



Farming dynamics

ANAPQUI, A PRODUCER'S EXPERIENCE WITH QUINOA

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Introduction

For about 15 years now SOS Faim has been watching the evolution of the Association nationale des producteurs de quinoa ANAPQUI in Bolivia (National Association of Quinoa Producers). Since SOS Faim has interrupted its financial support while it continues to provide advice related to more strategic aspects. We thought it could be of interest to have a look back at that experience, its achievements as well as its problems, some of which have been overcome.

Quinoa's role within the southern altiplano

Quinoa is one of the richest foods in protein (over 13 percent) and vitamins. It is grown at high altitudes in South American countries like Bolivia, Ecuador and Peru.

In the southern parts of the high Bolivian plateau, around the salt water lake UYUNI, traditional agriculture was formerly concentrated in the cultivation of potatoes, which were sold to make cash and produce quinoa, for the population's own consumption. In those days agriculture was exclusively manual with families of a given community sharing their manpower. Most of the time quinoa was grown on patches of volcanic mountain slopes, not larger than half a hectare (\pm 1.25 acres).

As tractors and ploughs were introduced into the area during the 1970s, despite warnings from specialists about fragile soils and risks

of erosion, quinoa began to be grown in plains as well. The mechanization of agriculture was also encouraged by the school system and the development of cooperatives.

Higher productivity rates allowed producers to sell greater quantities of quinoa on markets which, at the beginning, were entirely under the control of intermediaries selling the product in Peru.

Development of farming organizations

During the 1980s the international financial institutions dealing with international cooperation (IMF and World Bank) imposed a very severe structural adjustment plan to Bolivia, which abruptly put an end to government interventions and opened opportunities for private initiatives. Especially in the field of trade with farm products, small producers, often supported

by NGOs, created organizations which strive to reach the following goals: better and safer revenues for producers, stronger negotiating power in front of buyers, processing of their own production (with an added value) and control of its marketing.

With the help of international cooperation, farmers organizations gradually become important operators on local as well as international markets. This phenomenon was to be observed in production lines like coffee, cocoa, quinoa, camelidae (llamas, alpacas and relatives) or even wheat.

The origins of ANAPQUI

The national producers' association ANAPQUI was created in November 1983, in response to disappearing State services, especially in rural areas. ANAPQUI rapidly became a reference in its own field in Bolivia.

The description offered by its board of administrators in its 2003 report to the general reveals the following:

ANAPQUI is a representative organisation with a social mission; it is the public expression of the unity of all quinoa producers from the southern altiplano. Its aim is to carry out a stand on local and international markets in order to improve our living conditions as small producers of this product of exceptional quality. The organisation is indispensable to quinoa producers who are aware of the difficult times ahead. Our strategy consists in strengthening ANAPQUI to defend ourselves from the present neo-liberalist system which will worsen the crisis in low revenue sectors.

This statement must be seen in the light of the challenge which ANAPQUI must accept: the attempt to have its own place in a process of globalization at a level of efficiency, which must be equal, if not higher, than that of private companies. The ideal result would be for ANAPQUI to then be able to generate both economic profits (to defend and strengthen their position on markets, to reinvest) and social advantages (higher added value for producers and better links with other operators such as local authorities or international cooperation). This means that conditions of success are far more demanding than those of an ordinary privately run company.

However the resolution made by ANAPQUI clearly indicates that it has adopted a strategy of defence, and not one of offence. Recent times show that this option has been the cause of a number of errors of judgement, especially in the commercial field.

The activity of ANAPQUI

ANAPQUI has a relatively complex structure: At the start it was made of 4 regional organizations. Today ANAPQUI is a federation of 7 regional entities. Its complexity, though, is mainly due to the variety, if not antinomy, of the activities covered.

In fact, ANAPQUI acts very much like a typical business enterprise through the: processing of quinoa (cleansing of its coating of saponin, sorting of the grains) its conditioning and marketing. In addition to this, the association has developed NGO type activities like technical support to quinoa production (especially organic farming), search for alternatives for quinoa, training of leaders and other farm advisers.

These two lines of activities certainly ask for separate financing and management systems.

The main ANAPQUI action, though, remains the "business" side, above all processing and marketing. Processing quinoa into sub-products has not been intensified so far, a fact which unfortunately has limited the possibilities to generate higher profits locally.

ANAPQUI collects quinoa at the level of the different regional entities, including production of non associated local producers. After a first rinsing the grain is again processed in the national processing unit of Challapatta.

