The Impact of International Cooperation on Rural Producer Organizations: Case Study of a Dairy Association in Bolivia

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THE IMPACT OF INTERNATIONAL COOPERATION ON RURAL PRODUCER ORGANIZATIONS: CASE STUDY OF A DAIRY ASSOCIATION IN BOLIVIA

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Abstract- Bolivia is one of the largest developing countries in South America that has been received the aid from the international cooperation since the seventies. Many programmes and projects were implemented across the territories of the country in the aim to reduce the poverty. However, the experiences claim that despite of some important results obtained, the international cooperation is one of the main actors responsible for the external dependence on the territories and their commitment to build up a sustainable model of rural development that can overcome the problem of poverty fails. At the same time, it is demonstrated that the most successful experiences of local producers’ organizations are heavily depended on the external aid showing the economical fragility on local organizations to face the market competence without the external aid. This research, based on Samaritan’s dilemma behaviour in the powerful organization, tries to answer how the rural producer organization performance is influenced by international cooperation? This investigation focuses on the analysis of the patterns of interactions of both organizations. The case study considers a dairy farming association in the country that was funded for almost 15 years and their economical sustainability remains vulnerable despite the efforts bring to make the organization competitive. The main results remark that the unequal distribution of power in both organizations is one of the factors that cause the strong influence of the international cooperation on rural producers’ organizations, and consequently the international cooperation is co-responsible in the external dependence on the local organization, as well as, to be responsible of the influence on the cultural factors in the community.

Keywords- Donor agencies, rural producers’ organizations, external dependence.

I. INTRODUCTION

The developmental programmes across Bolivia focuses in enhance the productive system as the main key to reduce the poverty. The agriculture is mainly the most important sector that energises the productive system for two reasons. First of all, the agriculture performs three main functions for small farming livelihoods: the provision of agricultural products for self consumption in the rural areas, the creation of job opportunities, and the establishment of market opportunities for small farmers. Secondly, the agriculture has an economical importance for the country economy which usually it is linked with the Gross Domestic Product (GDP), the exports, and the creation of job opportunities. Hence, the agriculture accounts for 12.21 percent of the national GDP, 30.32 percent of the exports of the country, and 39.25 percent of the national labour force (INE 2005:36-52). Despite the economical significance of the agriculture for the country, this sector faces the lowest investment rate, the lack of infrastructure to articulate potential markets, and land fragmentation on small farm, which causes the weaknesses of the sector to be competitive.

The agriculture is the third most important economical sector in the country after mining and petroleum and because of its importance, the government and the international cooperation focuses in this sector to develop the rural areas. The aid has a long tradition in Bolivia, the same one that started since the seventies with an annual budget that currently reach on average US$300 million (OECD 2007). The international cooperation in the main goal to alleviate the poverty in the developing world in essence supports the central government programmes to attend the basic needs into the population such as education, health, production and so forth.

Unquestionable, the most important efforts bring by international cooperation to enhance the productive system in the rural areas were to support the establishment and consolidation of Rural Producer Organizations as the main actors that could articulate the agricultural products with markets. The first organizations were created also during the seventies with the aim to avoid the middle intervention for the commercialization of agricultural products. Regardless of many failure experiences in the process, some important lessons were learned. Nowadays, many actors between them the national government and the international cooperation agencies strongly believe that these organizations furthermore to reduce the poverty in the rural areas can help to build up a sustainable productive system linking indigenous territories with potential markets.

In spite of the relevant importance of the aid to reduce the poverty, contradictory, the experiences show that the aid is also one of the significant component that causes the external dependence in the territories and what is more the international cooperation fails to build up a sustainable model of development that can
overcome the problem of poverty in the territories. The same situation is clearly identified on rural producers’ organizations where surprisingly the most “successful experiences” are organizations strongly dependent on the external aid. Furthermore, the economical results claim that their structure is still fragile to struggle with the market competence by themselves. Therefore this research tries to find out how the rural producer organization performance is influenced by international cooperation? This investigation focuses on the analysis of the patterns of interactions of both organizations. The case study considers a dairy farming organization that was funded for almost 15 years and their economical sustainability remains fragile.

