

Systematization of an Innovative Case with its Ups and Downs and Strong Potential: Peasant Organizations of Caaguazú in the Production and Sale of Vegetable Sponges (1996-2004).

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It is not a case that could be classified as successful yet, but indeed as innovative and with a strong potential, at least it is far from being a failure (as so many other initiatives in recent years). The acquired experience, the overcoming of conflicts, the new know-how give the peasants who are involved in this business a new identity and greater self-confidence.

Background, Phases and Work Approaches

In view of the uncertainty of markets and of continuous financing to support rural development, in 1996 BASE-ECTA redefined its objectives and institutional work. In this context, it seeks to strengthen its links with peasant organizations, in particular, with women's committees, and to provide them with new contents and shared responsibilities.

After analyzing several alternatives, BASE-ECTA proposes to the women's committees of 3 peasant organizations of Caaguazú (OCAR, OCSJ, CODAA) to coordinate efforts and experiment with a new product: the loofa or vegetable sponge, **without expectations of immediate sales and for a three year period**. This was the initial agreement and the process began with 13 women. Today 170 peasant families are involved and the process may be viewed in 2 stages as we will see (Annex III).

The objective is to reinforce the role of women within their organizations, advance from civic and organizational education to a phase that aims at generating complementary income based on non-traditional activities that generate added value and with market potential (sponges, medicinal herbs, bee honey).

In the first years (1996-2000), BASE-ECTA received funding from supportive European agencies (ICCO, PAN PARA EL MUNDO, DIAKONIA), that decided to conclude a relationship of over 10 years of institutional support between 1999 and 2000). This allowed the work of technicians and promoters in the field (4), a certain freedom of decision and experimentation with new practices, search for alliances, synergies and visible results in a context of crisis of the peasant economy and of increase in rural poverty.

But there were no resources for collection and marketing, which was achieved to a certain extent via another small-scale project (mini ICCO) and with the revolving fund managed by one of the women's organization small investments on the farm were initiated.

The identification of the product to be promoted (vegetable sponges) on the part of the NGO forced the technical team to assume a greater responsibility due to the characteristics of the product and its by-products, and the need to simultaneously address 3 fronts: production, transformation, and marketing. Nevertheless, this offer responded to women's demand for income generating activities, once food safety was relatively assured at the farm level. In times of crisis, there may have food but no cash for extras.

For the goals proposed, the women's committees of the 3 organizations involved made up a Women's Coordinating Committee of Peasant Organizations (CMOC). The commitment and leadership taken on by many of them facilitated the task, the exchanges of experience, the follow-up of the process.

In the second phase (2000-2004) and due to the interest generated by the sponges and the demand of women to continue the process, resources were negotiated with Paz y Desarrollo, a Spanish NGO (2000-2002). By common agreement women and men decided to share the upcoming business and create the Association of Agricultural Peasant Producers of Caaguazú (*Asociación de Productores Agropecuario Campesinos de Caaguazú*) (APACC) which would be in charge of the storage, processing and sale of the sponges, and on the basis of the acquired experience, of other products in the future.

Unlike previous institutional support, the new project includes resources for training, investment on the farm and in the future enterprise (infrastructure and equipments). The objective was to replicate the prior experience on a larger scale and institutionalize it. The target group includes 200 peasant families.

The condition set by the sponsor NGO was to establish an "associative enterprise" that should be transferred to and "self-managed" by peasant organizations, in a 2-year time-span! An important challenge was at stake and men also became involved in the management of the enterprise.

This decision was not free of tensions because although women did not consider desirable to organize a business on their own or in a parallel way, it is also a fact that when resources are at stake, unlike women, men fight for their space or quota of power. Women continue to be the absolute majority at the level of cultivation.

With the new AECI/Paz y Desarrollo project an integral approach is sought and the productive diversification: vegetable sponges + apicultural production/of honey + green fertilizers, in order to improve productivity and yields. This brings about a combination of interests and the sharing of responsibilities.

The project now included funds for minimum infrastructure and equipments for production on the farm (posts, wires, sprays, drums to wash the sponges, inputs for bio-fertilizers). Technical assistance was in charge of 2 technicians and 1 accountant provided by BASE-ECTA and 4 peasant women promoters hired by the project.

