondents said that the apex financial organization should be in the form of a cooperative bank, 33.2 percent – in the form of a federal-level credit cooperative, and 4.7 percent – in the form of a commercial bank or a non-bank credit institution.

The survey results have also shown that many directors of agricultural credit cooperatives (about 20 percent of respondents) would prefer to work outside the framework of the laws governing the activity of credit cooperatives, both agricultural and non-agricultural. This primarily relates to issues such as regulation,

establishment of financial standards and exercising control over the activity of agricultural credit cooperatives. About 5 percent of respondents could not give their opinion.

A. Maksimov, CDP-R Director, presented the survey results to a round table titled "Further Development of Agricultural Credit Cooperative Legislation: Problems and Prospects" (September 24, 2010, Moscow). During the round table discussion it was observed that preparation of suggestions and recommendations on the improvement of legislation should, on the one hand, consider the survey results and, on the other hand, take into account the inertness of a significant part of credit cooperative directors, their reluctance to work within the framework of any law regulating their activity.

So, the recommendations provided by the round table said that in preparation of suggestions and recommendations on the improvement of legislation the leading part should be played by institutions of agricultural credit cooperative system development represented by the Union of Rural Credit Cooperatives and the Rural Credit Cooperation Development Foundation, which can accumulate the opinion of the most active part of agricultural credit cooperatives and present it to the federal legislative and executive authorities.

In 2010 the Union of RCCs became a member of the National Partnership of Microfinance Market Shareholders (NAMMS) and this opened additional possibilities to optimize a position of the rural credit cooperatives community. It has allowed CDP-R project to carry out the joint actions to develop legislation, using platforms on the federal level, for example the Chamber of Commerce of Russia. Two joint round tables discussions were organized in 2010.

(A) A ROUND TABLE ON THE IMPROVEMENT OF AGRICULTURAL CREDIT COOPERATIVE LEGISLATION

On July 13, 2010, over 60 representatives of rural credit cooperatives, special audit unions for agricultural cooperatives (revizionnye soyuzy), Government officials, development and support organizations, and other stakeholders participated in a round table titled "Agricultural credit cooperation as guarantee of successful development of rural areas, small and medium-size business" organized in Moscow by the Union of Rural Credit Cooperatives and the Chamber of Commerce of Russia. CDP-R was the leading sponsor of this important event which focused on discussing the challenges that are faced by the cooperatives and the cooperative system on the whole, Government support measures and the important issue of introducing a system of self-regulation for rural credit cooperatives. One of the highlights of the round table was presentation made by Mr. I. Baginsky, Department Director of Rosselkhozbank who expressed genuine interest in establishing stronger linkages with the credit cooperatives, especially of the 2nd, as well as with the 3d tier apex cooperative which clearly shows a fresh approach of this major agricultural bank in its strategy regarding rural credit cooperatives. The participants stressed the importance of developing the three tier system of rural credit cooperatives in Russia, consolidating it through establishing a system of obligatory prudential norms. The round table adopted a Resolution which summarizes the key recommendations and suggestions to the Ministry of Agriculture, Ministry of Economic Development, Rosselkhozbank and the organizations of the RCC system. The Resolution will be sent to the State Duma, the Council of the Federation, to Ministries of Agriculture and Economic Development.

(b) A round table discussion on bringing cooperatives in line with the Federal Law on Credit Cooperatives and using their experience for the improvement of individual provisions of the Federal Law on Agricultural Cooperatives

On September 24, 2010 a round table titled "Further Development of Agricultural Credit Cooperative Legislation: Problems and Prospects" was conducted at the RF Chamber of Commerce and Industry. The

round table was financed by CDP-R in collaboration with the National Partnership of Microfinance Market Stakeholders (NAMMS) and the Union of RCCs. The round table was attended by more than 30 participants from the Ministry of Economic Development, Rosselkhozbank, NAMMS, the Union of RCCs, special audit unions of agricultural cooperatives and credit cooperatives. The round table discussed the tendencies of further development of agricultural cooperative legislation; the development of prospective standards; the adjustment of standards and rules prescribed for non-agricultural credit cooperatives to the specific character of agriculture; the specifics and prospects of government control and supervision in the agricultural credit cooperative sector; the experience and problems of self-regulation of credit cooperative activity; the possibility of convergence of legal regulation of agricultural and non-agricultural credit cooperatives. Based on the results of the round table discussions, recommendations on the improvement of agricultural credit cooperative legislation are being prepared to be further submitted to the State Duma, the Council of Federation, the Ministries of Agriculture and Economic Development and discussed by the Ninth National Microfinance Conference (November 17 – 19, 2010, Moscow).

a. The survey results

In April-June 2010 CDP-R jointly with the Union of RCCs performs surveys to provide a more thorough study of credit cooperative development in Russia and the influence of credit cooperatives on the life of their members and rural population as a whole, as well as to indirectly evaluate the accomplishment of the project objectives.

(a) Sociologic surveys to review the influence of credit cooperatives on rural population

A sociologic survey to review the influence of credit cooperatives on rural population was performed to research opinions of members and associate members that borrow from and/or keep their savings with (lend to) their cooperatives. A similar survey was conducted in 2005. The results of both surveys have made it possible to evaluate the changes that took place during the period of CDP-R implementation.

The purpose of the recent survey was to find out to what extent rural credit cooperatives influenced the life of their members and of rural population as a whole. The survey was conducted in collaboration with the Union of RCCs.

The survey covered 299 respondents from 48 agricultural cooperatives located in eight RF regions: Vologda, Kemerovo, Penza, Saratov, Yaroslavl oblasts and the republics of Adygeya, Kalmykia and Mariy El.

The survey results have shown that:

1) Current members of RCCs are rural dwellers of various age groups, but the majority of cooperative members are people of 40 – 50 years old (the average age is 47). The most important role in RCCs is played by heads of private farms and owners of personal subsidiary plots whose share makes 89 percent of all members. RCC members who only borrow from their cooperatives make 77.9 percent, members who deposit their savings – 8.4 percent, and members who both borrow and deposit make 11.7 percent.

2) During the period of participation in cooperatives, their members/borrowers got more access to various resources: the number and amounts of loans increased, which contributed to the increase in the amount of land area used (the land area used by the respondents in 2009, as compared with the year of their first loan, increased by 67.7 percent per farm, specifically by 119.1 percent for land in private ownership and 47.7 percent for leasehold land); creation of new jobs and the increase in workers employed (the total number of workers employed by the respondents in 2009, as compared with the year of their first loan, increased by 26.4 percent per farm, specifically by 29.8 percent for regular workers and 13.4 percent for seasonal workers).

3) Participation of borrowers in the management of their cooperatives depends on the amount of their loans. Bigger loans mean probably a bigger responsibility of borrowers, which makes the latter to participate in a decision-making process (more than 83.5 percent of cooperative members participate in the management of their cooperatives by taking part in general meetings). In its turn, active participation in the cooperative activity is 'rewarded' by simplifying the access to loan resources.

4) The vast majority of borrowers expressed their needs for long-term, 2-3 year, loans to further develop their business/farms. Housing loans are also in demand. Needs for land purchase loans rate third highest. There is also a new need that has arisen rather recently – loans for purchasing household goods.

5) More than a quarter of RCC borrowers borrow at the same time from banks, but the number of such loans per borrower is 2.3 times less than that received from RCCs. Positive credit history with a credit cooperative favors the possibility of cooperative members to get a bank loan – 83 percent of respondents who applied for a bank loan were asked about their RCC credit history. Sberbank is the most popular bank in rural areas – 35.1 percent of RCC borrowers applied for its loans and 81 percent of such applicants succeeded in doing so. Other commercial banks rank second in terms of the number of applications for loans – 29.8 percent of RCC borrowers applied for their loans and 84.3 percent of such applicants succeeded in doing so. Those willing to borrow from shady lenders (usurers) make a very small share, which is indicative of positive experience of rural credit cooperative development and of interaction with legal lending institutions.

6) An average loan borrowed by a cooperative member from a bank is almost three times as much as the one borrowed from a RCC. It is explained by the fact that bank loan applications are normally made by bigger farms/entrepreneurs. Having become bank customers, they maintain contacts with their cooperatives.

7) The vast majority of those who applied for bank loans consider that it is much easier to get a loan from a RCC, and two thirds of RCC borrowers even did not try to apply to a bank.

8) Loans borrowed from cooperatives made it possible for most RCC members to improve their financial situation (64.5%) or at least to maintain the obtained level (24.7%). This is proved by the fact that most RCC members intend to apply to their cooperatives for more loans, and 43.1 percent of borrowers would like to borrow from their cooperatives bigger amounts than before.

9) The number of deposits made by RCC members with banks is 2.3 times less than that made with RCCs. The average amount of funds deposited by RCC members with their RCCs is more than five times as large as the amount of bank deposits. This is indicative of a high level of confidence in RCCs. The main reasons for making deposits with RCCs include the intention of keeping the funds safe (45.9%), protecting them from inflation (23%) and accumulating the amounts necessary to purchase housing and machinery (21.3%).

10) The major reason for making deposits with RCCs is a higher interest rate than the rates offered by banks. At the same time, the estimated savings loss risk in RCCs is somewhat higher as compared with bank deposits. Other depositing conditions, such as working hours and convenience of location, are, according to depositors, better in RCCs than in banks. The confidence of depositors in the management of RCCs is higher too.

11) The most favorable season for making deposits is autumn, but some depositors would prefer to deposit their funds all the year round, and to some depositors it makes no difference. Those willing to make deposits can be found in every season, but the share of those who wish to make deposits in winter, spring or summer is considerably smaller. The amounts of deposits preferable for 91 percent of depositors range from 5 to 500 thousand rubles. The share of depositors willing to deposit more than 500 thousand rubles makes about 7 percent.

12) More than one half of RCC depositors would like to get 21 to 30 percent in annual interest income, but a significant share of depositors (37%) would be satisfied with a more modest annual rate of interest on the deposited funds ranging from 10 to 20 percent.

13) RCCs are regarded by their members as the principal source of information on financial products, on security for loans. As for other issues of conducting business, RCC members prefer to obtain information primarily from magazines and newspapers. Extension services, as a source of information, rank second on some types of information (taxation, new technologies) and third on other types (the development of business in credit management, prices for resources), and on the rest of types play an insignificant role in the life of RCC members. Banks, as a source of information on the listed issues, are of low importance coming after such a source as word of mouth.

14) RCC members gave positive evaluation of how their RCCs influenced their own life. To prove the importance of RCCs for them, most RCC members (55.5%) are ready to repay some portion of their credit cooperative's debt if the cooperative fails to repay its bank loans.

15) The positive evaluation of the influence of RCCs on the life of rural communities is also supported by the fact that there are people willing to join rural credit cooperatives: 77 percent of respondents consider that at least 10 people in each of their rural communities wish to become RCC members.

16) According to RCC members, most businesslike and energetic rural dwellers join the membership of credit cooperatives. RCCs have developed a positive image; they have potential for further growth.

As a whole, the survey has demonstrated that RCCs influence the life of their members in a positive way. The comparison of the results of surveys conducted in 2005 and 2010 has demonstrated an increased positive influence. As a whole, this is indicative of the fact that RCCs have been developing into a popular financial institution exercising a significant influence on the quality of rural life.

The survey results are provided in a separate document (see the report «The impact of agricultural credit cooperatives on rural life»).

(b) Surveys of economic and financial status of agricultural cooperatives

The survey of economic and financial status of agricultural cooperatives covered 189 RCCs, including 5 second tier cooperatives. The analysis of the survey data has shown that:

1) The agricultural credit cooperative system in the Russian Federation continues to develop. Based on the aggregate data on the surveyed RCCs, 9 percent of cooperatives have been in business for a term of not exceeding 4 years, 65.6 percent – for 4 to 8 years, and 25.5 percent – for more than 8 years.

2) Integration processes are taking place in the system of RCCs. According to the survey results, 60.8 percent of the surveyed RCCs have been admitted to the membership of a higher tier cooperative; 39.2 percent of cooperatives are members of the Union of Rural Credit Cooperatives; 29.6 percent of the surveyed RCCs are members of both a higher tier cooperative and of the Union of Rural Credit Cooperatives; 29.6 percent of the surveyed RCCs are not members of any of the above organizations, i.e. are out of the system. RCCs that have been in business for eight years or more are normally more inclined to join the membership of higher tier cooperatives and the Union of Rural Credit Cooperatives.

3) As a rule, RCCs provide services to micro and small farms. Members of first tier RCCs include natural persons (84.5%), specifically owners of personal subsidiary plots (71.2%); peasant (private) farms (8.3%); legal entities (2.8%), including agricultural organizations (2.6%) and consumer cooperatives (0.3%). Members of second tier RCCs are primarily first tier RCCs (81.6%) and natural persons (18.4%).

4) The membership of RCCs continues to grow. A RCC average membership makes 330 members – 339 members per first tier cooperative and 17 members per second tier cooperative. The number of cooperative members in 2009, as compared with 2008, increased by 2.6 percent, specifically, the increase in first tier cooperative membership made 2.6 percent and that in second tier cooperative membership – 19.2 percent.

5) An average loan amount provided by a RCC to its members depends on the RCC membership composition. An average loan amounts to 99 thousand rubles, specifically 94.2 thousand rubles in first tier cooperatives and 756 thousand rubles in second tier cooperatives.

6) The rates of interest on loans disbursed are based on the market conditions. The minimum interest rate makes 21 percent, specifically, 22 percent in first tier cooperatives and 13 percent in second tier cooperatives; the maximum interest rate makes 31, 31 and 32 percent, respectively. The share of RCCs offering a minimum annual interest rate of up to 15 percent makes 23.8 percent; of 15 to 30 percent – 55 percent; and of 30 percent or higher – 15.3 percent. The share of RCCs offering a maximum interest rate of up to 24 percent makes 36 percent; of 24 to 48 percent – 43.4 percent; and of 48 percent or higher – 16.9 percent.

7) Loan terms depend on the seasonal nature of agricultural production process and the purpose of the loan. The minimum loan term makes, on the average, 142 days, and the maximum loan term averages 913 days.

8) The lending conditions in second tier RCCs are better than those in first tier cooperatives, which meet the purpose of such cooperatives and their goals and objectives and partially explain why first tier RCCs become members of second tier cooperatives.

9) The influence of negative tendencies caused by the financial crisis is still present. The number of loans provided in 2009 decreased, as compared with 2008, by 12.1 percent, the amount of loans – by 6.1 percent, specifically, in first tier RCCs by 12.2 percent and 5.4 percent, respectively. At the same time, the number of loans provided by second tier cooperatives increased by 5.9 percent and the amount of loans provided by such cooperatives decreased by 8.1 percent.

10) People joining cooperatives are induced by the need for financial resources required for business development. Agricultural production development loans make 46.8 percent of all loans, consumer loans – 27.5 percent, loans for other purposes – 14.8 percent, and agricultural processing loans – 5.4 percent. The high share of consumer loans is explained by the fact that many cooperatives do not keep separate records of loans used for specified purposes but categorize all loans as loans for consumption.

11) Affected by the financial crisis, the average amount of borrowed funds has decreased. The number of loans borrowed from cooperative members in 2009 increased by 4.4 percent, while the amount of loans decreased by 7.7 percent as compared with 2008. The average amount of loans borrowed from members and associate members of cooperatives made 141 thousand rubles, specifically, 136 thousand rubles in first tier RCCs and 1.174 mln rubles in second tier cooperatives.

12) The rates of interest on borrowed loans are based on the market conditions. The minimum average annual rate of interest on loans borrowed from cooperative members made 13 percent, specifically, 13 percent in first tier RCCs, 9.1 percent in second tier RCCs, and the maximum rate made 20.4, 20.5 and 14.5 percent, respectively.

13) RCCs seek to borrow long-term loans from their members. The minimum average loan term is 212 days, specifically, 90 days in first tier RCCs, 222 days in second tier RCCs, and the maximum term is 767, 912 and 635 days, respectively.

14) The fixed assets (property) of RCCs are rising in value. The cost of main assets of RCCs increased in 2009 by 45 percent as compared with 2008. However, it should be noted that only 7.9 percent of

cooperatives own their office spaces, 78.3 percent of RCCs rented their office spaces, and 9 percent did not have any. The right of automobile ownership is exercised by 18.5 percent of cooperatives, and 1.1 percent of RCCs rent automobiles. The average size of the office space owned by RCCs made 85 sq. m, and that of the rented space – 41 sq. m. The absence or lack of office premises and automobiles deteriorates significantly the performance of credit cooperatives.

15) The number of people employed by RCCs depends directly on the volume of lending. On the average, there are 4.2 employees per RCC including 1.1 loan officers, specifically, 4.0 and 0.9 employees, respectively, per first tier RCC, and 7.0 and 2.3 employees, respectively, per second tier RCC. The number of employees working for a RCC depends on the amount of loans disbursed by the cooperative. Cooperatives whose annual volume of lending reaches 270 loans employ 3 people including a loan officer; 270 to 540 loans – 6 people including 2 loan officers; 540 to 810 loans – 8 people including 4 loan officers; 810 loans or more – 25 people including 7 loan officers.

16) The value of assets of RCCs is growing. In 2009, as compared with 2008, the assets of RCCs and, accordingly, their sources increased by 6.9 percent. In the structure of assets financial investments make 64.2 percent, loans receivable – 18.9 percent, long-term financial investments – 10.7 percent, and cash assets – 2.5 percent.

17) The main source of assets is loans and credits (67.3%) the major portion of which is represented by loans (savings) borrowed from cooperative members and associate members (24%) and credits provided by commercial banks (9.8%), including Rosselkhozbank (7.1%); shares contributed by cooperative members (14.3%) come second; payables (4.9%) rank third. The structure of asset formation in second tire RCCs is somewhat different: capital reserves (43.4%), loans and credits (40.8%), and share capital (12.5%).

18) The RCC loan portfolios at risk increased in 2009 by 4.2 percent as compared with 2008. The share of cooperative members repaying their loans in due time makes only 87 percent of the total number of borrowers and 88.8 percent in terms of loan amounts. The share of past due loans (30 to 180 days and over 180 days) and prolonged loans is increasing. If the specified tendency persists, it may entail negative consequences for a number of cooperatives, though the assets at risk are currently covered by the equity (share capital and reserves).

19) Despite the increase in the loan portfolios at risk, on the whole, in the years under review the surveyed RCCs operated at a profit. In 2009 the financial income of RCCs amounted to 605 thousand rubles and the net profit – 49.6 thousand rubles per employee, which is higher than the figures reached in 2008 by 18.6 and 16.7 percent, respectively. The rates of taxes paid by RCCs to the local, regional and federal budgets are also an important factor for rural development. In 2009 RCCs paid 72.8 thousand rubles per employee in taxes to the budgets of different levels, which is higher by 45.3 percent than the amounts paid in 2008.

20) The operational and financial self-sufficiency, as reviewed in the aggregate, has shown that RCCs had critical level of self-sufficiency and it is necessary quickly to make changes into lending, borrowing and management policies and procedures.

The survey results are provided in a separate document (see the report «Surveys of economic and financial status of agricultural cooperatives»).

Summary/Conclusion

CDP-R played an exceptionally positive role on the institutional development of the rural credit cooperative system in Russia to achieve scale and salience through improved collaboration among credit cooperative support institutions; expanded access to capital to meet the demand of qualified RCCs; improved information system, self-

regulation and regular monitoring and audits of qualified RCCs; the adoption of good in-house documentation and prudential norms; and an improved legislative and regulatory environment.

The project achieved the following significant results in cooperation with project partners and others stakeholders:

- *Establishment of new credit cooperatives* and their support with training seminars, conferences, round table discussions, interactions with regional and federal authorities. According to the RCCDF, as for September there were 1515 operating cooperatives in Russia which is more than two times increase in comparison with the beginning of the project.

- *Consecutive development of RCC multilevel system.* Experience of credit cooperation development, especially in the regions, has proved that under the Russian conditions it is a right development strategy. Nowadays, 33 regions of Russia have two level cooperative systems already established or under development.

- *Institutional development of RCC system.* Project support, including grants was directed both to financial institutions of RCC system (RCCDF, NCC) as well as other institutions functioning on democratic foundation and management principles (Union of RCCs, NSAU). CDP-R greatly supported efficient cooperation between different institutions of RCC system.

- *Justification and legal basis to attract rural dwellers' savings.* The Project assisted round table discussions and conferences. Their resolutions were addressed to the federal authorities and law makers suggesting to establish legal framework to attract rural dwellers' savings. As a result, in November 2006 the law "On Agricultural Cooperation" was amended accordingly. Currently, this source makes about 25% in the resources of credit cooperatives.

- *Education and training of specialists for credit cooperatives.* CDP-R elaborated and introduced a module training system consisting of six training seminars. All together, the Project provided training for more than 1,000 managers and specialists of RCCs.

- *Monitoring and management information system development.* CDP-R trained specialists and introduced a cooperative monitoring system, supported elaboration and distribution of Management Information System, and internet site www.ruralcredit.ru.

- *Consecutive unification of RCC activities.* CDP-R initiated and financed development of a package of in-house regulations for RCCs (the first and second levels); recommendations for accounting policies and financial reports; foundation and in-house regulations for SAUs and NSAU and others.

- *Attracting investment to the rural credit cooperative system.* CDP-R facilitated international audit and rating of the RCCDF, as well as NCC and a number of regional credit cooperatives. The State recognized rural credit cooperation as a microfinance institute for the rural community and allocation of financial resources through Rosselkhozbank allowed to increase considerably the volume of finance available for RCC system. Since October 2004, overall amount of loans to the RCC system made more than 6.8 Bln. rubles ($227 mln.).

However, it is important to outline that the development of credit cooperation system is not completed yet. Primarily, it is still uncertain how to establish and operate an apex financial institution for the RCC system, capable to attract substantial financial resources into the system. There are different possible scenarios for long term development:

1) The legislation will be amended to allow (a) an establishment of a cooperative bank; (б) the second level RCCs become shareholders of a cooperative bank. In this case, the cooperatives would be capable to create their own bank and transform the third (federal) level NCC into a cooperative bank;

2) The legislation and state policies will be altered to allow Rosselkhozbank function as a cooperative bank with cooperatives as shareholders.

3) The state will create economic and financial mechanisms to support rural credit cooperation (state warranties, insurance, reserves), which will make credit cooperatives, especially the third tier and second level RCCs, more attractive for investors and improve their status as sound financial institutions of the RCC system.

Attachment 1

General terms to credit RCCs and it members through Rosselkhozbank (September 2010)

Terms	**Up to 5 years** – material and technical means of RCCs, including acquisition of an administrative premise and its technical support. Loans to RCC members : **Up to 2 years** – for operating costs; **Up to 5 years** – to individuals for consumer projects; **Up to 8 years** – for the industrial projects.
Collateral	RCCs can accept the following collateral: – liquid property, including the one belonging to the third parties and RCC members; – state warranties of subjects of the Russian Federation or municipal institutions; – warranties from the state and municipal funds to support small and average size entrepreneurial business, funds to assist lending projects (warranty funds, funds of guarantees); – incorporeal rights under loan contracts, concluded between RCCs and its members; – Warranties of individuals (loans up to 700 thousand rubles) and legal entities (loans up to 1 million rubles).
Interest rates	Lending resources to RCCs to provide loans to its members for field works – **from 12 %**; Lending to RCCs for other purposes – **from 14 %**.
Subsidies	**Subsidies** are provided to agricultural producers to compensate the interest rate paid for loans received from agricultural credit cooperatives. Only interest rate of loans for technical office support of RCCs shall be partially subsidized.

South America

A major focus of ACDI/VOCA's work over the last four decades has been to assist cooperatives to adopt carefully-considered strategies and tools for innovation that would help them become commercially successful and sustainable. Change management strategies continue to be critical today as cooperatives worldwide are challenged to achieve competitiveness and efficiency. ACDI/VOCA's original hypothesis was that the sustainability of cooperatives and the livelihood of their members depend on a range of change strategies, the appropriateness of which varies according to cooperative function and ideology, as well as internal and external socio-political and economic pressures. The methodology categorizes cooperatives as agents of change that must adapt to a highly complex institutional environment and respond to the socio-economic needs of, in many cases, marginalized, resource-scare populations. In order to understand and evaluate change, individual cooperatives were examined as dynamic community-based local organizations that exist within wider socio-political and environmental contexts. ACDI/VOCA worked with the Bureau of Applied Research in Anthropology (BARA) of the University of Arizona to document the needs assessments and the development of change management strategies at the cooperative level.

BRAZIL

BACKGROUND

Agriculture represents an essential component of Brazil's economy, amounting to 10 percent of its GDP, 40 percent of exports and 30 percent of employment. A full 40 percent of Brazil's agricultural output is produced by its 1,406 agricultural cooperatives, several of which are comprised of indigenous groups. Thus, Brazilian cooperatives are integral to agricultural production. Member-owned and operated, cooperatives empower small and medium-sized producers by providing training and other forms of technical assistance while introducing democratic principles through election processes. However, the cooperatives are small, undercapitalized, and understaffed, and they are in need of comprehensive programs of technical assistance.

ACDI/VOCA has had a long history in Brazil. Between 1973 and 1985, ACDI/VOCA conducted 30 volunteer assignments, which led to the development of other ACDI/VOCA projects. In 1995 ACDI/VOCA launched a program in Brazil to develop local cooperatives and alleviate poverty while minimizing the effects of negative environmental impacts. ACDI/VOCA implemented the Program for Sustainable Development in Amazonia through Cooperatives (PRODESAM) with the following partners: Department of Cooperatives and Rural Associations of the Ministry of Agriculture, the Organization of Brazilian Cooperatives (OCB) and, the International Cooperative Alliance. The first of its kind, the program brought together all appropriate players in an effort to effectively impact small and medium producers in isolated and under-served areas. PRODESAM focused on two primary target issues, 1) Good Governance & Member Needs, and, 2) Cooperative Salience & Competitiveness.

In 2002, the program was aligned directly with OCB's and its sister organization SESCOOP's (Cooperative Learning Services) nationwide Cooperative Development Program for Self-Management, with ACDI/VOCA's regional focus continuing to be the country's Amazon region.

Since the inception of the program, more than 125 ACDI/VOCA volunteers and consultants have offered guidance in nearly every field of agricultural production, as well as numerous projects in marketing, strategic planning, management and cooperative development. The program helped local producers move toward greater profitability in an atmosphere that promotes sustainable farming and business operations while conserving Brazil's natural resource base.

In 2004, the Cooperative Development Program built upon the activities of PRODESAM and ACDI/VOCA's experience in Brazil, as cooperatives are an ideal vehicle to deliver technical training and financial support to small producers, their families and their respective peripheral entrepreneurial activities. The program continued to help local producers move toward greater profitability in an atmosphere that promotes sustainable farming and business operations while conserving Brazil's immense natural resource base.

SUMMARY

Under the CDP program, technical assistance was delivered to production/agricultural cooperatives and other types of farmer organizations in areas such as leadership, management, production and marketing. The program enabled ACDI/VOCA to maintain effective partnerships with local co-ops, their state-level organizations and the national apex, the Organization of Cooperatives of Brazil (OCB). ACDI/VOCA staff and volunteer consultants also worked with the Brazilian Micro and Small Business Service Organization, Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE) state offices and their staff members in the previously mentioned states on an ongoing basis. Technicians and economists from both institutions often accompanied ACDI/VOCA

consultants into the field, attended their training seminars and workshops and, at times, reviewed their final reports and analyses.

ACDI/VOCA delivered formal training programs in cooperative governance, member participation and control, and all aspects central to achieving salience in the community and competitiveness in the market. ACDI/VOCA advisers conducted intensive training activities while preparing realistic short-, medium- and long-term business plans that focused on environmentally sound and cost-competitive production and handling of a high-quality product. Organizations were urged to enter into business alliances with other co-ops in their region to purchase inputs and market their respective products, thus securing volume discounts for inputs and having more clout in the marketplace.

ACDI/VOCA's work in the Amazon region under the CDP program has achieved measurable successes according to OCB leadership and the Ministry of Agriculture's Cooperative Department's national director and staff. The program focused on cooperatives with marketable products that are readily available. In each locale, the program engaged all appropriate sources of support built around core products in a project consortium. Participants included: mayors, chambers of agriculture and commerce, state secretariats of agriculture, development bank staff, agricultural and environmental NGOs, and state-level co-op organizations.

CDP- training, commodity and value chain related activities included:

- Cooperative/Producer Association business planning;
- Cooperative/Producer Association management evaluation/training;
- Agro-forestry and reforestation training;
- Tropical fruit and vegetable processing and marketing;
- Beekeeping and honey marketing;
- Aquaculture and associated feed development;
- Brazil nut post-harvest handling and marketing;
- Dairy cooperative product development and quality control;
- Palm heart packaging and export;
- Feasibility studies on commercial viability of a variety of products.
- Eco-tourism development and assessment;
- Fruit juice and fruit pulp quality control and improvement;
- Hazard Analysis and Critical Control Point (HAACP) training and analysis.
- Leather handicraft product development and marketing;
- Non-timber forest product development and marketing; and
- Board member training and strategic plan development.

LOCAL SUPPORT

CDP/Brazil was a joint venture between ACDI/VOCA and the Organization of Cooperatives of Brazil (OCB). OCB provided free furnished office space in Brasilia for ACDI/VOCA, and also helped with cost-sharing for telephones, office supplies, equipment, cleaning services, and more. OCB also served as the bridge to its member cooperatives in the Amazon region and the Northeast through its state organizations of cooperatives, which exist in every state.

Another source of local support was the National Department of Cooperatives (DENACOOP) of the Ministry of Agriculture and Supply. DENACOOP made grants of several hundred thousand dollars to OCB, and these funds were earmarked to pay ACDI/VOCA volunteer in-country costs, including food, lodging, travel, interpreters, report translation and miscellaneous project-related expenditures.

OCB, knowing USAID funding for cooperative development programs would no longer be available for Brazil, proposed to reestablish an ACDI/VOCA presence in Brasilia, with the full support of OCB and the cooperative system over which it presides. Detailed discussions regarding this initiative will be held with OCB at ACDI/VOCA headquarters in the spring of 2011.

OPERATIONS

In 2002 – 2003, ACDI/VOCA, in consultation with cooperative leaders and Cooperative Department officials in Brazil's Ministry of Agriculture, narrowed down a list of possible commodity value chains in the country's Amazon region that CDP/Brazil's Amazon project could work on strengthening. The decision was unanimous that Brazil nuts offered the best prospects, followed by eco-tourism and a few tropical fruit products in a priority/viability listing. Brazil nut gatherers' cooperatives in four Northern states – Acre, Amapá, Amazonas and Pará – would be the targets for assistance, which they all requested early on in the process. The technical assistance would be provided by senior-level ACDI/VOCA volunteers in coordination with a wide array of collaborating entities.

The Cooperative Development Program has an important component called management of change in cooperatives, the definition of which is assisting such enterprises to compete effectively in the global economy through the upgrading, if necessary, of their management philosophy and approaches to enable them to cope with the challenges of increasingly complicated markets. In South America, this process frequently is called a "change of culture" among board members, management and rank-and-file members in the way of organizing and doing business in the 21st century. A central criterion for the selection of cooperatives to participate in CDP is that they had a marketable commodity. There was no point in expending scarce resources on organizational strengthening and market surveying if the cooperative showed no prospects for commercial success and increases in income for its members.

A/V has worked to ensure that women have been included in all training activities undertaken in our Brazil and Paraguay programs. To date, 2,341 women have directly benefitted from A/V's CDP program and another 23,891 have been indirectly assisted. As an example, ACDI/VOCA completed a STTA assignment in Paraguay which assisted a rural women's association that produces palm hats. The training imparted skills to not only improve palm production but to also enhance drying and handling techniques that will ensure low loss as well as a superior product. Thirty women participated in the training and with the increased income, their families and the entire community stand to benefit from increased economic security.

VOLUNTEERS

In Brazil, ACDI/VOCA's work consisted of sending volunteer professionals to selected cooperatives to learn the realities of the entity, its members and the local community, and identify possible bottlenecks or barriers to its development. After this immersion in the world of the cooperative and identification of its needs, the volunteer would prepare a complete diagnostic analysis of the cooperative's situation and a plan with suggestions on how to turn around the difficulties identified by management and members[11].

This work was carried out in outlying regions, generally far from urban centers, including the settlements of rural producer families. The selection of cooperatives to receive the consultancy services from ACDI/VOCA was done by the respective State Organizations of Cooperatives (OCEs), with a primary focus on the North and a handful of assignments in the impoverished Northeast.

All of the assignments were based on the transfer of knowledge and technology to management and members to perfect and modernize the routine operations of the assisted cooperatives, be it in administrative and financial aspects or production, marketing and distribution. The objective was to reduce value chain inefficiencies and prepare and equip the cooperatives to serve as a focal point to meet consumer demand. In this fashion, they would consolidate their brand's presence and expand their share in a marketplace increasingly more competitive and demanding[12].

Many or all of these volunteer assignments addressed cooperative management as a reflection of ACDI/VOCA's approach that a marketable value chain product is only an important first step toward commercial success, success that can be elusive or unattainable if co-op management is weak and/or wedded to antiquated business practices and approaches

In 2006, the Brazilian Ministry of Agriculture, through its national cooperative department (DENACOOP), belatedly funded ACDI/VOCA's October 2004 proposal to field 16 volunteer specialists in the North and Northeast. A/V's legacy organization VOCOOPAS (Center for Volunteers in Cooperativism and Social Economy for the Americas) assumed responsibility for field implementation of these assignments due to ACDI/VOCA's impending close-down of its Brasilia office. The projects included technical production assistance (including crops, fish and hydroponics), strategic planning for cooperatives, review and analysis of finance and management systems, market analysis and identification of alternative marketing strategies, and cooperative education for members and prospective members.[13]

A few key volunteer assignments are highlighted below:

COOPERNORTE: Cooperativa Agropecuária Tocantinense Ltda (COOPERNORTE) is a dairy cooperative that produces butter, cheese and packaged milk. COOPERNORTE has over 320 members and was founded in 1979 with the intent to process and market grain (especially rice). Unfavorable domestic policies led to difficulties in grain production, forcing their membership to consider other alternatives like milk production. In 1993 the cooperative built its current dairy plant that provides pasteurized milk, mozzarella cheese and butter for the local market. In addition to its dairy operations, COOPERNORTE stores grain and mixes feed for its members, and offers technical assistance and access to a cooperative store.

During 2004, the cooperative became the largest milk producer of Tocantins State, including production of cheese and butter. The cooperative currently employs approximately 30 people.

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[11] AV six month reports
[12] See Table 6, "ACDI/VOCA Volunteer Assignments to Brazil, June 2004 – December 2007"
[13] VOCOOPAS, 2007 project summary (attached)

The main problems for the cooperative, however, are competition with other regional market players (from other States), small regional customer market, illegal selling, no established training program for employees and producers, low budget for technology improvement (PPE) and old debts.

Due to financial problems, the cooperative has difficulty investing in and implementing new ideas, especially in purchasing programs, including the low participation of their members and producers at COOPERNORTE's regular activities. From 315 producers, only 200 (63%) deliver directly to the cooperative. COOPERNORTE's current production levels are unsatisfactory and their production facilities are not achieving 100% capacity, thus contributing to their higher costs and inability to manage their debt-load. COOPERNORTE and SEBRAE required the technical assistance of an ACDI/VOCA volunteer expert to increase production levels per farm/member, improve quality control mechanisms and train technicians and producers on contemporary, cost-effective animal management and grazing practices.

Recommendations to the cooperative following the volunteer assignment of Mr. Damon Szymanski in 2005 included the storage of silages would be easier if a trench was cut into the ground. The cooperative also had non-technical problems that included cooperative involvement, membership, membership participation and loyalty, financial condition of the cooperative, etc.

The volunteer noted that 63% of producers deliver directly to the cooperative, which means that the facilities are not achieving 100% capacity. There exists an inability to decrease production costs. The cooperative must be run as a business, the plan and facilities are run very well but there is no diversification. The volunteer noted another volunteer assignment in 2003 where similar recommendations were made, but very few were adopted. Management has to change the way it does business. When members are served, the will be active, proud and help the cooperative achieve.

COOPERNORTE must take the lead in innovation, product development and marketing. If it does not, than any increase in milk production will not help it, or its producers. COOPERNORTE has an excellent monthly news publication "News of COOPERNORTE". It should use this vehicle of communication with its members to provide useful information, short articles on animal nutrition, crop production, and up to date farm production technology. Both the cooperative and the individual farmers must learn to adapt.

The Volunteer also made technical recommendations including cow herding, grazing and sanitation.

Cooperativa Agrofrutícol: 50 kilometers from the Rondonia state capital of Porto Velho, the inhabitants of the rural settlements Joan of Arc I, II, and III hope cooperativism can organize their agricultural production, principally bananas, and hopefully begin a new phase of their lives in better conditions than those that led them to migrate to the Amazon region. The settlements' situation is still precarious, and the first step toward improving the settlers' prospects was the establishment of the agricultural and fruit-producing co-op, with unites 70 smallholders. The cultivated area is 276 hectares, along with some production manioc, yucca and the fruit acai.

ACDI/VOCA's work with the cooperative included helping the members prepare a planning process that would lead them and the community to successful outcomes. Special attention was paid to insisting upon careful following of proper banana production practices, so the product could enter the market with strength and bring higher incomes to the members. Until that point is reached, their bananas will be marketed by a municipal truck carrying their fruits to street markets around the city.

The volunteer held several meetings with the members and then visited the local markets to observe the process and prospects for demand and prices. He also visited various local entities that might help the co-op grow successfully, and helped co-op management get some of their internal documents and other administrative details

in order. Careful attention was paid to orienting the co-op's members on aspects such as how the business functions, especially the targeting of goals and objectives within society. The consultant's final report was truly a manual covering actions required to contribute to the growth and strengthening of the co-op and its members in the marketplace.

"ACDI/VOCA helped us rescue what we thought was impossible – that we could occupy a space in the marketplace. We made some changes after receiving the information from the consultant, but we know there is a lot more to do. But now we see a new horizon and a new chance to achieve success." ***Crispin Ferreira, President, Agrofrutícol Cooperative***

Cooperativa dos Amigos Catadores e Recicladores de Resíduos Sólidos: Utilizing the garbage collected in Boa Vista, the capital of the state of Roraima, the members of the "The Gathering and Recycling of Solid Waste Friends' Cooperative" are creating new opportunities in their lives with the recapture of citizenship and a dignified life. The members, men and women, daily collect in the capital city paper, cardboard, bottles and plastic refuse. In the cooperative's shed the material is sorted, compressed, and sent to Manaus' where it is sold to a processing company. The cooperative's work also preserves the environment by reducing the amount of garbage going into a landfill.

Unirendas's membership wants to structure the co-op so it can operate in the whole product chain, from collection to selling the products, even functioning as a recycler of solid wastes, for which it will be necessary to train all of its members. To assist the co-op in planning for this new horizon, the group counted on ACDI/VOCA, which sent a volunteer specialist in December 2007. The challenge: Prepare, in consultation with the members, a work plan that would permit the members to situate themselves in a desired new reality.

The consultant met with staff and members, and together they outlined a plan with concrete actions to be carried out in during the 2008 calendar year. In the consultant's opinion, Unirendas has great potential to establish itself as a solid business and yield positive results for its members, given that it possesses a good processing infrastructure, while still lacking some machinery to work with more products. Among the proposed actions is a dialogue with members of the state legislature to seek the exemption of a product transport tax, in addition to business training, workplace safety, and environmental education, among others. Finally, the co-op needs to acquire machinery and tools such as forklifts and shredders through partnerships with public and private institutions.

Volunteer Marjorie Griek worked with this co-op in 2004, conducting marketing analysis, assessed equipment and facilities needs, and promised further support provided the co-op members moved to or constructed housing outside of the garbage dumps and pledged to send their children to school instead of using them as laborers in the dumps. The members complied. Another positive impact was that the municipality was successfully lobbied to build and donate houses for the cooperative's members.

Table 1. ACDI/VOCA Volunteer Assignments to Brazil, June 2004 – December 2007

Host Organization	Scope of Work	State	End Date
ASCOPE	Feasibility of pineapple and cupuacu juice processing	Amazonas	Jun-04
CAB	Dairy product diversification and co-op restructuring	Tocantins	Jun-04
COPEFAR	Flour and alcohol production from manioc	Roraima	Jun-02
COOPAG	Dairy product diversification and co-op restructuring	Tocantins	Jun-04
COOPERALCA	Brazil nut processing and export	Amapa	Jun-04
OCB/Acre	Access to credit through five cooperatives	Acre	Jun-04
COMAJA	Strategic Brazil nut marketing plan, feasibility of joint venture with U.S. nut importer	Amapa	Jul-04
CAMPEALTA	Strategic Brazil nut marketing plan, feasibility of joint venture with U.S. nut importer	Para	Jul-04
COOPERTUR	Eco-tourism cooperative development II	Para	Aug-04
OCB/Brasilia	Cashew nut international markets assessment	Brasilia	May-05
COOPERNORTE	Dairy value chain development	Tocantins	Aug-05
COOTALMAR	Co-op's tourism system improvement	Maranhao	Jul-06
COOPERNORTE	Dairy management and production	Tocantins	Jul-06
Coop. S. Francisco	Manioc and sugar cane production and processing	Para	Jul-06
COOPSAI	Recycling cooperative organization	Para	Jul-06
COOPERACRE	Brazil nut processing	Acre	Jul-06
CAMTA	Fruit processing management training	Para	Jul-06
COOPAGRO	Dairy herd management and milk production	Para	Jul-06
COOTALMAR	Eco-tourism cooperative development	Maranhao	Jul-06
AGROFRUT	Brazil nut and cashew nut processing	Amazonas	Jul-06
COOPERNORTE	Milk quality management and training	Tocantins	Oct-06
COAT	Improve management of production, processing and marketing of rice, beans and corn	Para	Jul-07

CART	Detailed cost analysis of cashew harvest, collection, handling and transport	Para	Jul-07
UNIRENDAS	Reduce recycling costs, improve management of the co-op & remove value chain bottlenecks	Roraima	Jul-07
COOPERCAF	Prepare an action plan to strengthen the cooperative's management	Amapa	Sep-07
COPEIXE	Improve marketing margins for the fishing cooperative in the Tabatinga region	Amazonas	Sep-07
COPEIXE	Improve marketing margins for the fishing cooperative in the Santo Antonio de Ica region	Amazonas	Sep-07
COOP AGROFRUTICOLA	Strategic planning emphasizing reorganization and improved t.a. in banana production	Rondonia	Sep-07
COOPERMONTE	Institutional strengthening in young fruit processing and marketing cooperative	Bahia	Oct-07
COAVE	Analyze overall poultry value chain performance from broiler production through marketing	Piaui	Nov-07
DELTA	Recommend sanitary improvements and ways to improve profit margins for dairy co-op	Piaui	Oct-07
CORGIL	Improve member understanding of land management implementation of the co-op's business plan	Ceara	Sep-07
CONSULCOOP	Improved and increased production of biodiesel from chicken fat and of glycerin for soaps and fabric softeners	Maranhao	Dec-07
COAPECAL	Strategic marketing plan development for the dairy products value chain	Paraiba	Dec-07
CASULA	Prepare work plan for pilot aquaculture project - action plan for each member fish farm established	Mato Grosso	Dec-07
CAFEES	Prepare one-year action plan to improve member rubber tapping extractivists' yield and profits	Acre	Dec-07
COOPERFRUTO	Prepare short-, medium- and long-term strategic plans for producing & marketing pineapples	Tocantins	Dec-07

VOCOOPAS

The CDP Brazil program collaborated with the Ministry of Agriculture to carry out the 3 components of the program; the Amazon region volunteer technical assistance program, the BARA/University of Arizona research component of CDP and the Volunteer Center for Cooperatives and the Social Economy of the Americas (VOCOOPAS). Two additional activities were developed in 2005 including; the Brazil Nut Value Chain Cooperative Development Program and the Amazon Basin Pact Sustainable Development. The Ministry agreed to provide funding for not only the three components but the additional two activities as well.

Brazil launched the Volunteer Center VOCOOPAS during a national level cooperative event (FENACOOP) in Sao Paulo, October 5th-7th, 2005. FENACOOP, an International Exhibition of Cooperatives, Suppliers and Services, is one of the largest cooperative tradeshows of the year in Brazil. The exhibition aims to present the real growth in businesses and a system fully prepared to work together with all enterprises, in addition to contributing to social inclusion. During three days, the most important cooperatives, including their suppliers and official organizations, from Brazil and abroad congregated under the same roof demonstrating how an integrated modality and social responsibility can add positive commercial and financial results to all sectors involved within a particular value chain.

About 150 cooperative leaders and management staff and assorted other specialized consultants were added to the VOCOOPAS database during the event. The Center will be ACDI/VOCA's successor organization when the Brazil component of the CDP program ends. VOCOOPAS has the responsibility of supporting and developing programs for the defense, improvement, promotion and maintenance of the standard of living of communities and environmental well-being through professional training, environmental and special education.

In order to achieve these goals, the Center prepared to establish cooperation agreements with universities, institutes, research and education centers, at national and international levels, enabling the promotion of social economy and strategic planning for the implementation of technical assistance and training projects for cooperatives, associations and other member-owned, member controlled organizations. Benefitting organizations would be in the fields of cooperative management and administration, accounting, inventory management, personnel management, agribusiness, food processing, post- harvest handling, marketing, export, irrigation systems, finances and rural credit, animal husbandry, business planning and strategic planning, development of participatory plans, forest management, horticultural and fruit production, aquiculture, techniques for integrated pest management, entrepreneurial training for women, rural small business development, and basic and advanced computer skills, among others.

The Center intends to generate income by charging fees for providing candidate bio-data for organizations, programs or projects seeking highly-qualified volunteers anywhere in the Americas, including North America, and in Africa and East Timor, by participating in funded projects that would pay the Center to carry out volunteer components within those projects. Some revenues would be generated by hosting and/or providing logistical support for international cooperative seminars in or study visits to Brazil. Therefore, the Center began the local and international marketing effort to introduce itself to its potential markets and partners.

The first stage of the project involved the immediate transfer of technology already developed by ACDI/VOCA International called STARS, which is a high-performance networked database that contains names and bio-data of more than 10,000 volunteer candidates from around the world presently registered as available for assignments, with a majority of them being Americans and Latin Americans. This system has the logistical capability to identify

the volunteer's profile and his/her technical characteristics to perform any activity within the scope of the skills areas outlined above.

Equipment such as servers, computers, and printers were procured with DENACOOP funds. As part of the methodology, Center staff members started to make contacts with cooperatives, associations, farmer organizations, universities, private and public institutions, research and education centers at national and international levels, as well as new potential volunteers, aiming to develop a database and incorporate in STARS, in accordance with specific objectives of the project. There were 16 volunteer assignments under VOCOOPAS in Brazil in 2007.

Success Story:

Creation of the First Value Chain Program in Brazil: Cooperative Production of Brazil Nuts for Export

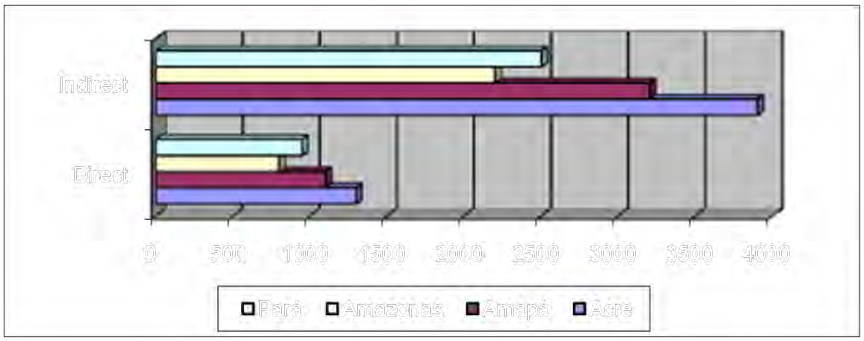
ACDI/VOCA invited Walt Payne, the retired CEO of Blue Diamond, the largest nut cooperative in the world and one of the largest cooperatives in the United States, to become the Brazil nut value chain advisor. He undertook four assignments to the gatherer cooperatives in the region in 2004 – 2005, to assess the strength of the cooperatives and their prospects for commercial growth and export potential. Not surprisingly, he confirmed that they were understaffed and underfinanced, and had serious challenges facing them with storage problems and transportation costs, among several others. The cooperatives were very willing to make the changes necessary to upgrade their skills to cope with the challenges, and they had a marketable commodity in substantial and recurrent supply.

Upon the completion of his assignments, Mr. Payne reported back to cooperative organization leaders and Ministry of Agriculture officials in Brasilia. He reported on the challenges facing the targeted cooperatives, but the major revelation was that the nuts were being gathered by co-op members and exported unprocessed to Bolivia, where they were being processed and exported as Brazil nuts. The Minister of Agriculture and the other participants in Mr. Payne's debriefing were shocked. The decision was made to establish a Brazil nut value chain team in the Ministry. This was the first official value chain project ever created in Brazil. Additionally, the Ministry proceeded to form value chain teams for the other sub-regions of the country – Northeast, Center-West, and South-Southeast.

The targeted beneficiaries, from this value chain analysis were 5,200 in Acre, 4,300 in Amapá, 3,000 in Amazonas, and 3,450 in Pará, or more than 15,000, a substantial number in the lightly-populated jungle regions where the gatherers live. Furthermore, on the social side, this indigenous group is a high-priority beneficiary target for the Brazilian government.

In 2004 and into 2005, the Ministry of Agriculture launched the first-ever Brazil nut value chain project in the state of Acre. As a result, a tin container of the product, previously sold to middlemen at R$5 increased to prices oscillating between R$14 and R$20 per tin.

We anticipate that the federal government will be able to withdraw from the effort when the cooperatives have gained a track record of dependability, traceability and improved storage practices, at which points the Brazilian commercial and/or in-country development banks would choose to join the effort with the financing. Meanwhile, Mr. Payne continues to assist the project from home, providing international price information and technical advice to the committee, and he remains available for additional assignments to the North.



The following diagram illustrates the importance of the Brazil nut value chain within the four states of the Amazon basin and the number of beneficiaries. The beneficiaries include gatherers/member producers, cooperative managers,

PARAGUAY

Executive Summary

The ACDI/VOCA Cooperative Development Program (CDP) included Paraguay as a target country within a five-year program beginning in July 2004 and ending in November 2010.

CDP provided high-quality short- and long-term technical assistance to producers and associations. CDP's long-term goal is to enable cooperatives to significantly contribute to the Millennium goals, reduce poverty and enhance the quality of life for less developed communities. The international community has resolved to halve, by year 2015, the proportion of people living with less than one dollar a day and those who suffer from hunger. This will entail extending the economic outreach to isolated communities, while fostering improved access to inputs and markets.

Over the past five years, CDP Paraguay has focused on the institutional strengthening of agricultural cooperatives and producer´s associations. Technical assistance centered on giving greater priority to the specific objectives of the area, and guaranteeing the success and sustainable development of producers' associations in accessing market opportunities. The program focused on intensively training members, management and leadership in the corresponding rights and responsibilities of each group, business planning, recommended business practices, internal controls, and the production and marketing of competitive products.

Since the new program began in 2004, around 77 assignments have been completed in Paraguay. Detailed descriptions are presented below, as well as recommendations and impacts provided by the volunteer's consultants.

The report also includes additional activities carried out by the project and experiences of the beneficiary organizations.

Summary of Activities Carried Out

During the time frame of the CDP Program in Paraguay, ACDI/VOCA`s staff worked in coordination with small-scale producers associations, cooperatives members and second-tier cooperative organizations.

The Scopes of Work (SOWs) for technical assistance were developed according to requests and needs from cooperatives and second-tier organizations.

In addition to technical assistance, two conferences were organized by the CDP Paraguay staff.

In March 2008 CDP held a conference called *Modernization of the Cooperative Business Culture*. The activity received the support of the organizations and cooperatives with whom CDP Program works periodically.

The objective was to exchange experiences, gain knowledge of current trends and characteristics of the cooperative management entrepreneur as well as training cooperatives leaders, members and employees.

In December 2009, a **Program Impact Evaluation** was conducted by *Charles Cox and Brian Foster*. The two consultants visited and interviewed several cooperatives and cooperative organizations to measure the results achieved after the implementation of recommendations made by the volunteers as well the impact of the assistance. In addition, the evaluation explored potential needs of the beneficiary organizations to be taken into account for future assistance.

In May 2010, the International Seminar *Change Strategies for Cooperatives in Latin America: Adaptation to the Local and Global Context* was held. During the event, attendees had the opportunity to share experiences, assess the difficulties facing for the cooperative sector and discuss topics related to leadership, Good Agricultural Practices (GAP) and cooperative management. The seminar gathered our Washington DC representatives as well as speakers from Colombia, Brazil and United States.

Lessons Learned

The activities carried under the CDP Program as well as the Workshop and Seminars developed, allowed us the opportunity to learn in depth about the organizations with whom we work and the challenges that still remain for the productive cooperative sector in Paraguay. Self-management of the organizations remains a challenge, as well as empowering managers and directors in the performance of their activities.

According to the results obtained during the development of CDP activities, a major issue of the beneficiary organizations is strengthening, due to the fact that cooperatives do not have enough managerial personnel trained and in some cases managers and directors' roles are not well differentiated.

During the period of the Program, CDP had the opportunity to coordinate actions with other programs and connect with other organizations, which made it possible to confirm the results achieved and at the same time identify and then target weaknesses in commodity chain support services or infrastructure to increase opportunities and profits for the community.

The cooperative organizations need comprehensive support in order to provide more effective assistance to their members.

Cooperatives and Committees Assisted

Credicoop is a second-tier cooperative organization forming part of the Production and Credit and Savings Cooperatives. Services rendered to its associates, mostly comprising cooperatives from the metropolitan and rural areas of the country, include savings and credit, training, auditing, consultancy, advisory and materials supply.

According to Credicoop, the inappropriate approaches taken and lack of vision by cooperative enterprise leaders and managers have contributed significantly to their weakened business performance, poor economic results and low-quality information**.** Within this framework and taking into account the challenges faced, CDP signed a cooperation agreement to deliver technical assistance.

In 2005 **Credicoop's** members received the assistance of *Jack Moulton*, *Kendall Mau* and *Beth Oliver* to assist in the activities planned in the context of the improvement of cooperative management in Paraguay. Technical assistance was provided on association leadership training, strategic planning and cooperative analysis.

The assignments aimed to provide the cooperative directors with appropriate tools to better understand and guide their organization. All of these assignments requested workshops that were delivered in Coronel Oviedo, San Juan Bautista and Asuncion, with the participation of members of the board of directors, committee members, managers and cooperative employees.

The volunteers provided valuable tools that improved the organization's cooperative management.

The same year a request from **UPPAG-** *Union Paraguaya de Productores Agrícolas*–was received. The organization is primarily engaged in agricultural production, securing quality seeds, market services and financial resources as well as channeling technical assistance to its members. A cotton marketing assignment was carried out in Caaguazu

Department by volunteer *Bill Rogister*. A workshop was delivered for approximately 100 UPPAG organization and cooperative members. During the workshop several issues were addressed, such as:

- Cooperative principles and membership responsibilities
- Marketing and promotion plan
- High-quality cotton
- Educational needs of farmers
- Organizational structure and management

Additionally, the attendees received from the volunteer a guideline about the creation of a technical assistance department. As a result of this assignment, the organization became aware of the processes they need to follow in order to become an institution that could fulfill its members need.

Comité 3 de Noviembre and **Comité Ko'e Pyahú** are both small farmers' organizations located in Caaguazu Department and members of Credicoop. They comprise base committees that represent male and female producers as well as some of their sons and daughters. These farmers grow cotton, cassava, soybean and corn as cash crops as well as beans, corn, peanuts, peas and small animals for home consumption. The main purpose of the assistance was to channel technical assistance services and agricultural inputs to members and ensure favorable access to markets. A cooperative education assignment was undertaken by *Gerald Nolte* in two rural villages. The volunteer made recommendations on the following topics, based on his site visits, meetings and training sessions:

- Cooperative principles and practices
- Production loans
- Professional management
- Business practices
- Production practices
- Input cost reduction
- Best Management Practices plans (BMP's)
- Development of agricultural industries
- Livestock production

The assignments provided the necessary knowledge to better understand cooperative, its mission, organization and value. It also provided guidance for future actions to be taken for the improvement of the cooperative performance.

In April 2006 **Cooperativa Vallemi**, located in the Concepcion Department, was assisted by volunteer *Pablo De Filippi*. The aim of the assistance was to analyze the current financial management and provide financial tools to improve decision making. The assistance also included diagnosis of financial analysis capacity of employees and provided relevant information and recommendations to the staff. Recommendations included SWOT analysis and strategies to address institutional weaknesses.

This assistance provided the Board of Directors with the necessary tools to improve cooperative performance. Likewise, the work plan developed established an agenda for the board, management and staff, facilitating the completion of the activities.

Cooperative Fulgencio Yegros, a member of Credicoop and a multipurpose cooperative in the Paraguari Department mainly focused on saving and loans, received the assistance of *Jack Moulton* on leadership training and strategic planning. The volunteer addressed the cooperative financial situation with the boards of director, providing three alternative ways to improve their current administration.

An important value chain supported by CDP was livestock. The Program assisted **Cooperative Capiibary**, also member of Credicoop, a multipurpose cooperative located in San Juan Nepomuceno, in the Department of Caazapa. The organization was assisted by *Damon Szimansky* in animal feed production. This cooperative requested volunteer assistance to make rational use of grain products from its membership such as soybean and corn, providing added value to its products. The volunteer visited the cooperative's warehouse and grain storage and dry facilities and helped to assess the grain mill and packing machinery for concentrates owned by the cooperative and the quality of physical characteristics of the processed product. At the end of the assignment, the volunteer addressed specific issues related to dairy management, emphasizing nutritional aspects.

