INNOVATIONS IN GROUP FARMING:
THE CASE OF SERGIO ABAGAIL CABRERA
IN THE DOMINICAN REPUBLIC

by

Randy Stringer
INNOVATIONS IN GROUP FARMING:
THE CASE OF SERGIO ABAGAIL CABRERA
IN THE DOMINICAN REPUBLIC

by

Randy Stringer

This study was funded by the Agency for International Development, Washington, DC. All views, interpretations, recommendations and conclusions expressed in this publication are those of the author and not necessarily those of the supporting or cooperative organizations.

LTC Research Paper 82
Land Tenure Center
University of Wisconsin-Madison
November 1986
THE CASE OF SERGIO A. CABRERA

by

Randy Stringer

I. INTRODUCTION AND OVERVIEW 1

II. FROM INDIVIDUAL FARMERS TO GROUP FARMING: THE RISE OF THE ASSOCIATION SERGIO ABAGAIL CABRERA (SAC). 5
   A. Twenty Years of Collective Actions by Members of AC-14. 5
   B. The Economic Motives and Incentives for Establishing SAC. 9
   C. The Political Incentives Behind the Organization of SAC. 11
   D. The Influence of Group Leadership. 13

III. THE ORGANIZATIONAL STRUCTURE AND FUNCTIONS OF THE ASSOCIATION. 15
   A. The Administrative and Managerial Operations. 15
   B. SAC's Financial Resources. 15
   C. The Responsibilities of the Membership. 18

IV. SUMMARY 23

APPENDIX 26
I. INTRODUCTION AND OVERVIEW

In the past two decades, many developing countries have attempted to create new types of farming systems to spur agricultural production, modify stagnant rural institutions, and economize on the delivery of services to small farmers. Group farming has been one of the more common organizational forms encouraged and actively supported with agricultural sector policies aimed at partially rearranging the existing production and marketing patterns. The economic performance, policy justifications, and past experiences with establishing and operating cooperatives and collective farms have been well documented in the literature (Dorner, 1977; McGrath, 1969; Dorner and Kanel, 1971; Olson, 1973; Reed, 1977; Roy, 1981).

The basic argument in favor of group farming pivots on the issue of scale economies. Because of the larger farm unit size, there is a potential for employing scarce resources more effectively, and thus lowering input and overhead costs. Marketing and extension services can also be delivered less expensively to a group, saving both time and money. Further, increased bargaining power is achieved when individual small farmers unite to challenge unfavorable government policies or a powerful rural monopoly.

Between 1962 and the early 1980s, around 14 percent of the agricultural land in the Dominican Republic was distributed to nearly 50,000 families under agrarian reform law 5879. Initially, these lands were distributed as individual family parcels with limited property rights. Restrictions on these rights include the fact that there is no provision in the Dominican law for these families to own their parcels in fee simple. Land sales are prohibited and, in many areas, land use rights are administered by the Dominican Agrarian Institute (Instituto Agrario Domenicano, or IAD).
In 1972, new legislation, Law 290, provided IAD with the power to establish collective production units whereby families operated a group of parcels as one large farm. Since 1978 no individual parcels have been distributed. The organizational structure of these production cooperatives in the agrarian reform sector currently has special prominence due to the increasing number of beneficiaries dissatisfied with the collective system.

Yet, while the majority of these collective asentamientos have been appealing to IAD to allow more individual farming practices, in some instances, asentamientos originally organized as family-operated units have been evolving toward and experimenting with various forms of formal and informal group activities. This contrast in the beneficiaries' attitudes toward the operational form of their farms suggests that these asentamiento members are not necessarily for, or against, any particular type of production unit. Rather, they are responding to problems pertinent to their own situations and experiences.

This issue is of special interest because the agrarian reform sector in the Dominican Republic is important both for economic and political reasons. It provides about 37 percent of the country's rice crop, 23 percent of the sorghum, 22 percent of the peanuts, 22 percent of the vegetables, 16 percent of the corn, and 5 percent of the plantains. Because farm-level changes in the production structure affect agricultural productivity, IAD began a major research effort in 1983 to understand better the implications of the new organizational forms emerging throughout the country.

This case study presents an analysis of the organizational form adopted by 63 of the 78 members of Asentamiento Campesino Number 14 (AC-14), a large rice farm located in the Rincón region, a rich valley near Santiago in the central part of the country. Prior to March 1980, the members of AC-14 worked in
individual household units. At present, the majority of those farmers are affiliated with the Association Sergio Abagail Cabrera. The purpose of this study is to understand why those members of AC-14 responded to the range of problems and obstacles they had individually encountered by forming an association of farmers.

This paper addresses several important research questions presented by SAC. First, the reasons and motives which influenced the individual families to begin farming as a group are explored. Next, the "association model" implemented by SAC is examined to determine the principal factors contributing to its successes and problems. Finally, the issue of whether or not the organizational model employed by SAC is transferable to other asentamientos in the region, as well as other parts of the country, is addressed.

These research questions are especially important for two reasons. First, since most of the collective farm members in the reformed sector have expressed a strong desire to become individually managed units, a case where the opposite situation has occurred can provide needed information about the economic disadvantages faced by small producers. Further, AC-14's transformation from individual to group activities can serve as a guide, so that potential mistakes can be avoided in the future. Second, many of the members of SAC had previously joined an unsuccessful cooperative, San Isidrio, between 1965 and 1970. Their determination to try a second time indicates that strong incentives exist to maintain at least some joint activities.

The families that make up SAC live in the small village of Ranchito on the Camú River. This area is the heart of the rice-producing zone in the Dominican Republic, and is mostly flat, rich, irrigated farmland. The size of the population of Ranchito has remained unchanged over the past 20 years at around 400 inhabitants. The majority of the farmers in the area grow rice,
cultivating two crops each year. The first crop is planted in January or February, and the second in June or July.

SAC is organized and legally structured according to Executive Order 520. It is administered by a set of seven officers, the directorate, and five committees elected by the general assembly, which consists of all 63 members. The directorate together with numerous members were interviewed during the field investigation to provide the information needed to answer the research questions and uncover the motives behind the group's formation.