Why Vegetable Sponges? Characteristics, Uses and Potential

- ✓ In the past, attempts of joint production with traditional crops (i.e. cotton) or in social investment projects had not produced the expected results. The idea was to reactivate organizations after a period of crisis and failures in cash crops (low prices, pests, soil deterioration, low productivity, debts), which generated inertias, lack of motivation and skepticism.
- ✓ Sponges adapts well to our high temperatures, are easy to handle, non-perishable which facilitates its exploitation and storage, as well as the spacing of sales to obtain the best price.

Also, the characteristics of its fiber, elasticity, resistance and malleability, allow the development of different products, both handcrafted and for industrial use.

- ✓ As in the case of apicultural production, sponges do not require much space, may be located near the home, the seeds are provided by neighbors and may be used from one cycle to another. Do not imply costly inputs and agrochemical substances.
- ✓ The long harvest time, of about 3 to 4 months, facilitates its combination with other tasks.
- ✓ Due to its easy handling, it is a more labor-intensive crop in terms of the care it requires. An investment in work equal to 30 days is estimated over 9 months for ¼ hectare or 50 plants that with good care could generate an average of about 4.000 fruits.

Advances and Results

At the Level of Production:

- ✓ A well-known “weed” that is not appreciated nor used by peasant families, is rescued and made useful.
- ✓ The women themselves tested the crossing of seeds to obtain the best variety, and tried with at least 5 local varieties. A more resistant fiber has been obtained that is softer, larger and adapts well to our climate.
- ✓ The handling of plants has improved (homemade poison/pohañana, pruning, rinsing, selection, classification, etc.) which helps improve fruit quality and size. In few years two well differentiated types of sponges have been obtained: first quality (uniform and a lighter color and bigger size) and second quality (dark color and/or with stains).
- ✓ Only after the 3rd year women bought second-quality sponges, not in the first years in order to stimulate the cultivation of quality sponge and not become used to a production that is careless and lacks effort and attention; also, it was not clear what to do with the second quality sponges in terms of sales. Only with training in decorative handicrafts, second quality sponges became more valuable. Any piece of sponge gains value once women learn to dye, cut, shape them to produce objects that can be given as presents or for sale on a freelance basis.
- ✓ During the first years, second quality sponge production surpassed the production of first quality sponge in terms of amount; however this trend has changed over the years. In the last years, 70% of the production is first quality sponge.
- ✓ Today Paraguay has the best quality of sponge in terms of its fiber and size. Production, classification, packaging, processing techniques are in place. Cost and price estimation is still difficult, and infrastructure at farm level needs improvement.
- ✓ About 20 women were trained in sponge production with the capacity to transmit their knowledge and teach other women.

- ✓ At the beginning sponges were sell in units either packed or wholesale, but very soon added value was sought.
- ✓ BASE-ECTA researched and succeeded in developing 5 quality products for body care: Sponge Gloves, Round, Oval-shaped, Facial Sponges and Back Scrubbers. This knowledge and technology was transferred to 2 peasant women, who then transmitted it to their peers.
- ✓ Peasant is not prone to take risks (see to believe), the uncertainty about sales as well as the lack of incentives for investments on the farm, led to an average of 4 plants per woman at the beginning; currently, after the project, the number of plants has increased to 20 as an average. The ideal goal would be 50 plants or ¼ hectare.
- ✓ Not all the women take on the commitment in the same way, great differences can be seen at the production level.
- ✓ At the beginning, the scale of production was not an issue since learning was prioritized on the basis of experimentation and trial and error. Nowadays things have changed; there is a challenge to generate a certain economy of scale in order to take advantage of new demands and market niches.