As a follow-up of the first assistance **Cooperative Capiibary** requested the support of *Robert Albrecht*, a specialist in the feed manufacture industry. The cooperative requested assistance in developing a feed production plant that would utilize inferior-quality grains resulting from cleaning and grading grains delivered to the storage facility. The cooperative also requested that their personnel be trained in preparing rations using these grains and other types of by-products available in the district. The volunteer devised a simple blue print for the start-up of the cooperative project. Different formulas for animal feed were developed and key principles of animal nutrition were shared with the counterpart assigned by the cooperative. The volunteer suggested the need to develop a strong marketing program for the cooperative project.

Both assignments were highly valued by the board members and manager. After the assignment a business plan was presented in a special meeting of members for consideration and approval.

Paraguayan cattle production has seen a significant evolution in recent years. The main influencing factors in this improvement are the incorporation of higher-quality genetics within existing breeds, the introduction of new breeds adapted to the conditions of the country, enhanced cattle feed with necessary nutrients for growth and health, innovative pasturing techniques, and new sanitation and marketing programs, all supported by greater access to public and private financing. Paraguay is an area free from foot and mouth disease, which allows it to export beef to other South American countries such as Chile and Brazil, as well as Russia, Taiwan and the Middle East. Cattle production also makes up a significant portion of the Paraguayan economy and national GDP. The majority of the cooperative's cattle producer-members do not take advantage of financial tools to assist them in analyzing the costs and benefits of their operations.

They also typically do not invest in analyzing and comparing their traditional production systems and alternative innovative systems for overall improvement of operations. These analyses would also enable the producers to access necessary financing, but the lack thereof continues to perpetuate an inefficient and weak production system.

For the reasons mentioned above the **Cooperative San Juan Bautista – COOPERSANJUBA**, the most significant multipurpose cooperative in the department of Misiones, requested ACDI/VOCA assistance in beef production improvement, in order to contribute to the cooperative's goal s of increasing the economic activity of the rural area and its services to livestock-owning members. *Dr. Theodore Montgomery* carried out the assignment.

Recommendations were provided on cattle nutrition, pasture management, mineral nutrition, reproduction and genetics, and animal health. As a follow-up of the previous assistance three simultaneous volunteer assignments were conducted by *Gerald Nolte, Lou Greub and Dennis Cooper*. The assignments were carried out in the context of the implementation of the strategic plan of cattle production in the southern region of Paraguay. The specific themes addressed were: agriculture and livestock management, cattle forage systems, and nutrition and production systems. The cooperative coordinated with the Veterinarian College of San Juan Bautista from the National University of Asuncion for this assignment. The volunteers determined several actions to be undertaken in Misiones to set the foundation for the appropriate technology, pastures and nutrition that better fit the unique conditions of the zone.

This cooperative participated in the change management work of the Bureau of Applied Research in Anthropology (BARA) under ACDI/VOCA's CDP. The President of the cooperative recognized that this activity has allowed an objective analysis of the organization that enables them to know how co-op members view the co-op's director and management, and allow members to understand the roles of directors, managers and members.

The Federation of Production Cooperatives (FECOPROD) requested support for **Cooperative Carlos Pfannel**. In terms of production, the main activity is the production and marketing of feed concentrate for laying hens and meat chickens identified by the "Copagro" brand. The main goal of this assignment was to improve the feed concentrate formula. *Marcos Fraiha* carried out a two-week assignment in the Independence Colony community. The consultant's technical assistance covered animal nutrition, incorporating new formulas into current feed formulas, production of feed concentrate, animal husbandry and bio security. The evaluation study conducted by Brian Foster found that the annual cost savings to the cooperative generated by these improvements in feed manufacturing and broiler production is an estimated $242,000 for the cooperative. Mr. Fraiha also made recommendations and suggestions to improve production. The implementation of a sanitary plan will improve the sanitary status of the birds as well as increasing the knowledge on animal husbandry that will reduce the mismanagement. This knowledge will contribute to better animal yields and weight, and low-cost treatment will decrease the incidence of disease in the birds.

Cooperative Coopafiol, a multipurpose located in Coronel Oviedo, Caaguazu Department, was assisted in 2007 and 2009. The first time, two simultaneous assignments were made by *Ron Stratton* and *Justen Smith*. These two specialists assisted the organization in cattle herd genetic improvement, nutrition, pastures and forages and a slaughter house feasibility study. The purpose of this assignment was to assess beef production capabilities of the cattle ranchers belonging to the Coopafiol Cooperative and determine the viability for a slaughter house building. The cooperative has over 900 members, of which approximately 125 are cattle ranchers. Upon completion of their work, the volunteers delivered a presentation of recommendations to cooperative directors, managers, members and employees. The US Ambassador in Paraguay and the USAID Economic Development official from the local mission also attended the event.

A second assignment was delivered by volunteer specialist *Monnie Biety*. The consultant conducted training in financial management and basic cost accounting. Due to a specific request from the President of the cooperative Ms. Biety delivered three trainings addressed to different audiences:

- Delinquent Management addressed to the cooperative´s staff
- Financial Analysis addressed to the board of directors and;
- Basic Cost Accounting and Financial Management addressed to the membership

At the end of the assignment, the consultant provided a final report that included a list of recommendations related to policies and procedures to be implemented to start to collect the delinquent loans and avoid loans granted to members with delinquent loans.

In 2006, **Cooperativa Manduvira,** a multipurpose cooperative, mainly producing, processing and marketing organic sugar, received *Jackie Theriot*, a CDP expert volunteer in the sugar cane industry. The purpose of the assistance was to develop a marketing plan for organic sugar production. The volunteer developed a series of recommendations for the cooperative, including marketing plan aspects and other key areas for the cooperative development. The volunteer's main recommendation for the cooperative was to invest in its own organic sugar cane mill.

Picture1- Volunteer Jackie Theriot delivering training at Manduvirá Cooperative

A second assignment was delivered in 2008. In that opportunity the organization was assisted by *James Blaisdell* in organizational restructuring. The work addressed part of the organizational restructuring, where a diagnosis of the cooperative's current situation was done and the projection of the cooperative activities was considered in order to define the new organizational flow and organizational chart. Besides this support, the volunteer carefully considered the financial situation of the cooperative and the recommendations were given in order to address the most urgent issues in the area.

CDP continued its support to **Cooperative Manduvira.** Thus in 2009**,** taking into account institutional plans for continued growth, including the construction of a sugar mill, the Board of Directors increasingly sees the need for updating the organization´s strategic plan. In order to continue this process the cooperative requested assistance in strategic planning to analyze and define the actions to be carried out for the cooperative in the short, medium and long term. *Zachary Capps* provided the assistance. Mr. Capp´s recommendations include becoming a secure source of raw material and strengthening internal processes.

That same year, *Jackie Theriot* carried out a consultancy to supervise the design of a sugar cane mill for Cooperative Manduvira, his second assignment for this cooperative. In his first visit, the consultant showed the directors the possibility of expanding their business. As a result of this consultancy many negotiations were made in order to materialize the ambitious project of the sugar mill.

Both consultants, *Zachary Capps* and *Jackie Theriot* agree on the need to strengthen the cooperative's internal processes to achieve its main goal.

In 2010, *Jackie Theriot* carried out a third assignment for Cooperative. Mr. Theriot analyzed the economic proposals for the future sugar mill of the cooperative, visited two alcohol factories that were recently built, attended several meetings with the directors from the cooperative, including one with the World Bank local representatives, and reviewed the business plan that was developed by the Program Paraguay Productivo.

Picture 2. Technicians discussing details of the sugar plant

As Cooperative Manduvira has shown a large increase in the membership and an increase in the volume of outsourced production of organic sugar, this growth, registered in the last two years, indicates that the institution needs to update its organizational and operational systems.

For this reason, the Cooperative Board requested a volunteer consultant with expertise in the area of cooperative organization to share knowledge and experience and to help redesign and restructure the cooperative. *Bryce Malsbary* carried out the assignment. He held introductory meetings with the board members and the departments individually and collectively. As a result of these meetings the specialist made the following recommendations:

- The board should begin to transition from the current operational management to a more general oversight and shift their current focus to long-range and strategic planning for the development and implementation of the new organic sugar processing plant.
- Develop a Personnel Manual and create policies and procedures
- The cooperative needs to develop a training program for the 36 farming group leaders to recognize their responsibilities to more effectively communicate the activities and benefits of the cooperative to its members. This training program should be developed with input from the farming community leadership identify the training needs
- The cooperative should implement an employee performance evaluation program.

In September 2010, **Cooperative Manduvira** received the assistance of *Tommy Lee* to develop a financial and due diligence analysis of the cooperative's sugar mill acquisition and its impact on operations.

As a result of the assignment, the volunteer recommended Cooperative Manduvira to lobby for more favorable financing terms, seeking the assistance of government stake holders as well as international cooperation. The consultant also suggested incorporating payment in kind as an additional finance option. Additionally, the specialist encouraged Cooperative Manduvira to develop a marketing strategy with the assistance of ACDI/ VOCA to expand sales and minimize cost and to investigate the alternative of engaging with a third party logistics firm for transportation and handling services, as to allow the cooperative to focus on its business operations.

This organization has also collaborated with BARA´s research focusing on change management. To date the organization is focused on the investment to install its own mill, which would allow them to expand organic sugar production and export, as well as the vertically integration of processing and production, which will drive a change in the dynamic of the whole community by the generation of new business services.

A newly formed cooperative from Caaguazu Department, **Cooperative El Granero,** was assisted by *Gerald Nolte*, a specialist volunteer in cooperative education. The topics addressed during the workshop included similarities and differences between for-profit and cooperative enterprises, strategic planning, cooperative concepts and the role of members, directors, managers, and employees. Financial data was also presented to workshop participants. The women's committee presented a project for a contract with an integrator to produce broiler chickens. When the volunteer discovered that the cooperative had not yet developed a budget, he assisted in creating one. Key aspects of this kind of enterprise were addressed to those who were interested in the project. One of the recommendations was the need for the cooperative to negotiate this type of contract with the company.

In early February 2007, **Cooperative Ycua Bolaños**, a multiservice organization in the Department of Caazapá, received the assistance of a specialist volunteer in financial management, *David Sussman*. After the work plan was set, the volunteer reviewed, diagnosed, discussed and analyzed the cooperative's financial current situation. The organizational structure and flow of communication was also considered by the specialist. At the end of the assignment, the volunteer delivered a presentation to the board of directors and managers about his findings and the recommendations. Among them were:

- Set up system to record Cashier data directly to CD or other mobile medium in detailed and compact form, for entry into the electronic system
- Improvement of Management Structure
- Detailed Changes to Accounting Systems
- Management Cycle

The Financial Indicator format developed for the organization is a tool that could be shared with other cooperatives, as to facilitate them the implementation of the Financial Indicators set by INCOOP.

Central Paraguaya de Cooperativas (CEPACOOP) works mainly in the commercialization of fresh fruits and vegetables produced by members of the organization's seven associated cooperatives. CEPACOOP's goal, as outlined in its business development strategy, is to become a self-financed entity that can promote the sustainability of its member cooperatives. Its mission is to be an umbrella organization that can efficiently oversee the commercialization of the fruit and vegetable products produced by its members.

In 2006**, CEPACOOP** was assisted in institutional strengthening by *Jack Moulton,* particularly addressing its model of operational structure, training its board of directors and managers and providing a training of trainers for its newly hired staff that will assist its cooperative members. A seven-day workshop was conducted with the management and staff. Following this activity, the staff prepared and presented a one-day workshop directed to the board of directors of cooperative members. Staff members of the Ministry of Agriculture and representatives of the Inter American Development Bank also participated in this event.

This assignment was the beginning of a solid relationship between CEPACOOP and CDP in development in the banana value chain. Assistance given to CEPACOOP members by CDP volunteers is described below.

Cooperativa Guayaibi Unido, a cooperative of fruits and vegetable producers in San Pedro Department, received the assistance of *Jack Moulton* on leadership training and cooperative education. The purpose of the assignment was to provide tools to better organize and increase member participation in the cooperative. The assignment included a two-day workshop and information on cooperative structure and operations.

In 2008, the **Cooperative Guayaibi Unido** (San Pedro) and **Cooperative Pakova Poty,** from Caaguazu Department, received the support of *Maytih Fernandez*, a specialist in the area of banana post-harvest facilities,

design and construction. Volunteer work included facilities design, request and processing of material costs, weather data processing and report development. The volunteer emphasized the need to develop an integrated program for the banana sector in order to comply with international norms and allow the continuation of banana produced in Paraguay to be sold in international markets, considering dateline established for those norms application by Argentina, which is the main market for Paraguayan bananas.

In 2009, **Cooperative Guayaibi Unido** started the process of becoming GAP certified in order to remain competitive in regional export markets. This certification will not only enhance their ability to market their products but also assist them in their efforts to improve their operational skills and manage their resources. This cooperative received the technical support of *Robert Roylance* who carried out a two-week assignment including training-of-trainer workshops to create awareness on GAP. The workshop carried out included topics such as integrated pest management, plant nutrition and soil fertility. In November 2009 Cooperative Guayaibi Unido completed construction of its post-harvest and packing center for bananas as a part of the process of the implementation of GAP.

Pictures 3 and 4- Farmers working at the Packing Center

Another assignment was carried out for **Cooperative Guayaibi Unido.** This time *Edward Doherty* delivered training on leadership, teamwork and action plans to guide the cooperative. The training meetings were held with primary goal to organize members into project teams and provide leadership opportunities to strengthen teamwork and involve more cooperative members in accomplishing common goals.

The result of this assignment was the development of three project teams around the following three goals:

- Implement a certification process to assure that at least 30 members will meet international requirements by end of 2011.
- Maintain and improve markets for members with a goal of increasing production and sale by 40% at end of 2011.
- Provide technical and financial services to meet members' needs.

Additionally, from August to October 2009, six assignments were completed with the three banana production cooperatives: **Guayaibi Unido, Pakova Poty** and **Kokue Poty.** There were two main topics of these assignments: 1) administrative and organizational management and 2) good agriculture practice (GAP).

Administrative and organizational management was carried out in **Cooperative Pakova Poty and Cooperative Kokue Poty**. *Michael McKeown* carried out this assignment. The recommendations made by the consultant included the adoption of new operations systems to allow transparent management.

In October, 2009; technical assistance in GAP was delivered to **Cooperatives Paková Poty and Kokué Poty** by *Marcelo Caero*. Both organizations are located very close to each other and face similar challenges. It is important to note that the assignment in GAP was delivered for both cooperatives, allowing the consultant to perform joint work with the beneficiary organizations.

Picture 5. Volunteer Marcelo Caero in a training session

From the compiled information the consultant delivered training workshops using the *Farmer Field School Methodology* which was supported by hand out materials and a PowerPoint presentation. At the beginning of the training the consultant conducted a field test in order to measure the level of knowledge among the producers.

Given that some organizations have moved forward in the process of constructing the packing center, **CEPACOOP** requested technical assistance in post-harvest treatment for banana production. The assistance was delivered to its three main producers for export of banana: **Cooperativa Guayaibi Unido**, **Cooperative Kokue Poty and Cooperative Pakova Poty.**

The main goal of this assistance was to improve the effectiveness of post-harvest treatment to obtain better prices as a result of improved quality of the final product. The technical assistance specifically consisted of training the personnel involved in the banana packing process.

The assignments were carried out by *Marcelo Caero* and *Sergio Cassab* from Bolivia. Both professionals carried out demonstrations on site and training to those involved in the process of shipping the product to the market. The assignment matched with the beginning of the export process both consultants monitored the post-harvest handling. The methodology known as *Learning by Doing* was very supportive for the training process making dynamic the transfer of knowledge.

CDP has also facilitated a field visit to banana and pineapple producers in *El Chapare* region of Bolivia. The purpose of the visit was to better understand the packing centers and the fruit handling process. The assignments contributed greatly to the cooperative's objectives of implementing their packing centers under international standards.

In 2008, CDP signed a Cooperation Agreement with the **Federation of Production Cooperatives** (FECOPROD). FECOPROD is a second-tier cooperative institution with the objectives of fostering economic and social development of producer cooperatives, as well as striving to achieving adequate representation of the associated cooperative's interests within public and private institutions at the national and international level. FECOPROD currently comprises 29 associated cooperatives. It provides advocacy, accounting and administrative technical assistance, educational activities, auditing, consultancy and legal advice to its associates. Through a wide array of technical assistance programs and projects, FECOPROD has achieved increases in productivity, diversification, the improvement of product quality, increases in profitability and sustainability and the preservation of natural resources and the environment.

Under the CDP´s Agreement of Cooperation, FECOPROD received assistance for its own institutional program and its followings cooperative members: **Cooperative Guayaibi Poty, Cooperative Integral del Norte and**

Cooperative Moseldorf, Cooperative Tava Lima, Cooperative La Granja, Cooperative Avati Poty, Cooperative Blas Garay, Cooperative Cleto Romero, Cooperative Carlos Pfannel, Rincon de Luna, Tekopyahu, Cooperative Oñondivepa, Cooperative Jhechapyra, Cooperative San Luis, COPEP.

The FECOPROD "First Rural Development Cooperative Seminar" was assisted by *Dario Castillo,* an ACDI VOCA volunteer. The purpose of this activity was to share lessons learned from several cooperatives in their work of promoting, forming and operating new agricultural cooperatives among small producers of Paraguay, providing a tool for the newly formed government's rural development program.

Through an agreement between CDP and the Colombian Service for Small and Medium Enterprises (SENA) *Jesús María Pedraza*, a technical specialist in the implementation of GAP, conducted trainings for **FECOPROD** technicians. The technicians are responsible for providing technical support and creating awareness of GAP among the producers. It is estimated that approximately 1,000 producers from 30 cooperatives could benefit from this assistance.

Cooperative Guayaibi Poty requested the support of a volunteer specialist with experience in training and implementation of GAP standards. The fruit production under GAP assignment was carried out by *Liliana Ruiz*. The assignment set the bases as to start the process. It is expected that in the long run (by 2015), production of fruits could be under GAP, for which 45 producer members will start implementation.

As a way to promote and improve the quality of Paraguayan craft, FECOPROD (through CDP) provided technical assistance to **the women's artisan committee** "Yoiahu Pora Rekavo" located in the District of Horqueta in the Department of Concepcion. This committee received the support of *George Fitzpatrick*, specialist in palm plants and weaver of several types of palm leaves. He worked closely with his wife to assist the women's committee. He considered the current working condition and recommended an easy and low-cost methodology to allow the palm leaf the right humidity level to be workable. The specialist taught new design and the use of a local palm leave from the area. The volunteer also conducted a study of previous research on the potential use of the palm leaf wax for industrial uses such as fruit coating, car polishing products and others.

During a follow-up visit, the committee was working on obtaining their own production center, which will give them the appropriate environment to work and stock their raw material.

Cooperative Integral del Norte received the support of *Randall Redenius*, a specialist in agribusiness. The cooperative is located in Concepcion Department. The specialist diagnosed the cooperative's productive capacity, the farmers' organizations networks and the sesame value chain, including transportation service, custom requirement, international market demand and local exporter. The volunteer defined the real potential to reduce unnecessary intermediation in the sesame marketing process. In order to improve its business performance and projection, **Cooperative Integral del Norte** requested the support of an ACDI/VOCA volunteer specialist who could provide training on management to the cooperative grocery store staff. In this way cooperative members would receive better services and at the same time strengthen their confidence in their organization, where they themselves are owner-user and beneficiaries. *Alan Leo* carried out this assignment.

During 2010 **Cooperative Integral del Norte** received the assistance of volunteer *Liliana Ruiz* Marin on Training on Good Agricultural Practices (GAP). During the assignment the volunteer addressed the following:

- Proper use of chemicals
- Waste management

- Use of soil
- Use of water
- Pest control
- Harvest practices
- Post-harvest practices
- Infrastructure
- Training

The recommendations made by the specialist were: hire an agro-technician that could help in the implementation of the BPA protocols, planning development for short-, medium- and long-term, monitoring and training in the process in the fields by the members of the cooperative.

Some of the consultant's findings were: there is not an exclusive institution in charge for BPA in country, the lack of Paraguayan regulations for GAP and Paraguay has adopted the Argentinean GAP regulations which in some way do not follow the Global Gap regulations.

Through **FECOPROD, Cooperatives Aguaray** in San Pedro Department and **Integral del Norte** in Concepcion Department requested assistance in the implementation of new and improved techniques for banana and pineapple crops. *Roger Stagg* analyzed the current situation of pineapple and banana test plots, including reasons for poor quality and low yields. The specialist recommended in his final report:

- implementing an irrigation system;
- pumping water from rivers or streams;
- building a well for irrigations systems; and
- Proper use of water in the production.

Cooperative Guayaibi Poty (San Pedro Department) **and Cooperative Integral del Norte** (Concepcion Department) received the assistance of CDP Volunteer in regard to banana production under GAP framework. *Fernando Franco,* from Bolivia, supported these two small cooperatives. The volunteer shared his experience as well as valuable lessons learned as a producer and technician in the Chapare region of Bolivia. The activities carried out during the assignments included banana field visits, on-farm training, video presentations, hands-on demonstrations of banana field management, design and construction of a tool to prune old banana leaves, and meetings where key aspects of banana production and post harvest activities were discussed. Mr. Franco concluded that banana production in Paraguay has a long way to go to meet the international quality standard set for banana production.

Two cooperatives, **La Granja** and **Moseldorf,** were assisted in milk production. Fecoprod requested the support of a CDP volunteer for the milk sector. According to Fecoprod, in Paraguay there are approximately 6,000 dairy farmers specialized in milk production, average daily production reaches 80 liters/day they have a minimum number of 10 dairy cows, most of them of specialized dairy breed. From those 6,000 dairy farmers, around 40% are members of cooperatives and their production represents 85% of processed milk in the entire country.

According to a Fecoprod technician, Paraguay can position itself as an efficient and low-cost milk producer. Besides that, dairy production can become a structuring activity for the agricultural sector and contributor to the economic development of Paraguay.

Cooperative Moseldorf was facing a critical problem of sour milk, or *leche acida*, which was rejected by their buyer and then sold at a lower price to a small local cheese factory. Due to this situation, the cooperative requested assistance through Fecoprod. Elizabeth Alderson was the consultant that developed the assignment. After looking at the diet and pasture habits of the cows the volunteer identified the reasons for that problem and provided the appropriate recommendations. Likewise, the volunteer addressed other important issues faced by the cooperative members which needed to be resolved. The president of the cooperative informed us that 98% of the cooperative membership attended the presentation on dairy farm management and report presentation with recommendations, a situation that was very unusual compared to similar events offered by the cooperative. This fact demonstrates the confidence of the farmers in the volunteer and the effective way that Elizabeth Alderson assisted the dairy farmers in their work.

During follow-up on this assignment, the manager of the cooperative reported to us the major reduction in sour milk occurrence following the volunteer's recommendations.

After the successful previous assignment, in September 2010, Moseldorf received the technical support of *Elizabeth Alderson* on dairy nutrition and sanitation. The consultant had the opportunity to check the implementation of the previous recommendations made. Due to the effort made by the cooperative following the recommendations they could solved the sour milk issue and increase their production volume. The assignment was mainly focused on nutrition, milk hygiene/mastis, pastures, and animal health.

In each case the consultant made recommendations as to continue the improvement of milk production, sanitation and animal health.

A smallholder producer cooperative located in Santa Rosa de Lima, San Pedro Department, called **"La Granja"** also received assistance from *Elizabeth Alderson*. The objective of this assignment was to provide advice in the approach and key stages of dairy production. A final presentation on all the important aspects was presented to the cooperative members, and recommendations were given to all in order to improve their facilities and focus on milk production. **Cooperative Cooprolec**, located in Concepcion, received *Dr. Elizabeth Alderson's* assistance on dairy production and marketing. The specialist's recommendations focused on milk production and storage, collection and marketing and the procedures to be adopted to improve quality and volume. Additionally, Dr. Alderson suggests ACDI/VOCA provide assistance on economics to develop a cost-benefit analysis, which could help the cooperative members on any large investment decisions.

The city of Lima located in San Pedro Department and neighboring districts, are the largest medicinal and spice producers in Paraguay. Oregano production is a project that dates back three to four years; however, one major limitation is affecting oregano marketing, namely the low leaf quality of oregano without the right color and size. **Cooperative Tava Lima**, requested assistance in oregano processing. *Henry Garcia-Alvarez* delivered a presentation on oregano production and post-harvest handling, coordination with Hierbapar (private company with specialization in herbs*)* technician for a field day with cooperative farmers, participation in the field day and several suggestions to the cooperative directors in order to build their relationship with the private company.

Medicinal herbs and Sesame are considered cash crops in Paraguay. *The Central Organizations of Ecological Producers of Paraguay* **(COPEP)** is a grassroots organization that currently produces medicinal herbs and sesame. Their products are not currently marketed under favorable conditions due to the unstable prices. To overcome this problem **COPEP** requested training in production plan and international marketing so they can eventually export

their products and increase profits. The assistance was delivered by *Nathan Sakolsky*. The observations made by the consultant were as follows:

- Farmers are concerned about the low prices they get for their crops. They lack a clear understanding how markets work.
- Farmers expressed dissatisfaction with the lack of support from COPEP
- Farmers lack storage, packing, processing or transport facilities.
- They do not follow quality standards in their farming practices
- Farmers lack options for marketing their products, so they sell to the middlemen
- Small product varieties and volumes make it difficult interest buyers

Based on the observations above, Mr. Sakolsky provided the following recommendations:

- The total number of herb farmers (approximately 670) should consolidate their operations into a cooperative. This would enable the farmers to consolidate production volumes and varieties to seek better markets.
- COPEP should be established as a business entity, with bylaws, appropriate officers and Board of Directors elected by the farmers and specialist executives in technology, production, finance, marketing, quality control and other services.
- COPEP should change the crops they plant to those with better market potential. These new crops would include oregano, cilantro, saffron, cinnamon, chamomile and *burrito* (an herb that grows in Paraguay).
- A laboratory should develop to provide farmers with opportunities to test, analyze and improve the quality of their products for greater sales opportunities.
- FECOPROD management should assist COPEP to identify cost- and labor-saving techniques to make the farmers operations more efficient.
- FECOPROD personnel should be designated to research local and international markets.

Vegetable production in Paraguay is seasonal and produced mostly by small farmers, with small percentage of them having established irrigation systems. Most of the farmers that are marketing their product to the Central Market or *Mercado de Abasto* are located around Asuncion between 60 and 90 minutes away. Commercial production of vegetables in Brazil and Argentina are threatening and affect the Paraguayan horticultural products.

Most of the inputs used in vegetable production are imported and the way by which farmers are organized and produce imply high production costs that make the production in Paraguay less competitive in relation to the production of our neighbors.

Cooperative Blas Garay from Caaguazu department is characterized by horticultural crops production, mainly tomatoes, pepper, cabbage, cucumber and others. They were facing marketing problems with their products and are interested in finding alternatives for processing their product. *Dr. Hany Khalil* shared his experience in dehydrated fruits and technology to assist the cooperative in tomato and green pepper dehydration. The volunteer

brought samples from the USA in order to help the farmers better understand the quality requirements of the products. The last two days of the assignment the volunteer delivered a presentation about the processes for dehydration. The presentation was attended by members, technicians and representative from the university.

Paraguay enjoys ideal conditions for year-round horticulture production due to the abundance of natural and human resources. The need to import fruits and vegetables can be attributed to the fact that the majority of the production in Paraguay is seasonal, resulting in periods of abundant supply and low prices and other periods of high prices and low supply. Because most production takes place on a seasonal cycle, producers hurt themselves by pushing down prices to the point where many producers do not even bother to harvest their crop. Yet, there are many other times during the year when prices and demand are high and supply is lagging, yet Paraguayan producers have not learned to take advantage of these periods, instead allowing foreign producers to meet local demand.

For these reasons, a smallholder cooperative located in Pueblorá Community, Concepcion Department, called **Rincon de Luna** also received CDP volunteer assistance. The objective of this task was to provide the farmers with training on production techniques, analyze where investments in infrastructure would best be directed and assist producers in better understanding how to take advantage of fluctuations in supply and demand of tomato and pepper production. *Gary Hickman* provided an onsite evaluation of problems and gave recommendations. The recommendations included weed control, nematode control, and irrigation practices. The consultant introduced an alternative to reduce the use of water through drip irrigation and also discussed the use of low-cost plastic "greenhouses" for off- season production.

The producer organization **Tekopyahu** consists of small-holder horticulture producers in Loreto, Department of Concepcion. The cooperative received the assistance of CDP volunteer *Hugh Price* on tomato and pepper production. The recommendations made for this assignment include land preparation 6-8 months prior to sowing, the implementation of a variety testing program for tomatoes and peppers and the use of plastic and organic mulches.

For several decades, cotton has been the main cash crop for smallholder families in the Eastern Region of Paraguay. However, price reduction of cotton and the intense attack of boll weevil in the middle 90s decreased the yield. The farmers' economic position was extremely undermined. There exist enterprises in the county that promote and process organic cotton production, although limited in scope, but there is potential for its growth and development. Currently, organic cotton garments, materials and yards are being marketed by Aratex, a Paraguayan enterprise, to European and American markets. *Robert Blitz* carried out an assignment in cotton processing for **Cooperative Avati Poty**, which is located in Caazapa Department. Among the recommendations made by the consultant were the following: the design and the development of marketing materials required, development of a business plan spread sheets, hiring a professional manager, the need for a cotton gin and processing plant.

CDP continues the support to the sugar or energy sector which is reflected in the assistance provided to **Cooperative Cleto Romero** to develop a business plan for the industrialization of organic sugarcane with the end goal of using the plan as the organization's strategic planning guide. The primary activity of the cooperative members is the production of organic sugarcane (the main cash crop in the region), totaling 180 hectares but additional land available to expand production that currently produces non-organic sugarcane. Notwithstanding, the current challenge facing producers is problem of transport. Thus, the membership will have alternatives to deal with the uncertain market and increase the number of stakeholders to cultivate sugarcane and support the local economy.

In order to diagnose and respond to the needs of the Cooperative, *Jackie Theriot* visited this community. As a result of his research the consultant provided recommendations and alternatives to the board members, including the need to analyze the feasibility to keep the production for the sugarcane plant due to volatility of the income stream for the farmers or, consider alternatives to produce panela so that the farmers do not lose interest in organic sugarcane production. In addition, this new option will facilitate the marketing of the product, decrease the transportation expenses and result in better yields. In addition, the consultant recommends analyzing the possibility of alternative crops to increase income, such as stevia, sesame, coconut palm, jatropha and tobacco.

Assistance from *Ricardo Montoya* on Soil Management for Organic Sugar Cane Production was delivered to **Cooperative Cleto Romero.** The consultant addressed the following issues:

- Soil sample methodology in order to get an accurate condition of the soil for sugar cane crops.
- Processing panela *(raspadura)* as a natural sweetener
- Sugar cane (*melasa*) for animal feed
- Green composted as an organic fertilizer
- Pest control for sugar cane crops

Among the recommendations made by the consultant were the following: Protect soils through plant hedges and sugar cane to avoid direct exposure to sun and rain, produce compost from cattle manure to fertilize the crops, biologically control the borer stem of the cane with strains of Bacillus thuringiensis, Chriysopa for control of the "salivita", or "espumita" that could be obtained in sugar factories.

ACDI/VOCA`s efforts in cooperative development in Paraguay have remained consistently focused in two broad functional areas: change management, consisting of the assessment of cooperative leadership; and the development of strategies to address constraints to change in cooperative leadership and management due to long-held beliefs or "mentalities. Taking into account the mentioned areas, the assignments listed below were conducted to strengthen the cooperative movement in Paraguay

Jhilson Ortiz assisted **Cooperative Oñondivepá** in developing a marketing plan for agriculture products. The cooperative's principal activity is the marketing of soybeans, corn and to a lesser extent wheat, sorghum, sunflower, tung (vernicia fordii) and yerba mate. It is located in Maria Auxiliadora City, Department of Itapua on the southeast corridor of Paraguay. The consultant faced a series of limitations related to financial information emphasizing the need to establish administration procedures and policies to obtain accurate information about the market. The recommendations are listed below:

- Review of the current layout of cooperative premises: a) pesticides, fungicides and other hazardous chemicals should not stored at all on the same building b) farm associates should be given better accommodation while they wait for service c) buildings layout and current ground conditions tamper the flow of vehicles and personnel.
- Cost analysis for goods and services
- Review of cooperative objectives and goals
- Review of cross functional responsibilities of staff members and staff incentives to remain working for the cooperative

- Market management

Cooperative Jhechapyra located in Natalio Distric, Department of Itapua, mainly focuses on the production and marketing of grains and other agricultural products. The cooperative aims to industrialize the production of oilseed in the region. Two assignments were conducted related to this topic.

1) Feasibility study for the installation of a processing plant for grains of soybeans and corn
2) Business plan development

The first assignment, conducted by *Richard Stanley,* was a feasibility study for the installation of a processing plant for grains of soybeans and corn. The consultant made the following recommendations:

- Soybean processing should be a viable project at the volume that the cooperative projects.
- The cooperative should purchase the largest press available to reduce their labor cost and produce as much oil and expeller in the shortest period of time.
- To enable year-round supply, the cooperative should find storage space for soybeans so they could process them during the time when they are not harvested.
- If the cooperative wish to sell it as a crude oil that will eventually make it to the world market, they need find out where they are going to ship, in what quantity and what the cost is to transport it.
- The procedure and cost to convert the soybean into biodiesel needs further examination. This eliminates the cost of transportation and the cost to buy a tank and it can also supply the cooperative members with a source of cheaper fuel for their farm equipment.

The second technical assistance assignment in business plan development was carried out by *Gerald Nolte.* Mr. Nolte developed a business plan and model that would allow the cooperative to improve the current system used by its members to produce and market their products.

The consultant developed an Excel workbook containing an interactive financial decision aid model tailored to the cooperative. The model will enable the cooperative to evaluate the profitability and feasibility of adding oil seed processing to their current business. Also a model business plan template was given to them.

Some recommendations made by the consultant are:

- Follow the steps of a business plan to understand and estimate finances, taking into accounts the strengths and weaknesses of the business.
- Check the availability and dependability of markets for oil and meal, maintaining ongoing conversations with lenders and granting agencies.
- Develop an action plan with dates and identified responsible persons. It is critical that the manager play an active role in this process.

Gerald Nolte conducted an additional assignment requested by *Center of Cooperatives for the National Area* **(CENCOPAN),** a second-tier institution whose goals are to assist the economic and social development for saving and loans cooperatives**.** A presentation was delivered about cooperative ethics codes and good governance mechanisms. Cooperative leaders and directors attended the event. The presentation created immediate enthusiasm for the audience to start to work on writing and complying with codes of conduct.

The **Women´s Committee Tembiaporá** is one of five artisan groups that is part of the Yataity Guaira Artisans Network and comprises housewives and female farmers who wish to sell a*o poi,* a traditional Paraguayan hand stitching on fine cotton cloth. The organization is located in the district of Yataity in the Department of Guaira. The district is considered the capital of the ao poi. Because of their lack of experience in sales and marketing and limited access to financing, the group has been forced to sell through intermediaries and at very low prices. In order to overcome a number of these obstacles, the committee requested training on how to develop production and business plans, understand marketing and improve access to credit. The committee received technical assistance from volunteer specialist *Milton Nuñez,* who conducted a series of training in Marketing and Production Planning. His recommendations included the following:

- All the members of the women's network and especially the executive committee must understand and accept that businesses are market-driven and that the center of the market is the consumer.
- Emphasize the critical aspects of the ao poi artisans business (low sales, quality, and market).
- Develop the proper marketing mix, adequate and attractive designs for specific market segments to be targeted.
- Define pricing policies as a function of sales structure and channels and target-markets.
- Additional resources will be needed in terms of specializing members in sales, marketing, warehousing or inventory management and especially financial resources.

In recent follow-up visit, the Committee informed us that they started the implementation of the recommendations, moving their show room to a place closer to the market.

Cooperative San Luis del Parana: This cooperative is located in the Itapua Department. Currently, membership includes about 200 members who are actively involved in agricultural production. Some of the crops produced include: rice, soybeans, wheat, sunflower, sorghum and maize. The institution provides access to loans for agricultural inputs, harvesting and selling of production.

The institution requested an expert to provide mentoring support in the development of a business plan for rice production, which was delivered by *Gerald Nolte.* To achieve the work the volunteer conducted training sessions. Data from the cooperative was provided and the consultant was able to suggest alternatives to the cooperative members, and develop an Excel workbook containing an interactive financial decision aid model tailored to the cooperative.

After this assignment *Gerald Nolte* was requested to give a speech at the Economics Science College in Encarnación, Itapua Department. The assistance provided was a presentation about "*Agricultural Economics Perspective on Paraguay's Development*." The event was attended by local university authorities, government representatives, leaders of the community, and students. The power point presentation presented, generated enthusiasm in the audience, arising many questions and new ideas to discuss.

Municipalities Assisted

CDP also worked with Municipalities to promote community development through a department that provides technical assistance to small-scale producers.

In the context of the Improvement of Productive Bases and Poverty Reduction Project, the **Municipality of Concepción**, together with other public and private organizations, participates in the Inter-institutional

Coordination of the District of Concepción. This body plans and implements the Agricultural and Environmental Strategic Plan. Promotion of honey production and support to beekeepers to improve the multi-floral honey production quantity and particularly honey of sesame was included.

The Municipality of Concepcion received two volunteers *Laura Mijares* and *Ann Harman,* both of whom carried out assignments in the Department of Concepcion. The activity consisted of visits to areas such as Concepcion, Horqueta and Belen districts, all of which produce or are interested in building beehives for beekeepers. A number of workshops addressed production and marketing issues in different rural communities with the participation of beekeepers who are working in committees. These activities were performed in coordination with the Manager of the Production Department and the GTZ Program. In order to share insight of beekeeping situation and assist follow up, Peace Corps volunteers from the area were involved. In our later visit to the area, members of the committees mentioned that a Peace Corp Volunteer had assisted them for a period of time.

The Municipality of Concepcion received the technical assistance from *Gerald Nolte* for their "Mesa Coordinadora Interinstitucional" project. Mr. Nolte carried out a workshop geared to agricultural technicians in order to build their knowledge and skills to train farmers in management aspects. The workshop included topics such as management and entrepreneurship, balance sheets, income statements, cash flow monitoring, conceptual enterprise (cost) accounting system, business budgeting, the importance of a time horizon in budgeting, the concept of a "typical year" budget, and descriptions of several types of budgets. Simple tools such as a format for budget development and other simple electronic templates were provided. As management is an area where most of agricultural technicians and farmers show weakness, the Municipality of Concepcion and several other organizations that form the Coordination Body of the districts of Concepcion, Belen, Horqueta and Loreto requested this assistance to improve the human resource capacity of those working in rural development.

The Municipality of Guayaibi is located in the 2nd department of San Pedro de Ycuamandyyu in the Eastern Region of Paraguay. According to the latest agricultural census, the district's total area is 131,000 hectares and it has 31,500 residents, with ninety percent of the people involved in agricultural activities. The institution coordinates efforts with the Extension Department and the Technical Planning Office of the Ministry of Agriculture and Livestock, with the objective of providing assistance to agricultural producers.

The municipality is encouraging farmers to grow two or three products, such as papayas, pineapples and bananas as sources of income, in order to maintain a cash flow during a greater portion of the year. They also want to encourage the planting of traditional crops for family consumption such as beans, corn, peanuts, and peas, as well as small livestock production. Another area of focus for the agriculture office is to establish contact with markets, and develop agreements with companies requiring agricultural and animal products.

The Municipality of Guayaibi requested a strategic plan for banana production, which aims to diagnose and determine key areas of intervention needed to improve one of the few products in Paraguay with export market potential produced by small and a few medium-sized farmers. To start the assistance, the specialist *Jean Stavrakopoulus* carried out a series of site visits. In the meetings the volunteer shared with the farmers the strengths, weaknesses, threats and potentials he sees in the region. The ideas and advice provided by the volunteer were welcomed by the farmers. A participative workshop with the presence of officials from the public sector, the Guayaibi Major and council members, farmers and intermediaries was held in the local municipal sport facilities. The volunteer presented the key areas he considered in need of improvement and presented an innovative system that can lead to banana quality improvement.

This assignment has also contributed to the results obtained by cooperative Guayaibi Unido and Guayaibi Poty, whose members started the adoption of GAP norms and built the packing centers.

Other Activities Conducted

BARA Contributions

The Bureau of Applied Research in Anthropology (BARA), a part of the University of Arizona lead in Paraguay by Marcela Vazquez-Leon, performed a series of activities started in 2005. Originally, four cooperatives were selected: Cooperative Manduvira, Cooperative Coronel Oviedo, Cooperative Ycua Bolaños and Cooperative Guayaibi Unido. In that stage the work included coordination with the Human Ecology College at the National University of Asuncion. Students from the Human Ecology College as well as from the University of Arizona perform the studies on each cooperative.

The findings and recommendations from these activities were presented the following year in a seminar held in Bogota; Colombia with cooperative representatives' participation from Paraguay, Colombia, Bolivia and Brazil.

In 2007, BARA continued the work among two of those cooperatives that had participated in the first intervention. In that stage, Marcela Leon and the students-paired with students from the Catholic University of Asuncion- worked with Cooperative Manduvira and Cooperative Guayaibi Unido. The case studies included all the actors of the value chains in which these cooperatives participated. The findings and recommendations of these works were presented in the seminar held in March 2008 in Asunción, Paraguay.

At the end of June 2008, Marcela Vazquez-Leon and Lucero Radonic, a student from the University of Arizona, along with a Chilean crew traveled to Paraguay to film a documentary about Cooperative Manduvira and Cooperative Capiíbary. These cooperatives currently work with mechanized soybean producers and smallholders in the Department of Caazapa.

The documentary was shared with the audience at the Seminar *Change Strategies for Cooperatives in Latin America: Adaptation to the Local and Global Context,* held in Asunción in May 2010. The presentation was valuable and appreciated by cooperative representatives which provided a positive feedback to their interventions.

Impacts Achieved

During the life of CDP in Paraguay, ACDI/VOCA had the opportunity to develop great relationships with some of the cooperatives and organizations assisted. The impacts of CDP technical assistance for some of these organizations are highlighted below.

Cooperative Manduvira: This multipurpose cooperative is located in the city of Arroyos y Esteros, 70 Kilometers northeast of Asuncion. The cooperative comprises 1,000 members, mainly school teachers and organic sugar growers.

The organization provides two primary services: access to savings and loans and agricultural inputs for the production, process and commercialization of organic sugar which is marketing under Fair Trade Agreement. Due to this agreement, the cooperative has installed a health facility for their members and has also supported schools and children in the community.

Additionally, the organization has been certified in different markets such as Japan, United States, Canada, Europe, and Australia. The production is exported mainly to Europe.

As mentioned in this report, this organization was first assisted by the CDP Program in 2006, by the volunteer *Jackie Theriot*. The cooperative processes the sugar produced at a rent mill, which is located 91 kilometers from

the city of Arroyos y Esteros, which increases the processing cost and generates additional burden to the organization.

Due to the problems generated by processing in the rented mill, the cooperative was not able to fill the large demand of organic sugar. This prompted Jackie Theriot to comment to the Board members that they were "sitting on a gold mine," and suggest that they start their own mill.

Picture 3- Sugar Cane to be transported to the rented plant

Picture 4- Farmer in the sugar cane plantation

The organization has started the construction and installation of its own organic sugar mill, a project that will have a large-scale impact on the cooperative daily basis operations, its members and the community of Arroyos y Esteros.

The cooperative has invested in the land where the mill will be installed, has the design of the plant, has called a bid to obtain the quotes and has chosen the supplier and constructor of the mill. It has also already presented a business plan to local and international financial organizations, searching for funds to install the mill. They have also a plan and schedule to develop, as to start operation of the mill in year 2012.

Cooperative Moseldorf: This multipurpose cooperative is located in Paso Tuya, Department of Concepcion, with 70 members, of which 30 are milk producers. Farm size is on average around 10 hectares.

In September 2008, the cooperative received the technical assistance of an ACDI/VOCA volunteer specialist *Dr. Elizabeth Alderson*, to solve a problem of acid milk.

As a result of the adopted recommendations on acid-reducing techniques in the dairy production, the producers has increased their volumes of production, that on average is up to 2,500 liters per day per producer (before was less than 1,000 liters, bad quality milk), and started to receive high prices for their product. The second visit carried out by Alderson showed that total number of milking cows/farm ranged from 6 to 20 with a range of 5-20 in milk. Average current daily milk yield on farms visited was 12.18 liters per cow (max 18.0/min 7.14.)

Due to the improvement of quality and the increasing volume the milk is sold to a milk processing dairy, in the Mennonite Colony, Rio Verde, around 50 kilometers from Paso Tuya. The milk is collected every day by the Cooperative's refrigerated bulk collection tank to sale to Tambo Verde.

The Paraguayan Center of Cooperatives (CEPACOOP) is a second-tier cooperative comprising 30 small and medium-sized fruit and vegetable cooperatives. In 2002, CEPACOOP decided to become a second-tier cooperative to assist production cooperatives in order to work with small-scale farmers. Its main activity is to market fruits and vegetables in the local and international markets.

The organization worked hard to help producers improve the quality of their products. It has also developed the international market, with the export of fruit to the Argentinean market and in some cases the Uruguayan market.

In 2009, the Argentinean government decided to apply techniques of GAP for local production of fruit and vegetables, which put at risk the entry of Paraguayan products to that market. This fact generated the need for local producers to start the adoption of this regulation in its production process.

Due to the lack of resources, CEPACOOP started to collaborate with other institutions and began training and awareness process on GAP. Starting implementation of the regulations and avoiding the risk to lose the external market with the consequent negative effect to the income of small producers.

The actions were carried out in a timely manner, allowed Cooperative Guayaibi Unido and Cooperative Kokue Poty to start the process of implementation of the regulations and invest in the construction of a packing center according the regulations of GAP.

CPD has followed the process of developing the value chain in the banana sector, through consultant volunteers who have carried out trainings, developed plans for packing centers for the fruits producers, and linked CEPACOOP with foreign technicians in the same field.

Conclusion

The activities carried out under CDP, especially the assignments carried out by the volunteers, have allowed many of these under-resourced institutions to access technical assistance and training.

The recommendations made in the final reports left by the volunteers enabled the cooperative institutions to make right decisions as well as benefit the organization and through them their members.

As has been seen, it was possible to reach distant places, facing transport and infrastructure constraints, in order to achieve the objective to train and provide tools to members and staff of small producer associations and cooperatives. CDP provided the opportunity to access new alternatives in order to facilitate the cooperatives' activities and to obtain good-quality inputs that will lead them to better prices for their products.

Center of Excellence

Over the period of this contract from 2004-2010, the objective of the Center of Excellence has been to create, integrate, and more broadly share, resources on cooperative development through: 1) collaborative activities creating information with Overseas Cooperative Development Council (OCDC) partners; 2) outreach activities; and 3) enhancing and revamping the website *Center of Excellence: Resources for Cooperative and Association Development.* The central objective was to focus on wider and more effective learning and dissemination of successful approaches to significant issues facing cooperative development

Internally our objective has been to provide background and history, success stories, and links to information about cooperative development to current (and especially new) ACDI/VOCA project staff. This has included developing a knowledge management aspect of the website for ACDI/VOCA with proprietary information for internal staff access only. Externally our objective has been to publically share information about ACDI/VOCA's work and accomplishments in global cooperative development.

Creating Information (Collaborative Work with OCDC)

Over the course of the contract ACDI/VOCA has been working closely with OCDC on a number of projects that now showcase, in specific areas, what cooperative development organizations can do through more collaborative efforts. All of these reports are prominently displayed on and disseminated through our re-designed Center of Excellence Website.

"Pathways" Report – The first broad OCDC collaboration was the effort of the OCDC Development Committee (led by its chair Sue Schram of ACDI/VOCA) to produce a seminal paper on the positive contributions of cooperatives in the contemporary development environment. The paper, originally published in 2007, is entitled: *Cooperatives: Pathways to Economic, Democratic, and Social Development.*

This major policy paper makes the case that cooperatives can play the same catalytic role, and make the same contributions to sustainable economic growth and social advancement, in the developing world as they have in the United States and in other OECD countries. The audience for this document has included U.S. and international donors, government leaders, policy makers, and academics and cooperative leaders who are committed to expanding their global involvement.

Since its publication in 2007 the paper has been widely distributed in hard copy and featured on the OCDC and ACDI/VOCA Center of Excellence web site front pages.

CLARITY – ACDI/VOCA worked with OCDC partners on a series of two CLARITY reports that are now providing cooperative movements around the world with a tool to evaluate and reform counterproductive cooperative laws and regulations.

The first report articulates nine CLARITY core principles for consideration by local movements in analyzing their situations, developing laws or advocating for legislative reform. In conjunction with this project ACDI/VOCA completed a case study that that documented (for the first time) the legal issues involved in the process of transition of Brazil from a State-controlled cooperative system—in place until 1988—to a free and self-determining cooperative system. The second Clarity report provided examples of putting the clarity principles to work in selected developing countries.

METRICS Measurement System – ***METRICS*** identifies that, to be effective, cooperatives need sound business practices; strong membership participation; support of an efficient apex organization to provide oversight and services; and a facilitating economic and legal environment. Each of these areas is subject to measurement and analysis for diagnosing when, where and how cooperatives will succeed. Metrics employs four categories of measures: 1) financial profitability and performance; 2) indicators of membership and participation; 3) supportiveness of apex organizations; and 4) the existence of a facilitating economic and legal environment.

ACDI/VOCA tested the METRICS tool where we have well-established programs and relationships with cooperatives. We learned that much or all of the necessary financial and operational information is not readily available; records are incomplete and spotty; and some modification of the financial analysis questions may be needed**.** ACDI/VOCA will continue to work with the METRICS tool as part of the inter-group collaboration under the coordination of OCDC but will also develop a simpler version of this assessment tool as it moves forward to apply this type of instrument in the field.

Sharing information/outreach activities

In addition to dissemination of the above reports on the website, Dr. Susan Schram shared results of collaborative efforts in a number of settings. Examples included:

- *Cooperatives: Pathways to Economic, Democratic, and Social Development in the Global Economy* was presented at an **International Cooperative Alliance Research Conference** in Riva del Garda, Italy in 2008. The title of the conference was **The Role of Cooperatives in Sustaining Development and Fostering Social Responsibility** and was an opportunity for scholars and practitioners to discuss theoretical and empirical insights, to identify areas for new inquiry and to establish contacts with those having similar interests. European Union participants reported using the *Pathways* paper as a model as they mapped contemporary cooperative development accomplishments for policymakers in their countries. Founded in 1895, ICA has 226 member organizations from 87 countries active in all sectors of the economy.
- **ICA Nairobi Event --** Sue Schram attended the 9th African Ministerial Co-operative Conference of the International Co-operative Alliance at Kenyatta International Conference Centre in Nairobi in 2009. Informal networking with conference participants provided opportunities to share information about cooperative development resources generated in the U.S., including Pathways, CLARITY and Metrics, and information about the Center of Excellence website as an information resource. The visit included a field trip with ACDI/VOCA's Chief of Party Steve Collins and the Assistant Minister of Cooperatives Hon. Linah Jebii Kilimo. Minister Kilimo was subsequently engaged to help develop the program for the CDP follow-on program in 2010-2015.
- Dr. Schram also addressed **Board on International Food and Agricultural Development** (BIFAD) meetings and a meeting of its Executive Committee at the offices of the Association of Public and Land-Grant Universities in Washington D.C. to share the results of OCDC research and to encourage enhanced land-grant university cooperation with cooperative development organizations (CDOs).
- Various informational visits to Capitol Hill included sharing of OCDC reports and cooperative development accomplishments with policy makers.

Integrating Information and Making it more broadly Accessible -- Center of Excellence Website

During the contracting period ACDI/VOCA has been building on the current ACDI/VOCA Center of Excellence website: *Resources for Cooperative and Association Excellence* (www.acdivocacoopex.org) to: 1) update work done previously and add new information to the site; and 2) transform the site into more of an accessible resource internally for ACDI/VOCA staff and externally for practitioners interested in cooperative development; and 3) prepare to accommodate future CDP program objectives.

***Updating and Enhancing the Resources for Cooperative and Association Excellence* website** takes place regularly, but more concertedly with the help of summer interns working with our ACDI/VOCA website managers to update all Center of Excellence website links and delete outdated material. New material has been added to the site about the CDP program, new ACDI/VOCA cooperative development programs, and other scholarly articles. Volunteer Program staff completed an update of the section of the website on volunteers in cooperative development. Volunteerism is a part of ACDI/VOCA's signature approach and through this section of the site ACDI/VOCA employees, volunteers, board members and others will be able to better understand how volunteers from cooperatives and universities based in the United States can share their knowledge and talents with cooperatives and their members in developing countries and emerging democracies.

Improving knowledge management – CDP-supported interns also completed work to develop a password-protected section on the website for access by ACDI/VOCA employees only. This is facilitating access to proprietary information regarding past proposals, scopes of work, cooperative development methodologies, periodic reports and lessons learned. Previously the material was housed in multiple locations on shared drives and in individual computers, or in hard copy and has not been in one easily-accessed location.

When fully developed, this proprietary section of the website will enable ACDI/VOCA to manage knowledge and capitalize on lessons learned for future proposal development and a learning agenda. It will facilitate reconnaissance activities, shorten proposal preparation time, minimize "reinventing the wheel," capture and refine best practices and prevent loss of lessons learned, particularly through the CDP program.

Preparing for the future – To underscore the importance and economic contributions of cooperatives, the UN has declared 2012 the International Year of the Cooperative. At the end of this project cycle, he Center of Excellence re-printed the report *Cooperatives: Pathways to Economic, Democratic, and Social Development in the Developing World,* with only minor modifications. This report will be widely disseminated in 2011, and also in 2012 for the UN Year of Cooperatives.

In the no cost extension period of activity for the current CDP program, the Center of Excellence used the time to give the home page a new look and to prepare it to be used more extensively in the next round of CDP funding. When the home page was originated it was in a library format. The objective was to transition it into a resource that would be more user friendly to the public, to ACDI/VOCA and potentially to the participants in the forthcoming CDP program. The new page captures information in three main sections: 1) essential information; 2) success stories; 3) tools and links.

All of the original objectives will continue to be appropriate moving forward, but added to those will be working with, and acting as a resource to, Cooperative Learning Information Centers (CLICs) in CDP countries. The home page design will be further developed to accommodate housing the information that results from the project (e.g. materials from CDP volunteers) and supplying new information to CLICs in a timely and user friendly fashion.

A screen capture of the new front page follows. From October 28, 2010 – February 28, 2011 the home page was viewed 1,215 times; the number of pages viewed was 190 and the average user time per page was 1:42 minutes. In addition to the United States, viewers of the home page included users from 64 countries

Essential Information

Explore the history and elements of successful cooperatives and associations

Success Stories

Access case studies and success stories about cooperatives and associations

Tools and Links

Access tools and links to information on cooperative and association development

ACDI VOCA
Expanding Opportunities Worldwide

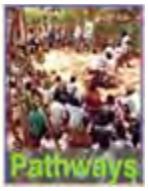
Join ACDI/VOCA Online:

Why Cooperatives & Associations?

Cooperatives and associations enable producers and marketers to take charge of their destinies, **gain economic efficiency and simultaneously build markets and communities**.

Organized and controlled by the members who use their products or services, **co-ops and associations enable millions around the world** to reap the benefits of joint business endeavors while maintaining their independence. >> more

Key Documents



Pathways to economic, democratic & social development

Principles for legal reform

CLARITY assessment & legal reform

METRICS assessment tool

Video Clips

Click here for videos on cooperatives & assocations

SUBRECIPIENT ORGANIZATION: Bureau of Applied Research in Anthropology (BARA)

BARA

CDP currently manages one sub recipient, the Bureau of Applied Research in Anthropology (BARA) of the University of Arizona. This sub grant has provided BARA with funds to implement a series of studies in Brazil and Paraguay on the issue of change management and making cooperatives more viable business models for developing countries in Latin America.

Management of Change Findings from On-site Assessments at the Cooperative Level

Introduction

We present here examples of summary field assessment findings documented by teams of anthropologists and post-graduate-level anthropology students at the cooperative level in the Brazilian Amazon region and in eastern Paraguay under the management of change component of this 2004-2010 Cooperative Development Program cycle. The agricultural cooperatives selected for the exercise were traditional recipients of technical assistance from the ACDI/VOCA volunteer program and having to meet certain criteria, including

- Acceptance of a frank assessment of their attitudes toward change by anthropologists unknown to them
- A history of collaboration and openness with ACDI/VOCA volunteers and staff which gave ACDI/VOCA reason to believe the interviewees would be candid with the interviewers
- Knowledge that the co-ops were viable commercial enterprises actively operating within a value chain and offering at least one marketable product, a criterion applied by ACDI/VOCA in any event before providing volunteer technical assistance to co-ops seeking senior-level advice.

The objective of the assessments was to measure the attitudes and aptitudes of co-op board members, managers and producer members to embrace strategies and operational actions to effectively confront the challenges of the marketplace in a globalized world economy. The assessments were conducted by the Bureau of Applied Research in Anthropology (BARA) of the University of Arizona and led by BARA director Tim Finan, PhD and deputy director Marcela Vasquez, PhD. They were accompanied in the field by anthropology PhD candidates from the university and local anthropology students from Brazilian and Paraguayan universities. The assessments reported on here represent three of the nine carried out by BARA teams; these and the remaining five will be published in a book nearing its completion by BARA. The book, a copy of which will be provided to USAID, will address the management of change topic in cooperatives in Brazil, Colombia and Paraguay.

