

History and Evolution of the Cooperative Movement in Almería (Spain)

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ALMERÍA



The province of Almería is in the region of Andalucía, southeast Spain.

F&V sector is one of the principle economic motors.



**2.000.000.000 of
revenues
Exports 60%**



Carried out by **farmers and
their **cooperatives****



13.500 farmers

40.000 workers

70+ cooperatives

**270+ auxilliary
businesses**

Smallholding



The Cooperative Model of Almería

BUSINESS MODEL

HISTORY OF THE COOP SECTOR

ROLE OF COOPERATIVES

DISCUSSION OF COOP VALUES



COOPERATIVE BUSINESS MODEL OF ALMERÍA

INITIALLY

Farmers worked separately on their family farms.

- ➡ Lost money
- ➡ No direct connection with the market



SOLUTIONS

- Work directly with intermediaries
- Increase margins



Creation of small family farms

Farmer Associations

Farmers Associations took on 2 parallel business models

AUCTIONS

**Distant Relationship
between Farmers**

**Farmers owned product
until the sale**

**Product price obtained by
auction**

Mainly domestic (80%)



COOPERATIVES

Union of farmers

**Marketed production together
→ Shared benefits**

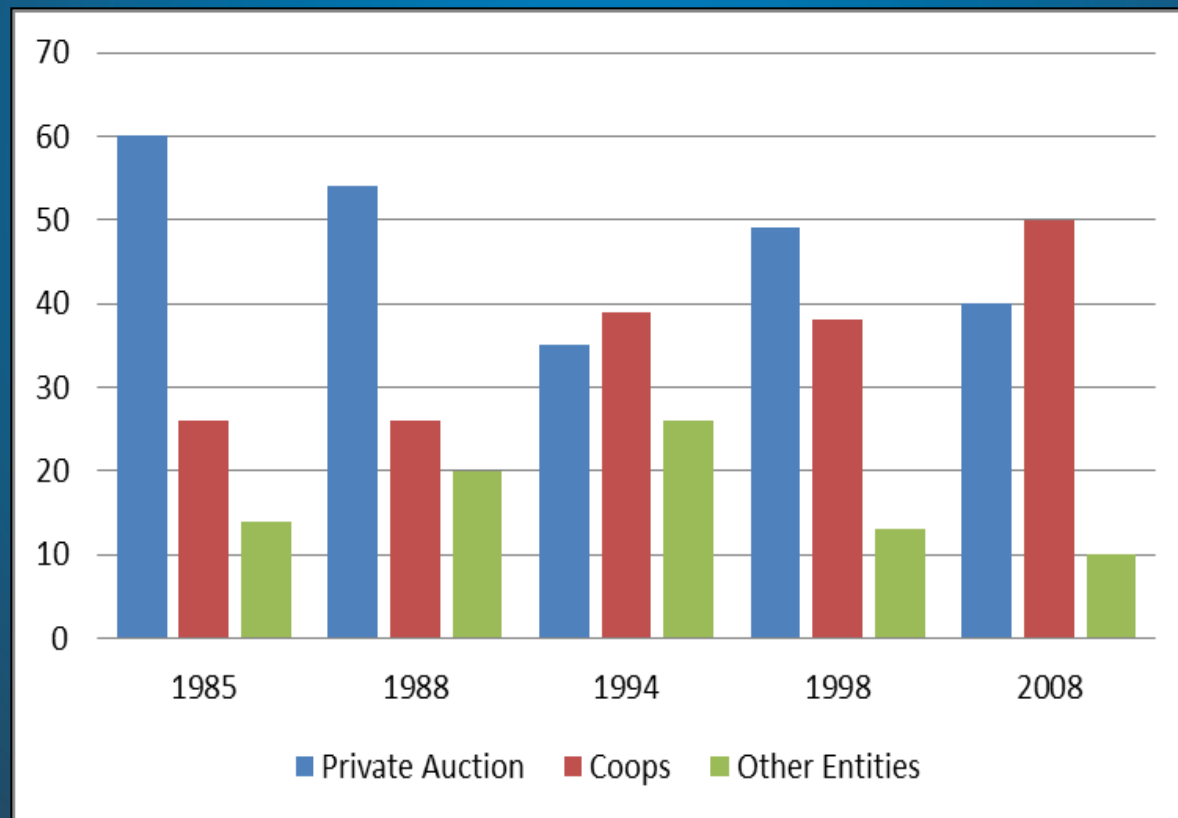
**Coops act as intermediaries
until sale**

Mainly Export



Role of Cooperatives has grown as has its reputation.
The cooperative played a proactive role and has continued with the development and maturity of the sector.