At the Level of Marketing:

- ✓ For the first time a brand “Vital” was patented for sale and 5 models manufactured for cosmetic use. Now sponges are better known and appreciated but in Paraguay the local market is insignificant.
- ✓ As there is no great demand, it is necessary to develop the habit of use of sponges at the local level, but there are no resources available for publicity campaigns or investment in marketing.
- ✓ However, the experience creates the interest of other peasant organizations, including municipalities which now approach APACC asking for information and advice.
- ✓ There is an office now and minimum equipment for the packaging and sale of sponges (2 industrial sewing machines, 2 cutters and 1 sponge opening machine, 2 pressers). Also, office furniture, computer, telephone and fax.
- ✓ Jobs were generated for young people at the micro-enterprise level, about 12 young people who do piecework upon orders.
- ✓ It is important to underscore the case of the most entrepreneurial women, as examples to be followed and cases to be analyzed in depth. In the 2001/2 cycle one woman sells 2.300 fruits worth 1,300,000 Guaraníes (US\$ 185) and, in the following cycle 2002/2003 it was a man who reached the record sale of 5,000 fruits worth 2,684,200 Guaraníes (US\$ 442).
- ✓ During the first years, sponges were sold as units without transformation, packaged and labeled by size and the first customers were drugstores in Asuncion. In recent years demand has increased for manufactured products and for sponge cuts to be finished by purchasers.

- ✓ Now management aimed at business is appreciated by peasants families; also the search, which implies regular negotiations, of greater margins of earnings for women. Although, decisions related to price-setting according to sponge size and quality could become a somewhat complicated (see Annex III).

Main Difficulties:

- The newness of the product and its small-scale hinder placement in many businesses running the risk of not being able to maintain the stock all year round. Effort was made to ensure some stable clients rather than sell the entire production to a single customer in a short period of time.
- Product replacement is slow. Estimated use of a sponge is 6 months but it can last more if it is not treated with chemical products, as it is the case. Finding local sales personnel (earning a commission on their sales) for a single product, the replacement of which is slow, was a hard task and attempts failed.
- With greater production it is possible to sell in a chain of supermarkets; however, in these cases, the person offering a new product must control the stock, supervise the level of sales and ensure product replacement. In the end, this required too much work and dedication that a single product with a low monthly sale did not justify.
- It has not been possible to interest local companies in representing the product at the national level; however, we found companies that have started to import sponges from neighboring countries and local intermediaries that do not wish to run the risk of organizing and training personnel, and are simply interested in the raw material.
- The NGO took on new functions as the design of new products, promotion and marketing but funds are scarce for this kind of work. The search for niches in local and foreign markets continues.

CMOC. Some Economic Results in Numbers.

Productivity improves and this is reflected in the evolution of the prices and average income (see ANNEX III).

In spite of the typical difficulties faced by any new activity, until 2001 the Women's Coordinating Committee (CMOC) locally marketed a total of 9,412 sponge units, obtaining an income worth around US\$ 4.517.

At the end of the so-called first phase, CMOC had a stock of 15,560 sponges (44% were first quality sponges). This stock was transferred "on credit" to the new associative enterprise, the APACC. The assets generated by CMOC (US\$ 2,338 in the year 2000) were recovered by one of the Women's Coordinating Committees (OCAR) that had made loans from its revolving fund to purchase raw material.

A Peasant Associative Enterprise, APACC (2000-2004).

An associative enterprise that started with an innovative experience promoted by women and involving several peasant organizations created expectations as well as doubts. This brought about a rethinking of commitments and a definition of new rules. The legal establishment of APACC implied a process of consultations, meetings and much debating in order to define which were to be its objectives, structure and form of functioning. The phase of analysis, reflection and decision-making lasted about 6 months and involved at least 2 representatives per organization and the NGO.

The issues debated under these circumstances were:

- The kind and degree of commitment on the part of the organizations in the execution of the project;
- The legal form the enterprise would have for marketing purposes bearing in mind the possibilities and limitations of the legislation in effect;
- The place where the facilities would be located;
- The working capital for the process and purchase of raw material not covered by the project;
- The possibilities of access to small loans;
- Planning of actions;
- The drafting of by-laws and the corresponding registrations;
- The estimated calculations of production cost in the farm and at the level of the small-scale enterprise.

Main Problems and Debate Items:

❖ The local contribution. Lack of working capital to purchase the harvest.

