Small farmers economic organisations and public policies

A comparative study

Diego Muñoz Elsner

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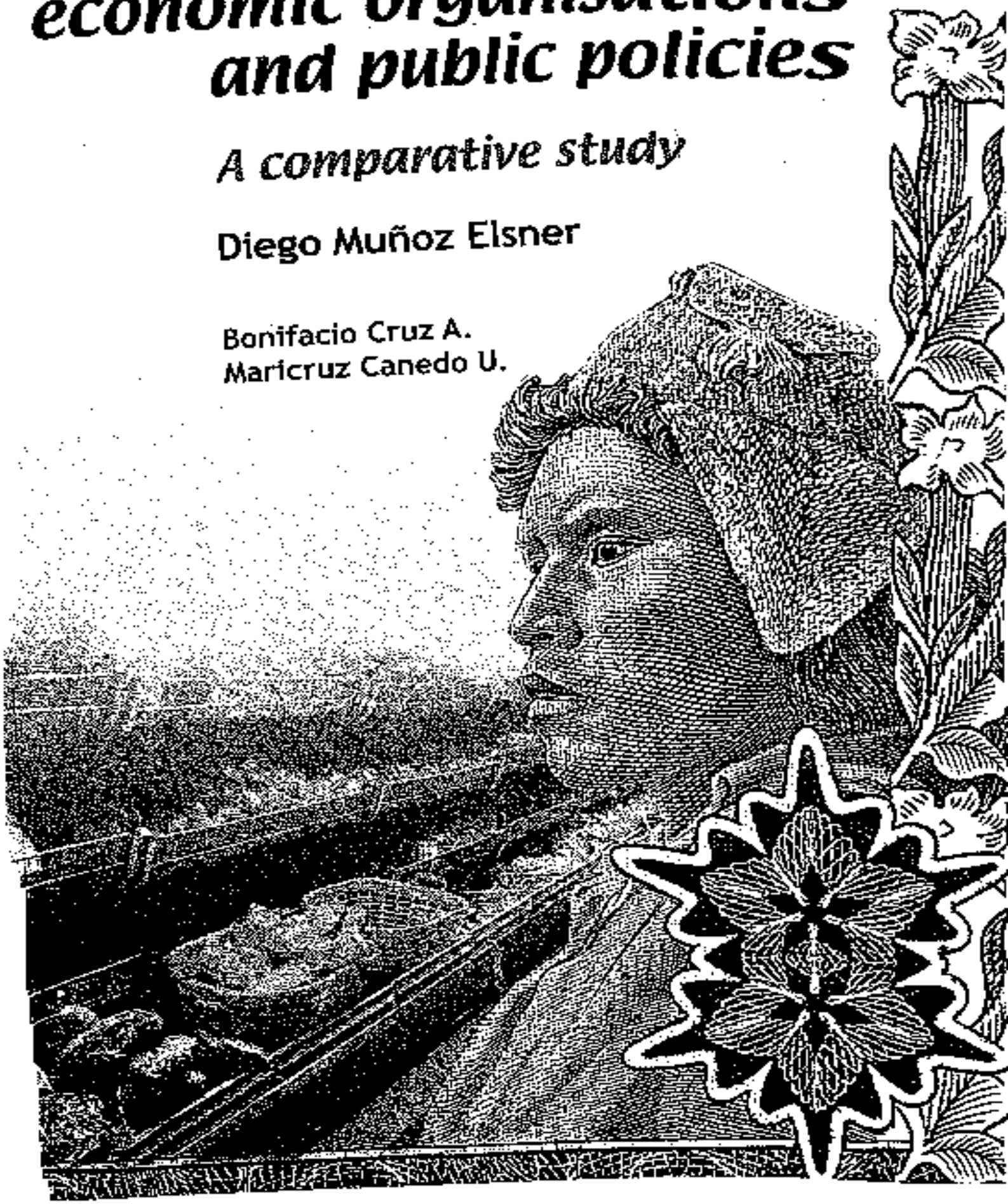

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Foreward

This study, which began in the year 2000, came about as a result of a previous international research project coordinated by the Sustainable Agriculture Programme of the International Institute for Environment and Development (IIED), called "Policies that Work for Sustainable Agriculture and Rural Regeneration". It identified and analysed the most important public policies and policy processes that support or constrain agriculture and the regeneration of rural economies.

One of the issues addressed was the link between food production systems, natural resources, the market, the state and civil society. It also looked at the interactions between local organisations, the private sector, government institutions and other types of support agencies. The research was carried out through case studies in ten countries.[1] In each country it was conducted by local teams made up of NGOs, universities, independent researchers and/or government agencies.

Bolivia was selected as one of the case study countries because in the course of its changing policies and regimes there have been certain experiences whose social and political im-

1 Australia, Bolivia, Brazil, Kenya, India, Pakistan, Senegal, South Africa, Thailand and the United Kingdom.

pacts were worthy of attention. In 1985 Bolivia was one of the first Latin American countries to implement an economic adjustment programme. Since 1993 a series of complementary social and institutional measures have been introduced, and these have brought about important changes. The Bolivian case study[2] analysed the effects the reforms have had on the small farming sector and their impact on promoting sustainable agriculture and regenerating rural economies in these regions.

The results of that first study provided the basis and guidelines for this second piece of research to be carried out, since its conclusions raised important questions about the technical, economic and political role played by Small Farmers Economic Organisations (Organizaciones Económicas Campesinas - OECs).

As in the case of the first project, this research was sponsored by IIED and funded by DFID[3]. For this second study, however, the institutional role was taken on by PIEB[4], which signed an agreement with IIED for that purpose.

This English edition is a summary of the full Spanish language text, printed under the title *Organizaciones económicas campesinas y políticas públicas, un estudio comparativo (Plural, 2004), and has been* translated to English by Sara Shields.

2 See: Muñoz, D.; 2000; Políticas públicas y agricultura campesina, Encuentros y desencuentros; iied, plural; La Paz, Bolivia

3 Department for International Development

4 Strategic Research Programme in Bolivia

Presentation

In Bolivia, as in other countries in Latin America, thinking about rural issues and finding alternatives for rural development in an increasingly complex and adverse context implies thinking outside the box of the farming sector itself, the technical aspects involved in increasing production and productivity, or the type and size of public investment that can feasibly be made. Amongst the many issues being discussed is the central importance of local actors and their organisations as key social and human capital. If they do not take a leading role, it is not possible to take forward innovation and learning in the search for creative solutions with a view to a sustainable development that goes beyond poverty reduction strategies.

In this context, it can be stated that one of the main forms of capital a country like Bolivia has in abundance is precisely that represented by its social organisations. One type of social organisation that has emerged particularly strongly over the last twenty years are the **small farmers economic organisations** (organizaciones económicas campesinas - OECs).

About 190 rural enterprises[1] were identified in Bolivia in 1995. In 2002 the Bolivian Small Farmers Economic Organisa-

1 These enterprises include producer associations, micro-enterprises, cooperatives, and others. They were identified in the process of formulating

tions Coordinating Committee (CIOEC-B) helped to inventory 633 organisations in the country as a whole.[2] The departments with the largest number of OECs are La Paz and Santa Cruz, with 169 and 131 respectively, although there are between 24 and 72 OECs in the other regions, with the exception of Pando where only two were registered. OECs are present and working in 180 municipalities (57% of the total). Close to 100,000 people, about 11% of whom are women, are considered to be active members of OECs. Most OEC members are involved in agriculture (65%) and livestock farming (21%), but there are also dozens of rural people working in initiatives linked to local industry, craft-making, forestry, beekeeping, agricultural diversification, breeding small animals, poultry and fish farming, tourism and commerce, in that order of importance.

In 2000 the OECs, through CIOEC-B, publicly presented their proposals for combating poverty and reactivating the economy[3] and participated actively in the Jubilee 2000 Forum. In 2002, by linking up with the Comité de Enlace (Liaison Committee), which brings together small producers in several sectors, CIOEC argued against approaches that prioritise the "social" nature of public investment and managed to include the need to consider the economic dimension in the National Dialogue. It obtained recognition of the OECs in the National Dialogue Law and was a driving force behind the setting up of Productive, Economic and

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the Programme to Support Rural Enterprises (PAER). José Baldivia, Marcelo Machicao, María Elena Canedo. Ministry of Human Development, National Popular Participation Secretariat. Centro de Información para el Desarrollo (CID). La Paz-Bolivia, 1996.

2 Guía de OECAs de Bolivia por Municipio. Directorio Nacional Municipalizado de las Organizaciones Económicas Campesinas. Edgar Ramos Andrade. PAIDER-COSUDE; CIOEC-BOLIVIA; Vice-Ministry of Rural Development; Vice-Ministry of Strategic Planning and Popular Participation; Vice-Ministry of Micro-Enterprises. La Paz-Bolivia, 2002.

3 Agenda para el Desarrollo Estratégico de las Organizaciones Económicas Campesinas. CIOEC-B. La Paz-Bolivia, 2000.

Social Development Councils (CODEPES). It also contributed to the discussion about legislation on, for example, the business card and the procurement of goods and services by public institutions. As a result of this new visibility, a key element of the current government's economic programme is the "National Production: Buy Bolivian" initiative, which seeks to facilitate micro and small enterprises' ability to sell to the state by dividing up and separating out tenders.

Even if we restrict ourselves to analysing the above information, it is possible to identify certain trends that will help us to contextualise the importance of the OECs in Bolivia. Firstly, their growth has been impressive over the last ten years and they are present in practically the whole of the country with a large number of members. Today, the OECs undoubtedly – and quite rightly – form part of the new rural institutional structure, regardless of the organisational strengths and weaknesses each may have. It is no longer possible to speak of local economic development, or even territorial rural development processes, without the OECs being an essential part of these new scenarios.

Secondly, there are signs that they are progressively diversifying. In a country that has concerned itself very little with the growth in non-farming rural employment and its characteristics, the different areas the OECs are working in pose multiple and changing alternatives for rural production and marketing. This sends a powerful signal to those who think that development in Bolivia is only feasible through production chains and the so-called drivers of the rural economy, their horizons bounded by just a few areas of production and limited to certain agroindustrial sectors. Small farmers' strategies are coming together in new forms of organisation and new processes much wider in scope than what development technocrats often envisage.

Thirdly it is clear that the OECs play a political role, especially through their umbrella organisations. Notwithstanding

the complexity this implies when they try to influence public policies and legislation, the contradictions and conflicts that may arise between different organisational levels, and various other factors that affect their ability and potential to have a real influence, it is a powerful call to pay attention to the OECs' activism and autonomy. Their potential relations with others in the surrounding environment, whether these be NGOs, public institutions, cooperation agencies or other organisations, are thus being reshaped on a new basis.

It is with these problems and their changing trends in mind that the Department for International Development (DFID), the International Institute for Environment and Development (IIED) and the Strategic Research Programme in Bolivia (PIEB) began to encourage and facilitate initiatives to explore the relationship between the small farmers economic organisations and public policies.

The study presented here is just one of the results of a broader process. Through inter-institutional collaboration and combined resources, the aim is to take forward research and public debates that can then become inputs for building the proposals made by the grassroots actors and their organisations. Clearly, this will only be feasible if these initiatives are considered socially relevant and pertinent, and if the stakeholders themselves take ownership of the results and use them.

This research project focused on four specific case studies,[4] and its conclusions should therefore be considered relative to this framework although, as in every approach of this

4 The Turco Camelid Livestock Farmers Association (Asociación de Ganaderos de Turco - AGCT), the Punata Irrigation and Services Association (Asociación de Riegos y Servicios de Punata - ARSP), the Aroma Province Milk Producers Association (Asociación de Productores de Leche de la Provincia Aroma - ASPROLPA) and the Caranavi Local Union of Farming Cooperatives (Central Local de Cooperativas Agropecuarias de Caranavi - CELCCAR).

kind, it is possible to identify certain principles and common patterns that may be useful for a wider universe.

The main interest of the institutions that facilitated this research – the results of which are, of course, entirely the responsibility of the authors– is that readers should weigh the study's findings and value its genuine contributions to the current debate and collective action. All research has to go through a process of critical analysis and feedback, in which this publication is but one tool. In this sense, the research platforms and regional agendas sponsored by PIEB in several of the country's departments represent spaces that the OECs themselves, their umbrella organisations and other stakeholders can take advantage of to enrich the debate. They can also use them to take shared responsibility for initiatives that prioritise the building and sharing of knowledge with the aim of bringing about processes of social, economic, cultural and institutional change in this new rural environment.

Department for International Development (DFID)
International Institute for Environment and Development (IIED)
Programa de Investigación Estratégica en Bolivia (PIEB)

La Paz, February 2004

1 The research project

Why did we decide to undertake this research?

As its starting point for analysing the public policies that had an impact on the sustainability of small farmers' production systems, the previous study used a definition of sustainable agriculture based on the following criteria:

1. *Viable and equitable regional economies* – including the development and strengthening of rural social enterprises, land tenure security, rights of use and improved retention of the economic surplus.
2. *Sustainable farming practices* – with an emphasis on appropriate technologies and resource conservation, an optimum use of external inputs and full participation by all the agents involved.
3. *Sustainably managed natural resources* – implying participatory approaches in the management and valuing of natural resources, and the concepts of scenery, amenity, safeguarding and expansion of biodiversity *in situ* and *ex situ*.
4. *Capable local and external institutions* – including strengthening the organisational capacity of local groups, reform and reorientation of external support agencies and the expansion of links between public and private sector organisations.

5. *A supportive policy environment* – comprising policies and policy processes that support sustainable agriculture and improve the quality of life in rural areas.

By the time this first study was completed, it was clear that, in order to address these issues in small-scale agriculture, both the farming families and the public or private organisations and institutions involved identified the **Small Farmers Economic Organisations** (Organizaciones Económicas Campesinas - OECs) as the best way to channel proposals and programmes aimed at making agriculture sustainable. It was precisely on the basis of this finding that the decision was taken to explore the subject in more depth, in order to understand what type of organisations we were talking about and whether they really did address the production and sustainability problems faced by small farmers.

It is no coincidence that the OECs are being talked about more and more in Bolivia and the Andean region. In today's circumstances of market liberalisation and globalisation, they are seen as interesting alternatives.

But what are these organisations? What role do they play? How important are they to farming families? How do they influence production processes and the marketing of small farmers' produce? What political role do they play in their areas of influence and with regard to the product they handle?

Nature of the research

In order to understand what the OECs are and answer the questions set out above, it was decided to undertake an exploratory assessment-type study, without suggesting hypotheses, based on guiding questions and a conceptual framework.

This way of approaching the research meant that it was the themes and findings of the first stage of the study that set the standards and parameters to finalise the structuring of it and, on that basis, adjust and complement the methodology. This way of working allowed us to include relevant issues that had not been considered at the beginning.

In general terms it can be said that the study was based on a cyclical view of the research process, where both the conceptual framework and the methodology were designed in a continuous process of analysis and validation, comparing the concepts with the reality of the organisations studied.

This way of approaching the process posed several difficulties, but it allowed us to make adjustments based on the partial findings and brought us closer to the reality of the organisations studied.

Objectives

General Objective:

Contribute to knowledge on the OECs, their role and the way they function, their production processes and their relationships with the actors involved, the political field and the laws or dynamics of the market to which they have access, thereby contributing to the debate and the implementation of policies that work and are in keeping with the reality of these organisations.

Specific Objectives:

- Find out how the OECs are organised and how they operate internally to perform their role and achieve their institutional objectives.

- Understand the organisations studied in the context of the production and marketing systems used by the farming families involved, taking as the point of reference the main product they handle, and the effects they have on farming families and communities.
- Understand the political context in which the OECs operate, their ways of negotiating, and their relationship with and influence on laws and policies on the issues they deal with.
- Understand the market processes established by the OECs for the product they handle and their role in marketing.

Methodology

To carry out the study, the objectives and scope of the research were defined first of all. Based on secondary sources, an initial list of Small Farmers Economic Organisations was drawn up, with information on their age, coverage, number of affiliates, the main product they handle, and the amount of secondary information available (on the organisation and the product), and the case studies were identified. Next the first methodological instruments for gathering information were designed and structured.

A first evaluation and analysis was then carried out to identify the type of information that still needed to be collected and the issues that had been left out when the instruments were designed. At the same time, the methodology and instruments for gathering information at the level of the state and organisations and groups involved in the formulation and management of public policies were designed.

Complementary information about the organisations was obtained from interviews with authorities and key informants. Information on non-member families was obtained in community workshops held with members and non-members of the

organisations studied, divided into groups composed of women, men, families with more resources and families with fewer resources. Finally, on the political level interviews were held with producers, representatives of the OECs, representative small farmers organisations, state authorities, international cooperation officials, researchers and university professors with knowledge of the subject, NGO directors and representatives of private sector companies.

Selection of the case studies

To take the research forward, four OECs based in different areas of the Andean region were selected. They all operate at the provincial level, represent producer organisations in the communities and address production issues with them. They also participate in organisations involved in policy negotiations on different production related issues relevant to their affiliates.

To select the case studies, we first looked for information on the economic organisations working in the country[1] in both rural and urban areas, and analysed the issues these organisations had in common. Based on the information gathered, a list of about 250 organisations working at community, municipal, provincial, regional, departmental and national level was drawn up.

As tends to be the case in research of this sort, to select the four case studies we had to strike a balance between what was ideal and what was possible. The halfway point should enable the study to achieve its objectives based on the most suitable use of the financial and human resources available.

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1 Source: Register of organisations affiliated to: CONBOPROLE; AOPEB; ANAPCA; CIOEC-B; FECAFE; producer organisations by department; La Paz Departmental Chamber of Agriculture; Bolivian National Chamber of Agriculture; Bolivian Private Business Confederation; Bolivian Small Industry Federation.

Description of the organisations studied and their main characteristics After analysing the information on the small farmers economic organisations and weighing it against the financial and human resources available, we decided to work with: the Turco Camelid Livestock Farmers Association (Asociación de Ganaderos de Camélidos de Turco - AGCT), the Punata Irrigation and Services Association (Asociación de Riegos y Servicios Punata - ARSP), the Aroma Province Milk Producers Association (Asociación de Productores de Leche de la Provincia Aroma - ASPROLPA) and the Caranavi Local Union of Farming Cooperatives (Central Local de Cooperativas Agropecuarias de Caranavi - CELCCAR).

The **Turco Camelid Livestock Farmers Association** (ACCT) works in the second municipal section of Sajama province in the department of Oruro, which is organised socially in 6 Ayllus.[2] The municipal section covers an area of 3,873 square kilometres;[3] the average altitude is 4,000 metres; and it has a population of 3,818,[4] most of whom are Aymara. Turco is 165 km west of the city of Oruro.

This region's ecosystem is arid and cold, with temperatures ranging from +15°C to –15°C. Because of this, the province is suitable for breeding llamas, as it has extensive natural highland grasslands. Turco is currently one of the major llama and alpaca producing regions in the country.

In Turco the breeding of llamas and alpacas is done by family units in well-defined areas, where each family takes charge of the care, shearing, slaughtering and marketing of the animals on the hoof and the production and sale of by-products such as meat, wool, leather, manure, dried meat, clothing made of the wool, etc. 65% of all the meat obtained is destined for sale, 15% for barter and 15% for family consumption.

2 Traditional name still used in the region to describe the small farmers organisation.

3 Turco Participatory Municipal Development Plan, 1997

4 INE, Population and Housing Census 2001

Foto Bill Wesby

The Turco Camelid Livestock Farmers Association was founded in 1991, with all the *Ayllus* in the municipality participating. Its origins go back to the drought of 1983, when the Small Farmers Self-Development Programme (Programa de Autodesarrollo Campesino - PAC), funded by the European Economic Community (EEC), implemented a series of projects to alleviate the effects of the drought, prioritising the construction of basic social and productive infrastructure.

In 1992, the EEC implemented the second phase of the PAC, called "Small Farmers Self-Development Programme, consolidation phase" (CONPAC). During this phase, the programme transferred all the infrastructure that had been built, both to the farmers and to the state.

In Turco COMPAC encouraged AGCT to be set up in order to transfer the slaughterhouse they had built there.[5]

5 As well as the PAC funding for the slaughterhouse to be built, about 600 families in Turco made a contribution of 5 bolivianos each.

Of the four organisations selected, this is the newest. The reason for choosing it as one of the case studies was that its creation was closely linked to interventions by international cooperation projects.

