

Summary

The main goal of this research is to evaluate the possibility to develop an adapted financial product, based on microfinance methodologies, for Cooperatives activities and development in Mexico.

The main research questions are: a) Is it possible to consider microfinance as a useful tool for the development of organic or fair trade cooperatives?; b) Is the cooperative model the optimal model to implement new microfinance technologies?; c) Are international niche markets the appropriated markets for small producer exporting cooperatives?; d) Can group lending's microfinance products provide the required funds in order to pay for the certification fees?; e) Can that model be replicated in other countries?; f) Is CEPCO an integrated institution that could be taken as model?

The Cooperative that will be approached for this thesis has an export-oriented profile. We will focus on CEPCO since it is working in the agro-businesses (coffee) and that it decided to apply for Organic and Fair Trade labels in order to diversify their activities and to increase the benefits of its members.

The research will try to assess the costs and the financial difficulties for this Cooperative to apply for these labels and see how microfinance products could bring the required liquidity.

One of the main foreseen problems would be being in the "missing middle" situation. In other words, regarding the Cooperative and its need for "labels-loans": are these loans too big for the usual MFIs, or are they too small for the traditional banking sector?