

IFC Advisory Services
in Latin America
and the Caribbean

Guarani Communities in Bolivia

Sharing a long-term vision

Innovative initiatives to help develop SMEs are not at all unusual; but learning about a joint effort between indigenous communities and a private extractive firm that has resulted in community based enterprises, offers an interesting “twist”. In the Bolivian region of El Chaco, where most of the communities are Guaraní – the third indigenous group in the country - we find four innovative initiatives with a different approach to develop MSMEs and implement corporate social responsible practices.



Community meeting - Captaincy of Yacuiba

Transierra S.A., one of the most important natural gas transport company in Bolivia, has built and currently operates (through a non-exclusive 40-year concession) a 432 km feeder pipeline from Yacuiba, province of Tarija, to Rio Grande, province of Santa Cruz de la Sierra (Gasyrg pipeline).

To support the communities where they operate, Transierra signed an agreement with the Assembly of Guaraní Communities and eight Captaincies. The proposal consists in sharing USD \$ 9 million from the pipeline’s operational income over a period of the next 20 years with 67 Guarani communities, organized in 8 captaincies.

The innovation here has been proposing a long-term partnership to foster local sustainable development that the Guarani Communities have accepted and have since invested time and effort to make it a reality.

This joint vision made it possible to develop community-based enterprises (CBE) that are structured as businesses (market-oriented, income generating and self-sufficient) but also help improve the lives of the communities. In other words, the CBEs will be independent entities that will remain even after the end of the financial external assistance and capable to extend the benefits to greater number of communities as time passes. One of the objectives of the CBEs is to generate a local multiplier effect through the creation of a supplier’s network with surrounding communities by increasing the demand for raw products.

IFC’s role in this process has been to provide the business expertise for the development of the four business plans for the pilot community-based enterprises and to coach in the first phase of the implementation of these plans. The business plans were prepared following standard business practice but also included the analysis for production/supply chain (multiplier-effect) potential. The business concept for each CBEs resulted from a participatory consultation process carried-out at the family level with the agreement of the community leaders. The business concepts were then validated through market analysis.

COMMUNITY-BASED ENTERPRISES

The first four CBEs that are part of the pilot project are:

- 1) The dairy co-op Takovo (Takovo Mora captaincy), that will implement a cattle unit for the production and commercialization of milk and the commercialization of bovine meat.
- 2) The agricultural association Avatiri Riru (Charagua Norte captaincy) that will mainly storage and commercialize corn and other grains.
- 3) The agricultural co-op Temiti Riru (Villamontes captaincy) that will storage and commercialize maize to obtain income that will allow them to provide raw materials and services to its partners.
- 4) Finally, the co-op Iyambaé (Yacuiba captaincy) that will elaborate meat products to improve the pig and bird-raising activity of the region.

Alberto Viorel, is an experienced Guaraní leader, who is encouraging community participation because he believes in the potential and capability of his people. Currently, he is the main authority - Big Capitán - of the Villamontes Captaincy, which is developing one of the pilot CBE. He emphasizes the importance of working with Transierra and IFC since these CBEs will create the conditions to increase land-productive value chains, generate greater family income and therefore improve the quality of life of the Guaraní communities. Before his retirement, he wants to leave new skilled community leaders with a development vision that improves the quality of life of their people.



Big Captains (indigenous authorities) during the business plans' presentation event. In the middle, Alberto Viorel, authority of Villamontes.

The implementation of these four pilot experiences is expected to benefit around 2466 Guaraní families. In addition, the community-based enterprises will benefit the Guaraní communities by securing the market for 80% of the annual corn/grain production (20% is traditionally used for family consumption), raising the demand for fodder for dairy cattle nutrition, significantly increasing the demand for porcine meat for cold-cut meat manufacture and applying fair and transparent mechanisms to establish price.

Moreover, the CBE will strengthen their suppliers network by: (i) providing technical assistance to improve productivity, (ii) transferring environmentally friendly practices, (iii) assuming all transport and primary processing costs, (iv) bulk purchasing and commercializing-at-cost most raw materials, provisions and supplies, (v) transferring seeds during planting season and (vi) re-investing profits to co-finance social infrastructure projects (health, education and access to basic infrastructure).