In El Salvador, many elderly farmers cannot continue working, either because of old age, medical conditions, or termination of cooperative membership. Cooperativa Los Pinos explored innovative alternatives to facilitate membership, also benefiting young people. They designed a procedure through which members voluntarily delegate their membership rights and responsibilities to others, including young people with a previous link to the organisation and who meet the legal requirements. The membership transfer process facilitates the transition between the delegating elderly members and the beneficiaries, often rural youth.
The Los Pinos Cooperative was founded on 3 March 1980 following the promulgation of the Basic Law of Agrarian Reform (Decree 153 of 1980) and the General Law on Cooperative Associations of 1986. The agrarian reform mandated the expropriation of lands larger than 500 hectares, assigning them to collective cooperatives with the main aim of ensuring the equitable redistribution of national wealth while increasing the gross territorial product. With a founding membership of 54 producers representing 14 families, the Cooperativa Los Pinos owns 292 hectares of land for coffee cultivation and 12 hectares for housing for its members in the Los Pinos region, 55 km from San Salvador. Cooperative members hold the land under collective title and administration. The families of members of the cooperative work to cultivate coffee, receiving a salary and annual profits in return. The families also receive plots of land for housing and family gardening.

### The Challenge

However, in the recent past, many elderly members of the Cooperativa Los Pinos cannot continue working because of old age, medical conditions, or termination of cooperative membership. As a potential solution, Cooperativa Los Pinos explored the inclusion of youth in its activities, necessitating the establishment of a new management model that promotes intergenerational membership renewal. The need for an intergenerational membership renewal strategy became more apparent considering the international coffee crisis of 2002. Cooperativa Los Pinos faced significant socio-economic pressures as a large part of its membership is the elderly. The crisis brought the coffee price to historic lows of around 50 dollars per quintal, making it impossible to recoup the production costs, affecting rural employment as the sector contributes 30% of rural employment.

Other challenges faced by rural communities in El Salvador include the migration of more than 200,000 rural people. According to the 2007 census, 27% of the population resides in rural areas, with young people between 15 and 29 years making up 26.9% of the total population. Rural poverty continues to soar, with one in two people living in poverty and youth unemployment reaching 30%. With retirees over 65 increasing from 3.3% to 8.09%, the country faces additional challenges with the pension system caused by a low contribution rate of only 24% of private salaried workers.

### Overcoming the Challenge

Cooperativa Los Pinos devised a two-pronged strategy to address the community and national challenges. First, to tackle the community level challenges, the cooperative opted for an internal reorganisation of its membership while avoiding dismissing members and employees. In exploring innovative alternatives to promote membership renewal, Cooperativa Los Pinos designed a new membership strategy. Members delegate their membership rights and responsibilities voluntarily to young people who have previous links to the cooperative and meet the legal requirements to become members. The membership transfer process facilitates the transition between the delegating elderly member and the beneficiary, who is often a young rural member. The delegators receive retirement incentives, including 40% of the annual surplus corresponding to the new members, pension funds, and on-the-farm shelter. In other words, the transition model provides social guarantees that act as an incentive for the delegator to retire from working life.

Additionally, the international coffee crisis resulted, in part, from the primary practice of exporting raw coffee beans without any value addition—resulting in the loss of profits to export intermediaries. In response to the international crisis, Cooperativa Los Pinos sought to promote fair trade, diversifying the sector while ensuring the intergenerational renewal of cooperative membership. The cooperative’s strategy includes promoting local value addition to the coffee beans, cutting out intermediaries. To do so, Cooperativa Los Pinos received a state loan known as “El Beneficio” to finance the value addition process, thus becoming a new independent processor and exporter of coffee it farms or buys from smaller landowners and neighbouring cooperatives.

### Moving Towards People-Centred Land Governance

As a result of the strategies adopted by the cooperative, it now has 87 members: 17 women and 70 men. The average age has dropped by 11%, from 61 to 55. The intergenerational renewal process brought young people who are more technologically knowledgeable and have an education twice that of the original members. Democratic governance of the cooperative assisted in balancing the members’ diverse interests. For instance, the older founding partners are concerned about tenure security to prevent land concentration, whereas the youth’s priorities include accessing finance to upscale production.

Democratic administration and leadership: the General Assembly is the primary platform for making collective decision-making.
THE GOOD PRACTICE IN FIVE SIMPLE STEPS

1. FAIRTRADE CERTIFICATION OF THE COOPERATIVE’S COFFEE

The coffee crisis made it impossible for the Cooperativa Los Pinos to cover its production costs, affecting the sustainability of the cooperative. In mitigating the shocks caused by the instability of market prices, the cooperative joined the Fairtrade Certification scheme to ensure Fairtrade Minimum Price and Premium for their coffee products. The adoption of the Fairtrade Certification included specific steps, such as rejecting child labour and exploitation, ensuring gender equality, and respect for human and environmental rights. As a result of adopting the Fairtrade principles, the cooperative generated fair compensation for its coffee. Additionally, the cooperative diversified its economic activities towards the tourism sector, including establishing a restaurant and cabins for accommodation services. The production and supply chains improved, and the cooperative developed social programmes in line with the economic benefits of the certification scheme. The latter involved creating a universal and equal pension fund for all cooperative members.