The Punata Irrigation and Services Association (ARSP) works in the first section of Punata province in the Department of Cochabamba. Together with Cliza and Arani, Punata is one of the provinces that make up the High Valleys of Cochabamba. It has a population of about 28,000,[6] most of whom are Quechua. The High Valleys area has an important road network which links the whole region with Bolivia's main markets, and is relatively close to the city of Cochabamba (40 km).

The first section of Punata covers an area of approximately 100km². It is a large, wide valley, with areas of hills and slopes rising gently at each end. It has a semi-humid climate, with an average temperature of 14.8°C.[7], and an average annual rainfall of 450mm[8] (1999:312).

Most of the sources of surface water come from the mountains, where rainfall is higher than in the valley and the ground is less permeable. The rivers are torrential, rising swiftly for short periods of time during the rainy season. In the dry season these rivers usually have little water or dry up entirely.

The main occupation in the area is agriculture. Farmers grow maize, wheat, potatoes, oats, vegetables and fruit and raise dairy cattle. Chicha[9] preparation is their main activity for trade.

Due to population growth, not just in Punata but throughout the Andean region, natural resources are deteriorating swiftly, with a series of damaging consequences that affect people's quality of life. Amongst the most important negative

6 INE, Population and Housing Census 2001

7 Figures from the San Benito Experimental Farming Station.

8 Information on Punata's location and population was drawn from the Statistical Atlas on municipalities.

9 Alcoholic beverage made out of maize.

effects are the increasingly lengthy periods of drought and the increasingly torrential rains and hailstorms concentrated in very short periods of time.

Foto: Bill Vosler

ARSP is the organisation responsible for managing Punata's irrigation system by ensuring the rational use of irrigation water to encourage and promote income generation and improve its members' agricultural production. ARSP grew and became stronger as a result of the implementation of a bilateral project to improve the province's irrigation system (the Inter-Valley Irrigation Project - PRIV) carried out jointly by the Bolivian government and the German cooperation agency GTZ. This experience, together with that of Tiraque (an area adjacent to Punata), made a decisive contribution to the creation of the National Irrigation Programme (PRONAR), which currently forms part of the national policy supporting irrigation for small farmers in the Andean region.

The Punata Irrigation and Services Association was founded in October 1989. Its main objective was to maintain and manage the irrigation system. That same year saw the start of the Inter-Valley Irrigation Project after the work to improve

irrigation infrastructure was completed, also with the support of GTZ. The project trained farmers to operate and maintain the irrigation system. It was this coordinated process that made it possible for the irrigation associations to take charge of the management and maintenance of the system, ensuring that it was used properly and maintained.

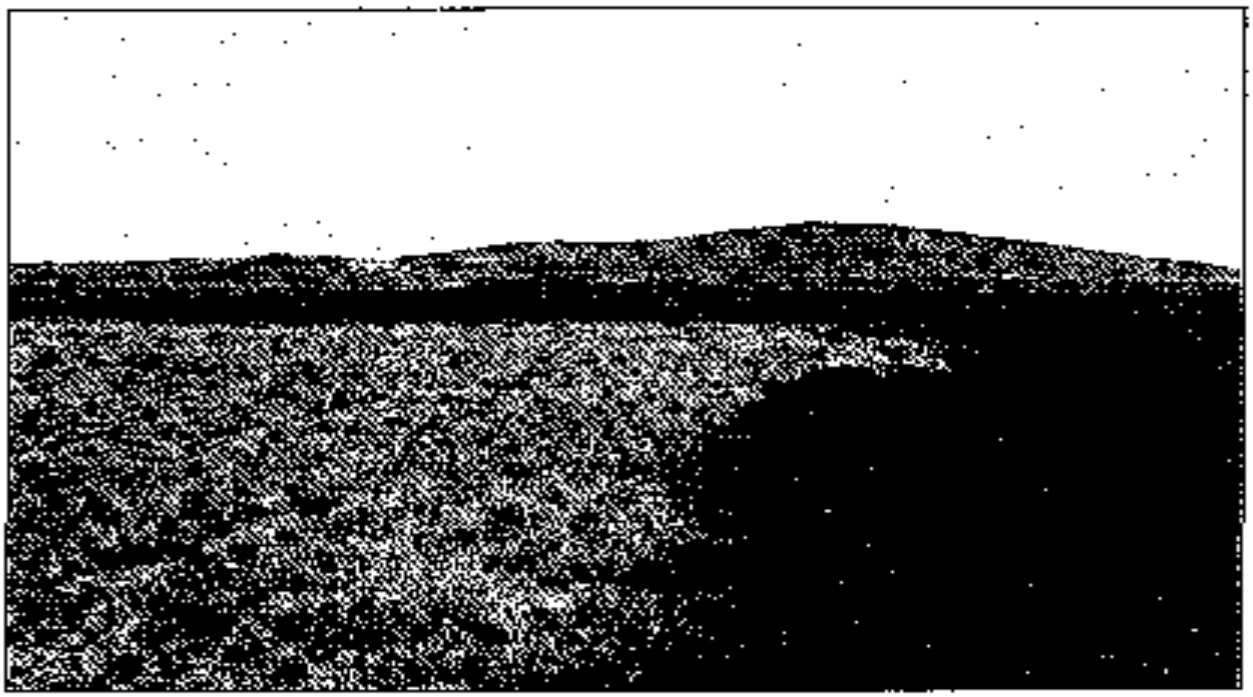
The reason why this organisation was selected was because it had the following characteristics:

- The experience of working with this association, together with that of Tiraque, gave the government and international cooperation the opportunity to implement the National Irrigation Programme (PRONAR), which, as mentioned above, forms part of the national irrigation policy for small farmers.
- Because it is an organisation that deals with a natural resource, its structure is based on territorial management –but without being a strictly farmers union-style organisation– and it handles economic issues such as credit.

The **Aroma Province Milk Producers Association (ASPROLPA)** works in the highlands in Aroma province in the department of La Paz, which covers an area of about 4.510 km^2 in the centre of the Bolivian high plateau. The most important town is Patacamaya, at a distance of 101 km from the city of La Paz on the asphalted road that links La Paz with the cities of Oruro and Cochabamba.

Altitudes in the province range from 3600 to 3850 metres and the average annual temperature of 9°C. The rainy season is between December and March and is characterised by intense rainfall followed by five or six dry days, depending on yearly cycles. Average annual rainfall varies between 350 and 600 mm. The most frequent climate-related problems are frosts, hailstorms and drought.

Most farming families in Aroma prioritise cattle farming as their economic activity. Many communities raise cattle for beef as well as milk production. All families also have a few sheep, which they use to provide meat, wool and manure. There is increasingly less camelid livestock in the region due to the ongoing sub-division of plots of land and the fact that the market is smaller in comparison to cattle. The region's main crop is potatoes, from which the freeze-dried '*chuño* and '*tunta*[10] are derived as by-products. Cereals such as oats, barley and quinua are also grown in small amounts.



ASPROLPA was founded years later as the result of a government policy implemented at the end of the 1960s, which sought to promote agricultural production at the national level through a state body called the Bolivian Development Corporation (Corporación Boliviana de Fomento - CBF). In the area of dairy farming its objective was to improve the supply of fresh milk to the country's main cities. As part of its policies to

10 Freeze-dried potato

develop the sector, the CBF installed milk processing plants called PIL in the cities of Cochabamba, La Paz, Santa Cruz, Sucre and Tarija. The support provided by the World Food Programme (WFP) to promote the setting up of producer organisations was used to organise the supply of raw material to these plants. Producers were organised in Milk Units in their communities or groups of communities, depending on their production volumes.

In this process the unit leaders played the role of organising and coordinating all the activities related to milk production and were involved in solving conflicts with the processing plant.[11] Each unit has a collection point where the families deliver their milk every day. A lorry collects the milk from the collection points and takes it to the PIL plant in El Alto near La Paz, where the milk is processed or transported on.

In 1997, as part of the "structural adjustment and state modernisation policies", the milk processing plants were privatised. This radically changed the relationship between the producers and the companies. Today, ASPROLPA's members deliver the milk they produce to the PIL Andina S.A. company, whose main shareholder is the Gloria conglomerate of Peru.

On the high plateau, in parallel with the privatisation of the processing plants, the government set up the Highland Dairy Farming Development Programme (Programa de Desarrollo Lechero del Altiplano - PDLA) with the support of Danish cooperation. The PDLA supported ASPROLPA financially and by paying for a professional team composed of agronomists and vets who advised the farmers on different production-related issues.

11 The milk units were small organisations of producers (parallel to the community-level farmers unions) and they retain this characteristic today. The units were set up by communities or groups of communities to deliver the milk to PIL. Each unit has a steering committee, which organises and coordinates the activities related to milk production and coordinates and solves conflicts with the processing plant.

The reason why this organisation was selected as one of the case studies was because, as well as meeting many of the criteria defined for selection, it arose as a result of a public policy implemented in a context where the state took the leading role in the country's economic and productive activities. After structural adjustment and, later, privatisation were implemented, however, this situation changed substantially, affecting both the milk production processes and the forms and dynamics of the relationship between the producers and the processing companies and between the producers and the state.

The **Caranavi Local Union of Farming Cooperatives (CELCCAR)** works in Caranavi province in the department of La Paz. This is in the sub-Andean valleys known as the high Yungas belt in the eastern branch of the Andes mountain range. These valleys are usually wide, with sub-tropical forests that form natural terraces which are used for agriculture. Altitudes range from 350 to 1,450 metres. The climate is hot and humid, with average temperatures ranging from 20°C to 32°C and average annual rainfall of between 600 and 2,000 mm. The soils are fragile, very vulnerable to rapid degradation, and due to intensive and inappropriate farming practices are deteriorating fast.[12] The region has major rivers such as the Coroico, Yara and Choro. The population in the year 2000 was 52,703. The main town, also called Caranavi, is 165 km from the city of La Paz.

The main crop in Caranavi is coffee, followed by citrus fruit, bananas, cocoa and papaya. There are also important timber resources with a high market value such as oak, cedar and other woods. Caranavi is the country's major coffee-producing region, accounting for more than 80% of national production.

Caranavi is in a strategic location at the intersection of the roads that link the Amazon region and part of the Yungas to markets in the west of the country.

12 BOLIVIA, 1999, Atlas Estadístico de Municipios, edited by INE – MDSP - COSUDE

Foto EM Wesley

CELCCAR was founded in 1965. In 1969 it started to market processed coffee together with the Coroico Union of Cooperatives and in 1973 it built its office and facilities in the town of Caranavi. Between 1976 and 1978 it set up its food and agricultural inputs shops and also started to provide transport services to producers, as one of the main difficulties in the region is bringing produce from the communities to Caranavi and from there to markets in La Paz. In 1979, with the support of the Summer Institute of Linguistics[13] and INALCO, it managed to start exporting coffee to Germany, becoming the first small farmers organisation to export produce as an organisation.

With the aim of supporting farming cooperatives, during the Hernán Siles Suazo government (1982-1985) lorries were imported tax free and given to small farmers organisations on credit. CELCCAR was awarded 20 of these lorries and distributed them to its affiliated cooperatives. Unfortunately, there was no proper advice on the purchase and administration of these lorries and they deteriorated rapidly, causing serious problems both for the cooperatives and for CELCCAR.

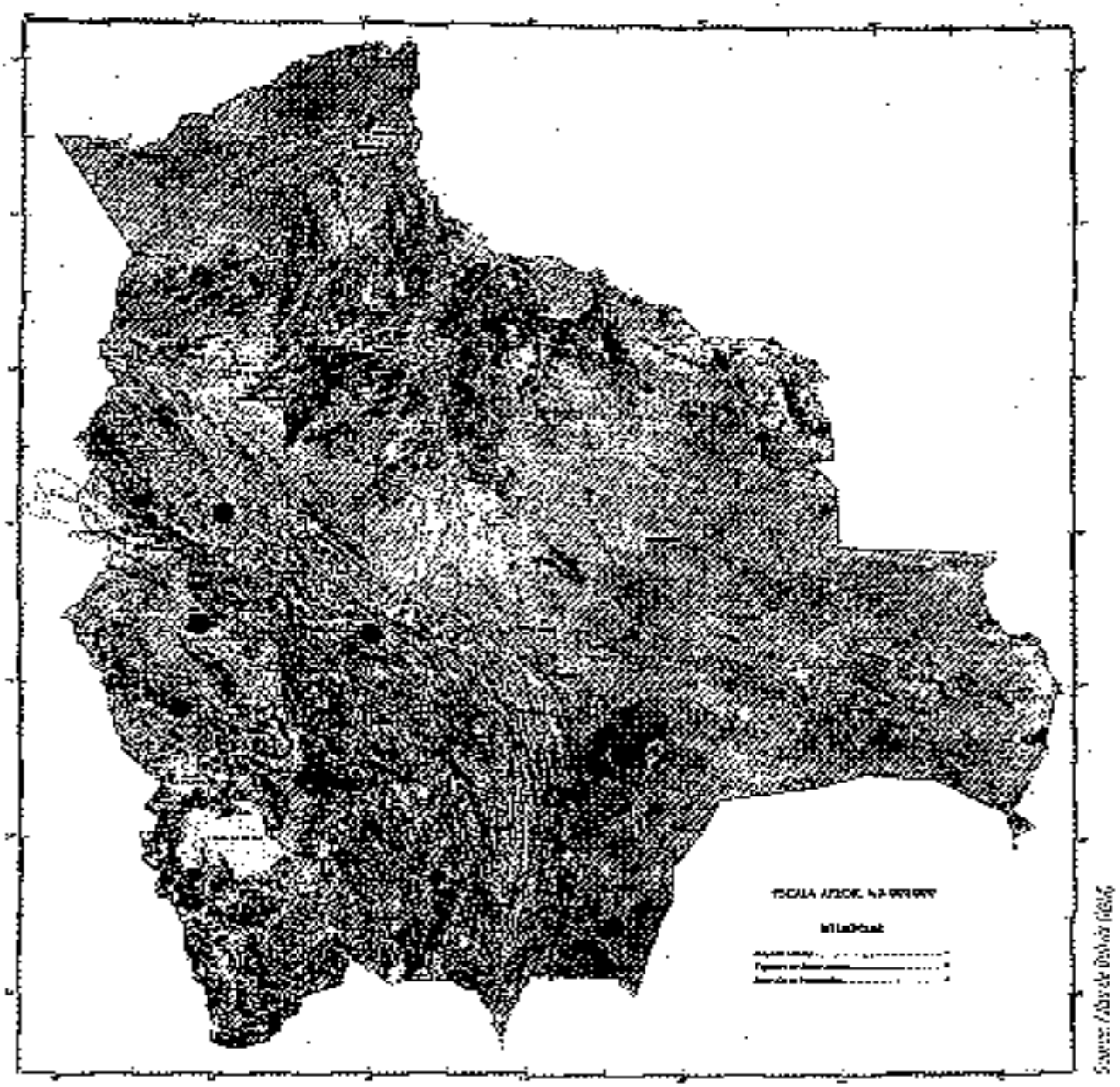
13 The Summer Institute of Linguistics was a North American mission that worked in Amazon region countries supporting development programmes.

Because of the problems CELCCAR had with the lorries, between 1988 and 1993 the organisation began to go downhill. The farmers, government institutions, private companies and other organisations working in the region all saw it as an organisation with a bad reputation. This loss of prestige meant that producers withdrew from CELCCAR and set up new, almost identical organisations.

After these problems, CELCCAR was practically at a standstill until in 1994, following the election of new leaders, an attempt was made to reactivate the organisation by overhauling the way it was run and making management transparent.

In order to reactivate itself, CELCCAR changed from being an organisation that provided coffee production, processing and transport services to one providing services for the export of organic coffee. It therefore developed a series of international contacts, trained producers on production and administrative management and set up a system for obtaining information on costs and conditions for coffee sales.

The reason why this organisation was selected was because it is the oldest of the four and arose as a result of policies to encourage rural settlement and the setting up of farming cooperatives. In contrast to the other three, CELCCAR had almost no support from the government or international cooperation, and looked for different markets by itself. This obliged the organisation to seek its own ways of operating and relating to the different bodies involved in production and marketing issues.



- Asociación de Riego y Servicios Punata (ARSP)
- Central Local de Cooperativas Agropecuarias de Caranavi (CELCCAR)
- Asociación de Productores de Leche Provincia de Aroma (ASPROLPA)
- Asociación de Ganaderos de Camélidos de Turco (AGCT)

2 Conceptual and methodological framework

Levels of analysis

During the study we found that the activities carried out by the OECs did not just take place in rural areas but also in towns and cities, and that they had created different organisational levels. Depending on the nature of the product, these were divided into two or more groups of representatives.

To be able to understand the difference between the OECs working in each of these spaces, we identified **three levels.** These were defined as *the areas of intervention by member families and by the OECs.* Each of these levels was marked out on the basis of their social and economic characteristics and dynamics, but above all by the role they play.

Within this demarcation, in **level 1** the actors structure their economic activities and earn their income from agricultural production and trade (sale of agricultural produce, sale of labour, buying and selling of products in general). This group is the recipient of public policies. Located at this level are farming families, small farmers organisations whose members are grassroots producers, communities represented by their local and regional farmers unions, and local enterprises or busi-

nesses. The OECs working at this level devote themselves almost exclusively to technical and production-related issues.

Level 2 is where public policies are applied. Here the actors intervene in different local realities. Those belonging to this level are the federations and confederations of small farmers unions ('sindicatos'), representative economic organisations, local governments, non-governmental organisations, international cooperation agencies and the different churches. At this level, the groups that form part of the state implement public policies directly, while the groups that do not form part of the state influence the way in which policies are implemented because of the power they hold locally. Public policies and small farmers' strategies come into contact at the intersection between this level and the previous one. Although they work on technical and production-related issues, the OECs at this level also deal with issues of social and political representation of the sector of producers and organisations who are their members.

Finally, **level 3** corresponds to those who enact public policies and is made up of the powers of state. Although the OECs cannot act directly at this level, they have bodies that represent them collectively. In contrast to the OECs at the previous two levels, these bodies do not carry out any technical or production-related activity. Their role is to lobby for and negotiate policy proposals that will benefit organised small producers.

The study's definition of OECs

This study focuses its attention on the second level OECs because, due to where they are placed, they seek to make links between small farmers' production systems and markets (both domestic and international). They also negotiate, lobby and act politically, both with the state and with those who intervene in the problems that affect small producers.

For this study, therefore, the second level OECs are those that represent the producers affiliated through the first level organisations in dealings with any body carrying out activities that have an impact on production processes or issues related to the product they handle. These organisations play a technical and political role. They can provide technical and marketing support to producers and also represent them politically.

Conceptual framework

In general terms it can be stated that the second level OECs address three broad issues: *support for production*, for which they provide a series of services; *support for marketing*, bringing producers into contact with those involved in the market; and political advocacy work, which involves relating to and acting as representatives in dealings with the state and other players who influence policy decisions on the issues that interest producers (whether represented or not by the organisation).

To gain an idea of what these organisations are, based on the case studies, we analysed how they operate, what they mean to member and non-member producers, how they relate to the state and other players who influence production and market-related issues, and the role they play in the marketing of the product they handle.

How the OECs operate

The second level OECs operate in both rural and urban areas. These organisations establish their operating structures and forms of management in legal terms based on the way they were created, the product they handle and their organisational

culture.[1] The way in which they negotiate and introduce new technologies, thereby determining their competitiveness and sustainability, depends on the institutional characteristics, the leaders' knowledge and skills and the way the members relate to the organisation.

To approach the way in which the OECs operate, there are two issues to be taken into account: the structure of the organisation itself, which includes forms of institutional management and administration (managerial and accounts) and the legal legitimacy the organisation has to be able to carry out its activities.

With regard to the relations they establish with their surroundings, the main issues are: the use of production technologies, understanding this as the introduction by the OECs of new ways of producing, processing and marketing the product they handle, in order to be more competitive; participation and oversight by their members, which determines whether producers' opinions are taken into account in the organisations' activities; how they obtain the financial resources they need to operate, which may come either from the services they offer, the payment of quotas by the producers, loans and/or donations; and their strategies for negotiation both with the producers and with the other stakeholders involved.

OECs and livelihoods

The overall sustainability of the Andean regions where small-scale agriculture is practised depends on seeking to minimise risks and combine the available resources, whether these be economic, natural, organisational or other resources, according to the circumstances.