It was not possible to include the revolving fund in the project. The proposal for each family to provide (20 thousand guaraníes/US\$ 6) for the initial capital did not materialize either. A complementary credit or a donation for storage purposes was also sought but without success (RedCIDEM/UE, CREDICOOP, *Fondo de Desarrollo Campesino* (FDC), *Crédito Agrícola de Habilidadación* (CAH). The fact that the organization was not yet legally established had an influence on this (there is much paperwork and red tape in these cases) and the experiences of indebtedness with cotton in previous years did not foster the running of further risks.

All the time organizations were requested to cover part of the economic cost of the production and associative enterprise. Experience told us that when everything is simply given, nothing is appreciated. Nevertheless, in the initial phase it was utopian to expect an associative enterprise with its own working capital. In the face of the lack of accessible loans and appropriate conditions, in 2001 BASE-ECTA decided to lend part of the money required for the purchase of raw material: 15 million guaraníes to be paid back in 90 days. This loan has not been fully paid yet because APACC has prioritized other investments and reimbursements. In this way most of the payment for the raw material was covered for the 2000/2001 cycle which produces an increase in marketable production. However, it was only in the last 2003/4 cycle, after two years of purchases on consignment that take time to materialize and which is discouraging for many, APACC is able to pay the harvest in cash with its own resources and an acceptable economic result.

Legalization and Structure of the Associative Enterprise

In August 2001 APACC is established in a general assembly and its by-laws are approved after their analysis by each committee and a Board of Directors is elected.

According to the by-laws, APACC is a non-profit “**civil cooperation entity**”, of restricted capacity, and expressly indicate that “it cannot make religious, political, partisan or gender distinctions”. This is not completely pertinent but was imposed since there is no legislation promoting a “social enterprise” nor special fiscal incentives in the case of a continual commercial activity, as is the case. Therefore, APACC pays taxes (10% VAT), which makes the product more expensive.

The organic structure of a cooperative was adopted *de facto* but the juridical profile is that of a civil non-profit association (the same as for NGOs). It is true to say that the modality of cooperative that has been promoted for decades by the public sector is not appealing to peasants as it is foreign to their tradition (vertical management) and due to bad experiences in the past with this kind of organization that aims solely at economic activities. Also, because the paperwork is very complicated to legally establish a cooperative and the compulsory saving of members is a must.

The idea was to create a unit of promotion and marketing of agricultural products that established the link between peasant producers and the market. It is non-profit and aims at obtaining the best price for producers by reducing the need for intermediaries. Earnings are reinvested in production and redistributed according to the amount of production delivered by each organization. It had to cover the working costs of its functioning, generate employment and ensure the sustainability of the enterprises.

APACC is owned by 3 peasant organizations and not by its associates, like a second-floor association. It was decided to create an Administrative Commission made up of 2 representatives from each organization, preferably a woman and a man, like Vigilance Group and an Electoral Tribunal for 3-year periods. This aspect was debated lengthily because the position of Chair is very important for peasants and in a culture that is still authoritarian. In the end it was relatively easy to reach a consensus as there were only 3 organizations involved and the mandate was of 3 years; nobody was prepared to have authority concentrated in only one organization, so the positions of chair, secretary and treasurer rotate on an annual basis. The first year positions were decided by draw of lots and then by turn. At the same time the hiring of a manager and the necessary personnel was decided for the development of the work

This achieved a clear delimitation of the functions between the Administrative Commission which takes on the political role of defining the orientation and projection of the enterprise as well the control of management and the person in charge or administrator (originally called Manager, this position was later eliminated after conflicts with the first manager leading to his dismissal, alleging that the title was alien to peasant culture and somewhat “excessive” for the function); we mention these details because this distinction of functions is not always achieved in the case of peasant social organizations with business purposes or in the management of projects.

The first Administrative Commission was made up according to the by-laws, one man and one woman, but soon it happened that a woman was replaced by a man. Precisely it was an organization that did not actively include women in its organizational process, although it

included women who were able to assume leadership. The effort that women must make in a culture in which household chores are not shared with men is well known. Additionally the distances between organizations and between the home and the location of the enterprise could be limiting factors.