A. Review of literature

The rural producers’ organizations are called differently according to the country experiences, organizations approach, and scholars or academic works developed in the subject, in Bolivia they are known as Organizaciones Económicas Campesinas, OECAs (Rural Producers Organizations), in Chile they are called as Empresas Asociativas Campesinas, EACs (Peasant Associative Business Firms), Anthony Bebbington calls them in his writings as Organizaciones Campesinas OC, (Farmers Organizations), and the World Bank calls them as Rural Producer Organization, RPO. Along this research they are called as rural producers’ organizations. Apart from the different names that they can adopt their definition is the same with some differences. According to Bolivian experiences they are defined as organizations that work towards the production and commercialization of goods, where small farmers –members of cooperatives, associations of producers, farmers’ guilds and so forth– can adopt special organizations structures with the objective to constitute a self-managed enterprise (Devissher 1996:9). In addition, Commandeur (1999:53) point out that they pursue to strengthen their position in potential markets. And CIOEC-B which is the main organization that joins them adopts Devissher definition adding the concept of “rural identity” as the main characteristic in their nature (CIOEC-B 2004:7). Not different to the previous definition, the World Bank (1999:1) based on worldwide experiences defined them as “formal rural organizations created by small farmers pursuing to enhance producer’s income through activities of production, marketing, and processing” and Bijman et al. (2003:95) based on developed countries experiences defined them as organizations that provide specific services to support members’ activities in the aim to enhance member-firms income. Altogether, the rural identity of the organizations, the production and commercialization of products and the provision of services to members are the common elements in the definitions.

The positive or negative experiences of these organizations are widely discussed by decision-makers and academic scholars in the aim to find possible solutions that can help to build up a sustainable model to develop the poorest territories in the country. Thereby, Bebbington et. al. (1996:14) define the ‘successful rural producer organization” as the situation where the commodity has special market advantages, Morré (1998:306) and Muñoz (2002:89) in the same direction explains the ‘success’ as the situation when the commodities have trouble-free market access and good production conditions. Complementary, Mercaillet et al. (2006:7) define it as the actions taken by small farmers that can help to solve concrete rural problems. Thus, three important concepts are developed in the arena: the trouble-free market, the positive growing conditions of goods and the place where daily rural problems can be discussed.

The distribution of benefits to members basically tries to respond the question how much members’ want to benefit from the organization. The answer is still ambiguous and it would depend on members’ expectations from the organization. As a result, there are different authors’ opinions who try to explain them. First of all, some authors such as Ordinola et al. (2001:105) compare the benefits with public goods because they help to reduce the agricultural risk and correct markets’ imperfections. Secondly, the benefits according to Bebbington et al. (1996:119) and Berdegüé (2000:62) are conditioned to the “high admission requirements” it means that not all the members can benefit in the same proportion and usually the less poor farmers take more advantage of the organization than others in the community. Thirdly, some other authors make a differentiation within the benefits, Commandeur (1999:89) affirms that the benefits can not only be economical there are also the social benefits that sometimes members bring more attention than others since these organizations help to strengthen their relationships in the community.
The real help of the international cooperation agencies are strongly discussed by different national and international actors. Some organizations such as Organization for Economic Development, OECD (2001:15) justify the aid as an “international public good of the first order […] that serve the interests of all”. Likewise, other authors such as Carroll (1992:174) defend the aid intervention to the countries because this help goes to “fill up the free space that the state and market failure left to reach […] to serve the interest of the poor”. In contrast, Brown et al. (1989:11) criticize the international aid because of the dependence caused on the recipient countries; he urges that a ‘helpful organization’ enhances the human capital in the indigenous territories to replace them in a “self-sustaining basis after their departure”.

The sustainability of rural producers’ organizations is influenced by different factors. However, could be possible to analyse the sustainability since the organizations involved in the assignment. Some authors such as Bebbington et al. (1994:4-5) based on Andean territories’ experiences identify two types of organizations in the community, the customary organizations in which long relationships have been created based upon social basis, and the non-traditional organizations that have been created by external forces and interventions. The differences between both organizations remark the distribution of power in the community. On the one hand, some authors agree that donor agencies power position can constrain the decision-making on local organization because of the certain level of manoeuvre (Laguna 2002:111, Commandeur 1999:94). On the other hand, other authors remark the political structure of power in the community that can overlap the rural producers’ organizations economical objectives, and provokes internal conflicts (Ordinola et al. 2001:104). The internal conflicts are, in fact, caused because of the new practices introduced by rural producers’ organization in the community that are different from the traditional values (Bebbington 1994:5-6).

B. Institutional analysis framework

The problem of dependence on rural producers’ organizations is explained under the Institutional Analysis Development framework, where the powerful organization is influenced by Samaritan’s dilemma behaviour. The Institutional Analysis Development, IAD (see Figure 1) helps in the solution of problems where individuals find themselves in a repetitive situations affected by a combination of factors derived from a physical world, a cultural world, and a set of rules (Ostrom et al. 2005c:24). The rules and attributes of the community are the main subject of analysis in this paper that will help to explain the interdependences between rural producer organization with donor agency and community. The rules are defined as “enforced prescriptions on what actions are required, prohibited, or permitted” (Ostrom et al. 2005c:33). The attributes of a community are defined as the “general accepted norms of behaviour” (Ostrom et al. 1994:45). The culture and informal rules which are also described in the case study are understood as the “attributes of a community that are accepted as the values of behaviour” (Ostrom 2005a:26-27). There are two hypotheses that are drawn for the empirical case. The first one affirms that the rural producer organization is heavily dependent on the aid provide by international cooperation. The second one affirms that the cultural factors in the community are also influenced by the international cooperation dynamics. The empirical implications help to identify two important elements in the analysis: the rules in use in which the relationship between rural producer organization and donor agency was enclosed, and the informal rules and attributes of the community influenced by both actors.