Arrangements and strategies for managing these resources depend in each case on the quantity, type and form of

1 Defined in the study as the ways of working used by each OEC to fulfil its objectives.

access to them that each family has. In this sense, we can think of the relative sustainability of farming families as being dependent on all the resources available, which can be expressed as different forms of capital.[2] This enables us to understand that farming families' livelihoods depend at all times on their access to and constant combination of different forms of capital, which can be categorised as follows:

1. Tangible capital, which can be measured by traditional development indicators. This capital takes the form of finance, infrastructure and technology.
2. Human capital, which refers to the families' skills, knowledge and capabilities.
3. Natural capital, which is all productive capital linked to natural resources that affects production and marketing. Within this, access to land, water and the services obtained from them are taken into account.
4. Social capital, which refers to the inherent value that exists in social networks and organisations and the social relations families establish.
5. Cultural capital, which refers to communities' values and ways of positioning themselves in response to reality.

Based on these criteria, small farming families can be thought of as autonomous social units which build their subsistence strategies in different ways based on the available stocks of the five types of capital mentioned above.

A life based on agriculture depends to a great extent on access to natural capital. For many farming families, however, the components of family life do not depend on access to natural capital alone, but also on the sale of their labour away from the family plot of land, whether in the same region where they

2 See: Serageldin and Streer, 1994, World Bank 1996a

have land, in other regions or ecosystems or in the nearest and most important urban centres.

It is within this framework that the way in which people access these forms of capital takes on great importance. Equally important is how they use the resources derived from each form of capital, because this has a direct impact on quality of life.

OECs and the political field

The political role played by the second level OECs not only has do with the negotiation and lobbying capacity their leaders manage to develop, but also with the possibility of entering the field of politics.[3]

The political field is also divided into different levels. In these, the different players dispute political power and establish their alliances and strategies based on access to and availability of the different forms of capital.

The second level OECs establish relationships with state authorities, either via the formal route of state and/or party political structures, or through "informal" channels that depend on political influence and social relations (social capital), economic resources (tangible capital) or their skill in gaining access to certain political decision-making spaces (human capital).

The most important players identified in the study, who carry out their activities in the political field and influence the second level OECs, are: the State, in the form of its programmes and its departmental, provincial and municipal authorities; the political parties; international cooperation, through governmental and non-governmental programmes; different civil society organisations such as the popular representative organisations

3 Bourdieu defines the field of politics as: "A small social world (a microcosmos), with its own history, relatively autonomous (with its own laws), inside the wider social world; in which we will find a set of properties, relationships, actions and processes".

(COB, CSUTCB, CIDOB and others); private companies, the media and the churches, especially the Catholic church.

OECs and the market

According to Philip Kotler[4] a market is made up of all those potential clients who share a need or desire and would be willing to undertake an exchange to satisfy that need or desire.

The term "market" originally referred to the place where buyers and sellers met to carry out their transactions. Today, however, economists use the term to refer to the set of buyers and sellers who carry out transactions with a product or a class of products (market segments). Based on the work done, we found that small farmers in the organisations studied have access to three different market segments, depending on the location of the transaction. These are: the market for the poor (rural and urban), the middle class urban market, and the export market. Access to these markets depends on the geographical location of the communities (distance to the main regional and/or national commercial centres), production systems and cultural forms of transaction or sale, post-harvest treatment of the product, the opportunity and/or need to sell and knowledge of market dynamics.

In the market for the poor, the consumers are people with low incomes, who may either be from rural areas or from cities. In this market, the main variable considered in the transaction is the (very low) price rather than the quality, because the consumers are unable to pay more. The products sold in this market are usually basic necessities (eg: potatoes, *chuño*, pasta, cooking oil, rice, maize, llama meat, leftover cuts of beef and/or tripe, fresh cheese, etc).

In the middle class urban market the final consumers are people from a broad urban middle class whose purchasing

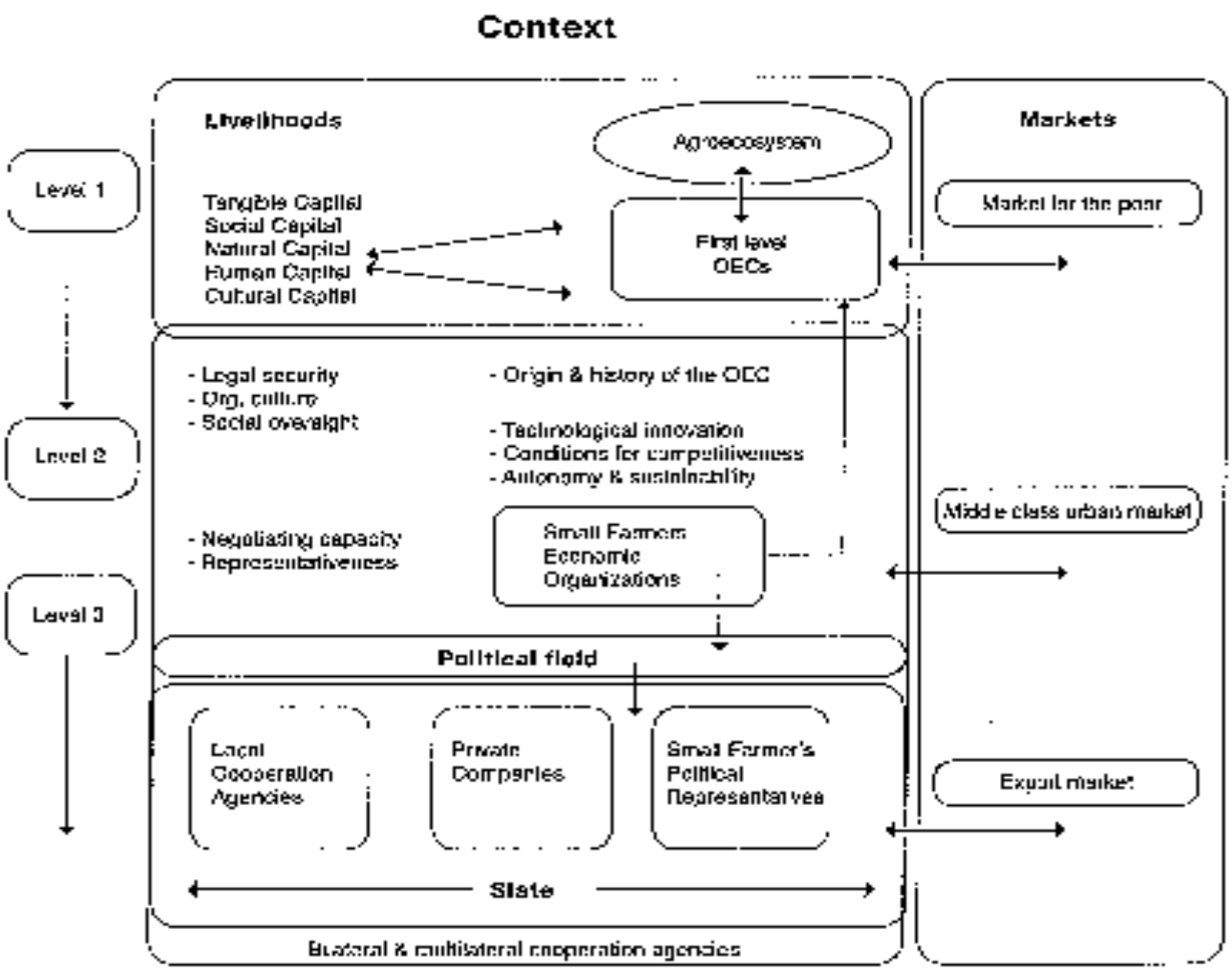
4 Kotler, Philip, 1996, " Diccionario de la Mercadotecnia", 7thed., Prentice-Hall Hispanoamérica, S.A., Mexico D.F., pp. 9-10.

power varies. This market is more demanding than the previous one, and higher prices are paid for better quality products. It is important to point out, however, that quality standards are flexible and do not answer to quality control norms.

Finally, in the export market the consumer is outside Bolivia. This market has detailed norms for each product; prices are set on the basis of quality standards and international supply and demand. The prices of the products exchanged in these markets are usually set in the global agricultural stock exchanges. Few items produced by Bolivian small farmers are sold in these markets.

Each of the markets described has its own marketing structures and its own rules, and these determine the production systems and processes used by small farmers. This means that each of these markets prefers to include in its systems those products that comply with its volumes, prices and ways of regulating quality.

The diagram below shows the set of relations the Small Farmers Economic Organisations engage in. As it makes clear, these relations form a complex, highly dynamic system and, as in the case of the forms of capital involved in livelihoods, they are all inter-related and influence each other. This relationship between the factors that determine the OECs' dynamics meant that they became flexible and changing organisations.


Context
Livelihoods
Agroecosystem
Markets
Level 1
Tangible Capital
Social Capital
Natural Capital
Human Capital
Cultural Capital
First level OECs
Market for the poor
- Legal security
- Org. culture
- Social oversight
- Origin & history of the OEC
- Technological innovation
- Conditions for competitiveness
- Autonomy & sustainability
Level 2
Middle class urban market
- Negotiating capacity
- Representativeness
Small Farmers Economic Organizations
Level 3
Political field
Local Cooperation Agencies
Private Companies
Small Farmer's Political Representatives
Export market
State
Bilateral & multilateral cooperation agencies

3 The Small Farmers Economic Organisations and how they operate

To understand how these organisations operate and their institutional characteristics, this chapter analyses their origins, the legal legitimacy of the OECs, their organisational culture and participation, their degree of representativeness, the criteria they use to select members and the latter's obligations, the degree to which management is accepted, their capacity to negotiate with different government, political, cooperation or market bodies, and technological innovation.

Origins of the OECs

When we analysed the origins of the Small Farmers Economic Organisations we found that, there were three elements that contributed to their emergence:

1. *Small farmers' forms of organisation.* Due to the complicated and fragile nature of Andean territory, these have been rural communities' basic units of territorial organisation since time immemorial. These organisations, originally known as'*ayllus*, adapted over the centuries to different forms of political-territorial administration. These were the

encomiendas in colonial times and the large estates in the republican era, which could only operate thanks to the community system. After the agrarian reform, rural unions took on a leading role. Most recently, with the popular participation law, the state awarded legitimacy to territorial organisations.

2. ***Public policies***, the most important of which were:

   - **The Agrarian Reform Law** of 1953 – a result of the National Revolution, it was one of the laws that most benefited the small farming sector as it completely altered the relationship between small farmers and the state. As well as abolishing forced labour for good, this law awarded small farmers full citizenship. Although the Agrarian Reform did not support small farmers on technical or production–related issues, it did enable them to consolidate their social organisations and participate in national political life as actors with a leading role.
   - **The Military–Rural Pact**. Although this was promoted by the anti–communist interests of military governments and the government of the United States, it was the first state policy to channel international cooperation resources to improve small farmers' production. It was this policy that led to state encouragement for farming cooperatives to be set up. However, it was the military governments' totalitarian and dictatorial policies that started to distance the state from small farmers and grassroots organisations.
   - **The creation of IBTA**, which managed to put together an agricultural research and extension programme. Although this did not produce major results, it provided the state and the producers with an institution devoted to developing and disseminating agricultural technolo-

gies, at least for a time. The experience left by IBTA gave both the experts who worked on its programmes and the small farmers who came into contact with them the opportunity to think of new ways of producing and organising for production.

- **The policies implemented during the UDP government** (full respect for constitutional freedoms, support for social and producer organisations, and strengthening of social movements). These enabled the small farmers organisations to consolidate themselves, brought the state closer to social groups and led to the creation of the first small farmers production organisation, CORACA.
- **The "Pact for Democracy"** established by the MNR and the ADN in 1984 to halt hyperinflation, which gave rise to the politics of alliances. This system of party political pacts enabled state governance to be kept going for more than 15 years through pact–based democracy. In time, however, because of the party quota system and corruption, it widened the distance between the state and society, as had happened in the era of the dictatorships. This distancing increased the distrust society already had of the state and meant that the organisations sought to solve their problems behind the state's back or even by coming into confrontation with it.
- **Supreme Decree 21060**, which changed the economic model from state capitalism to a free market system. This obliged producer groups (including small farmers) to aim to be competitive and enter domestic and international markets. The implementation of structural adjustment policies, however, has made evident the disadvantages all Bolivian producers have in comparison to their counterparts in neighbouring countries.
- **The Popular Participation Law**, which started the decentralisation process by awarding institutional sta-

tus and resources to municipal governments. This law opened up a new political scenario at the local level (although it has not yet become consolidated), where producer organisations play an increasingly important role.

3. *International policies and forms of intervention*, which have played an important role in development processes since the 1950s.
   In the 1950s and 60s, the most important donor country was the United States. It made its support conditional on the "fight against communism".
   During the 1970s, although anti-communist policies continued, international support concentrated on awarding multi-million-dollar loans to the business sector, due to the dangerous accumulation of "petrodollars" in international banks. It was these loans that enabled the economy of Santa Cruz to grow and created the external debt problem. It was also in this decade that other cooperation programmes apart from those of the United States started to work in Bolivia. These programmes were either implemented by the state or by certain non-governmental organisations.
   In the 1980s cooperation concentrated on alleviating the economic crisis caused by the external debt, with projects that were either run by the state or by NGOs. This decade saw the proliferation of NGOs, especially after the implementation of structural adjustment policies, since it was these organisations that took over the state's social role in many sectors. Since the cold war had ended by then, US cooperation's discourse turned to environmental conservation and preservation and the development of economic alternatives to coca leaf production (alternative development). Many OECs owe their existence to the projects implemented at this time.

In the second half of the 1990s, when the second generation policies began to be implemented with the enactment of the popular participation law, international cooperation started to support municipal governments and allocated significant resources to the consolidation of a decentralised state. During this time funding for NGOs was cut. Microcredit programmes and projects that sought to provide direct funding to social organisations (productive and non-productive) started to become consolidated.

Finally, since the year 2000 and after the attack on the twin towers in New York and the subsequent invasions of Afghanistan and Iraq, the United States, with the support of most other donor countries, has developed a new cooperation discourse, similar to that of the 1960s: "the war against terrorism". Together with the weakening of the state as a result of the badly-implemented privatisation policies, this change in international cooperation's political approach has given it an excessively predominant and often incoherent role. This excessive influence, together with the hemming in of the political parties as a result of the "governance" pacts and the population's worsening poverty, has created increasingly widespread discontent which has *led to the radicalisation of social movements. The OECs and* their higher-level organisations do of course take part in the protests against the current rules of the game in the international economy and the way in which the state is managed.

Legal legitimacy[1]

As the organisations studied were closely linked to projects financed by international cooperation, the type of le-

1 This refers to the capacity the OECs have to carry out their activities in a legal framework that enables them to achieve recognition and fulfil their objectives.

gal documents they obtained depended to a great extent on the way in which the projects were closed down and the mechanisms used to transfer their assets. In fact, all of them were thought of as bodies providing services to first level organisations (*ayllus*, units, committees, cooperatives).

As far as their statutes and regulations are concerned, these were drawn up to meet the requirements for gaining official legal status. This explains why they all had valid statutes and regulations but their actions were not governed by them. In all four cases, their statutes and regulations have been changed numerous times to adapt to reality and legal demands.

As well as the statutes and regulations they have norms, rules and agreements approved in assembly meetings. These are recorded in the minute books, it is obligatory to comply with them, and they are changed according to the needs and opportunities that may arise. The process of updating the statutes and internal regulations takes place in assemblies and/or general meetings. Fulfilment of such agreements is not questioned, although they may contradict what is set out in previous regulations and legally registered statutes.

Obtaining legal documents and certificates is a process which not only depends on the skills of the leaders but also the support of state or international cooperation programmes and the demands of the market. Obtaining legal documents and maintaining their validity is not an easy task for any of the four organisations studied, especially if they want to gain access to export markets.

With regard to the payment of taxes, all the organisations pay taxes on transactions (purchases of land, houses, vehicles, etc). They also pay the municipal government for the licence to run their offices. These are the only taxes they pay directly.

None of the organisations studied has trained staff to deal with legal issues and neither are they able to hire them. The

leaders therefore rely on the advice given by experts from state programmes and NGOs.

Based on all the study's findings, it is possible to affirm that although the state has taken the small farmers organisations into account since 1952, it has so far not managed to include small farmers' reasoning and ways of solving problems in its own processes and day-to-day work. This lack of connection between small farmers' reasoning and the state's reasoning has led in both cases to a distorted way of working.

On the one hand, the OECs see that the state, as well as establishing a series of requirements for recognising them as organisations, does not do much to support them. They therefore seek ways to "abide by the law" at all costs, regardless of whether abiding by it is coherent with what they are trying to do as organisations. This way of working leads to the creation of many similar organisations with different names which attend to the same groups. Within this dynamic, the ultimate legal aim of these OECs is to comply with the formalities of the law in order to move towards their objectives, with the backing of state recognition. Once the organisation is recognised in legal terms, it distances itself from the state, and only relates to it through lobbying and protest if it finds that its institutional objectives cannot be met due to legal problems or badly implemented public policies.

The state, on the other hand, due to its lack of efficiency and distance from reality, does not manage to link its norms and policy implementation to local dynamics and realities. This lack of connection between the norms and the state's way of dealing with them widens the gap between the state and social and farmers organisations and makes a decisive contribution to creating conflicts between the state and society.

Organisational culture and participation[2]

To analyse this, we looked at the structure of the organisation, management capacity and leadership, project planning and negotiation, the use of funds and infrastructure, social oversight and conflict management.

Structure of the organisation

The structure of the organisation is similar in all four cases, since they all have a president, a vice-president, a records secretary, a treasurer, a secretary for production work, and ordinary committee members. The people who are elected to hold these posts do not always perform strictly their own duties, however. They usually work as a team which acts according to circumstances and needs.

It is important to point out that there are operating problems in the work of the steering committee due to the influence of trade union-style thinking and structures, the structures and ways of working put in place by projects and programmes and the complicated market dynamics. Both in the OECs and in the unions, it is an obligation (and an honour) to hold a leadership post, and everyone must perform this duty at some point. The leaders of the OECs are therefore elected in the same way that union (community) authorities are elected: in other words, the fact that it is someone's turn and their performance in the community carries more weight than the person's ability to hold the post. With practice and the demands of leadership, however, this criterion is changing, and there is recognition of the need to elect young people with higher levels of schooling to lead the OEC.

2 Organisational culture and participation is understood as the mechanisms, arrangements and ways each organisation has to function over time and fulfil its objectives.

Management capacity and leadership

For those who come to be leaders, the OECs indirectly become training sites, where they learn about issues it is difficult to gain access to from the communities. These include relations with markets (domestic and international) and urban dynamics, both in politics, business and the market, access to general and technological knowledge, and relations with international cooperation agencies and NGOs.

The results of this learning process provide leaders finishing their time in office with the possibility of starting to set up their own initiatives, which may be a business. This will gradually distance them from the OEC, but not from their community, since this is where their identity and contact with the product they handle is based.

Project planning and negotiation

To begin with, the four organisations focused on building and improving infrastructure, in coordination with the projects that supported them. Later they were involved in a range of different activities in project planning and negotiation. The criteria for identifying and selecting projects, however, prioritise technical and production-related issues rather than sales, marketing or administrative management of the organisation. This emphasis is due to the leading role played by technical staff in the projects and the organisations' lack of mechanisms for identifying and documenting the demands and needs of their member families.

In the four cases it was found that professional experts are highly valued, since their capabilities enable the organisation to gain access to funding from cooperation agencies, the state or NGOs. This means that the leaders become dependent on the experts, who are able to operate the codes

for project formulation and negotiation. This is why the organisations tend to look for and implement technical-productive projects and the experts have sufficient power to impose their views.

However, with the reduction in international cooperation funds and the expansion of market policies, which have had a negative effect on the implementation of projects funded by cooperation agencies, leaders have been looking for ways to increase income generated directly by the organisation (renting out infrastructure, payment of quotas by members, charging for services, etc) in order to reduce their dependence on outside funding.

Use of funds and infrastructure

As far as the use of funds and infrastructure is concerned, all four OECS have a property in the most important urban centre in their region. They have their own building, a certain amount of furniture, one or more computers,[3] motorcycles and, in two cases, light vehicles. Almost all this infrastructure was donated or transferred by the projects or programmes that worked with the organisations.

In all four cases, the sum total of their income is used to cover running costs. The organisations that generate more income are better able to cover these costs. Not one, however, is able to pay for a campaign or study to open up markets or a training plan, for example, using their own income.