Cooperative Visits and Findings

A. Cooperativa Mista Agrícola de Tome Acu (CAMTA), Tome Acu, Para, Brazil

CAMTA, like ASCOPE reported on below, has functioned within the challenging context of the Brazilian Amazon reality. The country's North remains a rugged frontier even though there have been settlements there for centuries. Its towns and villages are microscopic clusters widely separated by vast expanses of jungle. Local infrastructure such as roads, electricity and means of communication are woefully inadequate. Areas blessed with roads find themselves cut off from the outside constantly when torrential rains and floods wash away the roads.

Farm-to-cooperative and co-op to market land transportation availability is non-existent or highly sporadic. Fluvial transport, normally much slower than that on roads, becomes the only option.

The high levels of heat and humidity in the region provide ideal conditions for the propagation of molds. This phenomenon causes severe post-harvest handling losses in the region's principal crops, especially Brazil nuts.

Technological knowledge transferred to the North from other regions of the country doesn't favor the sustainable management of natural resources. Meanwhile, local institutions and enterprises are young and unstable and education levels are low. There is normally only a very small pool of skilled professionals and workers in small towns and villages, making it difficult for cooperatives and other enterprises to achieve their objectives.

CAMTA is an example of an entity seeking to balance economic and social objectives – two of the seven pillars included in the universal principles adopted by the International Co-operative Alliance and its worldwide membership of over 800 million rank-and-file co-op members, and includes the Organization of Brazilian Cooperatives (OCB from Portuguese), in which CAMTA is represented, and ACDI/VOCA as institutional, dues-paying members. In essence, the co-op must achieve business goals to serve the economic interests of its members but, conditions permitting, it should also provide support to addressing needs of the local community in general – members and non-members.

The CAMTA case is an excellent example of a cooperative working to achieve the above-mentioned balance as, when it was thriving commercially, it was able to finance health, educational, cultural and infrastructural (electricity service and road maintenance) services for Tome Acu and its environs. When the co-op suffered downturns in the marketplace it found ways to transfer the service burden to other entities, thereby not losing its focus on commercial objectives – the first priority of its members. The cooperative successfully managed abrupt market changes over a period of six decades.

Established in 1949, CAMTA was a model of sustainable development in tropical forests. It developed knowledge and production systems specific to the Amazonian environment. It accessed sources of external financial support and investments and technical support, and demonstrated the important role of ethnic identity in a cooperative community. Finally, it featured dedicated and transparent democratic leadership.

Located five hours by car from Belem, the capital of the state of Para, CAMTA's ethnic roots date back to 1929 and a Japanese immigration supported by a Japanese plantation company. The area experienced in- and out-migrations during between 1929 and 1938 due to low demand for their fresh vegetables in the Belem market and severe malaria outbreaks. By 1942 only 49 households remained in Tome Acu. Then, with the advent of World War II, the town became an internment camp for "enemy aliens" in Para, and the Japanese families' gardening plots were taken away from them.

The group held together and established their co-op after the war, hoping to join in the black pepper export boom that was in full swing. The sale of a metric ton of this product, nicknamed Black Gold at the time, would finance the cost of buying and importing a new truck from the United States. In 1956, the co-op's 103 members sold 1,200 tons of black pepper. Their production volumes between 1947 and 1957 rose from one-third of a ton per year to 14.5 tons a year. Brazilian laborers, predominantly from the country's impoverished Northeast, and new Japanese immigrants flowed into the town.

The cooperative was financially able to build schools, a hospital, a farm supply store, a vehicle and equipment repair shop and a gasoline station, and the co-op maintained local roads in good condition. The cooperative

served its members by establishing strong liaisons with important entities such as municipal and state governments, exporters and banks.

Black pepper prices began to drop in 1956, reaching record lows in the early '60s, due to emerging competition from other countries. Then, in the mid-'60s, a disastrous fungus (fusarium solani) outbreak struck the region, wiping out entire fields of black pepper. Obviously, the risks of depending on monoculture production came directly to the fore. Members had withdrawn from the co-op and sold their farms. Diversification was in full swing by the 1970s, as the co-op promoted the production of cocoa, passion fruit, melons and papayas. The co-op helped the town access credit and technical assistance from the Japanese International Cooperation Agency (JICA) for the construction of a fruit pulp processing plant in 1980, and it purchased the plant and an adjoining freezer unit in 1991 with JICA and Brazilian government support.

In 1995 the average annual income of the co-op members was approximately US$ 36,000, a middle class income level for Brazil. However, the incomes ranged from $4,000 per year to $150,000 per year, with many of the richer members having added cattle-raising to their farm activities.

Some conclusions reached from the assessment at the cooperative revealed:

- Strong crisis management through the boom and bust periods
- Crucial diversification moves away from monoculture dependence
- Strong entrepreneurship skills and adoption of innovation and adaptation of technology
- Crucial social capital generation and maintenance, including the pooling of capital and production to leverage better prices and access to regional and international markets
- Relating to the item above, the attracting and integrating native Brazilian member producers to achieve economies of scale, continuing to break down earlier ethnic divides and taboos under Japanese-only membership, where currently Japanese members are in the minority
- Helping smallholders organized in producer associations improve their operations and bring in the associations as members of CAMTA, with these alliances facilitating enhanced market clout and better prices for all
- Adept leveraging of resources to propel growth
- Aggressive pursuit of fruits from additional sources such as smallholders and other regions, to the point that only 30% of fruit processed originates from CAMTA members

The cooperative's leaders closed their comments stating their optimism regarding their future as they expand their operations and serve more people in the community.

B. Cooperativa dos Productores de Sagrado Caracoa de Jesús do Paraná Eva – ASCOPE, Itacoatiara Municipality, Amazon State, Brazil

ASCOPE, founded in 1997, is an agricultural cooperative located 227 kilometers east of Manaus, the state capital. Its 30 current members started producing pineapples, cupuacu and some cattle in this village for the Manaus market in the early-1970s. Though officially founded in the late-'90s, the group has deep roots from a long history as a faith-based, grass-roots organization in Sagrado Coracao de Jesus, cited hereafter as SCJ. They manage a solid

organization and membership structure locally and regionally in the county seat of Itacoatiara through longstanding relationships with the Catholic Church and a rural workers' union organization. The members declare that the cooperative and the community are one entity.

Early in the 20th century settlers arrived in this region from the impoverished Northeast of Brazil. These poor and powerless families frequently had clashes with the local cattle-raising sector over fertile lands on riverbanks. Most of these small farmers were forced to un-flooded but less fertile areas distant from the riverbanks. In 1997 a road from this locality to Manaus was finally completed; this development resulted in rapid demographic growth in the area. In 2000 our co-op founding settlers built a village on 12 hectares of land with nearby access to the road and a river. Dependable transport services, electricity and a school were available.

The co-op's history dates back to 1968 with the establishment of SCJ, whose English translation is Sacred Heart of Jesus and the Catholic Church's influence on the group in the 1970s. The Diocese of Itacoatiara, following the ideology of liberation theology, organized meetings and workshops to help people develop a critical interpretation of "local complex realities", leading to the internalization of lower-class peoples' social exclusion. This enlightenment led to the development of a strategy for organization and political action for their liberation from economic exploitation.

In 1987 a charismatic Workers' Party (PT) councilman helped organize 16 households into a farmers' association comprised of nine families providing daily labor and seven families with small plots of land. The organization's original objectives were to

- Create a more competitive market for their products
- Organize community work to assure all families had fields to cultivate
- Eliminate reliance on rural wage labor
- Conduct weekly educational meetings on preferred topics – liberation theology and social justice
- Create a savings fund to cover travel expenses to regional and national meetings of other social movements.

ASCOPE was established in 1993 by 21 individuals, many of whom were members of the old association. Membership had increased to 31 by 1994, with many people joining for access to credit. In that year each of the members provided 50% of their borrowings from the association to finance the collective purchase of a floating shop on the river to offer basic necessities to villagers at reasonable prices. The association decided to register itself as a cooperative for the community to gain advantages from federal incentives for cooperative development such as exemptions from value-added taxes.

Disaster struck in 1998 when cupuacu fruit prices plummeted in a saturated Manaus market. The co-op's response was to buy up all the members' production and store the fruit pulp in a rented cold storage facility in Manaus. The pulp was sold later when the price had stabilized; a portion of the additional profit earned by holding the product until the price improved was channeled back to the members. This successful operation earned crucial credibility and trust in its leadership and lent momentum to the cooperative's growth.

A snapshot of the cooperative's situation at the time of the BARA assessments during the mid-2000s would feature the following items of interest:

- The existence of four marketing committees of two members each who buy and sell all the pineapples produced by members. The market margin and profits are retained by the committees as revenues, less 1% paid to the co-op. The result: While in reality the committees and their members are operating as separate private entities, they still obtain better prices for co-op members than those received from regional middlemen. The principal reasons for this positive outcome from the committee model: The policy of transparency in transactions and low overhead costs.

- The co-op purchases cupuacu from the members and holds the pulp in cold storage. 2005 sales of this product provided R$35,000 (approximately US$17,500) in revenues to the co-op.

- The cooperative's principal source of revenues is their floating shop – approximately US$250,000 in 2005. Members benefit from patronizing the shop by receiving discounted prices and shop credit.

- The shop has played a major role as a price regulator in the area, as it has forced the other three floating shops and others on land to maintain their prices in line with those in the ASCOPE shop.

- The co-op was in a phase of diversification of activities and expansion of its market reach. It obtained Amazon state government support to purchase equipment for an agro-industrial processing facility in the village. The co-op had obtained title to the land and had built the structure for the plant. The operation will process pasteurized fruit pulps, jellies and other fruit-based products.

- The opening of a cupuacu seed-drying facility was in process with support from an American investor who will receive repayment of his investment in dried seeds from the facility. The investor will utilize the seeds in the manufacture of sweets and certain cosmetic products.

- A project to utilize loan funds to purchase machinery to clear approved areas of forest to provide more cultivable land for members.

The determinants and management of change over time in ASCOPE's experience provide this highly-illustrative case of a cooperative functioning as a mechanism for development. Its members embrace the model as a means of forging sustainable livelihoods in a precarious, remote and fragile environment. It's dedicated and transparent board and management navigated the co-op through volatile and sensitive markets. Its members were and are of modest economic means and education levels, their lives marked by hardships, uncertainties and risk. This assessment found that the role of ASCOPE and cooperativism in general goes well beyond protection of its members in the marketplace. It also

- Provides new alternatives for members

- Channels and interprets information from the outside world for members

- Facilitates technology transfer in ways adapted to local risks and constraints

- Achieves a balance between entrepreneurial and social objectives through long experience in grassroots mobilization, social consciousness and autonomy through its structure, objectives and decisions.

C. Cooperativa Manduvira Limitada, Arroyos y Esteros, Cordillera Department, Paraguay

Manduvira Cooperative was established in 1975 in the town of Arroyos y Esteros, which has a current population of 22,000. The co-op exports organic sugar through Fair Trade markets worldwide. The co-op was founded as a savings and credit institution by 39 individuals, mostly schoolteachers. It was the only local source of affordable

credit, and membership grew to over 400 by the early-1980s. Problems commenced in the mid-'80s, as excessively easy terms for credit offered by CREDICOOP, a 1979 creation of the national government, led to borrowers overextending themselves. Widespread loan delinquency was the result and it engulfed the co-op, which was forced to close its doors.

When Paraguay's long period of military dictatorship ended in 1989, the defunct co-op's board of directors decided to reestablish the entity as an agro-industrial cooperative. They renegotiated their loan debt and began marketing sugarcane syrup processed by members in 150 household-based mini-mills. The syrup business went well until the mid-'90s when prices for the product dropped substantially.

In 1992 the Fair-trade Labeling Organization (FLO) visited the Arroyos y Esteros region and identified interesting sugarcane sector development prospects. The FLO upbeat meetings with sector players led an industrialist to purchase and retrofit a local 1950s-vintage sugar mill and distillery to process organic sugar. Their process was certified by FLO in 1997. Meanwhile, with their sugar syrup market prospects dimmer than ever, co-op members began to deliver their sugarcane to the FLO-certified mill – OTISA. The cooperative reverted to savings and loan services for agricultural operations and equipment and machinery rental. Early on many of the co-op member farmers began to have problems with the owner of OTISA. Unacceptably low prices were being paid to the producers, and FLO became alarmed because smallholders – their worldwide clientele – were being mistreated by the mill. There was no evidence of a social conscience or concern for the rights of the farmers or social justice in general.

In the late-1990s the smallholder farmers began to hold local agricultural committee meetings, essentially get-togethers of extended family members, in an attempt to find ways to strengthen their position with OTISA. They found these sessions ended by being platforms for complaining, arguing and alienating their own relatives. They looked to the co-op for potential solutions, travelling to the manager's house to discuss options. The manager agreed to work on the issues with them but he made it clear his visitors would be responsible for knocking on the doors of every producer, one by one, and inviting them to join the effort, described later as the "battle cry" to take on OTISA and improve their standing in the relationship. As one member told a BARA interviewer, "People were afraid of OTISA, they were afraid of everything, of the government. People had been terrorized for so many years. But all the time the manager of the cooperative and board of directors were at our side."

Negotiations began several months later with OTISA for more favorable terms for the farmers, 500 of whom attended a general meeting with the owner. It was clear to all the company was not taking the farmers seriously. As a consequence, when the mill gave the order to cut cane for transport to the mill, no farmers went to the fields. The mill relented, raising prices significantly. Co-op members then saw tangible evidence of the strategic importance of collective action. Producers immediately began selling their cane through the co-op, and in 1999 Manduvira took control of paying price bonuses to the members.

In 2002 the second step was taken to break the monopoly of OTISA when Manduvira found a viable competitor. The co-op successfully negotiated the reopening of another private mill by guaranteeing to the owner the delivery to the plant of previously stipulated and agree-upon tonnages of sugarcane. The new client, Censi and Perota, offered better prices than OTISA for the cane – 78,000 guaranies per metric ton versus Gs 72,000/MT from OTISA, and absorbed the cost of co-op sugarcane transport from field to mill. OTISA then raised its offer price for cane but most of the farmers shifted their allegiance to the new mill.

The new plant achieved FLO certification, allowing even higher prices to be paid to producers. Meanwhile, OTISA was forced to purchase land and plant sugarcane to supply its mill. Now Manduvira sells part of its

sugarcane to Censi and Perota and rents the mill to process sugarcane under its own brand name. Fair Trade certification for organic sugar export is the only attractive option for the co-op's members. Paraguay's share of conventional sugar exports to MERCOSUR countries is 1%; Brazil holds the lion's share. At the same time, FLO trades organic sugar from 16 associations of producers in eight countries; six of those groups are located in Paraguay. Manduvira leads all these groups in output, which was approximately six metric tons in 2008-08. The co-op exports to fifteen countries, mainly to Europe and Japan; sugar exporters not owning and operating their own processing facility are not eligible to export their sugar to the U.S.

Currently the cooperative has 1,200 members, 70% (840) of whom are smallholder sugarcane producers, with member plots averaging from between three and five hectares in size. More than half of the members possess Fair Trade certification, with another third in the process of becoming certified. Manduvira maintains connections to its roots by continuing to operate a micro-credit program for rural and urban members.

In addition, the FLO bonus to the cooperative has increased steadily as more sugar product has become certified. The co-op received a bonus of US$600,000 for its 7,500 tons of organic sugar marketed. Half of the bonus went to producer members - $360 each, on average. The result of all this was an increase in income of between 30% and 40% for member farmers. The other half of the bonus money went to the co-op for support of community projects in accordance with Fair Trade rules. During this bonus expenditure cycle Manduvira financed a community health care center, which is now in operation.

The co-op board and management continually consider strategies and moves to reduce the risks of business downturns due to their dependence on a mono-culture and the periodic unpredictability of the Fair Trade market. Strategies being employed to address these concerns include

- Creating strategic alliances with organizations promoting sustainable agriculture in an "agro-ecology" program that provides technical assistance to producers in the establishment of organic garden production for households and a newly-created organic farmers' market.
- Investing in education and human resource development through the provision of school supplies to children in poor families, computer classes, English and music lessons, and an internship program for high school students in business management, accounting, marketing and agronomy. Periodic technical workshops are presented to farmer members.
- Good governance and transparency through regular meetings with staff and members, and a decentralized structure where producers take turns coordinating harvesting schedules, post-harvest collection and transport of sugarcane to the plant.
- The planned 2012 inauguration of the co-op's own state-of-the art processing plant, a project costing $9 million, which will allow Manduvira to control its own destiny and upgrade productivity and cease renting processing capacity in an antiquated, inefficient plant.
- Strengthening of the already-strong management team in headquarters. While the co-op boasts the presence of excellent incumbents in the positions of president, general manager and deputy general manager, external collaborators have urged Manduvira to add the positions of chief financial officer and production department manager as soon as feasible – and definitely before 2012.

Short Concluding Comments

The stories recounted above share a few central themes that contributed to their current success after overcoming severe threats to their survival, including temporary cessation of operations. A few central themes common to the three cooperatives should be highlighted:

- Group cohesion forged in struggles against an easily identifiable external enemy, be it the Brazilian internment, disenfranchisement and seizure of landholdings of Japanese immigrants in Tome Acu, the entrenched social injustices focused on by ASCOPE founders and their mentors in the Church and union movement, or OTISA in Paraguay. Each group had a readily-available rallying cry.
- Group cohesion forged by relative homogeneity of the founding leaders and members, be it due to ethnic (CAMTA), politico-religious (ASCOPE), or direct and comprehensive recruitment by Manduvira of hundreds of members in a campaign of "everybody in" or this co-op won't go anywhere.
- Enlightened, efficient, dedicated, dynamic, honest, transparent managers and leaders – no "us versus them" phenomenon observed where there is a chasm between co-op headquarters and rank-and-file smallholders.

The videos developed by BARA can be viewed here:

- http://www.youtube.com/watch?v=py_Ggxn6oNE, Capiibary English pt 1
- http://www.youtube.com/watch?v=2TkZdbJhy_8, Capiibary English pt 2
- http://www.youtube.com/watch?v=hcQIV0S3MZA, Capiibary English pt 3
- http://www.youtube.com/watch?v=mBJTHi4f3os, Capiibary Spanish 1
- http://www.youtube.com/watch?v=7j6xD88EoTE, Capiibary Spanish 2
- http://www.youtube.com/watch?v=miXn0YbM5BU, Capiibary Spanish 3

Attachment 1

Rural Cooperatives and Socio-economic Change in Latin America

Marcela Vásquez-León, Tomothy J. Finan, and Brian J. Burke (Editors)

Bureau of Applied Research in Anthropology

The University of Arizona

Tucson, Arizona

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Preface – Charles Cox[1]

This publication addresses issues and opportunities that present themselves to smallholder agricultural cooperatives in selected regions of Brazil, Paraguay, and Colombia. The context of the discussion is how these enterprises react to confront the challenges of operating successfully in a global economy that will reward winners and leave poor performers out of the marketplace. This process is characterized as management of change, an adaptation exercise all businesses and organizations must embrace to prosper in complicated and often rapidly-changing circumstances.

In many regions of the world cooperatives and other agribusinesses are flourishing because, among many positive factors, they provide products and services for which there is demand, they are sufficiently capitalized and have ready access to credit facilities, they receive substantial governmental support through favorable legal and regulatory frameworks that promote cooperative development instead of imposing state control on these entities, and there are technical and technological assistance providers locally available to these producer groups. Internally, successful cooperatives in prosperous regions can recruit professional managers and competent support staff from a robust human resource base, and their offices are equipped with the requisite technological tools. They possess a rich pool of strong candidates to comprise informed

[1] Charles Cox oversaw technical assistance efforts with agricultural cooperatives as a Peace Corps APCD in Peru and Brazil (1970-1975). After graduate school he was Africa/Middle East/Brazil representative for Volunteer Development Corps (later VOCA, then ACDI/VOCA) CDP projects (1977-1980), then worldwide CDP manager for VDC/VOCA/ACDI/VOCA (1980-2010). He retired from ACDI/VOCA in 2010.

and involved boards of directors, and they can finance member training to strengthen farmer participation in achieving the financial objectives of the enterprise.

The majority of co-ops participating in the management of change analysis presented in this publication can count on very few of the positive factors cited above to help them flourish. They do have marketable products, and Brazil and Paraguay enjoy favorable legal and regulatory atmospheres for cooperative development. However, the cooperatives are located in remote areas of the Brazilian Amazon region and in some of the most poverty-stricken locations in Eastern Paraguay. One might question why this USAID-funded worldwide Cooperative Development Program (CDP) activity (2004-2010) even targeted such locales for assistance and analysis. The response is that USAID, BARA and ACDI/VOCA prioritize worldwide efforts to help small farmers increase family income and quality of life, hopefully reducing the exodus to cities of the rural poor – especially young people.

The selection of participating cooperatives in the assessments conducted by BARA, all the limitations notwithstanding, centered on ACDI/VOCA's determination that indeed the co-ops were producing marketable products and, crucially, that their management and boards of directors embraced the concept of adapting their thinking and actions to successfully confront demanding market conditions and challenges. It is important to note that the term "marketable products" used here connotes that the participating cooperatives are currently marketing one or more products. On the positive side, they are marketing internally, and some of them have found markets abroad, the latter including the U.S., Japan, Western Europe, Russia, Uruguay and Paraguay. Issues

confronting them on the exporting front include increasing production volumes, improving quality controls, and securing new markets.

The more complex side of the equation is the management of change aspect. While the leadership and management of the cooperatives selected were interested in participating in the BARA assessments of their history, traditions, capabilities, capacities and inclinations to survive and hopefully grow stronger, those statements of interest thereby engaged the leaders and managers in a process that could take them down an interesting path. Management of change measures deemed necessary to take in some cases might focus on management shortcomings, but it is recognized that many of these cooperatives are located in remote regions that don't have a large presence of trained managers and other professionals. Furthermore, the smaller co-ops don't have the financial resources to employee well-qualified professional staff or adequately equip their offices. A reconfiguration of a dormant board of directors might be in order but such efforts can be complicated; board members are recognized local opinion leaders, and they might not want to surrender their position of status in the community. A merger of two small, economically unviable cooperatives producing the same product in the same county might result in a stronger, competitive enterprise with the ability to attract more qualified staff, access credit, gain some economies of scale, and expand markets. The problem: The merger would result in the unwelcome redundancy of one manager and one board chairman and perhaps several board members.

The BARA interviewees at the village level have listed the plethora of roadblocks in their path, several of which are mentioned above. However, these managers and

leaders have stated their inclination to adapt to changing circumstances despite the numerous limitations.

The findings of BARA published here, in conjunction with those of ACDI/VOCA in cooperative organizational/managerial strengthening and value chain enhancement in the production, post-harvest handling, processing and marketing with these co-op, will be valuable in instructing ACDI/VOCA's approaches in the field during the new CDP cycle of 2011 to 2015. The program will continue to offer senior-level technical assistance to the cooperatives that are taking strides to modernize and compete successfully within the means available to them.

BARA's efforts in delving into the minds of co-op managers, leaders and farmer members in a research exercise was probably the first time such assessments were incorporated in an ongoing technical assistance program delivering organizational and value chain strengthening with the same cooperatives. The BARA component was unique, as it led the interviewees to internalize and process their reason for being and then look forward at phenomena beyond such as whether the terrible roads in their regions would be passable when their bananas had to be shipped to Buenos Aires within ten days. The co-op people were proud to recount their histories, downturns and near collapses, and resurrections and restructurings that brought them through tough times. These remembrances fortified them and seemed to have reinforced their determination to fight on and succeed. They managed to navigate through some severe changes and setbacks over the decades. Why should they stop now?

Introduction – Marcela Vásquez-León

Smallholder agricultural producers in Latin America today face multiple challenges and opportunities that arise from integration into an increasingly globalized marketplace. Privatization and deregulation, accessibility to global markets, greater competition with privately-owned and corporate agribusiness, and the reduction of state intervention in the agricultural sector have all transformed the way the public and private sectors, including rural producers, interact. Whereas changes at the global level present new opportunities for growth, they also create new uncertainties, particularly for the most marginal. This sense of insecurity has undoubtedly contributed to the massive rural-urban migration and the abandonment of farmland that has characterized much of rural Latin America for the past two decades (Ocampo and Martín, 2003). Despite mounting difficulties, the potential contribution of smallholders to food security through market participation cannot be discounted, particularly with the opening up of alternative marketing networks, especially, niche and specialty export markets. In the context of such uncertainty, grassroots agricultural production cooperatives may provide a critical form of organization that allows small-scale producers to negotiate improved terms of trade while sustaining participatory structures of self-governance.

In the series of articles presented here we focus on a set of contemporary cooperatives in marginal regions of Paraguay, Brazil, and Colombia. We examine the strategies pursued by these organizations to adapt to a rapidly changing world. Current smallholder rural societies in Latin America are often immersed in highly complex economic and social relationships that are transnational and global (Kearney, 1996). At the same time, they continue to represent values that center on place and community

where the goal is to achieve viable and stable livelihoods in the community and on the land (Netting, 1993; Fals Borda, 2002). Our objective is to explore the role that local rural cooperatives may play in enhancing the lives and livelihoods of historically marginalized producers. In each case study, we examine the history of the selected cooperative seeking to identify the processes that determine the direction of change. We address a central question of how cooperative organization in a highly stratified society is able to negotiate the local context of inequality and the broader context of international markets and global competition. In other words, do cooperatives have the potential to significantly alter the unfavorable context of power and economic interest in which small rural producers in Latin America must operate and survive. As the papers presented here show, in eastern Paraguay, northern Brazil, and rural Colombia the context of inequality has deep historical roots and manifests itself today at different levels that range from limited farm size, marginal land, insufficient access to credit, and a general lack of public investment in physical and social infrastructure.

We approach cooperatives as dynamic community-based organizations that exist within wider social, political and economic contexts. As collective organizations, their theoretical advantage lies in improved access to a variety of assets including economic capital (credit, land, and financial investment), social capital (networks that improve collective bargaining and marketing potential), and human capital (investment in member education and capacity building). In practice, however, the success of individual cooperatives is highly dependent on a number of factors, including internal management ability and the vicissitudes of external market and policy forces. In order to sustain themselves, cooperatives must have the ability to adapt to these highly complex

institutional environments while, at the same time, they respond to the socio-economic needs of an oftentimes marginalized and resource-scarce membership.

Our interest in assembling this series of articles stems from a multiyear research project that has examined agricultural, fishing, and extractivist cooperatives representing a wide variety of structural characteristics such as size, function, commodity, commercial and financial stability, and ethnic composition in Latin America. Despite their diversity, we employ a common analytical framework that integrates five key contemporary issues:

1. The essential trade-off between the financial success and social investment in the membership: When the cooperative boasts a well-educated, healthy and financially stable membership, the role of the cooperative is fundamentally the commercial one of increasing market access. In these case studies, however, the membership is resource-scarce, often under-educated, and dominated by local power elites. In this context, the cooperative plays a much more complex role, involving not only market access but often such things as education, technology transfer, and health services. How does a cooperative model thus create economic success while maintaining the social solidarity and bolder goals of the cooperative movement?
2. The critical role of the state (and state policy) in the success of cooperatives: Cooperatives are state-sanctioned organizations that are often subject to a complex set of policies that either directly or indirectly affect cooperative decision-making, management, investment, and outcomes. The analysis of the case studies will explore how the policy context has determined the historical trajectory of each cooperative by presenting both opportunities and constraints.

3. The interaction of local cultural patterns and change strategies: The stark level of social stratification is expressed in engrained cultural values and traditions that work against the democratic principles of cooperativisim. Such values in Latin America are particularly embodied in patronage and clientilism. Cooperatives may be dominated by local elites and more impoverished members may be reluctant to participate actively. The analysis focuses on how such traditional values determine the management and success of cooperatives.
4. The requirements of international markets on cooperative success: Integration into the international market place establishes new rules and demands a "new" way of doing business. Particularly in the case of quality standards, certification, product consistency, etc., cooperatives must orient their membership, invest in facilities, and gain access to sophisticated information systems in order to achieve and maintain market share.
5. Management and local governance: Fundamentally, a cooperative must nurture a sense of cooperative ownership among the membership and create a sense of collective identity. At the same time, the cooperative management must have knowledge of good business practices and promote an entrepreneurial culture. The analysis examines the challenges that this delicate balance between outward linkage and internal governance presents.

The chapters presented here cover a range of perspectives, including those of practitioners working with cooperatives (our ACDI/VOCA counterparts: Charles Cox, Elisa Echague, Luis Cuellar), cooperative leaders themselves, and academics. While

each case is unique and illustrative in its own right, the set of papers shows that the cooperatives are adapting to a new uncertain environment, one which is part of the global movement seeking to integrate historically marginalized smallholders into global markets, networks, and power structures far beyond their local communities. Whether these global linkages can assure sustainable development or even guarantee participation and governance is not yet known. However, in the current Latin American political environment, where there has been an unprecedented increase in social protest movements and populist governments (Stahler-Sholk, Vanden and Krueker, 2008), smallholder cooperatives, as state-sanctioned institutions, can become key forms of association for strengthening Latin America's struggle for democratic forms of participation and social equity. As Davila Ladron de Guevara et al. (2005) point out, this is particularly relevant as neither the state nor the private capitalist sector have been capable of making the necessary transformations to promote a more equitable rural society in Latin America.

Agricultural Production Cooperatives: A Brief Historical Overview—Marcela Vásquez-León

To understand the agricultural cooperatives presented in the different papers, it is important to place them in the larger historical context of the development of cooperatives and cooperativism in Latin America. Contemporary production cooperatives have their roots in the European cooperative system, starting with the wave of European immigrants that arrived in the region at the beginning of the twentieth century. Cooperatives were often created by refugee communities and were instrumental in allowing them to re-create their own forms of social and economic organization while remaining detached from local populations and systems of government. Prime examples include the agricultural cooperatives in western Paraguay and southern Brazil founded in the 1930s by Mennonites from northern Europe. Similar histories apply to the immigrant colonies of Japanese, Italians, and Germans in Brazil, whose contributions to the development of the agricultural economy of southern Brazil are widely acknowledged.

The European cooperative model started to become popular in Latin America after World War II. Early initiatives followed a top-down development model, and concerns over inequality, widespread poverty, and social unrest throughout the region resulted in the promotion of production cooperatives in more marginal rural areas. Emphasis was placed on the need to create economies of scale through the pooling of resources and labor, expansion of credit opportunities, and a more equitable distribution of benefits (McGrath, 1978). Discussions quickly became politicized, however, and in many cases, rather than serving the needs of the poor, cooperatives became political organizations and were co-opted by political parties. As Bennett (1983: 6) notes, Western

cooperatives in Latin America were ―transformed into quite different forms." This was especially the case in marginalized regions, where democratic control was undermined by authoritarian and patron-client social structures in which family loyalties, class interests, or orders from local political bosses were given priority over the development of democratic governance. As the sociologist Fals Borda (1971: 12) concludes from his study of cooperatives in Colombia, Venezuela, and Ecuador, ―the cooperative movement was imposed from above as a paternalistic and authoritarian act; it was not the result of popular conviction based on democratic participation or popular enlightenment."

In socialist countries cooperatives were seen as political organizations capable of radically changing the status quo by empowering the poorest segments of society. State-controlled intervention supported and imposed experiments aimed at increasing agricultural productivity by fostering state farms and collectives. In the case of Cuba, state farms became the predominant organizational form. The expansion of educational opportunities and of the military and construction sectors after the 1959 revolution led to a significant shortage of agricultural labor, resulting in the development of highly mechanized, state-controlled agriculture. Some of the major problems associated with state farms, as noted by Deere, Perez, and Gonzales (1993: 198), had to do with ―low labor productivity and inefficiencies associated with an excessive degree of centralization and planning," as well as to a lack of local participation in decision making. In countries such as Mexico, with a strong populist government, state intervention in the collective structures of production reinforced hierarchical differences in wealth and skill. The embezzlement of funds by cooperative directors or the use of cooperatives as centers of political control by national parties were common occurrences, as in the case of Mexican

fishing cooperatives and agricultural ejidos during the 1970s and 1980s under the Institutional Revolutionary Party (Vásquez-León, 1998).

Throughout the 1970s, the cooperative movement in general was criticized for its inability to deliver on promises of cooperation, development, democracy, participation, equity, solidarity, and social transformation. Gabriel Gagnon (1976), who studied cooperatives throughout Latin America and Africa, emphasized that cooperatives in capitalist societies abandoned their role as social movements to become better integrated into the dominant capitalist system while cooperatives in socialist countries became little more than vehicles for the transmission of state policy. Despite serious criticisms, however, scholars still valued cooperatives as organizations that had the potential to challenge the status quo on behalf of the ―legitimate interests" of the peasantry as a social class (Fals Borda, 1971: 146–147). Parallel to top-down approaches were grassroots small-scale industry, artisan, credit, savings, and housing cooperatives and associations that developed independently from the state (ILO, 2001; Nash, Dandler, and Hopkins, 1976). Some of these grassroots organizations were influenced by the Catholic Church's liberation theology, which offered critical interpretations of the complex social realities surrounding rural communities. Ideas about social justice became operationalized through the participatory action and mutual support structure of ecclesiastical base communities (Levine, 1988). The grassroots organizations that developed under strong military dictatorships, such as the Agrarian Christian Leagues in Paraguay, were accused of promoting communism and were quickly silenced and violently repressed (Lewis, 1984). Others, however, provided an important opportunity for impoverished producers and,

despite attempts at repression, particularly in Brazil, remain viable today (Vasquez-Leon and Finan, 2006).

In the mid-1980s, the structural adjustment policies deployed by most Latin American governments began to have significant impacts on state farms and cooperatives as states shifted their focus to the privatization of productive and financial sectors, the removal of subsidies and market protections, and free trade. In countries such as Mexico, large federated systems lacked the flexibility to adjust to new pressures and collapsed once external government assistance was withdrawn. Production cooperatives lost economic protection as state subsidies and export and tax privileges were eliminated. They were also dramatically affected by increases in transportation costs and input prices and the loss of credit and basic social services (Kroeker, 1996; Vásquez-León and Liverman, 2004). In Cuba, the collapse of the socialist trading block led to a move toward decentralization and the breakup of the state farm sector. Collective organization, however, continued as Cuba‘s primary structure when state farms were converted to cooperatives. Even though state agencies continue to be the main buyers of outputs and suppliers of inputs, limiting cooperatives‘ management authority, within cooperatives there is much greater member participation and on-farm decision making (Royce, 2004). In Nicaragua, which adopted the cooperative model after the 1979 Sandinista revolution, cooperatives have continued to be important organizations despite the decline in state support after the end of the Sandinista government in 1989. Ruben and Lerman (2005) attribute the continuation of the cooperative sector to the importance of social capital as a risk-sharing mechanism that ensures access to a variety of services no longer provided by the state.

For the more independent grassroots small-scale cooperatives and associations throughout Latin America, the withdrawal of state intervention was not as devastating (ILO, 2001). However, their ability to adjust to and transform the socioeconomic landscapes in which they operated was and continues to be impacted by more pervasive issues related to mass poverty, armed conflicts, political and economic instability, unemployment and underemployment, and environmental degradation. Concerns with these issues and the growing contradictions between the neoliberal model and the claim to social rights (Eckstein and Wickham-Crowley, 2003) are being addressed in the literature through concepts of the social or solidary economy and of alternative and sustainable development and trade. The idea of the solidary economy is that economic efficiency is measured not entirely by profitability but also in terms of quality of life (Laville and García Jané, 2009: 1). Alternative development strategies and marketing networks such as the production of value-added agricultural commodities, Fair Trade, and various agricultural certification schemes constitute a growing movement that sees environmentally and socially responsible trade as a way in which small producers may successfully compete in international markets (Page-Reeves, 1998; Hernández Castillo and Nigh, 1998; Grimes and Milgram, 2000). At the center of these efforts are collective organizations (i.e., cooperatives, producer associations, responsible consumer groups, ethical banks) perceived as the seeds of a fairer, more democratic, and more sustainable economy through which global capitalism can be transformed to address concerns for social justice and environmental sustainability (Healy, 2001; Mutersbaugh et al., 2005). .

In contrast to other social movements, such as the Zapatista autonomous communities in Chiapas (Mora , 2008) or Brazil‘s Landless Workers‘ Movement

(Vanden, 2008), which clearly depart from the existing legal and institutional order and often seek to destabilize governments, cooperatives and alternative development schemes and marketing networks seek to work within the system that they want to change. As a result they face numerous contradictions. As economic, social, and political organizations, they seek to bridge the local and the global and must be able to adjust to external policies while promoting self-reliance, democratic governance, sustainable generation of income, and deep commitment to community as defined by members (MacPherson, 2002). They can be vehicles for both external dependency and autonomy and seek reform within the existing social structure and mobilization for structural change. The notion of market-based social change, as Murray and Raynolds (2007: 9–10) point out, is also contradictory, working both within markets, seeking more egalitarian trade relations between Northern consumers and Southern producers, and against markets, looking to transform conventional trade practices that perpetuate inequalities.These contradictions, as Mooney (2004) argues, must be perceived as positive and functional characteristics that facilitate the development of dynamic, flexible, and responsive organizations.

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Cooperative Experiences in Brazil

Introduction – Timothy J. Finan

Brazil has always presented a development enigma. It has one of the top ten economies in the world and is an economic giant in Latin America. The country has almost nine million square kilometers and a massive endowment of natural resources. Yet fully one third of its 178 million people, and more than half the rural population, live beneath the international poverty line. The major development issue in Brazil has been inequality—both regional inequality between north and south and income inequality between rich and poor. According to the 2006 World Development Report, Brazil is one of the most inequitable societies in the world—in effect, a country that continues to battle widespread poverty in the midst of extensive wealth.

Much of Brazil's poverty is concentrated in the North and Northeast regions of the country, where the economies have been based primarily on agriculture, fishing, and extractivism. Although the demographic structure throughout Brazil has shifted from 65% rural 30 years ago to 65% urban today, industry in the North and Northeast has not flourished, and the rural areas have experienced little change in agrarian structure or production technology. In sum, poverty and particularly rural poverty are major development challenges in Brazil in its northern regions. This poverty contributes to and is exacerbated by massive environmental change of local and global consequence.

In this context of inequity and poverty, the role of cooperativism as a development strategy has both historical and current significance. The principles of cooperativism promote democracy, justice, transparency, and opportunity through association. Cooperativism in Brazil, as elsewhere in the world, emerged as an institution of civil society that would protect the market position of resource-scarce

farmers and support small-scale entrepreneurship through force of association. Thus, cooperativism—through its institutional and legal strength—would combat the inequity that left large segments of the rural population marginalized. While the cooperative would be perceived on the market place as a capitalist economic entity engaged in activities of production and exchange, it was perceived by the membership as a vehicle of justice and opportunity. This dual role for the cooperative in a development context—successful economic agent and agent of social justice—is what makes cooperativism both unique and challenging in the context of highly stratified societies like that of Brazil.

Cooperativism in Brazil: an Overview

Most historians see the seeds of Brazilian cooperativism in the indigenous communities established by Jesuit missionaries in the early 17th century, a model of social collectivism that endured 150 years. The first cooperative organized under the Rochdale principles appeared in the state of Paraná in 1847, and agricultural cooperatives were instituted first in the state of Minas Gerais in 1907. Today in Brazil, there are more than 2000 agricultural and credit cooperatives with over two million members. The cooperative movement in Brazil is supported by an established organizational structure at the national and state levels. The *Organização Cooperativista Brasileira* (OCB), located in Brasília, represents the official face of cooperativism in the country. It has a strong lobbyist function and advocates for national policies favorable to cooperative interests. Through its private foundation, SESCOOP (Serviço Nacional de Aprendizagem do Cooperativismo), OCB sponsors national programs in support of cooperativism (such as cooperative promotion among youth groups). State level cooperative organizations (Organizaçãoes Cooperativistas Estaduais—OCEs) are part of the OCB network and also

support local cooperatives with advocacy and training activities, although state resources tend to be limited. The local cooperatives pay annual fees that help fund these national and state offices. The Ministry of Agriculture in Brasília has a national department of cooperativism (DENACOOP), which has a mission and an annual programmatic budget to foment cooperative development.

Thus, there has been a traditional partnership between government and the cooperative sector. Although the two are official separate, they are closely interlinked and, in many ways, interdependent. The Brazilian state has accepted the cooperative model as a legitimate mechanism of development, not only in agriculture but in many sectors of the economic and social interaction. The philosophy of cooperativism is publicly endorsed and cooperative institutions have received significant government support. At the same time, cooperatives are meant to provide the more vulnerable segments of society access to greater economic well-being and to promote social justice in ways that meet national goals. For their part, the cooperatives understand that national policy—especially with regard to pricing, investment, and credit—has a vital impact on the success of their organizations.

While this partnership is long-standing, it is also subject to tensions. As is detailed in the cooperative case studies below, there are times when government policies have either directly targeted cooperative institutions or indirectly supported their activities through favorable macro and sector-based policies. At other times, national policy decisions (e.g. tightening agricultural credit) have created tremendous barriers to success for cooperatives. Because of their weak institutional development and often precarious financial footing, cooperatives in the North and Northeast have been

particularly susceptible to policy impacts. In these regions, it is clear that the government's perception of the role of cooperatives in regional and national development can be a critical variable in determining cooperative success.

The Case Study Cooperatives

Four Brazilian cooperatives were initially selected to participate in this comparative study based on several criteria. First, the participating cooperatives were relatively small, located in areas of high poverty, and had a well-defined development role, in the sense that they sought to provide their membership an alternative development model. Second, each of the cooperatives had a strategy of economic improvement through greater participation in local, national, and international markets. Third, as stated above, three of the four cooperatives had an existing relationship with ACDI/VOCA, in that they had received technical assistance through the worldwide cooperative development program. Since one of the objectives of this study is to identify how specific cooperatives might overcome constraints to sustained economic stability and development, these cooperatives were included toward the purpose of informing future strategies for technical assistance. Finally, a cooperative in Altamira, Pará, was included because of its unique status as an indigenous cooperative integrated into the international cosmetic and health product market. Later, after discussions with the Minister of Agriculture and DENACOOP, it was decided to expand the sample to six cooperatives using resources provided by the Brazilian government. A well-established and prosperous cooperative in São Paulo and another more recent and less affluent cooperative in the northern state of Amapá were added to the sample, thus increasing the number of case studies to six, as depicted in Table 1.

Three of these cooperatives are agricultural and engaged in agro-industry activities (tropical fruit pulp, black pepper, and milk); and two of the cooperatives are based on the extraction and marketing of Brazil nut, one of which also has eco-tourism and an internet server component. The cooperative in São Paulo markets eggs from its membership. In many ways, this sample succeeded in capturing a range of diversity that, under a comparative lens, has provided profound insights into cooperatives as mechanisms of change in local communities.

Table 1. The cooperative case study sample

Cooperative Name	Location	Principal Activities	Report Status
CAMTA (Cooperrativa Mixta Tomé-Açu)	Tomé-Açu (PA)	Black pepper export, tropical fruit pulp export for national/international markets	finished
COOPERNORTE	Paraíso (TO)	Homogenized fresh milk, mozzarella for regional market	finished
ASCOPE	Comunidade Sgrada Coração de Jesus (Itacoitiara-AM)	Marketing of pineapples to Manaus, tropical fruit pulp for regional market	finished
AMAZONCOOP (formerly CAMPEALTA)	Altamira (PA)	Collection of Brazil nut for international market. eco-tourism	finished

COAG (Cooperativa Agrícola de Guatapará)	Guatapará, (SP)	Egg production for regional market	finished
AMAPÁ		Collection of Brazil nut for processing	in process

As described above, a team of researchers—some from the University of Arizona, others from Brazilian institutions—spent approximately one month in each of the cooperatives. They interviewed the cooperative directors and the management, cooperative members (around 30 in each cooperative), bankers, political leaders, informal community leaders, non-member producers, and local merchants. A major report has been prepared for each cooperative, and a summary version is provided in the sections below. Here, the focus will be on the issues that were addressed and the comparative findings.

Comparative Change Strategies: Major Themes

The comparative analysis of these case studies identified several major cross-cutting factors that seem to condition the success of Brazilian cooperativism. Each of these is described in detail.

- *Context*: The socio-economic, environmental, and infrastructural context can create immense barriers for the success of cooperatives as local institutions. The tropical rainforest and *cerrado* regions of Brazil still retain a strong sense of the *frontier*. Relatively small population clusters tend to be dispersed across a large landscape, and local infrastructure—roads, electricity, and communications—is often inadequate. Periods of intense rainfall impede the movement of goods by land, especially to distant markets. In other periods, searing heat increases the post-harvest losses of

important crops. Non-indigenous human settlement in these regions is relatively recent, and populations of relatively recent arrivals have often not quite adapted to the unique characteristics of their sometimes fragile environments. Technologies transferred from other regions often do not favor sustainable management of local natural resources. On the socio-economic side, local institutions are also young and often unstable, and local politics appear more volatile. Educational levels tend to be low, and there is only a small pool of skilled labor. Particularly, management skills are in short supply. Under these formidable contextual constraints, cooperatives are severely challenged to meet their development objectives.

- *Balancing Economic and Social Objectives*: The cooperative case studies relate highly variable strategies of meeting the diverse needs of their memberships. The analysis in effect defines a continuum from cooperatives that mostly provide an economic service to their members (e.g. purchasing raw milk) and those that seek to provide a variety of economic, health, educational, and even cultural services. Even more so, some cooperatives have shifted along the continuum during their management history. As is detailed below, ASCOPE (in Amazonas) was founded as part of a major social movement that sought to redress forms of social injustice in the region. The cooperative itself was born from a previous association that took pride in its solidarity and communal social vision. COOPERNORTE (Tocantins), in contrast, locates its beginnings in the need to create warehouse capacity to store government-purchased grains. COAG, a prosperous cooperative in São Paulo, concentrates on providing input and output markets for its egg producers. In Pará, the Japanese-founded CAMTA maintained a hospital, school, commercial outposts, and a cultural

center in its early years, then during times of crisis gradually eliminated these services to the membership to concentrate on business performance. This tension between the economic and social objectives of the cooperative, especially in the poorer frontier regions, remains unresolved, from the perspective of management.

- *Impacts of the Broad National Policy*: The direction of national policy—at several levels—has had a major impact on most of the cooperatives studied here. In some cases, the cooperatives have been the direct beneficiaries of national policy decisions. In the mid-1970s, Brazil launched a campaign to expand its agricultural frontier, and one of its principal policy instruments was guaranteed prices for a wide range of agricultural commodities. The slogan of the campaign—disseminated aggressively by the media—was *Plante o que o governo guarantee*! (–Plant what the government guarantees!"). Farmers—many recently arrived—in the *cerrado* planted rice, under the guarantee that the government would purchase all the production at a fixed price, even if it was above the market price. In the absence of adequate warehousing facilities, the Ministry of Agricultural encouraged the formation of cooperatives to build the warehouse capacity to store the government-purchased grain until it could be released into the market. COOPERNORTE emerged as a result of this program. Other cooperatives have benefited directly from government investment programs or from subsidized lines of credit. On the other hand, COOPERNORTE is experiencing heavy competition form MERCOSUL and the importation of powdered milk from Uruguay, and a recent directive that makes raw milk refrigeration mandatory will have significantly negative impacts on this cooperative's membership. It is clear that public policy is directly related to the well-being of theses cooperatives.

- *Dependence upon External Support*: In three of the case studies, the cooperatives have received direct assistance from external sources. For example, CAMPEALTA has a direct relationship with The Body Shop, a multinational cosmetic firm, which provided investment funds and purchases all the processed Brazil nut oil. The cooperative‘s advisory board is comprised mostly of international members, and the eco-tourism component of the cooperative enterprise has had heavy international support. Both CAMTA and COAG have received substantial investment and technical assistance from the Japanese government, particularly from JICA (Japanese International Cooperative Agency). And, of course, most of these cooperatives have benefited from ACDI/VOCA technical assistance. In some cases, these cooperatives would not likely have survived without international investment and support.
- *Professional Management*: The case studies described here will reveal a wide variability both in the organization and in the professionalism of cooperative management. It has already been stated that in many cooperatives, the membership does not have a strong sense of ownership and power-sharing in the cooperative decision-making process. Cooperative members frequently have recourse to ―us" and ―them" when defining the cooperative management structure, a fact that is linked to poorly-developed democratic institutions in local society. Within the management structure itself, the role of director is not distinguished from that of manager. In most cases, the management of the cooperative is undertaken not by a professional manager chosen for his or her past experience and training, but by a member of the board of directors who has succeeded in accumulating the support of the other

directors. The cooperative manager, being a powerful board member, tends to concentrate decision-making in ways that hamper transparency and accountability.

In the following case studies, these determinants of change are situated within the historical evolution of each cooperative and provided contextual detail. In each, one or another determinant has had a more or less prominent role in the success of the cooperative.

Cenários da Origem e Evolução do Cooperativismo no Brasil – Joana Laura Marinho Nogueira and João Nicédio Alves Nogueira

O Cooperativismo no Brasil pode ser datado dos anos finais do século XIX, entre 1875 a 1880, não há um registro preciso desse início, alguns falam que a primeira cooperativa teria surgido em São Paulo, outros dizem ter sido em Minas Gerais. Há ainda o registro de que em 1902, em Nova Petrópolis[2], no Rio Grande do Sul espelhado no modelo alemão do cooperativismo de crédito Raiffaisen (MLADENATZ, 2003), idéia trazida pelo Padre Amstead, um suíço, que fundamentado no referido modelo europeu, teria fundado a primeira sociedade cooperativa brasileira a Caixa Rural ainda em funcionamento com o nome de Pioneira.

Independentemente de quem abrigou a primeira cooperativa no Brasil já que os registros históricos apontam para 1881 e a criação da Associação Cooperativa dos Empregados da Cia. Telefônica de Limeira (Pazzanutti, 1999, p.2); para 1889 e a Sociedade Cooperativa Econômica dos Funcionários Públicos de Ouro Preto, uma cooperativa de consumo da cidade de Ouro Preto, Minas Gerais (portal Brasil cooperativo), importa ressaltar que as referidas experiências não apresentam as características necessárias das sociedades cooperativas atuais.

> "A falta de uma legislação específica, as primeiras tentativas de institucionalização era heterodoxas, compreendendo um processo de associação anônima, distribuindo dividendos e onde se exercia o voto diferenciado." (NORONHA,1976, p. 21)

[2] Hoje Capital Nacional do Cooperativismo pela Lei Ordinária nº 12.205, de 19 de janeiro de 2010.

A parte de toda disputa histórica pelo início do cooperativismo no Brasil; no mundo, há o entendimento passivo que os Pioneiros de *Rochdale* sejam os precursores, modelo de sociedade cooperativa desenvolvido na Inglaterra no ano de 1844 por Robert Owen considerado como o "Pai do Cooperativismo" (NORONHA, 1976, p. 16). Podemos, entretanto, considerar algumas formas anteriores de cooperação como as registradas nas comunidades Incas e Astecas. Todavia, no momento, essa digressão não será necessária, uma vez que o cooperativismo nos interessa como via alternativa ao capitalismo, ainda não consolidado à época dos Astecas e Incas.

É importante compreender que o cooperativismo surgiu como alternativa frente à revolução industrial que oferecia péssimas condições de trabalho. "O cooperativismo é um produto do industrialismo" (NORONHA, 1976, p. 19). No Brasil o cooperativismo surgiu em áreas urbanas, mas ganhou força no campo, diferentemente dos Pioneiros pré-cooperativistas ingleses que trabalhavam na indústria e cujo cooperativismo se constituiu na cidade. No Brasil desenvolveu-se fortemente no ambiente rural, mesmo com uma origem na área urbana, conforme descrito pela Agenda Legislativa (2010, p. 14),

> "O movimento iniciou-se na área urbana e, a partir de 1906, nasceram e se desenvolveram as cooperativas no meio rural, idealizadas por produtores agropecuários, muitos deles de origem alemã e italiana. Os imigrantes trouxeram de seus países a bagagem cultural, o trabalho associativo e a experiência de atividades familiares comunitárias, que os motivaram a organizar-se em cooperativas."

Apesar da falta inicial de um instrumento jurídico que regulassem as cooperativas, elas estavam embasadas em princípios e valores presentes desde 1844, que são: a adesão

livre e voluntária; controle democrático dos membros; participação econômica dos membros; autonomia e independência; educação, formação e informação; intercooperação; interesse pela comunidade, estes princípios representam a raiz de sustentabilidade do cooperativismo e identificam uma cooperativa em qualquer lugar do mundo.

Modificados ao longo da existência do movimento cooperativo, a essência conceitual que guiou a idéia central dos pioneiros de *Rochdale* continua presente nos atuais cooperativistas. Pois, mesmo depois de atualizados e de terem sido criados novos princípios, eles se mantém fieis ao espírito de coletividade empresarial dos primeiros cooperativistas ingleses. Neste sentido podemos destacar em que 1995, a Aliança Cooperativa Internacional (ACI)[3], revisou estes princípios numa assembléia mundial, de modo que eles pudessem transparecer a realidade do mundo atual.

O Histórico da Legislação Cooperativista

Os princípios de equidade e democracia diferenciam as empresas cooperativas das sociedades mercantis e, por vezes, lhes trazem problemas jurídicos. Conforme descrição de Perius (2001, p. 15) em termos jurídicos, o cooperativismo brasileiro pode ser dividido em três períodos: o de constituição do ordenamento (1903 a 1938); o intervencionista (1938 a 1988) e o autogestionário (após a constituição de 1988).

[3] ICA is an independent, non-governmental association which unites, represents and serves co-operatives worldwide. Founded in 1895, ICA has 246 member organisations from 92 countries active in all sectors of the economy. Together these co-operatives represent nearly one billion individuals worldwid. (www.ica.coop)

Com a aprovação do Decreto Nº 22.239 de 19 de dezembro de 1932, iniciou-se o que se pode considerar modelo jurídico do cooperativismo brasileiro, pois tratava "as sociedades cooperativas, qualquer que seja sua natureza, civil ou comercial, são sociedades de pessoas e não de capital, de forma jurídica 'sui generis'". E, esta forma *sui generis* é razão para disputas e debates judiciais até os dias atuais.

Entretanto, este decreto não durou muito, em 1934, o Governo de Getúlio Vargas tentou instituir um cooperativismo sindicalista, que não obteve êxito, situação que levou ao restabelecimento do Decreto Nº 22.239 em 1938. Neste mesmo período foram instituídos os Departamentos de Assistência ao Cooperativismo, nos estados brasileiros por meio das Secretarias de Agricultura (PINHO, 2004).

No período político seguinte, o Brasil vivenciou uma Ditadura Militar, na qual o Estado interveio de forma direta no cooperativismo, o que ocasionou algumas derrotas a democracia. Pode-se, todavia afirmar que houve uma evolução, embora o cooperativismo tenha sido alvo de intervenções estatais, essa afirmativa corrobora com a periodização proposta por Perius (2001), pois, diríamos que, o período intervencionista durou 50 anos (o mais longo da história) com fortes intervenções governamentais no cooperativismo. Destacamos para este período a promulgação da Lei Geral do Cooperativismo - Lei Nº 5764/71[4], na qual são definidos os principais parâmetros de criação e funcionamento das cooperativas no Brasil.

Como exemplo do intervencionismo estatal, normatizado na Lei Geral, foi criado o Conselho Nacional de Cooperativismo (CNC), composto por oito membros de órgãos governamentais diversos sendo presidido pelo Ministro da Agricultura e com

[4] Pode ser encontrada na integra, disponível em: http://www.planalto.gov.br/ccivil_03/Leis/L5764.htm. Acessado em 05 de agosto de 2010.

competência para editar normas, normativos, organizar o cadastro geral de cooperativas entre outras ações com aspecto intervencionista, conforme o artigo 95 e seguintes da Lei Nº 5764/71. O CNC foi derrogado pela promulgação da Constituição Federal de 1988 (CF/88) e com ele outros instrumentos previstos pela Lei, entretanto a lei *per si* permanece em vigor.

Portanto, um capítulo importante da legislação cooperativista no Brasil para além da Lei Nº 5764/71 é a promulgação da Constituição Federal de 1988. A Frente Parlamentar Cooperativa (Frencoop)[5] teve uma participação importante na inserção do cooperativismo no texto constitucional e político, situação que trouxe mais liberdade e independência às cooperativas brasileiras.

O art. 5º inciso XVIII, do capítulo que trata dos direitos e garantias fundamentais da CF/88, prevê a liberdade de criação das cooperativas e, ficando vetada qualquer intervenção estatal em seu funcionamento, pois "a criação de associações e, na forma da lei, a de cooperativas independem de autorização, sendo vedada a interferência estatal em seu funcionamento;".

Cabe, portanto, destacar que as cooperativas e o cooperativismo aparecem em capítulos dedicados ao sistema financeiro nacional no art. 146 alínea c, quando são definidos que as sociedades cooperativas devem ter adequado tratamento tributário ao ato cooperativo por elas praticado; para isso se exige legislação complementar.

Registra-se também a Redação da Emenda Constitucional nº 40, de 2003, que insere as cooperativas de crédito no sistema financeiro nacional:

> Art. 192. O sistema financeiro nacional, estruturado de forma a promover o desenvolvimento equilibrado do País e a servir aos interesses da coletividade,

[5] Mais informações sobre a Frencoop em Mudanças da Legislação.

> em todas as partes que o compõem, abrangendo as cooperativas de crédito, será regulado por leis complementares que disporão, inclusive, sobre a participação do capital estrangeiro nas instituições que o integram.