Besides the lower unit costs and increased bargaining power gained from group farming, two additional factors appear to have contributed strongly to the initial concept of the association model. One is the influence of the Federation of Christian Agrarian Leagues (FEDELAC), a campesino organization sponsored by the Catholic Church. FEDELAC fostered the idea of cooperative farming throughout the Dominican Republic in the early 1960s and was influential with the members of AC-14. A second non-economic motivation has been the existence of a core group of about 15 highly motivated members of SAC, whose influence on the association is well-recognized. Nevertheless, this is an intangible influence, one which is very difficult to quantify and analyze.
II. FROM INDIVIDUAL FARMERS TO GROUP FARMING: THE RISE OF THE ASSOCIATION

SERGIO ABAGAIL CABRERA.

The primary purpose of this section is to analyze the incentives and motives which convinced 63 members of AC-14 to transfer responsibility for a large part of their individual farming decisions to a collectively managed association. Naturally, because of economies of scale, a number of economic advantages helped to spur the formation of SAC. However, while these types of monetary incentives are always a necessary condition for the establishment and the success of a cooperatively run production-marketing enterprise, other conditions are required to induce small producers, with large families, to establish a cooperative. For example, the cohesiveness required by a successful cooperative depends on mutual trust among the membership. In order to explore these sorts of economic and non-economic issues behind the organization of SAC, this section is divided into four parts. The first part outlines briefly some of the background and past experiences in collective actions undertaken by the households of AC-14. This is followed by a discussion of the economic advantages which provided the basis on which to build the association. The third part reviews the non-economic incentives which the interviewed members considered important. Finally, the importance of group leadership and organizational skills is discussed.

A. Twenty Years of Collective Actions by Members of AC-14

The establishment of SAC as a jointly managed association is only one example of many collective actions undertaken by its members over the past twenty years. Most of the current members of AC-14 originally worked together as daily wage laborers in the Rincón region. The first major collective
action occurred in March 1963, when the invasion of Isidrio Bonilla's idle land was planned and organized by landless campesinos in the area.

In the middle of the night, eleven families moved on to the idle farm land and by mid-morning had established crude living arrangements and begun to clear a few tareas\(^1\) for their first corn crop. The series of events which followed, including several confrontations with police and government officials, led eventually to the election of four representatives from the eleven families to negotiate for the group in Santo Domingo. One of these four campesinos was Luis Castro, the current president of SAC.

After some very trying and difficult discussions with IAD, it was determined that, if the eleven campesinos met four requirements, they could join a larger group on the newly organized asentamiento AC-14. The four requirements were that they be: 1) married; 2) Dominican nationals; 3) residents of the community; and 4) knowledgeable and experienced with cultivating rice. Eventually the eleven campesinos were settled along with their families on the farm land which is currently referred to as AC-14, just outside of Ranchito, a small agricultural village located next to the Camú River.

The idea of organizing as a group which would act as a single entity to confront government officials was planted by a campesino movement supported by the Catholic Church, FEDELAC. The parceleros of AC-14 give a lot of credit to FEDELAC, which began fostering the concept of joint actions and cooperative farming as a nation-wide movement around 1960. Many members of the association recall how they had been influenced by the training and orientation in organizational skills provided by FEDELAC activists. It was

\[^1\text{16 tareas = 1 hectare}\]
this training which helped to give Luis Castro the confidence to plan and lead a group of campesinos.

By 1964, AC-14 consisted of 78 parceleros, each with 75 tareas. The land had been delineated by small concrete markers and distributed by a random draw. The Banco Agrícola lent each member 10 pesos\(^2\) per tarea to clear the land and when combined with family labor and their own savings, the land was put into productive use. Credit was solicited and obtained separately by each family. Also, each household was responsible for its own production needs.

In 1965, most of the members of AC-14 joined other small producers in the area to establish a cooperative known as San Isidrio. This became the second major collective action undertaken by these local parceleros. San Isidrio consisted of about 450 members and began its operations very slowly. Meetings were held every Friday as the membership tried to define the functions of the directorate and the committees, as well as the responsibilities of the members. Very little progress was made and few activities initiated. By 1967, however, a number of the cooperative members, including the AC-14 parceleros, decided to construct a canal system in order to provide water for their properties. The initial contribution consisted of 150 pesos from each beneficiary, with an assessed monthly quota to follow. Most of the labor was carried out by the families with machinery contracted as needed. This was the third joint activity and turned out to be the only group action undertaken by San Isidrio. Only about one-third of the membership participated.

San Isidrio collapsed in 1970 primarily because of three interrelated problems. First, the large membership made administration and management tasks too difficult. While the large number of members provided a varied pool

\(^2\) In 1964, 1 peso = $1.00 US
of resources, group cohesiveness was never obtained. Many members would not attend the meetings, and as fewer and fewer paid their dues, no financial surplus existed to carry out the cooperative business.

The second problem was the lack of control and leadership. The diverse needs and economic levels of the membership required special managerial skills and probably a more experienced management team. Financial control, good accounting practices, and member discipline were all lacking and only a strong set of officers could have overcome those problems.

Finally, a further complication was caused by a two-year drought, which began in 1967 and caused incomes to drop sharply. Without savings to support them during this prolonged period, few members were willing to contribute the capital necessary to run the cooperative. The cooperative San Isidrio dissolved in 1970. Between 1970 and 1979, the members of AC-14 once again operated as individual producers. But by the late 1970s, Luis Castro and others were planning yet another activity to offer the parceleros. They discussed the possibility of forming an association instead of a cooperative. The new association would avoid the legal requirement that cooperatives must have capital contributions from all members. Instead of organizing around an established format, the new association would build a new type of structure. Thus SAC attempted to keep the benefits of cooperatives but to avoid the large size of San Isidrio, or the need for a large capital contribution. Only 78 parceleros of AC-14 would be asked to join. In 1980, the association was legally established with 63 members, its current level. At present, SAC provides a number of services for its members which include the joint purchase of inputs and joint sales of products.
B. **The Economic Motives and Incentives for Establishing SAC**

The direct economic benefits resulting from collective input purchases are well-recognized by the members of SAC. Indeed, the cost-savings argument is one of two major reasons named by the interviewed parceleros, who were asked what motivated them to organize the association. (The other argument is the increased bargaining power, which is discussed in the following section.) Although they did not use the economic term, "economies of scale," the respondents explained with an example of how one person buying beans from a commercial store has to pay a higher price than a group of ten persons who pool their bean orders—price is negatively correlated with quantity. Continuing with the example, the parceleros described that in addition to obtaining a lower price, they could also receive more attention, quicker service, and improved quality because of the larger order.