The analysis of rules, which is the main subject of analysis, affects three levels of action arenas: operational rules, collective-choice rules, and constitutional-choice rules. The research considers the analysis in the constitutional level.

The operational rules directly affect the day to day decisions made by the participants in any setting. The collective-choice rules affect operational activities and results through their effects in determining who is eligible and the specific rules to be used in changing operational rules. The constitutional-choice rules affect operational activities and their effects in determining who is eligible and the rules to be used in crafting the set of collective-choice rules that in turn affect the set of operational rules (Ostrom et al. 1994:46).
EXOGENOUS VARIABLES

ACTION ARENA

OUTCOMES

Rules in Use

Action Situation

Actors

Patterns of interactions

Outcomes

Attributes of community

Attributes of Physical World

Evaluative criteria

Source: Ostrom (1994:37)

Figure 1: Institutional analysis development framework

The Samaritan’s Dilemma is the situation in which other people might be in “need of help”, the Samaritan chooses between “helps or not”. The recipient, on the other hand, decides how much effort he or she must make to obtain the Samaritan’s help, “high or low”. If the Samaritan extends help and the recipient exerts high effort, then both are benefited (Samaritan and recipient) – but the recipient receives even higher benefits when expending less effort (Ostrom et al. 2005c:38-39).

Despite the recipient’s efforts, Samaritan faces a main problem, “they are better-off helping no matter what the recipient does”. In terms of game theory “extending help is a dominant strategy, the Samaritan prefers that recipient puts in high effort, but the structure of the interaction guarantees the recipient provides only low effort” (Ostrom et al. 2005c:38-39).

This social dilemma was applied by Torsvik in his research: Foreign economic aid; should donors cooperate? He concludes that without contracts in the recipient country the donor-cooperation increases foreign support (Torsvik 2004:504).

C. Methodology

The methodology is based on the qualitative research. The qualitative research enables to gather the data and extract the full meaning of the case study. The empirical case makes the analysis of a dairy farming association located in the Department of Chuquisaca, Bolivia called Asociación de Pequeños Productores Lecheros de Chuquisaca, ADEPLECH (Small Dairy Farmers Association of Chuquisaca). To gather the information, semi-structured interviews with key informants were made such as rural producers’ leaders, peasant’s organizations, NGOs, regional and national governmental organizations and members of ADEPLECH.

The rural producer organization develops its work in two rural territories of the country, Yotala and Rio Chico in the Department of Chuquisaca. The municipality of Yotala is a small territory with 9,497 inhabitants. The communities’ part of ADEPLECH is located between 10-30 Km from Sucre. The district Nº 7 of the Sucre municipality corresponds to Rio Chico. The population arises to 3,280 inhabitants. The communities’ part of the association is located between 35-70 Km from Sucre. The city of Sucre is the main point for milk distribution and commercialization to PIL-Chuquisaca, which is the main milk company in the city.

The process to select the case study was based on two main indices, the Human Development Index, HDI and the Non-Satisfied Basic Needs, NSBN. The HDI index ranged the territories of Yotala and Rio Chico under the national average which has 0,672 points in the scale of development. The low percentage of HDI shows the disadvantages of these regions to be developed in comparison to other territories across Bolivia. The second index NBSN, which also measure the level of poverty, shows that 58.60 percent of the population in the country is poor. However, the poverty is not equally distributed. The highest rates of poverty are registered in the Departments of Potosi and Beni, and on the contrary Santa Cruz registers the low level of poverty (INE 2005:21) meanwhile Chuquisaca claims that 70.1 percent of the population lives in poverty conditions (INE 2001:1).

D. Empirical case

D.1. Zooming in the case study

Besides the agriculture significance for the country economy, the government’s support to this sector continues to be insufficient and weak. Nevertheless and along the history many governmental policies and strategies in the aim to support the agriculture were implemented. The most significant strategies, policies laws and models which have been affected the performance of this sector in the last 60 years were the Land Agrarian Reform in the year of 1952, the introduction of the Neoliberalism model in the year 1985, the application of the Decentralization Reform applied during the year 1990, the participation of the country in the Poverty Reduction Poverty, PRSP in the
year 2002, and the first agricultural strategy implemented in the year 2004 called Estrategia Nacional de Desarrollo Agropecuario, ENDAR (National Strategy for the Agricultural Development). The last one represents the first document where for first time the government supports the agriculture competitiveness in the rural areas.