Ainda foram contempladas as cooperativas de exploração mineral, no art. 174 §§ 3º e 4º em que o Estado se compromete a favorecer a exploração da atividade garimpeira organizada em cooperativas, desde que levados em conta a proteção do meio ambiente e a promoção econômico-social dos garimpeiros. Essas cooperativas obtiveram prioridade na autorização ou concessão para pesquisa e lavra dos recursos e jazidas de minerais garimpáveis.

No Brasil, o cooperativismo está fundamentalmente embasado na Lei Geral, todavia, a especialização temática exigiu um aumento significativo da legislação cooperativista, este desenvolvimento legal deve-se em alguma medida ao fortalecimento das instituições organizacionais do cooperativismo brasileiro, que defendem politicamente o movimento.

Organização das Cooperativas Brasileira

Apesar de esse ser um capítulo anterior ao da atual legislação cooperativista brasileira, a necessidade de organização do movimento possibilitou os avanços legais descritos na seção anterior.

A lucidez de alguns líderes cooperativistas possibilitou a criação, em 1969, da Organização das Cooperativas Brasileira (OCB) reflexo da união de duas grandes

organizações de representação do cooperativismo, que disputavam espaço político e econômico e teve como principal resultado o fortalecimento do setor cooperativista.

A OCB tem como premissa desenvolver um trabalho comprometido com as cooperativas brasileiras, desde o aspecto mais técnico quanto à defesa das cooperativas em instâncias diversas (legislativo, executivo e judiciário). E, apesar das crises econômicas e sociais pelas quais passaram o Brasil e o Mundo nas últimas quatro décadas, pode-se afirmar que o sistema tem crescido.

Como primeiro grande resultado de sua força, a OCB é conforme texto do art. 105 da Lei Nº 5764/71 a represente das cooperativas no Brasil de forma autônoma, independente, legalizada e legitimada, *in verbis*:

> "Art. 105. A representação do sistema cooperativista nacional cabe à Organização das Cooperativas Brasileiras - OCB, sociedade civil, com sede na Capital Federal, órgão técnico-consultivo do Governo estruturado nos termos desta Lei, sem finalidade lucrativa, competindo-lhe (...)
> § 1º A Organização das Cooperativas Brasileiras - OCB será constituída de entidades, uma para cada Estado, Território e Distrito Federal, criadas com as mesmas características da organização nacional." (Lei 5764/71)

Conforme o dispositivo legal registrou-se a necessidade da organização nos diversos Estados da Federação, hoje representada pelas 27 unidades estaduais da OCB, tais unidades estaduais ou OCEs[6] abrigam em seu território cooperativas numericamente divididas conforme quadro abaixo:

[6] Região Norte: OCB/AC; OCB/AM; OCB/AP; OCB/PA; OCB/RO; OCB/RR; OCB/TO – Região Nordeste: OCB/AL; OCEB; OCB/CE; OCEMA; OCB/PB; OCB/PE; OCEPI; OCB/RN; OCESE – Região

Quadro 1: Número de cooperativas, associados e empregados por estado em 2009

Estado	**Cooperativas**	**Associados**	**Empregados**
Acre	48	7.385	195
Alagoas	98	19.986	3.341
Amazonas	165	12.047	1.485
Amapá	47	4.622	450
Bahia	820	73.229	2.668
Ceará	154	67.243	5.582
Distrito Federal	154	142.180	1.774
Espírito Santo	143	147.127	5.641
Goiás	225	82.020	6.043
Maranhão	244	12.636	676
Minas Gerais	789	902.749	26.239
Mato Grosso	159	183.957	6.139
Mato Grosso do Sul	105	77.752	3.322
Pará	264	45.566	1.669
Paraíba	115	45.768	2.581
Pernambuco	199	105.268	3.126
Piauí	75	15.243	686
Paraná	238	513.771	55.367
Rio de Janeiro	815	268.235	8.222
Rio Grande do Norte	124	58.169	1.297
Rio Grande do Sul	799	1.738.510	45.874
Rondônia	124	24.208	1.182

Centro-Oeste: OCDF; OCB/GO; OCB/MT; OCB/MS – Região Sudeste: OCB/ES; OCEMG; OCB/RJ; OCESP – Região Sul: OCEPAR; OCESC; OCERGS.

Roraima	58	3.533	348
Santa Catarina	257	858.671	29.924
Sergipe	60	10.913	585
São Paulo	905	2.822.202	59.126
Tocantins	77	9.420	648

Fonte: OCB

Contudo, antes de alcançar esses números, reflexos da firme participação das cooperativas e o reconhecimento da representatividade da OCB, a instituição passou por crises de reconhecimento público, podendo o seu conteúdo ser mencionado, com o intuito de possibilitar a compreensão do momento atual do movimento cooperativista do Brasil e nele incluídos a OCB e todos os atores envolvidos, a saber: cooperativas, associados, empregados e o governo brasileiro.

Regionalizando o cooperativismo podemos dar destaque ao Sul do Brasil, que com apenas três estados, reúne perto de 17% do total de cooperativas no Brasil com mais de 37% dos associados e produzir quase a metade do total de empregos. Cabe destacar que o cooperativismo brasileiro tem seu berço nesta região, devido aos imigrantes europeus que vieram ao Brasil fugindo das crises e da guerra e instalaram-se nestes estados em razão das semelhanças de clima e fundaram grandes colônias que prosperaram com bases cooperativistas.

Quadro 2: Número de cooperativas, associados e empregados em 2009da região sul

Estado	**Cooperativas**	**Associados**	**Empregados**
Paraná	238	513.771	55.367
Santa Catarina	257	858.671	29.924
Rio Grande do Sul	799	1.738.510	45.874

Total	1.294	3.110.952	131.165

Fonte: OCB

Outra região que mereceria destaque seria a região Sudeste, todavia nela concentram-se os três maiores estados brasileiros São Paulo, Rio de Janeiro e Minas Gerais, o que dá posição privilegiada. Interessa-nos, portanto, dar destaque a região Nordeste que apesar de apresentar altos índices de pobreza ganha importância no cenário cooperativista brasileiro.

Quadro 3: Número de cooperativas, associados e empregados em 2009 do Nordeste

Estado	**Cooperativas**	**Associados**	**Empregados**
Alagoas	98	19.986	3.341
Bahia	820	73.229	2.668
Ceará	154	67.243	5.582
Maranhão	244	12.636	676
Paraíba	115	45.768	2.581
Pernambuco	199	105.268	3.126
Piauí	75	15.243	686
Rio Grande do Norte	124	58.169	1.297
Sergipe	60	10.913	585
Total	1.889	408.455	20.542

Fonte: OCB

Sem ter sido destino tradicional da imigração européia, o Nordeste brasileiro destacava-se pelos indicadores de pobreza: baixo IDH, alta taxa de mortalidade infantil e analfabetismo. Todavia, esse quadro vem sendo modificado e o cooperativismo é uma

importante força de mudança neste meio. Com 26% do total de cooperativas a região ainda produz poucos empregos diretos, isto se justifica pelo fato de que grande parte das cooperativas da região serem urbanas, nas quais o cooperado é quem atua na própria cooperativa, sendo necessários poucos empregados.

Outras informações importantes que devem ser divulgadas e analisadas em profundidade são os números levantados pelo estudo realizado pela OCB, que ao cruzarem dados da base do IBGE com informações do Sistema Cooperativista Nacional, foi possível uma análise comparativa entre o IDH (Índice de Desenvolvimento Humano) de municípios sede de cooperativas, com municípios que não possuíam cooperativas. O estudo revelou que em qualquer região do País, o IDH do município que possua cooperativa é significativamente superior ao IDH do município que não possui cooperativa atuante em sua área.

No nordeste especificamente o IDH passa de 0.600 para 0.633, quando apurados separadamente os municípios sem cooperativas e os municípios com cooperativas. No Brasil os números indicam um crescimento do IDH de 0.666 para 0.701.

Pode-se, portanto, deduzir que as cooperativas influenciam diretamente nos Índices de Desenvolvimento Humano dos municípios em que atuam, com a melhoria do nível salarial das pessoas empregadas, com a agregação de valores dos produtos agropecuários, a regularização do fornecimento de insumos e serviços, e a efetiva distribuição de renda com a cobrança de juros e taxas menores nas operações de crédito;

Tabela 1: IDH e Municípios com Sede de Cooperativas

	CO	**NE**	**N**	**SE**	**S**	**Brasil**
Cooperativas	**643**	**1.889**	**783**	**2.652**	**1.294**	**7.261**
% Município com	**29,37**	**30,99**	**36,30**	**32,19**	**31,31**	**31,71**

Cooperativas						
Cooperativas por Município	**1,44**	**0,97**	**1,59**	**1,76**	**1,20**	**1,35**
IDH dos Municípios sem cooperativas	**0,727**	**0,600**	**0,647**	**0,730**	**0,763**	**0,666**
IDH dos Municípios com cooperativas	**0,757**	**0,633**	**0,694**	**0,760**	**0,789**	**0,701**

Fonte: Programa das Nações Unidas para o Desenvolvimento – PNUD; IBGE E OCB.

O cooperativismo pode funcionar como instrumento de autofinanciamento, de categorias profissionais, de comunidades, de municípios ou de alguma região. A cooperativa funciona como regulador de mercado na agropecuária, tanto na compra de insumos, quanto quando efetua compras em conjunto, como na venda dos produtos, viabilizando diminuição do frete, acesso a mercados mais distantes, entrega programada, agregação de valor ao produto e instituição de marcas próprias.

O cooperativismo, se usado de maneira adequada, funciona como uma ferramenta para que os recursos destinados aos pequenos municípios serão nele aplicados, gerando empregos e renda alimentando o comércio e outros negócios em geral, criando um "ciclo virtuoso", em prol do desenvolvimento das regiões onde a cooperativa estiver inserida.

A força do cooperativismo é presença constante em cerca de 1700 municípios, por meio de suas cooperativas classificadas em 13 ramos, a saber: trabalho, agropecuário, saúde, turismo, transporte, mineral, infra-estrutura, educacional, produção, consumo, crédito, habitacional e especial.

Quadro 4: Número de cooperativas, associados e empregados em 2009

Ramo	**Cooperativas**	**Associados**	**Empregados**
Agropecuário	1.615	942.147	138.829
Consumo	128	2.304.830	9.702
Crédito	1.100	3.497.735	42.802
Educacional	304	55.838	3.716
Especial	15	469	9
Habitacional	253	108.695	1.406
Infraestrutura	154	715.800	6.045
Mineral	58	20.031	103
Produção	226	11.396	2.936
Saúde	871	225.980	55.709
Trabalho	1.408	260.891	4.243
Transporte	1.100	107.109	8.660
Turismo e Lazer	29	1.489	30
Total	**7.261**	**8.252.410**	**274.190**

Fonte: OCB

Em 2009, o setor movimentou pouco mais de US$ 44 bilhões de dólares; com exportações em torno de US$ 3,5 bilhões, destacando-se na pauta de exportação, com os seguintes produtos agrícolas: açúcar, álcool, soja e café.

Conforme já foi mencionado, o cooperativismo no Brasil surgiu no meio urbano, desenvolvendo-se aceleradamente no âmbito rural. Atualmente, entre os 13 ramos, o cooperativismo agropecuário encontra-se no topo das estatísticas quanto ao número de cooperativas e de empregos gerados, sendo o terceiro em número de sócios (conforme Quadro 4). Entretanto, o movimento, na última década, ganhou novo fôlego na zona

urbana, com o crescimento das cooperativas de trabalho, de transporte e de crédito ampliando sua participação no cenário cooperativista.

Num universo tão diversificado de interesses a OCB, como entidade representativa do cooperativismo brasileiro, atua em diversas frentes trabalhando por benefícios ao setor conforme define alínea i do art. 105 da Lei Nº 5764/71, em que enfatiza a competência desta organização de "exercer outras atividades inerentes à sua condição de órgão de representação e defesa do sistema cooperativista". A tal afirmativa cabe destacar as ações no âmbito do legislativo, especialmente, o Federal, no qual são tomadas as decisões mais abrangentes e de maior impacto para as cooperativas brasileiras.

Mudanças da Legislação

Algumas mudanças recentes sobre legislação cooperativista merecem um destaque, pois

> "No Brasil, encontram-se organizações [cooperativas] que obedecem a uma lei nacional única e rígida que permite a formação somente de um padrão organizacional, quando comparada aos Estados Unidos que apresenta uma maior diversidade organizacional uma vez que o ambiente legal anglo-saxão é mais flexível - *commom law*." (BIALOSKORSKI, 2004, p. 16 e17)

A única Lei Nº 5764/71 que arregimenta o cooperativismo no País, é mesmo depois de vários anos uma conquista importante para o setor após, porém vem passando por um processo de revisão. Existem em tramitação no Congresso Nacional projetos para

substituí-la, cujos pontos mais debatidos são: unicidade (art. 105), contribuição cooperativista (art. 108), número mínimo para criação de uma cooperativa (art. 6º).

Portanto, é permitido afirmar que atualmente segue no Congresso Nacional o PLS 03/2007 que revogaria a Lei 5764/71 estabelecendo um novo regime jurídico às Sociedades Cooperativas. Todavia, ainda há no texto alguns pontos muito controversos que impedem sua aprovação.

Na Agenda Legislativa de 2010, instrumento criado pela OCB para subsidiar parlamentares quanto ao posicionamento dos projetos de interesse do cooperativismo o PLS 03/2007, aparece como apoiado com ressalvas devido, principalmente, a pontos já regulamentados pela atual lei que não necessitam ser alterados. É, portanto, sendo sugerida a indicação de Projeto substitutivo para sua aprovação.

Mas além da lei geral, existe uma vasta legislação vigente normatizando diretamente o movimento cooperativista no Brasil. Uma conquista importante para o setor foi obtida em 2009, com a aprovação da Lei Complementar 130[7], que instituiu o Sistema Nacional de Crédito Cooperativo.

Há ainda, um importante projeto de lei tramitando no Congresso Nacional que regulamente tributariamente o ato cooperativo, previsto na Lei 5764/71 no art. 79 e que conforme determina a Constituição Federal de 1988 (art. 146, inciso III, alínea 'c'), deveria ser regulamentado por lei complementar.

[7] Disponível em http://www.planalto.gov.br/ccivil_03/Leis/LCP/Lcp130.htm. Acessado em 15 de agosto de 2010.

As normas gerais para o adequado tratamento tributário do ato cooperativo, propondo a previsão legal da não-incidência tributária, inclusive sobre a devolução de sobras e ainda não foi regulamentado[8].

Essas conquistas legais, entre outras, são as principais razões de existência da Organização, sendo resultado de um processo organizacional do cooperativismo brasileiro, cujo marco atual pode ser dado pela criação da OCB, em 1969, e com a inserção das cooperativas em dispositivos específicos na Constituição de 1988 e por meio da articulação da Frente Nacional do Cooperativismo (Frencoop).

A história da Frencoop pode ser destacada como originária em 1986 durante o Congresso Constituinte, quando foi capaz de inserir dispositivos que asseguraram ao cooperativismo a liberdade e o adequado tratamento na Constituição Federal de 1988. Após alguns anos no ostracismo, a Frencoop foi reinstalada, em 1996, numa sessão solene no Palácio do Planalto, em audiência concedida pelo então presidente da República, Fernando Henrique Cardoso, passando a ter uma atuação mais forte e organizada, atualmente[9], conta com a adesão de 238 parlamentares, dos quais 215 deputados federais e 23 senadores da República, representando todos os estados da Federação, além do Distrito Federal, sendo composta por parlamentares da maioria dos partidos políticos, se tornando uma forte aliada das cooperativas brasileiras além de uma força interna no legislativo federal.

Serviço Nacional de Aprendizagem do Cooperativismo

[8] A OCB não apóia esta proposição, pois o projeto não supre as necessidades do Sistema Cooperativista, tendo em vista a evolução da legislação tributária nacional.
[9] Setembro de 2010.

Mediante os esforços do movimento cooperativo, encabeçado pela OCB e pela Frencoop, foi aprovada a Mediada Provisória Nº 1.715 regulamentada pelo Decreto Nº 3.017 que criou o Serviço Nacional de Aprendizagem do Cooperativismo – Sescoop, com o objetivo de fomentar a educação cooperativista, a promoção social e o monitoramento das cooperativas no País. Assim como a OCB, o Sescoop está estruturado em 27 unidades estaduais (entre elas incluídas a do Distrito Federal) e todas coordenadas pela Unidade Nacional.

O Sescoop busca a promoção e o desenvolvimento do cooperativismo, de maneira sustentável buscando a educação, a promoção social e o acompanhamento das cooperativas, sempre com foco nos cooperados, familiares e empregados. O direcionamento a este público mostra que a noção de responsabilidade social sempre esteve impressa na essência do cooperativismo, todavia ainda não havia sido colocada como política diretiva do setor.

No Ceará, os números tem evoluído nos últimos anos, e, demonstram também certa força diante do mercado de trabalho, já que o volume de trabalhadores é bem considerável, e, certamente impacta no PIB estadual.

O Sescoop surge exatamente da necessidade de preenchimento de uma lacuna, e, atendendo a reivindicação do cooperativismo brasileiro, contribuindo, assim, para dinamizar, inovar, consolidar e expandir um cooperativismo moderno sintonizado com as mudanças, mediante capacitação de dirigentes, associados, funcionários e seus familiares.

O Sescoop/CE vem desempenhando a sua missão nas suas áreas de atuação – Formação Profissional, Promoção Social e Monitoramento - das cooperativas do estado

do Ceará. Nos últimos cinco anos, tem-se verificado um crescimento significativo e gradativo, do número de beneficiários atendidos.

O Sescoop/CE vem prestando um grande trabalho no desenvolvimento das cooperativas do Ceará, favorecendo a profissionalização da gestão, a educação cooperativista, a formação profissional, a capacitação, a reciclagem de funcionários, dirigentes e associados de cooperativas.

Com o fortalecimento do Sistema OCB e os avanços na legislação, mesmo que ainda insuficientes, o crescimento da credibilidade das instituições que o compõem, ante, a necessidade que o Brasil enfrenta, de desenvolver sua economia e gerar empregos, o cooperativismo vem a ser uma das soluções justa e viável, para resolver parte dos problemas da sociedade brasileira, com eficiência econômica, eficácia social, promovendo a democracia e a paz

A partir dos dados apresentados podemos afirmar que o cooperativismo está presente hoje em todo o território brasileiro ainda que pareça mais sólido e promissor nas regiões: Sul, Sudeste e parte do Centro Oeste. Cabe, no entanto, destacar os avanços alcançados nas regiões Norte e Nordeste, em grande parte por conta do cooperativismo rural, mas que hoje se desenvolve sobre a estrutura do cooperativismo urbano, com destaque ao cooperativismo de transporte e de trabalho.

A Internacionalização do cooperativismo Brasileiro

O cooperativismo no Brasil não existe apenas restrito às fronteiras do país, as interações e/ou alianças internacionais conquistadas pelo movimento cooperativo

brasileiro reforçam a relevância do tema para seu desenvolvimento de forma sustentável, baseando-se na intercooperação não apenas territorial, mas buscando alternativas para além da linha geográfica do Brasil.

Tal movimento vem se consolidando mediante a participação da OCB em organismos internacionais atrelado ao respeito aos aspectos culturais e regionais resultantes desta aproximação.

Cabe, nesse contexto ressaltar o importante papel exercido pela ACDI/VOCA no cooperativismo brasileiro em especial para as cooperativas agropecuárias do Norte e do Nordeste por meio do projeto iniciado em 1973, a pedido da Secretaria de Agricultura de Minas Gerais. No mesmo período se desenvolveu no nordeste um programa de assistência às cooperativas agrárias, em colaboração com o sistema ABCAR - Ancar/ Ceará, Ancar /Piauí e Ancar/Maranhão, que contou com 75 técnicos de campo.

Entre 1995 e 2007 a OCB financiou os custos da sede do escritório do programa em Brasília. O programa foi concluído em 2007 depois de 34 anos, entre 1973 e 2007, ACDI/VOCA desenvolveu 186 projetos com as cooperativas no Brasil, em todos estados, em especial no norte e nordeste regiões nas quais as últimas iniciativas foram desenvolvidas.

Aspectos culturais e regionais importam na aproximação da organização com organismos internacionais. A participação da OCB na Organização Cooperativas de Povos de Língua Portuguesa (OCPLP) e na Reunião Especializada de Cooperativas do Mercosul RECM comprovam isso. O primeiro reúne organizações de cooperativas dos oito países lusófonos membros da Comissão de Países de Língua Portuguesa (CPLP),

com sede em Lisboa a OCPLP busca integrar e possibilitar a promoção do cooperativismos nesses países.

Já a RECM é um organismo subordinado ao Grupo do Mercado Comum (GMC) do Mercosul e está constituída por organismos público e privado do cooperativismo de Brasil, Paraguai, Uruguai e Argentina como membros plenos, pela Venezuela ainda em processo de adesão e por Chile e Bolívia como observadores.

Em âmbito mundial não se questiona a legitimidade da Aliança Cooperativa Internacional (ACI) como órgão máximo do cooperativismo internacional, a OCB é membro da ACI desde 1988 e ambas compartilham um de seus ex-presidentes, Roberto Rodrigues, ex-presidente da OCB[10] e ex-presidente da ACI[11], até hoje o único não europeu a ocupar o cargo. Ainda no âmbito da ACI existe o escritório regional para a América – ACI Américas – criado em 1990 e que desde então mantém um relacionamento estreito com o cooperativismo no Brasil, atualmente, o presidente da OCB é Vice-Presidente da ACI Américas.

A urbanização do cooperativismo

"Quando na década de 1930, o estado assumiu o modelo agrícola, o cooperativismo transformou-se num de seus instrumentos para a promoção do desenvolvimento econômico do país." (OCB, 2004, p. 39). De outro modo não poderíamos explicar o crescimento do cooperativismo agropecuário no Brasil, com o apoio estatal às cooperativas agrárias foram instrumentos para desenvolver o campo. Esta

[10] De 1985 a 1991 – em dois mandatos
[11] De 1999 a 2001

política de apoio virou política de intervenção e durou por quase 50 anos, de todo modo foi significativa para o fortalecimento do cooperativismo agrário com reflexo nos números atuais do cooperativismo.

Em muitos Estados o maior número de cooperativas ainda são do ramo agropecuário, que responde por 47% do faturamento do cooperativismo brasileiro. Todavia, há que entender que no Brasil o cooperativismo agropecuário estava sendo administrado pelos cooperados e não por gerentes especializados, assim a grande missão do Sescoop é a de buscar a profissionalização da gestão.

> "As cooperativas agropecuárias na América Latina, em particular no Brasil, quando comparadas a cooperativas da América do Norte, em particular dos Estados Unidos da América, refletem características culturais de uma sociedade de comportamento social mais coletivista, de direito latino e com ambiente institucional particular.
> Ainda, no Brasil, os próprios produtores rurais administram diretamente estas organizações, assumindo as funções de gestores enquanto na América do Norte as cooperativas são geridas por um profissional contratado que assume essas funções" (BIALOSKORSKI, 2004, p. 16 e17)

Nos últimos anos podemos identificar um cuidado com a profissionalização na gestão das cooperativas, ainda que sejam os próprios produtores os gerentes das cooperativas, estes estão mais capacitados a exercer esta função, ou mesmo procuram manter profissionais especializados para exercer tais funções a exemplo, do cooperativismo norte americano. Este processo vem ocorrendo também por exigência do

mercado crescente e cada dia mais sofisticado que exige mais especialização e profissionalismo das empresas.

Há que considerar que mesmo as cooperativas agropecuárias estão mais próximas dos centros urbanos e, neste sentido, há um crescente e importante destaque alcançado pelos ramos crédito, trabalho e transporte (que abarcam setores mais urbanos da economia). Este crescimento é, sem dúvida, reflexo da urbanização vivida pelo Brasil nas últimas três décadas do século XX.

Essa urbanização e espírito modernizador da década de 70 contagiou o Brasil e trouxe mudanças profundas à sociedade. O conceito de modernização era reflexo de urbanização e desenvolvimento econômico, com a crise do petróleo e as políticas públicas mais direcionadas à cidade, o cooperativismo agrícola foi prejudicado até meados da última década do século XX.

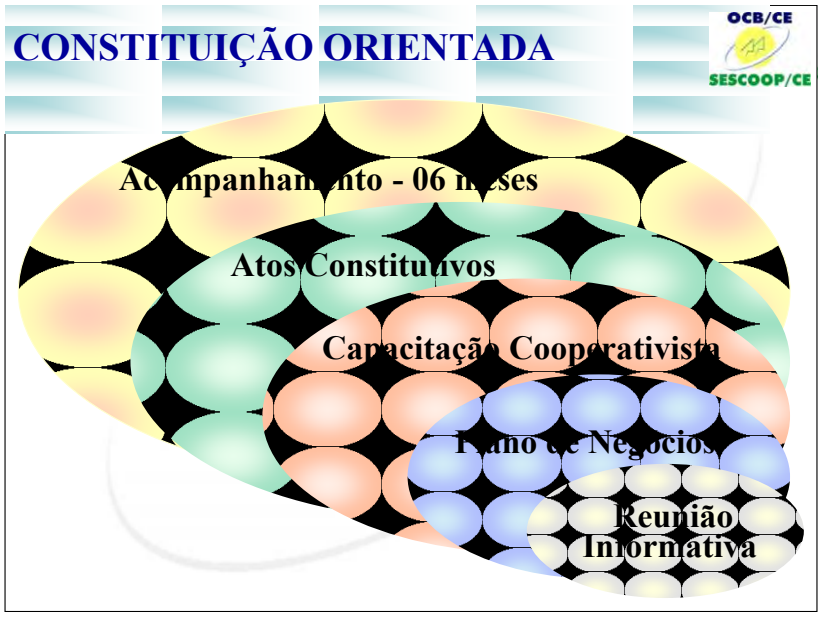
As exportações brasileiras não mais se concentram nos produtos primários, interessava a industrialização, as *comodities* deviam ser substituídas por bens industrializados, caso contrário o país estaria fadado ao subdesenvolvimento. Assim, num ambiente apropriado a urbanização as cidades foram crescendo e com elas as cooperativas urbanas. Neste período, a população urbana superou a rural, cerca de 70% dos brasileiros viviam em cidades, o campo passou a ser uma opção secundária nas políticas públicas de desenvolvimento do Brasil.

A abertura comercial e a estabilização econômica do Brasil com o Plano Real fez com que o agronegócio brasileiro ressurgisse com plena força e junto dele as cooperativas agropecuárias. Como enuncia o Prof. Roberto Rodrigues "Cooperativa é

democracia pura, distributivista e econômica.” modelo promissor a ser aplicado em regiões não desenvolvidas como o Norte e o Nordeste do Brasil.

É, portanto, importante citar que, em alguns Estados do Nordeste, tem se avançado muito no trabalho de profissionalização da gestão de grupos produtivos, que incluem cooperativas. O programa de constituição orientada de cooperativas busca de forma sistematizada o foco no negócio, pois as etapas do modelo zelam pela coerência entre a organização do quadro social e a gestão do empreendimento coletivo, conforme Figura a seguir:

Figura 2: Modelo de Constituição de Cooperativas OCB /CE



Fonte: Elaborado pelos autores.

Outro modelo de destaque na gestão é o incentivo na organização de grupos de pequenos produtores, que tem como exemplo de sucesso comprovado o trabalho

realizado pela Cooperativa CORGIL, no município de Senador Pompeu, no Ceará. Nela a gestão do negócio passa pela capacitação dos membros da família incluindo a participação nos órgãos sociais da cooperativa, destacando-se como modelo de gestão o núcleo familiar quanto à vocação de fixação na terra; frente à imensa instabilidade climática na região.

Conclusão

O cooperativismo brasileiro nos últimos anos viveu momentos de grande desenvolvimento e vem passando por um constante processo de profissionalização não apenas da gestão, mas também das atividades comerciais. Com isso vive-se uma alteração da relação de cooperado com a cooperativa e desta com o ambiente na qual está inserida.

A necessidade de sobreviver às crises fez com que o movimento cooperativista brasileiro desse início a um processo de modernização buscando a sustentabilidade da empresa cooperativa. Esse processo acompanhou a modernização do próprio país, a alteração da população do campo para a cidade foi refletida na urbanização do cooperativismo.

A profissionalização da gestão é reflexo das necessidades comerciais exigidas pela nova economia brasileira, estabilizada e inserida no mercado internacional. A competição com produtos importados exigiu das cooperativas uma adequação de padrões de qualidade em seus produtos. As *commodities* produzidas pelas cooperativas agropecuárias passam por um processo de agregação de valor e não são mais exportadas *in natura.*

O cooperativismo brasileiro seguiu o fluxo da história e funciona nos modelo do século XXI em que a palavra de ordem é sustentabilidade, seja econômica, social ou ambiental. Todos os conceitos exigidos para que uma empresa seja sustentável compõem os princípios cooperativistas, assim, bastou o movimento cooperativista brasileiro olhar para sua essência e descobrir que funcionava de acordo com as novas exigências do mercado.

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The Cooperativa Agricola Mista de Tome-Acu: A Case Study of Cooperativism and Agros-forestry in the Eastern Amazon – Jessica Piekielek and Timothy J. Finan

Agricultural cooperatives in Latin America have often been formed as a way to address market inequalities and provide services and supports not offered to small farmers by larger economic institutions or the state (Vasquéz-Léon, this volume). More recently, cooperative scholars like Gertler (2006) and Glasbergen (2000) have suggested that cooperatives may also be well positioned to pursue sustainability agendas, a path of critical importance in places like the Amazon region. In tropical northeastern Brazil, a small community of Japanese-Brazilian farmers runs an agricultural cooperative, Cooperativa Agrícola Mista de Tomé-Açu (CAMTA), that exemplifies the possibilities for cooperatives as institutions for sustainable development.[1] More than seventy years old, the cooperative and farming community have weathered war, economic booms and busts, and ecological changes. In the process, producers have developed sets of strategies to buffer themselves from negatives impacts of change, using the advantages provided by cooperative association. Importantly, farmers have drawn on a variety of forms of capital, created or accessed through their cooperative, to develop a model for sustainable farming in the Amazon region.

Defining and identifying examples of sustainable development is difficult and the subject of much debate. Nonetheless, sustainability continues to be pursued as a topic of research and an end goal. The 1987 Brundtland Report offered a deceptively simple definition: ―to meet the needs and aspirations of the present without compromising the ability to meet those of the future" (World Commission on Environment and Development, 1987).

Typically, sustainability is defined by a tri-part model that balances economic, environmental, and social factors, while Stone (2003) suggests that sustainability is defined in action, in the flexibility, innovation, and adaptation of social and environmental systems over the long term.

What might cooperatives, in particular, offer in the pursuit of sustainability? Gertler (2006) argues that cooperatives, drawing on their historic and current strengths, have a number of things to contribute, including the capacity to share information, to respond to interests other than that of the bottom line, and to plan long-term. As well, although they are flexible organizations, cooperatives are often firmly rooted in specific locations and groups of people, thus opening the possibility that they might be held accountable to their impacts on those environments and communities. Many of these contributions might be classed as different kinds of capital, especially social capital. Social capital, as defined by Bourdieu (1986), is a set of resources collectively held by a social network or group, available to the group, and to individual members through their association. Social capital can be transformed into economic capital, and vice versa, though not always easily or seamlessly. In terms of sustainable development, social capital is useful in several respects. Lehtonen (2004) suggests that the concept of social capital allows for better incorporation of social issues into understandings of sustainability by highlighting the links between social and economic processes. Gertler states that cooperatives are ―learning organizations with the capacity to generate and share knowledge" (Gertler, 2006:3) by and for members, specific to their needs and environments. This suggests that cooperatives can support the production of local ecological knowledge that can direct sustainable development. As institutions that create, or congeal, social networks, they can

also effectively disseminate local ecological knowledge, as social capital, and provide a framework for collective action. Further, cooperatives‘ economic capital is more likely to be ―patient," or directed at long-term goals, because it is driven by members‘ interests and their long-term social investments in their cooperative (Gertler, 2006). ―Patient" capital can also more easily be put towards long-term, sustainable development.

In Brazil, the success of agricultural cooperatives in catapulting Japanese immigrants into the Brazilian land-holding, educated, middle class is widely recognized. Though a cooperative tradition existed in Japan, Japanese immigrants developed agricultural cooperatives as a means to adapt to a new social and economic environment. Even as these cooperatives are viewed as unique examples of Japanese-Brazilians‘ role in Brazil‘s agricultural economy, their success has further promoted the notion that cooperatives can play an important role in rural development and in work towards narrowing Brazil‘s overwhelming income gap.

More recently, the success of Japanese-Brazilian farmers in Tomé-Açu has generated international attention as a model for sustainable agriculture in Brazil‘s tropical forests. CAMTA has played a critical part in this development, as will be seen through a brief review of CAMTA‘s history. Its supportive role parallels many of the possibilities outlined by Gertler and described above. But unique factors in its history, especially related to ethnicity and access to external capital sources, suggest that any replication of this cooperative‘s success in promoting sustainable development will require additional flexibility and adaptation.

The Cooperativa Agrícola Mista de Tomé-Açu (Mixed Agricultural Cooperative of Tomé-Açu, CAMTA) is a Japanese-Brazilian agricultural cooperative, located in the

northern Amazonian region, that markets black pepper, cocoa bean, and tropical fruits internationally. CAMTA has received international recognition for its support of the development of a sustainable form of agroforestry among its members. Following a brief description of CAMTA's location, this article describes CAMTA's history from its beginnings in the 1930s to the present. This historical account underscores the different periods of crisis and the ways in which the cooperative has adapted to economic and environmental dilemmas. The second half of the article moves on to provide a more in depth analysis of the key factors and common themes which contributed to the cooperative's success. These include the development of knowledge and production systems specific to the Amazonian environment, the importance of external and internal capital investments, the role of ethnic identity in cooperative community, and democratic leadership of the cooperative. This article is based on fieldwork that I conducted with Olga Cuellar and Tim Finan during the summer of 2005 for the Bureau of Applied Research in Anthropology at the University of Arizona.

The Study Site

In a semi-remote area of tropical forest in the northern state of Pará, Brazil, roughly 250 kilometers (five hours by car) from the state capital of Belem, sits an unusual historic settlement of Japanese immigrants, Tomé-Açu.[2] The area, like much of the Amazon basin, is hot and humid, with an average yearly temperature of 26.5 degrees Celsius (80 degrees Fahrenheit) and 2,663 mm (105 inches) of rain annually, of which most falls during the wet season from December to May. The river Acará runs along the edge of the town of Tomé-Açu as it flows north to the coastal capital of Belém, where it empties into the Atlantic Ocean. Most of the lands in the area are terra firma, thus the area is not

subject to periodic flooding. Soils in the area are a mix of oxisols and ultisols (Moran et al., 2000): acidic, clay soils with few major nutrients.

Farming, and more recently ranching, has been the backbone of the economy of Tomé-Açu since it was settled by Japanese immigrants. Black pepper, cacao, and passion fruit are key cash crops, sold on both domestic and international markets, including Europe, Japan, and the U.S. The logging industry boomed in the 1970s and 1980s, and while wealthy, logging families and sawmills are still prominent on the social and ecological landscape, timber extraction has declined. In 2001, the municipio of Tomé-Açu had a population of 47,404; most of the residents are emigrants from other regions in northeastern Brazil who began arriving in the 1960s. According the 2001 Brazilian census, the per capita gross internal product of the municipio was $3,462 Reais (roughly $1,700 US dollars). Until the 1970s, transport to the area was limited to river boats and light air craft.

CAMTA's History

The history of CAMTA reveals a community and a cooperative in constant motion, as Japanese immigrants to Tomé-Açu struggled to adapt to a new tropical environment, engage with a fluctuating global economy, and respond to Brazilian state policies. Japanese-Brazilian producers and the cooperative continually initiated ―adaptive renewal cycles" (Berkes and Folke, 2002) as they acquired more information and experience and as the ecological, political, and economic contexts changed.

Japanese Migration to the Amazon

The first wave of Japanese immigrants to Tomé-Açu arrived in 1929, sponsored by Companhia Nipônica de Plantações do Brasil (Japanese Plantation Company of Brazil), a

Japanese firm that provided immigration services for Japanese migrants as well as invested in Japanese immigrant communities once settled in Brazil. Japanese immigration to Tomé-Açu was part of a larger pattern of out-migration from Japan to Brazil, prompted by population growth in Japan and promoted by Brazilian plans to colonize the country‘s interior. Companhia Nipônica received a land grant from the state of Pará as an incentive to bring settlers and development to the state‘s largely unpopulated and remote Amazon interior. Over the course of a decade, the company sponsored and settled 252 households in Tomé-Açu. Immigrant families settled on 25 hectare plots for which they paid Companhia Nipônica over a course of several years. Companhia Nipônica proposed cacao, native to the region‘s river banks, as the cash crop of choice for their new settlement. Immigrant families also cultivated rice, soy, and vegetables for subsistence and, later, for sale. Soon after settlement, Tomé-Açu farmers formed a cooperative to facilitate the marketing of their produce to residents in Belém, which, though it was the closest major market, was too far for members to reach without organizing for transportation and sales collectively.

Immigrant families in Tomé-Açu faced numerous difficulties in the first two decades of settlement. The initial cacao plantings failed as a result of low nutrients in the upland soils and no shading (Yamada, 1999: 207). Farmers were very isolated (Tomé-Açu was only accessible by boat) and found little demand for fresh vegetables in Belém. A series of malaria epidemics battered the area. Though several waves of Japanese immigrated to Tomé-Açu between 1929 and 1938, households fled almost as quickly as they arrived, re-locating to Belém and the state of Sao Paulo, or returning to Japan. By 1942, only 49 immigrant households remained. With Brazil‘s entrance into World War II, Brazilian

authorities designated Tomé-Açu as an interment site for enemy aliens in Pará. The Brazilian government expropriated the Companhia Nipônica, as well as individual properties of Japanese immigrants, and denied civil rights of Japanese immigrants. Despite the extremely difficult conditions, some relocated Japanese immigrants elected to stay in Tomé-Açu.

Black Pepper's Boom and Bust Cycles

After World War II, Japanese immigrant farmers who remained in the region discovered the viability of black pepper as an alternative cash crop to cacao. First introduced in the 1930s, by the late 1940s black pepper was successfully cultivated for commercial production. Both cacao and black pepper had originally been introduced through the Companhia Nipônica. Though not a species native to the Amazon region, black pepper grows well in hot, humid climates with little seasonal change and can tolerate a range of soil types. Further, requirements for processing and transport of pepper are forgiving. The drying necessary to process black pepper is low-tech and requires minimal labor, and, once dried, pepper stores and transports easily. To facilitate the sale of black pepper, farmers established the Cooperativa Agrícola Mista de Tomé-Açu in 1949, following the model earlier established to market vegetables to Belém residents. Younger residents, who had lived in Belém before forced relocation and who were proficient in Portuguese, initiated the creation of the cooperative (Yamada, 1999: 228).

After roughly 25 years of hardship, Tomé-Açu farmers struck "black gold." The 1950s was a decade of tremendous prosperity in Tomé-Açu, still remembered by producers who recount that a farmer could sell a ton of pepper and afford a truck imported from the United States. Cooperative leadership lent their private savings to further pepper

production within the membership (Yamada, 1999: 230). The apex of the ―black gold" period was probably 1956. In that year, CAMTA's 103 members together produced 1,200 tons of black pepper, which the cooperative sold at an average price of Cr$150 per kilo, or roughly US$4 per kilo (Yamada, 1999: 255, 259); per this rough conversion to US dollars, the cooperative grossed US$4,800,000 or about US$46,600 per member! The first to cultivate black pepper in the Americas, CAMTA contributed five percent of the total global pepper production in 1960 (Staniford, 1973: 52). CAMTA sold its pepper domestically, as well as internationally, especially to the United States and Europe.

The high international price of pepper and the success of the crop in the Amazon climate prompted major increases in cultivation rates. Between 1947 and 1957, the amount of pepper cultivated by a CAMTA member, on average, rose from roughly one third ton to fourteen and half tons a year (Staniford, 1973: 52). Increases in pepper production required labor; CAMTA members and the cooperative itself sponsored subsequent waves of Japanese immigrants and members also contracted wage laborers from other parts of the state. Newer waves of Japanese immigrants established their own farms, purchased with money earned as day laborers in the pepper fields, and eventually many were folded into CAMTA's membership.

Japanese farmers in the 1950s and 1960s relied on CAMTA not only to warehouse and market their products, but also to provide basic services. Large profits from the sale of pepper in the domestic and world markets allowed the cooperative to invest in community development, filling the void created by the folding of Companhia Nipônica and left open by the Brazilian state. The cooperative established elementary schools; administered the first hospital; organized members to create and maintain roads; and

operated an agricultural supplies store, a repair shop, and a gas station, among other things. Members depended extensively on the cooperative as a liaison with the Brazilian government, produce exporters, and banks. For example, the cooperative provided translation services for members to complete bank loan applications and government forms. CAMTA also sponsored cultural events like baseball games and festivals. In many ways, the cooperative became synonymous with the Japanese-Brazilian immigrant community.

Black pepper was a boon for CAMTA, but it was not without pitfalls. Unprecedented wealth coupled with limited financial and marketing experience left CAMTA and its individual members vulnerable. CAMTA's debt history began in the 1950s, when the cooperative borrowed one and a half million dollars over the course of a decade, capitalizing on its position as a principal exporter. After an unanticipated drop in domestic pepper prices in 1956 and accusations of poor cooperative management, a new, younger management replaced older cooperative leaders. Many farmers elected to grow only pepper, given its high profit. But international prices began to drop, reaching lows by the early 1960s, and the income to which CAMTA and its members had become accustomed dropped precipitously. Then, in the mid 1960s, the region witnessed its first outbreak of fusarium solani, a fungus that affects the roots of pepper. Whole fields of pepper could be wiped out by the virus, as evidenced by the loss of 10,000 pepper vines on the 26 hectare plot of one experimental station in Tomé-Açu in 1963 (Yamada, 1999: 286). The dangers of a monoculture, in terms of global market fluctuations and environmental vulnerability, began to emerge.

After several decades of experience, CAMTA farmers were well-aware of cyclical trends in the pepper market, with international prices rising and falling in cycles of roughly a decade. In the early 1980s, the price of pepper fell again. Farmers had begun experimenting with alternative cash crops (discussed in more detail below), but they still relied heavily on pepper. Stacked onto the problems of mounting debts and continued fusarium outbreaks, the drop in pepper prices precipitated a crisis within CAMTA. Most of the cooperative‘s assets were liquidated to re-pay loans and the remaining debt was shouldered by members and directors. The cooperative extracted payment from members from the produce they sold through the cooperative to pay 80 percent of the debt, with payments based on total sales to the cooperative. Some larger producers balked at what they perceived to be an uneven distribution of the debt burden. The board of directors and conselho fiscal assumed the remaining 20 percent. Debt burdens and low pepper prices forced some Japanese-Brazilian families to sell their farms and moved to urban areas in search of other employment. About a third of CAMTA‘s members withdrew, many because they had sold their farms. But some also left to express their dissatisfaction with the cooperative‘s administration‘s management of its debt and repayment (Yamada, 1999: 310).

Diversification for Sustainability

Since the establishment of Tomé-Açu, producers experimented with cultivating a variety of crops for commercial purposes, settling on pepper for its value and productivity in a tropical environment. But the volatility of the price of pepper, coupled with a series of fusarium outbreaks, convinced producers of the need to begin experimenting again with

cultivation of a range of commercial crops. To address growing concern with the dangers of monoculture production, in the 1960s cooperative leaders and members charged CAMTA‘s agronomist to collect a variety of crops that might prosper in the tropical environment. By the 1970s, the search for alternatives to pepper was in full swing. Members experimented with products on their farms, hosted experimental plots, and shared results with other members through the cooperative. Producers expanded cultivation to include cacao, passion fruit, melon, and papaya. Farmers‘ experiments led to the development of an agroforestry model, discussed in more detail below. CAMTA‘s efforts to diversify were complemented by other initiatives in the community. Japanese producers, with assistance from JICA, the Japanese International Cooperation Agency, (then an agency of the Japanese government), established a fruit pulp factory in 1980. The Associação de Fomento de Tomé-Açu (ASFATA) operated the factory as a cooperative and its membership overlapped substantially with CAMTA‘s member base. After the crisis of the early 1980s, JICA offered debt refinancing and production loans for members through CAMTA, predicated on replacement of the cooperative‘s old administration. With additional funds and new leaders, CAMTA set about recuperating its financial stability and its rapport with Japanese-Brazilian producers. Financial stability allowed CAMTA leaders to strengthen the cooperative‘s production diversification strategy and stress the importance of diversifying members‘ livelihoods as a means to both economic and environmental sustainability. In 1991, CAMTA purchased the fruit pulp factory in Tomé-Açu from ASFATA, which had closed the factory in 1988 after a series of problems related to production and marketing. CAMTA invested in a larger freezer storage unit, with the assistance of JICA and the Fondo Nacional de

Desenvolvimento (a Brazilian development agency) and began marketing tropical fruit juices to Brazilian supermarkets.

In addition to diversifying production, Japanese-Brazilian households also began to diversify their income sources in the late 1980s. An expanding economy in Japan beckoned Japanese immigrants and their descendants to Japan to fill an increasing need for labor. In 1990, Japan reformed its immigration laws, which allowed Japanese-descendants to work legally for three years in Japan. Many Japanese-Brazilian families opted to send a member to Japan to work, where the average annual salary was eight times that of Brazil (Nishikawa, 1992: 197). Dekassegui, as Japanese-Brazilians working in Japan are known, tend to work less desirable jobs in the service and manufacturing sectors that nonetheless pay well by Brazilian standards. By 1991, the Japanese Consulate in Brazil estimated that 10 percent of the Japanese-Brazilian population was residing in Japan (Ishigaki, 1992: 22). Tomé-Açu households use dekassegui income to reduce farm debts, pay for secondary education, and invest in capital improvements on their farms.

Inflation, Economy, and State Policies

Pepper prices fell again in the early 1990s; this time the fall in price corresponded with soaring inflation rates, as much as 80 percent a month, characteristic of the Brazilian economy during the beginning of the 1990s. As a result of inflation, the cooperative faced increasingly enormous debt. To reduce inflation, President Fernando Henrique Cardoso implemented the Plan Real in 1995, which fixed the Brazilian real to the US dollar. Again, the cooperative was forced to liquidate many of its assets, including a gas station and supermarket, and it cut most services to members. Directors of the affiliate offices, supermarket, gas station and fertilizer production division were strongly encouraged to

purchase their units from the cooperative. The cooperative maintained only the pulp factory, office building, and two warehouses for pepper and cocoa bean.

The cooperative was in a period of crisis and the board of directors was considering folding the cooperative. A group of second-generation Japanese-Brazilian producers formed a coalition and agreed to run for the board of directors on the condition that they could revise the annual activity plan and that the cooperative would be debt free on their assumption of leadership. Typically, older first-generation immigrants were elected to director seats out of respect for their social position in the community. The coalition allowed younger members to run together, rather than alone, against respected elder members. By voting for the coalition, members could cast a vote in favor of passing the directorship to a younger generation of leaders.

The new cooperative leadership was graced with an unanticipated consequence of national economic reform. In 1987, Japanese-Brazilian producers had established a rural electrical cooperative, Cooperativa de Electricidade Rural de Tomé-Açu (Rural Electrical Cooperative of Tomé-Açu, COERTA) to bring electricity and telephone lines to farms. CAMTA and COERTA membership is virtually identical. After initial investment and construction, COERTA turned over the electrical lines to the state electric company in return for company stocks that had no market value. With the privatization of state enterprises in the late 1990s, these stocks suddenly had value and COERTA auctioned them off for $3,300,000 US dollars. Of that, COERTA loaned $2,000,000 US dollars to CAMTA for use in further development of the pulp factory. CAMTA constructed a new processing plant and purchased an additional freezer storage unit to increase their production capacity. Increased processing capacity allowed the cooperative to expand its

line of tropical fruit juices and they now market nationally as well as internationally. The cooperative also opened a technical assistance office with three full-time staff.

At the turn of the twentieth century, CAMTA leaders hoped that the cooperative was transitioning into a period of financial stability, and even growth. Most CAMTA farmers were financially better off than the majority of the municipio‘s population. Members surveyed in 2005 generated the majority of their average annual income of $86,944 Reais (approximately US$36,226) from farm production and owned a median of 200 hectares of land. Thus, the average CAMTA member is squarely in Brazil‘s middle class. But considerable variability still exists within the membership base. Of the 30 members surveyed, the lowest annual income reported was US$3,993 while the largest was more than US$150,000. All of the wealthiest members (those who earned more than R$200,000 in 2005) had expanded their farms to include cattle ranching. The cooperative had 113 members, down from the peak enrollment of several hundred during the 1960s and 1970s. But cooperative leaders asserted that members that withdrew in the 1980s and 1990s (and who maintained farms and residences in the municipio) had re-enrolled during the most recent upturn in the cooperative‘s success. In contrast to CAMTA‘s early years, a number of private buyers now operate in Tomé-Açu, but cooperative membership continues to have its advantages. For members, the cooperative provides important services, including better prices for products, technical support, organized and informal opportunities to share local ecological knowledge, a guaranteed market for tropical fruits, storage for dry goods to facilitate optimal sales times and maximize profit, and association with the cooperative‘s historic development role. Finally, the cooperative opened its membership to non-Japanese farmers in the early 2000s.

Key Themes in CAMTA's Longevity

CAMTA's history as described above is essentially the narrative offered by CAMTA leaders and members about the history of their cooperative. Several key themes stand out across various renditions of the story. As a model for cooperative success, CAMTA suggests several important characteristics, among them diversification, innovation, internal and external capital investment, cooperative unity, and democratic decision-making, discussed in more detail below. While CAMTA's own version of its history is critical to understanding the success of the cooperative, this version obscures some of the internal divisions within CAMTA and the Japanese-Brazilian immigrant community of Tomé-Açu. Some of these internal divisions are brought to the fore in the following discussion as a way to both complicate and highlight CAMTA's success despite internal divisions and contradictions.

Development of Ecological Knowledge and an Agroforestry Model

Crop diversification plus critical production experience has led to the development of important local ecological knowledge and an agroforestry model well-suited to the Amazonian environment. Agroforestry is not new to the Amazon region; indigenous peoples, and small, rural householders, have long traditions of agroforestry. But the particular model practiced by CAMTA farmers emerged out of individual farms and was supported and disseminated in part through CAMTA. Since the 1970s, Japanese-Brazilian producers in the region have worked to develop an agricultural model based on diversified cultivation that is both environmentally and economically sustainable.

The basis of this model is that production is most successful when it mimics some of the important natural processes of the tropical forest. Crops are inter-planted: grown with associated crops that complement each other by providing shade and that allow farmers to focus intensively on smaller plots of land. Crops are planted to establish a series of success harvests. For example, a succession might begin with pepper, and then be coupled with shade-giving crops like cacao and cupuaçu. Among these crops, farmers plant slower growing trees for high quality lumber production. Combinations include native tropical fruits like açai, cacao, passion fruit, and cupuaçu and imported crops like black pepper and African oil palm. Crops are intensely fertilized with a variety of organic compounds, to ensure that associated crops do not compete for nutrients, including organic wastes, natural fertilizer compounds, charcoal, and bokashi, a type of fermented compost developed in Japan. Unlike black pepper, the newer crops adopted by producers require prompt transport and processing.

Japanese-Brazilian farmers have received national and international attention for their agroforestry, argued to be a potential model for sustainable agriculture in the Amazon (Subler and Uhl, 1990; Yamada and Gholz 2002a). Producers stressed their minimal dependence on chemical pesticides and herbicides and pointed out that visually their farms appeared to mimic and blend into the surrounding rainforest. Subler (1993) showed that farmers‘ agroforestry techniques maintain levels of soil fertility equivalent to neighboring mature forested areas. Some members also emphasized their commitment to keeping intact tracts of virgin forest on their properties. According to members, few land parcels in the municipio and surrounding area remained that were not logged in the 1980s timber industry boom in the area, outside of some Japanese-Brazilian families‘ land

holdings. In interviews with CAMTA members, a livelihoods identity- as sustainable farmers in a threatened Amazonian environment- emerged and merged with members‘ Japanese-Brazilian ethnic identity and the corporate identity of CAMTA.

The development of an agroforestry model grew out of a rich knowledge base, rooted in the history, experience, and education of CAMTA‘s producer-members and employers. Among members and their families there exists a high level of education in agricultural sciences and an interest in new developments in production technology, especially environmentally sustainable options. Noteworthy are the many producers who are amateur researchers, experimenters, and innovators in agroforestry techniques. CAMTA farmers have often relied on what Yamada and Gholz (2002b: 24) term ―adaptive research and development” in their farming practices, particularly in the move from monoculture pepper production to a diversified agroforestry model. Farmers do their best to research techniques and crops, test new crops and strategies, and adapt or discard as necessary, sometimes with minimal outside technical assistance.

Farmers need to have substantial knowledge about each crop- both agricultural expertise and global price- as well as understand how these crops interact with each other as associated crops within the agroforestry system. One of CAMTA‘s agronomists thinks that the agroforestry model presents such a variety of products that it becomes more difficult for producers to effectively manage their crops. The lack of effective management can mean that sometimes producers do not realize if they are losing money. Subler and Uhl (1990) echo this concern.

CAMTA has provided a setting and structure for sharing information among members to develop and manage complicated agroforestry models. Local ecological knowledge,

combined with agroforestry theory and techniques, has become a resource that members share through the cooperative. CAMTA has facilitated the introduction of new ideas and products. For example, CAMTA‘s agronomist in the 1960s introduced new fruit and spice crops to the region. When new crops have taken hold, the cooperative has pursued market possibilities for members‘ diversified production. The cooperative sponsors seminars and fieldtrips for members on new crops and cultivation techniques. Cooperative committees focused on specific alternative crops serve as a vehicle for members to share information and new developments. These forums help address some production difficulties resulting from the complexity of agroforestry production. CAMTA‘s most obvious support to farmers‘ agroforestry is its fruit pulp factory, which has expanded, and guarantees, a market for farmers‘ tropical fruits.

Though CAMTA has supported and promoted the agroforestry model through research, venues for information-sharing, and securance of markets for a wider range of products, adaptation of the agroforestry model remains an individual household decision. Many of the members we surveyed displayed and explained with pride their personal applications of the agroforestry model on tours of their farms. Some farmers are at the forefront of agroforestry developments, for example, incorporating crops not currently marketed by the cooperative, such as mahogany and other hardwoods, into their agroforests. But other farmers talked about their motivations to search for and cultivate profitable mono-crops, like African oil palm, that required less constant management than a typical agroforestry-style farm required. Still a few others, while affirming the importance of the agroforestry model for improving farmers‘ financial stability and protecting the environment, had themselves branched out into cattle ranching, a livelihood of questionable long-term

environmental sustainability in the Amazon (Mattos and Uhl, 1994). If these households were to fully pursue these alternate models, and eliminate their agroforestry production, they might find cooperative membership less valuable.

The long-term economic sustainability of farmers‘ diversified production remains to be seen. CAMTA leaders expressed tentative hope that development of the fruit pulp factory and a guaranteed market for members‘ tropical fruits would ensure both members and the cooperative could avoid earlier crises tied to a drop in the price of pepper. Surveys with members showed households with diverse production, but that still relied extensively on pepper as their primary source of income. Members on average cultivated five different crops, typically pepper, cacao, and then a selection of fruits for pulp production, such as passion fruit, acerola, and cupuaçu. However, on average, roughly half of members‘ household income was derived from the sale of pepper in 2004, a year of relatively low pepper prices. During peak price years for pepper, this principal crop likely accounts for an even larger percent of households‘ income. Still, CAMTA members think they are close to decreasing their dependence on pepper to the point that producers and the cooperative will more easily ride through pepper‘s boom and bust cycles.

Strategic and Crisis-Driven Capital Investments

Another key ingredient in the long-term success of CAMTA has been both strategic and crisis-driven investments of capital, capital derived from internal and external sources, at the household and cooperative level. While capital has sometimes been put towards short-term goals, even in times of crises, capital garnered through the cooperative has often been ―patient” and invested in long-term production and market development.

The unprecedented wealth brought by the first decade of pepper production was a phenomenal change for Japanese-Brazilians farmers who had struggled for decades to make a living in Tomé-Açu. It is remembered by members as a period of ostentation and rampant consumption. Farmers imported new vehicles and constructed two-story mansions on their homesteads to replace small wood-plank homes. Staniford (1973: 48), who conducted research in Tomé-Açu in the mid-1960s, provides a similar characterization, describing the ―conspicuous consumption" typical of wealthier families, including new homes and home appliances and elaborate parties. But households also re-invested profits in farms, expanding production through increased inputs and labor and purchasing additional lands. Additional lands allowed siblings or future generations to establish independent households. Profits were also used to invest in children's secondary and university education; some adult children have returned to their family farms with relevant degrees in agronomy and related fields. More recently, a handful of farmers have invested in cattle and additional lands for pasture.

While in the past high pepper prices provided the opportunity to re-invest farm profits, many households have more recently turned to temporary work in Japan to garner more capital. The CAMTA members we surveyed still rely heavily on farm income (half earn money from only farm activities), but the dekassegui phenomena plays an important role in livelihood strategies, especially for younger generations. Half of the households surveyed had at least one offspring working in Japan. Six of thirty households reported receiving income from members working in Japan; of these households, dekassegui income made up on average about 20 percent of their annual income. Working in Japan presents younger farmers with the opportunity to accumulate capital to invest in heavy

equipment, land, and sometimes cattle and has allowed households to pay off debts and provide secondary and university educations to younger members.

