



Sustainable Agriculture and Natural Resource Management Collaborative Research Support Program

SANREM CRSP
Office of International Research, Education and Development
Virginia Polytechnic Institute and State University (0378)
526 Price's Fork Road, Room 211
Blacksburg, Virginia 24061

Phone: (540) 231-1230
Fax: (540) 231-1402
sanrem@vt.edu
www.oired.vt.edu/sanremcrsp

Trip Report: Guatemala 6-10 August 2007

Elizabeth Jimenez Zamora
Universidad de la Cordillera
La Paz, Bolivia

Purpose of Trip: To participate in the SEMINARIO SOBRE INTERCAMBIO DE EXPERIENCIAS EN SERVICIOS FINANCIEROS RURALES (Seminar: Exchange of Experiences concerning Rural Financial Services) sponsored by Red Financiera de Asociaciones Comunitarias (Red FASCO - Financing Network of Communal Associations)

Sites Visited: Guatemala – Guatemala City, Totonicapan, Panajachel, y Sololá

Description of Activities:

The activities scheduled in the seminar included visits to peasant communities where some FASCO organizations had implemented micro-credit services using community networks. We were then able to observe and assess people's experiences with such services, their current perceptions and their demands. This was a very rich experience; particularly considering that social and economic organization in peasants communities in Guatemala are very similar to Bolivian communities in the Andean region, and that one of SANREM's objectives in Bolivia is to contribute to the identification and implementation of appropriate financial services for rural households within the regions of our study. Like in the Bolivian case, credit for small-scale agricultural producers is largely absent. Informal schemes of credit are practiced largely based on community networks and practices based on reciprocal exchanges (Mayan Reciprocity).

As part of the seminar, the Columna agricultural insurance program was analyzed. The Compañía de Seguros SA Columna has its origins in the Guatemalan National Federation of Credit Unions (FENACOAC). By 1994, the Federation created their own insurance Company. Columna has been very successful in the provision of a series of micro-insurances for low-income Guatemalans including innovative schemes to provide insurance to cover funeral expenses. Columna also had a program on agricultural insurance, which was actually among the few programs providing agricultural insurance services for small-scale agricultural producers in Central America. Their agricultural insurance program is the only one that was not successful,

and had to be closed. Assessing Columna’s experiences, three major conclusions regarding the provision of agricultural insurance for small-scale producers were identified: (1) monitoring ends up being too expensive and thus there are high transaction costs in the provision of this service, (2) premium costs are too high compared to income levels of small-scale agricultural producers and (3) insurance amounts are also small in relation to initial expectations.

Examining Guatemalan experiences with agricultural insurance led to the general conclusion that in a context where provision of agricultural insurance is not profitable from the private sector, the role of subsidies should be considered. It was also concluded that the effective provision of financial services for the small-scale producers remains as one of the most important “agrarian questions” still unresolved.

The seminar also included the presentation and discussion of other Latin American experiences and studies on rural financial services. My presentation entitled: “*Economías Rurales y Servicios Financieros en Bolivia*” presented the preliminary results of SANREM CRSP research on rural economies and financial services in Bolivia. My presentation suggested that risk perceptions have an impact in household decision making and in the absence of means to cope with risk and uncertainty, such impact could reinforce economic vulnerability and poverty.

Suggestions and Recommendations:

We need to keep presenting results and exchanging research experiences on these topics with other developing countries.

List of Contacts Made:

Name	Title/Organization	Contact Info (address, phone, email)
Cesar Tocón Vasquez	Director General Asociación CDRO	cdro@cdro.org
Alberto Garcia	Gerente FASCO (Red Financiera de Asociaciones Comunitarias)	redfasco_microfin2dopiso@yahoo.es