None of the four organisations has established mechanisms for renewing or replacing their assets (vehicles, computers, etc) because their income is not enough. But neither is this felt to be a need, precisely because they lack a strategic vision of the future, or because there is an implicit belief that the renewal

3 AGCT is the only one that has no computers.

of assets falls to cooperation projects. This shows that the producers have not yet taken full ownership of the project, as the idea of having outside support for the organisation to operate is still part of their maintenance strategy.

Social oversight

Social oversight is part of managing the OEC. It is understood as the control, spontaneous or not, exercised by individual members and groups to ensure that the leaders, technical experts and affiliated groups perform their duties properly.

The study found that although the members clearly recognise themselves as members of the organisation and see it as a body that represents them and provides services, mainly around the product they handle, they do not have the mechanisms they need to exercise effective oversight, either of the leaders' performance or of the product or resources handled by the first level organisation.

Furthermore, one aspect that is important for the control of resources and ownership of the project by the members is the way in which communication and decision-making takes place. In all four cases it was found that the most important spaces for communication are meetings and/or assemblies.

Another important element for social oversight is the value placed on the elected leaders. These are usually respected and trusted people. In the four organisations, however, it is accepted that, as with the climate's effects on production, there can be good and bad years, as there can be good and bad leaders.

Conflict management

The most common conflicts are those that arise due to the way the accounts are handled and the lack of financial

reports. The organisations are seriously limited in their ability to draw up financial balance sheets, prepare reports and present them to their members.

Another issue that causes conflict is the lack of ways to communicate with families in the member organisations and with these organisations themselves. In many cases, the decisions taken in the OEC are not communicated properly or fully to the families. A further cause of conflict is the unequal provision of services to members by the organisations.

Although there are coercive mechanisms for solving conflicts, sanctions are only partially applied. The reasons why the application of disciplinary measures is weak are distrust amongst members and leaders and their fear of dealing with conflict, and the OECs' practice of electing leaders by turn, similar to that of the unions. The leaders holding office are fearful of not having the whole community's backing to endorse the measures they may adopt. They may also fear vengeance by the person affected when it is their turn to take a leadership post. In cases that need to be taken to the formal justice system, they are fearful of going to the police and lack the money to hire a lawyer. It is clear that the lack of institutional policies for resolving conflicts and specific mechanisms for addressing problems weakens the ability to control the OEC.'

Based on everything we have observed on this issue, we can state that the OECs are strongly influenced by union-style ways of organising, which define the idea of management and services. These forms of social management, however, mean that community reasoning is constantly confused with business reasoning. This weakens the possibility of structuring clear, adequate and effective control mechanisms that would enable them to fulfil their objectives.

Within their organisational structure, the OECs have a part that is similar to that of NGOs, associations, clubs or companies, and another that is similar to that of rural trade unions

or any other small farmers organisation. The first is reflected in their organisational diagrams and leadership posts, which have the same names as they would in the organisations mentioned. The second is revealed in the way the authorities are elected and hold office (by turn).

In this sense, the OECs are institutions located at the intersection (or interface) between small farmers' systems of organisation and production, based on collective social structures, and capitalist systems of organisation and production, based on individualist social structures whose main objective is the market.

The study found that it is difficult for an organisation to answer properly to both philosophies, because business logic has private property as the basis of its structure, and this gives owners more rights but also more obligations. Community or union structures, in contrast, are based on consensus and collective decision-making. It is precisely this ambiguity between one philosophy and the other that gives rise to the lack of control and the absence of guarantees for the production and management of a good quality product in the OECs. This in turn creates distrust amongst their members and the other bodies they relate to (social organisations, companies and public and private institutions).

As far as leadership is concerned, the fact that the OECs are indirectly and involuntarily spaces for training leaders also shows that these organisations represent the link between one philosophy and the other. It is precisely through these organisations that leaders can learn how to use urban and western codes, which are considered by the communities as "the key to accessing modernity".

Representativeness[4]

In all four cases, the organisation's members are not individuals or families but community or producers organisations. At the family level, although there are clearly established mechanisms for becoming a member of the first level organisation, these change according to needs, opportunities and the dynamics of the OECs.

With regard to the obligations for staying in the organisation, the main requirement is to be involved with the product handled by the OEC. CELCCAR, however, was founded with a broader and more general objective, and therefore defines its members as the families belonging to the affiliated cooperatives, whether or not they grow coffee.

In all four cases, the members participate in the organisation's meetings, contribute by paying their quotas and providing labour for the work agreed in meetings, and hold leadership posts.

The type of families who participate are the comparatively well-off and more powerful families. This is because, in order to carry on their work with the particular product, they need to invest, own land and have the minimum amount of infrastructure required for production. It is clear that the members who contribute most to strengthening the OECs are those who have the most resources.

With regard to the efforts made by the OECs studied to ensure participation by their members, the four organisations use previously established participation mechanisms. The first concern of their leaders, who are elected every two years, is to keep these mechanisms going. Only then do they do what they can to develop initiatives to improve services.

4 This refers to the degree to which the organisations studied manage to represent their members.

As far as management is concerned, the highest executive authority is the president. Election of the president rotates by committee, unit or cooperative. None of the four organisations studied had the post of manager (a more executive-style position) up for election.

There are groups of people who feel left out. One includes families involved in the same productive activity as the OECs studied, and another is member organisations. In the first case, there are families who do not agree with the rules imposed by the organisation or are unable to abide by them. In the second case there are grassroots organisations which, as a group, do not comply with what is decided in assembly meetings or disagree with the way in which the OEC is managed.

The OECs' representativeness is closely linked to their organisational culture and the role they historically played in their area of work. It therefore depends on the steering committee's capabilities and leadership, the opportunities available for the product they handle, and their ways of relating to other organisations, whether these be institutions or cooperation agencies. Finally, it is important to understand that representativeness is not a permanent characteristic: an OEC may play a representative role at a given moment, lose it and then recover it once again.

Relations with other organisations

It is important to take into account the type of relationships the OECs establish with other organisations and their nuances. To focus on this dynamic we analysed their relations with the first level organisations, with other OECs, with workers and trade union organisations, with financial institutions, with international cooperation agencies and NGOs, with municipal and central government, and with the political parties.

Relations with the first level organisations

This relationship is fluid: producer organisations recognise the OEC as a body that represents them, and the OEC's legitimacy is derived from its first level organisations. Nevertheless, neither the member organisations nor the leaders are clear about the roles played by the organisations at each level. In none of the cases did we find that they differentiate between the productive, political, representative or service roles they may play.

The study found that there are natural leaders in the first level organisations who have a decisive influence on the OEC's negotiating capacity. The opinions of these "leaders", who in many cases are not in an official position, often determine the decisions taken, since their views are constantly consulted by the leaders currently in office. There are also first level organisations which strongly influence the decisions taken by the organisation due to their productivity and representativeness.

The OEC's ability to negotiate with the first level organisations depends on the leaders' origins, the leadership they show and the association's representational capacity.

Relations with other OECs

Many of the members of the organisations studied belong to two or more similar organisations. Relations and negotiations between organisations at the local level may therefore be conducted by the same people.

There is a high level of coordination between the organisations studied and other similar organisations, and they usually try to complement each other.

One space where the OECs come into contact with others in the same area of production are the third level organisations, which are set up as essentially political organisations.

Relations with unions and workers organisations

Many of the members of the community-level union are producers affiliated to the OECs. The union represents all farming families in the community in territorial and political terms, while the OEC only represents those producers in the community who are involved in the same area of production and are affiliated.

Since the OECs define themselves as "apolitical" producer organisations closely involved in one or two production and market-related issues, they tend to decide that the political issues dealt with by the unions fall outside their own activities.

The unions, which act almost exclusively on political issues, may or may not include the OECs' concerns in their lobbying and protest actions and measures, depending on the relationship, the OEC's representativeness and its ability to make itself heard by the union. In political terms, the OECs usually have to abide by the measures taken by the unions. In some cases these may benefit them and in others not.

Relations with financial institutions

The four organisations studied have contacts with financial institutions. They have bank accounts, where they deposited the money from the projects transferred to them. They also use these accounts to deposit the quotas paid by their members and to gain access to loans as an organisation. It is clear that their relationship with financial institutions is vitally important to the OECs as it opens up the possibility of acquiring and selling products.

Relations with international cooperation agencies and NGOs

The study found that one of the roles played by the second level OECs is to develop relationships with cooperation

agencies. It is also clear that their leaders look for spaces and ways to maintain these relationships, as they enable them to present projects and channel support. This role is usually played by the experts who run the projects. Representative third level organisations may also be used as the channel.

The OECs' relations with international cooperation agencies and NGOs are vitally important, because these are the bodies through which they gain access to a series of benefits. They also provide the OECs with human capital.

Relations with municipal and central government

At municipal level:

The issue of production was hardly addressed at all in the Popular Participation Law, and the legitimacy of organisations is defined on the basis of a political-territorial concept. Producer organisations therefore do not appear as part of municipal structures. It is the Grassroots Territorial Organisations (OTBs) that the law recognises as its subject. Only since the Dialogue Law has the organisation of Productive Development Councils (CODEPES) been provided for, but this process is still in the early stages.

In general terms we can state that there are no channels for relations between the OECs and the municipal government.

At departmental level:

It is important to point out that since the Popular Participation Law and the Decentralisation Law were enacted, the role of the prefecture in relation to rural development has not been made clear. Both the projects and the programmes that were identified had to do with the government programmes established at the national level.

At national level:

In all four cases, relations with the state were determined by the product they handle. The intensity of this relationship depended firstly on the OEC's organisational and technical development and secondly on the political clarity it had. Although the OECs' leaders found it difficult to negotiate with state bodies, in some cases their lack of knowledge of the sector's overall problems and the lack of a clear business and policy stance on the part of the OECs' leadership also made it difficult to defend and maintain their position in negotiations.

In the four cases there was a noticeable tendency not to value state institutions at any level, although they differentiate slightly between the state before and after the implementation of structural adjustment measures. They suggest that after these measures were implemented the state gradually abandoned the OECs and increasingly supported agroindustrial enterprises.

They recognise, however, that since the Popular Participation Law was enacted an interesting space has opened up for support to their organisations through the municipal governments. Even so, they stated that application of this measure still suffers from many constraints, both on the administrative side and in the distribution of resources.

Relations with political parties

Since they declare themselves to be "apolitical", the four OECs studied place a great deal of emphasis on stating that they do not have any type of relations with political parties, and nor do they want to. Obviously, several of the leaders are party activists and play a role in local political processes, but outside the OEC. Nevertheless, they constantly come into contact with political parties at different levels (community, local, regional, departmental and national).

Technological innovation

The issue of technology is possibly the most complex, since between ancestral knowledge and modern technology there are problems of approach and perception that may lead to complicated contradictions and difficulties in implementing technologies.

In the four cases we found technological innovations that have been included in the organisations' ways of working. However, it is important to mention that the innovation did not come from the OEC in any of these instances. It can even be said that the associations have been passive actors in the implementation of technology that was introduced through projects funded by international cooperation or by the state. These were structured more on the basis of including individuals in experiments prior to the setting up of groups or organisations.

This was due at least in part to the nature of the technology itself, the cost of it and its complexity, and in part to the OECs' characteristics and internal contradictions, meaning the difference between the expectations, needs and views of the organisations' powerful and non-powerful members.

As far as training for producers and leaders is concerned, in order to introduce technological packages the four organisations carried out traditional, top-down training processes. The producers were informed about technical and productive issues, but the demands of the markets they were interested in did not enter into consideration. In the long term, it is these market demands that should shape a genuine technological innovation process.

In the past, technological research and innovation was to a certain extent taken on by the state through IBTA. Its scope was very limited, and only reached a few families. There was no possibility of expanding its impact due to the high operating costs, the fact that projects did not undertake large-scale implementa-

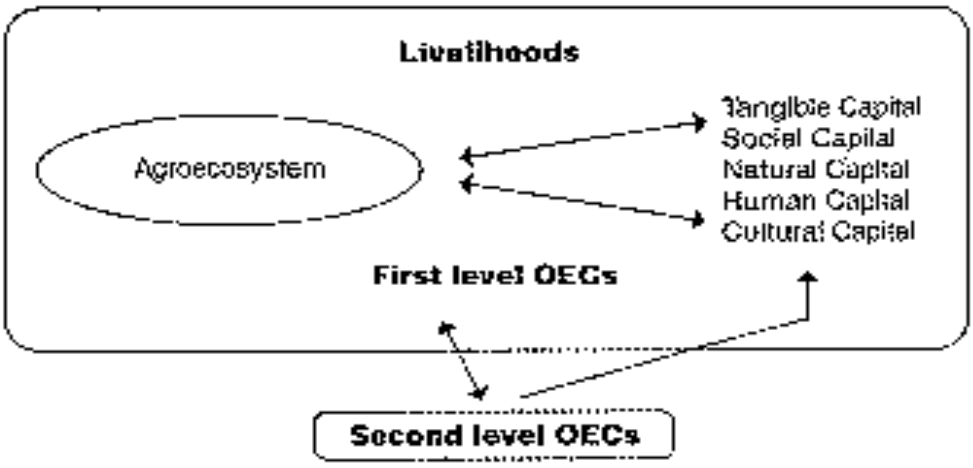
tion and limited participation by the small farmers, who did not see any advantages. Neither was there any systematic or ongoing follow-up of the proposed technology.

The OECs could be a viable alternative for changing the course of technological research and innovation. They have the potential to extend these experiences to large groups of producers. Because of their links with first level organisations, state bodies, cooperation agencies and the market, these organisations could act as the channel for transmitting information and carrying out farmer-to-farmer teaching and learning processes, bringing about a coherent use of technological innovations. To achieve these objectives, however, it would be necessary to take into account the diversity of needs within an OEC, as mentioned above. Innovation proposals should be designed to address the interests of both the powerful and the less powerful members. They should also connect with a national production strategy.

4 OECs and livelihoods

The OECs only account for a small component of the livelihoods of farming families. Based on the crops and/or livestock they manage, these families choose to become involved with the organisation providing it enables them to improve their access to the forms of capital described earlier.

To understand the OECs' impact on each of these forms of capital, it was necessary to refer to the concept of the agroecosystem,[1] given that it is in this system that small farmers' strategies and livelihoods (composed of the five forms of capital) are linked to the structures, methods and dynamics of the organisations studied.



1 Semi-domesticated systems used to produce a crop or type of livestock.

If the services provided by the OECs are good and respond to producers' diversified strategies, then the organisation can be strong. If, on the contrary, it does not respond to these expectations, the organisation will be weak. For the OECs to be representative, therefore, they must provide their members with multiple services that enable them to improve productivity and ways of marketing their main crops and / or livestock.

OECs and tangible capital

Tangible capital takes the form of finance, infrastructure and technology. The study's analysis of this capital and its relationship to the OECs enabled us to understand how these organisations affected access by producers (whether or not they were members of the organisations) to physical assets (in the form of infrastructure, technology, livestock, seeds, etc), money and assets that can easily be turned into money.

To analyse the relationship between the organisations studied and tangible capital, the benefits and opportunities generated by the OECs to improve the production and marketing of the products they handle were taken into account, and the impact of these organisations' activities on improving farming families' income was analysed.

The less powerful families do not receive many benefits from the OECs. It is important to stress, however, that because of their precarious economic situation and their isolation, these families see the farmers unions as very important, as these are the only organisations that could defend their interests.

The more powerful families, thanks to their greater capacity to take risks, manage to channel certain economic resources and wield more influence in the OECs.

The comparative advantages which member and non-member families have, in terms of whether or not they can gain access to tangible capital through the OECs, depends on the way in which each organisation operates.

Although it is not something that depends directly on the OECs, it is important to highlight that it was the improvement of roads and access routes to the communities that had a real impact on farming families' access to the market and, consequently, to tangible capital.

OECs and human capital

When the OECs' contribution to human capital is analysed, it can be said that they had an impact on the families involved and on the leaders in two ways: one via the "formal" route through the support of projects and the other via the "informal" route through practice.

As a result of intervention by so many institutions with infrastructure, production, credit, technical assistance and training projects, families acquired skills and knowledge of how to deal with new crops and livestock. The combination of these skills and the knowledge they already had meant that they would create their own production alternatives. It was precisely as a result of these new skills that producers recognised the importance of dealing with issues such as the market, administrative management and competitiveness.

Once the projects finished, however, the leaders did not promote training. One reason for this was that, due to the way leaders are elected and perform their duties, as well as their low level of academic training, they did not manage to put together a strategy that would enable them to guide institutional policies.

When the organisations had the support of one or more experts, these tended to play too much of a leading role in the organisation's decision-making, due to the leaders' weak management. It was precisely because of these experts' leading role that the OECs studied often chose to concentrate on addressing technical and production-related issues, without assessing whether they were really necessary.

With regard to "formal" training for producers, this way of working created a vicious circle. While producers saw the need to find out more about issues related to quality, post-harvest management of the product and marketing, the experts organised courses on production."

In societies where access to livelihoods is problematic, the building of knowledge usually takes place in everyday practice. To acquire knowledge in this way it is not necessary to have financial resources, educational infrastructure or teachers, and the learning process adapts to the changing needs and opportunities that arise. This way of learning quickly reaches its limit, however. Our research found that it did not enable producers to have a more strategic view of their organisations. As well as creating confusion, this lack of clarity limited the criteria for taking forward training processes.

Furthermore, most of those who came to hold decision-making posts in the OECs did not realise that, on taking office, they were gaining access to an important space for "informal training", where they would learn about the market, competitiveness, international cooperation, policy negotiation, etc, in the course of carrying out their duties.

As far as training for women and non-member families is concerned, they do not have access to training opportunities through the OEC. This is due the structures of these organisations, their ways of operating, the type of relations established by families and the leading role given to men both in the OECs and in projects and programmes.

OECs and social capital

In chapter 2 social capital was defined as the inherent value that exists in social networks and organisations and the relationships established by families. Here we analysed the role played by the organisations studied in terms of their impact on the livelihoods of the families involved (members and non-members), attempting to find out about the overall contribution made by the OECs studied to the strengthening of networks and local organisation systems.

Although the OECs studied have interesting ways of working, due to the problems they have with administration and management they have not been able to establish mechanisms to link small farmers' production processes with the market. Neither have they managed to develop political strategies that would enable the sector's productive demands to be tied in with the dynamics of municipal governments, prefectures and central government. In general terms, some of the reasons for this weakness in the management of the OECs are as follows:

- The system these organisations have for changing their authorities (every two years) does not allow the people taking up leadership positions to give continuity to processes already initiated.
- In most cases, the people taking up positions of responsibility are not trained to direct processes in the manner expected.
- Because of the power they come to have in the organisation, the hired technical teams do not advise the leaders properly, with the result that the organisations only concentrate on addressing technical and production-related issues while neglecting social, market and production policy issues.

The result is that, as the leaders currently in office realise their limitations and how complicated the problem is, they gradually hand over decision-making to the experts (who are supposedly the ones who know) and take decisions based on the opportunities that arise. This style of opportunity-driven management means that they are very versatile organisations (which adapt to the changing circumstances that present themselves) but also very weak.

It was also found that the families have different objectives, depending on their economic and social situation. This is why the OECs are caught between two sets of demands. On the one side are the less powerful families, who are looking for docile and flexible organisations that will not only support them with production and the sale of their produce but also by solving their problems with access to livelihoods. On the other are the more powerful families, who are seeking solutions to their problems with access to markets and competitiveness.

These conflicting demands mean that the processes of building social capital become contradictory. In the regions where an interesting production activity exists, as in the case of coffee in Caranavi, this situation leads to OECs multiplying like cells. When the leaders and/or the most influential families see that the organisation is no longer meeting their expectations, they set up a new organisation that is not burdened with the problems and constraints of the previous one. This tendency to split means that many similar organisations are set up to do the same thing. It is precisely this process that leads to the older organisations ending up being run by younger families and/or those with fewer resources.

It could be said that the OECs play an ambiguous role in building social capital. In this sense, the possibility an OEC has to contribute to social capital will depend on how solid and competent it is at identifying and solving the problems that the majority of its members see as important, its ability to in-

teract with third parties to benefit its members, and its capacity to provide direct and indirect benefits to the families who consider themselves part of the organisation.