Finally, they suggested a third cost-saving advantage. Because only one person is required to travel to the store and negotiate, the other nine could keep working on their farm plots, saving both time and traveling expenses. Thus, the SAC members had detailed a second economic concept, that of opportunity costs, without specifically naming it. They were obviously aware of the "non-cash savings" due to collective activities. The parceleros could use their time more efficiently while one or two officials of SAC negotiated for all 63.

The associative system has been especially successful in reducing the production costs of its members in three input-related categories: credit, agro-chemicals, and mechanization. Prior to the establishment of SAC, these three areas persistently caused problems. As individual producers, the parceleros faced a specific set of procedures and practices which had to be
followed in order to solicit, obtain, and repay a loan from the Banco Agrícola. These procedures often were quite cumbersome.

Research has suggested that the resulting high costs of borrowing discourage small producers from using formal credit programs (Adams and Nehman, 1979; Adams and Ladman, 1979). Borrowing costs are defined as the real net costs incurred when obtaining and implementing a loan. These costs consist of three components: transaction costs, the nominal interest rate, and the change in purchasing power of money. For the parceleros the latter two components are not affected by group lending. However, transactions costs, which include implicit and explicit costs, can obviously be lowered. The explicit costs are the non-interest charges such as the necessary documentation, legal fees, and administrative costs imposed by the Banco Agrícola. In addition, transportation expenses and meals are included in the out-of-pocket, explicit cash costs. Implicit costs are the time and opportunity costs involved in visiting the bank's office and in compiling the required documents. For a single farmer, these implicit costs can result in a substantial loss of work time. The producers of AC-14 recognized that they would reduce the explicit and implicit costs of obtaining loans by applying as a group. This became one of the more convincing arguments in favor of the formation of SAC.

The ability to lower transaction costs through collective action was easily transferable to the purchasing of agro-chemical inputs. Once the Banco Agrícola had approved the loan, the association would be able to approach pesticide and fertilizer distributors with the orders of 63 farmers needing inputs for 4,337 tareas, thus receiving more prompt attention than only one farmer buying inputs for 75 tareas. Again, as the case with credit, not only could the inputs be obtained at a cheaper price, but also only one or two persons were needed to negotiate the deal.
A third aspect of the production process which had frustrated the parceleros as individual producers was access to tractor and combine services. The Rincón Valley is replete with numerous rice producers, both large and small. During the planting and harvesting seasons, the machines needed for land preparation and plowing and for the recollection of the rice crop are limited. The small growers of AC-14 had considerable troubles when trying to arrange for these services. Moreover, when they were able to acquire a tractor for plowing, all too often it would be too late in the season, increasing the risk of a bad crop. By forming an association, the parceleros were able to obtain a loan to buy a tractor, solving many of the problems outlined above. In fact, by June 1983, SAC had purchased three tractors to provide needed services to its members.

In general, the advantages of economies of scale, reduction in transaction costs, and access to resources, especially tractor services, were the major economic reasons named by the interviewed parceleros for forming SAC. Together these advantages established the basic need for group activities.

C. The Political Incentives Behind the Organization of SAC

Throughout the various stages of the rice crop cycle, AC-14 farmers must deal with a variety of public and private institutions. After bargaining over a credit contract with the Banco Agrícola, they have to negotiate with seed, fertilizer, and pesticide companies. The parceleros are constantly in contact with IAD employees, who are responsible for monitoring the overall production process and bookkeeping, and with officials from the National Irrigation Institute (INDRI) in order to assure the timely and sufficient delivery of water. A rice buyer has to be found and transportation arranged. If for some
reason the loan cannot be repaid on time, still more time is needed to explain the circumstances and establish a new payment schedule. In short, like many aspects of farming these are very time-consuming processes.

As already suggested, it was generally recognized that the cost-savings potential through collective action can be fairly substantial. Yet there are other advantages attributed to groups which are not directly related to economic savings. For instance, the SAC members described circumstances such as their inability to obtain tractor services at the time they most needed them. Also, they often experienced a great deal of trouble arranging transportation for the harvested rice, an especially critical situation given the lack of available storage capacity. Because these problems occurred too frequently, and because many AC-14 farmers considered collective action as the best possible solution, a strong political incentive existed for forming the association. As the members related it, they were able to increase their bargaining power by soliciting inputs and services as a group which carried more weight with public institutions and private companies. In fact, they have received more prompt attention from IAD and the private companies as a result.

From IAD's standpoint, the group concept was indeed a welcome change. As a rule, the few IAD employees had to reply to very similar demands from many individual parceleros. Credit-related complaints, problems with access to water, and accounting disputes were very common among AC-14 members as well as with other asentamiento farmers in the region. Trying to provide adequate service to each one was a difficult task. The situation was much the same for the input suppliers and transporters too. The administrative convenience of negotiating and servicing a group led to these institutions encouraging collectives over individual clients by directly providing incentives.
On late afternoons, after completing their work, the parceleros would routinely gather to discuss methods of improving their relationship with IAD and private companies. Initially, a core group of about fifteen members began trying to convince the others that the only effective way to overcome many of their problems was through a cooperative approach. But it was difficult to surmount the suspicions of those who recalled with disappointment the failures of San Isidrio.

In time, however, most of the farmers were swayed by two related factors. First, they recognized that dealing with IAD as a group would clearly be easier. Even if IAD's responsiveness did remain slow, at least there would be more weight to their complaints because of the large number in the group. Also, they had little doubt that the private companies would take them more seriously when they placed large orders.