In the selection of members and personnel, the NGO did not intervene directly, its presence is important in terms of orientation on how to proceed, furthermore when there are different alternatives at stake, unclear criteria or procedures and new values need to be assumed in relation to more complex activities. However, this presence is always temporary and situational.

❖ Personnel Selection in an Associative Enterprise

The idea of an “enterprise” sounded very ambitious to many. As a peasant women said: *“The enterprise earns money and we are not ready for that, maybe it will be useful to our children who are more educated than us”*.

That is correct, it implies changes in habits, mentalities, routines, new tasks and responsibilities and it means confronting various rationalities, with soundness and tact, which is not always the case.

The creation of the team or human capital was a delicate task since the positions generates competition and desires among associates who feel they have the same rights to intervene in the definition of the conditions to ensure certain employment for their family members. It was a new experience for everybody, including the NGO, which had to be processed as the problems arose.

The transformation of habits and mentalities, when it is a matter of production in one’s own farm, at one’s own pace, to another situation with expectations of becoming a “social enterprise” which requires differentiated functions, shared responsibilities, transparency and specific external consultancies was often an experience that had to be analyzed and processed as complicated situations arose.

As we had no previous experience, one of the challenges was to set up a working team to interact without much conflict, with a certain harmony, in a scenario that was not the ideal one.

- a) the distances between the home and the location were not the same for all applicants, some committees were 50 km away or more while others at a distance of 5 km, and public transport is an issue given that frequency of buses is very spaced out.
- b) the absence of working capital did not allow regular monthly payments, but payments in terms of the sales made, which implied “sacrifices” and commitments for the enterprise to continue.
- c) in this kind of situations tensions can be observed between peasant culture and “entrepreneurial habits” to be develop (timetables, quality controls and time invested in tasks, registrations, etc.).

Consequently, the original intention of incorporating a per hour production regime, with set timetables, etc. was not accepted since reality implied another situation, and commitments weakened when there was no money for the per diem (bus ticket, food).

Additionally, the possibility of men and women sharing a same physical space, which is not the community or the home, generates all sorts of fears. This was the first manager's excuse for hiring his own relatives to a much greater extent than desirable.

At present, this kind of barriers has been overcome but the young people who are employed are mostly male and from the closest communities to APACC (which was easy to imagine). APACC is now appreciated and recognized as having advantages in relation to the other peasant enterprises or organizations (infrastructure, equipment, training, sufficient raw material and inputs to initiate production).

❖ *The Commitment of Organizations in Project Execution and Conflict Management.*

Supposedly the peasant organizations were relatively strong and were able to manage their own functioning and internal crisis. The project only proposed the creation of a team made up of 2 representatives per organization, who would act as a link for decision-making. But as people were accustomed to technicians arriving directly to the steering commissions and/or grassroots committees, the organizations felt "somewhat abandoned" by the project. This situation led to obstacles in the appropriation of the idea and business. At a certain point, it was seen as the work of certain leaders, men and women, who carried out this work "because they must be obtaining some sort of benefit". The process of internal elections of the organizations and the inevitable conflicts within them also affected APACC.

When at long last they accepted the idea and identified with the business; it was necessary to address a serious management problem. The first manager elected by the Administrative Commission took for himself funds worth 7 million guaraníes (US\$ 1.000, that was included in the 2002 balance sheet as a lost) and which brought about the first serious crisis, and jeopardized the entire process. The case was analyzed openly and the Board of Directors decided to dismiss him. The conflict enabled the reinforcement of the group's identity and management-related aspects, in this way helping leaders and promoters to take the reins of the business upon completion of the 2-year project.

Some of APACC's Economic Results

The effort made and the strategy originally agreed between BASE-ECTA and APACC is to sell manufactured products with the highest possible percentage of added value, particularly with peasant labor. At present, 170 associate families are involved in the production plan as well as around 50 non associate families. If demand improves and diversifies, APACC will have to analyze the ways of combining the large-scale sale of raw material to the best buyer and lower-scale processed products to different buyers, and of course, involve more peasant families in the business.