In addition, the more autonomous an organisation is, the more possibilities it will have to build its social capital. This in turn will have the knock-on effect of building its members' social capital. CELCCAR, for example, which received little external support, is now making great economic and social efforts to re-establish and maintain inter-institutional relations, because it is these that enable it to carry out many of its activities. ASPROLPA and AGCT, which generally used external resources to carry out their activities, have not managed to consolidate a diversity of social capital because they are still highly dependent on these resources. Maintaining this dependence might be part of their strategy to benefit from their relationship with cooperation agencies.

OECs and cultural capital

Cultural capital was analysed to see the extent to which the existence of these organisations strengthened or weakened the ways of life, ways of working, rites and beliefs of farming families in relation to external factors.

It is important to point out that none of these organisations would be able to exist in the way they do if there was not a deep-rooted organisational culture based in the community. Communities give their members a very important sense of belonging. As well as belonging to a family and a community, each person – regardless of whether or not they devote themselves exclusively to farming – is part of a group that shares ways of organising and occupying the territory. Under these forms of organisation, issues linked to agricultural production are addressed by the family while territorial management issues are dealt with collectively.

However, these organising principles come into conflict with or adapt to other forms of organisation more similar to those found in cities, which no longer have the community as their centre. In this sense, farming families (especially their younger members) gradually include values that have more to do with the logic of the market and competitiveness in their ways of life.

It is precisely as a result of these changes that the OECs are becoming increasingly important in regions where small-scale agriculture is practised. This is because they are located halfway between community ways of organising and the logic of the market.

The more powerful families, who have better conditions for entering the market with a higher quality product in larger quantities, operate under the rules of the market. The less powerful families want the OECs to value community principles and reciprocity, because it is through community support that they will be better able to address their problems of marginalisation and poverty.

OECs and natural capital

It is important to understand the impact of the access to natural resources – land, water, biodiversity and the services obtained from them – that people may have.

This capital was analysed in order to understand the role played by the OECs studied in access by the families involved to natural resources, the services obtained from them and the ways in which they maintain the sustainability of the ecosystem.

The environmental problems that affect production and are caused by the main crop or type of livestock were taken into account, together with the actions taken by the OEC to mitigate these problems.

It is important to highlight –and this was mentioned before– that in the four cases both members and non-members stated that they perceived a significant change in the climate. All agreed that rainfall cycles are changing, that the rains are now more intense, that periods of drought are now more prolonged, and that the sun's intensity has increased. In the four cases people also stated that the soil is tired, and therefore production is poorer than in the past. The results of climate change therefore have a negative impact in all four cases.

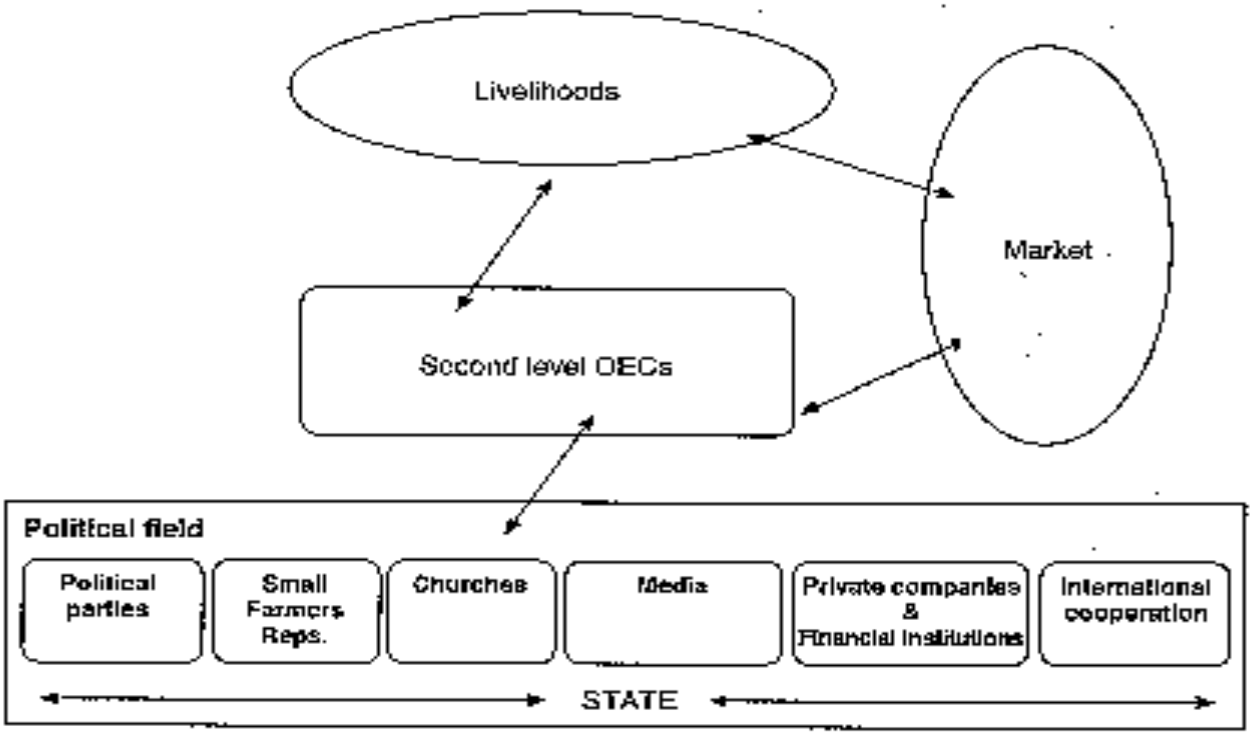
Except for CELCCAR, none of the other three organisations has adopted a position on the subject. For most producers, the ecosystem is the environment in which natural resources are found. These can be used without thinking about the global effects of doing so or whether they will be able to recover or not.

5 OECs, the political field and the market

So far we have described the institutional characteristics of the OECs studied and their ways of operating, the role they play in small farmers' production systems and the relationship and influence they have with the resources of the farming families involved. In this chapter we aim to show the impact of public policies on the organisations studied and how they manage to open up a space for themselves in the political field. We also analyse the relationship that is established between the OECs and the markets to which they gain access and their possibilities for being competitive.

OECs and the political field

As the diagram below illustrates, the state is the main player in the political field. It is composed of the three powers of state and their institutions. It is followed by the political parties, international cooperation, organisations representing civil society (including small farmers organisations), the private business sector, the media and the churches.



As far as the OECs are concerned, the players in the political field with whom they have most contact are: ministries involved in the farming sector, municipal governments, certain representative small farmers organisations, international cooperation and some private companies.

The representative indigenous and small farmers organisations acting in the political field include the COB, CSUTCB, CIDOB and CONAMAQ. The organisations most representative of the OECs include CIDEB–B, AOPEB and the Small Producers Organisations Liaison Committee.

To analyse the political field, we looked at the effects of structural adjustment policies and the measures adopted to stabilise the economy, the opening up of markets, the so-called second generation policies such as popular participation and decentralisation and, as the economic basis of this process, capitalisation of state enterprises and the implementation of measures in the framework of the Bolivian Poverty Reduction Strategy (Estrategia Boliviana de Reducción de la Pobreza - EBRP).

Effects and impacts of structural adjustment policies

On 29 August 1985, with the enactment of Supreme Decree 21060, the era of the economic model of state capitalism came to an end and the age of the free market began. Under this model, the new protagonist was the private sector. With free market supply and demand, Bolivian producers were under pressure to compete or get out of the market.

These new rules of the game placed small rural producers at a clear disadvantage. Due to their rudimentary technology, the fact that they farmed very small plots of land, their lack of equipment and infrastructure and their small amount of available capital, they were unable to compete under equal conditions with their counterparts in other countries.

As a result of the application of structural adjustment policies, many sectors of the rural population became involved in trade (formal and informal) in order to generate income. They also adopted economic strategies that combined farming with any work they were able to find in urban areas, usually in the informal sector. This process of "informalisation of the economy" brought about a rapid wave of migration from rural areas to the cities.

This diversification of income generation, which was no longer concentrated on agricultural production, provided new and different opportunities to farming families. Three clearly differentiated groups can be identified here.

The first, and largest, is composed of those who usually maintain subsistence agriculture as their main activity and migrate temporarily either to other rural areas or to the cities to sell their labour as their main source of cash income.

The second involves producers who have managed to structure their economy almost exclusively on the basis of agricultural production, thanks to better access to natural resources. This group tended to specialise in one product (eg: coffee, milk,

quinua, llama meat, etc) and had the most contact and involvement with rural development programmes. These producers were usually the ones who participated in the OECs and did not normally earn their income from work in urban areas. Even so, most of their surplus income was invested in the cities, largely to ensure that their children had a better education.

The third and final group is composed of migrants, usually young people, who did not have sufficient access to natural resources to be able to farm.

The application of structural adjustment policies coincided with the negative effects caused by the "El Niño" phenomenon in 1983. Whereas before small farmers migrated seasonally to the city, after that year migration increased both in terms of the number of people and in the length of time spent there. It was precisely in this period that the support of international cooperation took on a more important role.

In Bolivia, as in the majority of countries around the world, structural adjustment policies widened the gap between rich and poor. In the areas analysed by the study, families who had more possibilities due to their comparative advantages in access to livelihoods managed to accumulate capital and made investments in rural and urban areas. They also diversified their economy to a much greater extent. The poorer families, in contrast, became stuck in their traditional production and marketing systems and / or experienced a fall in their income due to the deterioration of their natural resources.

It was precisely as a result of this situation that small groups of rural producers set up economic organisations, in order to enter the market under better conditions and try to compete.

Imports and exports

After the implementation of structural adjustment policies, the state sought to encourage non-traditional exports. It therefore

attempted to persuade other countries, especially neighbouring ones, to open up their markets to Bolivian products by means of integration agreements. Bolivia has signed bilateral and multilateral trade agreements.

As a result of this policy, the country's export structure has changed and its exports of non-traditional products have increased.[1] As far as exports of agricultural products are concerned, with the possible exception of soya there has been almost no development, due to the weakness of state policies.

In the four case studies we found that producers aspired to export and that the OECs were seen as the most important alternative for achieving this. The organisations, however, come up against a series of economic, legal and bureaucratic problems, as well as the standards the country has to meet.

With regard to the free import of agricultural supplies such as tools, machinery, seeds and agrochemicals, it was found that in several cases this was beneficial as it enabled the producer to choose the brand, quality and price. Even so, problems did arise due to the lack of government control. For example, contaminated seeds and agrochemicals banned in other countries were brought in.

At some point all four organisations studied set up stores selling agricultural supplies, but these had to close due to the appearance of a number of commercial shops selling similar products they acquired through contraband trade. These were sold at lower prices but quality was not guaranteed. The organisations were unable to compete on price.

The market niche for organic produce would seem to be a good alternative, since many small farmers do not use agrochemicals. Producers do not have the training needed to enter this market, however. To export llama meat, for example, they come up against a series of obstacles such as health and legal problems and hygiene conditions, which prevent the product being certified.

Finally, it is important to highlight that while Bolivia is one of the poorest countries in the region its economy is one of the most open. This is due to the state's inability to efficiently implement policies that would protect and encourage national production. Added to this is the country's geographical location, surrounded as it is by the region's strongest countries. This aggravates the problem, since all sorts of products are entering the country all the time.

In general terms we can state that, both for imports and for exports of agricultural products, regulatory policies are needed for each product – something the country does not have. The absence of such policies is partly due to the state's lack of resources for designing and implementing them properly. But above all it is the result of the absence of a clear long-term policy aimed at improving the productivity and competitiveness of the Bolivian farming sector. Although the country has managed to establish macro policies that guide the direction of the national economy, since the structural adjustment policies were implemented it has not been able to design more specific policies that would provide both the state and producers with a normative framework.

Payment of taxes and tariffs

The Bolivian tax universe is extraordinarily small. This is due partly to the state's inability to create control and coercion systems to collect taxes, but mainly to the population's extreme poverty. This creates a vicious circle. People do not see the benefits taxes might bring because they simply do not reach them, especially in isolated regions. Added to this is historical tradition and the experience indigenous people had of taxes in the past: the tax levied on indigenous people both in the colonial era and by the pre-1952 republic. For small farmers, the payment of taxes is synonymous with extortion and thus injustice.

Small farmers are basically exempt from paying taxes, either on their property or on the sale of their produce. They do, however, pay taxes indirectly, either in the form of the tax on petrol or in the low prices they are paid when they sell their produce to companies without getting an official receipt. These companies ought to give receipts and pay the corresponding taxes.

Credit and its problems

Together with structural adjustment and market liberalisation, the financial system was also deregulated. This meant that the state withdrew from its responsibility to allocate credit in the commercial and development economy. As part of this process, public banks (the Agricultural Bank, the Mining Bank and the State Bank) were shut down. This was later reinforced by the capitalisation of state enterprises. In 1998 a new phase of deepening the reforms was initiated, aimed mainly at privatising the remaining public enterprises. During this same period new laws were enacted, such as the Property and Popular Credit Law which sought to facilitate access to credit, introduce additional reforms to the financial system and protect the assets of cooperatives.

Although different types of savings and loans cooperatives already existed in many villages before the Agricultural Bank was closed down, after the application of structural adjustment policies new financial institutions appeared in rural areas. These started as initiatives taken forward by certain NGOs. They were followed by private financial institutions, which developed interesting mechanisms for providing credit to small farmers.

During the study we identified three types of financial institution awarding credit to small farmers. The first was NGOs, which were few in number and worked with rotating funds. These institutions did not operate under the regulations of the banking superintendency and did not have any risk capital. The second was private institutions such as friendly societies,

savings and loans cooperatives and banks. The third was certain government programmes supported by international cooperation, such as UNEPCA and PDLA. Through private financial institutions, these provided specific development loans to the producers involved in the projects.

Although the private financial institutions have good credit systems and low levels of arrears, they only provide small, short-term loans at high rates of interest. According to the producers, these institutions do not provide the sort of loans that would enable them to strengthen their production base. They also stated that, in order to gain access to these loans, producers either had to have mortgageable assets or belong to a group that would back them.

With regard to the government credit programmes that supported some of the projects to encourage production, the opinion is that they did not work because there were high levels of arrears. In general terms, people stated that there was no state-sponsored credit policy aimed at small farmers.

Projects and programmes supporting rural development

As a result of the closing down of IBTA and the application of structural adjustment policies, a whole series of development projects and programmes sprang up. Using international cooperation funds, these provided support to small farmers in the context of the new economic model. Most of these programmes were aimed at mitigating the productive and economic problems affecting farming families.

With regard to these projects and programmes, the people we interviewed stated that they operated on such a small scale that they made no real difference. They pointed out that most had short-term approaches to production and failed to deal with economic or market issues. In addition, they were set up with a centralist vision, were designed by the state and international

cooperation agencies, and tended not to take into account small farmers' demands or ways of working. Some said that many of these programmes were run by the political parties in government at the time, which did not allow the producers to influence them on the basis of their needs and experiences.

With regard to this issue, however, some people suggested that the state's responsibility to deal with rural development had been taken away from it by international cooperation, particularly as the state had no clear policies on the subject after the implementation of structural adjustment.

Over the many years that projects funded by international cooperation were carried out, people said that the Bolivian government found it very difficult to make their efforts less specific and more effective. This was due to the diversity of institutional policies amongst cooperation agencies and the lack of suitable rural development policies that might work. The consequence was that each of the cooperation programmes present in the country had its own intervention policies. In many cases these duplicated each other's efforts in areas close to roads and cities and totally neglected isolated regions that were difficult to reach.

With regard to the support provided by NGOs, the people we interviewed said that although these institutions had been working in small farming regions for more than 30 years, they did so in an isolated fashion. People knew nothing of their intentions, their budgets or their sources of funding. They also said that they were very vulnerable institutions that intervened in certain production-related issues but did not address market-related issues in any depth. Furthermore, they stated that these organisations took no responsibility for their actions.

People said that most of these organisations were extremely technocratic, due to the demands of their own international funders and the need to demonstrate results in the short term. This prevented them from making a more accurate analy-

sis of reality. Neither did they seriously identify community aspirations. The projects run by these institutions were only possible because they were able to fill the vacuum left by the state.

It is very important to highlight that, through the many activities we engaged in throughout the entire study, we were able to see that so many years of international cooperation have created a culture of dependency on the part of the producers. Because of the conditions and policies of these organisations, local demands, capacities and possiblities were often distorted. It should be pointed out, however, that international cooperation and its programmes were decisive for the OECs, since they enabled them to develop an economic base for entering certain competitive areas such as organic coffee production, credit or dairy farming on the high plateau.

As far as the producers' perceptions of these projects and programmes are concerned, those who benefited least said that the projects spent the money on salaries, international development workers, consultants, vehicles and travel allowances, and allocated very little to productive investment. They also stated that what these projects were offering had no connection with producers' real needs.

Other producers said that international cooperation projects were an important lever for achieving development, but that the government ought to define support mechanisms better so that producers, and not just project or NGO experts, could decide how these resources were to be used.

The technical experts' opinion of international cooperation and the programmes aimed at the small farming sector, on the other hand, was that there have been significant policy changes over the last few years that had an impact on the OECs. They stressed, however, that the OECs which depended entirely on outside cooperation were not very sustainable, were vulnerable, and did not have proper control of some of their grassroots members.

As far as the role of the state in relation to international cooperation is concerned, the producers and leaders of the organisations said that the state should facilitate contacts between organised producers and cooperation agencies in order to discuss proposals. To prepare them for this, producers should first be given training on how to formulate proposals and conduct negotiations. The state should also promote full involvement by the OECs in research and discussion on chains of production. They also said that the state should provide support in the form of specialist staff to channel producers' demands, attempting to ensure that technical capabilities took priority in the hiring of such staff.

The view of some international cooperation officials about the state, on the other hand, was that it had not taken on board its responsibility to small producers. This is why most investment for the sector came from international cooperation. With regard to the OECs, they said that the state refused to address these organisations' demands. One reason for this was that they were not seen as valid organisations able represent farmers in the same way as the rural unions and their representative organisations. Another was because the state was prejudiced against them.

Both in Bolivia and in the rest of Latin America, it can be said that agricultural policies were often biased by the policies of the "more developed" countries. The technological packages implemented were defined by these countries and many cases were unsuited to local realities. The consequences of this were rural development projects and programmes that in several cases did not work and / or had a negative impact, both on the production systems of farming families and on their natural resources.

Decentralisation and the popular participation law

The impact these laws had on the OECs was essentially due to the concept of the productive municipality, the competi-

tiveness councils and participation in the drafting of municipal plans. The Popular Participation Law states that the organisations that represent small farmers are the Grassroots Territorial Organisations (OTB). Theoretically, the development of the municipality should be planned together with these organisations and ought to include the demands of people at the grassroots as well as the demands of producer organisations. In practice, however, there were no spaces or channels through which to include the demands of the OECs on production, markets or infrastructure for production.

The study found that the OECs' relations with the municipal government were practically non-existent. In fact, the prevailing view would seem to be that supporting the OECs meant supporting private institutions.

With regard to the application of the Popular Participation Law, the people we interviewed said that above all it had benefited the most abandoned villages, which had no access to resources of any sort before. For different reasons, however, municipal governments had not managed to develop the technical or administrative capacity needed to bring about change. They also said that in many cases the municipal governments had become the fiefdoms of certain political parties, giving rise to conflicts in their administration.

Although some OECs managed to include certain production-related issues in the PDM[2] of their municipality, such as animal health campaigns in the case of Turco, they were the exceptions to the rule. The leaders of the OECs stated that municipal governments did not take their organisations into account in planning, because the basic planning units were the OTBs alone. With regard to this they said that the OECs ought to be valid interlocutors for production-related issues in the municipalities, and for this to happen they should play a more

2 Municipal Development Plan

political role rather than just a technical-productive role. They pointed out that this lack of political vision limited their access to the resources the municipalities were receiving as a result of popular participation.

Finally, the most critical interviewees said that the only thing the Popular Participation Law and decentralisation had done was transfer bureaucracy and corruption to the municipalities and that most municipal resources returned to the cities via purchases, salaries, consultants, etc.

According to the National Dialogue Law and the Poverty Reduction Strategy, the OECs should become the productive development councils in their municipalities. At the time the study was finished, however, this had still not been put in practice.

Nevertheless, with regard to the decentralisation process the OECs studied showed themselves to be very weak. They were unable to negotiate or generate proposals to develop the area of production they were involved in.