The second factor was that the parceleros knew that through their increased bargaining power they could reduce the risk of mechanized and transportation services arriving too late. In the end, the use of increased bargaining power to resolve many problems, together with the advantages of economies of scale, made the difference, and by the late 1970s plans were underway to establish a new association.

D. The Influence of Group Leadership

The administrative leadership of a core group of about fifteen AC-14 members was critical to both the formation and early success of SAC. The importance of these leaders is, of course, very difficult to quantify even though it is widely recognized by the other members and IAD officials who have worked closely with AC-14 over the years. The same group of leaders who led
many of the agricultural laborers on the invasion of rich, idle lands in the Rincón Valley in the early 1960s and then into the disastrous San Isidrio Cooperative, convinced their fellow farmers to try again.

This situation, however, can act as a double-edged sword. On the one hand, the leaders can help to mold the group and motivate them into action, while on the other hand, it is a dependent relationship. If the cooperative is to survive over the long run and enjoy continued success, participatory and self-management skills are required. Self-management is based on active participation by all the members. Obviously, not all persons have equal skills and talents. Yet, with the large pool of human resources available within the group, it is necessary for everyone to contribute.

In a cooperative farming context, the basic assumption of management is that individuals can receive satisfaction by being effective in their jobs since the rewards are tied directly to their performance. Thus, performance is directly linked to satisfaction which, in turn, spurs the members to contribute when they feel capable. This allows flexibility within the cooperative so that any given situation can be met with appropriate action.

Still, in the case of SAC, the importance of the personalities of the leaders is undeniable. Certain traits and characteristics of these men contributed heavily to the success of the group. Chief among these attributes is honesty, which allowed trust to be developed in the group and seemingly elicited for strong work efforts by every one of the members.
III. THE ORGANIZATIONAL STRUCTURE AND FUNCTIONS OF THE ASSOCIATION

As previously mentioned, SAC is managed by the directorate (a management board) and five committees. The responsibilities and functions of these officers and the membership are spelled out in SAC's statutes (a copy is presented in Appendix A). In practice, the president and treasurer are the most active and important officers in the association. At the same time, each individual member is responsible for organizing and supervising the production process on his plot, especially the labor activities and estimation of input needs and costs. The aim of this section is to describe how the association actually functions and the roles of both the directorate and the membership. There are three parts. The first reviews the specific duties of the five officers and committees. The second includes a description of the income sources on which SAC depends along with a breakdown of the relative importance of each source during the first two years of the association. The final part provides a profile of the members, outlining their individual tasks and functions.

A. The Administrative and Managerial Operations

Luis Castro has been the president of SAC for two consecutive terms, and as such has defined a strong role for that office. He maintains planning, organizing, coordinating, and motivating duties. He was also the instrumental author of SAC's statutes. In broad terms, the president's responsibilities can be divided into the following four categories:

1) planning the agenda and presiding over the weekly meetings;
2) coordinating the assignments of the committees and insuring that each performs its given tasks;
3) controlling all commercial business with public and private institutions; and,  

4) representing the association in all external and internal matters.

The Marketing, Credit, and Technical Supervision committees carry out very important functions for the association. The Marketing Committee coordinates the input purchasing orders of all the 63 SAC members at the beginning of the crop cycle, and then coordinates the rice sales at the end. It is responsible for arranging and transportation, delivery and distribution of the inputs and for the collection and shipping of the harvest. This differs from the more common committee structure found on asentamientos in the rest of the reformed sector. Those farms have one committee charged with handling the input side and a separate one for product sales. SAC collects a per unit fixed tax for the inputs delivered to each member and another fixed fee for each sack of rice harvested. Rice is packaged in units known as fanegas and the parceleros must pay 50 centavos per fanega. Ten centavos are used to pay for travel-related expenses and 40 centavos are for capitalizing the association. Thus, the Marketing Committee must monitor all these transactions and report the information to the treasurer.

The Credit Committee works closely with officials from the Banco Agrícola and IAD in the preparation of farm plans and estimation of financing requirements of each parcelero. All these costs financed with bank credit, including labor, are noted in SAC's general records and an entry is also made in the account of the member. A typical parcelero will make 55 withdrawals from his account during the production period. For this credit use, each member is required to pay a 0.5 percent service fee in addition to the interest rate.

---

3 1 fanega = 90 Kilograms
The Technical Supervision Committee is responsible for determining the proper planting sequence by the members in order to insure that tractor services can be provided in a timely fashion. The committee consults with the parceleros about the variety of seed to plant and helps to secure adequate agronomic expertise when needed. It also advises on water control. In short, the Technical Supervision Committee tries to help each member obtain optimum levels of output.

In summary, SAC has the following responsibilities to its membership:

1. The procurement of seeds, fertilizers, pesticides, and other inputs required by the members;
2. Arranging for the timely provision of tractor and other mechanization services;
3. Soliciting and obtaining production credit from the Banco Agrícola including guaranteeing the loan;
4. Deciding the variety of rice to plant;
5. Bookkeeping at the association and member levels;
6. Distributing the profits and other financial benefits to each member;
7. Marketing the rice crop to the highest bidder;
8. Representing the members' interests with all private and public institutions;
9. Supervising the production process for each of the 63 members.

Finally, SAC obtains its income from four direct sources. Each member must pay:

1. for each unit of input used;
2. a service charge for the amount of credit utilized;
3. a per unit fee for the rice sold; and
4. for the use of mechanized services provided by SAC.
In addition, SAC is not required to pay the 1 percent service charge on credit obtained from the Banco Agrícola. A payment is required by all the other borrowers in the region.

B. SAC's Financial Resources

An examination of SAC's financial activities during its first few crop cycles reveals a slow but steady capitalization process. Expenses were carefully controlled and costs were covered without the association having to overextend itself. The 1981 assessment of the cash flows showed about 42,000 pesos in expenses and 54,250 in income for a net gain of 12,250 pesos for the first couple of years. Table I presents the percentage distribution of expenses and income reported for 1981 and demonstrates the importance of the tractor services to overall income. SAC currently has three tractors, all purchased with credit from the Banco Agrícola.