The historical objectives of rural producer’s organizations to link small farmers with potential markets had different connotations. There are some authors which affirms that they born as an economical response to the lack of central government attention to the rural areas (Bebbington et al. 1996:15). The Bolivian experiences present that these organizations were created in the aim to avoid the middlemen intervention in the commercialization of agricultural goods. As time went these organizations had positive experiences linking agricultural products to markets. And nowadays, their constantly increasing role as a potential actor to solve the problem of poverty in the country is supported by national and international development agencies. Moreover, these organizations are also increasing in number. The CIOEC-B in the year 2002 registered 633 rural producers’ organizations legally established and the affiliation of 113,802 small farmers across the territory of Bolivia (CIOEC-B 2002:33-36).

There are three types of rural producers’ organizations that were established since the seventies: the agricultural cooperatives created by the Catholic Church in the year 1970, Corporaciones Agropecuarias Campesinas, CORACAS (Rural Agricultural Corporations) created by Confederación Sindical Unica de Trabajadores Campesinos de Bolivia, CSUTCB (Unique Confederation of Rural Labourers of Bolivia) in the year 1984, and the producers’ associations established between the years 1980 and 1990 (Morrée 1998:306-308). The cooperative has its basis in the general law of cooperatives. The establishment required at least 10 members. The annual distribution of benefits considers 20 percent of them for the cooperative funds. The constitution or dissolution requires the previous authorisation of Consejo Nacional de Cooperativas, INALCO (National Council of Cooperatives). The producers’ association legal form is contained in the civil law. Among the advantages, they allow the negotiation of better prices. During the last years they became as the most common legal form adopted by small farmers. The communal company is another and recently legal form adopted by rural producers’ organizations. Their rules are registered under the commercial law. The main advantage is that the structure allows the organization to procure governmental tenders and purchase shares (Mendoza et al. 2003:3-4). In this concern, the tax regulations and their dispositions for each legal form are considered in the national general law Nº 843.

The international cooperation in Bolivia remains long years of being funded economical, social and political programmes and projects. The cooperation started since the seventies. However, the long years of aid does not change the poverty conditions and still the country belongs to the “Lower Middle Income Countries” group. The report of Development Assistance Committee, DAC statistics show that the income per capita in the country ranges between US$826 - US$3,255 (ODA 2006). Likewise, the low income is directly related with the living conditions of people in the rural areas, where the gap of economical and social differences is more notorious than cities. Therefore, the continuous external intervention is required to reduce the poverty. The most important donor countries that support Bolivian programmes are represented by Japan which accounts for 33.0 percent of the total aid, the United States which account for 12.7 percent, and the United Kingdom and Denmark which accounts for 3.6 and 3.0 percent respectively (OECD, 2007).

D.2. Action arena

The dairy farming association and the international cooperation agencies are the main actors that explain the problem of dependence. To understand better these relationships is important to describe the introduction of dairy farming in Chuquisaca. The dairy farming was introduced in Bolivia between the years 1970 and 1990 as a part of Plan de Desarrollo Lechero Nacional, PDLN (Dairy Farming National Programme). This programme was funded by Food and Agricultural Organization, FAO and implemented by Bolivian government. The purpose of the implementation was to increase the milk consumption between adults and children. As a result, the first milk state company was created in Sucre in the year 1974, which objective apart from the dairy production and commercialization was to equip the first milk storages centres in Yotala and Rio Chico. The association ADEPLECH was created in the year 1989 with the aim to provide, transform and commercialize milk and by-products (ADEPLECH 2003:12). As long as the years were
passed the number of members remains the same with no strong modification. The year 2002 registered 209 members that are distributed in 15 milk storages centres along the territories of Yotala and Rio Chico.

The association ADEPLECH as an important actor of development in the territory can play different roles depending on its position. The most significant positions identified are three: shareholder, regional actor for development and aid recipient organization. First of all, the decentralization of state companies represented a good opportunity for association to buy part of the milk company shares that nowadays turn them as the major shareholder of PIL-CH. Secondly, the positive experiences of the organization to link small farmers to markets gave them the position of the major regional actor of development recognized in Chuquisaca. Finally, and because of its relation with the international cooperation brings them the position of aid recipient organization. Is precisely, this position the main focus of the research. On the other hand, the position of donor agencies will be defined as the strongest one in terms of experience, human capital qualified, and clear address of the aid. The roles remark the position of power of each actor, meanwhile the association plays the role of negotiation and management of the aid according to its approach and principles of the organization, and on the contrary, the donor agency plays the role of supervision and control of the aid.

