

Formation of POs in pluralist legal contexts

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Producer organizations are part of Dutch farming: personal background

- **Inputs:** WELCOOP cooperative
- **Insurance:** HagelUnie cooperative
- **Credit:** RABO cooperative
- **Marketing:** WALCHEREN B.A. cooperative auction
- **Interest representation:** CBTB farmer union
- **Book keeping:** WEA, service of ZLM farmer union



Producer organisations in Bolivia

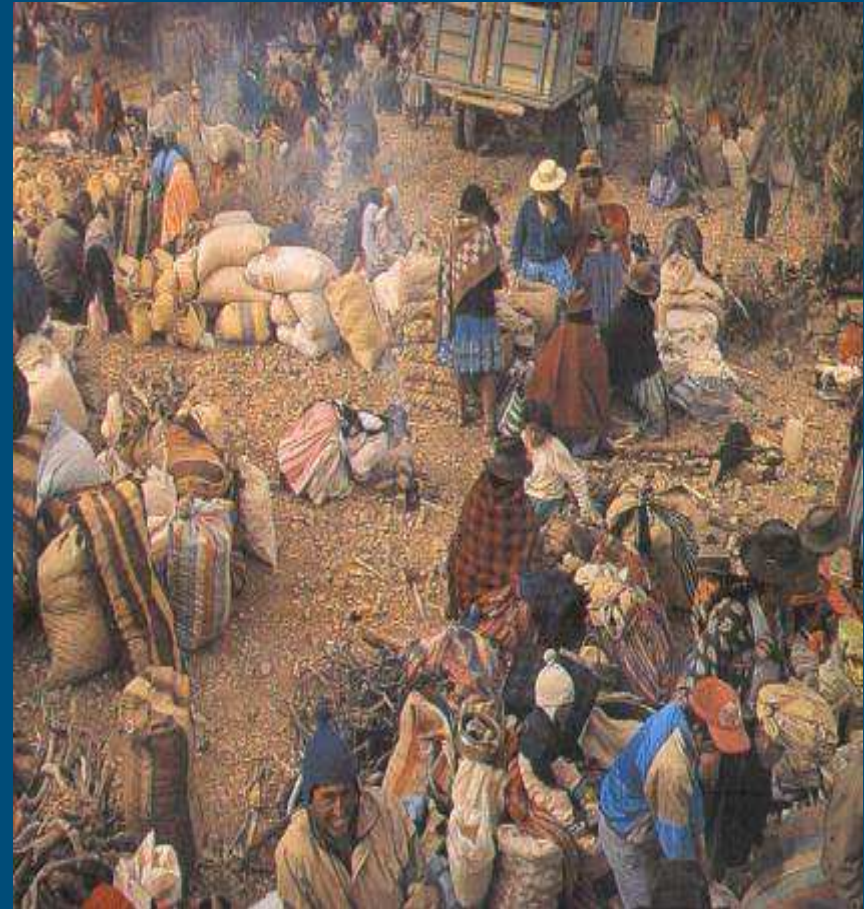
- Territorial based producer organisations: assets
 - Community based
 - Indigenous
 - Semi-governmental
- Generally: membership defined by citizenship

- Economic producer organisations: functional interests
 - Commodity based
 - Supply chain oriented
 - Pro-active
- Generally: selected membership defined by economic interests

Producer organisations in Highland Bolivia

■ Multiple participation:

- Village Syndicate (CSUTCB) or Indigenous organisation (CONAMAQ-CIDOB-CEPSC)
- Economic Peasant Organisation (CIOEC)
- Decentralized municipal councils (OTB's)
- Irrigation association
- Peasant market association
- etc.



Legal pluralism

- Most developing countries have at least three frameworks governing economic relations:
 - Formal market economy
 - Informal market economy
 - (Indigenous) customary law
 - Peasant engage in organisations reflecting on their (collective) experiences with and within these different frameworks
 - They tend to select the formal legal format closest to their experienced reality: “associations”
 - Visiting/experimenting with other legal forms is therefore important
- ➔ ***Do not force a PO to formalize itself when they will have to compete in the informal economy***

→ ***Formalize the PO according to the existing legal framework most beneficial to its future development instead of short term benefits***

- Farmers' associations (Civil Code)
- Farmers' cooperatives (Cooperative Law)
- Private farmers' enterprises (Code of Commerce)
 - Extended family or relatives pooling resources
 - Different farmers setting up joint enterprise
 - Farmers as individual shareholders
 - Farmer associations or cooperatives as (majority) shareholders

	MEMBERS FINANCIAL CONTRIBUTION	MEMBERS FINANCIAL RESPONSIBILITY (RISK)	
JOINT PRIVATE ENTERPRISE	+++	+++	
FARMERS' ASSOCIATION	+	-	
FARMERS' COOPERATIVE	++	+	

	MEMBERS FINANCIAL CONTRIBUTION	MEMBERS FINANCIAL RESPONSIBILITY (RISK)	WORK BEST WITH STRATEGIC OBJECTIVE
JOINT PRIVATE ENTERPRISE	+++	+++	PROFIT
FARMERS' ASSOCIATION	+	-	SERVICES
FARMERS' COOPERATIVE	++	+	LOW TRANSACTION COSTS HIGH VOLUME

Legal frameworks

- The differences between ‘associations’ , ‘entreprises’ and ‘cooperatives’ considering internal organization and operations can be quite small
- However, in legal terms the differences can be big
- These laws and regulations differ between countries:
 - organizational formats can be ‘hot’ in one country while obsolete in another country

CIOEC-Bolivia policy proposals

- 'Transforming' an already existing organisation proved time-consuming and can result in less committed members (e.g. joint ventures)
- ➔ ***Adapt the legal framework to suit it better to the reality of existing organizational forms***
 - Change government procurement policies ('Compro Boliviano')
 - Change export requirements
 - Open Chamber of Commerce inscription ('Tarjeta Empresarial')
 - Develop credit facilities adapted to associations ('warrant')

Emerging experience: hybrid models

- Peasant associations as majority shareholder in a separate enterprise
 - Increase performance:
 - Managing directors and staff are different between the two entities
 - Reduce potential conflicts between the two entities:
 - President of association is also president of enterprise
- Peasant association delegates specific functions to separate body with governance mechanisms: e.g. subsidy funds
 - Transition phase: experimenting before formalizing structures
 - Legal document specifying the transfer of decision making
 - Legal document to protect the PO from legal or financial consequences of delegated decisions

Thank you!

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