Since 2002, efforts have been made to sell in foreign markets (Uruguay, Germany) with the so called laced (60.000 units) and pillow sponges (15.000 units). For the time being, these products are sold without brand by means of two sales agents or intermediary firms that handle the exportation. For this 2004/5 cycle, an order has been received (without commitment) of 500,000 sponges, which enabled at last the establishment of a goal to sell 100,000 if the order is confirmed.

We are far from meeting foreign demand, highly conditioned by the quotas established to materialize operations of large orders and without intermediaries at the local level. We also require resources and a marketing strategy to identify reliable customers and profitable, maybe fair trade. For the time being, a vicious circle is in place, there is insufficient production for exporting purposes, and a fragmented market that is unfavorable for ecological products without strong marketing, among others.

In relation to economic results, during APACC's first two years, the operation expenses were higher than budgeted and reached more than 50% of the sales value, especially in 2002 when administration problems occurred. This was due to the lack of experience in social management and in the administrative control of a new associative enterprise, meaning that it represented a learning expense. With the change of administrator, the situation improved and although earnings were below what had been expected towards the end of 2003, APACC succeeded in paying its short-term debts, it paid its debts to sponge producers, the debt for the plot of land, telephone services, among others.

What is important and positive is that in 2003 and 2004, once the project had been completed and after having overcome internal conflicts that affected the interaction of the group, a reduction in production costs was recorded (from 48% to 38%) as well as of working expenses. So far, after a negative balance in 2002 and a modest net utility in 2003, 2004 ended with a significant positive balance of 27,073,807 guaraníes (**US\$ 4,339**). Simultaneously sales are slowly increasing in a steady way: 55,494,950 guaraníes (US\$ 9.132) in 2003; 89,318,219 guaraníes (**US\$ 14,314**) in 2004.

Lastly, another important aspect achieved by the associative enterprise is, to a certain extent, to ensure jobs which are extremely scarce in the rural context. APACC has 2 permanent employees and between 10 and 15 half-time workers, as well as promoters working for a commission on the sale of sponges and allowances of the Administrative Commission. All this brings in some money into the family economy and provides certain perspectives and value to the peasant association. In 2003 and 2004, expenses made in human resources (employees, workers, management) reached 27,992,320 guaraníes (US\$ 4,612) and 28,532,590 guaraníes (US\$ 4,602) respectively.

But we must take into account, that the transfer of knowledge, especially in relation to accounting and administrative aspects, market contacts and conflict management are delicate aspects in these type of experiences, and do require constant consultancy, follow-up and feedback, and resources are not always available for these purposes.

If we take into account the discouraging economic and political context for the peasant economy, which is where the poor are concentrated, poor who are also citizens with rights, that are ignored by many, and if we take into account the failures with income-generating or social investment projects that are market-oriented over recent years, in spite of this enterprise's short span of activity, its setbacks and advances, the experience in Caaguazú makes us think that the effort has been worthwhile. In spite of all the limitations, this work has not been in vain and help us think about what can be done for labor-intensive employment so as to rescue rural development and make it more equitable and humane.

ANNEX I

Cooperation Resources and Projects Sustaining This Process

1996-1999 Pan para le Mundo/ICCO/Diakonía Desarrollo Hacia el Tercer Milenio
US\$ 195.000 c/o Rural Promotion Area.

1999-2000 ICCO/Diakonía - Project Interaction for Development US\$ 157.494
Institutional support for services and training but no inputs for production.

1997 Fondo de Pequeños Proyectos (FPP/MiniICCO) c/o CMOC. US\$ 3.000
Purchase of Equipment, machines, inputs to patent the brand.

2000-2002 AECI/Paz y Desarrollo - Employment Generation and Agro ecological Production
with Peasant Organizations. US\$ 245.000 80% for Equipments and infrastructure.

2001-2003 ASHOKA Apoyo a emprendedora social (Elsa Zaldivar). US\$ 32.000

2000 Fondo de Pequeños Proyectos (FPP) c/o APACC US\$ 2,820
Purchase of plot of land

2003-4 Development and Peace, Canada. Empoderamiento de Mujeres Campesinas en
Organizaciones Mixtas US\$ 19.000

2004 Fondo de Pequeños Proyectos (FPP) c/o APACC US\$ 1,935
Replacement of equipment removed from APACC offices towards the end of 2003



ANNEX II

GOOD HANDLING...WHAT DOES IT MEAN & IMPLY?