The membership fee is no longer an income source for the association, which initially levied a 50 centavo charge per meeting per member. The credit-service expenses are a fairly insignificant source since even with a total of 300 thousand pesos borrowed, the cost is only 1,500 pesos or about 24 pesos per member. Thus, the rice and input sales, together with the tractor service charge (usually about 11 pesos per tarea), amount to around 89 percent of the income.

Table I demonstrates that the majority of the association's expenses in 1981 were due to internal costs and the purchasing of furniture, supplies, and equipment which represent start-up costs. These expenses should not be repeated in subsequent years. In fact, the supplies and furniture cost category dropped from 21 percent of total costs in 1981 to 13 percent in
TABLE I
Percentage Distribution of Expenses and Income Sources for SAC During 1981

<table>
<thead>
<tr>
<th>Expense Source</th>
<th>%</th>
<th>Income Source</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Costs(^a)</td>
<td>32</td>
<td>Tractor Services(^b)</td>
<td>39</td>
</tr>
<tr>
<td>Supplies, Equipment and Furniture</td>
<td>21</td>
<td>Rice Sales</td>
<td>29</td>
</tr>
<tr>
<td>Employee Salaries</td>
<td>18</td>
<td>Input Sales</td>
<td>21</td>
</tr>
<tr>
<td>Marketing Costs</td>
<td>18</td>
<td>Initial Membership Fee</td>
<td>6</td>
</tr>
<tr>
<td>Distribution of Inputs</td>
<td>11</td>
<td>Credit Service</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: SAC Financial Records

a. Internal costs include rent, travel expenses, donations, etc.

b. The percentage income related to tractor services is based on the net income attributed to the tractor.

1982. Internal costs were reduced from 32 percent to 22 percent and total costs fell by 35 percent in 1982, while net income doubled.

C. The Responsibilities of the Membership

In total, the members of SAC farm approximately 4,400 tareas of rice, or about 70 tareas per person. The rice parcels range from 40-75 tareas in size. Only a few members cultivate other crops, although citrus trees and small gardens are often found next to their houses. The estimates of credit requirements are about 73 pesos per tarea, or a total of 321,200 pesos. About 95 percent of these costs are financed by the Banco Agrícola with the
remaining money coming from the members, most often contributed in labor services.

In general, each parcelero has control over the production process on his land. In practice, however, parceleros work closely with the Technical Supervision Committee to determine the variety of rice to be planted, the date to begin planting and the amounts of inputs to apply. The most important decision-making right for the parcelero, as an individual farmer and as a family member, is the ability to hire and pay sons and daughters for work performed.

This option is not available on other asentamientos in the Dominican Republic, which are organized as collectives. Indeed, this right is an extremely critical issue on those asentamientos.

A still unsettled issue for both the parceleros of SAC and other collectives is tenure security and the right to sell or dispose of their parcels as they wish. Presently, they are able to pass the land to a family member, but selling is illegal. Thus, as a sort of extra-legal activity, leasing the parcels is not uncommon.

In order to acquire some information about the household, a one-page questionnaire was presented to all the SAC members who were present at the regular Wednesday meeting attended by the Research Team. A total of 27 members completed the questionnaire, a response rate of 68 percent. It should be remembered that this is not a random sample and not intended for generalization. Nevertheless, the results do provide good information about the SAC members' living conditions.

The average monthly expenses reported by the parceleros amounted to 290 pesos with a range from 150 to 450 pesos. The 150 peso monthly expense was reported by a family of 2 and the 450 peso expense from a family of 12. When
measured on a per household member basis, the average monthly expense was 34.2 pesos. These low figures indicate that a good deal of in-kind consumption and barter trade take place. On a yearly basis, about 3,484 pesos are spent per family, and this figure is roughly the amount of income earned by an SAC member in a good year. A review of the individual records of the members revealed that many borrow from SAC for personal reasons, especially after a poor harvest. The reasons for this borrowing are most likely related to a lack of savings, a need to pay old debts, emergency cases such as health problems, and a need for cash to cover the bad harvest years.

Other results demonstrated that the average household size is 8.5 persons and that an average of 3.2 members contribute to family income. The household size ranged from 2 to 20 members. About 2 persons in each household were under 12 years old, while 9 of the 27 households did not have any members under 12 years old.

The average number of years of formal schooling was 2, yet 74 percent could read and write, and 88 percent were able to sign their name. The evidence suggested that the children of these parceleros were receiving much more education than their parents and, in fact, one son was currently working as an agronomist in the Rincón Valley having just completed his college education.

From a strictly subjective viewpoint, the parceleros of SAC think that their living conditions have steadily improved over the past 20 years. They attribute this improvement to access to land and credit and, of course, to the association. They, nevertheless, had plenty of complaints and listed several ways in which their conditions could be improved. These included more capital additions to SAC such as storage capacity and trucks for transportation purposes. The most common problem named was the need for better health and
education for their children. It was also apparent that they intended to work on these problems in much the same way as they had worked on others—through collective action.
IV. SUMMARY

One of the important lessons drawn from the SAC experience is the ability of the agrarian reform beneficiaries to find appropriate solutions to their organizational problems without outside interference. The SAC parceleros demonstrated a natural understanding of the economic advantages of collective action. More importantly, these farmers were willing to forego some of their individual decision-making rights to take advantage of the increased bargaining power and economies of scale obtained through cooperative behavior. Recognizing and taking advantage of these benefits did depend on a small group of aggressive leaders to encourage and motivate the larger group.

In the case of SAC, these leaders and the membership also demonstrated the flexibility required to have a successful cooperative. Rigid rules and too large a membership seem to contribute heavily to the kinds of insoluble problems which precipitated the decline of the first cooperative, San Isidrio. Because input and product prices and the availability of agricultural services can change rapidly, the cooperative must have the ability to adjust as quickly as an individual producer to succeed.