Market Share of Almería Cooperatives (Cajamar)



Cooperatives are categorised depending on their members.
Directors and Managers must consider type of members:

**First Tier
Cooperatives**

Cooperatives formed by farmers

3900 + First Tier
agricultural coops in Spain



**Second Tier
Cooperatives**

**Cooperatives formed by other
cooperatives**

150 + Second Tier coops in
Spain



Fuente: Cooperativas Agroalimentarias

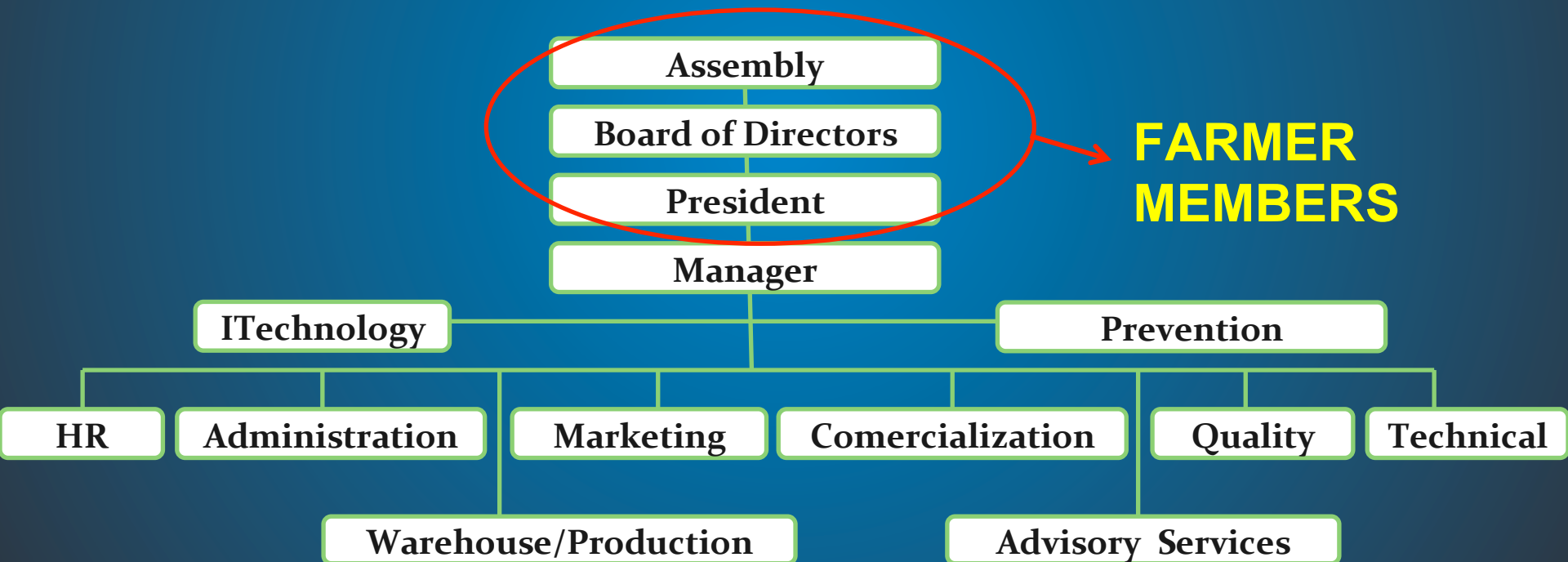
COOPERATIVE MODEL

Cooperatives carry out different activities in function of their position in the supply chain –different services for members