ANAPQUI sets an asking price to producers, on the basis of those offered by intermediaries with a small addition in remuneration. So, the association offers different prices according to the annual cycle of price variations: a minimum at harvest time around April and May, a maximum around November and December. Differences may amount to 30 - 40 %. We have to say that this policy may have the perverse effect of providing an advantage to the bigger producers, who are able to wait for the best possible price before selling their crops.

The association would be well advised to consider alternative options, like offering the same price throughout the campaign on the basis of previously signed contracts; or else, distribute a profit at the end of the year compared to the present method which consists in harvesting the best possible price immediately. The distribution of profits may have the disadvantage of forcing the producers to wait for one entire year, but there are the good sides as well: the associates would be the first to win; the association would enjoy greater security; and it offers a better pos-

sibility to members to criticize the management (as profits depend on good management).

Evolution of marketing activities

At first (1984 and 1985) ANAPQUI relied on barter: quinoa was exchanged for other basic products (flour, rice, pasta, sugar, oil). There was no alternative strategy as the association had no operating capital in a time of hyperinflation in Bolivia, with prices changing within the hour.

In 1986, after authorities followed a policy of structural adjustments; national purchase power plummeted. ANAPQUI found a way out by collaborating with various projects implemented by the World Food Programme (donations of food to sectors in crisis, like the mining industry) and soon afterwards by taking advantage of opening export markets. The first sales abroad went to the US, then, a short time later, to Europe as well, thanks to good contacts with fair trade markets. It must be said that these contacts with fair trade partners played a decisive role to promote production of organically grown quinoa.

As a consequence, exports dominated the 1990s and the beginning of the 2000s, with peaks of 90 to 95% of production sold abroad. Then in 2003, a greater part of the crops (about 25%) was used from the national market again.

In such a situation one is forced to rely on a very small number of big buyers (2 or 3) which need to be kept contented and be reliable.

The financial aspects of ANAPQUI tell us that from 1996 to 1999 things were on the bright side, despite weaker marketing efficiency. ANAPQUI was able to accu-



multate profits amounting to 733.000 Bolivianos (more than 100.000 EURO).

With time, exports consisted mainly of organically grown quinoa, more than 700 tons in 1999.

Unfortunately though, the year 2000 was a "bleak" year for ANAPQUI: together with the loss of its biggest customer, it loses its leadership on the export markets: ANAPQUI's market share drops from 45 % to 20 % in one single campaign.

ANAPQUI registered severe financial losses (380.000 Bolivianos, more than 50% of profits earned over a number of years).

However things have improved since 2001: exports have reached over 600 tons again in 2003, and the latest years have been profitable.

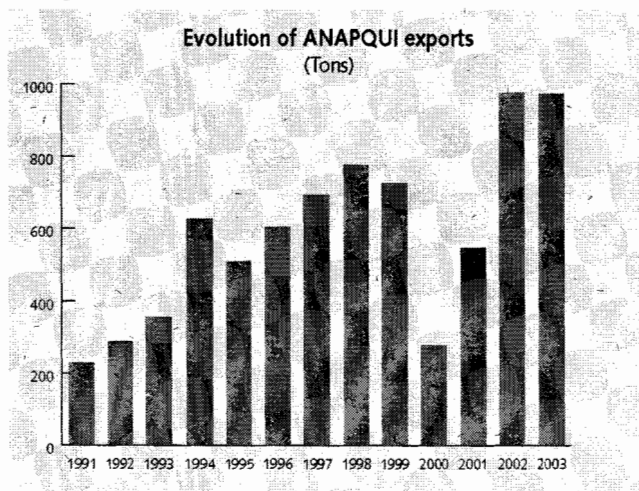
What happened exactly?

The association's troubles can be explained in several ways:

As far as marketing is concerned,

- ANAPQUI never really cared to develop a mechanism which would have allowed it to closely watch the evolution of supply and demand; neither did it become aware of emerging competitors, who sneaked into a promising market. The association was too late to define its own strategy, and did not establish a proper business plan.

- The association quickly got stuck to its habits, taking its good relations with traditional customers for granted. It failed to invest enough efforts and cash to optimize its trade relations. The loss



of its prime customer in 2000 was a painful blow which it had trouble to recover from. This setback, however, was largely the association's own responsibility: it failed to live up to its commitments of quality and packaging and did not respect the agreed terms of delivery.

- On top of that, it must be said, that a significant part of competition came from former ANAPQUI associates. This makes us ask the question of loyalty to, or identification with the association.