Internally, the association has three levels of decision-making: the leaders’ structure, the administrative and technical support, and the milk centres management. The first level comprises the General Assembly, the *Directorio Ampliado* and the *Directorio Ejecutivo*, which is the most important decision making body of the organization. The leaders in each position work on a voluntary basis. The second level represents to the administrative and technical staff organization where the coordination, implementation, and evaluation of General Assembly agreements are the most important assignment. The staff employees are paid by the annual budget that the association receives from the donor agency. And the third level corresponds to milk storage centres management as decentralized units of the organization which represent the operational level where the provision of milk to markets according to the requirements is ensured. The representatives in each milk centre work also on a voluntary basis.

The major donor agencies which have been financed ADEPLECH historically come from the Netherlands international cooperation. The Netherlands external aid represents the seventh most important cooperation to Bolivia, with an annual investment of SUS47 million (OECD 2007). The aid is mainly channelled through Co-Financing Agencies, CFAs. The association receive the aid from two donor agencies: Servicio de Cooperación Holandés, SNV (*Netherlands Development Organization*) and Interchurch Organisation for Development Co-operation, ICCO. Both organizations have long tradition in the development of territories across the country, the SNV in the aim to “fight against poverty in developing countries” (SNV 2006:9) and ICCO embodies the “co-operation as the main tool to work with partner-organisations against the poverty” (ICCO 2007:9-13). The SNV as the major partner supporting ADEPLECH search for the generation of incomes through the creation of new employment opportunities through the dairy farming actions, and improve the access of people to basic services. The achievement of the objectives requires that donor agencies establish parameters for the gradual funding of the local organizations. The Table 1 shows this relation.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Criterion</th>
<th>Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-investment</td>
<td>Functioning of RPO</td>
<td>Studies</td>
</tr>
<tr>
<td></td>
<td>Provision of services</td>
<td>Meetings</td>
</tr>
<tr>
<td></td>
<td>Basic accountability</td>
<td></td>
</tr>
<tr>
<td>Start-up</td>
<td>Legal RPO form</td>
<td>Fixed &amp; variable costs (100% &amp; 75%)</td>
</tr>
<tr>
<td></td>
<td>Functioning rules</td>
<td></td>
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<tr>
<td></td>
<td>Membership</td>
<td>External financial audit</td>
</tr>
<tr>
<td></td>
<td>Farmers’ profitability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Women participation</td>
<td></td>
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<tr>
<td>Strengthening</td>
<td>Clear mission</td>
<td>Fixed &amp; variable costs (75% &amp; 25%)</td>
</tr>
<tr>
<td></td>
<td>Organizational structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Members contribution</td>
<td>Investment</td>
</tr>
<tr>
<td></td>
<td>Accountability of the RPO</td>
<td>Loan credits</td>
</tr>
<tr>
<td></td>
<td>Women active participation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Linkages RPO and others</td>
<td>Financial audit</td>
</tr>
<tr>
<td>Consolidation</td>
<td>Profitable services vs. subsidies services</td>
<td>Fixed &amp; variable costs (25% &amp; 0%)</td>
</tr>
<tr>
<td></td>
<td>Membership</td>
<td>External financial audit</td>
</tr>
<tr>
<td></td>
<td>Organizational Structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fund of 75% of operational cost</td>
<td>Consultancies</td>
</tr>
<tr>
<td></td>
<td>Women participation in the decision-making</td>
<td>Publications</td>
</tr>
<tr>
<td>Post-</td>
<td>Capacity of decision-making</td>
<td>External audit</td>
</tr>
<tr>
<td>consolidation</td>
<td>Cover the total cost with the internal RPO budget</td>
<td>Consultancies</td>
</tr>
<tr>
<td></td>
<td>Equity decision-making between women and men</td>
<td>Publications</td>
</tr>
</tbody>
</table>

Source: Adopted from SNV (2008: 10-12)
This table shows the steps that rural producers’ organizations need to follow if they want to achieve the social and economical sustainability as soon as the aid will finish. The different phases are the combination of criterion and funds, for example the pre-investment phase explains the activities that need to be done in the start up of the organization and the post consolidation phase explains the level of sustainability that has to be achieved by the organization. The sustainability in this context is understood as the rural producer’s organization economical capacity to cover its fix and variable costs. Besides the economical perspective, each phase also emphasises the gradual women membership and participation in the decision making process as well as the promotion of young-adult leadership.

D.3. The interactions among external variables and ADEPLECH

The problem of dependence and its implications is explained since the combination of rules in use and attributes of the community. The rules in use clearly identify the aspects that cause the aid dependence on the organization. And the attributes of the community help to explain the influence of the organization on the community values.

a) The constitutional rules influencing ADEPLECH

The Table 2 describes with some examples and cases how the rules can affect different levels of analysis in ADEPLECH. The analysis of the constitutional level, which is the main subject of study, corresponds to the constitution of the organization. The collective level of analysis corresponds to the management of the organization and the provision of extension services to members. The operational level of analysis represent the decentralized management of rules and regulations made by each milk storage centre, which correspond to the daily decision-making in production, monitoring and sanctioning.