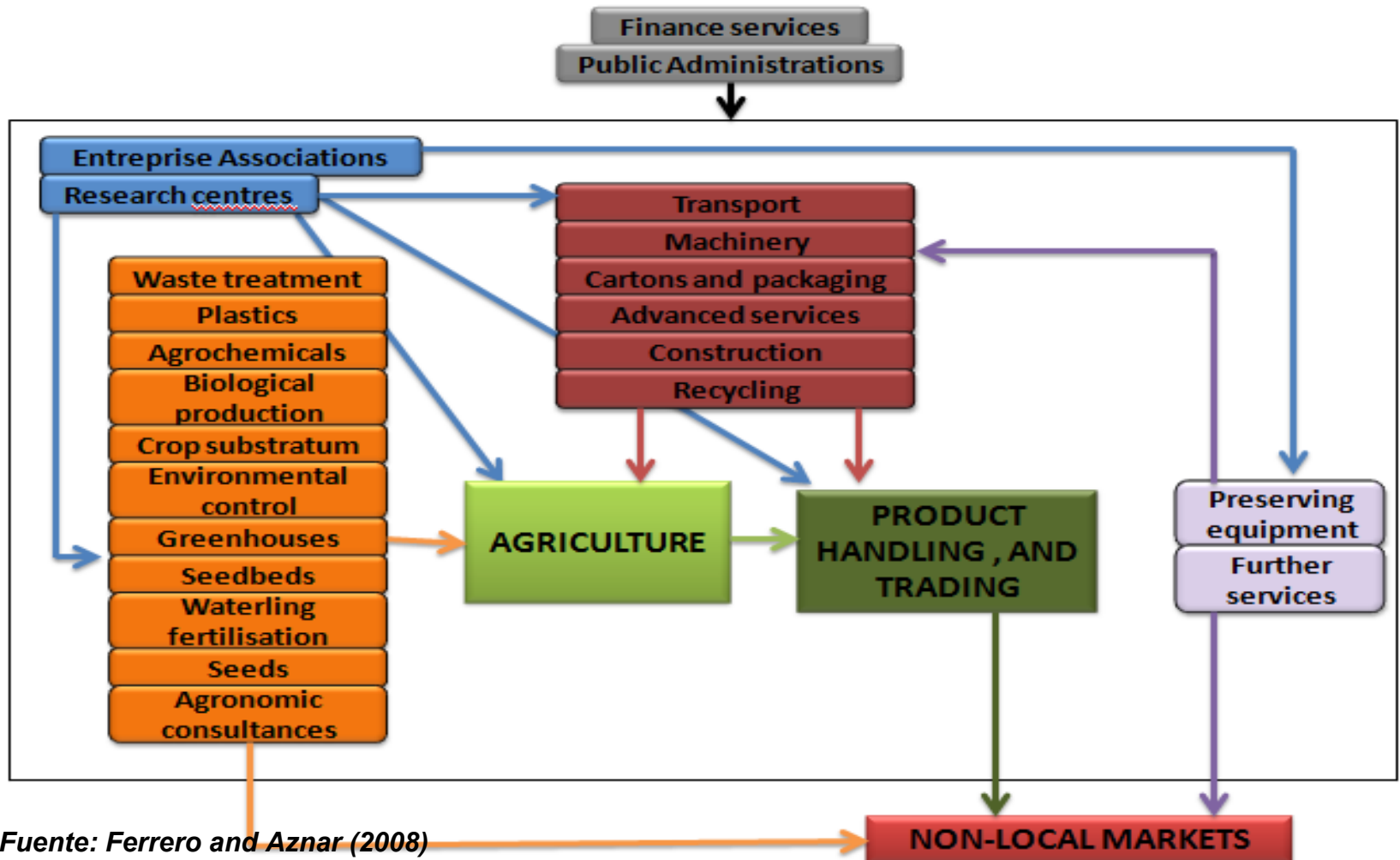
To carry out all the activities that support the development of the organization, cooperatives have various departments - **each an opportunity to apply cooperative values**