Financial capital has also come from external organizations. Japanese development institutions, the Companhia Nipônica and later JICA, played formative roles in the development of the Japanese-Brazilian community in Tomé-Açu. The Companhia Nipônica, with a land grant from the state of Pará and with immigrants own capital (paid in advance as a charge for immigration and settlement services) invested basic services and shaped the initial development of Tomé-Açu as an agricultural settlement with the aim to commercialize agricultural crops for export nationally. JICA offers technical assistance worldwide, but it has special technical, financial, and educational programs specifically for Japanese emigrant communities.[3] Beginning in the 1970s, JICA provided a series of capital investments for service and infrastructure improvements, market expansion, and individual farm improvements. Some of these investments have been proactive, such as the provision of partial funding to construct electrical and phone lines to Japanese-Brazilian farms. In other cases, JICA has offered capital as a stop-gap in times of financial crisis to CAMTA and to individual members, through the cooperative. In all cases, the key is the provision of external funds when the cooperative or the community and its members do not have complete financial capacity to undertake new projects or weather financial hardship. JICA investments have often been made at a corporate level, and then distributed to individual households through a local organization. Thus the cooperative has played an important role in linking farmers to external funding. JICA‘s funding has allowed the cooperative and the Japanese-Brazilian producer community to re-invent itself when the prevailing economic strategy and

cooperative leadership were no longer viewed as successful. Dekassegui income and funding from JICA are the direct result of Japanese-Brazilian farmers‘ ethnic identity, which has also historically cemented the cooperative.

Ethnic Identity and Cooperativism

The leading historic role that CAMTA played in creating a successful Japanese immigrant community in Tomé-Açu is a central narrative in members‘ definition of the cooperative. Members speak with pride about the past accomplishments of CAMTA in developing the community of Tomé-Açu. As well, individual households recognize the contributions that the cooperative made to their parents‘ and their own successful livelihoods. Further, members‘ associate the values of cooperativism with Japanese traditions.

In the early history of CAMTA, the cooperative, Tomé-Açu, and the Japanese immigrant community were virtually inseparable. CAMTA literature produced in the early 1960s stated as much, ―Tomé-Açu is unique. The community is the co-operative and the co-operative is the community. They are two sides of the same coin” (as quoted in Staniford, 1973: 151). CAMTA was the collective face of the Japanese immigrant community and mediated between immigrants and external markets and the Brazilian state. The cooperative was responsible for the creation of key institutions and services, including the first schools and hospital. Older members especially do not make clear distinctions between CAMTA, the local Japanese cultural society, and the larger Japanese-Brazilian community when discussing their participation in the social and economic life of Tomé-Açu. Their conflation of CAMTA and the Japanese-Brazilian community reflects a time when the two were synonymous.

When asked to talk about the meaning of the cooperative, a few members specifically equated the cooperative with Japanese culture and identity and a Japanese philosophy of cooperativism and strength in unity. Cooperatives and rural association were not uncommon in Japan at the time when Japanese immigrants were migrating to Brazil. But the importance of cooperatives and associations for Japanese immigrants emerged as an economic and social strategy for adjusting to life in Brazil (Maeyama, 1979). Nationally, the achievement of Japanese immigrants is tied to the development of successful agricultural cooperatives in southern Brazil (Makabe, 1999). Thus, it is not surprising that CAMTA members link cooperativism and Japanese immigrant identity. For these members, the cooperative is part of their heritage and identity as Japanese-Brazilians. The strong sense of cooperative and ethnic unity was the result of specific historical realities. Wider Brazilian distrust of Japanese immigrants, including internment during WWII, made it more difficult for Japanese-Brazilians to develop social networks outside their own immigrant communities. Language barriers also made networking more difficult, and as a result, they relied heavily on other Japanese immigrants. The geographic isolation of Tomé-Açu, an overwhelming Japanese immigrant community until the 1950s, also pushed Japanese-Brazilian farmers into association with each other. Finally, the series of waves of immigration from the 1920s to the 1960s increased the population of Japanese-Brazilians in area, re-vitalizing ethnic and linguistic ties to Japan. In the success of CAMTA and the Japanese-Brazilian community of Tome-Açu, ethnicity played a key role. The homogenous ethnic make-up of the cooperative increased unity and, at certain points in its history, ethnic identity and cooperative membership were synonymous. Ethnic identity as Japanese-Brazilians facilitated support from the Japanese

government through JICA, which played a pivotal role in key moments in the history of CAMTA. More recently has farmers‘ ethnic identity has offered access to external capital through migratory labor in Japan. And the narrative of CAMTA, presented to members and the public through oral histories and cooperative literature, reaffirms the relationship between ethnic and cooperative identities.

The relationship between cooperative membership and ethnic identity has been dialectic. Ethnic identity greased the social wheels of the cooperative. But the cooperative also promoted ethnic identity and unity, through sponsorship of cultural events and ethnic membership requirements, across different Japanese immigrant groups. However, it would be a mistake to attribute the success of CAMTA solely to the ethnicity of its members. There are many other examples of Japanese-Brazilian cooperatives, especially in the south of Brazil where the majority of Japanese immigrant settled; some of these did not weather the economic crises of the 1980s and 1990s.

Further, while ethnicity helped to solidify unity among cooperative members, members were (and are) far from a uniform group. The original immigrants to settle Tomé-Açu were on more or less equal footing, at least in terms of access to land, services, and markets. As new generations of immigrants arrived (and some families left for better prospects elsewhere), households became stratified by income, educational level, property ownership, and length of time in Brazil. Staniford (1973) noted the income disparity among Japanese-Brazilian farmers in Tome-Açu in the 1960s, and wealth differentials continue to exist among members.

The cooperative both reproduces and ameliorates income disparity within its membership. Members with lower-incomes and smaller land holdings derive a certain

amount of social capital through their association with the cooperative. They also receive the same price for their product as wealthier, more productive members. However, some cooperative policy can increase disparity. For example, the cooperative‘s policy not to pay in advance, while it protects the overall economic stability of the cooperative, can force cash-strapped producers to sell in advance to third parties, at lower prices. The cooperative has always faced tensions between individual profit and cooperative unity in some form. Yet despite these differences, the cooperative has maintained its membership base over the long term. Another way that the cooperative has worked to moderate class divisions among membership is through democratic decision-making.

Democratic Structure and Rejuvenation of Leadership

The cooperative‘s leadership structure and shared decision-making processes have provided the cooperative with a degree of flexibility and a sense that the cooperative represents the interests of members. Each member is afforded one vote, regardless of their annual sales through the cooperative. CAMTA members elect cooperative leaders and vote each year to approve an annual plan for the cooperative. This helps ensure that leadership and management plans reflect the interests of a broad swath of the membership.

Throughout its history, CAMTA‘s leadership has been composed of a handful of elected members who serve fixed-term, renewable administrative positions within the cooperative. Currently, there are four administrative directors. Two work full-time administrative positions: one manages the dry goods export division and the other manages the fruit pulp factory. Elected administrators are guided by the annual plan approved by members and they meet monthly with the other two directors. However,

they have considerable responsibility and flexibility in export and factory operations. CAMTA‘s formal leadership in 2005 was made up of educated, second-generation farmers with larger land bases.

During periods of relative stability, the typical choice for cooperative leaders is venerated, older, wealthier farmers who serve multiple terms. However, periodically leadership is renewed, often in times of crisis. Rejuvenation of leadership seemed to be a steam valve of last resort and was often in response to the threat of dissolution. JICA‘s insistence that the cooperative administration be replaced in the early 1980s was one example, but the call for new leadership has also come directly from members. In periods of transition or crisis, younger, bicultural members have taken a lead, tapping into their capacity to translate between Japanese immigrants and Brazil‘s economic elite. Such was the case in the initial formation of the cooperative by forced émigrés from Belém who chose to remain in Tomé-Açu after World War Two. An elder, former leader of the cooperative explained that the most recent shift in leadership from older, first generation Japanese immigrants to younger, second-generation Brazilian-Japanese was a conscious strategy developed by older and younger members to rejuvenate cooperative leadership in the 1990s.

The fact that CAMTA‘s leaders are selected from among members provides some assurance that directors do not lose sight of the membership base and the unique production challenges and opportunities that farmers face. Electing members as directors has helped CAMTA to avoid the ―concentration of power” that Nash and Hopkins noted is typical of cooperatives with full-time, non-member managers (1976:11). Staniford (1973) suggested that in the 1960s the cooperative leadership worked in favor of

wealthier farmers. But, for example, the administration‘s choice in the early 1980s to distribute debt payments based on members‘ sales rather than per capita, despite protests from some larger producers, demonstrates that cooperative leadership has worked to protect and retain its less affluent members.

CAMTA strives to live up to the democratic principles of cooperativism. However, there are still a small number of members who do not participate in annual meetings as well as a small number of members who are geographically isolated, and therefore have fewer opportunities to interact with CAMTA‘s management. Also, CAMTA‘s operating language has shifted to Portuguese, which presents limitations to older members who speak primarily Japanese, although younger, bilingual members provide informal translation at cooperative events. Previously, Japanese was the principal language for CAMTA‘s administration. In the 1960s, CAMTA kept parallel sets of financial books, one for members in Japanese and one for Brazilian auditors in Portuguese (Staniford, 1973: 34). The shift to Portuguese, however, was critical to integrating non-Japanese Brazilians into CAMTA‘s membership.

Conclusion

A series of crises organizes the narrative of CAMTA‘s history, as members tell it, with the greatest and most consistent problem being the booms and busts in the price of pepper. The challenges of cultivation in the Amazonian environment, the dangers that derive from dependence on a monoculture system, and instabilities in the national economy have also posed obstacles. Falling pepper prices and environmental and other economic changes have been unwelcomed, but important, opportunities for entrepreneurship, innovation, and adaptation. Farmers‘ production diversification and

their pursuit of a sustainable agroforestry model resulted from facing the challenges and crises described above.

The social capital generated and maintained by the cooperative has been a critical component in the success of Tomé-Açu farmers. CAMTA has allowed members to pool their financial capital and farm products to leverage for better prices and access to regional and international markets. It has supported the development of an agroforestry model, especially by serving as a venue for members to share knowledge and by marketing agroforestry products. Despite each crisis, CAMTA has remained a resilient collective that continues to leverage financial resources from internal and external sources, develop and share local ecological knowledge, and creatively adapt to meet the changing needs and circumstances of farmer-members.

The original founders of Tomé-Açu, Japanese-Brazilian farmers are now a minority and an anomaly in a region that mirrors wider Brazilian income disparities, a place where the majority of residents are small farmers, interspersed with a few wealthy logging and ranching families. Perhaps the next test of CAMTA‘s ingenuity and flexibility will not be whether the cooperative will withstand future financial crises, but whether CAMTA‘s members and leaders can extend the cooperative and agroforestry model to smaller, marginalized producers in the area.

CAMTA leadership in 2005 was imagining what role it might play as a social development institution in Tomé-Açu, especially with very small-scale farmers. CAMTA‘s current leadership envisions the cooperative taking a development role in the area by providing better market access to small-scale farmers and by sharing their expertise in agroforestry. The first step has been to develop relationships with local

producer associations that join small-scale producers (those who own 25 hectares or less) into marketing associations. These producer associations join CAMTA as a member, which allows small farmers to share the entrance fee and membership dues and sell their product to CAMTA at a price higher than that offered by other buyers.

Part of this interest is clearly pragmatic. CAMTA‘s fruit processing plant has outpaced the current production of CAMTA members; only 30 percent of the fruit processed at the plant comes from CAMTA members, the rest is purchased from very small-scale farms locally or imported regionally. CAMTA wants to ensure long-term, quality tropical fruit yields for the factory and sees local, small producers as one potential answer. Beyond pragmatic reasons, their vision harkens back to the role CAMTA played in helping Japanese immigrants‘ successful establishment in Tomé-Açu.

The initiative presents some challenges. CAMTA‘s history relays several factors that make it a unique case which may be difficult to replicate across larger segments of the Amazon and with diverse populations. Small producers lack access to the kinds of financial capital and land to which Japanese-Brazilian farmers have had access. This deficit could be addressed in part by offering small producers access to the social capital available to CAMTA members through their association with the cooperative. One central question is whether the cooperative‘s social network is too tightly tied up by ethnic and class relations to be truly open to non-Japanese, small-scale farmers.

The role that CAMTA plays in the production and dissemination of local ecological knowledge will continue to be important. Some agroforestry techniques can, and have been, readily adapted by small producers (De Menezes et al., 2004). But other

agroforestry techniques require substantial financial and labor inputs that make them inaccessible to most small producers (Subler and Uhl, 1990).

The overarching challenge for small producers is related to access to land and capital. Historically, Japanese-Brazilian farmers‘ access to land was much less limited than in the current real estate market, in which small holders cannot compete with wealthy logging and ranching interests. Also, the cooperative itself, as well as individual member farms, have been resuscitated with injections of external capital during key moments of crises, primarily from Japanese aid agencies and from remittances from migrant workers in Japan. Access to this capital is based in the historic relationship between Japanese emigrants and the Japanese government. Similar capital assets are not available to most small-scale farmers in Brazil.

Differences in class and ethnicity may also prove challenging. The cooperative has always seen substantial wealth disparities, but the arrangement to have farmer associations represented as one voting member may pose challenges to the democratic structure of the cooperative. More importantly, ethnic identity has served to solidify cooperative affiliation. Faced with a need for more product and more members, coupled with a constant (not growing) Japanese-Brazilian farmer population, CAMTA may be forced to re-think its identity vis-à-vis ethnicity. As the cooperative re-shapes its membership, the equation of ethnic and cooperative identity may present new challenges. One possibility might be to re-define membership in terms of a livelihoods identity based on sustainable agroforestry.

Small producers will likely require more than technology transfers and fair and stable prices for their products to overcome these challenges and become equally integrated into

the cooperative. Despite the challenges, CAMTA leaders and members were cautiously optimistic about the future of the cooperative, its capacity to serve and widen its membership, and the possibilities for promoting sustainable development alternatives in the region.

Notes

1. This study is part of a larger, USAID-funded project entitled Development and Expansion of Economic Assistance Programs That Fully Utilize Cooperatives or Credit Unions, conducted in collaboration with ACDI/VOCA (Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance). I would like to thank CAMTA members for their generous hospitality and for sharing their stories and expertise. In addition to their collaborative efforts in conducting fieldwork, Olga Lucia Cuellar and Tim Finan contributed towards the seeds of this article through our conversations in the field. Also, I thank Marcela Vásquez -León, Richard Stahler-Sholk, and Jan Rus for their helpful comments.

2. The community of Japanese-Brazilians discussed first settled in the town of Tomé-Açu and then later established the neighboring town of Quatro Bocas, as well as several outlying settlements. Following local usage, this article refers to Tomé-Açu, Quatro Bocas, and outlying settlements together as Tomé-Açu.

3. In 1974, JICA was formed by the merger of Japan‘s Overseas Technical Cooperation Agency with the Japan Emigration Service, which provided financial and technical resources to support Japanese emigration.

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Cooperativa dos Produtores Rurais de Comunidade de Sabrado Coracao de Jesus do Parana da Eva (ASCOPE) – Timothy J. Finan

ASCOPE is an agricultural cooperative located in the community of Sagrado Coração de Jesus do Paraná da Eva, in the municipality of Itacoatiara in the state of Amazonas. The cooperative has 30 members, who are mainly engaged in the production and marketing of pineapple and cupuaçu. The cooperative also owns and manages a consumer market post, or *posto flutuante,* where it sells a wide variety of merchandise to meet local consumer demands for basic goods. The cooperative was officially founded in 1997; however, its foundations and identity are deeply rooted in a long history of faith-based, grassroots organizing in Sagrado Coração de Jesus do Paraná da Eva. Today, the cooperative has a solid organization and structure, with strong links to the local community and to regional organizations such as the Catholic Church and the *sindicato rural*[12] of Itacoatiara. Cooperative members readily highlight that the cooperative and the community are one entity, as they share common interests and a deep collective commitment to the social well-being of community members.

Location: Sagrado Coração de Jesus do Parana da Eva (SCJ) is located 227 km east of the city of Manaus, capital of the state of Amazonas. It is situated near the confluence of the Rio Preto da Eva, a northern black water river, and the Rio Paraná da Eva, both tributaries of the Amazon River. The northern margins of this section of the Amazon River are covered with dense rain forests that grow on small undulating hills known as

[12] Sindicato Rural is a local union of rural workers, which is part of the National Federation of Workers, a publicly recognized and sanctioned organization that represents the interests of rural labor.

terra firme (upland). The terra firme soils are well-drained, usually sandy and with low fertility due to their lack of nitrogen, phosphate, and its high acidity (Lathrap 1970). However, nearby the community of SCJ there are pockets of fertile soils know as *terra preta dos índios* (–black earth of the Indians") which are highly valued by local farmers. The margins of the Amazon River present extensive annual flooding lands called *várzeas*. These lands are nourished each year with fertile deposits which permit a regime of recession agriculture for such annual crops as manioc, corn, beans, and tobacco. They also provide rich pastures for expanding cattle herds.

The SCJ community is part of the município of Itacoatiara, which has a total population of 78,000 inhabitants. SJC itself has 120 households. The basin of the River Rio Preto da Eva is known for its production of pineapple, cupuaçu, oranges, and manioc, and most SCJ households are involved in some kind of agricultural or ranching activity. The main crops of the community are pineapple and cupuaçu, and many families also raise cattle. SCJ and nearby Novo Remanso are two of the main regional suppliers of pineapple to the market of Manaus along a paved road that connects Manaus and Itacoatiara. The community has one public pay phone and some households have cell phones. There is no access to internet services.

Most houses in SJC are wooden structures, with zinc sheet roofs. The households of the village have running water and electricity is available seven hours per day. The community has an elementary and middle school, and students have fluvial public transportation that brings the children from the outlying districts. The closest health clinic is in the nearby town of Novo Remanso, about 16 km away. The community has four commercial spots, one of which is managed by members of the cooperative. These posts

sell basic subsistence commodities, such as canned food, refrigerated items, clothing, construction material, agricultural and ranching supplies, medicines, and school material. Some also sell gasoline and oil for the boats.

History: Oral history indicates that the region of the Paraná da Eva River was originally inhabited by indigenous peoples, who no longer exist in the area today. Local residents make references to numerous archaeological settlements that appear in the dark fertile soil (*terra preta*). European colonization of the region started in the mid 1700s. It is estimated that by 1750 more than 20,000 indigenous peoples were enslaved in the region, and by 1760 significant sections of the central Amazon River, especially around Manaus, were depopulated due to epidemics, migration, and slavery (Wright 1981).

Oral tradition also suggests that during the nineteenth century Paraná da Eva was part of a sugar plantation. In the beginning of the 1900s, historical records show that land had been deeded to early settlers to the region, and these original plots remain recognized place names today. In the early twentieth century, waves of immigrants from Northeast Brazil (principally from Ceará) flooded Amazonas to work on rubber plantations. After the collapse of the plantation economy, many workers managed to purchase *várzea* land and engage in the commercial production of sisal and other flood recessive crops (maize, beans, manioc, banana, etc). This settlement of small farmers generated many tensions and conflicts between the new landholders and the large cattle ranchers who sought to control *várzea* lands in order to expand their ranching economy. In response to these tensions, many small farmers in *várzea* communities started to search for new plots in unoccupied *terra firme*. Since then, a long-term process of occupation of the *terra firme* has occurred near the margins of the central Amazon River and its tributaries.

Lago do Engenho, a small inlet near SJC, was settled around the 1950s around a sugar plantation and a small sugar refinery. Later, through the influence of the Catholic parish of Itacoatiaria, the nearby Community of Sagrado Coração de Jesus was formally founded in 1968. The influence of the church—particularly the bishop of Itacoatiara—was crucial in the establishment of the community, as reflected in its Christian principles the emphasis on new economic, political and social options for the excluded and oppressed populations (Portilho 2000). The original founding families established deep roots in the community, and their members have tended to be the main political leaders of the community and of the cooperative as well.

In the early 1970s, the first pineapples were marketed from SCJ to Manuas. Then, in 1997, a road was finished that connected the community to Manaus, leading to rapid demographic growth. With the construction of the road, the inhabitants envisioned the construction of a villa of settlers with direct access to the road and the river. The villa was formally established in 2000, with the purchase of 12 hectares of land. The villa inhabitants have access to regular transportation, electricity, and education. Consequently, most households have now sold their boats and seek to purchase trucks and cars.

The history of the cooperative can be traced back to 1968 with the establishment of the SCJ and the strong influence of the Church. During the 1970s, the Diocese of Itacoatiara, following the ideology of liberation theology, organized meetings and workshops for developing critical interpretations of the complex social realities of surrounding rural communities. Members of Sagrado Coração de Jesus participated in

these meetings, incorporating into their views a critique of their social exclusion and exploring organizational and political possibilities for their liberation from economic exploitation. One of the political options explored by local leaders was to join the rural workers union and the Workers Party (*Partido dos Trabalhadores--PT*). In 1987, a charismatic PT councilman helped organize 16 households into a farmers' association called *Grupo Lavradores em Ação* ("Farmers in Action Group"). Nine of these families were completely dependent on daily wage labor, and the other seven families had established fields or were starting to produce. The association pursued the original objectives to create a more competitive market for their products, to organize community workgroups to assure that all families had fields to cultivate, and to eliminate the reliance on rural wage labor. The group also promoted weekly educational meetings in which the ideological frameworks of liberation theology and social justice were promoted. The group also created a savings fund used to finance travel to regional and national meetings of other social movements.

In 1993, in order to have access to financial credit from the government, the Associação dos Productores Rurais do Sagrado Coração de Jesus (ASCOPE) was formed. The association started with 21 participants, many of who were former members of the Lavradores em Ação. By the next year the association had reached a total of 33 members. Many of the new members were primarily interested in joining the association in order to have access to credit. In 1994 the association members made the independent decision of having each individual member invest 50% of their credit in the collective purchase of a floating commercial point to provide basic necessities to the villa residents at a reasonable price.

Later, in 1997, the association decided to become a cooperative, while retaining the same name of ASCOPE and most of the same membership. This decision was made because the government granted commercial benefits (tax exemptions and other incentives) to cooperative organizations. The cooperative currently has 30 members. In 1998 the cooperative confronted a major crisis when cupuaçu prices fell dramatically in the saturated market of Manaus. In response to the crisis, the cooperative bought all the cupuaçu of its membership and stored the pulp in a rented cold-storage plant in Manaus. The pulp was later sold by the cooperative when prices stabilized, and a portion of the extra profits was later returned to producers. This experience was a crucial moment for establishing the credibility of the cooperative and the trust of the membership.

Current Situation: The cooperative currently manages several economic activities. First of all, it has sanctioned four ―marketing committees" comprised of two members each who buy and sell all of the pineapples produced by the coop membership. While this committee is comprised of members, they operate almost as private middlemen and enjoy a monopsonistic market advantage (i.e. they are the sole buyers). The market margin and profits are retained as revenue, less one percent, which goes to the cooperative. Thus, the principal economic activity of the cooperative membership yields the lowest revenue to the cooperative itself, while providing high levels of income for the select few who constitute the marketing committees. Marketing committees, however, still provide better prices for cooperative members than what regional middlemen generally offer.

In addition to pineapple marketing, the cooperative purchases cupuaçu from the membership and stores the pulp in a cold storage facility. In 2005, cupuaçu sales

provided around $R 35,000 in revenue to the cooperative. The major income source for ASCOPE is from its floating retail shop which supplies the basic consumption needs of the local population. In 2005, the coop received almost one half million reais in revenue from its retail business. Members enjoy a discounted price and shop credit, and the presence of this shop has forced the other two floating shops (and smaller ones in the villa) to maintain competitive prices.

The major initiatives undertaken currently involve a diversification of activities and an expansion of the market reach of the cooperative. Based on political commitments from the governor of the Amazonas, ASCOPE has received the equipment to mount an agro-industrial facility in the villa. The cooperative obtained title to the land and built the basic structure. This facility will produce pasteurized fruit pulp, jellies, and other fruit-based products for Manaus and, later, a national market. The second major project is a cupuçu seed-drying facility that will be built with support from an American investor. The investor will be repaid in dried seeds, which are used in the production of a chocolate-like sweet and certain cosmetic products. Finally, the cooperative has a project to borrow money for the purchase of machinery that would be used for clearing of forest and the expansion of cultivated land for the membership.

ASCOPE Determinants of Change

Context: ASCOPE provides highly illustrative test case of the potential of cooperativism as a mechanism of development. This community has embraced the cooperative model as the means of forging a sustainable livelihood in a very precarious and fragile environment. Despite the newly constructed road, SJC remains a remote place, and the

major markets are highly sensitive and volatile. Community members are generally modest in their economic means and educational accomplishments, and their lives are marked by hardship and risk. The role of cooperativism in this community goes far beyond that of protection in the market place. The cooperative has been challenged to open new alternatives for its members, to channel and interpret information from the outside world, and to facilitate the transfer of technology in ways that are adapted to the risks and constraints of this social and physical environment.

Balance between the Entrepreneurial and the Social Objectives: The history of ASCOPE is based in a long experience of grassroots mobilization, social consciousness, and autonomy. Ideologies of liberation theology, rural unionization, and land reform movements have influenced and permeated the very structure of the cooperative, its objectives, and its decisions. ASCOPE has negotiated the very meaning of cooperativism, as, for example, in its decision to pay the individual debts of workers, instead of redistributing yearly profits. ASCOPE‘s main objective is the well-being of the community as whole, instead of only the betterment of its members‘ individual interests. ASCOPE members constantly question and discuss how their economic decisions may affect the community and its future. They are exceptionally open to critiquing their own actions, and many members are concerned about risking their original ideological principles and enhancing class differentiation in the community. In sum, ASCOPE was born of a strong associativist ideology and steeped in the original principles of cooperativism. It has always prioritized group decision-making and communal welfare. The increased income of its members is only part of the overall cooperative vision to eliminate exploitation and assure all members access to a dignified livelihood.

Currently, however, the cooperative is experiencing significant ideological tension as some members are embracing more entrepreneurial goals aimed to expand production and increase access to national and international markets. The new cooperative initiatives to install the agro-industrial plant and the seed-drying facility have forced the cooperative leadership into a more business-oriented role, and this shift has distanced leaders from the members who fear a loss of solidarity and commonality of mission. The management of these new economic activities will demand ever more specialized decision-making, and the cooperative's role in meeting broader social goals will likely suffer a de-emphasis. The sustainability of the cooperative will certainly depend upon the outcome of this dynamic.

Dependence on External Assistance: In many ways, ASCOPE is still in its infancy. Despite its considerable achievement, it faces many challenges in the future as it seeks to create a sustainable economic base. As in all of the Brazilian case studies, ASCOPE has been and continues to be heavily dependent on sources of external assistance. The cooperative enjoys a strong commitment to communal problem-solving, but it sorely lacks capital, technology, and information. Throughout its brief organizational history, ASCOPE has been aided at every stage by some external source of assistance, and the cooperative leadership has been very effective in taking advantage of existing programs of support. The regional development bank, BASA, infused the cooperative with capital soon after it was established, and the state government has donated equipment and machinery to start up the agro-processing plant. Several organizations have strong

linkages to the cooperative,[13] and they provide technical assistance, credit, and favorable markets for their products. The state agency of the national cooperative assistance organization (OCB) cited above has close ties with the cooperative and provides regular assistance; the Secretary of Education purchases pineapple and cupuaçu pulp from the cooperative for its school lunch program; and the cooperative is negotiating a large collective loan with BASA through a federally-funded program aimed at increasing the productivity of family agriculture. The cooperative has been very astute and proactive in garnering resources from complex skein of state and federal programs, and it has established a reputation for credibility and trust in the repayment of its loans. Nonetheless, this heavy reliance on outside sources of technical assistance and capital puts the cooperative at significant risk, since the availability of government programs often shifts with political winds.

Professional Management: In the past, ASCOPE was managed by consensus, since the membership was small and the activities limited. The leadership of the cooperative is elected, and the hands-on manager has been the president of the board of directors. The cooperative's success has been largely determined by the charisma and commitment of the presidents, and their leadership is generally acknowledged throughout the community. Thus, the cooperative management has come from the community leaders, whose professional management skills are less developed than those of natural leadership. As the cooperative moves toward a more business-focused model and expands its economic

[13] For example, the Organização das Cooperativas Brasileiras (OCB), Serviço Nacional de Aprendizagem do Cooperativismo (SESCOOP), Secretaria de Educação (SEDUC), Instituto de Desenvolvimento do Amazonas (IDAM), AGROAMAZON (Agencia do Agronegocio do Estado de Amazônas), Banco da Amazônia (BASA), and Instituto Brasileiro de Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA)

activities, the professionalization of the management will become more urgent. With the advent of 24-hour electricity, the cooperative will need to establish a computer-based accounting system (books are now maintained in notebooks in the president‘s home), a system for the control of inputs and outputs, an information system to monitor different markets, and a quality control system for the agro-processing operation. These highly-specialized professional skills are not yet found within the membership, and yet there are critical to the success of the cooperative business. At the current time, the cooperative does not have the start-up funds to procure these professional management inputs, and it will continue to rely upon the sources of outside assistance previously described. This phase of professionalization will determine the sustainability of the cooperative as a business enterprise.

Conclusions: the Road to Sustainability

This cooperative provides the most striking example of the development potential of the cooperative model. The ASCOPE membership, bolstered only by its commitment to an associative ideal, has experienced a steady improvement in their lives through cooperative action. They have acquired their own lands, diversified their production into a viable set of cash crops, and integrated with local markets. In the process, they have improved their homes and access to basic necessities, educated their children, and achieved a sense of economic stability. Now, the cooperative has engaged a second, more ambitious phase of expansion—a small agro-processing capacity—is poised to enter new national and international markets. This strategy will require the acquisition of specialized technical and professional skills that the membership does not currently

possess. This expansion puts the cooperative in a highly vulnerable position until the requisite skills can be procured from outside or developed within the membership. The cooperative runs a further risk of creating an elite membership status for those who manage the business activities and introducing a class stratification that undermines the critical solidarity of the group. The road to sustainability will require a process of professional nurturing, likely from outside sources, and the successful negotiation of the balance between economic and social goals.

Considering Power and History in Cooperative Design: Lessons from AmazonCoop's "Fair Trade" Partnership Between Indigenous Brazil Nut Harvesters and The Body Shop – Brian J. Burke

In addition to the social/economic tension described in the introduction to this volume, cooperatives face a tension between building on historical forms of social organization and changing the unequal power relations that are expressed and reinforced by those historical forms. In this chapter, I examine the experience of AmazonCoop from a historical perspective to show how considering historical power relations can enhance cooperative impacts as change agents.

AmazonCoop

AmazonCoop was founded in 1998 by representatives of the Fundação Nacional do Índio (Brazilian National Indian Agency—FUNAI) and the UK-based cosmetics company The Body Shop to formalize trade links between the multinational firm and Brazil nut harvesters from eight indigenous tribes. The cooperative was intended to supply The Body Shop with the raw materials and ecologically-sustainable/socially-just symbolism needed for its best-selling products, to help FUNAI protect and serve indigenous people despite neoliberal reforms that decreased funding and restricted their responsibilities, to allow indigenous people to finance their own community development, and to protect the environment by offering tribes an income-generating alternative to alliances with mining and logging companies. As a public-private partnership based on fair trade, the cooperative grows directly out of processes of

neoliberal economic globalization and movements to harness globalization to benefit poor and excluded people.

AmazonCoop is located in Altamira, Pará, in the central region of the Brazilian Amazon. [14] Although Altamira was important in the rubber booms at the opening of the 20th century and during World War II, the local economy is currently supported primarily by legal and illegal timber, agriculture, and non-timber forest products such as Brazil nuts, which are the fifth most valuable non-timber forest product nationally (Instituto Brasileiro de Geografia e Estatística 2004). Intensive natural resource exploitation has resulted in severe deforestation, water pollution, and the invasion of indigenous territories (Fausto 2001: 99; Fisher 2000). Nonetheless, satellite images showing relatively intact forest on indigenous lands (Schwartzman and Zimmerman 2005; Zimmerman, et al. 2001) and the ethno-ecological studies of Darrell Posey and his collaborators have stimulated efforts to preserve Amazonian ecosystems through indigenous development projects similar to AmazonCoop's Brazil nut trade. Outside of these programs, most of the region's indigenous people combine subsistence activities with cash incomes from mining and timber concessions, employment in extractive industries, and government pensions (Castro 1992; Posey 2002c).

AmazonCoop generates income through Brazil nut sales, an internet service provider, and an eco-lodge in order to provide social and economic benefits to more than 2,000 indigenous people living in 14 villages and representing eight indigenous tribes:

14 Amazonia is a culturally, ecologically, and economically diverse region that defies easy generalization. When I refer to the Amazon in this paper, the modifiers "Brazilian" and, in some cases, "Altamiran" are implied.

the Arara, Araweté, Asurini, Kayapó, Parakanã, Xikrin, Curuaia, and Xypaia.[15] Membership in the cooperative is organized at the village level, with one or two representatives from each village granted the members' right to vote in the General Assembly, but the vast majority of decisions are made by international advisors and non-indigenous Brazilian managers. In previous work, I summarized the impact of the cooperative as follows:

> AmazonCoop's international alliances certainly provided significant material benefits. The Brazil nut trading program more than doubled the annual profits of indigenous nut collectors while steering tribes away from alliances with the more environmentally damaging mining and logging industries, and tourist-funded, cooperative-managed health and education projects further contributed to a widely supported form of development. The cooperative provided indirect benefits by supporting the Casa do Índio and the Farmácia Verde. Unfortunately, AmazonCoop also made indigenous people more vulnerable and more dependent on outsiders, failed to include them as informed participants in their own development, masked the negative effects on them of unfavorable government policies, and perpetuated discriminatory distinctions among them. (Burke 2010: 42)

In the present article, I consider the cooperative from a slightly different perspective. By examining AmazonCoop in the light of indigenous people's involvement in historical extractivist economies in the Brazilian Amazon, I analyze how the cooperative altered the regional political economy and the power and exploitation of

15 For consistency, I use the same ethnic categories as AmazonCoop. The Xikrin, however, are considered to be members of the larger Kayapó ethnic group and the degree of involvement of the Xypaia and Curuaia is unclear.

indigenous people. To conclude, I argue that cooperatives can act most effectively as agents of change only when their activities are designed to alter historically-unequal power relations.

Historical Struggles in Amazonian Extractivism

The contemporary globalization underlying AmazonCoop's work has deep historical precedents in the Brazilian Amazon. For almost four centuries, the resource-rich Amazon has been a source of wealth for colonial and capitalist systems, and the resulting extractive industries have been important sites of political and economic negotiation among Amazonian indigenous people, non-indigenous Brazilians, local and foreign commercial interests, and the state. Understanding the impacts of AmazonCoop and contemporary globalization requires that we investigate the history of Amazonian extractivism, and particularly the history of the rubber industry. While I have discussed this history in greater detail elsewhere (Burke 2006), three features of the rubber industry are particularly important for this discussion: the emergence of the aviamento debt-peonage system, the involvement of indigenous people in the rubber industry, and the recurrence of the aviamento system in Amazonian political-economic organization throughout the 20th century.

A number of obstacles hindered the organization of the rubber industry. As Bunker (1984) explains, each mode of extraction in the region has been shaped by the social and ecological legacies of previous extractive projects. The Amazonian elite could not respond to nearly insatiable rubber demand at the end of the 19th century because the

colonial-era spice and animal oil trades had degraded ecosystems, decimated the local, indigenous labor pool, and encouraged survivors to flee to upland areas from which they could more effectively control contact with Euro-Brazilians. To capitalize on new global markets and the high quality of Brazilian rubber, the elite were forced to import workers, mostly from drought-burdened Ceará.

If importing laborers was difficult, ecological and economic barriers posed even greater problems. Seringalistas (rubber bosses) struggled to make a profit despite volatile world prices while using imported, impoverished, and inexperienced laborers to collect widely-dispersed wild rubber in "what may be the most inaccessible area in all of Brazil" (Nimuendajú 1920: 149). They faced high costs related to river transport, numerous intermediaries between tapping and export, and the provisioning of tappers so that they could dedicate themselves to rubber collection rather than subsistence. They also faced high risks of losing their product on dangerous rivers, of losing upwards of 50% of their tappers to disease and desertion, of losing profits due to unfavorable exchange rates and rapidly changing prices at export houses, and of being cheated when workers covertly sold rubber to itinerant traders.

The infamous aviamento debt-peonage system effectively overcame these obstacles to economic organization. Through this system, rubber tappers were transported into the Amazon and advanced supplies at the beginning of each season with the expectation that they repay these debts in rubber. Seringalistas set the terms of trade and in many cases used extreme violence to ensure payment. Minor seringalistas entered similar arrangements with larger ones, and larger ones with the export houses that ultimately controlled prices and credit. Tappers, located at the bottom of the debt and

pricing pyramid, paid as much as 250-500% above city prices for basic goods and received less than 50% of going prices for their rubber (Barham and Coomes 1994).

Indigenous Amazonians were profoundly affected by the rubber boom as tappers invaded upland areas in search of caucho trees and forced indigenous populations to flee, resist, or join the rubber economy as willing and unwilling laborers. While some tribes in the Altamira region fell prey to disease and a "slow and cruel war of extermination" (Nimuendajú 1920: 146), others worked with rubber tappers to identify trees, defend territories against competitors, and provide food in times of need, all in exchange for manufactured goods (Fisher 2000). Differential access to weaponry affected internal power dynamics, forcing some tribes to migrate away from their well-armed indigenous neighbors. Enterprising seringalistas armed and paid "pacified" tribes to attack those who posed a greater threat to extractivism and forced others into slavery (Nimuendajú 1920: 152).

What is most interesting is that each tribe was affected differently. One Kayapó group "had the rare fortune of making their first contact with well-intentioned civilized people . . . in 1891" and thereby "escaped from extermination by iron and fire, which was the fate of the others during the great advance of the caucho rubber tappers in this region" (Nimuendajú 1920: 147). Another Kayapó group, the Gorotire, was attacked after a period of peace and forced to migrate several times, initiating a long-standing war against the rubber tappers of the Xingu, Fresco, Iriri and Curua Rivers. The Gorotire were so haunting that Fisher (2000) reports contemporary Brazilians shouting "Gorotire" to scare their children into good behavior. Still other Kayapó groups worked with rubber tappers to identify trees, defend territories against competitors, and provide food in times of need,

all in exchange for manufactured goods (Fisher 2000). Differential access to weaponry affected internal power dynamics, forcing some Kayapó groups to migrate away from their well-armed indigenous neighbors.

North of the Kayapó, Nimuendajú described other "leftovers of tribes, meager wastes that the wave of caucho rubber tappers did not drown in its brutal advance" (Nimuendajú 1920: 150). The Asurini "appeared" in 1894 and immediately launched a war against the civilized people, maintaining an area between the Xingu and Pacajá rivers by attacking on both sides. But the seringalistas armed and paid the "pacified" Arara to attack the Asurini, reducing their numbers and power significantly. Nimuendajú described the Arara and the remaining Xipaya and Curuaia as "belonging to" different white settlers, a relationship that he says saved the latter groups from the full onslaught of the rubber tappers, but also forced some Xipaya into "conditions that can only be clearly characterized by one Portuguese word: slavery" (Nimuendajú 1920: 152). The Juruna, once the most important tribe of the Xingu, were attacked, forced to migrate, and attacked again before finally establishing peaceful relations with a rubber tapper who took several leaders to Altamira. Most of the travelers died in the city, and the survivors returned to the village and fled into the forest.

After the Brazilian rubber industry collapsed under competition from more efficient Southeast Asian plantations, many indigenous people fled to more secure upland areas and non-indigenous people migrated in search of other economic opportunities. But the aviamento system continued to organize Amazonian labor and commodity flows, including the extraction of Brazil nuts, throughout the 20th century (Laraia and da Matta 1967). Aviamento remained a "rational" way of organizing and controlling scarce labor

and capital in an Amazonian ecological context, and had likely become a fairly hegemonic template for social and economic organization. After one hundred years of patron-client networks organized around this system, it may be difficult to conceive of viable alternatives, let alone establish them against elite interests.

The case of the Kayapó Xikrin demonstrates the continuity and institutionalization of the aviamento system and the importance of extractivism in regional political economies. After years of disrupting local extractive efforts, the Xikrin were "pacified" at the end of the 1950s, integrated by government officials into the international fur trade under the aviamento model, and used to fight and settle the Asurini and Araweté, who were also threats to extractivism. Fisher (2000) notes that the Xikrin entered the fur trade to meet their own goals, not simply because of government coercion. Government-issued firearms offered security after several decades of war and migration, and long treks in search of furs allowed Xikrin families to avoid sad and dangerous reunions with the village-bound spirits of the many ancestors who died during contact. In many ways, the Xikrin think of the fur boom as a golden age of peace, security, and impressive access to goods. With its own source of goods, the tribe was not vulnerable to the vagaries of government spending. However, the international ban on the fur trade generated that vulnerability and prompted the government and tribe to re-focus their efforts on Brazil nut collection.

[Work on the role of the state: Something like: Extractivism and the aviamento system have also been central to state projects in the Amazon. Then use the LARR article and the goals mentioned in thesis, then how the control of indigenous people and indigenous self-financing was involved (incl section D from edited copy]. The aviamento

system also served (and continues to serve) the state. By mediating indigenous peoples' involvement in extractivism, FUNAI establishes itself as a key supplier of manufactured goods and extends its power while decreasing the power of private companies, and it does so without additional government resources. Extractivism turns indigenous groups into "self-financing and dependent communit[ies] . . . initiated into a system that [has] been in existence since the rubber boom in Amazonia, a system still widely practiced on Indian posts (Fisher 2000: 77).

Successful extractive projects require alliances among Amazonian indigenous peoples, FUNAI, and corporations. Goods and services are critical forms of currency that make those alliances possible. Non-indigenous people seek raw materials such as spices, rubber, fur, timber, minerals and Brazil nuts, and they depend on a predictable and controlled labor process to obtain these goods. Debt and, increasingly, direct government mandates, shape indigenous people into "useful" extractivists. For their part, indigenous people seek manufactured goods and development projects that, in addition to their instrumental value, have the political value of reinforcing the power of chiefs as intermediaries with the white world and redistributors of trade goods. These bases of chiefly power have become especially important as the dispersed and family-based nature of extractive labor has weakened chiefs' traditional roles as organizers of communal labor (Fisher 2000).

Fisher's account of Kayapó involvement in extractivism is particularly rich because it explains the sources of indigenous people's power and agency in these negotiations and conflicts: their labor power, ecological knowledge, ability to disrupt non-indigenous economies, and ability to fall back on traditional hunting-planting-

gathering livelihoods that permit relative autonomy. Indigenous people have been a resource and threat to extractive industries, and they have generally remained resilient to economic booms and busts. The ability to shift between government and corporate partners has also been helpful. A downturn in the FUNAI-organized Brazil nut trade in the late 1990s prompted tribes to fulfill their demand for goods through alliances with mining and timber firms. This is where the story of AmazonCoop begins.

AmazonCoop grows largely out of attempts by indigenous people, corporations, and the Brazilian state to take advantage of the local natural resource base and adapt to the political and economic contexts of globalization and neo-liberal policies. The cooperative's adaptations, like those of 19th century seringalistas, were shaped by previous extractive projects, but AmazonCoop also grows out of new features of contemporary globalization.

Contemporary and Historical Extractivism in the Brazilian Amazon: Analyzing AmazonCoop as an Agent of Change

Like previous extractive projects in the Brazilian Amazon, AmazonCoop grew from the convergence of foreign demand and local and international entrepreneurship. However, AmazonCoop embodies several distinctive features of contemporary society as well, most notably the prominence of international civil society, new niche markets for socially-responsible consumption, and the changed relationship of indigenous people with the state and international actors.

Cooperatives are meant to benefit members by changing their position within production, marketing, and/or consumption systems. By drawing members together in a

single institution, they provide important benefits like economies of scale; access to credit, capital, and machinery; possibilities for providing social services en masse; and the ability of members to mobilize and exert political influence. Organization in AmazonCoop might therefore seem to improve the lot of indigenous extractivists in the Altamira region. Indeed, the cooperative did provide significant material benefits.

However, I argue that if cooperatives are to be agents of change, they must do more than help members benefit from existing political economies; rather, they must fundamentally change the patterns of power and exploitation within those political economies. How did AmazonCoop fare by this standard?

In the old aviamento system and the extractivist systems modeled after it, indigenous people were controlled by debt and violence in a nearly-lawless society. They found themselves in the most unfavorable position within a value change controlled by foreigners and a large number of intermediaries. Nonetheless, they were able to exert agency by fleeing non-indigenous society and returning to traditional means of sustenance, and they were able to pressure extractivists and traders by providing or withholding critical knowledge, playing competing firms against each other, and most significantly by violently disrupting the riverine trade of rubber and basic necessities.

Prior to the creation of AmazonCoop, Altamira's indigenous people were subject to significant control by government agents. The expansion of the Brazilian state and processes of "pacification" and "villagization" had decreased their autonomy while providing access to state-sponsored services like education (albeit sub-standard) and health care.

Downsides of Aviamento:

- debt used to control labor
- high levels of violence to control labor in risky context
- prices set by outsiders
- many intermediaries taking profits
- lack of control over means of adding value
- laborers can't sustain selves because of demands of extractivism
- hard to leave because of violence

Changes:

- debt still used
- lower violence because fewer risks and international pressure
- prices set by outsiders (but with a premium)
- fewer intermediaries
- more control over means of added value (though not really controlled by indigenous and not sustained… still outsider control)
- greater possibility to sustain selves because of nature of brazil nuts
- possible to leave—no violence.

Indigenous Sources of Power:

- ability to disrupt markets via violence
- ability to leave and fall back on subsistence
- ability to play corporations against

Changes:

- none: pacified
- some, but subsistence partly threatened
- not possible to play corporations against each other

each other

- local knowledge crucial for collecting and avoiding dangers

- local knowledge not important; indigenous symbolism is what really matters

Cooperative directors listed self-sufficiency, cultural integrity, and the ability to engage effectively with "o mundo branco" (the white world) as their most important goals for indigenous members. However, AmazonCoop was a top-heavy organization in which power and decision-making authority are concentrated not only outside of indigenous villages but also outside of Brazil. The cooperative's use of "them" in public references to indigenous members is revealing in this regard. AmazonCoop was an organization of non-indigenous advocates acting on behalf of the indigenous people of the Altamira region and in the interest of a multinational corporation and a government agency. The cooperative's strategy was devised by an international advisory board comprised of representatives from multinational corporations and leaders of the corporate social responsibility movement. This strategy was then handed down to an administrative council whose active members were all non-indigenous Brazilians. It was only through village representatives to the General Assembly that indigenous people were involved in decision-making, but assemblies were rarely held and a quorum required the presence of as few as three indigenous people. The cooperative's three main income sources -- Brazil nut sales, the provision of internet services, and donations via the Tataquara Eco-Lodge -- also all depended on non-indigenous managers and foreign money and markets.

AmazonCoop probably did not choose this international orientation for the purpose of maintaining the dependency of indigenous members. Indeed, there are several good reasons that the cooperative founders might have looked abroad for support. The cooperative was founded by non-indigenous entities -- The Body Shop and the regional FUNAI administration -- to meet the material, financial, and marketing needs of those entities. In addition, this strategy is an economically-rational response to the cooperative's ability to mobilize significant levels of foreign capital from countries where indigenous Amazonians have high symbolic power, and the difficulties of finding domestic support due to anti-indigenous racism. Finally, the cooperative emphasizes international partnerships because, in the view of its managers, the Brazilian state has failed to provide adequate support for indigenous people. Nonetheless, while international links facilitate access to new markets, funding sources, and expertise, they do little to eliminate the dependencies and power imbalances of previous extractive systems.

These dependencies -- and the continuities and changes in Amazonian extractivism -- are particularly evident at the level of Brazil nut collection. As with previous modes of extraction, the Brazil nut trade is internationally-oriented, with much power concentrated outside of Brazil and outside of indigenous communities. The costs, risks, and difficulties of Brazil nut extraction resemble those of rubber and the cooperative's extractive program is organized along the lines of previous FUNAI programs, which are themselves variations of the aviamento system. Laborers are controlled by the cooperative's and FUNAI's near monopoly on manufactured goods and

development projects, by debt accrued through advanced supplies, and by strong government control over indigenous villages.

AmazonCoop's Brazil nuts are harvested directly from the forest, a difficult, time-consuming, and dangerous process. In most member villages, the nuts are collected in February and March by individual families, some of whom spend the entire two-month harvest season in the forest. Traveling to distant Brazil nut patches requires a significant investment of time and money for inputs such as gasoline, food, and hunting and fishing supplies. To offset these costs and encourage intensive dedication to Brazil nuts, the cooperative advances money and supplies at the start of each harvest season, which harvesters must repay in nuts. The extractivists we interviewed gave mixed reviews of this credit system, complaining about low end-of-season profits but content with the higher yields made possible by more time in the forest. Long absences threaten family agricultural production, however, and may decrease food quality for the rest of the year. One Asurini family dedicated themselves so intensively to Brazil nuts that they did not grow their own farinha (manioc meal), marking the first time that anyone could remember a family lacking this staple food. Though not as exploitative as the traditional aviamento system was in some cases, AmazonCoop's credit system creates dependencies on the cooperative and on the Brazil nut harvest by encouraging extraction at the expense of other livelihood options.

By reducing risk and increasing potential profits, however, the cooperative has greatly decreased the level of violence and coercion accompanying extractivism. Unlike most seringalistas, the cooperative has been able to eliminate several intermediaries by purchasing a boat, warehouse, and processing factory. This ensures a larger profit and

fewer risks, and therefore reduces the need for extreme exploitation. By combining vertical integration with The Body Shop's above-market price, the cooperative is able to pay indigenous harvesters more than double the local rate for riverside purchases of Brazil nut. Unfortunately, these arrangements are not guaranteed from one year to the next. The Body Shop sets production targets annually and has never signed a contract to guarantee future sales.

AmazonCoop's Brazil nut extraction program also differs from previous extractive systems in important ways. First, the cooperative integrates indigenous people, non-indigenous Brazilians, the state, and corporate interests into a single institution, reducing competition between corporations and the state and limiting opportunities for indigenous groups to play outsiders against each other.

Second, the exchange value of the cooperative's Brazil nuts derives not only from their use-value, but also from their symbolism, from the positive image that comes with fair trade, cooperative organization, and indigenous development. This fact alters the industry, establishing a limit to the exploitability of indigenous people and obliging corporate and state partners to provide (or at least appear to provide) something recognizable as "development." Deriving value at the symbolic rather than instrumental level also alters the terms of economic competition. As long as that symbol remains economically powerful, competition cannot come simply from more efficient production, as it did when Asian plantations replaced Brazilian wild rubber.

A third major difference is the scale of the industry. The Brazil nut trade is large enough to create economic change and dependencies in indigenous villages, but it is significantly smaller than alternative economic opportunities like mineral and timber

sales. It is also much smaller than historical spice and rubber booms, generating a lower level of economic and social change.[16]

Fourth, AmazonCoop's labor pool is already available, relatively secure (i.e., less likely to die or desert than in previous systems), and well-monitored by state agents. These conditions not only lower costs and risks; they also reduce the need for the most severe forms of labor control and make credit appear more like financing than domination.

Finally, for all of these reasons and because Brazil nut extraction can only be a seasonal enterprise, indigenous Brazil nut collectors are allowed to pursue their own subsistence activities. This important contrast to the rubber extraction system decreases the debt load of harvesters and grants them more security against exploitation.

Conclusion: Considering Power and History in Cooperative Design

Considering these issues of power and history in cooperative design does not require a radical revision of cooperative structure and is likely possible within existing cooperative laws. [Elaborate on how power and history might have been considered in this case, in a manner consistent with cooperative law and structure.]

Of course, historical power relations are not only relevant in the Brazilian Amazon, among indigenous people, or when considering international trade relationships. They are central to all cooperatives. [Draw from country introductions and case studies in

16 The relationship between scale, value, and social responsibility raises an interesting question. If Brazil nuts were critical to industry, "necessity" might trump socially responsible symbolism, though market growth for socially- and ecologically- certified timber, coffee, sugar, and diamonds demonstrates the broad appeal of "responsible" goods.

this volume to suggest how power and history are relevant to all cooperatives, e.g. with reference to land reform and violence in Colombia.]

Cooperative Experiences in Colombia

Introduction – Ricardo Dávila de Ladrón

Campesinado y cooperativismo en Colombia

El objetivo de este capítulo es el de presentar una visión actual del campesinado en Colombia y el papel que han jugado algunas experiencias cooperativas significativas, en su proceso de desarrollo[17]. Esta visión se descompone en tres aspectos: las características contemporáneas de la economía campesina, su presencia en el país, y las amenazas que enfrenta hoy en día.

1. Características actuales de la economía campesina en Colombia

Un estudio reciente plantea las siguientes características de la economía campesina: a.) Monetización parcial de los sistemas de producción familiares agropecuarios y de la subsistencia de los hogares campesinos; b.) La racionalidad económica de los productores familiares; c.) El cambio técnico; d.) La participación en el mercado de la agricultura familiar; e.) El autoconsumo; y f.) Las economías de microescala (Forero 2010,79-96).

a.)La monetización parcial de los sistemas de producción familiares agropecuarios y de la subsistencia de los hogares campesinos; uno de los cambios más significativos que ha sufrido la economía campesina colombiana a lo largo del siglo XX tiene que ver con la articulación a los mercados de mano de obra (como oferente y demandante), insumos, bienes y servicios, a diferencia de lo que sucedía hasta mediados del siglo XX

[1717] Esta presentación se fundamenta en los resultados de los estudios que se han venido realizando en la Pontificia Universidad Javeriana, de Colombia, a partir de 1980.

cuando accedía a los insumos y otros bienes de consumo en su finca o con los vecinos y utilizaba prioritariamente la mano de obra familiar. Según el estudio mencionado, "los productores analizados en el caso colombiano contratan entre el 17% y el 53% de la mano de obra empleada en sus parcelas… demandan un alto porcentaje de los alimentos, la casi totalidad del vestuario, materiales para vivienda, transporte automotor, servicios públicos, salud, educación, electrodomésticos, bebidas, etc., etc." en el mercado (Forero 2010,80-83).

b). La racionalidad económica de los productores familiares; el productor familiar ha desarrollado una lógica particular de producción como lo ha podido comprobar Forero, en los análisis que ha realizado sobre de la dinámica económica de los sistemas de producción campesina donde aparecen claramente dos ámbitos, *el monetario* en el cual lleva a cabo sus transacciones de mercado para adquirir bienes y servicios y *el doméstico* que le permite utilizar los recursos de su finca y la mano de obra familiar y de otros, con base en relaciones de donación y reciprocidad (Forero 2010,8**5).**

c.) Cambio técnico; Con base en el estudio realizado para evaluar el programa DRI, en Colombia, Forero determinó que en los años 80 el campesinado colombiano había tenido "un proceso generalizado de cambio técnico basado en la introducción de elementos de la Revolución Verde"(Forero 2010,85) y menciona que la Misión de Estudios del Sector Agropecuario, "concluyó que la brecha tecnológica entre los pequeños agricultores y los grandes productores se había cerrado"(Forero 2010,86), dejando así, sin fundamento alguno, las apreciaciones que aún hoy se dicen respecto a que el productor campesino no adopta tecnología y es refractario al cambio técnico

d.) La participación en el mercado de la agricultura familiar; la producción campesina coloca buena parte de sus cosechas en el mercado gracias a intermediarios informales a través de las centrales de abasto de las grandes ciudades y las plazas de mercado, principalmente. Los estudios de Forero concluyen en considerar que el canal informal y el canal formal o moderno "son complementarios" en el momento de satisfacer las necesidades de los consumidores populares y de ingresos medios y altos "dada la competencia que se presenta entre ellos para brindarles mejores servicios" desmontando la idea generalizada de la ineficiencia del sistema informal de intermediación ya que el país no posee un sistema de información sistemático y periódico que permita hacer esta afirmación(Forero 2010,91).

e.) El autoconsumo**;** Forero (2010), con base en fuentes secundarias, plantea que el autoconsumo de los hogares campesinos esta en promedio alrededor del 30%. Y el aspecto importante que plantea en sus reflexiones en este sentido, tiene que ver con verificar prácticas novedosas en los procesos de venta y colocación de sus productos, donde ciertos productores que consiguen niveles altos de autoconsumo, logran expandir significativamente la producción que venden en el mercado gracias a la complementariedad que logran entre el ámbito doméstico y el ámbito monetario de sus sistemas de producción.

f.) Las economías de microescala; este aspecto es uno de los resultados interesantes que dejan los estudios que ha llevado a cabo Forero, ya que muestra como en varios casos ha encontrado que los pequeños productores tenían rentabilidades similares o superiores a las de los medianos y grandes productores y ello ha sido así teniendo en cuenta todos los costos, inclusive la remuneración de su propia mano de obra. Sin

pretender generalizar, como lo manifiesta el autor, lo llamativo es constatar que "se puede ilustrar, que en algunas circunstancias, los medianos no tienen ventajas propias de la producción a gran escala ni se benefician de ciertas posibilidades que tienen los pequeños productores de ahorrar costos" (Forero 2010,93).

Para Forero, la atención directa a las labores propias de su finca, genera unas microeconomías de escala derivadas del "virtuosismo del agricultor" en la atención a su finca y a las labores que esta demanda, son equivalentes a las economías de escala que logra los grandes agricultores y/o empresarios agropecuarios gracias a la "adecuada gestión de recursos y una eficiente gerencia de las tareas por lo regular contratadas a especialistas" (Forero 2010,97).

