		<h2>Social Analysis Systems<sup>2</sup></h2> <p><u>Concepts and Tools for</u> <u>Collaborative Research and Social Engagement</u></p> <p><a href="http://www.sas2.net">http://www.sas2.net</a></p>	
<b>Title</b>		<b>Timeline of factors influencing the origins and evolution of a milk-producers cooperative in Honduras</b>	
<b>Key Words</b>		<i>Timeline, Validation, Community Economic Development, Cooperatives, Honduras</i>	
<b>Reference</b>		Suazo, L. 2007. Timeline of factors influencing the origins and evolution of a milk-producers cooperative in Honduras. Social Analysis Systems <sup>2</sup> Technique Report #22. 5 pp. The author would like to acknowledge the assistance of Daniel Buckles, who helped write the report.	
<b>Context</b>		<p>The Jamastrán Valley and Highlands of Danlí are farming and ranching areas in the Department of El Paraíso near the border Honduras shares with Nicaragua. Most ranchers raise cattle for two reasons. They sell some male animals for meat while the milk from cows is sold to cheese-makers in the region. Over the years, the owners of livestock have tried to organize themselves to negotiate milk prices, develop regional and export markets for their products, and address technical problems that arise. These attempts to organize have had uneven results. Sometimes, the producers' organizations have failed.</p> <p>The current organization, the United Producers Agricultural Cooperative Limited (COAPUL), brings together 139 members in 20 different communities. More than 1200 people, including producers and ranch-hands, are affected. The Board of Directors of COAPUL decided to assess its history. They planned to use this information to write a proposal for new funding, and as part of a broader effort to reduce its vulnerability to problems encountered in the past. The Institute for Cooperation and Self-Development</p>	

	<p>(ICADE), a private, not-for-profit organization based in Tegucigalpa, Honduras, has a long-standing relationship with COAPUL and supports the organization through technical assistance and training. The assessment was conducted by the author at the request of COAPUL, and with the support of ICADE.</p> <hr/>
<b>Purpose</b>	<p>To identify the events and actions that influenced the evolution of the producer organizations from which COAPUL emerged, and validate the results of the analysis.</p> <hr/>
<b>Process Summary</b>	<p>The assessment was conducted during a half-day meeting with 10 people that knew about the origins and evolution of COAPUL. The meeting was convened by COAPUL's Board of Directors. Participants identified the organizations from which COAPUL had emerged and the key events and actions that led to both success and failure over the years. These were noted on cards and ordered chronologically. Discussion was encouraged throughout the process and consensus sought regarding the accuracy and relevance of the information and implications for the organization. When the assessment was complete, the group reviewed its plans and how it might use the results of <i>Timeline</i>. They discussed whether or not the results were "good enough" to meet their needs, using the SAS<sup>2</sup> technique Validation. Participants agreed to have their information used in this report on the exercise.</p> <hr/>
<b>Analysis</b>	<p>The <i>Timeline</i> assessment showed that the first milk producers cooperative emerged in the early 1980s when the national government and outside agencies actively promoted agrarian cooperatives in Honduras. Those bodies had offered general organizational and legal assistance but, according to the group, paid little attention to the history of market dynamics or local administrative and entrepreneurial capacities. The organization, called the United Producers Regional Agricultural Services Cooperative (COARSPUL), collapsed after a few years because it could not negotiate favourable prices for milk. Members would sell part of their production on their own and part of it through the cooperative. This made it difficult for the organization to present a united front to buyers, who preferred to purchase from individual</p>




producers who had little negotiating power.

In 1990, a ranchers group called the Agricultural Services Cooperative of the East (COASOL) acquired the legal credentials of COARSPUL and registered as a cooperative locally. To accommodate this process, the regional mandate of the organization had to be rescinded and the regional designation removed from its name. This led to the creation of the first COAPUL, an organization that throughout the 1990s tried to negotiate better milk prices for its members. The participants said that it struggled with fluctuating membership and difficulties offering markets a steady supply of quality milk. The organization collapsed in 1998, due to a drop in membership.

Several splinter groups were formed in 1999 based on a private business model promoted by the national government through its Technical Extension Services (SET). Some former members of COAPUL, with assistance from ICADE, formed the Society of Milk Producers of El Paraíso (LACPASA). This private society tried to market its milk collectively to HONDITA, an export-oriented cheese-making company, but could not negotiate favorable prices and buying arrangements. The weak negotiating position of LACPASA due to its small membership was the main problem noted by the participants.

In 2001, ICADE proposed to LACPASA that it broaden its membership and re-establish the social mandate of the organization. They argued that a larger membership base would improve their capacity to negotiate milk prices and attract the investment needed to improve production practices. When the members of LACPASA applied for registration as a cooperative, the Honduran Institute for Cooperatives suggested they reactivate COAPUL instead, saving time and legal fees. Shortly afterwards, ICADE secured long term technical and organizational assistance for COAPUL from international aid agencies.

According to the participants, investments in COAPUL initially focused on the infrastructure and management practices needed to improve sanitation and the quality of milk marketed by the

	<p>cooperative during the raining season, and in improving access by members to nutritional supplements needed to boost and stabilize milk production during the dry season when prices are highest. The reliability of milk supply improved quickly and the cooperative was able to offer potential buyers (especially cheese makers) a higher quality product. A successful membership drive when it was formed in 2001 also helped give the organization the critical mass it needed to negotiate better prices for its members. Participants noted that these changes greatly increased member interest and confidence in the potential of the cooperative, which in turn further strengthen their negotiating position with potential buyers. A line of credit for the organization was established in 2004 with the support of its members, and in 2006 professional management and administrative personnel were hired by the organization to provide the support offered until then by ICADE.</p> <p>Validation of the timeline assessment concluded that the result was good but not sufficient for their purpose. Plans were made to collect additional information and broaden consultation with members regarding the key results and their implications (See SAS<sup>2</sup> Technique Report # 8 for details on validation of the assessment).</p>
<p><b>Interpretation</b></p> 	<p>Participants noted that membership in the various milk-producers organizations established over the years could not be sustained because the organizations could not negotiate acceptable milk prices, especially during the wet season when prices are lowest. Buyers used their advantage to keep prices low, negotiating with individual producers rather than collective groups. The new COAPUL has been more successful because of its emphasis on improving the quality of product offered to buyers and a strong membership base that allows it to negotiate collectively on behalf of its members. These improvements happened thanks to the technical and financial help offered by INCADE and due to members who had acquired both technical and administrative skills in the more successful private societies.</p>
<p><b>Actions</b></p>	<p>Participants decided to ask the facilitator of the assessment and author of this report to interview more of the older members of producer organizations and to search for details of name changes</p>

	<p>and trends in membership by consulting the archives of the Honduran Institute for Cooperatives (IHDECOOP). Once this information was compiled and integrated into a revised document on the history of the organization, it would be shared with the General Assembly and revised further, as needed, before being used in the project proposal.</p> <hr/>
<p><b>Process</b> <b>Observations</b></p>	<p>The participants felt confident that the information collected during the assessment was relevant not only to their immediate planning and proposal writing process but also to documentation of the institutional history of COAPUL. They said that the process created a collective sense of connection to past organizations and appreciation for the struggles of their members. Plans were made to publish the results in a booklet.</p>