<table>
<thead>
<tr>
<th>Rules</th>
<th>Levels of analysis</th>
<th>Processes</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constitu-</td>
<td>Constitu-</td>
<td>Formulation</td>
<td>RPO constitution</td>
</tr>
<tr>
<td>tional Choice</td>
<td>tional Choice</td>
<td>Governance</td>
<td>Statutes</td>
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<td></td>
<td></td>
<td>Adjudication</td>
<td>Membership</td>
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<td></td>
<td></td>
<td>Modification</td>
<td>Organizational structure</td>
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<td></td>
<td></td>
<td></td>
<td>Contribution fee</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Location</td>
</tr>
<tr>
<td>Collective-choice</td>
<td>Collective Choice</td>
<td>Policy-making</td>
<td>Strategic plan and internal budgets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management</td>
<td>External audits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adjudication</td>
<td>Credit policy</td>
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<td></td>
<td></td>
<td></td>
<td>Contracts with markets</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Provision of extension services</td>
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<td></td>
<td></td>
<td></td>
<td>Research &amp; Training</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Administrative staff and advisers</td>
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<td></td>
<td></td>
<td></td>
<td>Marketing strategy</td>
</tr>
<tr>
<td>Operational</td>
<td>Operational Choice</td>
<td>Appropriation</td>
<td>Everyday decisions regarding production, delivery of goods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provision</td>
<td>Control mechanism/monitoring</td>
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<tr>
<td></td>
<td></td>
<td>Monitoring</td>
<td>Sanctioning</td>
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<tr>
<td></td>
<td></td>
<td>Enforcement</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Ostrom 1990:53

The analysis of the constitutional rules is based in two moments, the rules that were elaborated at the beginning of ADEPLECH establishment and the rules that were modified in the last years. The constitutional rules embody the legal association constituency and elaboration of statutes. The regulations in the statutes describe the membership definition, the internal structure, and the mechanisms of controlling and sanctioning the milk quality. The first statute was elaborated along the year 1989 and the modification was made in the year 2003.

The modification focuses mainly in three economical-social aspects of the organization: the membership definition, the women participation and the election of leaders. Some of them were modified in the statutes and other corresponds to the modification of informal rules. Indeed, the statute considers the modification of three rules: i) the 50% of women participation in the staff board of directors, ii) the women membership acceptance, and iii) the extension of leaders’ representation for two years. Concerning the informal rules, they include the election of leaders’ base on the leadership and expertise of members rather than the experience in ages of local authorities.
b) Cultural factors explaining ADEPLECH influences on community values

The rural producer organization cultural factors are commonly understood as the indigenous values of the community. The indigenous values are sort of practices, legitimately recognized and practiced by members inside the community. Some of these traditional practices that prevail even today are the clear social focus of the community, the election of authorities based on members’ ages, and the decision-making structure based on man power. Firstly, the traditional community has strong social approach which guides the villagers’ living, where the cooperation is one of the main principles. Through the cooperation principle, the villagers help each other in the community, organized themselves to support the communitarian tasks such as the construction, maintenance and cleaning of common goods, and make a sustainable use of common pool resources such as communitarian land for agricultural production or animal feeding purposes. Secondly, the traditional election of authorities based on members’ ages is explained because of the accumulative experience of the member through years. The local authorities affirm that younger leaders can have the same opportunities as their parents when the time will be ready for them. Finally, the women participation in the decision making structure of the community was not considered because their affiliation was considered part of the family where man assumes the leadership. Even though, their participation was possible in extreme cases such as the widowhood. Additionally, it is possible to find other important community values such as the traditional meaning of land which is expressed by its strict sense of religiosity. Usually land in indigenous territories of Bolivia is represented by Pachamama, Quechua word that means ‘mother earth’.

D.4. Outcomes

There are two main outcomes that demonstrate the donor agency influences on ADEPLECH after 15 years that organization has been participating in the programme: the external aid dependence and the conflicts caused in the community the new practices introduced by them.

a. External aid dependence

The external aid dependence on rural producer organization is measured by two main indicators: the financial self-sufficiency of the organization, and the cost/benefit of the programme. The self-sufficiency indicator determines the financial capacity of the organization to cover their cost. The analysis is made through the comparison of incomes and cost of the organization in the last four years (2002-2005) as it is drawn in the Figure 2. On the one hand, the income includes the membership fee and other minor incomes (such as sale of supplies for dairy farming) of the organization. The membership fee, which is the most important source of incomes, represents the monthly payment made by members to ADEPLECH. The law establishes a fee of 3 percent of members’ income, which cover basically the sanitary services expenses. In addition, members agreed to contribute 2 percent of their incomes to cover their administrative expenses. On the other hand, the cost is represented by the administrative and operational cost of the organization. The first one includes the administrative staff salary, transport cost, basic office needs, and office stationery. The second one encloses the technicians’ and advisers’ salary, and the training cost of the programme.