2. SWOT ANALYSIS AND INTERGENERATIONAL MEMBERSHIP RENEWAL

In 2012, the organisation undertook a strategic planning exercise by first analysing the bottlenecks and challenges faced by the cooperative. They conducted a SWOT analysis that found that members’ average age was 61 years because of a low intake of young members. In addressing low membership renewal, the cooperative sought to implement more complex economic, administrative, and management mechanisms to strengthen the organisation’s competitiveness. The general assembly favoured the voluntary intergenerational transfer of membership approach to diversify its activities and include young, innovative, technologically knowledgeable and educated people.

3. LEGAL AND CONSTITUTIONAL COMPLIANCE FOR YOUTH INCLUSION IN COOPERATIVES

The Constitution of El Salvador identifies cooperatives, among other organisations, as the recipients of expropriated lands while obliging the state to protect and promote cooperatives and facilitate their organisation, expansion, and financing. In similar terms, the General Law on Cooperatives states that cooperatives are private law associations governed by their own statutes and regulations, ensuring autonomous regulation of membership rights and obligations. Per the law, Cooperative Los Pinos’s minimum age for membership is 16.5 years.

Since the transfer of rights and responsibilities includes socio-economic benefits, the rules of the cooperative must be in line with the Transfer of Membership Rights Regulations (Reglamento de Cesión de Derechos de Asociado). The regulations allow transfers throughout the year provided the transferor is physically incapacitated to work for the cooperative as attested in a medical report or by the employer. The delegator sends their medical report and written application to the Board of Directors, requesting to delegate their rights and responsibilities to the beneficiary. The General Assembly considers applications during their meetings. If accepted, the beneficiary becomes a member of the corporative with full membership benefits, including access to paid work, accommodation, inclusion in the decision-making process, and protection of their democratic rights. Additionally, the regulations protect the spouses and life partners of beneficiaries. Upon acceptance of the delegation of rights and responsibilities by the General Assembly, the voting rights on matters such as issuing dividends pass to the beneficiary.

4. ECONOMIC ACTIVITY AND INCOME DIVERSIFICATION

In 2018, Procasur conducted capacity building activities with young cooperative members to encourage income diversification through tourism activities and promote better participation of the young members in the economic activities of the cooperative. As part of the new governance model, the cooperative diversified its economic activities to include the tourism sector by developing a coffee tourism business equipped with a restaurant and accommodation cabins. Through negotiations and democratic processes, the cooperative managed to balance the unique identity of the cooperative in the coffee business with the economic sustainability needs of the members. The youth offer guided tours around the lakeshore and within the coffee plantation. The coffee tourism business is booming, enabling the cooperative to have multiple streams of income.

5. INCENTIVISING RETIREMENT OF OLD MEMBERS

The cooperative sought to balance the interests of the newcomers and the older members. In doing so, the cooperative’s new rules allowed the elders to retire with housing and pension security. The cooperative funds the pension through income from the tourism business and a mandatory social programme funded through the Fairtrade Minimum Price scheme. Statistically, the intergenerational renewal policy was successful because the average age of members was reduced by 11%, from 61 to 56 years. It allowed the inclusion of young people with twice the number of years in formal education compared to the rest of the membership.
LESSONS LEARNED

Collective ownership is not without challenges, as it falls under the realm of private property rights. Owing to the rights of the cooperative members to control, use, and enjoy the land, it is often difficult to reach a consensus on how to use the land. However, the Cooperativa Los Pinos experience is an example of how to promote an intergenerational membership renewal mechanism within a cooperative, allowing youths to access the cooperative's land and be involved in the economic activities of the cooperative proactively.

The main innovation of this experience lies in the membership renewal procedure that enables membership transfer. The process depends on the voluntary delegation by the land rights holder exclusively provided the beneficiary meets all the legal requirements, including a prior linkage to the cooperative.

Thus far, thanks to this mechanism, the cooperative has registered increased leadership and membership by rural youth and an improvement of the cooperative's human capital and economic diversification.

Finally, this gradual process enables an agreed transition of social security between the delegator and beneficiaries, often rural youth. This model is replicable to other contexts because it promotes rural youth leadership and membership while facilitating their access to land without compromising the role and benefits of older members. Members shared their experiences in several international events, such as the Youth Agro-pastoral Entrepreneurship Summit held in Yaoundé (Cameroon) in March 2019 and the PEA-Jeunes IFAD funded Project.

KEY FACTORS OF SUCCESS AND REPLICABILITY

- Democratic governance and leadership
  Internal democracy is an indispensable element of land governance. For the cooperative, the General Assembly is an all-inclusive space for joint decision-making, ensuring equal representation of the interests of its members.

- Ensuring youth access to land and inclusion in decision-making processes
  The new regulations of the cooperative provide secure access to land for all its members, including young people. They provide legal certainty regarding the rights and obligations of members, including the young people's roles in the management of the cooperative.

- Using the SWOT analysis to identify critical challenges and opportunities
  The SWOT analysis assists in identifying strengths, weaknesses, opportunities, and threats. This methodology assisted the cooperative to create a policy responding to identified challenges systemically. For instance, the cooperative found that its sustainability was at risk. Thus, the cooperative needed to adjust its rules to facilitate an intergenerational membership renewal to strengthen itself.

FIND OUT MORE

Juventud Rural y Acceso a Tierra - Cooperativa Los Pinos El Salvador, Procasur. October 2018: https://drive.google.com/file/d/1mpD-GnS8MZOa-IndJWmp64smjFECiS/

Cooperativa Los Pinos
http://www.cooperativaospinos.com.sv/