It is important to point out that the decentralisation process is still in the early stages, and suffers from a number of problems in the management of production at both the departmental and the municipal level. The lack of clarity on many of the issues involved seriously hinders production processes, since no clear rules or suitable mechanisms have been established to operationalise production locally. In this context, the roles of the OECs, the NGOs and international cooperation are confused, since each does as it thinks best. This situation creates confusion in programmes and projects and contributes to the difficulty the OECs have in identifying their productive role in the municipality. To address this problem, the state urgently needs to make an effort to strengthen the role of the prefectures as the intermediary between the national state and the municipalities. It should also define more clearly the productive role of the municipal government and how it should relate to the prefecture.

Impact of the Bolivian Poverty Reduction Strategy (B-PRS)

In the framework of the B-PRS and the cancellation of part of Bolivia's external debt, the government promoted the National Dialogue, which established measures to combat poverty and mechanisms for social oversight and distribution of the resources freed up.

As a result of this process, the Dialogue Law was enacted. In general terms it states that:

The organisations and associations of small urban and rural producers, including small industry, micro and small enterprises, self-employed workers, small farmers economic organisations and mining cooperatives, are recognised as the economic agents of the Bolivian Poverty Reduction Strategy.

Through this law, the municipal governments were empowered to award official legal status and business certificates to associations and partnerships of small producers, small farmers economic organisations, organisations of self-employed workers and urban and rural micro-enterprises, and to suppliers of goods and services so that they could operate in the area of each municipal jurisdiction.

Public administration bodies at national, departmental and municipal level should facilitate participation by associations and partnerships of small producers, small farmers economic organisations, organisations of self-employed workers and urban and rural micro-enterprises in the supply of goods and the provision of services required by public institutions.

The instruments for social oversight at the municipal, departmental and national level are the Municipal Annual Workplans, the Municipal Development Plans and the plans of associations of municipalities. Those responsible for taking this forward at the municipal level are the Oversight Committees recognised by the Popular Participation Law. At the departmental level there are the Departmental Development

Plans and the plans drawn up by the prefectures. At the national level are the B-PRS, the annual workplans of public institutions and the National Public Investment Programme.

The Dialogue Law created the Productive, Economic and Social Development Council (CODEPES) to replace the Consultative Council established by the Municipalities Law. It is made up of the most important sectors involved in production and service provision in the municipality's jurisdiction and its environmental and professional organisations.

The CODEPES should assist the Oversight Committee to perform its duties with regard to support for the participatory municipal planning process. These include formulation and reformulation of the Municipal Development Plan and the Annual Workplan, and making statements on the latter.

In order to involve people, the Catholic Church is charged with encouraging widespread participation under equal conditions and ensuring ongoing assistance to the Social Oversight Mechanism.

The same law states that the executive must invite civil society organisations to attend a National Dialogue at least once every three years, in order to reach consensus on public policies aimed at economic, social and institutional development in the country and inform them about the design and implementation of long-term public policies.

According to the Dialogue Law, HIPC II funds must be channelled through the municipal governments and used in the following way: 70% for production, 20% for education and 10% for health.

The National Dialogue and the enactment of the law enabled the OECs to participate as organisations involved in production. As a result of this law, producers' organisations were recognised by the state and society. Another result of this process was that the organisations of small producers, self-employed workers, miners and small traders were recognised for the first time as sectors that make a substantial contribution to

the country's economy and as an interesting policy-influencing group.

Some of the people we interviewed said that, in political terms, the B-PRS was the combined result of the Catholic Church's initiative with the Jubilee 2000 campaign and the World Bank's poverty reduction policies, which were implemented under a weak government administration with few proposals.

They also said, however, that one of the main problems with the National Dialogue was that there was no in-depth reflection on the different issues addressed, and the result was a list of complaints. Various innovative proposals that were presented were not included in the law.

It is important to highlight that the Dialogue Law served to complement certain aspects of the Popular Participation Law. It allowed the setting up of Productive Development Councils to be introduced and also enabled the OECs and other organisations of small producers to emerge from anonymity.

OECs and the market

The OECs cannot be looked at outside the globalisation process. They are involved in it, essentially because of their relations with programmes, international cooperation and the market.

What is now known as globalisation arose as a result of the spread of certain economic, cultural and social models and the perfecting of technologies such as computers (hardware and software) and telecommunications which enabled information generation, transfer and processing systems to be reduced in size and speeded up to unimaginable levels. These systems made the dimensions of time and space relative and brought about a world order based on the spread and transfer of information under similar codes.

In political terms, globalisation now represents the expansion of capitalism to its maximum. The rich countries and multinational companies have managed to control international politics and trade, using the latest technologies to do so.

In order to become part of the international community in today's circumstances, all countries (rich and poor) need to adopt the model and affirm it through their policies, and thereby gain access to the market. Since globalisation policies are "homogenising," in many countries (especially the poorest and most diverse) it is difficult to apply them, because "globalising" policies do not adapt to local conditions and contradictions. This problem has been aggravating social conflicts and poverty in many places around the world.

Since the structural adjustment policies were implemented, all sectors of society had to search for ways to become involved in the market. To be able to do this, many organised groups of small farmers felt that the best way was by improving their technologies, in order to produce good quality items at good prices and in volumes sufficient to be competitive.

To start with, the OECs were not seen as organisations that could improve the competitiveness of small farmers' produce. For many of these organisations and the institutions that supported them, the market was seen politically and ideologically as an alienating factor that went against rural culture, the environment and small farmers' traditional exchange practices. Although the role initially played by the OECs and the programmes and projects that supported them was important, because of this "ideologically slanted" view they did not manage to adapt to the rapid changes taking place as a result of the predominance of the market economy, both in Bolivia and worldwide. In this context, the OECs did not manage to clarify their role and function, and neither did they have the tools and mechanisms needed to identify what the producers and first level organisations wanted.

In time, however, and because of the producers' needs and economic dynamics, these organisations started to seek to negotiate issues related to production by small farmers in different settings. Because of this, it can be said that the OECs' relationship with markets is one of the roles that currently justifies their existence.

The OECs studied and their markets[3]

AGCT and the markets for meat

Camelid livestock has always been very important for small farmers in the country's central and southern highlands. It provides them with meat, wool, leather, manure, fuel and transport.

It has been shown that llama meat has many comparative advantages such as its high turnover, high yields in comparison to other types of meat, low production costs and low levels of cholesterol. However, in many places it is unknown.

Farmers usually sell live animals in the *ayllus* or local markets to meat traders. After slaughtering the animals, they sell the product. Some of it goes to make *charque* (dried meat) and the rest is taken in normal cargo lorries (without refrigeration for transporting meat) to the cities of La Paz, El Alto, Oruro and –in small quantities– to Cochabamba and nearby towns.

In Bolivia the main consumer markets for llama meat are the rural areas of the high plateau and low-income neighbourhoods of La Paz and Oruro. This is changing, how-

3 Only the three case studies that have a direct relationship with the market (AGCT, ASPROLPA and CELCCAR) will be dealt with in this section. The irrigation association is not included because it is more of a service organisation managing a natural resource.

ever, due to the introduction of packaged *charque* in supermarkets in La Paz, Oruro, Cochabamba and Santa Cruz and the sale of special cuts of meat in butcher's shops. These initiatives were encouraged by certain NGOs and producer organisations, with the support of international cooperation funding.[4]

Because of the unreliable slaughtering and transport systems, much of the product is of bad quality, and this affects the price and the type of market in which it can be sold. For llama meat to be able to reach the market in a better condition, it would be necessary to improve the infrastructure (good roads, refrigerated lorries and cold storage, good butcher's shops to cut and display the meat, etc). It was therefore the bad infrastructure conditions that determined that the most marketable product was dried llama meat, as this is less perishable and also has value added as a result of processing.

Because llama meat is not a product widely sold in middle-class urban markets or export markets, the price is set on the basis of the dynamics in the markets "of the poor for the poor". This affects the competitiveness of the product in two ways. Since the price is low, neither the producer nor the trader makes an effort to ensure that the meat is of good quality throughout the marketing process (handling, transport and sale). Furthermore, because it is a "cheap" product, consumers who are not used to it are suspicious of its quality and hygiene.

As far as AGCT is concerned, the organisation intervenes indirectly in the market through its contacts with institutions that enable it to improve the quality of the livestock and the meat. However, the organisation has not become much involved in direct sales of the meat or live animals.

4 Interview with ANPROCHARQ leaders in Oruro (April 2002).

ASPROLPA and milk markets

Due to the adverse climate conditions on the high plateau, the low temperatures and the altitude, milk production is problematic and productivity is lower than in other ecosystems.

The market for fresh milk is also complicated because the product is so perishable. Fresh milk markets are therefore not usually very elastic, both in terms of price and in the demand. This means that many countries subsidise milk production.

To collect the milk, a storage centre was built in each unit and every family takes their milk there each day. The milk is collected from here by a tanker, which takes the product to the PIL La Paz plant in the city of El Alto.

Because of the "sophisticated" nature of producing fodder crops and managing cattle, it was the producers with more resources who got involved in the PIL initiative and the dairy farming projects funded by international cooperation, since they had more and better land and a higher risk capacity. The poor, who had neither the resources nor the possibilities, did not get involved in dairy farming.

Of the four case studies, it was the dairy farming sector that underwent the most changes after the implementation of structural adjustment policies, as the PIL was privatised. While the state was involved in the dairy farming sector, it took into account the dynamics and problems of Bolivian producers to a certain extent. The withdrawal of the state and the involvement of the private sector meant that the strategic decisions were now being taken by private companies (mainly PIL Andina S.A.), based on their own business considerations. In the case of PIL, these depend on the policies of the Gloria group, based in Peru. This dynamic neutralised the negotiating capacity of the producer organisations.

As far as ASPROLPA's role is concerned, because of the relationship the milk producer organisations had with PIL when

it was a state enterprise, it did not play a decisive role in milk marketing. ASPROLPA only influenced the quality and volume of the product indirectly, through the training courses and technical assistance work it supported via projects sponsored by international cooperation (PDLA and others).

It was only in the year 2000, when the producers and the organisation's leaders saw that they needed to look for a new market for fresh milk, since they no longer had the ability to negotiate and were threatened with the loss of their market, that they invited the ice-cream and sweets company DELIZIA, based in La Paz, to compete with PIL. They arranged that DELIZIA would collect an average of two thousand litres of milk per day from Aroma province, using the same system established by PIL in terms of collection, price and payment mechanisms. For the producers, obtaining this contract enabled them to see that it was possible to open up other markets apart from PIL. The DELIZIA market also represented an additional source of income for the milk producing families.

It is important to point out that the fact that ASPROLPA intervened little in transactions made it a weak organisation in dealings with the market, because it only acted at the representative level. Since the experience with the DELIZIA company, however, by the time the study was completed the organisation was trying to look for other markets for milk and turn itself into an intermediary. It was also trying to promote a milk processing project by installing a small plant in the province.

CELCCAR and the coffee market

According to information from FECAFE-B,[5] Bolivia produces an average of 170,000 60-kilo sacks of coffee per year, 60,000

5 Bolivian Federation of Coffee Growers and Exporters, an organisation set up to promote, support and defend more than 8,000 small coffee producers.

of which are for domestic consumption and 110,000 for export. More than 22,000 families are involved in coffee production, and 98% of coffee growers are in the Yungas region of the department of La Paz. Their coffee plantations cover about 24,000 hectares. Coffee production provides the country with a net annual income of US$19.5 million.[6]

There are 20 producer organisations exporting Bolivian coffee. Together they represent 680 producers of *organic coffee*, and 965 producers in *transition*.[7] This makes a total of 1,645 families growing coffee for export through their organisations. In the year 2000, these organisations were managing a total of 6,292 hectares of coffee.[8] In 2001 (up to November), CELCCAR exported 392 50-kilo sacks of organic coffee to Germany through the *Interamerican Coffee* company.

86% of coffee exports go through private companies, and the quality of the product is usually poor. This problem has caused Bolivian coffee to be given a penalty in the international market. The reason for this punishment, which has been going on for several years now, is that on repeated occasions the coffee sent from Bolivia to these markets, under clear and agreed quality specifications, failed to meet these and was, of course, of lower quality than what had been agreed.[9]

The coffee that is sent to be roasted in Germany, the United States, Holland and Japan, where it is blended to make the final product, in keeping with these markets' different demands. This coffee is often re-exported to be sold to consumers in the producer countries themselves, with value added.

It works with 20 member organisations in the provinces of Sud Yungas, Nor Yungas, Caranavi and Franz Tamayo in the department of La Paz.

6 Information provided by FECAFE-B.

7 Commercial coffee which will in a few years time become organic coffee as a result of the changes taking place in the way it is produced.

8 Source: FECAFE (2002), institutional annual report, La Paz.

9 In international markets, Bolivian coffee is now known as "surprise coffee" because of the unreliability of its quality.

The companies do not place much importance on the domestic market because it is very small and there is not much of a coffee-drinking culture in Bolivia. The producers themselves know little of the ways their product is consumed, and less about how coffee is classified in the different export markets.

Of the four organisations studied, CELCCAR is the one that has the closest involvement with issues of quality, price and production volume, since it participates directly in exporting the product as an organisation. As do many companies working in Caranavi, CELCCAR buys the coffee and transports it to the city of El Alto to be selected and then processed. About 70% of the best coffee is exported and the rest is sold in the Bolivian market.

It is important to highlight that the markets in which CELCCAR operates are not the same as those of the marketing companies. This difference allows the organisation to avoid being fined.

One way in which CELCCAR differs from AGCT and ASPROLPA with regard to the market is that it does not sell its product in the market for the poor and is only involved on a very small scale in middle-class urban markets. In this sense, the fact that CELCCAR has gained access to different international markets is linked to the support (direct and indirect) of organisations such as FECAFE-B and AOPEB and its contacts with international cooperation.

The case studies and their relationship with public policies

The camelid farmers and their relationship with public policies

For the camelid farmers who took part in the study, the implementation of structural adjustment policies was positive,

since as a result of these they entered the cash economy and new economic alternatives opened up for them. The adjustment policies also brought new services such as daily transport to the nearest major cities, better roads and modern communication systems, which enabled them to improve their links with markets.

Because of climate change and the region's isolation, the families who migrated either to the city of Oruro or to La Paz decided to stay there permanently. The families who remained in the region (who were those with land and animals) decided to devote more time to livestock farming as a better alternative.

The families living closest to the town of Turco or the roads are the ones who benefited most from the projects and the new services, while the families living further away continue to use their previous production systems.

As far as the policies concerning camelid livestock farming are concerned, by the time the study was completed only a few decrees had been passed and these did not have a decisive impact on the sector's activities. They included regulations on the trade in live animals, health inspections and meat hygiene standards. Regulations were also drawn up for vicuña conservation and the commercial use of these animals' wool. Politically and economically in the global context, camelid livestock farming in Bolivia faces profound contradictions, which need to be addressed and resolved by both the state and the meat and wool producers and traders.

The highland milk producers and their relationship with public policies

The milk producers in Aroma province felt that, with structural adjustment, the state privatised its loss-making milk company with the aim of reducing expenditure, since the company was being subsidised. They stated that the sale of PIL to the Gloria com-

pany, based in Peru, brought about significant changes in the producers' relationship with PIL. Before privatisation, their market was the state, which also provided them with services and technical assistance (livestock improvement, animal fodder and drugs, training, credit, etc). Now, PIL Andina S.A. no longer has the obligation to buy their milk and they have to look for alternative markets.

One of the reasons why an increasing number of families are making cheese and seeking other economic alternatives to complement dairy farming is their relationship with PIL. The privatisation of PIL thus encouraged the production of fresh cheese, pushed the farmers to improve their production and get organised to try to compete, and drove the OEC to seek alliances with other private companies.

ASPROLPA's producers think that a total opening up of the market could kill their production, since they would not be able to compete with the low-priced dairy products from other countries where production conditions are less adverse than their own.

With regard to public policies targeted at dairy farming, in the year 2000 the National Dairy Farming Development Plan was approved. With this plan, the state sought to promote and implement the development of dairy farming.

The Caranavi coffee producers and their relationship with public policies

The quality of coffee for sale and export is regulated by the standards issued by the Bolivian Standardisation and Quality Institute (IBNORCA)[10] and the Bolivian Standardisation, Measurement, Accreditation and Certification System (SNMAC). There are regulations on the installation of coffee processing plants and for marketing green coffee beans under Ministerial

10 IBNORCA, created by Supreme Decree N° 23489 of 29 April 1993, is an institution for quality control of companies' products and services.

Resolution N° 24317/90 on the registration of those involved in the different stages of the chain of production and coffee marketing.[11] These standards were issued in keeping with internationally established standardisation, measurement, accreditation and quality certification rules for the product.

The producers interviewed for the study declared that both policy issues in relation to coffee and contacts with international markets were controlled by a small group of companies in La Paz, which did not allow free competition. They said that these companies, which pay low prices for coffee, are mainly to blame for the penalties slapped on Bolivia in the international market, since they mix different quality beans indiscriminately to obtain large volumes. With regard to this, CELCCAR leaders said that, as well as exporting to "traditional" and organic coffee markets, the organisation is now starting to export to solidarity-based markets, thanks to certain projects supporting coffee production.

70% of coffee production worldwide is in the hands of smallholders. A significant degree of social oversight of the crop is therefore required in order to produce large volumes of good quality coffee. As tends to happen with products of this sort, however, the worst quality supplier is the one that usually sets the quality standard for the product in the market. It is also important to bear in mind that no matter how well social oversight mechanisms may work, they cannot compensate for the worldwide drop in international coffee prices, caused by chronic over-supply.

Bolivian coffee has one of the highest price penalties on the world market (20 points), as well as only having a role in reserve supplies. This means that in years when the price is low, few international marketing companies are interested in Bolivian coffee. If the world over-supply of coffee continues, under

11 Ministerial Resolution N° 24519/91, however, changed the regulations on the installation of processing plants. This Ministerial Resolution also established the Bolivian Emergency Standard.

the production conditions analysed in this study there is a risk that Bolivian coffee will be pushed out of international markets. If in addition to this we consider the existence of a large number of producer organisations[12] which fight each other, fail to coordinate and only seek small, short-term personal and institutional benefits, the situation becomes even more complicated. It is therefore essential for all the sectors involved (producers and their organisations, processing and marketing companies and the state) to work seriously, quickly and in a coordinated manner to improve quality, production volumes and export mechanisms.

Furthermore, in all the Andean countries, as well as being a commercial crop coffee is also politically charged. It is an "alternative crop" to coca, since it has similar agro-ecological requirements. The sudden drop in international coffee prices increased the controversy surrounding coca eradication, created tensions between the government and farmers and called into question the validity and relevance of free market economic policies and globalisation.

Because coffee is an export crop grown mainly by small farmers, its dynamics, both production-related and trade and policy-related, oblige the producers and their organisations, the companies, the traders and the state to come into contact with each other at certain times. If they manage to capitalise on this situation they would all benefit, since both the quality of the product and conditions for exporting it would improve.

The irrigation association and its relationship with public policies

According to studies by Herben Gerbrandy and Paul Hoogedam (1998: 123, 137), water rights changed with the ar-

12 While we were carrying out the study, in Caranavi alone there were about 30 producer organisations similar to CELCCAR supporting coffee production and marketing. Ten of these were trying to start exporting organic coffee.

rival of the Spanish, as new regulatory systems were introduced. These distributed the resource to different groups of users, including indigenous people, based on concessions. Under this system families had to take turns, and when they had access to the water they took on the task of cleaning and maintaining canals and reservoirs. This form of management and administration is still used today in all the small farming communities that have irrigation.

During the early years of the republican era, in 1874, the first decree regulating the use of aqueducts was enacted. This was followed in 1906 by the "Water Ownership and Use" law, which is still in force today. This law stated that water is an "accessory" of land, so that the owner of the land also owns the water that irrigates it. This law, however, contradicts Article 136 of the Bolivian Constitution, which says that "the soil and subsoil with all its natural wealth, lakes, rivers and medicinal waters are the property of the state". This ambiguity has been the cause of major social conflicts.

With the 1952 revolution and the implementation of the Agrarian Reform, much of the water belonging to large estates was distributed to small farmers, together with the land. As was the case with the land, this distribution parcelled out access to water, without this meaning any change in the volume of water provided or its spatial or temporal divisions.