![Figure 2: The financial self-sufficient indicator](source: Own presentation)
to decrease rather than increase. Furthermore, the last evaluation report in the year 2003, confirms that “no one of the rural producer organization across Bolivia funded by the same donor agency achieved to cover their operational costs and the fee contribution is still symbolic” (Lemus 2004:78) that somehow explains the ineffective strategies used by international cooperation to reduce the external dependence.

The cost/benefit indicator compares the income perceived by member with the cost of the programme since the year 1995 to 2005 as it is shown in the Figure 3. The reports written by Kupfer (2005:6) claim that the gross annual income average per farmer in the territories of the study reach US$1,500. The calculation includes the incomes from vegetables production and dairy farming activity without the subtraction of the labour force cost. The results declare that between 40 to 80 percent of the income comes from dairy farming. It means that dairy farmers earn US$220 more than traditional farmers in the territory. On the other hand, the cost per member corresponds to the annual budget of the programme per member.

\[\text{Income} - \text{Cost}\]

Source: Own presentation

Figure 3: Benefits and costs of the programme in US$

The tendency of both variables demonstrates that every year the cost of the programme per member is major than the private economical benefits received by them. The differences become more notorious in the gap between the years 1998 to 2004. The increasingly cost of the programme is mainly explained by the expensive technical extension services provided by cooperation (SNV 2005:36).

b. The conflicts between traditional values and new practices

The conflicts between rural producer organization and community start when the traditional rules were overlapped by the new practices introduced by organization as a result the disconformities among local authorities arise. The new practices enclose the economical approach of the organization, the election of young-adults leaders, and the defence of women empowerment and participation in the decision making structure. First of all, the economical connotation of the organization was not totally understood by local authorities in the community. The local authorities believe that the economical approach in the organization represents a constantly threat for the community values. Consequently, the differences within beneficiaries and non beneficiaries increase, and the opportunities for the local organization to negotiate projects and programmes within the municipality government cooperation frame were reduced.

The election of young-adults as leaders of the organization breaks off one of the traditional rules to elect leaders in the community. The leadership was one of the components strongly sustain by programme for several years. The most significant result demonstrates that the head of the organization is the youngest leader who has been elected consecutively twice. Nonetheless, the traditional authorities hardly accept his leadership and as a result the relationship between both parts is difficult despite the attempts bring by leaders of the organization to work in coordination. Thus, the young leaders find sometimes challenging to work under the pressure of the traditional structure. Indeed, the traditional structure in the communities is still conservative to accept the leadership of young farmers in position of power.

The women participation in the decision making structure was the most critical element of discussion between community and rural producer organization, and hardly accepted by leaders. The societies in the traditional community are still conservative where the man power dominance is noticeable. The ‘women empowerment’ was also one of the main pillars in the programme and donor agencies might have been working hard to achieve it. Similarly, the women also have been working hard to reach the men acceptance in those positions of power, although their participation is active when they are single rather than married. Notwithstanding the women acceptance, no
one of them still nowadays have assumed the head of
the organization, the most common positions achieved
by them are Secretariat, Treasury and Vocal.

In conclusion, the programme after several years
of working has achieved to change the traditional rules
as a result of the new economical dynamics in the
organization. However, the new practices introduced
were not always well accepted by the traditional
community where the societies remain to be
conservative and as a consequence to work in
coordination with local authorities is not always
possible. Indeed, there is a strong interest in the
grassroots organizations to maintain the traditional
power structure in the community that shown their
success in maintaining the members organized in the
territory.

E. Discussion

The long years of international cooperation working in
the reduction of poverty in developing countries shows
the difficulties that these agencies have to face in their
commitment. The situation in Bolivia is similar to
other countries where the international cooperation
after several years shows small achievements and the
poverty prevails in many territories across the country.
If the situation would be comparable with a game
situation then it appears that donor agencies are better-
off helping no matter what the recipient does (Ostrom
et al. 2005c:38). This affirmation could be contrasted
with many examples of programmes and projects
across the territory of Bolivia as well as the case study
where the critical point is still the economical
sustainability of the organization.

The case study explains the problem of
dependence and shows controversial positions of the
real help of the international cooperation in the
countries. Some authors claim that “freedom in
commons brings ruin to all” (Hardin 1968:1244) that it
is understood as the lack of commitment of the
organizations to overcome the problem of
sustainability as an important element to reduce the
dependence. The particular case study calls the
attention because of the long years that organization
was receiving the aid and surprisingly the indicators
demonstrate that the sustainability of the organization
is still weak and the strategies to reduce the external
dependence such as increase the fee contribution will
not make profitable the dairy farming activity.
Consequently, the dilemma comes up whether
continue funding in order to maintain the organization
competitiveness as much as it is possible or cut the aid
and leave the organization to assume the market
challenges by themselves. Indeed, there are no
competitive economic systems for small dairy farmers
unless it will be supported by the external cooperation.