- Finally, in 1997, after promising contacts with a potential Japanese buyer, ANAPQUI blocked a major part of its operating capital (some 306.000 US \$) ⁽¹⁾ to stock non organic quinoa (which is very hard to sell abroad). The deal failed and the stocks were sold only years later. As a consequence ANAPQUI was forced to make a loan in order to continue its normal activities of collecting and selling quinoa.

In a wider context:

- In a situation where it could enjoy substantial support from international cooperation (SOS Faim included) ANAPQUI relied too heavily on fair



(1) Estimate by R.Rojas during an external evaluation in 2000.

trade markets where growth rates remain limited.

After 20 years of observing ANAPQUI's activities we have come to the conclusion that ANAPQUI certainly deserves great merit for opening quinoa export markets, mainly organically grown grains for which there is a strong demand in developed countries.

This important role played by ANAPQUI on export markets has led to the conviction that it had a similar role to play when it comes to price fixing within the production zone. Reality forces us to qualify this point of view. Indeed, only a limited portion of the national Bolivian production is exported: according to estimates 15 to 20% go into internal consumption (with a downward trend), more than 50% are sold locally in cities or smuggled to Peru.

Institutional structure and economic difficulties

ANAPQUI's internal structure also helps to explain economic problems generated over years.

a) The members and the identification with the association.

One would say that identification with a group exists, when an individual takes his decisions into account while considering the welfare of other members.

Right from the start ANAPQUI presented itself as an entity with an automatic "membership". Any quinoa producer was considered as an ANAPQUI member within his home community and his regional organization. For a number of years ANAPQUI prided itself to represent the totality of quinoa producers of the south altiplano in Bolivia, whereas, in reality, only a minority actively participated in the institutional life of the association.

As a consequence of an external evaluation, ANAPQUI adopted a system of individual memberships in 1994, the main reason being to strengthen identification of members with the association.

Other measures were added to this system:

- distribution of profits at the end of the campaign: 50% go to the national organization; the other half is equally shared among regional organizations and affiliates, according to quantities delivered. One has to note that this mechanism is likely to cement inequalities between categories of producers.
- preferential treatment for members: only registered members are entitled to other services of the association: technical support, access to professional training...

Nevertheless, the problem of identification remains unsolved for the individual. ANAPQUI and its regional organizations are still considered by basic producers as one intermediary among others, with one difference though: one can be more demanding as there are links of membership or even co-ownership. In other words expectations and demands are high, commitments and obligations are sometimes forgotten, or simply set aside.

Identification remains also a problem on a greater scale: in some situations interests of regional and national entities do not necessarily coincide. One example: the fixing of prices for quinoa often leads to tensions between partners, especially when short-sighted ideas of revenues or profits prevail in a socio-economic situation, which producers have problems to cope with.

In this respect ANAPQUI offers a paradoxical picture: that of an organization

is a perfect illustration of a number of paradoxical events which any farmer's organization may be confronted with, when it has to find its identity as a business company with a social commitment. (see FD No 5)

- The search for a direct, if not immediate, impact on associated families, and for social profit conflicts with a difficult balance with the economic viability of the association. In ANAPQUI's case, this balance is even more difficult to be found, as economic profitability is at stake on two different levels: regional and national.
- Quality of leadership. Complex activities, like those of ANAPQUI, acting as a business company and a trade union, request highly skilled managers: strong leadership combined with the gift of motivating members; close contacts with the staff, combined with the best possible "managerial" know how.
- Rotation of responsibilities certainly can be considered as part of internal democracy. Without a minimum of rotations in leadership, the risk of losing contact with the earth is existent. On the other hand, excessive rotation means less experience and professional talents. ANAPQUI "experienced" such a situation when, in the beginning, managers changed frequently and the statutes had to be changed to allow for greater continuity. Reasonable rotation in responsibilities must also be considered as helpful when it comes to replacing one generation by the next.
- One of ANAPQUI's greatest advantages was to start from a dominant market position, with a high demand for its product. However, the association has developed a tendency to rest

on past success, failing to anticipate evolution of demand and to implement a genuine marketing strategy.

Such critical elements are part and parcel of business operations of associated producers. Challenges are far more difficult to cope with than for classical companies. Decision making, relations between members and elected leaders, between leaders and professional middle management, are far more complex and request constant search for a balance between individual and collective interests. On the other hand, ANAPQUI has a great potential of development, and we can only wish that this potential will generate tangible results in the upcoming years. ■

COMMENTS

Two comments referring to the last issue of FD: the first from François Geay, the second from Anne Lothoré.