After the agrarian reform, the state did not make much progress in modernising and improving the laws on access to water and its use. It was only in the 1980s that several proposals for a new law were drawn up, under the principle that "water is a natural resource that is the property of the state, it is vital, renewable, limited and vulnerable, and its use is a matter of national security." Nevertheless, it was only in 1998 that a draft law was completed. In the year 2000, when this bill was due to be debated by parliament, the "water war" in

Cochabamba[13] and the other social conflicts that happened that year led to it being withdrawn and the debate on it postponed indefinitely.

This bill recognises rural communities' access to water sources traditionally used by them, providing their concession is registered. It therefore states that *"indigenous and farming communities that use water sources in keeping with their traditional usages and customs, and who held common-law rights before the enactment of this law, are exempt from paying for water licences"*.

Despite the absence of clear legislation, because of their traditional use of water many small farming communities developed their own norms and mechanisms for water management and distribution, suited to particular ecological and sociocultural contexts. According to community authorities, the law should respect all these "traditional" norms by recognising the legitimacy of "usages and customs" in the management of water by small farming communities.

As far as the presence of programmes and projects is concerned, the study found that it was the organised producers who requested support from the state in 1975 to improve dams and canals. Two years later, the government managed to channel technical and financial assistance from German cooperation to implement an irrigation programme called the Highlands and Valleys Irrigation Programme (PRAV). Its objective was to improve 36 irrigation systems in different parts of the country. Between 1978 and 1990 the Inter-Valleys Irrigation Project (PRIV – part of PRAV), which also had German cooperation funding, improved and rebuilt the irrigation systems at the Laguna Robada, Lluska Khocha, Muyu Loma and Totora Khocha reservoirs, with the active participation of the communities. All these were brought together in one large, centrally-managed irrigation system.

13 A popular revolt known as the "water war" took place in the city of Cochabamba in the year 2000. It was provoked by the privatisation of water sources and the organisations responsible for water distribution.

It was due to the experience of PRIV and the initiative of Bolivian experts that the National Irrigation Programme (PRONAR) was set up in 1996. This programme, which covered the whole country, sought to improve the efficiency of investments in irrigation and increase agricultural production. It aimed at a rational and sustainable use of water resources and promoted technical assistance. PRONAR was based in the Policy Unit for the Productive Development of Natural Resources (UPDPRN).

PRONAR is an executive body with operational and financial autonomy. Its work is aimed at establishing legal norms and regulations for the efficient management of water resources for irrigation purposes. It is also involved in training human resources to manage irrigation and improving and expanding irrigation systems. PRONAR's funding comes from the IDB, GTZ and the Bolivian treasury. The programme works in the highland, inter-Andean valley and Chaco regions in seven of the country's departments (La Paz, Cochabamba, Oruro, Chuquisaca, Potosí, Tarija and Santa Cruz).

It was clear throughout the study that, because of ARSP's history and the types of relationship it managed to establish with the project, it was the most solid of the four organisations studied in institutional terms. This solidity meant that the organisation was able to influence national policies by contributing to the guidelines for setting up PRONAR.

To conclude this analysis, it can be said that irrigation is an increasingly important issue in the Andean region because of the desertification processes that are underway. The experience of the work done by ARSP and by the project that accompanied it was therefore very important. As well as serving to improve irrigation infrastructure and conditions in the communities of Pumata and Tiraque, it enabled the state and international cooperation to lay the foundations for implementing a national irrigation programme. This in turn is providing in-

puts for the formulation and implementation of public policies related to irrigation in small farming communities. It also allows research projects like this one to understand and publicise the role played by irrigation organisations in small-scale agriculture and public policies.

6 Conclusions and Recomendations

I. Institutional status of the OECs

Small farmers are constantly struggling with the lack of financial, human and natural resources and infrastructure and the difficulty of gaining access to political power structures. This means that as well as addressing economic and production-related problems, the Small Farmers Economic Organisations also deal with problems caused by exclusion and discrimination. As a result of this situation, they become multi-faceted organisations. To the best of their ability, they provide all sorts of services to producers (training, technical assistance, marketing, etc) while also taking advantage of any production-related opportunity that may arise, whether it comes from the state or private institutions.

To achieve this, these organisations divided themselves into different levels according to the role to be played (technical or political). Both leaders and producers participate here, depending on the role and the activity they have to perform.

The first level organisations are closer to the producers, and therefore take charge of the technical, production and/or market-related issues involved in one or more crops and/or types of livestock. The second level organisations are mid-way

between production and management processes, and therefore have both a technical role and a political role. On the one hand they provide technical support to producers, and on the other represent them in dealings with different institutions to defend their economic interests. Finally, the third level organisations are representative bodies set up to lobby and/or put pressure on the government to address the demands of organised small producers. These organisations operate at the departmental or national level.

The study found that what the OECs have developed best are their systems for providing services to producers and the first level organisations and representing them in dealings with cooperation agencies and the programmes that support them. This may be because these issues involve a larger number of families.

We also found that those OECs that have managed to perfect their operating systems, validate them and make them part of the producers' everyday life have developed the greatest strengths at the organisational level. This has provided them with a certain amount of security and independence, regardless of who represents the organisation.

Because of the great diversity that exists in small farming communities, people's expectations of the OECs are very different and varied. To be able to meet the producers' expectations, these organisations carry out some activities characteristic of companies, some of the work done by NGOs and other tasks performed by the farmers unions. This flexibility enables them to carry on and keep their members, even if they receive no benefits from the organisation.

Because of the type of support they received from international cooperation and rural development projects, they find it very difficult to generate income, either for their own operations or to finance the services they offer.

The OECs are usually seen by the state and society as small enterprises or NGOs. Together with the transformations and al-

terations they go through over time due to the changes in their leadership and institutional structure, this confusion and ambiguity prevents them from being easily defined institutionally and makes it difficult to define them legally or take them into account for public policy formulation and implementation.

They are usually small organisations providing services to their members. Their ways of working and shaping themselves are due firstly to their origins and secondly to the fact that they were not recognised by the state. As a result, they did not really become institutionalised and were not given a legal identity.

Legally, they operate as non-profit-making institutions and obtained their official legal status as such in order to gain access to projects and programmes funded by international cooperation. This legal status does not guarantee that they can enter the market. Neither does it provide them with state benefits. Their institutional status is linked to the objectives set when they started out. In most cases these were determined by the cooperation agencies' need to transfer the infrastructure belonging to their projects.

Depending on people's expectations of them and their own particular experiences, the OECs clearly fit all discourses, thanks to their intermediate position, their flexibility and the different roles they play according to the circumstances.

No OEC benefits all its members equally, and in some cases they benefit non-members more than their own affiliates. They do not have clear and efficient mechanisms for controlling economic resources, nor clear representation mechanisms that would enable them to negotiate with the state or international cooperation projects and programmes. Nieither do they see the issue of policy negotiation as something they are involved in. All this is due to the fact that the many different roles and activities they perform in a disorderly manner prevents them from identifying what their role is or should be. This in turn prevents them from developing a strategy for themselves as an organisation.

Due to the lack of clarity on legal issues and the marginalised situation of small farming communities, the OECs as organisations are an opportunity in themselves for some individual producers or a group of producers. Thanks to the organisation's official legal status, it enables them to solve specific legal or production-related problems they have with the state or international cooperation agencies. This situation means that the issue of membership is never very clear, because both the organisation's member families and non-member families can benefit. Contacts and possibilities of gaining access to the opportunities provided by the organisation are therefore more important than membership in itself.

II. OECs as social capital

The small farming families who organise to improve their production and income are so diverse that they have differing expectations of the Small Farmers Economic Organisations.

The poorest and most marginal families expect producer organisations to address and resolve all those issues that neither the state nor the projects nor the farmers union manages to deal with. These issues are not necessarily related to production and the market. They include all those aspects that determine marginalisation (the lack of infrastructure for production and basic services, the lack of access to good technical and general education, the lack of access to economic and financial resources, the lack of technical assistance, etc).

Families with more resources, on the other hand, expect these organisations to enable them to gain access to better credit, more favourable economic and political management spaces, better technical assistance and better production and marketing conditions. In contrast to the poorest, the concerns of these families centre on production and market-related is-

sues. These are relatively similar to the issues that concern the business sector.

The impact these organisations have on farming families, whether or not they are members of the organisation, therefore depends on the families' level of income, their proximity to the organisation and the power they manage to gain both in the community and in the OECs themselves.

Because these organisations are closely linked to programmes and projects, they have more of an impact on the families who have become involved with the projects. The impact is not just in economic terms but also in terms of building human capital to negotiate and deal with outside agents. This is why the families with the closest links to the OECs and the projects clearly differentiate between producer organisations and farmers unions and consider the former to be more important. The poorest families with the weakest links to the organisation, in contrast, see the farmers unions as more important and only expect the OECs to consider them and take their demands and expectations into account.

The diagram below attempts to illustrate this situation. The producers with fewer resources (on the left side of the diagram) pressure the OECs not to concentrate solely on production and market-related issues, while the producers with more resources (on the right side of the diagram) pressure them to do the opposite.

As well as being permanent, this situation is also changing and depends on the possibilities farming families have to enter and compete in markets. In time, it causes the Small Farmers Economic Organisations to split and fragment.

The more powerful producers come to see that, because of the position and presence of the less powerful, they cannot make the organisation have an impact on their competitiveness and policy-negotiation capacity. They therefore leave the organisation and set up a new one. This will be very similar, but will choose its members on the basis of their economic and productive potential, in order to enter the market and start to compete. As far as the poorer producers are concerned, because they are unable to solve their structural problems they keep themselves active in the old organisations as best they can, waiting for the opportunity to benefit from it in some way, either collectively or individually. In most cases membership is not a closed or clearly regulated subject, and members may or may not fulfil their obligations. This means that when the OECs do not manage to obtain resources or provide services, they go into "hibernation" for a time. This may last for several years, until a project or a group of producers finds an opportunity and makes it work again. This makes the concept of bankruptcy very relative for these organisations.

Furthermore, agriculture has ceased to be a profitable activity for many farming families. These families, who are increasing in number, seek other economic alternatives but do not renounce their access to land, since this is the link that enables them to maintain their social and cultural ties without living in the community. For these families, the OECs are not very important organisations because they are more closely connected to projects. These usually focus on production-related issues that have little or nothing to do with the urban-rural economic dynamics that interest these families. In the last few years these urban-rural connections have increased significantly, especially among younger people.

With regard to women's participation, women from both the poor families and the more powerful are usually excluded from the work and decisions of these organisations, despite the fact that they play a leading role in operating production systems. This means that women's expectations of the producer economic organisations are usually related to education and training for marketing and improving the quality of the product they handle.

Finally, the OECs are also spaces for learning and for training leaders or "managers". The opportunities offered by these organisations in this area have not been taken into account either by the programmes that supported them or by the state or international cooperation with a view to consolidating them and taking advantage of their potential.

III. OECs and politics

Since the implementation of structural adjustment policies and, later, the enactment of the Popular Participation Law, the relationship between public policies and small farming society has changed significantly.

Neoliberalism completely changed the role of the state and therefore its relations with the different sectors of society. Between 1985 and 1997 the country went through a transition period in which the state gradually abandoned its role in the economy and production by transferring and selling strategic enterprises to the private sector (national and international), enacting and applying laws and regulations and changing its institutional structures.

Because Bolivia is not an economically attractive country in the international context and its private sector is small and not very efficient, the process of disposing of state enterprises was slow and complicated. Successive governments had

to try out different strategies to attract private investment. It was only in 1994, with the capitalisation law, that the government managed to transfer a number of state enterprises to private companies, most of which were foreign.

Between 1985 and 1993 the state continued to run the strategic public enterprises, though with a great deal of difficulty. It tried to reduce their losses to a minimum and make them attractive enough to be sold. YPFB (the Bolivian national oil company) was the only one of these state enterprises that was really profitable. Because of the weakness of the Bolivian economy, YPFB kept much of the state apparatus going, at the cost of its own survival.

During this transition period the state stopped assisting the small farming sector and closed down IBTA and the Agricultural Bank. It left this responsibility in the hands of NGOs and projects funded by international cooperation, arguing that this work too should pass into the hands of the private sector.

The small farming sector took advantage of this moment to try to strengthen its organisational structures, using the presence and the resources of the projects run and financed by international cooperation to do so. Given the political and economic situation at the time, these projects sought to strengthen the sector technically and productively, explicitly ruling out state intervention. This focus on production meant that the small farmers organisations –both the unions and the producer associations– ended up delegating their representation to the political parties, leading to a loss of strength in the new national political scenario.

In this context, it was the project professionals working in the communities (engineers, economists and planners) who took on the leadership both of the projects and, indirectly, the dynamics of the producer organisations. This focus on the technical side of rural development meant that both the projects and the small farmers organisations lost sight of the political dimen-

sion of production. They neglected structural issues such as finding a new political and economic role for the representative organisations (COB and CSUTCB) in the new context and understanding the impact of the opening up of markets and the transnationalisation of the economy. The lack of responses to these and other issues had a negative impact on both the viability of small-scale agriculture and the possibility of this agriculture being able to compete under free market rules.

This does not mean to say that the projects harmed the development of the OECs. It is clear that many of them would not have existed without the decisive support of NGOs and international cooperation. It is important to point out, however, that because of the resources they handled and their institutional policies, these projects contributed directly or indirectly to the consolidation of the new economic model and political structures, which were not always favourable to small farmers and their organisations. To a large extent, these projects and programmes determined the activities carried out by the OECs.

After nine years of implementing structural adjustment policies, and because of the country's weak economic growth during this period, the government implemented the second generation reforms. Their main linchpins were the Capitalisation Law and the Popular Participation Law.

By 1997 almost all the state enterprises had been capitalised and the foundations had been laid for taking forward decentralisation. As in many other countries around the world, that year saw the start of the globalisation process in Bolivia. This process has given an increasing amount of power and more and more of a leading economic and political role to transnational capital. International policies and agreements have become more important, as international policies are given priority over national ones, and territorial management and administration has been decentralised, with national and regional policies being managed at the local level.

In this context the small farmers organisations, especially the OECs, began to play a different role in the communities, since they were no longer considered part of rural development projects. Instead, they were seen as an element of the local institutional structure for production, which forms part of the political, economic and social context in the regions where small-scale agriculture is practised. This change of approach required the small farmers organisations to adopt a new position to enable farming families to become involved in the dynamics and logic of the market under better conditions.

But with small farming communities currently in such a marginalised situation, this is no simple matter. Because of their internal dynamics, the OECs are caught in the profound contradiction between community logic, which requires strong social oversight to maintain community structures, and the logic of the market, which is based on more individual structures quite contrary to the ones usually found in rural communities.

Furthermore, after the sale of its strategic enterprises, especially the national oil company, the state found it impossible to collect more taxes from the private sector (both the capitalised enterprises and other sectors of the economy). It was therefore left without enough revenue to operate properly. This lack of money has significantly increased the country's dependence on international loans and donations. This in turn increasingly determines policy processes and decisions.

The OECs' internal contradictions, together with the state's lack of resources and the inefficiency of the political system, mean that the relationship between the OECs and the state (at both the local and national level) is weak and frustrating for farming families. Because of the state's weakness, its dependence on external resources and the continuing cronyism of the political parties in spite of the important reforms implemented in the 1990s, the state has not managed to create the conditions for groups of producers, especially the small farm-

ing sector, to gain access to markets under better conditions and become competitive.

Within this difficult context the political role of the OECs is complicated. On the one hand they have to deal with an unfavourable national and international political and economic environment. On the other, they have to look for ways to assist farming families to solve structural problems caused by poverty and exclusion. This difficult situation obliges these organisations to change and adapt to new needs, opportunities and circumstances, in order to deal with adversity. These changing dynamics prevent them from consolidating their institutional, operational and legal structures.

It is important to stress that this problem is part of a larger, unresolved institutional crisis that has been affecting the country for a long time. Society needs the state, not just international cooperation projects, to drive development. But it constantly comes up against a state that blocks the way. Thus, in order to solve problems and achieve objectives, people have no alternative but to break the rules, pay bribes and undermine the legally established institutional structure. This perverse situation forces all social institutions (companies, producer organisations, representative organisations, cooperatives, etc) to say one thing officially and do the opposite in practice. This double standard, practised by both the state and social institutions, is leading the country into an institutional crisis of unthinkable proportions, where the state itself has almost been invalidated already.

This situation urgently needs to change, because otherwise it is difficult to conceive of a national project in the medium and long term. It is therefore essential for both state and social institutions to change, not in their structures but in the way they go about doing things (starting by doing what they say rather than always doing the opposite of what they say and saying the opposite of what they do).

The OECs need to differentiate more between the roles they play (as service companies, marketing concerns, representative bodies, policy negotiators, etc) and manage themselves more clearly in each of these areas, in both operational and legal terms. They should also demand the same from all state institutions at both local and national levels.

IV. OECs and markets

The OECs have mainly concentrated their work on production rather than the market. This is why it is still difficult for these organisations to develop appropriate marketing systems in keeping with their reality.

Nevertheless, as far as markets are concerned these organisations have exports at the top of their agenda. Some even act as channels for this purpose. The domestic market is not seen as a possibility or a satisfactory alternative. It is considered to be a small market that does not recompense the effort made by the producer to reach it. This market is seen as more of an option by independent producers.

As soon as the OEC has a direct relationship with the market, the organisation becomes more like a business and the farmers represented by it start to produce for the market. The size of the OECs' market is usually small. Although they do not benefit from it as organisations, they lead farmers to produce for it.

The obstacles these organisations have to overcome to reach the market are related essentially to technology, which is practically non-existent, the lack of infrastructure for production, especially roads and transport, and the absence of promotion and incentives from state institutions.

Because of the changes that are taking place, the market plays an increasingly important role in small farming commu-

nities, not just for producer organisations but also for producers individually. This phenomenon is a result of globalisation policies. In this context, if small farmers' produce manages to enter different markets competitively through the OECs, these organisations could play a very important role, since they would be responsible for communicating with the market to obtain better quality and larger volumes.

In order to accomplish this, it is essential for both producers and leaders to receive better training. Producers need training on production-related issues, farm management, post-harvest treatment and handling of the product. Leaders need training on business management issues, how to use accounting systems, negotiation and marketing of agricultural produce.

It is clear that the market and policy and commercial management are the most important issues for the second level OECs, since production itself is already dealt with by the farmers. The OECs therefore have to find a way to link the progress achieved in production with market-related issues and start to connect this progress with state policies and projects at both national and local levels. If small farmers and their organisations, in coordination with the state, manage to enter domestic and international markets in a competitive way, this access will oblige all those involved (producers, organisations, international cooperation and the state) to work in a more focused way on quality, production volumes and marketing mechanisms. This will gradually improve the competitiveness of small farmers' produce.

V. The privilege protection barrier

One final point identified in this study is what we call the «privilege protection barrier». This refers to public policies and actions carried out by different players in the political field

(political parties, the business community, powerful groups, influential urban sectors, etc) which have a negative effect on small farmers and favour these powerful groups.

This barrier was erected as a result of the privileges these sectors managed to build up a long time ago, and which benefited them directly, to the detriment of other sectors of society. Because Bolivia is an extremely diverse country geographically, culturally and socially, as well as being sparsely populated, the persistence of these privileges has made a decisive contribution to social fragmentation, resentment and the party political system's lack of credibility.

The clearest example of how this barrier operates was observed during the case study on coffee. A small number of families living in the city of La Paz have kept a monopoly on the marketing and export of coffee for many years. Rather than trying to be competitive in the international market, this group has worked to maintain its exclusive privileges, in dealings with both the Bolivian state and the small farmers. In this way, it can buy coffee at a very low price (something that has a direct influence on the bad quality of the product) and avoid national legal restrictions on its exports. The result of this is the penalty levied on Bolivia in the international market for conventional coffee because it does not meet its quality commitments. But thanks to the volumes this group handles, which are very large in comparison to those of the Small Farmers Economic Organisations, and because of the low prices it pays, the group manages to compensate for these losses. This situation means that it is very difficult to improve the quality of Bolivian coffee, because in order to do so this privilege protection barrier must be dismantled.

Nevertheless, it is quite possible that with the opening up of markets and globalisation policies these privileges will start to fall away and even disappear, since it will be more difficult for these groups to preserve them in a wider, internationalised context. Although the rules of the game for competing in inter-

national markets will be tougher for Bolivia, in the not too distant future it is quite possible that they will allow well-organised small producers to enter and compete in international markets under the same conditions as historically privileged groups.

This does not mean, however, that the small producers' situation of marginalisation will change radically in the next few years, because the globalisation policies being implemented do not in fact prioritise the reduction of poverty and exclusion based on more equal involvement in markets.