The dilemma of dependence is undoubtedly the
problem of both organizations rooted in the type of
relation between them. This relation is rightly
described as asymmetrical in power. Firstly, the
position of donor agency demonstrates to be well
organized and strong in terms of decision making
process, they determine exactly who are eligible for
the programme and what are the requirements for the
participation. In other words, the donor agencies set
the conditions for the local organizations and, the local
organizations can either accept or reject them.
Therefore, the position of organizations is carefully
outlined by rules of compliance where the
“asymmetrical power relationship driven by money
make the goals of the dominant agency will invariably
displace the goals of the subordinate partner” (Brown
et al. 1989:27). The case study proves the traditional
local organization have to adapt their structures to the
goals demanded by cooperation agencies.

Secondly, this asymmetrical relationship goes
beyond the rural producer organization expectations
since the changes within their structures affect the
cultural factors on the community. The different
experiences in the country show that the political
structure of power in the community can overlap the
rural producers’ organizations economical objectives,
and provoke internal conflicts between them (Ordinola
et al. 2001:104). It is clearly identified in the case
study that because of the lack or limited coordination
between leaders of both organizations and this
traditional structure in the community is powerful and
legitimately recognized by villagers.

Thus, there are two main components that describe
the external dependence: the lack of economical
sustainability in rural producer organization and the
asymmetrical power between both organizations. The
lack of sustainability of local organizations is one of
the current worries of donor agency after several years
of funding the programme. The asymmetrical power
relationship explains why the cooperation is
responsible for this external dependence and how the
changes introduced by local organization affect the
cultural factors in the community.
II. CONCLUSIONS

The external dependence itself demonstrates to be difficult to explain because of the complex relationship between the international cooperation and developing countries. The problem of dependence in this research is analyzed based on two elements: the sustainability of local organization and the asymmetrical relation of power between both actors. The results obtained were contrasted with the findings of other authors that have been working in the same subject in the Bolivian context such as Bebbington (1996), Morré (1998), Commandeur (1999) and Ascarrunz (2004). The problem is analyzed in the constitutional level of the Institutional Analysis Development with the inclusion of the precepts of Samaritans dilemma.

Despite the changes introduced in the local organization as a result of their participation in the programme, the efforts to make the organization sustainable are still insufficient and the economical price to make the organization competitive involve efforts that can reduce the economical benefits of the dairy farming activity. But conversely, there are “successful rural producers’ organizations” across Bolivia that are heavily dependent on the external aid. Even today they continue to receive the resources to make their local activities competitive and participate in the value chain (Bebbington, 1996). Therefore, the efforts to make these organizations competitive are insufficient to build up an economical model of sustainability and the risk increases if the cooperation decides not to cooperate.

Another important factor of the debate is the relationship between rural producer organization and grassroots organizations in the communities. The new dynamics of rural producer organization such as women membership and their participation in the decision making process, the election of young-adult members as leaders of the organization affects the cultural factors of the community, however the strong position of this one make difficult to local organization to work in coordination. The most affected actor in this unequal relationship is the rural producer organization because the negotiation of projects and programmes through the municipality requires the approval of local authorities. Complementary to this finding, there are many other authors who refer to this unequal distribution of power between both organizations. Some of these authors outline that the strong position of the grassroots organization in the community can undermine the rural producers’ organization interest and expectations (Commandeur 1999:26), other authors explain the importance of donor agency to search and work closely with the leaders in the community in order to find the sustainability of local organization (Bebbington et al. 1996:111).

The findings of the research open the discussion to other subjects that need to be followed up, some of them are related with the equilibrium in the aid, which means that the point of aid is to achieve equilibrium that can help the organization to be sustainable. Another issue of the debate is concerned with rural producers’ organizations understanding of sustainability, as a previous stage to understand the international cooperation aid in developing countries. Finally, in the operational level can be necessary to study the mechanism of monitoring, enforcement and sanctioning rules in the milk storage centres with market contracts.

Indeed, the problem of dependence is concerned with both organizations, the one which provides the aid and the one who receives the aid. Therefore, the problem requires the participation of both. Initially, it seems that the application of enforcers’ rules can help to reduce the dependence since they clarify their agreements and achievements in each stage. These enforcers’ rules have to be built since a participatory process, when both of them are present. Likewise, the policy to reduce the dependence between the local organization and the donor agency has to be clear in definition of a strategy that allows the development of human capital in the territory which can replace the donor agency’s aid at least in the provision of extension services to the territories. At the same time it is of vital importance that international cooperation could understand the social and cultural dynamics in the community in order to create and consolidate strong linkages with local authorities in the search to build up a sustainable model of development for the local organization.

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