ORGANIGRAM OF TYPICAL ALMERÍA COOPERATIVE

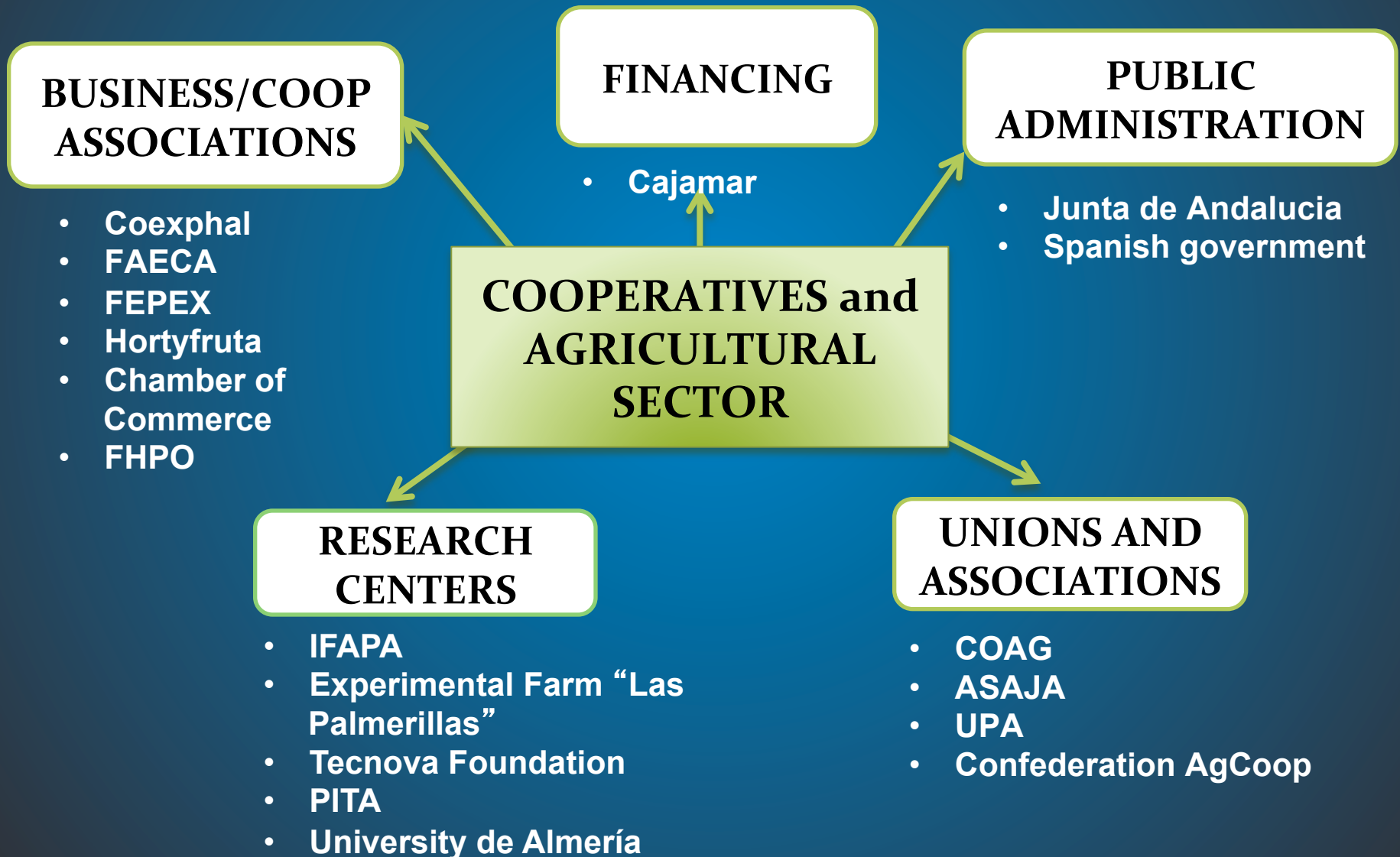


ALMERÍA SYSTEM

Cooperatives cannot act alone. They need the support of other business, directly or indirectly, related to the sector.