At the Level of Production:

- ✓ To prepare the soil accordingly for cultivation (draining, fertilizing)
- ✓ Direct sowing and/or previous preparation of seedbeds (greater yield)
- ✓ Installing a support system (wooden and wires) to hold the weight of the fruits
- ✓ Guiding the plant and pruning as required
- ✓ Applying natural remedies when pests appear
- ✓ Harvesting at the right time over about 3-4 months per year
- ✓ Washing the fruits well and classifying them
- ✓ Putting them in plastic bags and storing in a dry place

At the Level of Marketing:

- ✓ Register prices according to size, quality and number of sponges per producer and committee (more so in the event of a sale without advance payment/payment upon sale on consignment)
- ✓ Define what portion to assign to wholesale or packed retail, in terms of orders and sale expectations, and what portion to assign to processing for handcrafted products with added value
- ✓ Bookkeeping, Balance Sheets and Economic Results
- ✓ Establish contacts, agreements and follow-up of intermediaries
- ✓ Publicity of the experience on the radio and in the written press and television
- ✓ Steps of the legal recognition of the associative enterprise
- ✓ Search for foreign markets reducing intermediaries

MULTIPLE USES & SOME UNEXPLORED MARKETS...

Toilette sponges

Cleaning sponges

Insoles for shoes

Slippers

Bedside lamps

Hand fans

Hats

Different decorative handcrafted objects

Interior decorations (screens, ceiling)

Filling for car seats

Filling for mattresses

Sound or heat insulating panels



Sponge Slippers

ANNEX III. Results Recorded and Systematized at the Level of the Peasant Farm

Table No. 1 Experimentation Phase.

Producers that classified and stored with CMOC 1996-2000

Year	Total Producers	Sponges Classified and Stored	Total Income in Guaraníes.	Average Income per Producer	Average Price	Exch. Rate* 1US\$= Gs.
1996/7	13	896	896,000	89,600	1,000	2,330
1997/8	66	7,593	3,189,100	48,320	420	2,840
1998/9	32	3,997	2,002,500	62,578	501	3,315
1999/0	30	12,549	5,988,100	199,937	477	3,545
Total		25,035	12,075,700	99,117	482	

Table No. 2 Phase of Institutionalization via Associative Enterprise

Producers who market with APACC 2000-2004.

Year	Total producers	Sponges Classified and Stored	Total Income in Guaraníes	Average Income per Producer	Average Price	Exch. Rate* 1US\$= Gs.
2000/1	120	43,491	15,848,300	132,069	364	4,635
2001/2	118	52,373	21,848,600	185,158	417	7,000
2002/3	81	30,585	18,964,200	234,126	620	6,070
2003/4	97	49,505	34,179,956	352,370	690	6,240
Total		175,954	90,841,056	225,931	516	
Goal 2004/5	168	112,000	60,000,000			

* Central Bank of Paraguay (BCP). Historical Reference Quotes up to 31 December.

Table No. 3. Evolution of the Prices per Best Quality and Lower Quality Sponges according to Size and Average Price

Year	Best Quality according to Size					Lower Quality: Dark color, stains, -20cm	Average Price
		+30 cm	+25cms	+20cms	+15cm		
1996/7	Single Price 15-25 cm					-	1.000
1997/8	Differentiated Price	500	400	300		Is not bought	420
1998/9		700	500	400		300 on credit	501
1999/0	+35cms 800	700	500	400	300	100 regardless of the size	477
2000/1	500 regardless of size					100	364
2001/2		700		500	300	100 & 200	417
2002/3	+40 cm 900	700		500	300	100 & 200	620
2003/4	+40cm 900	700		500	300	100 & 200	690
2004/5	+40cm 900	700		500	300	100	-

Source: Spreadsheets, Classification and Storage Record, CMOC/APACC, several years.