Finalmente, Forero pone en duda las afirmaciones contundentes relacionadas con los niveles de pobreza e ingreso de los productores familiares, que han servido para plantear la inviabilidad de la pequeña producción ya "que la pobreza rural es mucho menor que la reportada por las estadísticas oficiales en la medida en que el ingreso agropecuario que es uno de los componentes del ingreso rural está enormemente subestimado" y llega a estas conclusiones basado en estudios realizados desde 1990 en diversas zonas rurales del país[18], que permiten afirmar que "hasta donde hemos podido analizarla, la producción familiar es viable económicamente si como indicador de viabilidad se toma precisamente la remuneración de la mano de obra frente a otras alternativas. Pero quizás lo más notable es que aún después de pagar rentas, los productores analizados obtienen remuneraciones que siguen siendo superiores al salario mínimo" (Forero 2010,97-99).

[18] En la facultad de Estudios Ambientales y Rurales, departamento de Desarrollo Rural y Regional, Pontificia Universidad Javeriana

El aporte de la economía campesina en Colombia

El objetivo de este aparte es el de presentar la presencia que esta economía tiene en el país, en cuanto a; Las dimensiones en la participación en la producción agropecuaria; La población; y La ocupación del territorio.

Las dimensiones en la participación en la producción agropecuaria

Diversos estudios realizados permiten afirmar que el aporte de la producción familiar a la producción agrícola y ganadera nacional es importante. Por ejemplo, en 1988 la Misión de Estudios del Sector Agropecuario mostró que la agricultura campesina ocupaba el 57.1% de los cultivos y aportaba el 42.7% del valor de la producción agrícola[19] (Forero, 2010; 69). Para finales del siglo 20, Forero hizo un cálculo, separando la producción agrícola entre campesina y capitalista para el promedio de 1999-2000 que dio como resultado que la producción predominantemente campesina ocupaba el 67.3% de la superficie cosechada y el 62.9% del valor de la producción agrícola nacional (sin coca ni amapola para ambos casos). Y Garay, Barbieri y Cardona (2010,47) para el año 2005, con datos de la Encuesta Nacional de Hogares, calcularon la participación de la economía campesina en el 47% del área total cosechada en 2005 y el 50% del valor de la producción para cultivos transitorios y en el caso de los cultivos permanentes, esta participación fue del 56% del área cosechada y el 48% del valor de la producción[20].

En el caso del café, la producción campesina ha venido ocupando un espacio cada vez mayor "de forma que actualmente los campesinos tiene el 78% de la superficie cultivada de café…y refleja una mayor resiliencia que la empresarial (o capitalista)" gracias a "la capacidad de adaptación de los sistemas de producción familiares basada en

[19] Sin contar café, azúcar y producción pecuaria
[20] Forero advierte que estos datos no son comparables con los que el cálculo para 1999-2000 porque provienen de fuentes diferentes.

la combinación de estrategias no monetarias con estrategias monetarias" (Forero 2010,72). Y en cuanto a la producción ganadera los campesinos tienen el 69% de los predios dedicados a la ganadería y el 14% del hato nacional (Forero 2010,70).

b.) La población campesina; Forero considera que "parece sensato pensar que actualmente la población campesina, entendida como aquella que deriva por lo menos en parte sus ingresos del trabajo en sus fincas o parcelas, es de alrededor de 1.400.000 hogares (casi 6 millones de personas) y hay, además, en el país 760.403 grupos familiares que fueron desplazados entre 1998 y 2008 (Comisión 2009) a quienes les fueron usurpadas sus tierras, animales y cultivos" (Forero 2010,74).

c.) La ocupación del territorio; De acuerdo con Forero, la conformación de la actual estructura agraria del país "está caracterizada por la multiplicidad de las formas productivas de la producción familiar y sus interrelaciones con otros agentes económicos", en las cuales se destacan 7 tipos de espacios, en cinco de los cuales la economía campesina tiene una presencia importante. Estos espacios son los siguientes; Espacios de "capitalismo rural" (la empresa familiar coexiste y tiene relaciones funcionales con la empresa capitalista), espacios en donde confluyen grandes, medianos y pequeños productores con cultivos mecanizados (persiste la producción familiar en zonas dominadas económicamente por la empresa capitalista agraria), espacios campesinos (predomina la agricultura familiar con presencia del latifundio), espacios de disputas entre latifundistas y comunidades campesinas y espacios de colonización (en donde convergen los campesinos y empresas colonizadoras) (Forero 2010,74-77).

2. Las amenazas a la economía campesina

A partir de fines de los años ochenta del siglo XX y comienzos del siglo XXI, el auge del paramilitarismo, el narcotráfico, la guerrilla y el impulso al modelo neoliberal que dio el gobierno de Gaviria (1990-1994), consolidó un cuadro dramático de empobrecimiento y usurpación de tierras para los 760.403 grupos familiares desplazados entre 1988 y 2008, 55% de los cuales perdieron tierras, cultivos (25% de las tierras cultivadas) y animales (el 78.9% era dueño de animales), afectándose totalmente su capacidad de generación de ingresos monetarios y no monetarios, razones que terminaron por manifestarse en que si antes del desplazamiento el 49% de estos grupos era no pobre hoy lo es solo el 3.4%, en tanto que si antes del desplazamiento el 31.5% eran indigentes hoy lo son el 80.7%(Forero 2010,102-103).

Y un tercer aspecto bien preocupante que ha generado el fenómeno del desplazamiento y la guerra en el campo ha sido el proceso de concentración de la tierra en manos de los latifundistas dedicados a la ganadería extensiva que permite plantear la siguiente paradoja "mientras la capacidad productiva de los productores familiares no se puede activar mínimamente por las limitaciones de acceso a la tierra, la mayor parte de este recurso se encuentra monopolizada en forma improductiva por los latifundios dedicados a la ganadería extensiva" (Forero 2010,105).

3. Las cooperativas y la economía campesina

Las cooperativas aparecieron en Colombia a partir de la expedición de la ley 134 de 1931 y su presencia se dió principalmente en los sectores urbanos. En el sector rural, las cooperativas aparecen en la década de los 40 y comienzan a tener una presencia importante a partir de los años sesenta como una respuesta a la efervescencia que en América Latina provocó la revolución cubana y como un instrumento para modernizar el

campo. A partir de esta década se impulsan principalmente las cooperativas de la reforma agraria por parte del Estado, las cooperativas rurales de ahorro y crédito promocionadas por la iglesia católica, las cooperativas agroindustriales y de comercialización promovidas por los productores y empresarios lecheros y los gremios panelero y cafetero, experiencias que se consolidan a partir de los años 80.

Algunos de los resultados más importantes que las cooperativas han desarrollado en apoyo a la economía campesina se han ordenado en tres aspectos primordiales, con base en los estudios realizados por la Unidad de Estudios Solidarios (UNES) de la Pontificia Universidad Javeriana en un territorio específico, las provincias del sur del departamento de Santander, Colombia[21],(Dávila 1982),(Forero y Dávila 1986),(Dávila y Silva 1996), (Forero y Dávila 1996), (Coque 1996), (Forero y Dávila 1997) (Lobo 2001), (Dávila y Silva 2002), (López y Peña 2005),(Coque 2005),(Bucheli 2007),(Ariza 2007),(Dávila 2008). Estos aspectos son los siguientes; los de carácter económico, los concernientes al capital social y los relacionados con el cambio técnico.

(a) Los resultados de carácter económico

En el territorio atrás mencionado se tiene un ejemplo del papel que ha jugado el cooperativismo en pro del campesinado al permitirle el acceso a servicios financieros y otros complementarios. Esta experiencia se ha dado en el marco de programas de desarrollo rural impulsados por la iglesia católica, gracias a los cuales las cooperativas rurales de ahorro y crédito (CRAC), se han convertido en activos agentes de desarrollo

[21] Este territorio está conformado por tres de las seis provincias que conforman el departamento (Guanentá, Comunera y de Vélez), con una extensión aproximada de 12.000 kilómetros cuadrados, hoy en día con una población cercana a los 500.000 habitantes residentes en 53 municipios de los cuales solamente 4 tienen una población superior a los 50.000 habitantes. En estas provincias predomina una economía campesina precaria, de pequeños y medianos propietarios y campesinos sin tierra (aparceros y jornaleros), diversa, heterogénea, poliactiva y dinámica, que realiza actividades productivas, de servicios, artesanía, comercio y transporte.

rural y local. En este territorio se inició hace 50 años una experiencia impulsada por el Secretariado De Pastoral Social de la diócesis de San Gil y Socorro (SEPAS) que inició el programa en 1964 que "ha contribuido a reforzar el tejido socio-económico de esta región periférica." Gracias a que supo "extraer la ventaja del modelo cooperativo y de sus metodologías de educación de adultos para desarrollar y re desarrollar un modelo y unas estrategias de desarrollo originales y adaptadas a su contexto particular" (Bucheli 2006,13).

Para el año 2007, esta red de cooperativas se expresaba en la existencia de 17 cooperativas rurales de ahorro y crédito que lograron consolidar un capital autónomo aportado por los asociados que permitió dar cobertura a una demanda insatisfecha de crédito, basada en la actuación exitosa de operadores de crédito con racionalidad económica y social acorde con la cultura local (Dávila 2004), (Dávila y Silva 2002). Aunque se puede denotar una debilidad en cuanto a que los sectores más necesitados no fueron cubiertos totalmente (Dávila 2008). En el año 2005, 15 de estas CRAC colocaron créditos por cerca de 31 millones de dólares (López y Peña 2005).

Lo importante en este proceso ha sido que las CRAC han logrado realizar "una actividad bien establecida y conectada con las comunidades locales y regionales … <que se> traduce en fortalezas relacionadas con la cercanía que tienen con los asociados en el otorgamiento de los créditos, situación que reduce los problemas de selección adversa y riesgo moral" así como con el desarrollo de una capacidad para "la administración financiera y se deriva del conocimiento de las micro finanzas" por parte de los núcleos básicos responsables del gobierno de las CRAC (López y Peña 2005,3-39), el ofrecimiento de "servicios hechos a las medida de las necesidades de los asociados" y

“garantías fundadas en la confianza y el conocimiento”, dando lugar a servicios prestados ágil y oportunamente(Dávila 2008,312).

(b) Los concernientes a la creación de capital social

Lobo (2001), con base en un estudio de caso realizado en el año 2000, muestra como una cooperativa en este territorio ha sido un actor importante -junto con la parroquia y el colegio agropecuario-, en el proceso de pacificación que se dio en la localidad cuando esta decidió constituirse en un “territorio de paz”, frente a la presión de un grupo armado que quería seguir siendo el actor dominante en el municipio, en 1997. El aporte de la cooperativa fue el de fortalecer la identidad de la comunidad gracias a un proceso de “construcción de valores, actitudes, normas sociales basado principalmente en la confianza y solidaridad (capital social cognitivo) desde su fundación, al ofrecer el servicio de crédito con base en una garantía personal fundada en la confianza y el conocimiento entre los asociados (el uso del fiador) (Lobo 2001,103). Así como facilitar la presencia de sus asociados y empleados como representantes de la cooperativa en los diferentes momentos del proceso de pacificación (reuniones con los grupos armados, comités de derechos humanos, etc.).

(c) Los relacionados con el cambio técnico

En la medida que las CRAC creadas en este territorio fueron superando las diferentes etapas de su ciclo de vida y consolidando su posición económica, los servicios complementarios relacionados con las actividades agropecuarias se fueron convirtiendo en apoyo fundamental para mejorar los condiciones técnicas de la producción y la asunción de propuestas tecnológicas novedosas para su medio y las condiciones económicas de sus asociados. Así por ejemplo, las cooperativas ubicadas en los

municipios de Barichara(fundada en 1965) y Villanueva(fundada en 1960), con una actividad importante en el cultivo del fríjol, abrieron en los años ochenta los servicios de arrendamiento de tractores -a precios justos- para permitirle a los asociados productores de este cultivo, la utilización de maquinaria para la preparación del terreno en las tierras planas de los dos municipios, con lo cual aceleraron el proceso de tecnificación del cultivo en la subregión gracias a la regulación del precio de arriendo del tractor, así como ofrecer a precios razonables el arrendamiento de desgranadoras de grano y otras herramientas necesarias para la tecnificación de las labores del cultivo (Medina en Silva y Dávila, 2002).

La cooperativa de La Granja (fundada en 1974), ubicada en el municipio de Sucre, estimuló a partir del año 1989 un proyecto de desarrollo integral apoyado por la Fundación Interamericana que impulsó el servicio de asistencia técnica que permitió aumentar la producción de leche y mejorar la calidad del queso. Y la cooperativa del Valle de San José (fundada en 1967), impulsó en los primeros años del siglo 21 un proceso de fortalecimiento institucional orientado a propiciar entre sus asociados el mejoramiento de su producción agropecuaria a través del impulso de la educación ambiental en agro ecología y asistencia técnica a la agricultura orgánica y de gestión de residuos sólidos, que lo ha convertido en uno de los municipios con un buen número de sistemas productivos orientados a los cultivos limpios (Ariza, 2007).

4. Conclusiones

La conclusión más importante que se puede derivar de la presentación del papel jugado por las cooperativas en el contexto de la economía campesina tiene que ver con la capacidad que estas cooperativas han desarrollado de aproximarse a la cultura local

interpretando la particular lógica de producción del productor familiar en el ofrecimiento de sus diferentes servicios, con lo cual han propiciado la sostenibilidad de la economía campesina, su desarrollo tecnológico a la vez que, con el desarrollo del capital social cognitivo han generado condiciones propicias para su mantenimiento y defensa en un medio violento, al apoyar e impulsar los procesos de paz que se han dado en la región. En este sentido un aporte muy importante ha sido el de apoyar la necesidad de que el campesinado sea tenido en cuenta como un ciudadano, sujeto de derechos y deberes, al empoderarlo y defenderlo como sujeto social reconocido por la sociedad.

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Cambios estratégicos para cooperativas en América Latina: adaptación al contexto local y global – Luis Alberto Cuellar and María Isabel Ramírez

1. Introducción

Un sector de los pequeños productores organizados y en el camino de la prosperidad, puede constituirse en una de las piedras angulares de una estrategia de la agricultura para el desarrollo. Sin embargo, en los tiempos actuales aun los pequeños productores enfrentan unos altos costos de transacción y cuentan con un bajo poder de negociación respecto de los factores de producción y de sus productos ofrecidos al mercado.

Los pequeños productores tienen un limitado acceso a los bienes públicos, p. e., la extensión rural y los programas de crédito rural; igualmente sus voces a menudo no son escuchadas en los foros de discusión de las políticas públicas donde los asuntos que afectan su supervivencia están siendo decididos.

En un mundo crecientemente dictado por las cadenas de valor y las reglas de la globalización, la competitividad es una de las condiciones para sobrevivir. Para enfrentar esta situación, los pequeños productores han formado varios tipos de Organizaciones de Productores - OPs para competir mejor. Estas organizaciones se han expandido rápidamente en los países desarrollados y hay éxitos dispersos en tres (3) frentes: mercado, bienes públicos y voz o representación. Sin embargo, el mundo de las cadenas de valor y las fuerzas del mercado global están creando y presentando permanentemente nuevos desafíos para sus organizaciones.

El desafío para las OPs es como responder ante los desafíos que enfrentan; para los gobiernos, los donantes y los cooperantes es como ayudar a estas sin socavar la autonomía de las organizaciones.

Las organizaciones de productores enfrentan cinco (5) retos o desafíos principales, internos y externos.

1.1 Resolver el conflicto entre la eficiencia versus la equidad

Las organizaciones de productores operan en el contexto de comunidades rurales sujetas a normas y valores, tales como la inclusión social y la solidaridad. Estas tienen dificultades para excluir a los asociados que no cumplen con las obligaciones, invocando el valor cooperativo de la inclusión.

Están urgidas a subsidiar los asociados de más bajo desempeño a expensas de los que se desempeñan mejor, afectando los resultados económicos por eficiencia e innovación, intentando atender al valor de la solidaridad.

Las organizaciones son presionadas frecuentemente para entregar bienes públicos, por ejemplo, asistencia y servicios a la comunidad, agotando de esta forma los recursos propios generados en sus operaciones comerciales y/o financieras.

Los análisis de las organizaciones de productores en varios países, demuestran que las organizaciones exitosas tienen reglas estrictas orientadas por el desempeño. Se caracterizan porque estas reglas asignan costos y beneficios a cada socio basado en el desempeño de la finca y las condiciones del mercado. Igualmente estas organizaciones hacen cumplir los acuerdos entre las organizaciones e individuos y las organizaciones externas que constituyen muchas veces sus clientes, reducen los costos de negociación y

acompañamiento, así como hacen valer los acuerdos entre las organizaciones y sus asociados.

1. 2 Tratar con una membresía heterogénea

Las organizaciones representan el interés de una membresía y el cuadro de asociados es crecientemente diverso en la gran mayoría de los casos. Un gran reto es como lograr una justa representación a través de la atención a una amplia gama de intereses. En algunos casos, los líderes tienden a ser hombres mayores, dueños de grandes fincas y miembros de la elite rural.

Las organizaciones a su vez, tienen que asegurar que estén representados los intereses de los pequeños productores, de las mujeres y los jóvenes, y adicionalmente que sus necesidades están siendo consideradas para luego ser atendidas.

Hay un rol importante para las instituciones que prestan servicios públicos al sector rural tales como los ministerios, las instituciones de desarrollo rural y de cooperativismo y otras incluidas las ONGs, para reforzar la capacidad de los miembros más débiles en las organizaciones, adquiriendo mas capacidades de organización, decisión y voz de representación. En este sentido, se considera que estas deben tener mecanismos de toma de decisiones más transparentes, así como sistemas de información y comunicación más eficientes.

Deben usar medios de comunicación y tecnologías adecuadas de información y entrenamiento para darles capacidades y herramientas a los miembros más nuevos y débiles. Esto permitirá mejorar la gobernabilidad de las organizaciones y llevaría a cumplir las responsabilidades de los líderes para con los socios.

1.3 Desarrollar las capacidades gerenciales para cadenas de alto valor

El desarrollo de las capacidades gerenciales para cadenas de alto valor es un requisito indispensable, pues la globalización y las cadenas de suministros integradas establecen nuevas demandas y requerimientos sobre los gerentes y administradores de las OPs. Estos gerentes y sus organizaciones enfrentan cadenas de suministros nacionales e internacionales cada vez más sofisticados, con requerimientos estrictos y cambiantes periódicamente. Los gerentes para cumplir con estos, deben organizar los insumos y producción de los socios para satisfacer las demandas de las cadenas de valor de la siguiente manera:

a. logrando economías de escala y entregas oportunas;

b. satisfaciendo los estándares sanitarios y fitosanitarios; y

c. cumpliendo las especificaciones requeridas por las agroindustrias, exportadores y los supermercados.

Los gobiernos, los donantes y en algunos casos los agentes cooperantes, tienen un rol importante en el apoyo a la construcción de capacidades en las organizaciones en áreas tales como:

* Gerencia
* Inteligencia de mercados
* Aspectos técnicos de la producción
* Adquisición y distribución de los insumos
* Cumplimiento de los estándares fitosanitarios
* Participación en análisis, diálogos y negociaciones sobre políticas públicas y sectoriales.

Los donantes y cooperantes, en los casos de los programas y/o proyectos de cooperación internacional, también están involucrados en el apoyo al fortalecimiento de las capacidades gerenciales de líderes y de la puesta en funcionamiento de sistemas transparentes de gerencia financiera, así como de la adecuada presentación de resultados a los socios y a la comunidad en la cual actúan las organizaciones.

1.4 Participar en las negociaciones de alto nivel

Las OPs que participan en discusiones técnicas de alto nivel, tales como negociaciones comerciales locales, regionales, nacionales y/o multinacionales, para lo cual necesitan desarrollar habilidades y herramientas técnicas y comunicacionales.

Adicionalmente, los expertos que representan a las organizaciones deben permanecer fieles a los intereses de sus miembros locales y nacionales. Las organizaciones de representación que cubren un amplio rango de intereses enfrentan algunas dificultades y en este sentido se requiere mantener los canales de comunicación abiertos con los miembros a nivel local, regional y nacional.

Los gobiernos, junto con los donantes y cooperantes en los casos que estos actúan juntos y/o coordinadamente, pueden mejorar la efectividad de la participación de las OPs en estas consultas, mediante:

- Ayudar a ganar el acceso equitativo a la información.
- Buscar el consejo profesional para entender mejor las consecuencias de las políticas discutidas; y
- Adquirir experiencia para preparar sus insumos en el dialogo de las políticas públicas que les afectan y/o conciernen.

1. 5 Enfrentar un ambiente externo regulatorio y de políticas, a veces desfavorable

Aunque las OPs sean efectivas enfrentando los retos anteriores, lo cual ya implica unos grandes avances y progresos en su desempeño, no consiguen promover exitosamente los intereses de sus asociados sin contar con un ambiente legal, regulatorio y de políticas que garantice la autonomía de las organizaciones.

Para esto se requiere:

- Cambiar la forma de pensar de los que hacen las políticas (área de incidencia) y del staff de las agencias gubernamentales, sobre el papel de las OPs. Aquí hay un claro rol de incidencia e influencia por parte de las OPs.
- Las OPs deben ser reconocidos como actores plenos, no como instrumentos de políticas ya diseñadas e implementadas sin ser consultados, ni como simples canales y/o instrumentos para implementar las agendas impuestas y no concertadas de los donantes.
- La interferencia de los gobiernos en las OPs debe ser removido. Este es un proceso difícil que requiere enfrentarse muchas veces a intereses individuales y políticos previamente creados.

Finalmente, desde la perspectiva de lo público y lo gubernamental, un uso efectivo de las OPs como parte de una agenda de la agricultura para el desarrollo requiere de un Estado fuerte y proactivo que establezca las condiciones para que esto suceda de una manera exitosa.

(Nota: el anterior artículo se escribió tomando como base el "Informe sobre el desarrollo mundial 2008. Agricultura para el desarrollo. Panorama general." Banco Mundial. Washington, D. C. USA).

2. Estudio de caso de las cooperativas y asociaciones de productores de café de Colombia

Hablar de experiencias de cooperativas de caficultores en Colombia invita particularmente a trasladarse a la región del Huila, en un departamento localizado al sur occidente de Colombia. En este se ha desarrollado de forma sostenida durante los últimos diez (10) años un fenómeno de creación de un gran número de organizaciones de productores de café, tipo asociaciones, algunas con historia de más de 25 años y que actualmente aun se mantienen vigentes.

Algunos se han preguntado por qué en particular en este departamento se hace más notoria la fuerza y desarrollo de las organizaciones? Acorde a las observaciones y percepciones realizadas, fundamentadas en un trabajo independiente y de cooperación de más de 10 años hacia la caficultura Colombiana, consideramos que una de las variables de mayor peso para la consolidación de este fenómeno es el tema de identidad regional, dicho de alguna manera. Es evidente que en otras regiones cafeteras del país en algunas ocasiones no es viable un trabajo comunitario que conduzca a un acopio común de café y su posterior comercialización bajo un mismo nombre, en función del nombre de la organización y su origen, debidamente caracterizado y perfilado en muchas ocasiones, como cafés especiales de alta calidad, certificados o no y sostenibles.

Hace una década se registraban las siguientes situaciones: primeras manifestaciones de los fenómenos climáticos de El Niño y La Niña, acompañadas de

bajos precios del café y la introducción de un programa de incalculable trascendencia en su momento, dirigido hacia la producción de cafés especiales en Colombia y liderado por la ONG norteamericana ACDI/VOCA oficina de Colombia, con recursos de cooperación de la USAID bajo el contexto de un programa de cafés especiales para cinco (5) años.

Para esta época de inicios del 2000 curiosamente el Departamento de Huila no sobresalía entre los departamentos cafeteros del país, ni por su participación en la producción de café a pesar de que ocupaba el quinto puesto en el ranking de regiones productoras, ni por su calidad en taza. Sin embargo, en pocos años este departamento se convirtió en un pionero en el país en la construcción, instalación y dotación de laboratorios de evaluación de la calidad del café, denominados comúnmente laboratorios de catación.

Así mismo, se destacó en la capacitación de personal calificado para evaluar y acopiar el café en las zonas de mayor producción del Departamento de acuerdo con sus resultados de evaluación, realizando así una primera separación de cafés de acuerdo con su origen, calidad y avanzando hacia una caracterización inicial de las subregiones productoras que podría conducir a una diferenciación con amplias ventajas para los productores y los compradores del mercado.

La idea provino inicialmente de una de las Cooperativas de Caficultores apoyada por la Federación Nacional de Cafeteros de Colombia – FNC, la Cooperativa Departamental de Caficultores del Huila – CADEFIHUILA, la cual comercializa café en 26 municipios cafeteros del Departamento.

Paralelo al comienzo del programa de creación de laboratorios de evaluación de la calidad en el Huila, la cooperativa CADEFIHUILA dio inicio a un programa de

capacitación dirigido a organizaciones de pequeños caficultores a través de un taller llamado "*Producción de café de alta calidad con visión exportadora*", por medio del cual se capacitaron productores vinculados a más de sesenta (60) organizaciones en el departamento.

Este taller a su vez, fue posteriormente seleccionado, apoyado y promovido por ACDI/VOCA en su programa de cafés especiales que se iniciaba entre finales de 2002 e inicios de 2003, ya que cumplía con los lineamientos que esta organización buscaba dentro de sus proyectos en favor de la producción de café especial que se iniciaba en el departamento de Huila y posteriormente se extendió a los demás Departamentos de su cobertura, tales como Tolima, Nariño y Cauca localizados en el suroccidente de Colombia, la cual se comenzaba a vislumbrar y destacar como la nueva frontera de producción de los cafés especiales, con incrementos en términos de volúmenes y cafés de alta calidad con orígenes identificados y actualmente reconocidos por el mercado nacional e internacional.

En el año 2004 las exigencias del mercado internacional hacia los países productores de café había aumentado tanto en calidad como en volúmenes, lo cual se traducía en la necesidad de hacer un mejoramiento de los procesos de producción de café y poscosecha a nivel de finca por parte de los productores, siendo este un pilar fundamental de cambio impulsado en ese momento por organizaciones como ACDI/VOCA y la FNC a través de organizaciones tales como la cooperativa CADEFIHUILA, para la adopción e incorporación de nuevas prácticas por los productores y de esta forma hacer frente a las nuevas exigencias del mercado y tratar de capturar un mayor valor del producto a través de la negociación de primas especiales para

cafés de alta calidad, pues los certificados y sostenibles todavía se encontraban en un estadio incipiente y de inicio con volúmenes muy bajos.

Gracias a la receptividad de los programas e iniciativas establecidas por parte de los productores capacitados, en la línea anteriormente mencionada, quienes al final del ejercicio recibían un incentivo económico representado en una prima especial por su café por parte de los compradores internacionales a través de los proyectos establecidos en las regiones mencionadas, ya que estos claramente tenían un propósito de desarrollo socio-económico y también comercial que debía traducirse en el inmediato futuro en un mejoramiento de la calidad de vida de sus familias y por consiguiente de sus comunidades.

El estimulo económico fue vital y determinante para el resultado final propuesto en este caso particular de cambio cultural y de adopción de nuevas prácticas, pues el proceso de desaprender para aprender dentro de una situación comercial debe implicar lógicamente, en primer lugar y para que el cambio se produzca, el incentivo de un mayor precio y paralelamente un mejoramiento de las condiciones de vida sociales y comunitarias de las familias productoras.

En el marco de lo anteriormente mencionado, es presentado el siguiente caso de una organización productora de café del Departamento del Huila, la cual fue constituida legalmente, no con el nivel y la estructura organizacional de una cooperativa agrícola, sino como una asociación de productores de base cuyo tipo de estructura legal ha sido predominantemente utilizado en este departamento. Su creación, evolución y desarrollo durante los últimos diez (10 años es presentada bajo nuestra perspectiva y observación,

acompañada por supuesto de información primaria suministrada por la misma organización.

Estudio de caso de la Asociación de Productores de café de alta calidad del Suroccidente del Huila – OCCICAFÉ.

Se encuentra localizada en el Suroccidente del Departamento de Huila. Sus 300 miembros se encuentran ubicados en cinco (5) municipios del Departamento, como sigue: La Plata, la cual es su zona de mayor influencia y donde se encuentra la sede de la organización; La Argentina; Paicol; Tesalia y Nátaga, cuyas economías depende en un 90% del cultivo del café.

Su zona de influencia comprende más de 10,500 familias las cuales tienen cerca de 11,000 hectáreas en café que producen al año alrededor de 1,650,000 arrobas (12.5 kg./arroba)de café pergamino seco aproximadamente, las que equivalen a 229,166 sacos de 70 kg de café excelso (grano verde u oro) calculado con un factor de rendimiento promedio de 90. Este factor de rendimiento se define como el número de kilogramos de café pergamino seco que son necesarios para obtener un saco de café de grano verde de exportación de 70 kilogramos que es la medida utilizada en Colombia.

Su creación surgió hacia el año 2002 cuando al Departamento del Huila llego un proyecto del gobierno para ser realizado con organizaciones de productores conformadas y registradas legalmente, cuyo propósito era brindar entrenamiento a los caficultores de estas organizaciones en temas como el proceso de producción sostenible de café.

De acuerdo con su respuesta y mediante la asistencia técnica que evaluaba las necesidades de infraestructura de los productores participantes en el proyecto, serían otorgadas máquinas y dotación de infraestructura a nivel de finca para contribuir de esta

forma a incrementar la producción de cafés de alta calidad de las organizaciones participantes.

De esta manera, las expectativas entre los caficultores no se dieron espera y se formaron cerca de 14 grupos asociativos en la zona de La Plata, cuyos miembros asistían a las capacitaciones a las que fueron convocados.

El hecho de dar respuesta formal a las exigencias que demandaba el proyecto, incluía la conformación y registro legal ante la Cámara de Comercio de la localidad y el compromiso de cumplimiento a futuro de las obligaciones legales y tributarias que su estatus exigía.

Transcurridos unos meses de iniciado el proyecto, los líderes de estas organizaciones recibieron la notificación oficial de suspensión del proyecto por insuficiencia en presupuesto del gobierno, la que se constituyo en una noticia decepcionante para los representantes de estas.

Sin embargo, bajo el liderazgo del Jefe Seccional del Comité de cafeteros en La Plata y junto con los Presidentes líderes de las organizaciones conformadas, se reunieron y analizaron la situación ocurrida llegando a la conclusión de que la razón de unirse en asociaciones no tenía solo como fin participar en aquel proyecto, sino la de servir de base para la realización de proyectos productivos y comerciales, canalizando de esta forma los futuros proyectos de los que seguramente serían a futuro los potenciales beneficiarios.

Como resultado de esta reunión, surgió la propuesta de crear una asociación que reuniera a los (catorce) 14 grupos asociativos o grupos naturales de base (en su calidad de miembros jurídicos) como organizaciones de primer nivel, los cuales ya estaban legalmente conformados.

Esta nueva organización sería de segundo nivel, para no perder el ejercicio legal y organizacional conseguido hasta ese momento a nivel de las organizaciones de base. Esta nueva asociación iniciaría bajo el liderazgo de uno de los presidentes de las asociaciones fundadoras y tendría un plazo límite establecido por ellos mismos de dos (2) años para demostrar evidentes resultados de avance. Si al cabo de estos dos (2) años los resultados no eran satisfactorios, la organización debería disolverse.

El 10 de Noviembre de 2004 con la membresía de 14 asociaciones que representaban 264 caficultores, fue fundada la Asociación de Productores de café de alta calidad del Suroccidente del Huila – OCCICAFÉ.

Las expectativas eran bien amplias para sus miembros y a su vez muy atrayentes para quienes no pertenecían a ella, así que para el año 2005 OCCICAFE ya contaba con 601 asociados. Los resultados del año 2005 no fueron los esperados, ya que los miembros no asistían de manera significativa a las reuniones y no estaban dando cumplimiento a las cuotas de sostenimiento de la organización de segundo nivel lo cual ponía en riesgo su estabilidad. Ante esta situación tanto el Presidente como su Junta Directiva y representantes de las diferentes organizaciones de base dejaron a un lado el paternalismo que se estaba dando lugar en este proceso y recurrieron a su único instrumento legal y democrático, el cumplimiento de sus normas o estatutos, para inhabilitar y sancionaron a los que legalmente estaban incumpliendo con sus obligaciones.

Los resultados positivos no se hicieron esperar pues pasaron al año 2006 con 381 asociados y de 350,000 kg de café pergamino seco (c.p.s.) producidos en el año 2005 por 601 asociados y vendidos a través de la Asociación, pasaron en el año 2006 a una venta

de 636,634 kg de c. p. s. producidos por 381 asociados, es decir, cerca del doble de las ventas en anos pasados y casi con la mitad de sus asociados.

El año 2006 era el año fijado como el plazo límite para definir si continuaba o no existiendo OCCICAFE, en ese momento la Junta Directiva y su Representante Legal y/o Presidente presentaron los resultados obtenidos hasta la fecha y decidieron establecer un nuevo plazo dos (2) años más para tomar una decisión final.

Durante este nuevo periodo de mas dos (2) anos, la organización comercializo 1, 660,614 kg de c. p. s., por consiguiente su estabilidad y madurez esta siendo cada vez más evidente por lo cual se tomo entonces la decisión final de continuar con la organización y bajo el liderazgo de quien a la fecha aun continua siendo su Representante Legal/Presidente de OCCICAFE, Luis Gonzaga Ordoñez Camero.

Luis Gonzaga Ordoñez Camero es un caficultor de 39 años, oriundo de Belén una de las 123 veredas de La Plata, con estudios a nivel de educación secundaria y sin duda un líder que trabaja concienzudamente para el servicio de sus representados, quien desde su perspectiva vive y acompaña día a día el negocio del café para el beneficio de su comunidad y los productores asociados.

Luis Gonzaga manifiesta a través de su trabajo: *que estar al frente de una organización de caficultores no significa únicamente buscar medios para comprar o construir una sede porque "así debería ser", ni recibir "ayudas" económicas para sus representados, ni recibir café, acopiarlo y luego venderlo al mismo precio que lo compran en cualquier punto de compra de café del municipio.*

Líderes como Luis Gonzaga, manifiestan que el resultado de su labor y el de la organización como tal, se debe en primer lugar al cumplimiento de sus políticas, normas

y reglamentos, al trabajo de una Junta Directiva/Consejo de Administración comprometida con los principios de su organización y a un trabajo en equipo con las personas que trabajan para la organización, quienes además generan confianza y credibilidad, y con quienes trabaja bajo un esquema organizacional de estructura plana, ágil y eficiente.

OCCICAFÉ reconociendo sus fortalezas y debilidades frente al mercado, busca comercializar las diferentes calidades de café que producen sus caficultores asociados, estando actualizados con las exigencias del mercado internacional, nacional y local, pues en cada una de ellas existen oportunidades de negocio.

En este sentido, la organización ha encaminado sus esfuerzos para conseguir y sostener a la fecha la certificación de su organización con el sello Fairtrade y alcanzar además los siguientes sellos para sus miembros individuales: Rainforest Alliance Certified, 4C (Common Code for Community Coffee), UTZ Certified y la verificación CAFE Practices de Starbucks.

Los resultados anteriores no han sido conseguidos de forma inmediata ni han dejado de tener obstáculos pero gracias a la transparencia en las intenciones y acciones que motivaron su existencia, han logrado demostrar lo que hoy son.

Por esta razón, es importante describir también estos obstáculos ya que la existencia de organizaciones comercializadoras de su propio producto se traduce en la ocupación de un espacio en la cadena comercial que hasta hace poco, en su mayoría se limitaba a comercializadores o intermediarios que actuaban como intermediarios y ahora es ocupado también por los productores con sus organizaciones.

Esta parte del caso se remonta al año 2004, como el momento en que la Asociación abrió sus puertas al servicio de sus miembros, familias y comunidad ofreciendo como principal servicio la compra y comercialización del café de sus asociados y a su vez también del café de no asociados, pertenecientes a la comunidad que les rodea. Esta actividad comercial causo de inmediato una rápida respuesta en los diferentes puntos de compra de café de la zona y de rechazo por parte de los intermediarios comercializadores ante una clara competencia en manos de productores, lo cual era inusual hasta ese momento.

Las reacciones y manifestaciones fueron tomando mayor fuerza debido a malinterpretaciones que llevaron a un bloqueo comercial fomentado verbalmente e incentivado por las falsas afirmaciones acerca del sentido real que la Asociación representaba en relación con su creación e intenciones tanto comerciales como sociales para la comunidad.

La Asociación tuvo que invitar en varias ocasiones a diferentes representantes de las instituciones del sector cafetero a nivel local, departamental y nacional, para demostrar tanto a través de cifras como de resultados tangibles que el ejercicio comercial en que estaban ahora participando como comercializadores todos estaban ganando, pues acopiando café en la bodegas de la Asociación significaba una liberación de espacio en las bodegas de ellos, disminuyendo así el costo de mano de obra tanto para la manipulación en el recibo del café como para la parte administrativa.

Así mismo, el paso del café por la Asociación permitía la evaluación y caracterización tanto física como sensorial del café de sus asociados, así cuando este era vendido ya iba con una garantía previa de calidad para el comprador.

Estas y otras razones más fueron expuestas, sustentadas y finalmente reconocidas y atendidas por aquellos que anteriormente se manifestaron como opositores de su existencia.

Actualmente, OCCICAFÉ presta los siguientes servicios a sus miembros:

1. Compra de café con el precio base de mercado fijado diariamente por la FNC;

2. Ofertas y ventas a futuro;

3. Secado mecánico y monitoreo del café a lo largo de sus diversos procesos de poscosecha;

4. Prueba de evaluación de calidad a nivel de taza y determinación de los perfiles sensoriales del café de acuerdo con las subregiones;

5. Participación en concursos de calidad;

6. Negociaciones de café especial y sobreprecios por la identificación del origen, en lo que se denomina *café de origen*;

7. Crédito para secado de café;

8. Crédito para sostenimiento de cafetales.

Frente al servicio de negociaciones de café especial de alta calidad, se ha logrado hasta la fecha la comercialización de micro-lotes de fincas que han demostrado tener un perfil de taza determinado de particular interés para algunos compradores del mercado, principalmente con aquellos productores que han demostrado la adopción y el sostenimiento de la aplicación de las buenas prácticas agrícolas (BPA) tanto en la producción como en la poscosecha del café, aprendidas de una parte por la herencia cultural del cultivo, así como a través de los diversos entrenamientos recibidos a través de

los proyectos implementados en las subregiones productoras de influencia de la organización asociativa.

La buena calidad del café se traduce en un buen factor de rendimiento que se refleja en la tabla de defectos mínimos con la evaluación del café verde, una taza limpia y la puntuación en la escala de calidad de la SCAA correspondiente a cafés de especialidad, cuyos estándares son de aceptación internacional y de un lenguaje común en este mercado.

OCCICAFÉ ha realizado durante su existencia diversas actividades en temas de desarrollo social en conjunto con instituciones como el Comité de Cafeteros del Departamento del Huila (es cual es parte de la FNC) y las Cooperativas de Caficultores apoyadas por la FNC, así como con las entidades gubernamentales como las Alcaldías y la Gobernación del Huila. Así mismo junto con los exportadores con los cuales han construido relaciones directas y con instituciones con programas de desarrollo como la Agencia para la Acción Social y la Cooperación Internacional – Acción Social, ACDI/VOCA a través de su programa de cafés especiales y los programas de desarrollo alternativo MIDAS Y ADAM de la USAID, entre otras.

Así como OCCICAFÉ, otras organizaciones asociativas de productores en el departamento del Huila han alcanzado importantes logros y han obtenido progresos importantes, los cuales se evidencian en hechos tales como la inversión en renovación de las plantaciones de café con variedades de mejor producción y mayor rendimiento mejorando la productividad, con caficultores comprometidos con la calidad por que han comprobado que ésta de un modo general trae recompensas y beneficios para sus vidas y negocios, pues la sustentabilidad se ha basado en la calidad del producto que los ha

llevado también a ser reconocidos como una región productora de café de alta calidad en el contexto nacional e internacional. Adicionalmente los productores y sus familias, han adoptado las BPA – Buenas Prácticas Agrícolas y han implementado exitosamente procesos de certificación de acuerdo con los requerimientos del mercado, lo cual ha contribuido a convertir su producción en sostenible y al desarrollo social de las comunidades en el entorno cafetero.

Es por esto que el Departamento Huila en los últimos seis años ha logrado los siguientes reconocimientos:

2005: El caficultor Ricaurte Hernández del municipio de Pitalito, sur del Huila, fue el ganador del concurso de la Taza de excelencia y batiendo el record de más alto valor en la venta de café, vendiendo un lote de 15 sacos de 70kg de café excelso en la subasta del concurso a US$16.25/lb de café verde.

2006: El caficultor Luis Alberto Jojoa del municipio de Pitalito Huila ganador del concurso de la Taza de excelencia, vendió un lote de 17 sacos subastando a US$12.05/lb de café verde.

2007: Isaías Catillo, caficultor del Municipio de Suaza, finca La Esperanza ganador del Concurso de la Taza de Excelencia, su café fue comprado a US$19/lb de café verde.

En este mismo año el Grupo Asociativo La Libertad, municipio de La Plata Huila, obtuvo el tercer puesto en el concurso organizado por la multinacional italiana Illycaffé.

2008: I Feria Internacional de Cafés Especiales, ExpoEspeciales 2008, realizada en Neiva, capital del departamento del Huila.

2010: Con 105.000 hectáreas cultivadas en café, el departamento del Huila ocupa el segundo puesto en producción de café en el país.

Publicación del libro "Aves de zonas cafeteras del sur del Huila" que presenta el resultado de un proyecto participativo encabezado por el Centro Nacional de Investigaciones de Café – CENICAFÉ, cuyo resultado ha generado recursos para que en 2011 se continúen estos proyectos con comunidades en el Huila y otros departamentos del país.

Los caficultores que conforman las organizaciones asociativas cafeteras en el país han sido permeados por el ejemplo de superación y organización evidenciado en la región del Huila, en quienes se ha sembrado la semilla de formación de líderes. Sembrar la semilla, significa reconocer ante todo el valor que tienen los productores en la cadena de valor de café en el país puesto que son personas con la capacidad de aprendizaje y discernimiento con capacidad de decisión en beneficio de sus familias y comunidades.

Además de su respuesta en los diferentes escenarios nacionales e internacionales, en los que se han visto actualmente involucrados los productores representando a sus miembros y comunidad en diversos eventos nacionales e internacionales, toda su actividad principal se relaciona y concluye con la venta de su producción, por lo tanto el resultado de esta venta debe reflejarse en el bienestar y la calidad de vida de ellos y de sus familias, así como la estabilidad y el progreso de una comunidad entera.

Para un país como Colombia y como muchos en Latinoamérica, este emprendimiento también representa la continuidad de un trabajo en el contexto de las organizaciones asociativas como instrumento de desarrollo local y regional, con la

importancia de trabajar con sus propias manos en una de las principales industrias con una de las bebidas más vendidas en el mundo.

Pero nada de lo anterior resulta de un trabajo individual, por esto los comités de base, comités de productores, núcleos de asociados, asociaciones, cooperativas, centrales, federaciones y otras denominaciones legales de organizaciones de productores rurales, que tienen un trabajo en comunidad tienen un gran sentido y una razón de ser de desarrollo y progreso.

De la misma forma, como existen caficultores ávidos de oportunidades existen proyectos con fines de apoyo hacia ellos, cuyos resultados son importantes darlos a conocer de modo que trasciendan en poblaciones donde quizás surjan nuevas ideas y nuevos gestores de propuestas para continuar con esta tarea interminable y necesaria en la organización de los productores rurales en los países en desarrollo basados en la agricultura.

La mente de los caficultores, por su manera en cómo han aprendido su labor a través de la herencia de saberes y prácticas, es creativa, sensible y ágil. En el caso de las mentes ávidas de oportunidades y conocimientos, como es el caso de las asociaciones de caficultores del Departamento del Huila, no han existido límites en sus capacidades ante las propuestas que encajan en sus perspectivas, ya que éstas se han tornado en claras oportunidades de creatividad para obtener resultados en su desarrollo y el reconocimiento por parte de la sociedad civil y la comunidad en general.

Cooperativas Rurales de Ahorro y Crédito: Cinco Casos en el Sur de Santander – Sonia López

Las Cooperativas aparecen en Colombia a partir de la ley cooperativa de 1931, son principalmente urbanas las que primero se constituyen. Es para finales de los años 50 y durante toda la década de los 60 en la que se comienzan a formar las primeras Cooperativas de Ahorro y Crédito Rural (CRAC) en la zona del Sur de Santander. Cabe resaltar que como en toda América Latina, la Iglesia católica jugó un papel muy importante, desarrollando una política muy fuerte de impulso a la cultura del ahorro entre la población campesina, basada en la creación de cooperativas de ahorro y crédito, así como los gremios agropecuarios dieron impulso a cooperativas de carácter agroindustrial y de producción (las cooperativas lácteas, por ejemplo) o de comercialización (cafeteras y paneleras), que se consolidan en los años 80 del siglo pasado.

El caso de la zona del Sur de Santander tuvo también el apoyo de la iglesia católica, a este caso se le ha llamado caso SEPAS-COOPCENTRAL (Coque Martínez, 1996, pág. 64), porque fue liderado por el Secretariado de Pastoral Social – SEPAS, y posteriormente, fortalecido con la creación de la Central Cooperativa – COOPCENTRAL. Como parte de su programa para el desarrollo de la región y como un regalo para el Papa Pablo VI, en su visita a Colombia, se propusieron la fundación de una cooperativa en cada municipio de esta región. Considerando que era una forma organizacional que brindaba una "salida organizada, le daba a la organización una salida legal. Pero al mismo tiempo estabilidad, por el hecho de tener unos ciertos reglamentos internos, lo convierte en un grupo artificial. De todas maneras esos acuerdos se hacen necesarios a medida que el grupo se crece. Al crecer económicamente decrece la parte

afectiva" (citado en (Dávila L. de G. & Silva, 1996, pág. 89)
).

Con base en los estudios que ha realizado la Unidad de Estudios Solidarios de la facultad de Estudios Ambientales y Rurales de la Pontificia Universidad Javeriana se van a presentar algunos de los resultados más importantes que cinco cooperativas de ahorro y crédito rurales (CRAC) han desarrollado en apoyo a la economía campesina existente en el país. De esta manera, pretendemos analizar estas experiencias organizacionales, estudiadas ampliamente desde los años 80, frente a la doctrina de organización de economía solidaria en la que se enmarcan estas cooperativas. Comenzaremos presentando una descripción de la zona, mostrando el estado actual del sector. Posteriormente, realizaremos la descripción y ubicación de cada uno de los casos a analizar, Cooperativa de Ahorro y Crédito de Valle de San José, COPVALLE; Cooperativa Agropecuaria Multiactiva de Guadalupe, MULTICOOP; Cooperativa de Ahorro y Crédito de la Granja (Sucre), COAGRANJA; Cooperativa Multiactiva de Servicios de Barichara, COOMULSEB; y la Cooperativa de Ahorro y Crédito para el desarrollo solidario de Colombia, COOMULDESA. Seguidamente, analizaremos estos casos a la luz de la contribución de los casos al desarrollo local, desde cuatro elementos que se esperan como resultado de la vida de esta forma organizacional, son: La cooperación local; el aprendizaje sial; el capital social y el liderazgo y el capital autónomo.

Finalmente, entregaremos las conclusiones a las que nos permite llegar este análisis.

La región del Sur de Santander

Este territorio está conformado por tres de las seis provincias que conforman el departamento (Guanentá, Comunera y de Vélez), con una extensión aproximada de 12.000 kilómetros cuadrados, una población cercana a los 500.000 habitantes residentes en 53 municipios de los cuales solamente cuatro tienen una población superior a los 50.000 habitantes. En estas provincias predomina una economía campesina precaria, de pequeños y medianos propietarios y campesinos sin tierra (aparceros y jornaleros), diversa, heterogénea, poliactiva y dinámica, que realiza actividades productivas, de servicios, artesanía, comercio y transporte.

En esta región se inicio un proceso de desarrollo (Caso SEPAS-COOPCENTRAL) que inicia en la década del 60. Este programa puso en ejecución cuatro estrategias centradas en los siguientes aspectos; tomar la provincia como unidad de desarrollo, formar y entrenar líderes naturales, organizar a la población en un red de cooperativas de base y mantener en la cabeza de la gente una utopía (Bucheli M. , 2006, pág. 143).

Esta red de cooperativas existe en la actualidad y son 17 las Cooperativas de Ahorro y Crédito (CAC) que trabajan en la zona, de estas 17, 13 están ubicadas en municipios con menos de 12.000 habitantes y las llamamos CRAC.

Tabla 1 Año de constitución de las 17 CAC en el Sur de Santander

Fuente: Elaboración propia con datos CONFECOOP

Como se puede observar, la mayoría de estas Cooperativas fueron creadas en los 60 y 70, dentro del programa de desarrollo de la zona liderado por SEPAS, en cabeza del Padre Ramón González. Sin embargo, dado que nuestro objeto de estudio son las CRAC, se presentan las 13 presentes en la zona, hasta la actualidad. En la tabla No. 2 se presenta

la evolución en el número de asociados a cada una de ellas.Tabla 2 Evolución del número de asociados CRAC Sur de Santander

Fuente: Elaboración propia con datos CONFECOOP. El año 1985 fue tomado de (Dávila L.de G. & Forero, 1987, pág. 29)

El número de asociados ha crecido considerablemente en todos los casos. No obstante, es de destacar que COOMULDESA, que nace en el municipio de Galán y posteriormente traslada su sede principal al municipio de El Socorro, es la que ha presentado un mayor crecimiento, en términos de nuevos asociados. Esto responde a que su enfoque de desarrollo se enfoca hacia lo regional (Dávila L. de G. & Forero, 1997, pág. 29).

Las CRAC de Santander en Colombia

En la actualidad existen 192 CAC en el territorio Colombiano, adicionalmente, existen siete Cooperativas financieras. Las primeras solo pueden captar recursos de sus asociados, ya sea en forma de aportes o de ahorro; y las segundas pueden además captar recursos de terceros. Dado que el objeto de estudio son las CRAC, se hace referencia a las primeras. Se han considerado rurales las CAC que se encuentran ubicadas en municipios de menos de 12.000 habitantes y son 24 entidades que representan el 12.5% del total de CAC de Colombia. Las 168 CAC restantes se ubican en poblaciones con más de 12.000 habitantes, y representan el 87,5% del total nacional. Esto no implica que algunas de las CAC urbanas no presten servicios para actividades productivas rurales, como por ejemplo las actividades agropecuarias, entre otras. Por esta razón se incluyen las CAC de Vélez, el Socorro y Puente Nacional dentro de las CRAC del Sur de Santander.

Tabla 3 Ubicación de las CAC en Colombia por departamento

Fuente: Elaboración propia con datos de Confecoop.

Los departamentos con mayor presencia de Cooperativas de Ahorro y Crédito (CAC) son Antioquia, Bogotá (como distrito capital) y Santander. En la cuarta y quinta columna de la Tabla No. 3 se puede observar la distribución de estas organizaciones de acuerdo a su ubicación, urbana o rural; de esta manera, continúan siendo Antioquia y Santander los Departamentos con mayor presencia de CRAC.

Principales cuentas financieras

A continuación se presenta un comparativo de la evolución de las principales cuentas de las CAC, a nivel nacional, a nivel Santander y el grupo de las 13 CRAC de la región del Sur de Santander. El periodo que se presenta es entre 2005 y 2009, y los datos se encuentran expresados en cifras de 2008, de esta manera, son directamente comparables.

Ilustración 1 Principales cuentas CAC Colombia. Activo, Pasivo, Patrimonio, Excedentes e Ingresos.

Fuente: Elaboración propia con datos de CONFECOOP.

Se puede observar un crecimiento contante en todas las cuentas, resaltando el periodo 2006 a 2007. La cuenta de excedentes no presenta mayores cambios, lo cual puede representar que las entidades prefieren realizar o causar los gastos de educación, solidaridad, etc. antes de terminar el ejercicio. En este sentido, cabe resaltar que el sector en todos los casos presenta ingresos y excedentes positivos.

Se puede notar un crecimiento mayor de la Cartera de Créditos con respecto al crecimiento de los depósitos y los aportes sociales. Esto puede significar un aumento de las necesidades de créditos de los asociados. Por otra parte, el crecimiento más pronunciado de los depósitos con respecto a los aportes puede indicar un periodo de maduración en el que los asociados ahorran más, sin embargo, se observa un constante crecimiento de los aportes, no al ritmo de la Cartera y depósitos, pero en ningún periodo hay decrecimiento.

Ilustración 2 Principales cuentas CAC Colombia. Cartera, Depósitos y Aportes Sociales.

Fuente: Elaboración propia con datos de CONFECOOP

Para el caso de Santander, se observa un comportamiento similar de estas cuentas, sin embargo, el crecimiento el promedio es mayor que el nacional.

Ilustración 3 Principales cuentas CAC Santander. Activo, Pasivo, Patrimonio, Excedentes e Ingresos.

Fuente: Elaboración propia con datos de CONFECOOP.

Se debe resaltar el crecimiento de la cartera y la distancia que se observa entre ella y los depósitos. En este caso, la distancia es menor que la del total nacional, pero también se presenta un menor crecimiento de los aportes, lo que también puede indicar un periodo de maduración y poco ingreso de nuevos asociados. No obstante, la sumatoria de los aportes y los depósitos puede cubrir la cartera, sin tener en cuenta otras cuentas del patrimonio. Lo importante es que las entidades puedan financiar su actividad con

recursos de bajo costo, porque esto se traduce en unas menores tasas de interés de los créditos para los asociados.

Ilustración 4 Principales cuentas CAC Santander. Cartera, Depósitos y Aportes Sociales.

Fuente: Elaboración propia con datos de CONFECOOP.

Se debe anotar que para el caso del grupo de las 13 CRAC del sur de Santander el comportamiento de la cartera – depósitos – aportes sociales es similar al comportamiento nacional. Es fundamental estimular la cultura del ahorro dado que se presenta un crecimiento mayor de la cartera que de los depósitos y los aportes, cuentas que representan el ahorro y la capitalización de los asociados y la entidad.

Ilustración 5 Principales cuentas 13 CRAC Santander Activo, Pasivo, Patrimonio, Excedentes e Ingresos.

Fuente: Elaboración propia con datos de CONFECOOP.

Ilustración 6 Principales cuentas 13 CRAC Santander Cartera, Depósitos y Aportes sociales

Fuente: Elaboración propia con datos de CONFECOOP.

Al observar la tabla No 4 se puede identificar que en todos los casos el crecimiento promedio de la cartera, para el periodo de análisis, es mayor que el

crecimiento promedio de los depósitos y los aportes sociales. Sin embargo, la diferencia entre el crecimiento de los depósitos y la cartera es menor para la zona de Santander y para las 13 CRAC. El fortalecimiento en depósitos es fundamental para una CAC porque en ella se refleja el nivel de ahorro financiero de una población y, adicionalmente, es una fuente de recursos de bajo costo para la prestación del servicio de crédito.

Tabla 4 Variación promedio de las principales cuentas 2005 - 2009

Fuente: Elaboración propia con datos de CONFECOOP

Los crecimientos de estas cuentas muestran el fortalecimiento y la sostenibilidad de estas entidades. La confianza depositada por los asociados se refleja tanto en los depósitos como en el patrimonio y es el motor fundamental de una organización de acción colectiva como lo es la Cooperativa.

En la tabla No. 5 se observa que la relación Cartera – Activo no presenta una gran diferencia entre las 13 CRAC (76.9%) y las CAC nacional (80.6%), esto muestra que las CAC colombiana, a nivel general, tienen un alto nivel de prestación del servicio de crédito, lo cual es fundamental puesto que es su principal actividad. Por otra parte, los depósitos presentan la mayor participación dentro del total del pasivo, para el caso de las 13 CRAC, 92.7%, mientras que para el total de CAC nacional es de 79%. Esto significa que el grupo de las 13 CRAC tiene un menor grado de endeudamiento con terceros, no asociados, lo cual se puede traducir en menores tasas de interés para sus asociados.

Tabla 5 Relaciones Carter – Activo; Depósitos – Pasivo; Aportes – Patrimonio y Excedentes y Patrimonio

Fuente: Elaboración propia con datos de CONFECOOP

Finalmente, la relación de aportes y patrimonio muestra una mayor relación en el total nacional que en Santander y en la provincia. Y la relación Excedentes y patrimonio presenta una mayor relación tanto para el grupo de las 13 CRAC como para el total del departamento.

Cinco casos estudiados en la provincia

Entre los casos que se han estudiado en la provincia, se han escogido los casos de COOPVALLE, COOMULSEB, MULTICOOP, COAGRANJA, y COOMULDESA, por ser los que se han trabajado en mayor profundidad.

Se trabajará sobre cuatro elementos fundamentales que las CRAC deben ir desarrollando durante su existencia para ser motores de desarrollo local. Solo por ser organizaciones alternativas que como propósito tienen el servicio y la calidad; en su filosofía de gestión la mutualidad, autonomía y la lealtad basada en confianza; y en su modo de gestión el empoderamiento de los stakeholders y la gestión del servicio. (Ramírez, 2002); deben jugar un papel fundamental es los procesos de desarrollo local.

Los cuatro elementos que se analizarán son La cooperación local; el aprendizaje social; el capital social y el liderazgo y el capital autónomo. (Lobo, 2002) (Dávila L. de G., 2008).