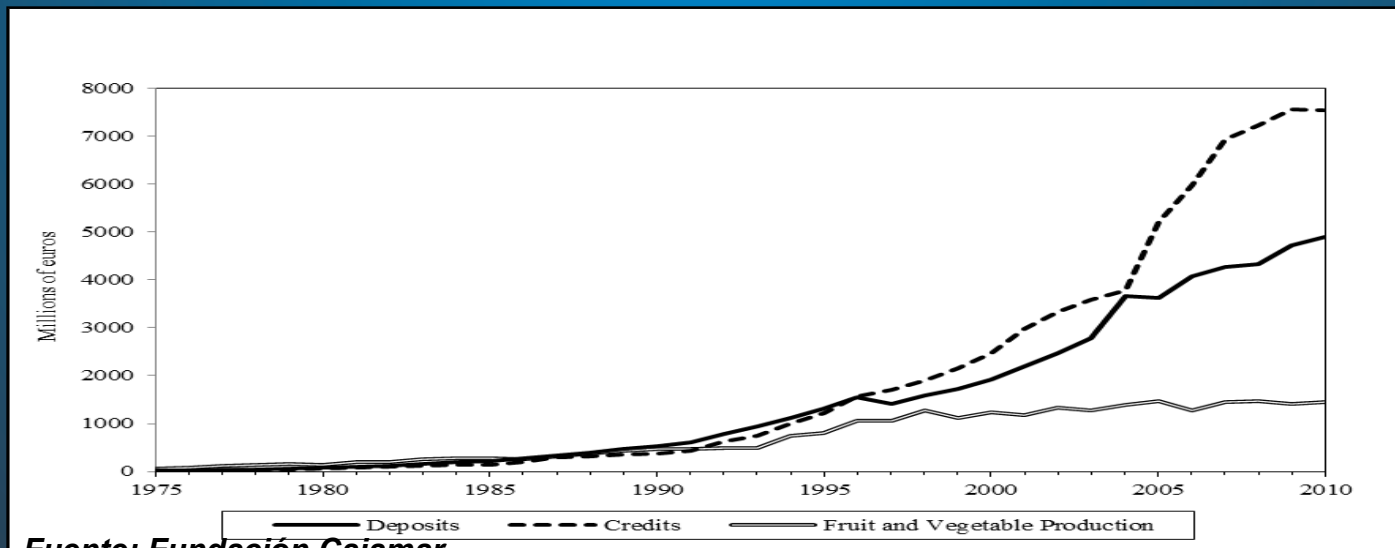
PRINCIPAL INSTITUTIONS



Cooperative Financing -Cajamar Caja Rural

Most important Credit Cooperative in Spain,
13th largest bank

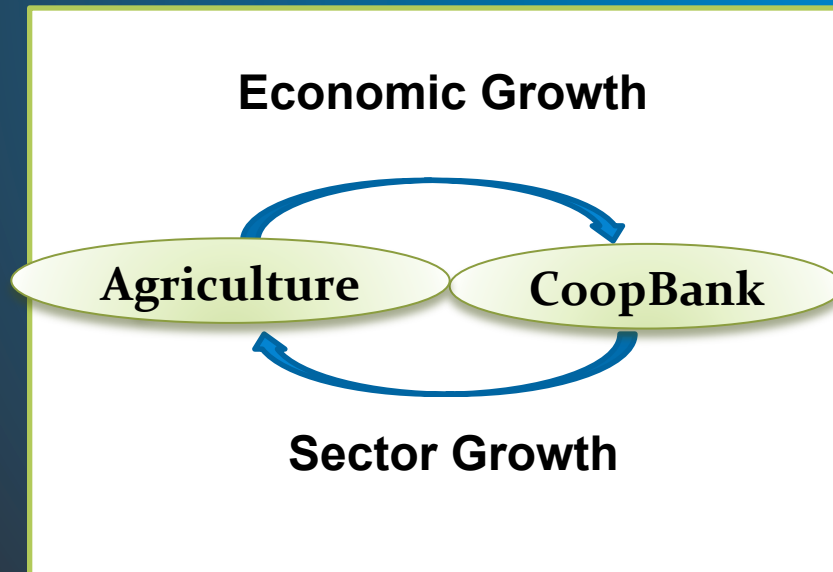
Financed cooperatives through credits ,
held deposits of cooperatives and farmers



Relationship between Cooperatives

Important **synergy** with Almería agricultural sector

Cajamar traditionally acted as a **catalyst** to solve socio-economic and environmental problems



As sector has modernised, Cajamar has **financed social and agricultural innovation** through its foundation for socio-economic studies and “Las Palmerillas” farm

F&VPO (FRUIT AND VEGETABLE PRODUCER ORGANIZATIONS) at EU level

- **F&V producers group together**
- **Help process of working together and deciding on common plan to manage crises.**



**Increase quality
of products**



**Improve supply
chain stability**



HISTORY OF THE AGRICULTURAL SECTOR

Almería is an **agricultural community** in an historically poor area. In 1955 it had the lowest GDP in Spain.



**Infertile Land, Little Water,
Poor Infrastructure**

**63% of farms were family
farms with no connection to
the market..**

**Small holding production
system:**

**Average farm size 1.5 ha
in hands of family farmers
and SMEs who joined
cooperatives**



Living Conditions



It has transformed into a dynamic economy with a local production system or cluster, centered largely on cooperatives



Agricultural **area** has evolved:

- ➔ From the first half of the 20th C. it was **3.2%**
- ➔ Currently it is **70%**

1970s: Cooperatives emerged

- ➔ Avoid intermediaries
- ➔ Work together in a competitive market

How has this happened?

TIME LINE

BEGINNINGS

1939

Initiatives under Franco

Creation of the Instituto Nacional de Colonización (I.N.C) and Approval of the “Law of Colonizations of Local Interest”. Tried to develop the province by increasing agriculture. **Technical v Social**



The Instituto “transferred” small parcels to rural people, depending on circumstances**

Although the I.N.C brought certain technological advances such as drilling wells and connecting electricity, it was **unsustainable**: over exploitation of underground water and an agriculture that was not sustainable or productive.

Technical v. Social Approach



- Franco's agricultural reform:

- Sell barren land to peasants (who later invent primitive greenhouses*)

- Exploit water and natural resources

- Environmental contamination

- But no investment in society, democracy, agricultural advances or other activity

- No access to capital for farmers

- Without investment and research, farmers can only be part-time and need to work for others (didn't occur to state that farmers could survive on small amount of land!).

- Drilling for water

TIME LINE

BEGINNINGS

1957

Before the Greenhouse

Introduction of covered soil system of production “enarenado”: a layer of fertilizer followed by layer of sand.