Government policymakers and IAD officials may be able to draw important lessons and conclusions from the SAC experience which are transferable to other asentamientos in the country. More flexibility may be required when dealing with the collectives to allow them to have more responsibility in solving their problems. Neither the kinds of organizational issues faced by SAC nor the types of families participating appear to be unique. Certainly, other groups also have the capacity to contribute to the organizational structure appropriate for their situation.
References


APPENDIX A

Asociación de Agricultores Sergio Abigail Cabrera, Inc.

ESTATUTOS DE LA ASOCIACION
ESTATUTOS QUE REGIRAN EN LA ASOCIACION DE AGRICULTORES "SERGIO ABIGAIL CABRERA" EN EL RANCHITO PROVINCIA LA VEGA, REP. DOM. CAPITULO I.

CAPITULO 1

ARTICULO 1. La Asociación se denominará Asociación de Agricultores "Sergio Abigail Cabrera".

ARTICULO 2. El domicilio de la Asociación de Agricultores, será en el Ranchito, La Vega.

ARTICULO 3. El término de duración de la Asociación será por tiempo indefinido.

CAPITULO 2. Objetivo y fines.

ARTICULO 4. El objetivo fundamental de la Asociación será la superación económica y social de los Miembros.

a) A través de la obtención del crédito Agrícola.
b) A través de la obtención de mejores precios y mercado, seguro para su cosecha.
c) Obtención de los insumos a más bajo precios.
d) Obtención de implementos agrícolas.
e) La obtención de las semillas de las Instituciones ligadas a la agricultura.
f) Estimular la educación de los adultos y los niños.
g) Prestar ayuda en casos necesarios a las Escuelas, Iglesias y otros clubes.
h) Eliminar los intermediarios y usureros en las negociaciones de los socios.

CAPITULO 3. De los Miembros o Socios.

ARTICULO 5. La Asociación estará formada por una cantidad de socios de no menos de 15—(quince) miembros.

ARTICULO 6. Quiénes pueden ser Miembros.

a) Los que sean propiamente agricultores y se le reconozca como persona honesta y responsables dentro de la comunidad.
b) Sean recomendados por un socio.
c) Sean aceptados por la Directiva y la Sala.

PARRAFO: Después de que una persona haber sido aceptada como socios y haya asistido a tres (3) reuniones consecutivas o repetidas tendrá voz y voto.

CAPITULO 4. Derechos y Deberes de los Socios.
ARTICULO 7. Los socios tienen derecho a participar en las discusiones de los asuntos que se traten en todas reuniones.

1) Cada socio tendrá derecho a un voto para tomar decisiones.
2) No habrá voto por poder.
3) Ningún socio tendrá derecho a reclamar una decisión tomada por la Sala en su ausencia.

ARTICULO 8. Son Deberes de los Socios.

a) Asistir a todas las reuniones convocadas legalmente por la Directiva.
b) Cumplir los acuerdos y recomendaciones de la Sala aprobando lo que diga la mayoría.
c) Desempeñar cualquier función en la Directiva si es electo por la Sala.

ARTICULO 9. La calidad de socio se pierde.

1) Por expulsión acordada por la Sala.
2) Por renuncia aceptada por la Directiva.
3) Por faltar a cuatro (4) reuniones consecutivas sin causas justificadas.
4) Por dejar de pagar las cuotas en más de cuatro (4) reuniones.
5) Por causar daños con palabras y hechos penados por la Ley a la Asociación ó a terceros.
6) Por cualquier otra razón que la Sala considere de lugar.

ARTICULO 10. Cuando un Miembro de la Asociación haya perdido su calidad de Socio. La Asociación se incautará de los bienes adquiridos por créditos en caso de deudas.

PARRAFO: En caso de pérdidas de la garantía de crédito la Asociación se incautará de los bienes propios del socio hasta saldar la deuda contraída.

CAPITULO 5. DE LAS REUNIONES.

ARTICULO 11. La reunión General es la máxima autoridad de la Asociación y estará formada por la mayoría de los socios o sea, la mitad más uno.

1) En la reunión General cada dos (2) años se elegirá la Directiva.
2) En caso de que lo apruebe la Sala, un Miembro Directivo puede ser elegido por dos (2) o más períodos consecutivos.
3) Corresponde a la Reunión General aprobar los informes de los Directivos.

ARTICULO 12. Se celebrarán no menos de veinticuatro (24) reuniones ordinarias cada año.

ARTICULO 13.

1. En las reuniones Extraordinarias sólo se tratarán los asuntos que la originan.
2. Las reuniones son válidas si asisten a las mismas la mitad más uno de los socios: en caso contrario cualquier decisión que se tome carece de validez.

ARTICULO 14. Se levantará un Acta de cada reunión que realice la Asociación.
ARTICULO 15. Los acuerdos válidamente adoptados en las reuniones serán obligatorios para todos los Socios, sea que hayan votado en contra o a favor, hayan asistido o dejado de asistir a la reunión en que fueron adoptados.

ARTICULO 16. Corresponde a la reunión General cada dos (2) años revisar los Estatutos, para fines de modificación si fuere necesario, decidir sobre la disolución o liquidación de la Asociación. Resolver los asuntos relativos a la buena marcha y a la realización de los objetivos y fines de la Asociación.

PARRAFO: La reunión General cada dos (2) años será celebrada en fecha que coincida a la fecha de la Constitución de la Asociación.

CAPITULO 6. DE LA JUNTA DIRECTIVA.

ARTICULO 17. La Asociación estará dirigida por una Junta Directiva compuesta de un Presidente, un Vicepresidente, un Secretario, un Tesorero y tres Vocales, que serán elegidos en la reunión General y quienes durarán dos años en sus funciones.

PARRAFO I: En caso de renuncia, muerte o expulsión de uno o varios miembros de la Directiva de la Asociación, el Presidente o quien haga sus veces convocará a reunión de todos los integrantes de la Asociación para llenar la vacante con los miembros restantes de la Sala los que fueren promovidos por la Directiva.

PARRAFO II: La elección se realizará en la reunión ordinaria o extraordinaria siguiente al acontecimiento del hecho.