Furthermore, the privilege protection barrier is also an ideological barrier, not just an obstacle preventing access to power or resources. In this sense, the small farmer is classified as poor and not as a subject of development. Attempts to develop this sector are therefore biased and aimed at addressing social rather than production-related issues.

The privilege protection barrier has been in place since the republic was founded and even for a long time before that, and manifests itself in many different ways. It is a very difficult issue to address, because numerous barriers are constantly being re-erected between different sectors of society. They feed on individual and collective acts (conscious and unconscious) of profound racism, economic discrimination and ethnic and cultural discrimination. Together with the country's immense social and cultural diversity and the increasingly active protest movements, these different forms of discrimination are the most serious problems facing society. They make it difficult to achieve fairer, more democratic and equitable development.

Recommendations

It will have become clear in the course of this text that small producers face many challenges in the current context of market liberalisation and globalisation. The OECs are therefore

important organisations for small farming communities to be able to address the new challenges.

Nevertheless, they lack knowledge of business administration and management issues and how to manage economic and financial resources, and some of their leaders are dishonest. This has created a widespread feeling of distrust and a loss of credibility in these organisations, which prevents them from widening their social base. Added to this is the impossibility of developing better control mechanisms to oversee the work of both the organisation and the leaders.

The current political and economic scenario at the national and international level is extremely complex. Small farmers' economic and production systems are marginalised and precarious. Bolivia is marginalised in the international context. There is an absence of proposals coming from society. The Bolivian state is weak and lacks coherence. International cooperation is interfering more and more in the "re-structuring" of the state. Due to all these factors, it is difficult to say what role the OECs should play to help to improve small-scale agriculture today. In this study we have seen that, within the current scenario, these organisations are caught between trying to support producers (who, as we have shown, have different expectations) and taking advantage of the opportunities offered by development projects and certain public policies. Meanwhile, at the individual level, both leaders and producers are trying to obtain some benefit for themselves.

The OECs are organisations that emerged as a result of the combination of small farmers' forms of organisation, the implementation of structural adjustment policies and second generation reforms, and the implementation of projects and programmes funded by international cooperation. Because of this, they are organisations institutionally situated at the heart of small farmers' production problems. This position means that they are small farmers organisations actively involved in

one way or another with issues related to public policies, markets, international cooperation and production by small farmers. This link with current issues of interest makes them "modern" organisations which respond (albeit weakly) to the new challenges that small farmers must address.

On the other hand, the ambiguity in how they operate and the complicated nature of the economic and political context means that they are organisations in the process of formation and/or transition which have not yet managed to find a clear role for themselves.

Therefore, in order to be able to improve their contribution to the sustainability and competitiveness of small-scale agriculture, the OECs must first of all consolidate their institutional structures, both legally and operationally. They need to make a clear division between the different roles they play (technical assistance and support for production, services for producers, mediation or marketing and policy negotiation). Depending on the individual case, each organisation has to identify the strategic role it can play and, on the basis of this, define its institutional structure, which may combine different arrangements.

All income-generating activities, whether through the sale of the product or the services they offer to producers and/or other people, should be carried out under a businesslike structure, using all the regulations and theories that govern business. For these activities to be able to keep going over time, they must generate a surplus.

Technical assistance and production support activities, on the other hand, should be managed in a coordinated way with both the state and rural development projects and programmes. In these activities, the OEC should act as the link between the production policies implemented at the municipal level, rural development projects, and the producers' ways of working and expectations. To manage this issue institution-

ally and legally, the OEC members involved in the same area of production should join a local (municipal or regional) production committee. Together with the municipal government and the projects, this committee would regulate and plan municipal or local development.

Finally, policy negotiation should be handled in a coordinated way with the major representative institutions' –which might be CIOEC-B, AOPEB and the Liaison Committee– and the representative producer organisations, to lobby either the executive or parliament. This lobbying work does not rule out the possibility of building non-party political movements. Using a variety of strategies, these could occupy strategic spaces, either in the executive branch of government, parliament or state projects and programmes supporting agricultural production and rural economic development.

For the second level OECs to enhance the way they perform within the different roles they are aiming at, it is essential that their members set up and/or belong to more than one organisation or committee. For market and service-related issues, they should set up and/or build alliances with private companies. For technical assistance and production support issues they should join local committees promoting economic development by capitalising and coordinating development projects, which may be projects funded and implemented by NGOs, municipal governments and/or central government or programmes and projects funded by international cooperation agencies. And for political representation issues they should coordinate with third level organisations to make their lobbying more effective.

These three areas of intervention require very different implementing units, but they must all be very capable in the issues they are dealing with. They should be coordinated and overseen by a steering committee. This could keep the same election and working arrangements as the committees of the

OECs studied, but should not perform any executive tasks. These would be the responsibility of the teams in charge of each of the areas mentioned above, which should have the capacity to manage the different issues they deal with.

It is obviously difficult to establish this political / production structure at the moment, because of the lack of resources and the structural problems small farmers are faced with. Nevertheless, if they manage to link up with national rural development policies and the policies of the projects and programmes funded by international cooperation, it would be possible to conceive of them being able to form part of one or more public policies supported by international cooperation.

Public policy recommendations[2]

It will have become clear in the course of this text that the problems facing small-scale agriculture are related not just to its own limitations and those of its organisations but also to structural issues which go beyond community limits and even the country's borders. Therefore, in order to support the small farming sector in current circumstances, we cannot simply be thinking of sectoral policies aimed at small producers and their organisations. Instead, it is essential to think of integrated policies that deal coherently with all rural development problems. This implies local and regional economic strategies, production strategies, urban-rural relations and political strategies.

This integrating vision would place local development at the centre and link it with national development and hence, inevitably, with globalisation. The OECs could play an important role, providing they manage to enhance the connection

2 This section was drafted on the basis of the intervention strategies of the Estrategia Nacional de Desarrollo Agropecuario y Rural (National Agricultural and Rural Development Strategy), MACIA and MDS, June 2003.

between their multiple roles (both legally and operationally) and overcome their institutional, management and representativeness problems.

In order to achieve such comprehensive policies (where, depending on the case, the OECs could be facilitators or simply moderately well-organised groups representing small sectors of rural society), it is essential to establish certain parameters or key issues to guide rural development in the current context.

For the regions where small-scale agriculture is practised, these issues should be: local development, which includes increasing the productivity and competitiveness of small farmers' agricultural produce, promotion and incentives for small towns in rural areas, and, for those families who fail to find economic opportunities in farming, developing other rural income-generating opportunities.

I. Local development

This is a process that should take place simultaneously in different territories. These might be municipalities or associations of municipalities (bordering on each other or not). On the basis of an agreed plan, the public sector (principally municipal governments) and the private sector (mainly producers in the municipality) would come together to increase the income and improve the quality of life of the population.

The OECs should be one of the private sector players. As we have seen, in order to be able to deal with issues that go beyond their direct management possibilities, such as technical assistance and production support services, they have to address them at the regional level as part of a local policy strategy linked into national policies.

Depending on the case and the level of technological development in the communities, production-related issues

should be aimed either at satisfying demand in domestic markets (local and urban) or, where possible, international markets. Apart from the OECs, the sectors that should participate actively in these processes should be the farmers unions (performing their role of regulating the community's territory), small and medium-sized local enterprises, marketing and transport operators and service organisations and companies.

This process would also bring about an increase in production. This in turn would enhance the producers' management capacities and improve technical assistance systems. Furthermore, if investment agreements can be reached between all the sectors involved (public and private), these would enable producer organisations to mature and become stronger as a result of gaining access to and managing these resources. Moreover, municipal governments would find their production promotion role, leading to a better targeting of investment in infrastructure and production-related issues.

To achieve this local development, it is essential that the economic actors present in the municipalities, the municipal government (or association of municipalities) and technical bodies working locally engage in dialogue to identify the product(s) and/or services with the most potential to be competitive in their area. These might be related to farming, forestry, processing, crafts, rural industry, tourism or something else.

This also makes it necessary to prioritise needs, first at the local level and then at national level, in order to then define flexible short-, medium- and long-term sectoral policies. This would make it possible to improve the use of financial resources (public and private) and technical assistance work.

Thus, once action plans are agreed, municipal governments, in coordination with central government, should invest in and improve physical infrastructure (roads, bridges, irrigation, electricity services, etc), transport, communications, etc, while the private sector should invest in production.

Unfortunately, the state does not have enough resources to take forward these processes on its own. It is therefore essential to reach agreements between central government –or municipal governments– and international cooperation.

A committee should also be set up to monitor and accompany local development processes. It would develop regulations and make adjustments to the process based on documented experiences. Its members would be a government representative, an inter-municipal representative and a representative of producer organisations.

Within this framework, if the municipalities prioritise the products handled by the OECs as part of local development processes, this would benefit these organisations a great deal. They would become a point of reference for the implementation of public policies at the local level, and would be given the opportunity to influence these policies. They would also be the beneficiaries of both training and technical assistance programmes and international cooperation resources. However, this carries the risk of making these organisations very dependent on external processes and factors, which would limit their possibilities of strengthening their institutional structures and management capacity.

II. Promotion and incentives for small towns in rural areas

Small towns in rural areas are the most obvious and natural link between rural communities, between these and the state at its different levels, with the market and with services. Developing these towns properly would make the links more efficient. It would also reduce the pressure on the land and natural resources, solve legal problems more quickly, and improve the targeting of investment in road infrastructure, production support services and social services such as health and education.

The sort of migration that is desirable would therefore be that which strengthens these towns by linking local production with the demands of the large cities. This type of migration could be achieved if the development of social services and infrastructure in these towns is prioritised, together with investment promotion for basic processing companies and micro-enterprises providing services to set themselves up there. It is therefore a question of developing regional markets around one or several activities that make the region more dynamic.

The selection of these towns should be based on prioritising the highest population growth rates in the last 10 to 15 years and studies determining development potential in regions with lower population growth. For these towns to become development centres, they must have good roads connecting them with each other and with the most important cities in the country. They should also have local roads connecting them with smaller villages and communities. Likewise, the state should encourage investment in services (drinking water, drainage, solid waste treatment, electricity, fixed and mobile phones, fibre optics, the internet, etc) and in urban infrastructure (street lighting, parks and recreation areas, sports and cultural centres, etc). Finally, investment should be made in health and education, in the quality of these services and in means of transport, so that a larger number of people can gain better access to these higher quality services. The aim would be to centralise health and education in medium-sized towns and improve forms and conditions of access. If this is achieved, it would reduce migration to the large cities, which would improve the quality of life in both areas.

Most OECs (especially the second level ones) have an office in these towns and operate from there. Improving these towns would therefore also have an impact on improving these organisations, since they would have better support systems for their work. They would also be able to have better spaces for training activities.

Small towns in rural areas are the point of contact between rural dynamics, which are linked more to community ways of life, and "modern" dynamics linked more to capitalism and the logic of the market. Education systems are therefore vitally important in these places. They should enable young people who come from elsewhere in the region to understand better where and how these dynamics are linked and how, with their knowledge (both empirical and theoretical), they themselves can benefit from this situation.

Because it is difficult for Bolivia to become an industrialised country, and renewable and non-renewable natural resources continue to be its main source of wealth, technical and higher education centres should focus on subjects linked to the management and conservation of natural resources, agricultural production with a view to the market, ecotourism, business management and administration and the use of modern communications technology.

In addition, training in production should form part of agricultural research and technology transfer processes. It should also form part of research and extension programmes run either by the state, universities or small farmers organisations, whether these be rural unions or economic organisations. NGOs, for their part, should become the facilitators for this process to go ahead, based on the installed capacity they have and the technical staff they employ. Each of these institutions should be involved in the process on equal terms, since some have money, others have social contacts and know how to relate to farmers, and others are the link between local and national policies and the possibility of obtaining state support for different initiatives.

III. Opportunities for generating alternative rural incomes

Bolivia's economic, ecological, topographical and structural constraints mean that many small farming and rural com-

munities are faced with serious difficulties if they want to participate in local development processes. It is important to bear in mind, however, that these social groups develop creative economic strategies based on opportunity rather than competitiveness. They combine production activities for their own consumption, the supply of goods to markets (local and/or regional) and temporary paid work in either rural or urban areas.

They are usually societies living in severely degraded environments and even require support to express their demands to the state and rural development projects. Because these are communities living in large, inhospitable territories which are not very attractive for major investment, families find themselves isolated from each other and from markets and towns. This marginalisation makes it difficult to link their needs and demands, both physical and structural, to short- and medium-term policies and economic strategies. The result of this is that when investments are made, either by cooperation projects or through the implementation of certain public policies, they are isolated, weakly connected, low-cost and bad quality investments. They usually have very little impact on the lives and dynamics of farming families.

As in every region where small-scale agriculture is practised, families have very different production and economic strategies. Even so, two types of families can be broadly identified. Firstly, there are those who manage to maintain temporary and unstable relations with the market by supplying produce that is distinctly seasonal and vulnerable to climate factors, price fluctuations and the impossibility of getting transport at certain times of the year. These families usually migrate temporarily to towns or other rural areas to complement their income by selling their labour. Secondly there are those families who live on small, marginal plots of land that do not even enable them to cover their own food needs. In order to satisfy their basic needs, some family members have to migrate constantly.

To enable these families to improve their living conditions, both the state and international cooperation, through their projects and programmes, could support them to learn and use other, non-agricultural, skills (such as building, plumbing, driving, cooking, bakery, etc). This would enable them to gain access to different and better temporary and/or permanent jobs either in the community, rural towns or large cities, and thus increase their income.

The role of the OECs in this process should be to facilitate access by the less powerful families to these policies and programmes by setting up special programmes managed jointly with the state and/or international cooperation. If these programmes succeed in operating as a special activity of the OECs, it would resolve one of the main contradictions affecting these organisations: their attempt to benefit more and less powerful families equally through the same activities. Another achievement would be the different way of dealing with the distribution of resources from the state and international cooperation projects, ensuring that they reach the poorest and most excluded families through the small farmers organisations using their own criteria for eligibility.

The use of these resources should have a very specific objective: supporting the poorest families. It would also be important for the beneficiaries themselves to oversee how they are used. If the leaders holding office at the time divert the resources for other purposes, this would harm the poorest families. It would also mean that the confusion of roles and objectives in these organisations would prevail. This has a negative impact on both the legitimacy of these organisations and their degree of representativeness.

If the implementation of these policies succeeds in enabling the poorest families to increase their income somewhat, it is possible that in the medium and long term new generations will have the opportunity to participate in local develop-

ment processes and / or the industrialisation, urbanisation and professional education processes that will gradually develop and become consolidated in rural communities. If this happens, both public policies and the Small Farmers Economic Organisations will have helped to improve the quality of life of the poorest and most excluded farming families.

Abbreviations

ADN	=	Acción Democrática Nacionalista (Nationalist Democratic Action)
AGCT	=	Asociación de Ganaderos de Camélidos de Turco (Turco Camelid Livestock Farmers Association)
ANAPCA	=	Asociación Nacional de Productores de Camélidos (National Association of Camelid Farmers)
ANPROCHARQ	=	Asociación Nacional de Productores de Charque (National Association of *Charque* Producers)
AOPEB	=	Asociación de Organizaciones de Productores Ecológicos de Bolivia (Bolivian Association of Organic Farmers Organisations)
ARSP	=	Asociación de Riegos y Servicios Punata (Punata Irrigation and Services Association)
ASPROLPA	=	Asociación de Productores de Leche de la Provincia Aroma (Aroma Province Milk Producers Association)
CBF	=	Corporación Boliviana de Fomento (Bolivian Development Corporation)
CELCCAR	=	Central Local de Cooperativas Agropecuarias de Caranavi (Caranavi Local Union of Farming Cooperatives)
CIDOB	=	Confederación Indígena del Oriente Boliviano (Confederation of Indigenous Peoples of the Eastern Lowlands of Bolivia)

CIOEC-B = Comité Integrador de Organizaciones Económicas Campesinas de Bolivia (Bolivian Small Farmers Economic Organisations Coordinating Committee)

COB = Central Obrera Boliviana (Bolivian Trade Union Confederation)

CONAMAQ = Consejo Nacional de Ayllus y Markas del Qullasuyu (National Council of *Ayllus* and *Markas* of Qullasuyu)

CONBOPROLE = Confederación Boliviana de Productores de Leche (Bolivian Milk Producers Confederation)

CONPAC = Programa de Autodesarrollo Campesino, fase consolidación (Small Farmers Self-Development Programme, consolidation phase)

CORACA = Corporación Agropecuaria Campesina (Small-Scale Farming Corporation)

CSUTCB = Confederación Unica de Trabajadores Campesinos de Bolivia (Bolivian Small Farmers Union Confederation)

FECAFE-B = Federación de Cafetaleros Exportadores de Bolivia (Bolivian Federation of Coffee Growers and Exporters)

GTZ = German Technical Cooperation

IBNORCA = Instituto Boliviano de Normalización y Calidad (Bolivian Standardisation and Quality Institute)

IBTA = Instituto Boliviano de Tecnologías Agropecuarias (Bolivian Agricultural Technologies Institute)

IDB = Interamerican Development Bank

INALCO = Instituto Nacional de Cooperativas (National Institute of Cooperatives)

INE = Instituto Nacional de Estadística (National Institute of Statistics)

MACIA = Ministerio de Asuntos Campesinos, Indígenas y Agropecuarios (Ministry of Rural, Indigenous and Farming Affairs)

MDS = Ministerio de Desarrollo Sostenible (Ministry of Sustainable Development)

MDSP	=	Ministerio de Desarrollo Sostenible y Planificación (Ministry of Sustainable Development and Planning)
MNR	=	Movimiento Nacionalista Revolucionario (Nationalist Revolutionary Movement)
NGOs	=	Non-Governmental Organisations
OECs	=	Organizaciones Económicas Campesinas (Small Farmers Economic Organisations)
OTB	=	Organizaciones Territoriales de Base (Grassroots Territorial Organisations)
PAC	=	Programa de Autodesarrollo Campesino (Small Farmers Self-Development Programme)
PDLA	=	Programa de Desarrollo Lechero del Altiplano (Highland Dairy Farming Development Programme)
PIEB	=	Programa de Investigación Estratégica en Bolivia (Strategic Research Programme in Bolivia)
PIL	=	Planta de industrialización de leche (milk processing plant)
PRAV	=	Programa de Riego Altiplano Valles (Highlands and Valleys Irrigation Programme)
PRIV	=	Proyecto de Riegos Inter Valles (Inter-Valley Irrigation Project)
PRONAR	=	Programa Nacional de Riego (National Irrigation Programme)
SNDC	=	Servicio Nacional de Desarrollo de Comunidades (National Community Development Service)
UDP	=	Unión Democrática y Popular (Popular Democratic Union)
UNEPCA	=	Unidad Ejecutora del Proyecto Camélidos (Camelid Project Implementing Unit)
UPDPRN	=	Unidad de Políticas de Desarrollo Productivo de los Recursos Naturales (Policy Unit for the Productive Development of Natural Resources)
YPFB	=	Yacimientos Petrolíferos Fiscales Bolivianos (Bolivian national oil company)

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In Bolivia, small farmers economic organisations (organizaciones económicas campesinas - OECs) are increasingly being talked about as actors that could play a key role in channelling proposals and programmes for sustainable agriculture, in the context of market liberalisation and globalisation.

But what are OECs? What is their function? How important are they to farming families? How do they influence production and marketing processes? What political role do they play?

This publication addresses and answers these questions based on four case studies in Bolivia: camelid farmers in the highlands of Oruro, an irrigation association in the high valleys of Cochabamba, dairy farmers in the highlands of La Paz and coffee producers in the Yungas.

It therefore contributes both to knowledge of the OECs – their role and how they operate, their production processes and their relationship with the people involved, the political field and market laws and dynamics – and to the debate on policies that work for small producers and their organisations and how to implement them.

Diego Muñoz Elsner is an agricultural engineer (Texas A&M University, USA) who studied environmental management and planning at postgraduate level at the Latin American Environmental Sciences Faculty in La Plata, Argentina. He is the author of *Public policies and processes in the Bolivian Andes* (IIED, 2001) and *Políticas públicas y agricultura campesina: encuentros y desencuentros* (IIED / Plural, 2000), and co-author of *Desarrollo sostenible desde los Andes* (Clave Consultores / NOVIB / CIPCA, 1999).

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