



AID-FOR-TRADE: CASE STORY

THE INTERNATIONAL TRADE CENTRE

Entrepreneurial development of cooperative federations in Guatemala

CASE STORY ON GENDER DIMENSION OF AID FOR TRADE

ENTREPRENEURIAL DEVELOPMENT OF COOPRATIVE
FEDERATIONS IN GUATEMALA

WTO Case Story Template

ENTREPRENEURIAL DEVELOPMENT OF COOPRATIVE FEDERATIONS IN GUATEMALA

Date of submission: October, 2010

Region: Central America

Country: Guatemala

Type: Project for entrepreneurial development of cooperative federations in Guatemala (PRODEF) - \$7 million, 2002-2011

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Executive Summary

The Entrepreneurial Development of Cooperative Federations Project (PRODEF) supports the agricultural federation of Cooperatives of Verapaces (FEDECOVERA), to meet the needs of the grassroots cooperatives it serves, specifically in the production and marketing of cardamom, including international export markets. This project has achieved significant progress toward intermediate outcome #1. Before the start of the project in 2002, FEDECOVERA had no export capacity. In 2009-2010, FEDECOVERA exported around 400 tons of cardamom to the international market. This has led to family income increases between 10% and 20%. FEDECOVERA is today exporting to 20 countries, in North America, Europe, Japan, Middle East and South Asia. In 2009-2010 total exports declined to 400 tons from 491 tons in the previous year due to a drop in total production. Yet a significant increase in prices more than offset the production losses, providing all those involved with higher profit margins. This is compounded by the fact that FEDECOVERA has implemented a hedging strategy of niche markets supported by quality labels, looking for the best customers for the purchase price and long term relations. Also, sales of organic cardamom have shot up, reaching as much as 63% of total sales compared to 31 % for the 2008-2009 harvest.

Issues Addressed

CIDA's program in Guatemala focuses on food security through agricultural development in rural areas. During 2009-2010, Guatemala faced a food security crisis, registering the highest rate of chronic malnutrition in the Americas. Food insecurity is projected to intensify. Organized crime and violence have continued to seriously limit growth and development, with impunity levels remaining at 98%. Guatemala is also one of the most vulnerable countries in the world to natural disasters.

Objectives Pursued

This project has pursued the main objective of:

- Increased sustainable agricultural productivity, consumer access for women and men to food products, and rural competitiveness of women and men small-scale farmers and small business owners in targeted provinces.

Design and Implementation

In 2003, at the time of the project's design and approval, there was no explicit mention of gender and activities specifically related to gender were not integrated into the programming. Later in 2005, the gender dimension was included following an external evaluation. However, the cooperatives were already encompassing activities to include women as decision makers in the various regional cooperatives. This demonstrates that gender is not necessarily taken into consideration in an agricultural trade type project despite the strong realities of women's role and participation in the cooperatives. The profile of gender and trade should be increased (compared to environment) and insights on the gender dimensions of trade projects needs to be included in the design of Aid for Trade type programming.

Problems Encountered

Guatemala is one of the most vulnerable countries in the world to natural disasters. In mid 2009, a severe drought hit the country and caused extensive crop failures.

Guatemala has the highest rate of chronic malnutrition in the Americas. In 2009-2010, Guatemala faced a food security crisis, which is still ongoing, with an alarming increase in cases of acute malnutrition.

Poverty in Guatemala is predominantly rural and concentrated among the indigenous population. While the achievements of this project touched directly the indigenous population, it has been challenging to adapt the program to deeply entrenched cultural views, as well as to effect some changes in rigid ancestral practices.

Factors for Success/Failure

PRODEF has yielded excellent results. Part of its success was due to the concentration of efforts in one commodity – cardamom - even though the original idea was broader. Decisions were made early enough to avoid dispersion and thus generate a greater impact.

Results Achieved

This 7-year project is coming to a close in 2010 and boasts impressive results for the mainly indigenous members of a Guatemalan rural cooperative association - FEDECOVERA, that specializes in the production and commercialization of cardamom. In 2002, FEDECOVERA had no cardamom export capacity. Today it exports to 20 countries and has led to family income increases between 10% and 20%, reaching out to approximately 2,400 families.

FEDECOVERA is 85% owned by small Guatemalan producers and all export profits are re-invested in the cooperative communities. FEDECOVERA reaches out to approximately 15,000 individual family members. This project has contributed directly to the pursued objectives. First, the support to FEDECOVERA has created more jobs by improving the sale of cardamom; second the project has contributed to increasing the yields in the production of cardamom and finally it has created new economic opportunities with access to international export markets.

Specifically on gender results;

- Efforts to integrate women in key project activities have been built into the project following a mid-term evaluation in 2005. PRODEF then succeed in increasing the number of women associates participating in local cooperatives, including at the decision making level.
- The project now has increased capacity on mainstreaming issues related to gender with a full time gender specialist working on that. In doing so, gender indicators were introduced into the project logic model and work plans with specific activities and services to ensure results for women and men, including attention to child care, language facilitation and appropriate time schedules.

- The 12 cooperatives and 2500 family members working with the FEDECOVERA cardamom federation benefited from an average increase in income between 27-34%. In addition, the presence of cooperatives in one zone benefits all producers in this area in terms of price regulation (effects observed on many occasions).
- FEDECOVERA has achieved significant profits of more than U.S. \$ 2 million in 2009/2010, allowing the federation to provide 15 services for free to 15 000 families in the FEDECOVERA network. Among these services are the support payments to school teachers, support in building and maintaining schools and health services among other things.
- The women members of cooperatives were also trained in the field of family business. The project has also observed that 2 cooperatives, have women president, which has changed the dynamics of organizations in a very positive way for everyone.

Lessons Learned

- Originally, the project had chosen to collaborate with two partner cooperatives. One of these cooperatives did not yield the results because of the lack of implementation of the Business Plan. CIDA and the executing agency decided to solely focus on the first cooperative in Cardamom production in order to provide more support to the cooperatives and increase results in this sector.
- Even though clear efforts were made to include women in the practical realities of the project, gender issues were not analysed and not included in the design of the project. Therefore, many results related to gender were simply not included in the project documentation and reporting until 2005.

Conclusion

This project has clearly improved the lives of individual farmers and their families who are working with the cardamom FEDECOVERA Federation. The project has especially been successful in increasing family income and job creation for women entrepreneurs. Even though this project is now ending, the Federation continues to support cooperatives, when necessary, to improve infrastructure and continues to support farmers in improving their plantations. It is important to note the importance of the federation to have a social safety net to deal with possible difficult years to come, and that the association has the financial capacity to pay the expenses for services provided to partners, including basic education and health. Because of the support of this project, the federation has the capacity to support the development of other businesses and other chains with new groups and crops, such as cocoa.

Annexes and/or References

The Federation of Cooperatives of Verapaces (FEDECOVERA)

<http://www.fedecovera.com/english/frameset.html>

APROVED BY: CIDA GUATEMALA DESK (Manager and Communications)