La Contribución al desarrollo local: análisis desde cuatro factores

	Cooperación local	***Aprendizaje social***	***Capital social y liderazgo***	***Capital autónomo***
COOPVALLE	1. Desarrollo de servicios que responden a las necesidades de los asociados (Línea de crédito para proyectos productivos con asesoría técnica) 2. Gestión de proyectos de cooperación (proyecto DEVALAR)	1. Baja rotación en cargos directivos 2. Alta participación de la mujer en los cargos directivos	1. Liderazgo repartido en varias personas 2.Gerencia colegiada 3. Dificultad de actuación con la Alcaldía municipal	Suficiente y fundamentado en depósitos
MULTICOOP	1. Desarrollo de	1. Alta rotación	1.Liderazgo	Suficiente y

	servicios que responden a las necesidades de los asociados 2. Creación de otros servicios (compra de leche a la comunidad para su comercialización)	en cargos directivos 2. Alta participación de la mujer en los cargos directivos	centralizado e la gerencia pero existe una Gerencia colegiada	fundamentado en depósitos
COOMULSEB	1.Desarrollo de servicios que responden a las necesidades de los asociados (alquiler de maquinaria, desgranadora, contribuyendo al mejoramiento técnico del cultivo del frijol) 2. Presencia continua en las actividades culturales y recreativas	1. Moderada rotación en los cargos directivos	1. Liderazgo repartido en varias personas 2. Fomento de la sana competencia para ofrecer un precio justo de productos que necesite la comunidad.	Suficiente y fundamentado en depósitos
COOMULDESA	1.Desarrollo de servicios que responden a las necesidades de los asociados 2. Creación de la Fundación COOMULDESA	1. Bajo nivel de participación de la base	Liderazgo centralizado e la gerencia	Suficiente y fundamentado en depósitos
COAGRANJA	1. Actor dentro del proceso de pacificación de la zona 2.Gestión de proyectos de cooperación 3. Creación de otros servicios para la comunidad (departamento de consumo para la regulación de precios)	1. Moderada rotación en los cargos directivos	1. Alta participación en actividades lideradas por organizaciones locales 2. Fomento de la sana competencia para ofrecer un precio justo de productos que necesite la comunidad.	Suficiente y fundamentado en depósitos

Fuente: Elaboración propia con base en (Bucheli M. , 2002) (Dávila L. de G., 2002) (Dávila L. de G., 2004) (Ariza & Lobo, 2002) y Datos de Confecoop.

a. Cooperación Local:: *Consolidación de operadores de crédito con racionalidad económica y social acorde con la cultura local*

Los modelos de desarrollo local no son únicos, responden a las características de cada zona. De las cooperativas como formas organizacionales se espera que maximicen los efectos redistributivos de los proyectos que se desarrollen en la zona (Coque Martínez, 1996, pág. 66). Los elementos mínimos que puede aportar una cooperativa,

por las características del modelo organizacional, son su identificación y pertenencia al tejido social; la no repartición de sus reservas y la tendencia a la intercooperación (Coque Martínez, 1996, pág. 67). A través de estos tres elementos las cooperativas logran desarrollar soluciones a las problemáticas de su localidad, generan un capital autónomo que las solidifica y las inserta dentro de redes que les permiten realizar intercambios de saberes, recursos, etc; generándose la posibilidad de suplir necesidades que no podrían por si solas.

En el caso de las provincias del Sur de Santander, caso SEPAS-COOPCENTRAL (Coque Martínez, 1996, pág. 64), se pueden identificar estos elementos, sin embargo, para el año 1996 se encuentra que aunque se identificaba su papel en la dinamización de las economías campesinas, eran débiles en "la construcción de servicios de infraestructura, educación, salud y las formas de influencia en las entidades territoriales" (Dávila L. de G., 1996, pág. 58).

Como se manifiesta en Dávila (2008), "una de las grandes fortalezas que muestran las CRAC en el sur de Santander, es el desarrollo de sus actividades de prestación de servicios financieros y otros complementarios a los asociados, es la capacidad de relacionar esa prestación de servicios con el reconocimiento de las características sociales y económicas que éstos tienen en el desarrollo de sus actividades productivas, ofreciendo servicios que se podrían denominar como servicios "hechos a la medida" de las características sociales y económicas de los asociados, en las cuales se captan las diferencias que produce una población heterogénea y diversa. De esta manera, el servicio de crédito se ofrece con oportunidad, agilidad y conocimiento, condiciones que los intermediarios financieros tradicionales no siempre están en capacidad de ofrecer

por responder a visiones donde la cultura local no se tiene en cuenta, pues atenta contra la propuesta de una política de servicios que busca el aprovechamiento de las economías de escala o la minimización de los costos de operación" (Dávila L. de G., 2008, pág. 316).

En el país los servicios financieros para la economía campesina son prestados principalmente por el banco Agrario, de carácter estatal y las CRAC y, a pesar de ello, un buen número de los municipios con mayor población rural tienen limitaciones en el acceso a servicios financieros como el crédito, como anotan López y Peña (2005; 4). Estudios realizados muestran que el 30.5% de los municipios del país no cuentan con servicios financieros de ningún tipo (López y Peña; 2005; 4 citado por Dávila 2008; 311) y en los municipios restantes los intermediarios financieros tradicionales y no tradicionales no aseguran el acceso al crédito por parte de la población campesina.

Las provincias del sur de Santander no se apartan de esta situación y el servicio de crédito es prestado por las CRAC locales en los municipios donde no hay intermediario financiero tradicional o por las CRAC de municipios vecinos. " Uno buen ejemplo de esta situación es la cooperativa COOMULDESA que nació en el municipio de Galán, Santander, en los años sesenta y hoy tiene oficinas en 13 municipios ubicados en este territorio. Lo mismo sucede con la CRAC ubicada en el municipio de Mogotes, que atiende las necesidades de municipios vecinos" (Dávila L. de G., 2008, pág. 311).

COAGRANJA también es un ejemplo de ello, siendo la única entidad financiera del municipio de Sucre ha facilitado el acceso a los servicios financieros a los habitantes, de esta manera no tienen que desplazarse. Sus servicios son apreciados por la comunidad porque responden a sus necesidades y son prestados más eficientemente que una entidad financiera tradicional. (Dávila L.de G. & Forero, 1987, pág. 36).

Los casos estudiados, además de prestar los servicios de crédito y ahorro en la localidad, han desarrollado otros servicios que se han hecho a la medida de las necesidades de los asociados y de la comunidad en general. Se presentan algunos de estos servicios en los casos analizados. En el caso de COOPVALLE se ha desarrollado una línea de crédito para proyectos productivos que además de tener una tasa de interés baja, le brinda al usuario el servicio de acompañamiento técnico durante el proyecto. COOMULSEB ha contribuido al cambio técnico del cultivo del frijol, a través de la adquisición para el alquiler de maquinaria y desgranadora. El cultivo de frijol en el municipio de Barichara es una de las actividades productivas más importantes y fue el sustituto por excelencia de los cultivos de tabaco.

MULTICOOP ha desarrollado una serie de servicios adicionales a los servicios financieros, tanto para sus asociados como para la comunidad en general. Entre ellos se destaca el servicio de inseminación artificial, dada la importancia de la ganadería en el municipio, y la comercialización de leche, de esta manera buscó ofrecer un precio justo a los pequeños productores.

COAGRANJA abrió una sección de consumo con la que se propuso jugar el papel de regulador de los precios logrando ofrecer productos a un precio justo y potenciando la acción colectiva dado que la población prefería comprar en la cooperativa, aún cuando los otros establecimientos bajaron sus precios después de la apertura de la sección (Ariza & Lobo, 2002, pág. 320).

Por su parte COOMULDESA crea su fundación en el año de 1997, cuando la regulación del sector solidario comienza a limitar el actuar de las CAC multiactivas y a solicitar que cumplan con una reglamentación similar a la de los bancos. A través de la

fundación presta servicios como compra y comercialización de productos agrícolas (café, maíz y frijol). (Bucheli M. , 2002, pág. 283).

b. Aprendizaje social: El desarrollo de habilidades y capacidades.

La organización cooperativa como escuela de habilidades gerenciales y desarrollo de capacidades de gestión ha sido impulsada por el modelo de desarrollo de la región. Inicialmente con la capacitación de líderes que serian quienes se convertirían en los Gerentes de las cooperativas de la región. Pero no solo a través de las capacitaciones se desarrollan habilidades y capacidades, sino en la práctica de la gerencia, de la participación de los órganos de dirección, en la participación en las asambleas y en el uso cotidiano de los servicios.

Con base en los estudios realizados por López y Peña (2005), Dávila (2004) y reseñados por Silva y Dávila (2002) puede considerarse que la experiencia llevada a cabo por las CRAC es un éxito en razón a que "es una actividad bien establecida y conectada con las comunidades locales y regionales, que se traduce en fortalezas relacionadas con la cercanía que tienen con los asociados en el otorgamiento de los créditos, situación que reduce los problemas de selección adversa y riesgo moral (López & Peña, 2005, pág. 3); otra fortaleza tiene que ver con "la administración financiera y se deriva del conocimiento de las micro finanzas" por parte de los núcleos básicos de las CRAC (López & Peña, 2005, pág. 39).

Finalmente, la revisión de los estudios de caso consultados para este capítulo, permite mencionar diez factores de éxito que se han encontrado, en mayor o menor grado en las seis CRAC estudiadas, factores que han contribuido a mejorar las condiciones de la producción y de los productores asociados a estas organizaciones.

Los factores determinados son los siguientes; Confianza, conocimiento y reconocimiento de la cultura local que se traduce en servicios a la medida, participación de los asociados y control social, contacto permanente del núcleo básico con los asociados, objetivos y reglas claras de juego, organizaciones solidas y bien administradas, manejo de recursos propios, seguimiento y asesoría de proyectos, tasas de interés positivas y razonables, financiación de actividades económicas viables y liderazgo individual y colectivo (Dávila L. de G., 2008, pág. 312).

Entre las observaciones que se han realizado, para los casos de COOPVALLE y COOMULSEB se observa una baja rotación de los integrantes de los cuerpos directivos. Sin embargo, al conocer más en detalle los casos se identificó que la situación era el resultado del desarrollo de la confianza en el núcleo básico y en el núcleo ampliado de estas cooperativas. Sin embargo, es un factor que detiene el desarrollo de las habilidades gerenciales de la base social. Es importante mencionar, que COOMULSEB realizó un cambio en la forma de elección de los directivos en el año 1993, con el que buscó aumentar la participación y disminuir la concentración del poder (Dávila L. de G., 2002, pág. 230); con el cambio se lograron los resultados esperados.

El desarrollo de la capacidad gerencial en todos los casos es evidente y aunque para cada caso tiene una velocidad de desarrollo diferente, ha contado con la constancia de un grupo de asociados que se ha interesado en el aprendizaje para ponerlo al servicio de la cooperativa.

Para los casos de COOMULSEB, MULTICOOP, COOMULDESA y COOPVALLE se ha logrado desarrollar una “capacidad de gestión, que se traduce en la capacidad que muestra la gerencia y los empleados de realizar sus actividades con

eficiencia y eficacia" (Dávila L. de G., 2004, pág. 70); adicionalmente, se resaltan dos aspectos del desarrollo de la capacidad gerencial: "el desarrollo de la capacidad de juzgar los hechos y de revisar las situaciones que las decisiones tomadas están produciendo" (Dávila L. de G., 2002, pág. 239) (Dávila L. de G., 2004, pág. 70 y 105). En el caso de MULTICOOP además de estos dos aspectos se ha desarrollado la capacidad de liderazgo traducida en el ánimo, que el Gerente, "ha venido desplegando para dirigir, orientar y motivar la generación de las nuevas ideas a fin de traducirlas en servicios nuevos" (Dávila L. de G., 2004, pág. 105).

Para el caso de COAGRANJA se destaca el aprendizaje de los asociados de "hacer cuentas" y de la conciencia de la importancia del ahorro que se tradujo en un aumento de los depósitos. (Ariza & Lobo, 2002, pág. 330)

c. Capital social y liderazgo: La relación empresa – asociación – comunidad:

El capital social se refleja en el aporte a la construcción de los valores, reglas de juego y redes confianza. Por su parte, el liderazgo es el involucramiento, impulso y apoyo que ha brindado la cooperativa a la comunidad en creación de redes con la comunidad que favorezcan el desarrollo local. (Lobo, 2002, pág. 138)

En todos los casos se observa una administración comprometida con los valores y principios ede la doctrina cooperativa. De esta manera, se desarrolla una cultura del autocontrol, de la honestidad, transparencia y ética. (Bucheli M. , 2002, pág. 278) COOMULSEB es una empresa privada con preocupaciones privadas y públicas (Dávila L. de G., 2002, pág. 236); MULTICOOP y COOPVALLE también son organizaciones

privadas con preocupaciones públicas en las que "prevalece la preocupación por el bienestar general y por la comunidad" (Dávila L. de G., 2004, pág. 122)

COAGRANJA ha liderado los procesos mencionados en de contribución al desarrollo local. Participó el proceso de pacificación de la zona y especialmente en la declaración de territorio de paz del corregimiento. Adicionalmente, en asocio con la Iglesia movilizaron a la comunidad para que tuvieran su propio bus comunitario. Servicio de gran importancia dada la ubicación del corregimiento y el estado de la carretera. (Ariza & Lobo, 2002, pág. 348).

En este apartado se deben resaltar los desarrollos mencionados en el aspecto Cooperación para el desarrollo.

d. La consolidación de un capital autónomo:

Un estudio realizado sobre estas organizaciones cooperativas en el año 2005, presenta como una de sus conclusiones más importantes "lo que han denominado como la *autonomía de capital*, que se refiere a la situación según la cual las CRAC del sur de Santander se caracterizan porque las fuente principal de recursos para ofrecer los servicios de crédito está fundada en los asociados a través de los aportes y del ahorro" (López y Peña citado por Dávila, 2008; 309). Y esta característica se manifiesta en un costo de capital bajo, ya que está originado en un buen porcentaje en fuentes propias (aportes de los asociados y retención de excedentes) que tiene un costo equivalente a la tasa de inflación anual determinada por el DANE y en los depósitos de ahorro que tiene un costo financiero menor que las tasa de interés que cobran los bancos por las obligaciones financieras.

Este capital autónomo se manifiesta en el ofrecimiento de tasas de interés justas a sus asociados, acorde con la filosofía cooperativa pero a su vez denota una debilidad que tiene que ver con el hecho de que este capital autónomo es escaso frente a las necesidades de crédito que tiene la población beneficiaria de los servicios de las CRAC (Dávila L. de G., 2008, pág. 310).

El estudio realizado por Dávila, (2008) recogió información para el año 2007 en la cual se muestra como 15 CRAC presentes en la región de las 17 existentes, tenían recursos disponibles para prestar servicios de crédito y otros servicios complementarios cercanos a los 50 millones de dólares (98.000 millones de pesos) provenientes del capital social (30%) y depósitos de asociados (70%), de los cuales se habían colocado casi US$31 millones (aproximadamente 63.000 millones de pesos) (Dávila L. de G., 2008, pág. 305). Con este capital propio las CRAC ofrecen 4 líneas de crédito[22] como se puede apreciar en la Tabla No 7.

Tabla 6 Colombia: Líneas de Microcrédito en las CRAC del sur de Santander

Fuente: (López & Peña, 2005, pág. 37).

El Capital que han consolidado estos cinco casos ha sido el resultado de un esfuerzo sostenido. COOMULSEB, COAGRANJA; COOMULDESA y MULTICOOP han pasado por periodos financieros difíciles. Con niveles de captación insuficientes para cubrir su demanda de créditos. Sin embargo, todas contaron con el apoyo de sus

[22] Esta ordenación de las líneas de crédito obedece a las directivas que impone la Superintendencia de la Economía Solidaria (SES), responsable estatal de la supervisión y control de las entidades solidarias (fondos de empleados, cooperativas, mutuales y otras) que ofrecen servicios financieros. Sin embargo esta reglamentación estatal no reconoce la práctica crediticia que durante muchas decidas impulsaron las CRAC de tener líneas de crédito "hechas a la medida " de los productores, en las cuales se reconocían las necesidades concretas de sus asociados , las cuales no se reflejan en las reglamentaciones de la SES

asociados durante la crisis del 98. Estas cooperativas no tuvieron un egreso masivo de asociados, confiaron en su entidad.

A manera de conclusiones...

Desarrollo de una experiencia exitosa

El papel que han desempeñado las CRAC en la región del Sur de Santander ha sido importante en el sentido de que ha logrado general aprendizaje social, capital social y liderazgo y un capital autónomo. Adicionalmente, se ha observado los diferentes casos de cooperación para el desarrollo de estas entidades. Es fundamental recordar que esta zona es un territorio de paz en medio del conflicto que se vive en Colombia. La idea de trabajar sobre las causas del conflicto ha dado resultados positivos y ha brindado la posibilidad de generación de empleo y autoempleo.

Cobertura de una demanda insatisfecha de crédito

Ha sido fundamental el papel que han jugado las CRAC de la región del Sur de Santander en la prestación de servicios de crédito a la comunidad a la que sirven, procurando responder a sus necesidades específicas. Sin embargo, la regulación financiera que se comienza a aplicar inflexiblemente al sector en los años 90 los limita a solicitar garantías tradicionales como garantes de las obligaciones crediticias. Este tipo de garantías, son entonces, impuestas por el supervisor y son importadas de la regulación bancaria; es decir, no nacen de las características de la comunidad a la que se sirve. Se puede decir que se limita el desarrollo de las cooperativas en términos de la construcción de confianza, factor fundamental en este tipo de organizaciones.

Una debilidad; los sectores más necesitados no han sido cubiertos totalmente por las crac.

Para que una persona se pueda asociar a una CRAC debe contar con el monto de los aportes que la entidad solicite. Adicionalmente, deberá realizar los aportes periódicamente, si así lo establece la entidad. En el caso de personas con muy bajos ingresos, este monto es muy difícil de reunir. Es por esta razón por la que las CRAC han dejado de cubrir estos sectores. Se trata de sectores a los que se dirigen las microfinanzas, pero será necesario que la persona pueda primero comenzar a generar un ingreso para poder ingresar a la CRAC. Cabe mencionar que las Microfinanzas, del tipo del Grameen Bank, trabajan con garantías solidarias o alternativas, no garantías tradicionales, porque su propósito es generar acceso a crédito a personas que no lo tienen en las instituciones financieras tradicionales.

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Integrating Small Farmers into Large Cooperatives: The Case of the Colanta Dairy Cooperative – Liliana Ruiz

La sostenibilidad de la capacidad alimentaria en Antioquia, Colombia: una propuesta coherente con la economía solidaria – Luz Dolly Lopera García

Introducción**:** A partir del Informe Brundtland se plantea la necesidad de un modelo económico de desarrollo que considere la sustentabilidad ambiental, disminuya los problemas del ecosistema y mejore las condiciones de vida de las personas. Desde esta perspectiva, en varios países del mundo, principalmente los desarrollados, se ha aumentado la demanda por productos alimenticios de origen agroecológico y orgánico que no generen efectos nocivos para la salud y brinden mayor bienestar a la población.

La producción agroecológica se suele vincular con la explotación adecuada de los recursos naturales y con la producción agrícola orgánica que conlleva la utilización de insumos orgánicos y comportamientos humanos relacionados con la responsabilidad en el consumo para la buena salud humana.

El presente texto plantea algunos elementos de reflexión en torno al desarrollo sustentable y la derivación en la producción agrícola orgánica como bases de la soberanía alimentaria para enfatizar el liderazgo que ejercen las cooperativas y las asociaciones de campesinos en Antioquia para mantener la producción agrícola que sostienen su parcela, a su familia y la oferta de alimentos del departamento. El texto se argumenta a partir de la realización en el oriente de Antioquia de dos investigaciones que buscaron caracterizar las pequeñas y medianas unidades económicas de producción de frutas y verduras de dos localidades generadoras de productos agrícolas para el departamento: Marinilla, declarado distrito agrícola y el municipio de la Ceja, ambas pertenecientes a la región del oriente.

A partir de los estudios, se sostiene que se requiere fortalecer un modelo económico que genere sostenibilidad económica, ambiental, política, cultural y social, estructurado en la economía solidaria y que alguna manera es el que le da soporte a las propuestas productivas desarrolladas por las organizaciones en las localidades estudiadas.

El texto se organizó de la siguiente manera: un primer argumento asume el tema de la producción orgánica como sustrato del desarrollo sostenible, lo que constituye la evidencia del fundamento que sostiene la vida del ecosistema y de allí se deriva que es necesaria la soberanía alimentaria de los pequeños y medianos agricultores para garantizar la sostenibilidad de las futuras generaciones que no solo habitarán las zonas rurales sino también las grandes ciudades.

Un segundo argumento sintetiza las formalidades de la certificación orgánica para abordar las exigencias de demanda en el mundo globalizado, que sin embargo se concretan casi exclusivamente en los países desarrollados.

Finalmente, se concluye sobre las intenciones de generar una agricultura que esté en la base del cuidado de la salud humana y la vida de la tierra, pero que no alcanza a concretarse por las condiciones reales en que viven los agricultores que cuidan la base alimentaria de las regiones.

La producción orgánica como sustrato del desarrollo sustentable: La preocupación por el mantenimiento y la conservación del ecosistema, fundamento de la sostenibilidad agrícola, para garantizar la producción de alimentos que sostenga a las futuras generaciones, dio origen al concepto de "Desarrollo Sustentable" expresado en el informe presentado por la Comisión Mundial sobre Ambiente y Desarrollo, en el año 1987((Polanco y Velasquez, 2005). Dicho informe, ha permitido la introducción en el

discurso del desarrollo de aspectos relacionados con el cuidado del medio ambiente unido a la seguridad alimentaria.

En los últimos años el concepto de sostenibilidad se ha centrado en objetivos de desarrollo humano, adquiriendo implicaciones cada vez más precisas, desde el eco-desarrollo y desarrollo sostenible y ha pasado de ser una preocupación para convertirse en un compromiso de política en la planeación y puesta en marcha de modelos productivos de desarrollo. En este sentido, también ha derivado en otras propuestas tales como la sustentabilidad ecológica, referida a la base física del proceso de crecimiento y al mantenimiento del stock de recursos naturales incorporados a las actividades productivas, la sustentabilidad ambiental definida como la capacidad de la naturaleza para absorber y recomponerse de las agresiones al medio, la sustentabilidad social que tiene por objeto el mejoramiento de la calidad de vida de la población y la sustentabilidad política vinculada fuertemente al proceso de construcción de ciudadanía que busca garantizar la incorporación plena de las personas al proceso de desarrollo (Polanco y Velasquez, 2005).

La agricultura orgánica desarrollada por los campesinos agricultores, a partir de practicas ambientalistas, se constituye en la base de la sostenibilidad del ecosistema porque es una relación directa con el medio ambiente en el que se produce una interrelación entre la naturaleza y el trabajo del ser humano mediante un variado y extenso conjunto de factores que interactúan a través procesos complejos e interdependientes para determinar el producto para el consumo (Rosas, 2003).

En la actualidad, va teniendo fuerza la demanda de producción agrícola en condiciones particulares de inocuidad para la salud humana y el mantenimiento de los

ecosistemas. De esta manera, se constituye en doctrina de equidad y de respeto hacia la naturaleza, junto con la posibilidad de garantizar la producción de alimentos para la sostenibilidad de las generaciones presentes y futuras (Rosas, 2003).

El concepto técnico y la aplicación de la agricultura orgánica surgen en la Gran Bretaña después de la segunda guerra mundial, teniendo como base la protección del suelo, la fertilización orgánica y la conservación de la biodiversidad. Adicionalmente, se relaciona con el concepto de verificable, lo cual se concreta en un conjunto de normas internacionales reconocidas y la presencia de instituciones que certifican su cumplimiento.

La agricultura orgánica no solo se entiende como el acervo de prácticas que propenden por una producción agraria sostenible en relación con el medio ambiente, los recursos naturales, la biodiversidad y el ser humano, soportadas en la sabiduría y conocimiento de las comunidades rurales de carácter ancestral, sino también como un discurso articulado a algunas propuestas que desarrollan los organismos internacionales intervinientes en la industria alimentaria en el mundo tales como: la Organización de la Naciones Unidas para la Agricultura y la Alimentación, FAO, que a su vez creó en 1963 la Comisión Codex Alimentarius para la promoción de normas alimentarias relacionadas con métodos agronómicos, biológicos y mecánicos, en oposición a la utilización de materiales sintéticos; la Federación Internacional de Movimientos de Agricultura Orgánica, IFOAM y el Programa Especial para la Seguridad Alimentaria, PESA, entre otros (Rosas, 2003).

En sentido general puede plantearse que la producción agrícola de carácter orgánico se manifiesta como una necesidad del planeta, protegida por organismos

multinacionales que lideran las políticas de desarrollo. Sin embargo, la relación del ser humano con la naturaleza en la producción alimentaria requiere de un pensamiento critico, que permita integrar todas las dimensiones relevantes al medio rural, tales como la social, ambiental, económica, cultural y política, que significa trascender los análisis de costos de producción y ganancia, para articular otros aspectos y otros discursos que vinculen la vida de las personas y la comunidad como la posibilidad real de la sostenibilidad del ecosistema en la perspectiva del propio desarrollo(Escobar, 1996; p. 372).

La producción orgánica y la seguridad alimentaria en la base de la sustentabilidad social y política: La FAO presenta como objetivo de la seguridad alimentaria, garantizar a todos los seres humanos el acceso físico y económico a los elementos básicos necesarios; en perspectiva local, y que se genere un equilibrio satisfactorio entre la demanda y la oferta de alimentos a precios razonables (Thompson y Metz, 1999).

La defensa de la vida, la naturaleza y el espacio de producción (Escobar, 1996) es fundamental para el acceso a los alimentos; se constituye en el derecho de la persona a los recursos alimentarios para la familia y la comunidad que le rodea como una dimensión de bienestar universal (Thompson y Metz, 1999).

De allí se deriva la necesidad de la soberanía alimentaria como uno de los derechos de cada nación para mantener y desarrollar su capacidad para producir los alimentos básicos y alimentarse en correspondencia con sus especificidades sociales, económicas, ambientales y culturales, respetando la diversidad productiva y cultural y cuidando los recursos naturales (Sánchez, 2005).

Según Mejía (2003) es el proyecto político de cada sociedad el que garantiza el abastecimiento de alimentos necesarios, por esto debe enfrentar esta condición de su supervivencia, particularmente adoptando modalidades de uso y posesión de la tierra apropiados para el logro de la seguridad y la soberanía alimentaria, lo cual forma parte del proyecto político de soberanía nacional, en cuanto define la independencia del país en cuanto mantiene los abastos necesarios y suficientes para la sostenibilidad.

En tal sentido, según Sánchez, (2005), la soberanía alimentaria como proyecto político contribuye a la reafirmación de la alimentación como un derecho humano y a la vez significa garantizar a las familias campesinas la tenencia y el control de la tierra en la que trabajan.

En la actualidad, cerca de 800 millones de habitantes de los países en desarrollo, alrededor del 20% del total de su población, padecen de desnutrición crónica, situación que empeorará con el crecimiento demográfico mundial -se prevé una cifra de 8.300 millones para el año 2025-, a menos que se tomen medidas muy resueltas y precisas para regular la seguridad alimentaria, de allí se deriva que uno de los principales problemas que afronta la sociedad mundial es el poder hallar el modo de producir alimentos suficientes para todas las personas sin degradar el medio ambiente y conservando su entorno natural de sobrevivencia.

La seguridad alimentaria dispensada por la agricultura es tal vez el único modo de sustento del que disponen muchas familias pobres. En Colombia la pobreza es un fenómeno predominantemente rural, por lo que se genera un circulo vicioso en el que la producción de alimentos depende de un sector con altas restricciones económicas y en el que paradójicamente está una de las mayores despensas de nutrientes y vida del planeta.

El futuro de muchas familias rurales con problemas de pobreza depende del sector agrícola, porque es muy difícil que otro sector de la economía pueda absorber a corto o mediano plazo el elevado número de personas que trabajan en este medio (Forero, 2003).

Colombia posee los recursos necesarios para la producción de los alimentos requeridos por la población de su territorio, sin embargo aún le queda por resolver la seguridad alimentaria que depende mucho de la resignificación de la producción de alimentos en un contexto de libertad y autonomía para la producción por parte de campesinos y agricultores que trabajan la tierra, desde sus saberes en un contexto de comunidad local, que es posible lograr si persiste la capacidad de organización y asociación de los colectivos humanos y el trabajo cooperativo de diversos estamentos gubernamentales y no gubernamentales.

En tal sentido, es una tarea siempre postergada el fortalecimiento de la democracia y la participación de la gente en la reflexión y el diseño de su propio desarrollo para generar la capacidad de asegurar la vida, la producción de los alimentos necesarios para la subsistencia y de que acceda la población más pobre. Esto es tan fundamental, que explica por qué los países más ricos de la Tierra gastan 370 mil millones de dólares al año en subsidios a su agro, cifra que ha crecido de manera ininterrumpida desde hace varias décadas (Robledo, 2003).

La certificación de la producción orgánica para un mercado exigente: Según FAO y OMS (2003), a la comisión del Codex alimentario le corresponde formular propuestas a los directores Generales de la Organización de las Naciones Unidas para la Agricultura y la Alimentación (FAO) y a la Organización Mundial de la Salud (OMS) para ser consultada en todas las cuestiones relativas a la ejecución del Programa Conjunto

FAO/OMS sobre Normas Alimentarias, las cuales son similares en todo el mundo en cuanto a los principios generales (Saborío y Delgado, 2006).

El Codex alimentario es un conjunto de normas internacionales, códigos de prácticas, directrices, recomendaciones que buscan proteger la salud de los consumidores a través de la protección de productos genuinos, debidamente etiquetados y no adulterados (Min. de Comercio, Industria y Turismo, 2008).

Según el Ministerio de Agricultura y Desarrollo Rural y la Fundación Manuel Mejía (2007) la Agricultura de naturaleza orgánica fue reconocida en el Encuentro BIO2001[23], por más de cien empresarios, como la oportunidad comercial del futuro, además de prolongar y cuidar la vida. En Colombia, cada año aumenta el número de hectáreas limpias que se dedican al cultivo orgánico para complacer a los consumidores, tanto colombianos como de otros países, que están en capacidad de pagar precios más altos por proteger su salud. Sin embargo, la producción no abastece la demanda mundial por alimentos. Países de Europa, Asía y América del Norte están solicitando, cada vez más, este tipo de productos, y establecen, como prioridad, que exista tanto mayor producción de alimentos orgánicos como una certificación que valide el proceso.

La certificación es la manera en que un agricultor puede asegurar a quienes compran sus productos, que son generados bajo normas de producción orgánica reconocidas, tanto en el ámbito nacional como internacional; se concede por tres años prorrogables en relación con el mantenimiento de calidad establecido y marca la diferencia entre la comercialización de un producto orgánico y un producto cultivado en forma convencional. (Saborío y Delgado, 2006)

[23] Encuentro de empresarios de Latinoamérica y Europa realizado en Colombia y Panamá en el año 2001, con la perspectiva de explorar posibilidades de comercialización basados en agricultura orgánica, biodiversidad y biotecnología.

A la creciente preocupación de los consumidores de los países desarrollados por la protección del medio ambiente y por el cuidado de la salud se une la frecuente identificación de enfermedades transmitidas por alimentos que ha venido disminuyendo la confianza de los consumidores en los sistemas convencionales de producción y han generado un incremento en la demanda de productos de origen orgánico, en un 20% anual, a partir de los primeros años de la década de los años 80 (Espinoza, 2004).

Entre los desafíos que comprometen a las autoridades competentes para ejercer control y regulación se encuentran: la creciente carga de las enfermedades transmitidas por los alimentos, el desarrollo de sistemas de control de base científica orientados a la protección del consumidor, el comercio internacional y la necesidad de armonización de las normas de inocuidad y calidad de los alimentos, la creciente conciencia de los consumidores para demandar información sobre le calidad de los productos. La responsabilidad máxima la constituye el establecimiento de leyes de protección al consumidor frente a los alimentos peligrosos, impuros, con presentación fraudulenta y que no correspondan a la naturaleza, sustancia o calidad exigidas (FAO y OMS, 2003).

En este sentido, la Unión Europea estableció en 1991 una legislación internacional en Agricultura Orgánica (EEC No. 2092/91) que regula a todos los países miembros y a todos los que deseen exportar productos ecológicos a la UE; Estados Unidos estableció una Ley Federal en 1993 que entró en vigencia a partir del año 2002; Japón, a partir del 1° de abril del 2001, entró a regir la Normativa para Producciones Orgánicas del Ministerio de Agricultura Forestación y Pesca-MAFF que exige el etiquetado con el sello de Japanese Agricultural Estandars, JAS, en los productos agrícolas orgánicos (Espinoza, 2004).

En Colombia, la resolución 0074 de 2002 define el sistema de producción orgánica que sustenta la producción de alimentos sanos y seguros. La resolución establece el reglamento para la producción primaria, procesamiento, empacado, etiquetado, almacenamiento, certificación, importación y comercialización de productos agropecuarios orgánico.

El desarrollo desigual de las regiones: un contexto desarticulado para promover la agricultura orgánica en Antioquia: **S**egún Lotero, en Colombia el desarrollo económico ha sido desigual entre regiones; las políticas liberales, propiciadas en Colombia desde mediados de la década de los años 80, que buscaban mayor inserción de la economía en el mercado mundial, con sustento en el crecimiento industrial y la especialización en bienes con ventaja comparativa, no dejaron que se propiciara mayor equilibrio territorial para responder eficientemente a la demanda, por el contrario, se profundizó la desindustrialización que venía ocurriendo en la economía y no se alteraron los patrones de localización y distribución industrial. En Colombia han podido co-existir bajos niveles de productividad o eficiencia en las principales áreas metropolitanas con altos niveles de concentración y aglomeración industrial y viceversa (Lotero, 2005; p. 166.

Con la apertura comercial desarrollada la región más afectada fue Antioquia, donde se asentó la industria de sustitución de importaciones, evidenciando su fragilidad y débil capacidad de respuesta a la mayor integración comercial; las regiones del interior del país, especialmente las muy especializadas en producción agroindustrial, perdieron en eficiencia, lo cual favoreció las importaciones de productos agrícolas (Lotero, 2005; p. 169-170).

La distribución geográfica de las regiones unida a la accidentada topografía del país, el atraso del sistema de transporte y la concentración institucional en las ciudades capitales, no han favorecido la desconcentración hacia las regiones periféricas que favorezcan su crecimiento, lo que también ha incidido en la fragmentación del territorio y el incremento sobre los costos del transporte, generando desequilibrios regionales que dificultan su desarrollo (Lotero, 2005).

Desde este contexto, en Antioquia una de las regiones que sobresale es el Oriente por sus especiales condiciones de riqueza en recursos naturales, se encuentra entre los dos principales ríos de Colombia: el Magdalena y el Cauca. La biodiversidad es su gran patrimonio, su territorio se ubica en bosques húmedo y muy húmedo tropical, donde existe una rica variedad de especies en flora y fauna. El territorio con su biodiversidad y la ubicación geográfica, son las principales fortalezas sobre las cuales se basa la actuación ambiental del gobierno y el sector empresarial, por lo que han venido localizándose en su territorio diversas actividades económicas industriales y servicios de apoyo a la producción, que combinado con la variedad de climas y la belleza de su variado paisaje natural, le otorga un alto potencial competitivo (Plan de Gestión Ambiental 1998-2006, CORNARE).

El Oriente Antioqueño ha venido posicionándose como zona estratégica del Departamento y del País, porque constituye un punto de anudamiento del sistema eléctrico y energético (posee seis embalses y cinco centrales hidroeléctricas), y del sistema vial nacional que articula la capital de la república con las costas Atlántica y Pacífica, el oriente y el occidente del país y, además, comunica tres de las ciudades más importantes del nivel nacional: Bogotá, Medellín y Cali.

Por sus características anteriormente enunciadas y tener en su territorio el aeropuerto internacional José María Córdova y la zona franca, la región ha sido vinculada a los proyectos de Visión Antioquia Siglo XXI, en el marco de la proyección del Departamento Antioqueño como "la mejor esquina de América", lo que demuestra su ubicación estratégica frente a los procesos de competitividad y globalización de la economía. La región es una de las principales abastecedoras de productos agrícolas y materias primas del Departamento y otras regiones del país.

La agricultura orgánica y la soberanía alimentaria en el oriente antioqueño:

En Colombia, no hay una política coherente de desarrollo rural, que tenga en cuenta los procesos que han vivido las comunidades de campesinos, ni políticas orientadoras del ordenamiento territorial que tenga en cuenta la capacidad de los campesinos para la suficiencia alimentaria, ni una política que integre al agricultor a la unidad de producción agrícola en aspectos de sustentabilidad económica, social, política, cultural y ambiental.

Tal situación, ha propiciado que diversos grupos de agricultores se organicen en forma de asociaciones, tal es el caso del oriente antioqueño en el que se presentó por parte de la comunidad organizada, la propuesta de ordenamiento territorial y desarrollo rural para cuidar la economía campesina productora de alimentos y la recuperación de la memoria de la cultura agraria, anterior a la revolución Verde.

En el año 1996 se creó primer el Distrito Agrario en la localidad de Marinilla y posteriormente de fueron adhiriendo varios municipios de la región para cuidar la producción de alimentos en el marco de la producción sostenible y la conservación de los recursos naturales. Bajo esta perspectiva, se sugirió la producción de agricultura orgánica

en estructuras organizadas de economía solidaria como asociaciones locales y regionales para comercializar equitativamente lo productos y el mejoramiento de las condiciones de vida de la población (Infooriente, 2009)

En el distrito agrario se trabaja la agricultura bajo dos esquemas: el de buenas prácticas agrícolas y el de la agricultura convencional, aprendida en los años de la revolución verde. Bajo la orientación de la Unidad de Asistencia Técnica, UMATA se mantiene el proceso de encaminar la producción agrícola hacia la agricultura orgánica, y junto con la Secretaria de Agricultura y Medio Ambiente se trabaja por fundamentar una conciencia de asociación en la perspectiva de que más agricultores se organicen para adaptar la técnica de producción orgánica y sean capaces de negociar directamente sus productos.

En el oriente de Antioquia son las asociaciones de campesinos (como forma organizativa de economía solidaria) las que han tratado de organizar su producción de acuerdo con lineamientos de cuidado al medio ambiente y que un poco han ido incorporando prácticas de producción orgánica, sin que signifique sostenibilidad de la unidad económica.

Esto se explica por las condiciones de vida de los agricultores que no permite mejorar los sistemas de producción agrícola: el 72% de los agricultores viven en situación de pobreza, la unidad de explotación es de propiedad familiar (56%), lo que define que en parte se dediquen a producir primero para sostener la familia y luego incorporen la producción para la venta, que es orientada por las asociaciones. Las familias son las que se ocupan de la explotación agrícola, principalmente las mujeres, muchas veces sin ningún tipo de salario o por debajo del mínimo.

Los agricultores, son en su mayoría jefes de familia que deben sostener una población en su mayoría de estudiantes, adultos mayores, personas con discapacidad y desempleados. Cabe anotar que la producción para el sustento de la familia, genera mayor vulnerabilidad en estos grupos poblacionales porque la seguridad alimentaría depende de la parcela agrícola.

Los productores agrícolas han demostrado conocimiento respecto a sus propias prácticas agrícolas, si son orgánicas o no, son conscientes de la falta de mayor aprendizaje para el cultivo de la tierra en condiciones adecuadas, pero desconocen en un 66% la configuración de distrito agrario y lo que esto significa, lo cual justifica la necesidad de desaprender las antiguas prácticas agrícolas con químicos, dejadas por la cultura de la revolución verde antes de asumir completamente una cultura de agricultura orgánica. Sin embargo, deben surgir de parte del Estado, políticas de subsidios como lo hacen en países que han acogido este tipo de producción, pues la evidencia es que solo el 11% de los agricultores reciben algún apoyo y el resto subsisten gracias a sus propias capacidades de producción.

Los agricultores conocen mejor que nadie cuál es el camino, y son conscientes que el problema no radica en que el agricultor no sepa trabajar la tierra, sino que el medio ambiente está deteriorado y es difícil marginarse del uso de los químicos-sintéticos que los comercializadores promocionan en los mercados locales y nacionales, para poder competir con volumen de producción y precios.

En tal sentido cabe preguntarse, ¿Se podría pedir a los agricultores de pequeña escala, organizados o no en asociaciones o cooperativas, cumplir con todos los requisitos de calidad para exportar y competir como lo plantea la economía global?

Algunas instituciones y personas involucradas con las actividades agrícolas saben que deben empezar por la dextosificación de la tierra y por concientizar a los productores y a los consumidores en general, de las bondades de la agricultura orgánica. Es preciso recordar que la preocupación por la salud humana proviene de la conciencia del peso que tiene los alimentos en la vida saludable o enfermedad de las personas y son los agricultores de pequeña escala, quienes sostienen y proveen de alimentos a las regiones, porque la preocupación de los latifundistas está orientada en abastecer con soya, caña de azúcar, maíz o palma africana la materia prima de la industria automotriz que deja amplia rentabilidad.

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Cooperative Experiences in Paraguay

Introduction – Marcela Vásquez-León

THE PARAGUAYAN CONTEXT OF SOCIAL INEQUALITY

Paraguay is the most agrarian of Latin American countries. Of its 5.5 million residents, 43.9 percent live in rural areas, and agriculture employs 45 percent of the workforce. Sixty percent are smallholders, cultivating 1–10 hectares of land, often practicing swidden agriculture, and using animal traction to till the soil. Even though they occupy only 4 percent of the total agricultural land, the almost 248,000 small farms found in the country generate over one-third of the total value of agricultural production (Sorrenson, Duarte, and Lopez, 1998; IICA, 2004).

Paraguay also stands out for its low socioeconomic indicators, ranking among the poorest in the Americas and Africa. According to the World Development Report (World Bank Group, 2006), maternal and infant mortality rates stand at 186 compared with the regional average of 19.78 per 1,000 live births. Even though social spending increased during the 1990s, it amounts to only 6 percent of the country‘s gross domestic product compared with the average of 11.9 percent for Latin America. Paraguay also has the highest population growth rate, at 2.45 percent, with 97 percent concentrated in the country‘s eastern region, which accounts for 38 percent of the national territory (DGCE, 2002).

Paraguay‘s adverse socioeconomic indicators today are the unfortunate results of the agrarian development strategy undertaken during the 35-year military dictatorship of Alfredo Stroessner (1954 –1989). During this period, core agrarian policies focused on agro-exports that benefited the state, intermediaries, and Paraguayan and foreign latifundistas at the expense of peasant farmers (Lernoux, 1982: 20–23; Formento, 2003:

63–64). One such policy was the opening of the agricultural frontier to Brazilian settlers and multinational corporations for soy production, extensive cattle ranching, and timber extraction. These large investors brought capital, technology, and experience. The Paraguayan state assured them of access to large tracts of land and the road infrastructure that would take crops, markets, and labor toward Brazilian ports. About 1 million hectares, or 30 percent of Paraguay‘s arable land, had been transferred to Brazilian investors by the beginning of the 1980s (Lernoux, 1982: 21).

A second policy that contributed to the isolation of small producers but favored large-scale enterprises was the Settlement of the Northern Axis, a massive internal colonization project carried out during the 1970s. The project was designed to open the agricultural frontier to peasant farmers and reduce pressure on the overpopulated and overused lands in the central departments of eastern Paraguay. The state promised land titles, credit, and technical assistance to individual households. In practice, the program created a dependent political clientele of peasant farmers: only those who claimed allegiance to the state received land. Peasant farmers who received land, as Formento (2003: 66) recounts, received ―agricultural plots of 200 meters‘ frontage and 1,000 meters deep, distributed along the road.” This, she adds, ―determined a structure that threatened the communal bases by disarticulating preexisting relations of economic cooperation and integration among peasants.” Furthermore, receiving titles often took more than a decade, and state investment in basic infrastructure and services was negligible. Many landless farmers ended up abandoning the land to sell their labor to large producers (Nagel, 1999). Referring to the conditions experienced by the majority of Paraguayan small farmers by the end of the 1970s, Lernoux (1982: 20) writes: ―Few of the peasants . . . ever learn to

read or write, see a doctor, or know the luxury of running water or electricity. Malnutrition causes nine-tenths of the deaths. . . . These peasants explain their tragedy by quoting an old Guarani Indian saying: 'No one listens to the cry of the poor or the sound of a wooden bell.' Three-fifths of Paraguay's 2.6 million people live this way."

Throughout the 1970s the state's Ministry of Agriculture and Livestock (MAG) encouraged collective organization through the formation of agricultural committees that grouped peasant families at the local level. Savings and credit cooperatives were also promoted with assistance from the Credit Union National Association (CUNA), a federation of credit unions in the United States. These were designed to finance basic services such as sanitation and road paving that the state neglected to provide. The state exerted full control over rural associations and cooperatives and prohibited peasants from organizing in any form that would offset the power of intermediaries. As Weisskoff (1992) points out, during the Stroessner regime, cooperatives were instrumental in forcing small farmers to intensify production, guaranteeing a dependable labor force for the large farms. An independent cooperative or association was perceived as a "communist conspiracy" and would be quickly destroyed by the military through the murder of its leaders (Lernoux, 1982: 21). In contrast, the state openly supported the creation of large cooperatives for the marketing of soy that grouped industrial farmers who by then had appropriated the best agricultural lands (Formento, 2003: 80–81).

After the Stroessner regime, the country went through a period of political instability and recession exacerbated by Argentina's 2001 economic crisis, which impacted Paraguay's financial sector and regional commerce (Fernández Valdovinos and Monge-Naranjo, 2004). According to Rodríguez and Otter (2008: 147), the poverty rate[1]

increased from 32 percent in 1997 to 41 percent in 2003. The end of the Stroessner regime also initiated a period of transitional democracy in which elements of the old Paraguay of the military dictatorship mix with a new Paraguay that is trying to solidify democratic processes and strengthen its geopolitical position vis-à-vis its much stronger neighbors Brazil and Argentina (Formento, 2003: 85).

For small producers, this period of transitional democracy has generated tremendous expectations. Most of those interviewed reported that for the first time they had an opportunity to participate in the definition of the new Paraguayan democracy and its integration into the global economy. New expectations, however, clash with a rural reality that is precarious, lacks basic infrastructure, and still has elements of the old Paraguayan social structure, 48 percent of the total cultivated area belongs to large soybean farmers and corporations. This creates contradictions in the collective struggle. On the one hand, smallholder Paraguayan cooperatives are limited by a fairly entrenched view that someone else (international markets in this case) must determine the expectations and livelihood strategies of small farmers. On the other hand, by modifying their expectations, cooperatives and their members are beginning to intervene in the making of their own destiny.

A Practitioner's Perspective on Rural Cooperative Development in Paraguay – Elisa Echagüe

El Instituto Nacional de Cooperativismo, órgano supervisor de las cooperativas en el Paraguay estima que en el año 2010 el número de personas asociadas al sector cooperativo ha alcanzado las 1.180.000 personas, en relación a una población total de 6.500.000 de habitantes. Este hecho hace del Paraguay uno de los principales países cooperativizados del mundo, ocupando la segunda o tercera posición entre los mayores países con población cooperativizada. Otra particularidad del cooperativismo en el Paraguay es el carácter multiactivo de las cooperativas, es decir una cooperativa puede ser de ahorro y crédito, al igual que de producción, industria y servicios y no necesariamente especializada en una actividad o rubro especifico.

En el año 2010 el Producto Interno Bruto del Paraguay ha alcanzado un record histórico de 14.5%, y la participación del sector agropecuario representa el % al PIB y en particular se atribuye al sector cooperativo el %. Estos datos destacan la importancia significativa del sector cooperativo en la economía del país.

Conforme a la Federación Paraguaya de Cooperativa, las cooperativas de producción son responsables del 60% de la producción agropecuaria en el Paraguay. Dichas cooperativas cuentan entre sus asociados a los productores sojeros, productores de leche, bovinos y porcinos. Los miembros de estas cooperativas son primordialmente paraguayos descendientes de extranjeros, caracterizados por la mecanización de la agricultura y aplicación de tecnología de avanzada, utilización de insumos agrícolas, incorporación de material genético mejorado y las prácticas de manejo del hato ganadero. La publicación del Instituto Interamericano de Cooperación Agrícola en su informe anual del 2009

destaca que el sector de las cooperativas de producción en el Paraguay, es el principal responsable del dinamismo del sector agroindustrial, como así también las empresas agroindustriales multinacionales.

Por su parte, las cooperativas de pequeños productores se dedican principalmente a la producción de sésamo, frutas y hortalizas en el norte y centro de la región oriental del país y de la yerba mate y granos en la región este y sur del país. Estos productores se caracterizan por el bajo uso de la tecnología, al igual que equipos agrícolas mecanizados, poca o ninguna utilización de insumos agrícolas, dificultades en el acceso al financiamiento, desafíos en la comercialización y poca capacidad de gerenciamiento de sus empresas cooperativas.

El objeto del estudio de la investigación realizada por ACDI/VOCA y BARA de la Universidad de Arizona en el Paraguay se concentra en las cooperativas de pequeño a mediano porte, en la que se concentrara este documento. Se compartirá en la misma la visión y experiencia particular de 7 años y más de vivencia con el sector cooperativo paraguayo, en particular con las pequeñas cooperativas.

Estructura del Sector Cooperativo

El nivel de la organización de las cooperativas en el Paraguay, conforme a la Ley 438/94 es de tres niveles, el primer nivel corresponde a una cooperativa individual, con su correspondiente área de acción y membresia. El segundo nivel de organización corresponde a las centrales y federaciones cooperativas, la primera debe estar constituida mínimamente por tres cooperativas y las federaciones por siete cooperativas, estas a su vez conforman la Confederación que corresponde al tercer nivel de organización de las cooperativas.

Conforme a la Ley 438/94 en el Artículo 84 establece que las funciones de las centrales son las siguientes:

a) Organizar servicios comunes de administración cooperativa y el aprovechamiento mutuo de tales servicios;

b) Promover o emprender por cuenta propia la producción de bienes o prestación de servicios y organizar el adecuado mercadeo de los mismos;

c) Gestionar la adquisición en las condiciones más ventajosas posibles de los bienes y servicios requeridos por las cooperativas asociadas;

d) Gestionar servicios de financiamiento de las operaciones y de asesoramiento que demanda de sus asociadas; y,

e) Realizar otras actividades en beneficio común.

Las funciones enumeradas son simplemente enunciativas.

Por su parte, las Federaciones conforme al Artículo 89 de las Ley 438/94 tiene los siguientes objetos:

a) Defender a sus federadas y coordinar la acción de las mismas;

b) Prestar y contratar asistencia técnica y asesoramiento y realizar gestiones tendientes a lograr mejores rendimientos en las actividades que desarrollan las cooperativas;

c) Fomentar la investigación científica aplicada a las actividades cumplidas por las cooperativas federadas y promover la educación especializada de los socios de éstas;

d) Difundir los principios y prácticas del cooperativismo; y,

e) Conciliar las diferencias que pudieran suscitarse entre las cooperativas federadas y cuando les soliciten, arbitrar sus disputas internas.

Actualmente en el país se cuenta con varias centrales cooperativas, sin embargo, las mismas corresponden a las cooperativas de ahorro y crédito y a cooperativas de producción de mayor grado de desarrollo. Existen dos federaciones de ahorro y crédito y una federación de las cooperativas de producción. Una sola central cooperativa aglutina a los pequeños productores, quienes principalmente se dedican a la producción y comercialización de frutas y hortalizas.

- **Mi experiencia dentro del sector Cooperativo y de pequeños productores.**

El trabajo desarrollado en mi rol de agente técnico con los pequeños productores en el Paraguay, en particular en la zona norte del país me ha permitido acceder a entender y comprender mejor la realidad y la problemática de los productores. El trabajo arduo y tenaz desarrollado por los hombres y mujeres del campo merece su valoración e importancia como un medio de vida de numerosas familias del pais. Sin embargo, existen varios aspectos que deben ser considerados para mejorar, apuntalar y fortalecer la agricultura de los pequeños productores del país y por ende su nivel de vida.

- **Potencialidades de las pequeñas cooperativas.**

Los pequeños agricultores en el Paraguay totalizan actualmente ……, de los cuales ……% se encuentra cooperativizados. La categoría de pequeños productores del total de productores cooperativizados representa ….%. Es interesante notar que varios productores agropecuarios integran las cooperativas del país, sin embargo, los mismos proveen servicios importantes como el de ahorro y crédito pero no los servicios que corresponden a una cooperativa de producción agropecuaria, por ello el dato que se presenta es un aproximado de los agricultores cooperativizados.

Los datos de arriba indican que existe un elevado número de productores sin asociarse o pertenecer a una organización, sea esta cooperativa, asociación u organización. Por lo tanto, existe la necesidad que los productores se unan y conformen sus grupos o comités como es conocido comúnmente en el país para acceder a mercados, a la asistencia técnica y financiera y procurar por sus derechos y desarrollo. Sin embargo, esta práctica precisa varias consideraciones

El trabajo con las pequeñas y medianas cooperativas de producción tienen sus particularidades propias. Es preciso diferenciar a las cooperativas de producción de propiedad y dirección de miembros agricultores y de las cooperativas multiactivas con gerenciamiento profesional que cuentan con un departamento agropecuario. Para distinguir mejor la diferencia entre uno y otro tipo de cooperativa, se presenta el siguiente cuadro comparativo.

	Cooperativa de Pequeños productores	Cooperativas multiactivas con sector agropecuario
Ubicación	Comunidades rurales	Centros urbanos
Capitalización	Mínima	Mediana a grande con aporte de socios urbanos
Actividad principal	Agrícola	Ahorro y crédito y un servicio a los asociados agropecuarios
Directivos	Pequeños productores con pocos años de estudio	Profesionales universitarios
Gerentes	Directivos en carácter Ad Honorem	Profesionales universitarios contratados

Membresia	Agricultores	Profesionales varios y productores agropecuarios
Números de asociados	Baja	Elevada, los socios del campo son una pequeña parte
Asistencia técnica	Subsidiada	Propia o parcialmente subsidiada
Financiamiento	Principalmente externo	Recursos propios y externos
Comercialización	Vía centrales cooperativas	Vía centrales cooperativas

Me gustaría referirme a varios aspectos que caracterizan a cada una de ellas, enfocándome en las cooperativas netamente agropecuarias en su naturaleza y actividad principal.

La organización en sí: son pequeñas cooperativas, usualmente con un tercio de los socios nominales realizando negocios con su cooperativa, en el contexto paraguayo se lo denominan miembros activos.

Sus recursos de capital son mínimos, motivos por el cual deben recurrir a fuentes externas, sean bancos o proyectos públicos para acceder a la financiación de la producción y comercialización o vinculaciones con cooperativas de ahorro y crédito. La disponibilidad de capital propio es muy reducido y las acciones realizadas internamente para incrementar el capital institucional es un desafío ante la renuencia de los asociados de aportar para incrementar el capital de su cooperativa.

Las mismas carecen de suficiente capital para solventar los servicios de un profesional para realizar las funciones gerenciales, contables y de asistencia técnica y comercialización. Usualmente contratan los servicios de un personal contable para el

registro de las operaciones, sin embargo, las operaciones diarias lo realiza uno o más directivos.

Estas cooperativas se encuentran asociadas a una central cooperativa, que realiza la tarea principal de la comercialización de la producción. Sin embargo, la única central que aglutina a los pequeños productores aun no ha llegado a generar suficiente recursos que asegure la sostenibilidad de la misma, dependiendo hasta el momento de subsidios provistos por programas de desarrollo al sector agrícola.

Las pequeñas cooperativas suministran un servicio mínimo a sus asociados y en ciertas situaciones, no pudiendo asistir a todos los asociados. Sin embargo, representan una alternativa muy importante para el productor, que en caso contrario quedaría al arbitrio de los intermediarios quienes establecerían para sus beneficios las condiciones de la comercialización, perjudicando a los productores. Igualmente en una instancia de reunión y análisis de sus situaciones y como tales un referente valido de representación de los pequeños productores para vincularse a órganos del gobierno local, departamental y central.

En general, como instituciones son débiles e incipientes, precisan definir procesos y sistemas operativos y si existiesen mejorar las mismas. En la actualidad, la sostenibilidad de la misma depende de los apoyos externos.

Los directivos: normalmente las personas elegidas para estos cargos poseen un alto grado de espíritu de servicio, son los y las ―Voluntarios y Voluntarias" anónimos/as de las numerosas organizaciones de productores y productoras del Paraguay. Aunque reciban un pequeño monto para cubrir los gastos de representación o reciben una pequeña remuneración para el trabajo realizado por su cooperativa, el tiempo que destinan para

tales funciones va en detrimento de sus prioridades personales, familiares y laborales. Son personas reconocidas por sus habilidades personales, apertura, formación académica, grado de desarrollo económico y honorabilidad en sus comunidades, atributos estos sin duda fundamentales para dirigir sus cooperativas. Los mismos manifiestan su interés y deseo de contribuir al crecimiento de las cooperativas y mejoramiento de la calidad de vida de sus asociados, pero precisan un mayor conocimiento y manejo de los conceptos básicos de negocios y habilidades comunicacionales para un efectivo crecimiento de sus organizaciones. En ese sentido, la dependencia de estos directivos de los técnicos y agentes externos es elevada, atendiendo a que los mismos igualmente fungen de gerentes, contadores y secretarios de la organización ante la carencia de recursos económicos para el desarrollo de las actividades de la cooperativa y provisión de servicios a los asociados. Así se concentran en las actividades diarias de la cooperativa sin concentrarse en la función real de un directivo cooperativo.

Los directivos normalmente han concluido sus estudios primarios y algunos excepcionalmente han completado 10 o más años de estudios. Los mismos cuentan con equipos informáticos en sus sedes cooperativas, sin embargo son renuentes a practicar y utilizar las computadoras. Se ha observado a muy pocos directivos dispuestos a asignar su tiempo para practicar el uso de las computadoras.