1959

Opening of Markets

“Stabilization Plan”: no more autarky and liberalisation of the Spanish economy

1960

Greenhouses

Creation of first greenhouses and productive system using plastic

1960s

1963

First bank for poor farmers

Creation of “Caja Rural de Almería”.

Cooperation between farmers, coops and the coop bank to finance sector and innovation, where **other lenders would not enter.**

Cooperative bank set up **in the middle of greenhouses**-rapidly expands **tiny offices** amongst fields

can monitor activities, both financial and agricultural

Disseminates **know-how, knowledge, social “glue”**



In 1967 first official mortgage given to a cooperative

1967

First Coop branch office





1970

Development of basic auxiliary Industry

Attempt at efficiencies and cost savings

Start of Democracy

1975-1978

Death of Franco, transition to democracy and entrance into free and competitive markets. **New stage for**

cooperatives BUT High unemployment

No culture of entrepreneurship

Little experience with open markets and competition

Environmental degradation
(salt water, pesticides, etc.)

Fear and instability



1970s: RISE OF COOPERATIVES

**1978 Spanish Constitution:
protection for cooperatives**

1978 Cooperative regulations



Art 129 of the Spanish Constitution
Public authorities shall efficiently promote the diverse forms of participation in business and support cooperative societies through adequate legislation .

1975-1
979

Risk Sharing and Innovation

Decision to set up experimental farms to shift risk to coop bank (1975); Drip irrigation, hormones, thermal plastic



1975

Sector Support

Creation of first farmer union

1977

Creation of Coexpthal

Association of agricultural cooperatives of Almería.



First task was to fight for place in the market for local producers. (Role has changed over the years to adapt)

1977

Appearance of SATs

Hybrid form, mixing coop form with capital company. Voting may be based on capital contribution. First SAT law appeared in 1981.

1980s: COOPERATIVE BOOM

1982

Creation of Cooperatives

The Junta de Andalucía encouraged the creation of Cooperatives-subsidies

1983-1985

Coop Research-

Irrigation improvements, non-soil materials, improve greenhouse design. **Technical Ag Service**-cost/benefit analysis on introduction of new technologies



1986

New International Relations

Entrance of Spain into the European Community.
CAP support

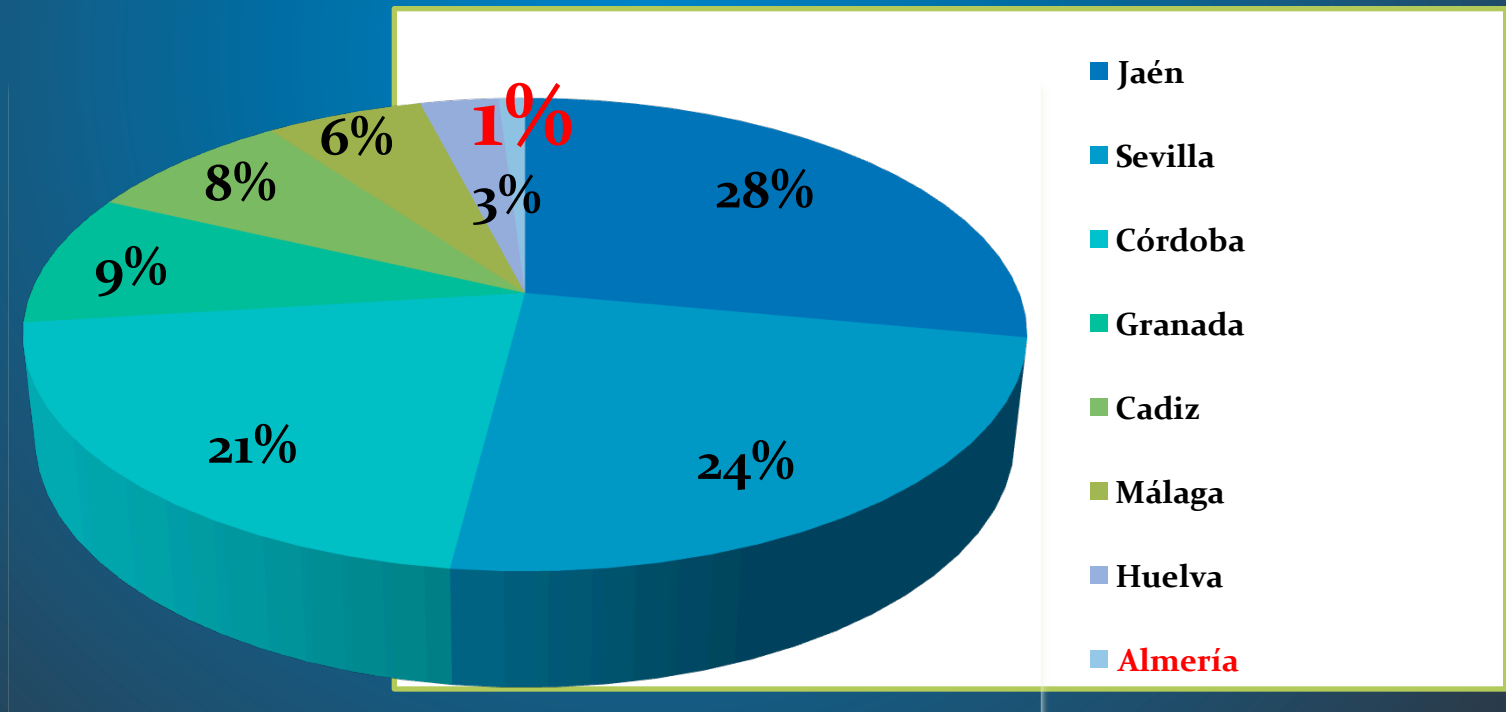
Coop tracking market and economic information