ARTICULO 18. La Junta Directiva se reunirá no menos de 24 veces al año.

ARTICULO 19. Las decisiones de la Junta Directiva se tomarán por mayoría de votos o sea la mitad más uno, siendo válidas todas las reuniones a la que asistan la mitad más uno de los miembros.

ARTICULO 20. Las Funciones de la Junta Directiva son:

1. Cumplir y hacer cumplir todas las decisiones y acuerdos tomados por la sala.
2. Velar por el mantenimiento del buen nombre de la Asociación ante otras personas.
3. Controlar, supervisar y administrar los créditos de forma tal que se usen corretamente y se cumplan con los objetivos que se propone.
4. Controlar los ingresos de los fondos.
5. Incautarse de bienes de los socios cuando no cumplan los compromisos ante terceros sin causas justificadas.
6. Dirigir todas las reuniones.
7. Realizar un inventario a los socios de los beneficios obtenidos dentro de la Asociación.
8. Elaborar una lista de los puntos a tratar en cada reunión (agenda).
9. Gestionar la asistencia técnica, educativa, así como cualquier otra asistencia que la Asociación considere de lugar.
10. Realizar cualquier otra que la Sala designore.
ARTICULO 21. Comité de Vigilancia: este comité estará integrado por el Vicepresidente de la Directiva de la Asociación, quien la presidirá y los vocales que hayan sido elegidos por la Sala, uno de los vocales hará el papel de Secretario.

SUS FUNCIONES SERÁN:

a) Supervisar, orientar, ordenar el buen uso de los créditos y los fondos de la Asociación.

b) Autorizar el desenvolverse de créditos a los socios que participen en financiamientos.

c) Exigir del tesorero la presentación de informe acerca del uso y manejo de los fondos cada tres meses.

d) Deben reunirse no menos de doce veces al año y levantar acta de cada reunión la que deberán ser leídas en la Sala para fines de información de actividades.

ARTICULO 22. Las Funciones del Presidente.

1. Presidir y dirigir las reuniones y debates.

2. Comunicar, ejecutar y hacer que se ejecuten los acuerdos y recomendaciones tomadas por la Sala.

3. Firmar todas las correspondencia y comunicaciones y acta de la asociación conjuntamente con el secretario o el tesorero según el caso.

4. Representar la Asociación en cada caso que determine la sala.

5. Preparar conjuntamente con los demás Directivos los informes que sean de lugar.

6. Preparar con el Secretario la agenda de la reunión.

7. Solicitar bajo acuerdo de la Sala al Poder Ejecutivo la incorporación de la Asociación de conformidad a la ley 580 del 26 de julio de 1920.


1. Sustituir al Presidente cuando el caso lo requiera.

2. Tener las mismas responsabilidades del Presidente cuando lo sustituya.

3. Constituirse conjuntamente con los vocales en comité de vigilancia para supervisar, ordenar y dirigir cualquier tipo de inversión proveniente de créditos institucionales o de los fondos de la Asociación de manera tal que haya un uso correcto de los mismos.

4. Realizar cualquier otra actividad que le sea encomendada por la Sala.

ARTICULO 24. Las Funciones del Secretario.

1. Redactar y firmar conjuntamente con el Presidente cualquier tipo de correspondencia relativa la Asociación y hacerla llegar a sus destino.

2. Redactar conjuntamente con el Presidente la agenda.

3. Leer cualquier tipo de correspondencia que sea recibida por la Asociación.

4. Redactar las actas correspondientes a todas las reuniones leídas y firmadas conjuntamente con el Presidente después de aprobada por la Sala.

5. Archivar y ordenar las correspondencias recibidas y expedidas, actas y todo tipo de documentos de interés para la Asociación.
ARTICULO 25. Son Funciones del Tesorero

1. Cobrar y recibir el pago de las cuotas, contribuciones y obligaciones contraídas por esta.
2. Depositar en la cuenta del de la Asociación los ahorros y obligaciones contraídas con esta.
3. Firmar conjuntamente con el Presidente los cheques que sean expedido a socio o tercero, sean de fondo de la Asociación o fondos adquiridos a través de préstamos.
4. Presentar un estado de cuenta a la Sala cada mes o en cualquier momento que los socios lo requieran.
5. Elaborar conjuntamente con el Comité de Vigilancia un informe del estado de cuenta de los préstamos cada tres meses.

PÁRRAFO

a) El tesorero conjuntamente con el Presidente responderán con sus bienes personales por cualquier engaño que se descubra en la Asociación, sea fondo de la misma o créditos adquiridos, así por negligencia, por no tener documentos aclaratorios, por descuidos contables o cualquier otra razón como pérdida de fondos no controlados a través de cuenta de banco o préstamos realizados a cualquier socio sin conocimiento de la Sala.

b) El Tesorero requerirá a la Junta Directiva cualquier tipo de material que considere necesario para el mejor desenvolvimiento de sus funciones.

ARTICULO 26. Los vocales conjuntamente con el Vicepresidente se constituirán en Comité de Vigilancia y tendrán como funciones las especificadas en el Art. 22 Párrafo inciso A,B,C,D,E serán funciones de los vocales cualquiera que le sea encomendada por la Directiva.

CAPITULO 7. De los Ahorros

ARTICULO 27. La Asociación Agropecuaria recabará de sus socios ahorros permanentes con fines de capitalizar recursos para solventar las necesidades crediticia de los mismos.

1. Cada socio ahorrará no menos de 0.50 en cada reunión.
2. Cada socio tendrá que ahorrar un 3% del beneficio que obtenga en cada una de sus cosechas.
3. Cada socio tendrá una cuenta abierta en los libros de la Asociación donde se anotará el movimiento de sus ahorros.
4. Cada socio tendrá una libreta donde se anotarán sus ahorros así como los préstamos tomados de los fondos de la Asociación.

ARTICULO 28. En caso de retiro voluntario, muerte ó expulsión la Asociación devolverá el ciento por ciento al socio de sus ahorros que figuran en su libreta de ahorros en un plazo de seis meses.