■ « What surprises me is the idea that we should make a difference between FOs and private commercial operators. As far as I know FOs operate in the private sector, and for some of them, their statutes (as a cooperative) are such that they may engage in commercial business. Why then make a difference at this level, as, by the way, many sponsors or national ministries do, for reasons which are based on liberal dogmas (which is rarely admitted)!?

On the contrary, it would seem more interesting to me to present FOs (cooperatives anyway) as full fledged potential operators in the private sector, clearly indicating what "more" they can offer, and insisting on their internal structures (local roots...) and "ethics" (sharing and reinvesting resources) which make them more favourable organizations for farmers than classical "capitalistic" companies. The FAPAL project shows that these FOs perfectly manage to be competitive. »

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■ Coming back to the distinction between an FO as a cooperative and a typical trading company, Anne Lothoré writes: « (...) when farmers call upon their FO, it sometimes is to benefit from commercial services of that FO, very often forgetting the cooperative side of the deal, imposing commitments on the associates: to respect agreements as to quantities which need to be delivered; not to sell to the best offer systematically...; to share risks collectively... (Many farmers consider the FO not as their tool, for which they are responsible, but as an opportunity – among others on the market – to get a better price).

Farmers are not supposed to create FOs with marketing systems similar to those of private hardliner traders (their FO would end up doing exactly what agro-business does: make money at the producing members expense). But that does not mean that FOs are not private organisations, with a role to play in trade, efficient and economically profitable. »

Anne Lothoré,
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■ After launching a vast campaign on the cruelties of frozen poultry imports to Cameroon, the Association citoyenne de défense des intérêts collectifs widened its scope to all other foodstuffs, whereby it became involved with the problem of food sovereignty. In this context it signed a cooperation protocol with ROPPA, the FOs in West Africa. Actions have been taken on the matter, among others with African ambassadors in Geneva, seat of WTO.

www.acdic.org

■ In France, Inter - Réseaux is a place of debate and exchange of experience, a specialist of development cooperation in rural areas in the South. Its role is to circulate information, experiences and initiatives coming from FOs or rural populations in the South through a variety of channels. The new Inter - Réseaux web site with its electronic bulletin (very well documented) are valuable instruments for all those who need consistent information about the farmers' world.

www.inter-reseaux.org

■ A new OXFAM report, published in April 2005, deals with rice. This report insists on the importance of subjects to be discussed during the ministerial conference of WTO in Hong Kong at the end of 2005: «Should the conference fail, WTO risk losing its pertinence in world trade, and the development mechanism of DOBA risks collapsing. Development countries would then be confronted with the requests from richer countries in bilateral or regional trade agreements.»

http://www.oxfam.org/fr/pdf/bp72_kicking_down_the_door_french.pdf



SOS Faim and farmers' organisations

Since 1964, SOS Faim Belgium and 1993 SOS Faim Luxembourg as well, support farmers' organizations and producers in some 15 countries in Africa and Latin America.

Their actions concentrate around three fields: support of institutional and organizational development, support of economic activities, defence of southern producers' interests in Belgium, Luxemburg and on the European level.

Therefore SOS Faim Belgium and Luxemburg have created "Farming Dynamics" a quarterly bulletin in French, Spanish and English.

The objectives of Farming Dynamics are the following:

- To make known these farmers' and producers' organizations on the largest scale possible: their actions, their experiences. Their problems, their solutions. Their positions and proposals on matters of their concern.
- Organize debates, exchange of experiences and ideas on subjects like their own development, or the future of agriculture, of the rural world;
- Inform politicians who have an influence on these organizations activities in the South.

You will find this issue, as well as previous issues, ready for download, in French, English and Spanish on the SOS Faim Belgium internet site www.sosfaim.be and the SOS Faim Luxemburg site www.sosfaim.org

Furthermore, SOS Faim also publishes a newsletter on microfinance: "Zoom Microfinance" which is also available on these internet sites.

The author of this bulletin is Mark Mees, coordinator of the Service d'Appui aux Partenaires de SOS Faim (Partner Support Service). It is largely based on partnership experience between SOS Faim and ANAPQUI.

Do you wish to comment the subjects in the present issue of Farming Dynamics? Give your opinion, additional information etc?

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Farming Dynamics is created with the support of the General Direction of Development Cooperation and the Luxembourg Ministry of Foreign Affairs.