1980s: COOPERATIVE BOOM

Common Agricultral Policy most important EU program for Agricultural support. Almeria receives very few subsidies. **BUT consider affect on Small Farmers and Coop Directors and Managers!**

CAP Support



1980s: COOPERATIVE BOOM

1987

More support for the Cooperative Sector

Creation of FEPEX (Federación Española de Asociaciones de Productores Exportadores de Frutas Hortalizas y Plantas Vivas): reinforce cooperatives at the national level, defending their interests and representation before Administrations.



1988

New Institutions

Creation of APAL (Agrupación Agraria de Almería)



Vista satélite de los invernaderos de Almería

1990s: ADVANCES IN PRODUCTION, QUALITY, ENVIRONMENT AND EXPORT



1993-1
995

Investment in environmentally sound techniques and structures

Bee colonies, more structural improvements, each time saving resources and increasing production.

1996

More sector support

Coexphal takes over representation of FAECA: representing cooperative interests at a regional Andalusian level. Push for development.

1996-1
997

Improved knowledge through financing studies

Longer life varieties, recirculation of nutrient solutions



1998

Coop Education and Training

First technical courses.



BEYOND 2000

2002-
2007

Continuous Improvement Through Knowledge Sharing

Greenhouse and product improvements with more and more awareness of environmental impact.



2007

Rapid Implementation of Biological Control due to Cooperative Network

Lack of control on peppers led to export shutdown. Coexphal accelerated adoption of techniques based on **integrated pest management using biological control**. In 18 months 70% of sector (20.000 ha). **Consider role of Cooperative leadership in Implementing Innovation.**

2007

Creaction of Hortyfruta

Interprofesional of F&V representing Andalucia, production and commercialisation



BEYOND 2000

2011

Crisis of E. Coli

German E. coli strain resulted in shutdown of Spanish exports through false accusations. **Cooperative sector** had **institutional force** to respond to protect member farmer interests.

2003-
2014

Integration in the sector

Collaborations, mergers between cooperatives: answer to growing competition. Cooperative difference: **Concentration of people, not Capital**. Not as initially simple and easy. **Challenge for Directors and Managers-pressure to and process of growth**



2003 Vicasol and Almerisol merged. 2009 Unica Group union of 5 Almería cooperatives. 2010, Ramafrut SAT y Frucam merged. In 2011 Agroiris SAT y Mayba merged.

The entrepreneurial role of Almeria Cooperatives

Conversion of individual risk (including technical and experimental risk) to community risk. **

Transformation from peasant farmers to agricultural entrepreneurs and support for other institutional players.

Shift agricultural product **from commodity to added value**/client focused-more links in supply chain

Proactive role in the incorporation of new technologies, creation of new products and markets and the creation of society based on solidarity, innovation, knowledge and technology.



The entrepreneurial role of Almeria Cooperatives



Avoided maintaining status quo. Contribution to “reorganisation”, **continuous readjustment**.