PÁRRAFO I. Cualquier socio que se retire voluntariamente tendrá derecho a reingresar; si es expulsado no tiene derecho ninguno.

PÁRRAFO II. En caso de muerte, la Directiva y la Sala determinarán si aceptan ó no cualquier descendiente con los mismos derechos que el fallecido.
PARRAFO III. Los ahorros del fallecido serán distribuidos en partes iguales entre los herederos reconocidos legalmente ó a quien haya especificado el socio antes de morir.

ARTICULO 29. La Asociación no devolverá los fondos de un socio en el momento de retiro si dicha devolución afecta las actividades normales de la Asociación.

CAPITULO 8. DE LOS CREDITOS

ARTICULO 30. La Asociación Agraria usará todos los medios a su alcance para obtener de instituciones públicas y privadas los recursos económicos que satisfagan las necesidades crediticias de los trabajos agrícolas y otras operaciones que demanden sus socios.

ARTICULO 31. Cualquier crédito solicitado no debe tener cargo financiero mayor al establecido por la Junta Monetaria.

ARTICULO 32. Los financiamientos serán solicitados en base a un estudio socio-económico que será elaborado por la institución crediticia y la Asociación.

PARRAFO: Cualquier crédito solicitado sólo será usado para los fines que lo originaron.

ARTICULO 33. La institución crediticia tendrá el derecho y la obligación de supervisar y asesorar el uso y el manejo de los fondos adquiridos por crédito, haciendo las recomendaciones técnicas y administrativas que considere de lugar.

ARTICULO 34. Ninguna institución crediticia tendrá obligación al librar el desenvolso del crédito si han variado las condiciones que prevalecían cuando fue instrumentada la solicitud.

PARRAFO: Se dejará a discreción de la Institución financiera el libramiento del crédito en suma parciales ó en su totalidad, según lo requiera el caso.

ARTICULO 35. La directiva estará en la obligación y el deber de administrar los fondos provenientes de crédito agrícola, haciendo desenvolos parciales a los participantes de acuerdo a las necesidades del cultivo y las recomendaciones técnicas administrativas del asesor y Comité de Vigilancia.

ARTICULO 36. La Asociación abrirá una cuenta corriente en un Banco para administrar los fondos provenientes de financiamiento mediante cheques expedidos en favor de los participantes, Instituciones ó terceros.

ARTICULO 37. Los préstamos serán pagados a la institución ó persona financiera de acuerdo a las estipulaciones descrita en el Contrato que se firma.

ARTICULO 38. La pérdida de la garantía del crédito no implica el cancelamiento de la deuda.

PARRAFO: En caso de pérdida de la garantía del crédito la Institución tomará las medidas de lugar.
ARTICULO 39. Para cada financiamiento la Asociación llevará un record abilitado para contabilidad donde figuran todos los que participan en el crédito de manera tal que se refleje el movimiento de capital solicitado por cada socio.

PARRAFO: Será responsabilidad del Tesorero hacer las anotaciones de lugar.

ARTICULO 40. Cuando en una zona o región se hayan integrado en Federación o Junta, las Asociaciones existentes al hacer cualquier solicitud de financiamiento de un Núcleo integrado, deberá ser considerado y aprobado por la Directiva representante de la integración, quienes serán asesores del financiamiento, sin embargo el Núcleo solicitante administrará directamente los fondos provenientes del crédito como especifican los Estatutos.

CAPITULO 9. GENERALES

ARTICULO 41. La Asociación Agraria-deberá tener los siguientes.

a) Un libro de Actas.
b) Una libreta de ahorros para cada socio.
c) Un libro de Registro de Ahorro
d) Un record de Registro de Créditos Institucionales.
e) Un sello Gomígrafo.
f) Talonario de Recibo con el Nombre de la Asociación.
g) Estatutos.
h) Material Educativo en asuntos Agrícolas.
i) Un local donde reunirse.

ARTICULO 42. Deben realizarse intercambio entre Asociaciones.

ARTICULO 43. La Asociación Agraria no podrá disolverse mientras tengan compromisos económicos que cumplir.

ARTICULO 44. La Disolución de la Asociación conocida en una reunión Extraordinaria convocada por más o menos de 2/3 partes de los socios y cuya asistencia sea menor de la misma 2/3 parte de sus socios.

ARTICULO 45. En caso de disolución el 10% de los fondos serán donado a una Asociación similar de la Sección ___________ paraje ___________, los fondos restantes serán distribuidos entre los socios en proporción a los ahorros que hayan acumulado.

ARTICULO 46. El Comité de Crédito se compondrá de tres Miembros: un Presidente y dos vocales.

Este comité se encargará del buen funcionamiento de los Préstamos que soliciten los socios con fines Agrícolas.

El Comité de Crédito funcionará en Coordinación con el Presidente, el Vicepresidente y el Tesorero de la Directiva, de acuerdo a como lo especifican los Estatutos en el Artículo 23, Acapite 3.

ARTICULO 47. El Comité Técnico Supervisor estará compuesto por tres (3) Miembros, un Presidente y dos vocales. Este comité se encargará del buen
funcionamiento de todo el equipo de Labranza y Cultivo que obtengan los socios para el cultivo, de los créditos que le haya aprobado el Comité de Crédito conjuntamente con la Directiva.

PARRAFO I. Recomendar al socio que tipo de fertilizante deberá aplicar en su predio Agrícola.

PARRAFO II. Analizar el terreno antes de dicha recomendación.

PARRAFO III. Recomendarle al socio la fulmigación a su debido tiempo para controlar todo tipo de plaga.

ARTICULO 48. El Comité de Mercadeo estará compuesto por tres Miembros un Presidente y dos vocales. Este comité se encargará de gestionar toda venta y compra que se manipulen en beneficio de los socios conjuntamente con el Presidente y el Tesorero de la Directiva.

ARTICULO 49. El Comité de Educación estará integrado por tres Miembros. Este comité se encargará de espandir la educación a todos los socios por los menos una vez al mes, de acuerdo al Artículo 4 letra F de estos Estatutos.

LA DIRECTIVA