El trabajo que realizan estos directivos en ciertas etapas criticas del desarrollo del cultivo como ser la comercialización es clave, requiriendo de los mismos esfuerzos extras, acompañamiento en ocasiones hasta los mercado de destino de las mercaderías, informar a los socios con relación al pago por sus productos en periodos donde el pago se dilata, entre otros. Estas situaciones exigen que los directivos tengan una comunicación

constante con los agentes externos y el manejo de varios criterios para efectivamente reportar a sus asociados.

Por otro lado, se observa la tendencia de que un grupo pequeño de directivo se perpetúa en la dirección de la organización, generando un grupo que concentra las vinculaciones con el exterior de las cooperativas y creando un ambiente de exclusión de los socios, sin embargo al efectuar una consulta entre los socios acerca de los futuros directivos, la disponibilidad de personas entre los asociados que reúnan los atributos deseados para esos roles son mínimas o inexistentes.

Membresia: sin duda el motor propulsor de las cooperativas, productores quienes aguardan que sus representantes realicen la mejor labor en la dirección y negociación en las instancias correspondientes, mientras se concentran en las tareas propias del manejo y cuidado de sus parcelas. En general se observa entre los mismos una debilidad en la aplicabilidad de los principios cooperativos. Una cooperativa que no brinde servicios y beneficios a sus socios, no tiene razón de ser, sin embargo es preciso manejar los fundamentos del cooperativismo y actuar consecuentemente a fin de fortalecer su propia empresa cooperativa.

Un aspecto que dificulta el servicio a los socios y tiende a crear subgrupos dentro de la organización es la heterogeneidad de los asociados en cuanto a su nivel socio económico. Esto conlleva a situaciones desafiantes, en particular cuando los socios no cumplen con sus compromisos financieros y exponen a su organización a penalidades o exclusión al acceso de crédito. Igualmente, la productividad y calidad de la producción va en detrimento de los compromisos contraídos, lo cual limita el acceso a mejores precios y beneficios por la comercialización de la producción.

La fidelidad de los mismos a su organización es otro aspecto destacado, lo cual está asociado nuevamente a su adherencia a los principios cooperativos. Los socios manejan varias fuentes alternativas de información y vinculación al mercado de sus productos, a fin de comercializar sus productos de acuerdo a la mejor oferta ofrecida, en ese contexto, contemplan a su organización como una alternativa más de venta, sin considerar que es su propia empresa y sus acciones conducentes al fortalecimiento o debilidad de la misma. En todo grupo existe diversidad de personas con conocimientos y habilidades diferentes. En el contexto paraguayo, a aquellas personas sin muchos años de estudio y destacados en su actividad se valora su conocimiento –ka'aty, una palabra en guaraní que refleja el conocimiento empírico de esas personas. Asimismo, en el ámbito cooperativo se observa que la mayor parte de los miembros no tienen un conocimiento acabado de los criterios y conceptos financieros y de negocios, sin embargo, algunos de ellos se destacan por sus habilidades y experiencias, lo cual les permiten sostener un nivel decente y resaltante en otros de su sistema de vida, pero para otros representando solo el nivel de subsistencia.

La producción: el sistema productivo que caracteriza a los pequeños productores en el Paraguay es totalmente dependiente de las variables climáticas, es mínimo el área de cultivo bajo sistema de riego o con otro tipo de infraestructura como media sombra si fuese necesario. Normalmente, la producción de los pequeños productores es extractiva, con mínimo retorno a la tierra de los nutrientes cosechados en los productos generados por la misma. Por su parte, las labores realizadas en las parcelas de los productores son mayormente manuales. En algunos casos, la preparación del suelo se realiza mecánicamente al igual que la aplicación de defensivos agrícolas, en particular en el cultivo del banano. El control de malezas y la cosecha aun se realiza manualmente.

Se podría decir que algunos productores son —verdaderos especialistas de sus cultivos". Atendiendo que los mismos están cada día y por muchas horas en contacto directo con sus parcelas, conocen de primera mano varios aspectos y características de sus cultivos, realizando las prácticas de manejo correspondientes. Sin embargo, son muy pocos los productores quienes manejan sus parcelas conforme a los criterios técnicos de fertilización y prevención y control contra plagas y enfermedades.

Estos insumos externos al productor, representan costos y desafíos a los mismos para su aplicación. En ocasiones, los productores debido a motivos económicos o criterio propio, aplican solo una práctica de las dos o recomendadas, el momento de la aplicación es inoportuno o bien la cantidad aplicada corresponde a sub dosis o dosis mínimas. Siendo así, los resultados obtenidos no son ventajosos, lo cual genera en los productores la desconfianza en la eficiencia de los productos utilizados.

Usualmente, los productores recurren a técnicos del gobierno y/o de proyectos ejecutados actualmente en el país para el asesoramiento técnico. En ocasiones, técnicos o representantes de firmas comerciales son los proveedores de dicha asistencia.

Análisis de los hechos del sector cooperativo

El modelo cooperativo para el pequeño productor

El modelo cooperativo ha sido incorporado en el país con la venida de los inmigrantes europeos, como tal, es un sistema sumamente exitoso para los productores agrícolas cooperativizados de ascendencia foránea y los extranjeros radicados en el Paraguay.

Es un modelo que puede beneficiar tremendamente a los miles de pequeños productores del Paraguay, sin embargo es preciso analizar los aspectos requeridos para que este sistema pueda efectivamente servir a los pequeños productores. De hecho, experiencias

actuales en el país demuestran que si es posible, conectando a cooperativas de mayor grado de desarrollo con las más pequeñas o incipientes. Sin embargo, si se pretende que una cooperativa sea totalmente independiente y autosuficiente se requiere mejorar o instalar la capacidad de manejo de criterio de negocios entre los miembros de la cooperativa, sean directivos o miembros de la institución. Podría mencionar que las causas de la debilidad organizacional de las cooperativas y asociaciones de los pequeños productores tradicionales paraguayos radica en dos aspectos: la naturaleza individualista de los productores, la cual obedecería a su carencia de acceso a informaciones y otros conocimientos y al sistema educativo paraguayo que no fomenta el auto desarrollo al no incluir en el programa de estudios la educación organizacional, administrativa y financiera y responsiva a la realidad del productor del campo.

Para conformar una empresa cooperativa no solo se precisa la voluntad política y la convicción que a través de ese modelo organizacional la problemática que afecta al pequeño productor pueda ser resuelto. En épocas anteriores en que se ha promovido la formación de cooperativas en el país se lo ha alentado basado en los beneficios que la misma genera en el aspecto social, posponiendo o soslayando otra parte muy importante de la naturaleza cooperativa, su carácter empresarial, en el cual el socio es el propietario, usuario y beneficiario de su propia empresa y que la misma debe generar suficientes ingresos para cubrir los costos asociados a la operatividad y servicios brindados a sus miembros.

Se percibe actualmente entre los directivos y socios de la cooperativa una alta dependencia a los apoyos externos existentes en el país. Podría decirse que en por sí mismas, estas pequeñas cooperativas dejarían de existir debido a la falta de una fuerte

educación y convicción cooperativa de sus socios, falta de una capitalización suficiente que permita el funcionamiento autónomo de las mismas y la carencia de conocimiento y criterios de negocios fundamentales para el manejo de su organización. Como organizaciones, los productores tienen consigo la fortaleza de la producción, pero carecen de las habilidades en dos aspectos fundamentales para llevar adelante una empresa, el aspecto organizacional y comercial.

Misión y visión cooperativa

En el párrafo anterior he mencionado la falta de convicción de los miembros de las cooperativas, quienes tienen un sueño, pero una visión y misión limitada de su organización. El productor debería poner mayor valor en las fortalezas y recursos disponibles y sentar la bases para definir misiones y visiones claras apuntando a un desarrollo cooperativo autónomo e independiente. Por su realidad actual se concentran principalmente en el desarrollo diario de las actividades y muy poco en su misión directiva.

Educación cooperativa

El valor y la importancia de la educación cooperativa es fundamental para fortalecer a las cooperativas de produccion. Actualmente, desde el gobierno nacional se carece de programas que fomenten la educación cooperativa, en particular para el sector agropecuario. Los técnicos de extensión agrícola, no necesariamente son avezados en la educación cooperativa. Si existiesen programas futuros, sería oportuno que los promotores o educadores cooperativistas manejen y eduquen considerando los criterios sociales y empresariales de este sistema organizacional. Por su parte, el sector cooperativo en si se halla implementando por lo menos dos programas de asistencia a los

pequeños productores a través de las grandes cooperativas quienes brindan soporte y apoyo técnico a las más pequeñas. Uno de los programas es promovido por el Instituto Nacional de Cooperativismo, el cual consiste en asignar a las cooperativa el apoyo de profesionales avezados en la administración y comercialización a las cooperativas y conectados a cooperativas de mayor envergadura, los cuales servirán a los agricultores por un periodo de tiempo y con el que se pretende lograr el auto sostenimiento de las mismas.

Política de estado dirigida a los pequeños productores

Otro aspecto deficitario que se observa en el país y ejerce un gran impacto en la economía de los pequeños productores es la falta de una política de estado dirigida al desarrollo correspondiente a los pequeños productores. Se conoce que los mismos, debido a sus características manejan varios rubros agropecuarios, estrategia esta de sobrevivencia ante las varias variables que como productores no lo pueden controlar. En ese contexto, las cadenas de tales rubros agropecuarios no se hallan claramente desarrolladas y fundamentalmente no existen programas específicos que incluyan la investigación, experimentación, infraestructura y sobre todo formación de recursos técnicos especializados en varias aéreas de profesionales paraguayos en cultivos especificos y al servicio de los productores, esto último, aspecto fundamental para el éxito de todo emprendimiento sea agropecuario, industrial o comercial. Esta realidad incide en todos los productores agropecuarios.

Profesionales del área administrativo y comercial

En el Paraguay existe un gran número de profesionales contables, quienes reciben su formación para el trabajo en el área comercial convencional. Sin embargo, es muy

limitada la disponibilidad de recursos humanos especializados para trabajar con los pequeños productores. Estos profesionales no solo deben manejar los conocimientos correspondientes a su formación profesional, deben tener un conocimiento de la realidad de los pequeños productores, en otras palabras manejar criterios de manejo grupal, organizacional y de la realidad campesina, que le permita efectivamente insertarse en la sociedad de los productores, acompañado de un elevado espíritu de servicio.

Conclusiones

- Falta fortalecer a las pequeñas cooperativas de producción agropecuaria en el país a fin de reducir la gran dependencia a programas y organizaciones externas.
- La educación cooperativa es fundamental y necesaria para estos pequeños productores.
- Potenciar la capacidad administrativa, financiera y de negocios de los directivos y socios de las cooperativas.
- Formar recursos humanos capaces en la educación y administración cooperativa para este sector de los productores agrícolas.
- Incorporar las tecnologías informáticas e Internet en las sedes de las cooperativas.

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cooperativas ha sido muy satisfactoria, sobre todo fue gratificante acompañar procesos tan valiosos e importantes como el de la Cooperativa Manduvira que próximamente iniciara la construcción de su propia fábrica y lograr extraer el oro siguiendo la expresión de Jackie Theriot, el primer Voluntario del Programa de Desarrollo Cooperativo asignado a esa cooperativa quien manifestó: ¬ustedes (la cooperativa) están sentados sobre una mina de oro". Asimismo mis saludos y agradecimientos a la Cooperativa Guayaibi Unido, a la Cooperativa Capiibary, Cooperativa Coopafiol, Cooperativa Ykua Bolaños y otras más con quienes estuve en contacto durante mi trabajo de 6 años.

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Fair Trade Sugar and the Cooperative Advantage– Marcela Vásquez-León and Andrés González

Manduvira is a multipurpose cooperative. Its primary activity is the production of certified organic sugarcane processed by two privately owned sugar mills and sold through Fair Trade markets around the world. The cooperative also has a micro-credit program that provides loans to urban and rural members. Of its 1,200 members, roughly 70 percent (840) are small farmers. Most of these own 3–5 hectares of land, and slightly more than half have obtained Fair Trade organic certification within the past five years. An additional one-third is in the process of becoming certified. Most rural members reside in the district of Arroyos y Estero, with a population of 22,000. The remaining 30 percent are residents of the town of Arroyos y Esteros (pop. 4,300), where the cooperative is located (DGCE, 2002).

Although Arroyos y Esteros is essentially agrarian, soils are fragile and fertility is low because of historically high population pressure and poor soil management. The region has a long tradition in the production of sugarcane for household consumption and local markets in the form of sugarcane syrup and alcohol. In the past the region also depended on the production of pineapples and bananas, crops that became infeasible because of soil degradation and unstable markets. Lack of soil productivity was one of the main factors that contributed to the massive out-migration of entire communities during the Stroessner colonization project. Since 2000 sugarcane has become the most important income-generating crop. Today farmers also cultivate fruits and vegetables for household consumption and local markets.

As have other rural districts where the small farmer predominates, and despite its proximity to Asunción, Arroyos y Esteros has remained isolated through much of its history. Communication and transportation difficulties limited farmers‘ access to modern agricultural technologies and inputs, including chemical fertilizers and pesticides. Thus, productivity remained low and farming was (and still is) mostly organic. The region‘s isolation, however, ended as the twenty-first century began. A new highway connecting Arroyos y Esteros to Asunción has made the town a high-transit zone for cargo trucks and passenger vehicles. Roadside businesses have multiplied, and faster communication with Asunción has opened the possibility of accessing the largest urban market for agricultural produce. Whereas in the past organic production signified poverty and marginalization, today it forges a new social identity of environmental stewardship, social justice, and global interconnection.

COOPERATIVE HISTORY: FROM FAILURE TO UNPRECEDENTED SUCCESS

Manduvira was founded during the military dictatorship, in 1975, when its 39 founding members, mostly schoolteachers with a few farmers, decided to participate in a national plan to create savings and credit cooperatives under close scrutiny by the state. During its first years the cooperative became the only source of affordable credit, and membership grew quickly, reaching over 400 members by the beginning of the 1980s. To expand credit services, the cooperative borrowed from the Central Cooperativa Nacional ―CREDICOOP” (Federation of Savings and Credit Cooperatives—CREDICOOP), created by the state in 1979.

By the mid-1980s, however, the cooperative was facing financial crisis. Easy access to CREDICOOP loans had led to the issuing of credit without regard for the member‘s

ability to repay. As one of the original members explained, ―We lived through a long period of crisis from 1983 to 1989. Loans were authorized based on political criteria and debts accumulated. Cooperative officials were irresponsible, and illegal transactions, as well as the embezzlement of funds, became the normal state of affairs." By 1985, with an accumulated debt of 105 percent, the cooperative went into bankruptcy. Membership dropped, and a new manager was assigned by the state and charged with salvaging the cooperative's assets and ultimately closing it down. With the end of the military dictatorship in 1989, expectations of new economic and political opportunities encouraged the cooperative's board of directors to try to salvage the organization. After successfully renegotiating its debt, the cooperative began to market sugarcane syrup from members, who processed it in the 150 home-based artisanal sugar mills located throughout the district. Manduvira became an agro-industrial cooperative, and sugarcane syrup became its most important source of capital until the mid-1990s, when prices began to decline.

In 1992, the Fairtrade Labelling Organization (FLO),[2] an international NGO that sets Fair Trade and organic certification standards, visited Arroyos y Esteros. The business prospects that it brought persuaded one of Paraguay's largest private-sector industrialists and president of the Paraguayan Industry Confederation to purchase Oficina Técnica Industrial, S.A. (OTISA), a local sugar mill and distillery built in the 1950s. The new owner retrofitted the mill to process organic sugar, and the mill was certified by the FLO in 1997.[3] As sugar syrup prices plummeted, artisanal sugar mills went into disuse, and the cooperative was forced to discontinue sales of sugar syrup. Members turned to OTISA, and the cooperative reverted to a savings and credit organization, continuing to

offer credit for agricultural purposes and to rent machinery for land clearing, soil preparation, and harvesting.

The relationship between producers and OTISA was filled with tensions from the beginning. Although the cooperative worked with member producers, it had no power of negotiation. As one of the founding members said, ―At that time the cooperative didn't intervene, didn't have an opinion. Farmers were really on their own." Despite the FLO's guarantee that OTISA's sugar conformed to Fair Trade standards and despite OTISA's claims of alleviating poverty in this ―very isolated region . . . with no communication with the rest of the world" (OTISA, 2005), the prices OTISA paid producers were considerably lower than those paid by other refineries (Gs$60,000 [US$12] per ton as opposed to Gs$80,000 [US$16] at other mills).[4] The only immediate benefit for the producer was an ensured buyer that was conveniently located. In the longer term, producers could look forward to the benefit of the Fair Trade bonus (US$60 per ton for conventional sugar and an additional US$20 per ton for organic certified sugar), but OTISA often kept a large percentage of it. This created a dilemma for the FLO, which had chosen to work with an industry that showed little concern for the rights of local producers. Nonetheless, sugarcane is a product that must be processed, and no small producer in Paraguay had that capacity. It is clear that Fair Trade, at least in the beginning, was re-creating old hierarchical relations of power instead of fostering social justice.

UNDERSTANDING THE COOPERATIVE ADVANTAGE AND THE NEED FOR AUTONOMY

Despite its rough beginnings in the Fair Trade venture, the Manduvira cooperative has achieved substantial gains. One of the greatest trials has been changing the balance of power in relation to OTISA. In the late 1990s, producers began to meet in local agricultural committees, which were organized by family groups from different compañias (the smaller rural units that form a district). Meetings dealt with social, political, and economic issues relevant to particular localities, including farmers' dissatisfaction with OTISA. Agricultural committees were, however, isolated from one another; as one member put it, "We were complaining to each other all the time and taking our anger out on our families, feeling that we were not getting anywhere." Committee leaders began to identify the cooperative as a possible unifying institution that could make their demands heard and, ultimately, break OTISA's monopsony control.

A group of representatives from various committees approached the cooperative's manager, as one committee leader explained:

> We went to his (the cooperative's manager) house to invite him, and we told him about our idea. And he said yes, but that we had to help him because he didn't know all the producers. And we said that we needed the cooperative to lead our struggle and we would invite every producer to participate. So we worked for five or six months, inviting producers, talking to them, knocking on people's doors, one by one, convincing everyone that if we acted together we had a better chance. People were afraid of OTISA, they were afraid of everything, of the government; people had been terrorized for so many years. But all the time, the manager of the cooperative and the board of directors were at our side.

After several months of organizational efforts a meeting was set up in the cooperative to negotiate with OTISA‘s owner. As the manager remembers it,

> There were more than 500 producers at the meeting; it was the first time in history. We started negotiating but Felippo [OTISA‘s owner] didn‘t take us seriously. When the sugar mill gave producers the order to start cutting the cane, no one cut. . . . Despite fears, we decided to wait for several days until the mill agreed to raise prices by Gs$12,000. That was very significant; people realized that in an organized way we could accomplish things.
>
> This modest gain made members aware of the strategic importance of collective action.

Producers began selling their sugarcane through the cooperative, and in 1999 the cooperative was able to gain control over the distribution of the bonus.

The second step toward breaking OTISA‘s monopsony was the creation of viable competition. In 2002, cooperative officials successfully negotiated the reopening of Censi & Pirota, a small sugar mill located 70 kilometers south of Arroyos y Esteros, by guaranteeing the delivery of a specified volume of sugarcane. Despite the greater distance and lack of certification, the new mill offered better prices (Gs$78,000 per ton for conventional sugarcane as opposed to the Gs$72,000 offered by OTISA for organic certified sugarcane) and was willing to absorb the transportation costs. Even though OTISA raised prices once again, most producers shifted to the new mill. In the words of a woman producer, ―We knew that OTISA exploited us and that with the cooperative we

were going places. In the cooperative we could talk and argue and say what we thought and we were not afraid anymore. That was worth the risk of going against the powerful." This shift was further encouraged when Censi & Pirota obtained FLO certification, allowing it to pay better prices for certified sugarcane. Without producers, OTISA has had to buy land and produce its own sugarcane. In an effort to become increasingly independent, the cooperative now sells part of its sugarcane to Censi & Pirota and also rents the mill to produce sugar under its own brand name.

Another source of tension between OTISA and the cooperative has been OTISA's poor environmental standards. Despite claims by OTISA (2005) that it ~~s~~eek[s] to obtain the healthiest possible product through sustainable help to a very poor community by sharing respect and love for the environment,'" the mill operates with outdated equipment, generating a great deal of pollution with grave environmental and human health consequences. Ashes discharged by the sugar mill, the most visible pollutant, have caused a spike in the incidence of bronchial irritation, respiratory diseases, asthma, and eye irritation and infections. Cooperative and community leaders have appealed to the Ministry of Health, demanding that OTISA invest in safe equipment and environmental cleanup. Unfortunately, in this instance the cooperative lacks bargaining power, and the Ministry of Health has not responded to local demands.

FAIR TRADE AND FREE-TRADE SUGAR MARKETS

Despite the challenges related to organic certification, choosing a FairTrade strategy has been fundamental to the cooperative's success, as small producers have no realistic possibility of competing in the highly competitive international free market for conventional sugar. Paraguay's sugar industry, which is constituted by the country's

largest producers, provides only about 1 percent of the sugar that enters Mercosur and is in direct competition with Brazil, the largest exporter of sugar in the world.[5] World sugar prices are highly volatile and have been on a downward trend since the 1980s (Illovo Sugar, 2007).

In contrast, Paraguay has become an important producer of organic sugar for Fair Trade markets. Sugar is, however, only a sideline commodity, with an approximate total production of 190,000 tons predicted by the International Sugar Organization for 2005 (Gudoshnikov, 2001). The proportion of organic sugar for Fair Trade markets is even smaller. Although worldwide statistics are not readily available, in Europe, according to TransFair USA (2009), demand expanded by around 120 percent in 2003, from 650 tons to 1,430 tons. According to FLO International, its Fair Trade sugar sales have increased from 1,961 tons in 2004 to 16,523 tons in 2007. The FLO trades sugar from 16 producer associations, of which 6 are Paraguayan, in eight countries. Of these, Manduvira leads in productivity, with approximately 7,500 tons produced in the 2007–2008 season. In the United States, the launch of Fair Trade Certified sugar in 2005 represents a niche in the market that is likely to continue to grow. The Manduvira cooperative currently exports sugar to 15 countries, including Spain, France, Switzerland, Italy, Germany, Belgium, England, New Zealand (through Transaid), and Canada (through TransFair). Demand comes from food producers and supermarkets, with which the cooperative often contracts directly, for use in organic ice cream, jams, baked goods, and confectionery. Manduvira also sells sugar to Fair Trade cacao cooperatives in Bolivia and Brazil.

Price differentials also make organic sugar more attractive to producers. According to the International Sugar Organization, organic sugar commands about 1.5 to

2.5 times the ex-factory price of conventional sugar (Gudoshnikov, 2001). The president of Paraguay's largest sugar mill estimates that whereas conventionally produced sugar fetches about US$260 per ton, organic sugar sells for about US$330 per ton. In his opinion, the organic sugar industry —is a way to compete on the international markets against Brazil's cheap sugar."

For cooperative members, production for Fair Trade has increased and stabilized annual household incomes. According to the Fair Trade Foundation, the Fair Trade minimum price guarantees —sustainable production" costs and acts as a safety net for farmers when world market prices fall below a sustainable level. When the market price is higher than the Fair Trade minimum, buyers must pay the market price. Also, the cooperative can request partial prepayment of the contract and is exempt from pre-finance requirements (FLO, 2009). This ensures the availability of cash to pay farmers at the time that they deliver their crop.

In addition, the bonus has steadily increased as more farmers have become certified. For the 2007–2008 season, about 60 percent of members received Fair Trade and organic certification. The cooperative received a total bonus of US$600,000 for the production of 7,500 tons of sugar. Half of this amount (an average of US$360 per producer) went to the producers.[6] Adding the bonus to higher prices per ton has resulted in a 30–40 percent increase compared wih the situation when OTISA was the only buyer. The other half of the bonus, in accordance with Fair Trade requirements, is invested in community projects, allowing the cooperative to extend its solidarity networks. In 2004, for example, money from the bonus was used for the construction of a community health care center.

MANDUVIRA TODAY AND FUTURE CHALLENGES

Success has, however, brought new challenges. Despite growing demand, the Fair Trade organic market is precarious and may be particularly susceptible to the current global economic crisis. This problem has been magnified by overreliance on sugar and a decline in agricultural diversification. The cooperative has tried to address the problem by exploring new markets such as the Japanese market for sesame seeds, but so far it has found market entry difficult. It has been more successful in consolidating strategic alliances with external organizations interested in sustainable agriculture. Altervida, a Paraguayan NGO whose primary objective is to ―promote agro-ecology as part of the Paraguayan culture," is providing technical assistance to certified producers for the establishment of organic gardens for household consumption and for sale in the newly created organic farmers' market. The cooperative has also been successful in securing an extension agent from the MAG to work on improving and maintaining soil fertility.

As a long-term strategy, the cooperative is building capacity by investing in education. It provides school supplies, computer classes, and English and music lessons and has an internship program for high school students in business management, accounting, marketing, and agronomy. It recently established an agricultural department whose activities one producer described as follows: ―We get workshops, we learn new ways of doing things and we mix them with the old ways, we feel more secure that we can take a step forward." The cooperative's new extension agent is a young woman whose father is a cooperative member and who received a scholarship from the cooperative to study organic agriculture at a Costa Rican university. She is now training the son of another producer, an 18-year-old high school graduate, as her field assistant.

His sentiment about the cooperative was expressed by other young adults: ―The truth, I feel proud. The cooperative is a big family. . . . We are not just producers, we are also manufacturers of sugar, marketing agents, agronomists. Before, the only thing was to be a sugarcane farmer to be exploited by the rich. Were it not for the cooperative I would be looking for work in Argentina."

The rapid success of Manduvira has, in a few years, turned the cooperative from a futile organization to a highly dynamic one that is constantly changing as it seeks to expand its economic activities, provide benefits to a rapidly growing membership, and obtain full control over the production and processing of its members' sugarcane. Today the cooperative is in what the manager calls a ―growth crisis." Demand for organic sugar continues to grow, as does the volume of sugarcane that the cooperative is capable of supplying given its increase in membership. This underscores the need for governance and transparency. Besides holding regular meetings in which producers can voice their opinions, the cooperative has created a complex decentralized structure in which producers in the different compañias take turns in coordinating the harvest and transportation at local collection sites in conjunction with truck drivers and according to the sugar mill's ability to receive the cane. Processing facilities, however, fall short, limiting the cooperative's capacity for growth. Managing buyers is also becoming an overwhelming task: e-mail messages arrive from all parts of Europe in different languages, challenging cooperative leaders to learn English and become computer-literate.

A significant barrier to growth is lack of support from Paraguayan state and industrial sectors. Manduvira has generated distrust in outsiders for having used the

cooperative model to break a cultural paradigm. Without the permission, investment capital, and marketing assistance of the state-industrial elite, the cooperative has successfully linked small-scale, resource-poor producers with European consumers, providing the means by which these producers rather than the traditional elites fully benefit from their labor. In the words of one small producer: ―We have embarked on a great adventure, and our most important objective is to keep our institution on the right track, find new markets, and achieve greater benefits for our families, and we are getting there; health, education, autonomy, and all the things that are important to us."

Despite difficulties, the future looks promising as the cooperative embarks on a new project to build its own sugar mill in order to increase production and acquire full control over production and industrial processes. The various gains that it has made in such a short time have led to a widespread feeling of solidarity and shared purpose as leaders and producers solidify a common strategy that is compatible with the cooperative's mission of social justice. Overreliance on sugarcane, however, is a risk that needs to be addressed.

Grassroots Organizing as a Key to Cooperative-Led Change: Lessons from Rural Paraguay – Brian J. Burke

Latin American progressives have often hoped that cooperatives might unite peasants in the pursuit of social, economic, and political transformation. Allied with land reform, collectivism, liberation theology, and leftist politics, cooperatives were supposed to provide an organizational form to support campesinos' political dynamism and the more general transition from semi-feudal conditions to economic democracy. History has rarely borne out these hopes. As early as 1976, Orlando Fals Borda reported on the many roadblocks that turned cooperatives into mere palliatives that helped campesinos adjust to new forms of socio-economic marginalization but not build more just societies. In country after country, scholars have found similar stories.

In this chapter, we examine the case of a cooperative that served for almost three decades as a dynamic social, economic, and political force in Paraguay, one of Latin America's most unequal countries. By organizing small farmers into rural community committees, the cooperative created cohesion among a rural base that was intentionally disintegrated during the Stroessner dictatorship. These committees also allowed it to deliver technical assistance and marketing services that significantly improved the socio-economic conditions of small farmers and challenged some of the structural disadvantages that reproduced their marginalization. Unfortunately, a series of crises and changes within the cooperative have led to the decline of rural organization, mobilization, and participation and the reversal of much of this early progress. Here, we discuss the lessons that can be learned from this decline and the cooperative's efforts to reinvigorate its rural activities.

From Golden Age to Rural Neglect

Founded in 1971 by a small group of teachers and farmers who overcame fears of organizing during the Stroessner dictatorship, the Coronel Oviedo Cooperative for Agro-Industrial Production and Services is one of the largest and most successful cooperatives in Paraguay. The cooperative quickly accumulated a majority-urban membership and has provided urban and rural services in Caaguazú, an "eminently campesino" department that is the country's second most important agricultural region (Campos 2003; Casa de Cultura n.d.). Successful savings and loans programs have made the cooperative a major player in the regional economy. Up to 2005, it held almost two million dollars in personal savings accounts; provided millions of dollars in loans each year for production, commerce, and consumption; and had loaned more than 39 million dollars over the course of its history.

[Insert general data on Caaguazu to emphasize why a cooperative would be important here.]

In the 1980s and 1990s, the cooperative began to expand its role in rural development. Working through 57 rural community committees, the cooperative provided technical assistance for production, quality improvement, sophisticated marketing, and export of a variety of crops. It also promoted significant participation by rural members who were isolated by poor communication and transportation infrastructure (Moran and Villalba 1989). Rural members met weekly in the committees to discuss cooperativism, learn about and provide feedback on cooperative programs, and plan monthly meetings with cooperative administrators about local needs and issues.

They received regular trainings and frequent technical assistance. Importantly, the committees united, organized, and mobilized small farmers who were regularly ignored or repressed during the Stroessner dictatorship. One of the cooperative's first major rural development programs, a partnership with the Japanese International Cooperation Agency to export high-quality specialty fruits and vegetables, provided an important new income source when cotton and other traditional cash crops were underperforming. By 1998, 30 percent of the rural members were selling fruits and vegetables to Argentina and Uruguay, and a new market in Chile was soon to open. According to cooperative agricultural extension agents and members, this "golden era" was made possible by committees that facilitated communication, participation, and active engagement with rural members.

At the height of its rural activities, the Coronel Oviedo cooperative suffered two unexpected crises that caused rural membership to decline sharply, led to the dissolution of many rural committees, and threatened the cooperative's development program. The first occurred in 1996, when an attempt to restructure cooperative management and elect new leaders sparked internal conflict. In the end, the leadership remained the same but several highly qualified young agricultural technicians who had supported the change, and who were deeply committed to participatory rural development, were fired or resigned. As a whole, the institution recovered from this crisis fairly well, but the rural sector suffered. The cooperative lost the momentum it had gained through several years of grassroots mobilization and export-led development, and its advisory board even discussed eliminating agricultural programs altogether to focus exclusively on more economically efficient urban programs and rural lending.

The second crisis, of much greater consequence, resulted from a 1999 law that forgave all public debt to the agricultural sector. Rural members of the Coronel Oviedo cooperative expected substantial benefits from this law, but the fiscally-conservative cooperative had already repaid virtually all of its public debt and was therefore not obliged to forgive members' debts. Rural members saw their neighbors' debts vanish and felt cheated by the cooperative. The cooperative offered to re-negotiate the terms of loans, but failed to resolve misunderstandings about why members did not qualify for debt forgiveness. In Caagauzú, there is long history of campesino mobilization (Campos 1993), including organizing by the Federación Nacional de Campesinos (FNC), a campesino political organization that helped negotiate debt forgiveness. FNC representatives encouraged Coronel Oveido members to protest by refusing to repay their loans to the cooperative. Approximately 500 of the cooperative's 1200 rural members made the difficult decision to leave the organization that had been their most consistent support over the years. Many others stopped repaying their loans and were expelled from the cooperative.

Although new rural members continue to join the cooperative, the impact of the debt forgiveness law cannot be overstated. The loss of confidence, communication networks, and rural members and community leaders effectively ended farmers' organization through rural committees, reversed most of the gains made through the vegetable and fruit marketing project, and damaged the cooperative's ability to provide effective and efficient services in rural areas. The cooperative director called the debt forgiveness conflict the greatest challenge the cooperative has faced: "That is precisely where we fell…. It was our fault, but the debt forgiveness caused everything to

disintegrate." In our interviews, long-term cooperative members regularly recounted the extent of cooperative assistance prior to the crises of the 1990s, using it as a point of comparison for the low levels of organization and interaction today. Many farmers felt left behind by the cooperative and said this was only made worse by the cooperative's all-urban advisory board. Cooperative staff and the board members themselves recognized that the board was incapable of making informed decisions about rural issues. Farnan's research confirms this discontent: she also described farmers' sense of betrayal and outrage at the cooperative as a "sea change" from the excitement and optimism she witnessed from 1996-1998 (Farnan 2007: 49). Because the cooperative has seemed to abandon rural development activities in favor of lending, the next generation of farmers and virtually all of the new members we interviewed are learning to see the cooperative as a bank rather than a leader in social organization and rural development.

In addition to the two crises mentioned above, the cooperative's success has also contributed to this situation of neglect. The cooperative has expanded its zone of action based on its financial capacity but without regard for its capacity to provide personalized and labor-intensive technical assistance. Lack of transportation and a poorly maintained road infrastructure aggravate the problem, especially during the rainy season when many rural roads are impassable. Despite its significant resources, the Coronel Oviedo cooperative does not have enough agricultural extension agents to provide the quality and duration of assistance that the region's small and medium-sized producers need. As a result, the technical assistants focus their efforts on those producers who have credit with the cooperative, and especially on making sure that the credit is repaid. While this is certainly important, it is not adequate for reinvigorating rural development in the region.

This not only limits rural members' ability to access services, but also limits their participation in cooperative decision-making, exacerbating the under-representation of the agricultural sector in cooperative management.

With that said, the Coronel Oviedo cooperative remains an important resource for small and mid-sized farmers. It continues to provide some technical assistance, low-cost agricultural inputs, and health services, and the cooperative's credit lines are its most important service. While rural members face difficulties accessing many of the cooperative's urban-based services, they typically receive a disproportionate amount of the cooperative's credit. As multiple cooperative staff people informed us, "the urban members practically subsidize the rural ones." Cooperative loans are also highly favorable: as low as 12 percent for agriculture, compared with rates of 20-50 percent at commercial banks. Providing credit at favorable rates can make substantial contributions to cooperative members and to the sustainability of the cooperative itself. Rural members use loans for on-farm investments (land, machinery, inputs, storage facilities) and off-farm activities (stores, taxi cars, photography equipment) and as family supports in the form of salary advances and education loans. By providing millions of dollars in loans each year for production, commerce, and consumption, as well as personal savings accounts totaling almost $2 million, the cooperative is a critical economic force in the region.

Because credit is so important for farming and non-farming member households, the Coronel Oviedo cooperative has been able to use credit to retain old members, recruit new members, and maintain organizational stability. In response to the economic crisis, they have increased their maximum loans from 10 billion to 40 billion Guaranies. This

suite of services has caused the cooperative to expand dramatically from 10,656 members in 2004 to 22,000 in 2010. Of these, 2-3,000 are farmers with an average landholding of 20 ha and another 5,000 are "mixed members" who farm as part of their livelihoods. The cooperative now works in 9 districts in Caaguazú and 2 in the neighboring department of San Pedro, where it has opened a satellite office. Under new leadership for the first time in 35 years, they have made significant changes to the administrative structure, facilitated member participation and benefits, and are now seeking ISO 9001/08 certification.

Reinvigorating the Rural

During our first season of field research in 2005, cooperative leaders were already aware of the decline in the rural sector and the need to bring rural members onto the advisory council, re-institute rural community committees, and develop more rural leaders. They initiated several projects to reinvigorate development activities, each of which combined agricultural and marketing assistance with community organizing. These projects also fit within a broader strategy of combining agro-industrial specialization with smallholder diversification. Agro-industry is meant to move Paraguayan farmers up the value chain so they can find larger markets, better prices, and avoid competition with large, mechanized Brazilian farms, but it entails large capital costs and can generate substantial risks through dependencies on single crops and markets. Industrializing and specializing as a cooperative shifts some of these costs off of the individual farmer, but farmers remain heavily invested in their specialty crop. In contrast, smallholder diversification tends to favor subsistence production over income generation and local

over distant markets. Diverse smallholders are less dependent upon a single crop or market, but also less likely to earn substantial incomes.

The Coronel Oviedo cooperative attempts to provide farmers with larger incomes through specialization, industrialization, and links with distant markets while also building resilience through small-scale production for local markets. As the former director of production explained, "The sporadic income [provided by agro-industry] is for development. The continuous income is for survival." In the last six years, the cooperative has established several resilience-building projects while devoting the bulk of its resources to the production of ethanol and sugar for export via organic and fair trade markets.

The *granja escuela* (farm school) project began in 2000 with nine rural households to demonstrate techniques for high productivity and ecological sustainability through diversification and industrialization or the pursuit of high-value products. Cooperative leaders hoped that these model farms would be "poles of attraction" for other rural members, informal community centers where the cooperative can share strategies for converting family farms into efficient agri-businesses. The cooperative works with each family to develop a farm production plan that seeks to maximize farm productivity and ecological sustainability and balances diversification with industrialization or the pursuit of high-value products. Twice a year the cooperative also invites the wives/mothers to the cooperative offices for a special program designed to provide instruction about family health and managing household expenses, as well as to solicit their feedback. The cooperative is careful not to give anything to these families free of charge and not to provide special credit lines for them. It insists that each family

have daily income from products such as milk, cheese, and eggs, which are salable on the local market. The goal is that each of these families will serve as a realistic and replicable model for other farmers in their district. By 2005, six of the nine families had already bought additional land with their increased earnings, and by 2010 the program had expanded to include 15 farms, each of which served about 20 local community members. Cooperative technical assistants visit the farm schools every two weeks to meet with all of the members.

To capitalize on the heterogeneous urban-rural membership of the cooperative and resolve the marketing problems faced by rural members, they also initiated twice-weekly farmers' markets in Coronel Oviedo. In 2005, cooperative leaders were also considering the construction of a cooperative supermarket to provide a permanent local market for all member farmers and benefits to urban consumers, but this idea was not pursued further. By 2010, four farmers' market groups made up of campesinos from near the city were almost independently responsible for organizing markets on Saturdays, Tuesdays, and Wednesdays. They decide who can sell at the market and ensure that prices are fair. The NGO Alter Vida helped initiate the farm schools and farmers' markets, and also provided organic certification for sugar cane.

In addition, the cooperative has supported aquaculture, beekeeping, the production of goat's milk and related products, and orchards. The small-scale aquaculture project has proceeded through a committee of 32 farmers with a total of 150,000 fish. The beekeeping project developed through a broad partnership with government and non-governmental organizations to prepare farmers to export honey. [Results in 2010] The goat's milk project began with 12 farmers and 200 animals in 2005 and has expanded to

43 households that are raising more than 4,500 goats. Working with an NGO, the cooperative identified and bred a brucellosis-resistant stock of goats and provided favorable credit to farmers who wanted to purchase animals, fencing, and other supplies. It also built an education center and purchased computers for farmers' children. [Data on profits in 2010] The fruit orchards are a relatively new project in response to government initiative to make Caaguazú into a major fruit-producing region. The cooperative built a plant nursery with over 30,000 plants that it provides to members at cost, and it plans to construct a fruit processing plant once the ethanol plant is paid for, to enable local producers to gain more for their fruit. These projects have succeeded – despite the obstacles of funding and human resources experienced by most cooperatives – because they have capitalized on alliances with the government and non-governmental organizations and because they have involved intensive focus on relatively easy products with tested markets. Products like honey are especially safe because they can be saved until prices are high.

The cooperative's largest rural initiative, however, is the organic sugar and ethanol production project. Ethanol production was meant to sustain farmers during the three to four-year transition to certified organic sugar for export. It also responded to the cooperative's need to invest a significant amount of money, and to a rapidly growing domestic bio-fuel market. Approved in an extraordinary assembly in 2005, by 2010 the ethanol project was a controversial issue. In the words of one cooperative director, the project has passed through a profound crisis at the level of the administration and the cooperative members, and the technical assistance department will suffer as well. The stakes are higher than ever: as one cooperative director said, "The factory has to be our

priority. It has to work optimally because of the debt that the cooperative took on for its construction and the crisis that it has generated with members."

What sparked such controversy? When members first approved a $2 million ethanol plant that would begin production in just over a year (by January 2007), hundreds of farmers signed up and began to modify their farm plans to include organic sugar cane. The cooperative, in turn, was supposed to move quickly on the factory so that farmers could receive a relatively high price for their new crops, but when we returned to Coronel Oviedo five years later, the factory was still only 70% completed. The cooperative's decision to double the plant's capacity compounded financing problems and led to an initial delay that troubled farmers. In response, farmers demanded a review of the entire project that concluded favorably but postponed the project further. All told, these expansions and setbacks caused costs to balloon from $1-2 million to $10-12 million. The cooperative had organized farmers into 34 cane production committees, expanded sugar production with a preferred variety, provided loans to enable farmers to change their production systems, and began the organic transition and certification process, but many farmers felt cheated. The cooperative did not keep up its end of the bargain and the farmers suffered through multiple years of low profits and even losses.

Today, the cooperative is working with 500 farmers responsible for 1,500 hectares of sugar cane, about half of the plant's total capacity. It plans for the project to benefit 1,000 small farmers, employ 136 people directly in the factory, and provide indirect benefits to 8,000-10,000 people in total. Cooperative employees said that the plant would be finished before the end of 2010, but as one grower noted, it is very hard to believe this now, after five years of waiting and losing money on sugar production. To

make matters worse, the cooperative has recently learned that they need to balance their crop with at least 20% early varieties. After taking on loans and spending large sums of money to plant sugar, members are resistant to another change. The cooperative is distributing early variety seeds for free and has agreed to refinance all of the sugar production loans that it made.

To make matters worse, the cooperative's intensive dedication to the sugar project has hurt other initiatives. Some members feel that the school farms have been shunted aside, and others agreed that for the last five years, nearly everything else has been neglected. Only two extension agents remained to work on the smaller livelihood diversification projects, and this is not likely to improve. Sugar production and the ethanol plant will continue to absorb large amounts of the extension agents' time. The ethanol plant may pay off nicely, but it could easily become a third blow to rural members' trust in the cooperative.

Conclusions

The recent history of the Coronel Oviedo cooperative has been marked but ups and downs. Many members' household economies continue to improve as a result of the help they receive from the cooperative. Support for production, marketing, and especially credit – which has been a key constraint on rural development throughout the cooperative's history – have enabled the majority of members to acquire more land and increase and diversify their production, rather than selling land, shifting to rural wage labor, and migrating to the cities as many other Paraguayan peasants have done. But, as one cooperative director noted, "The cooperative has still not recovered from the crisis of

1998 and has not managed to refocus." There is still much work to be done if the cooperative is to become an agent of change promoting a new, more just society, and rural mobilization will need to be part of that effort.

Much of the cooperative's early success was due to the organization of campesinos in active community committees. In alignment with core cooperative principles, these committees united small farmers in the pursuit of their own development goals and permitted economic dynamism that would have been impossible separately. Over the last six years, the cooperative has tried to re-establish these committees in tandem with their new development projects. They have created 34 sugar cane committees, 15 farm school committees, 4 farmers' market groups, and three committees for producers of goat's milk, honey, and fish. One of the committees is comprised exclusively of women, after they decided to remove the men from their group for being disruptive. Several of these committees demonstrate the importance of organization. The sugar cane committees set their own rules and have represented farmers' complaints against the cooperative. The farm school committees permit the flow of information across communities. Several committees have begun to develop their own projects in partnership with government agencies and NGOs. And the farmers' market organizers are nearly autonomous. By putting these dynamics in place, the cooperative is creating the foundation for a self-organizing rural society that is not only dependent on cooperatives, banks, and the government, but can also work to hold those entities accountable.

By contrast, many of the problems with the sugar cane project are due to the cooperative's effort to force a highly-technical project onto producers with little faith in

their capabilities. [Add text from Marcela about the problems with rural organization here and the non-participatory nature of the ethanol project.]

Strong rural social organization can also benefit the cooperative and rural members by permitting effective and efficient outreach where geography and infrastructure hamper regular contact with cooperative extension agents. Perhaps most importantly, community committees can facilitate communication between the cooperative and different segments of Paraguay's increasingly heterogeneous rural society. As our survey results revealed, not all rural dwellers and not even all small farmers are the same. A farmer with ten children who borrows 5 hectares of land from his in-laws has very different needs than a farmer with two university-educated children who works 150 hectares with machines. A family of two rural teachers with a small garden plot will have a third set of needs and interests. In order to effectively serve such disparate groups, cooperatives need to maintain strong participation of and communication with their members. They also need to continually investigate the self-expressed needs of their members. This approach might even enable the cooperative to work with the poorest farmers in the region, something that cooperatives often fail to do.

In the process of re-establishing these committees, however, cooperative directors and rural members have learned that it is far easier to undo social organization and active participation than to restore them. Several small farmers and cooperative employees noted that many of the committees are weak and confidence in the cooperative is wearing thin, especially due to the difficult path of the ethanol plant. Participation in cooperative decision-making continues to be a challenge due to the cost and difficulty of travel to the city, the timing of cooperative meetings, and in some cases an attitude of justified

indifference. As one dairy farmer told us, I am very ill informed about the cooperative because the cooperatives leaders don't understand what's happening with its rural members. Five years after the cooperative leaders said that they understood their own deficiencies and wanted more rural representation, the rural membership still needs better representation.

If the Coronel Oviedo Cooperative wants to be more than a bank, if they want to return to being a dynamic cooperative with broad impacts on the social development of rural Paraguay, they will need to return to emphasizing the *social* aspects of cooperativism – including solidarity, participation, mutual support, and self-organization – alongside the *productive* and *marketing* aspects of rural development.

Mercosur and Free Trade Bananas: The Guayaibi Unido Cooperative – Marcela Vasquez-Leon and Rodrigo Renteria

Guayaibi Unido is a fragile cooperative that, through affiliation with a federation, markets bananas for its 80 members. It has few financial resources and lacks trained personnel. In addition, it is located in the mostly rural Department of San Pedro, which is characterized by a highly skewed land tenure system, with about 40 percent of producers owning 5 hectares of land or less and a considerable number of landless peasants who, although not accounted for in census data, are highly visible through conflicts with large landowners.[7] Despite limitations, the cooperative has managed to enter the Argentine market, where it competes with larger and more technologically sophisticated banana producers. This cooperative illustrates the struggles to become an agent of change through participation in Mercosur and the nurturing of key linkages with government institutions in order to provide a modicum of services to members.

Guayaibi Unido and another banana cooperative, Guayaibi Poty, are located in Paraguay‘s most important banana-producing region, where about 2,000 hectares are cultivated by small farmers. Bananas are harvested through most of the year and in export quality from March to August. Farmers also produce pineapples and subsistence crops such as manioc, beans, and corn. Production for household consumption has declined as banana exports increased. Guayaibi Unido brings together two-thirds of the organized banana producers in the region and accounts for about 17% of the bananas produced for export, although less than half of cooperative members have been able to achieve the quality required to participate in the export market on a consistent basis.

FROM COLONIZATION OF THE AGRICULTURAL FRONTIER TO MERCOSUR

Members of Guayaibi Unido, along with most residents of the district, arrived in the 1970s as part of the state's colonization project. Left to fend for themselves, the majority occupied unexploited parts of large private landholdings and produced for subsistence. Only those with means of transportation (oxen and carts) cultivated cash crops. As permanent settlement became more prevalent, lack of direct access to the Asunción market and increasing reliance on intermediaries became a key concern. It was not until 1991 that a paved highway between Guayaibi and the nearest major city, located at a distance of 120 kilometers, was completed. Today, a major highway connects San Pedro to Asunción, giving the region access to markets and important transportation routes. In 1990, electricity was introduced, and 10 years later running water followed.

Guayaibi Unido was founded only in 1999, but it is an offshoot of several unsuccessful attempts to create a cooperative to represent the interests of local banana producers. It began as a 190-member banana and pineapple producer association created in 1990 under the advice of the MAG. In 1997 it applied for cooperative status, and the Guayaibi Poty cooperative was officially constituted, opening up the possibility of access to credit. Two years later, internal leadership conflicts led a group of dissenting members to leave Guayaibi Poty. Prompted by the need for credit from the government's Fondo de Desarrollo Campesino (Peasant Development Bank—FDC), this group of producers formed the Guayaibi Unido cooperative, which began with 50 members primarily interested in access to international markets for bananas. In 2002 a group of disgruntled members who felt that the leadership was neglecting the cooperative's most marginal members and its social objectives left Guayaibi Unido to form yet another cooperative.[8]

Despite the setback, cooperative leaders had achieved some successes in terms of securing important ties with key state institutions that allowed the cooperative to envision a business strategy. Paraguay‘s Central Bank provided credit and technical assistance. The FDC was the source of most of the cooperative‘s loans to members, and its Technical Assistance Unit, funded by the International Fund for Agriculture, provided marketing assistance and leadership training during a five-year project that began in 2001. The cooperative‘s emphasis on developing a viable marketing strategy led to its joining the Central Paraguaya de Cooperativas (CEPACOOP), a federation of seven fruit and vegetable cooperatives created as part of that project. CEPACOOP was to provide the export structure required by member cooperatives, including knowledge of Mercosur trade regulations, access to marketing agents in Argentina, and information on quality standards.

When the project ended in 2005 there was great concern,, because the cooperative lacked the funds to continue to employ its agronomist and accountant. A year later, in 2006, the FDC was absorbed by a larger government development agency that provided credit only to medium-sized and large producers. As the only supporting organization left, CEPACOOP became the cooperative‘s backbone and eventually hired the agronomist. While the relation with CEPACOOP has been critical to the cooperative, it is characterized by overdependence. Without it the cooperative would have little information on the marketing of bananas and no access to technical assistance for quality improvement, accounting, and management.

MERCOSUR AND THE COOPERATIVE ADVANTAGE

The cooperative's CEPACOOP-led strategy brought important benefits. It forced the local intermediaries who controlled the regional banana market to raise prices paid to producers. Further, banana exports increased from 66 tons in 2003 to around 3,000 tons exported in 2007. In order to enter and obtain recognition in the Argentine market, the cooperative created its own brand, which is proudly displayed on the wooden boxes used for transportation and marketing. Boxes are produced locally, generating employment through three carpentry shops. The cooperative has secured strong links with a number of buyers in the central markets of major Argentine cities, acquiring a positive reputation for the uniformity of its product and promptness of delivery.

The cooperative has also been instrumental in mobilizing banana producers at critical junctures. An important incident occurred in 2007, when Guayaibi banana producers saw their shipments stopped at the Argentine border. Backed by local police and SENASA (Servicio Nacional Sanitario), Argentina's federal agency in charge of agro-sanitary enforcement, angry Argentine banana farmers were protesting banana imports from Paraguay, falsely arguing that they were infested with yellow sigatoka, a fungal disease. Despite clear evidence that all the phytosanitary documents were in order, the MAG repeatedly ignored demands for assistance from producers. As a Guayaibi Unido producer explained,

> Someone got hold of an internal document from SENASA dated May 27 that stated that the SENASA was going to stop the shipment of Paraguayan bananas on June 24. Our local authorities asked the Paraguayan Ministry of Agriculture to intervene, but, in case there was no backing from the ministry, we also started to

> organize. On that day we sent a couple of banana trucks and they were stopped at the border. We called the minister but got no response. There were 250 of us [Guayaibi banana producers] waiting to start a roadblock if the ministry did not support us. . . . We blocked the road for five hours, while facing three rows of Paraguayan police, each with five or six policemen. In the meantime, more than 100 trucks were stuck in line waiting to cross the border with all sorts of merchandise. The MAG finally negotiated with SENASA, and they allowed us to go through. What really saved us, however, was that there were a lot of people from the media.

The roadblock resulted in the loss of several tons of bananas, unfulfilled promises of compensation from the MAG, and the introduction of more regulatory inspections by the Argentine authorities (Prensa Cooperativa, 2007).

This event was not an isolated one. In fact, farmers from the area under the leadership of the town‘s mayor staged a strike in 2003 against one of the largest soy producers in Paraguay, who was using aerial fumigation on a 12,000-hectare farm bordered by small banana farms. Neighboring farms were getting sprayed with toxic pesticides that were damaging crops and having negative impacts on residents‘ health. On that occasion a roadblock was staged, some cars were burned, more than 1,000 farmers ended up in jail, and the soy farmer was restricted to leaving a 50-meter margin around the perimeter of his farm when fumigating. Even though very little was accomplished, Guayaibi‘s mayor emerged as a strong community leader. In addition to being a local official, he is diocesan legal sponsor, parish administrator, and liturgy coordinator. He has strong links with the liberal Catholic Church, which has been an important political

factor in mobilizing rural associations, particularly in San Pedro. As he explained, ―When you know the state of poverty and despair that our people suffer in San Pedro, one has to support the people in their struggle for a better and decent life."

When asked about the roadblocks, most cooperative members said that they contributed to building internal solidarity. As one producer said, ―This experience was good for us, it gave us strength. We need to be together, but we need a long-term strategy. A big problem for us is that most of us, including our leaders, haven't even completed primary school." The latter incident, however, also revealed the uncertainty of the cooperative's Mercosur strategy in terms of lack of state support and the tenuous nature of the agreement.

BANANA MARKETS: FREE VS. FAIR TRADE

The uncertainty of the Mercosur strategy stems in part from the highly competitive nature of the global banana trade. A brief examination of the free-trade context indicates the magnitude of the challenge that Guayaibi Unido banana producers have, perhaps inadvertently, taken upon themselves. Bananas are the most traded fruit in the world, with over 120 banana-producing countries. In the Mercosur market, Paraguay faces fierce competition with Ecuador and Brazil, the world's second-largest producers, with 9 percent each of total production. In addition, Ecuador is the world's leading exporter, with around 30 percent of world exports mostly controlled by five corporations including Dole and Del Monte (UNCTAD, 2003). The high productivity of banana plantations in both countries often drives banana prices so low that, as happened in Paraguay in 2005, the wooden packing boxes cost more than the bananas they contained. In addition, according to UNCTAD (2003), because the world banana market is

geographically fragmented, it is impossible to establish an international banana price. At the regional level, CEPACOOP officials say that they have to negotiate prices every week and are always at a disadvantage because they depend on other suppliers (Brazil and Ecuador, which are price setters) and have no access to information about Mercosur prices.

The challenge of a highly competitive banana market is exacerbated by the difficulty of meeting its quality standards. Cooperative members proudly refer to their bananas as the sweetest in the Argentine market.[9] International standards, however, do not mention taste but define quality in terms of appearance (size, evenness of ripening, and absence of blemishes and defects) (Codex Stan 205, n.d.). As one wholesale buyer explained, ―The banana is a fruit that shows everything on its skin. One can look at a banana and determine exactly where in the productive process it was mistreated." For consumers, appearance is also the main concern. As another buyer put it,

> Kids are the largest banana consumers in Argentina. Mothers do not eat them because they say that the banana is fattening. There is also the aesthetic factor: ―the black I don't want!" So, in the case of the Paraguayan banana, yes, it is indeed the best tasting, but that is not enough because it has to be the prettiest.

The barriers to meeting quality standards are substantial. Lack of credit is a major impediment. The cooperative does not have the capital to provide loans, CEPACOOP does not issue credit, and local lenders provide credit at interest rates of up to 48 percent. This translates into low agricultural investment, inability to buy basic inputs, low

productivity and poor quality. Of particular concern is the inability to apply fungicides, increasing the risk of yellow sigatoka, which causes reduction in yields and uneven ripening of fruit.

Poor road infrastructure and excessive handling of bananas also impact quality. Farmers lack the overhead cable system commonly used to transport bananas across plantations. Bananas that are harvested in optimal condition bruise as they are boxed and moved by hand from the farm into a truck that takes them over dirt roads to the cooperative, where boxes are again moved by hand into a truck that takes them 10 kilometers on dirt roads before reaching the highway. Problems related to distance and bureaucratic transactions along the way also increase the risk of product deterioration. At the border between Paraguay and Argentina, inspectors on both sides take their time unloading bananas for inspection and reloading them. From there, it takes an additional 24 hours or 1,350 kilometers to arrive in Buenos Aires.

Cooperative members who have been able to meet the standards from the beginning are the largest suppliers for the export market and CEPACOOP's model producers. At least 40 percent of members, however, are unable to do so and must resort to selling to intermediaries. This option does not bring enough revenue to invest in productive assets and land improvements, and there is an ever-widening gap between those who can meet the quality standards and those who cannot. Tensions mount when a lack of understanding of quality issues leads to the perception that cooperative leaders give preference to certain members over others, prioritizing individual gain over collective benefit.

In contrast to free markets, the Fair Trade market for bananas might provide a better alternative; certification would not require substantial changes to current practices, since banana production in Guayaibi is practically organic. In addition, organic markets are more likely to consider taste an important feature. According to the FAO (2001), demand for organic products has been driven by food scares that have reinforced the perceived health, environmental, and taste benefits of organic food. High dependence on CEPACOOP, however, keeps the cooperative from exploring this and other options.

Conclusions

Cooperatives as Change Agents in Rural Latin America: Synthesizing Experiences Across Countries – Marcela, Tim, Brian?