No political affiliation



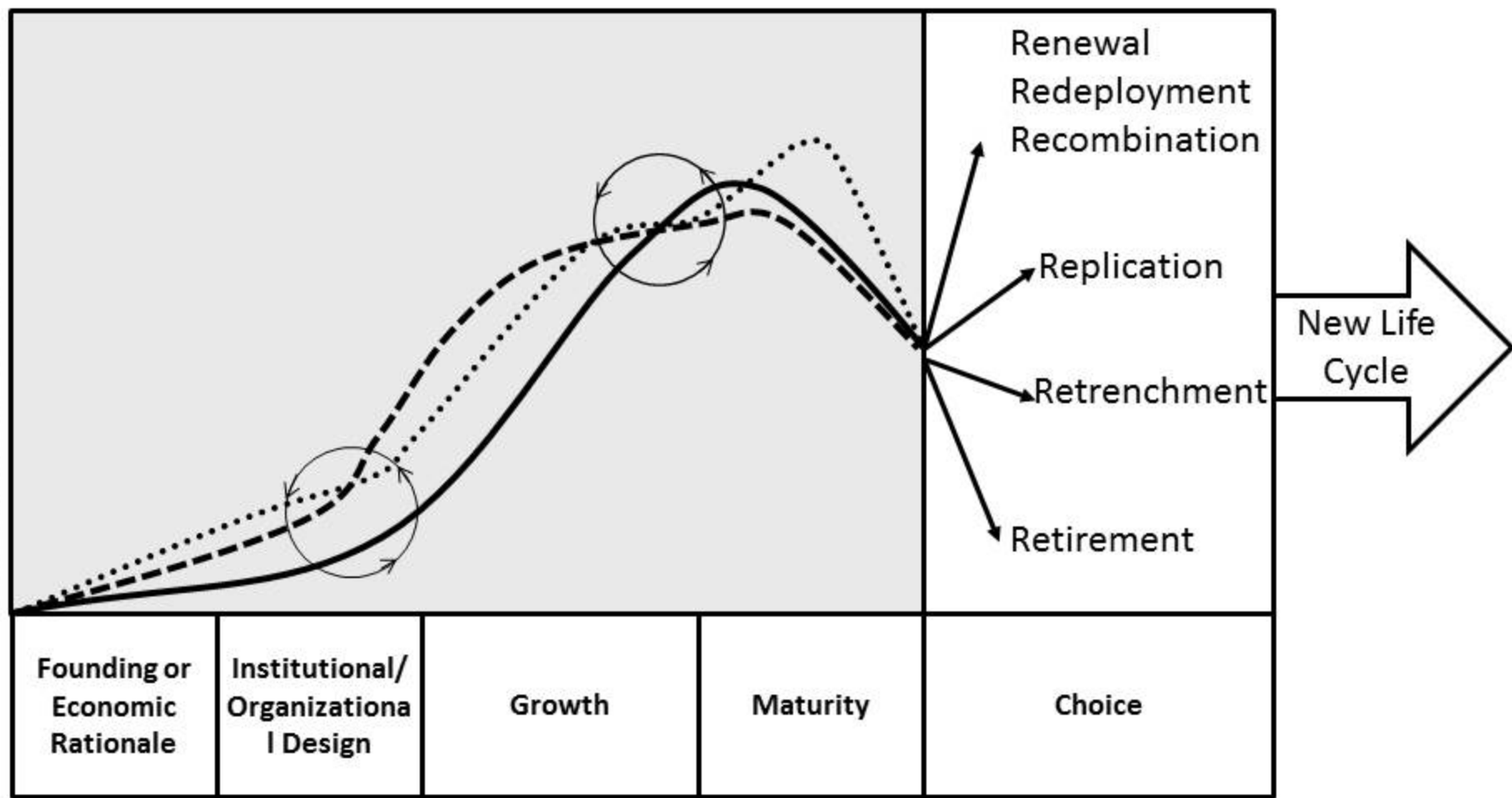
Local economy/global markets



Navigation of international /EU **policy changes**

Avoided traditional problems of clusters/industrial districts (price competition, lack of innovation and flexibility) through **proactive cooperative action and strategies**.

Development-Survival-Performance



— Macro

- - - Micro

..... Meso



Interrelationship
between levels

Cooperative Values (ICA)

- **Definition**
- A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.
- **Values**
- Co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the **ethical values** of **honesty, openness, social responsibility** and **caring for others**.

Cooperative Principles (ICA)

- **Principles**
- The co-operative principles are guidelines by which co-operatives put their values into practice.
- **1. Voluntary and Open Membership**
- **2. Democratic Member Control**
- **3. Member Economic Participation**
- **4. Autonomy and Independence**
- **5. Education, Training and Information**
- **6. Co-operation among Co-operatives**
- **7. Concern for Community**

Cooperative potential in a global economy



The role of cooperatives is to leverage, guide and develop strengths and capacities of local economies in their interaction with other environments, whether markets or institutions: **creation of social capital and networks.**

Directors and Managers of Cooperatives, along with members, are those who put this in practice.



cátedra **cajamar** de economía y agroalimentación
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