

OUTLINE FOR THE CREATION OF A COMMUNITY ECONOMIC COMPLEX

By Peter Moers & Stephen DeMeulenaere, 1999

petermoers@hotmail.com, stephen_dem@yahoo.com

1. What is a Community Economic Complex (CEC)?

A CEC is a network of autonomous cooperatives or other forms of economic collaboration at community level that have strong bonds among them with the objective of creating employment and generating revenues that circulate at the local level. The CEC is based on the "prosumer" concept that considers the rural family as a producer as much as consumer of goods and services. The focus of the cooperatives depends obviously on the necessities of the community. However, there are four important units:

- A **Producer's Cooperative** (for the element of production);
- A **Consumer Cooperative Store** (for the element of consumption);
- A **Savings & Loan Credit Union** (for the element of financing);
- A **Community Center** (for a common location for these elements).

If the community indicates the necessity, one can think of the progressive integration of the following six units:

- A **Cereal Bank**, a facility for storing harvests, to improve food security, to stabilize prices and to increase the revenues to the producer;
- A **Community Medicine Fund**, to improve the availability of basic medications of good quality at a reasonable price and to assure a correct use of the medications.
- A **Mutual Health Insurance Program** at the community level, to assure that the partners have access to financing for basic medical expenses;
- A **Revolving Micro Credit** program, to provide national currency loans for microenterprise activities.
- A **Community Currency System**, to provide an interest-free means of exchange and a method for the recording of obligations within the community.
- A **Capital Network**, to provide for the saving and sharing of capital among the network enterprises, for relations with non-local partners, and for extending the program to other areas.

Although the activities of the different units of the CEC are very diverse, certain common characteristics exist:

A. The financing of the Units. In the financing process for the creation of a new unit, preference will be given to the Credit Union over private investors. If the Credit Union is not able to contribute 100% of the investment, private investors inside the community can

buy shares. Mainly the users of the service will be motivated to buy shares. However, no private person can own more than 5% of the total capital of the community enterprise, except if the number of partners is smaller than 20. The Credit Union can invest as much as it wants, since it represents a group of people.

B. The distribution of surpluses is according to the capital contribution in the company. If the capital consists of a donation, the corresponding surpluses will be capitalized inside the Unit.

C. The making of decisions is according to the cooperative and democratic principle of “one person, one vote”, except for the Credit Union whose weight in the decisions depends on its contribution in the capital of the Unit.

D. The area of work of each CEC is geographically limited and defined to avoid competition with other CECs. This doesn't mean that each Credit Union has a CEC: in certain cases it is advisable that several Credit Unions work together to create a single unit (e.g. a Consumer Cooperative Store); in other cases a single Credit Union can invest in several units in the same area (e.g. Storage Facilities).

E. The organization at the regional/national level. As they spread, the CEC can be organized into Regional Economic Complexes. The organization at the regional and national level will be organized in the first place by the local unit (e.g. the Sectoral Units of Marketing for the Consumer Stores and the local Credit Union). Later these sectoral organizations can work together to coordinate its activities at the regional and national level.

2. Core Units of the Community Economic Complex

2.1a Savings and Loan Credit Union

The main objective of the Credit Union is to reduce its partners' dependence on external financing provided by formal financial institutions (banks, savings and loan Credit Unions) or informal ones (moneylenders, loansharks etc.). To achieve this higher degree of independence it is essential to stimulate local savings and local investment in homes, machinery etc.).

The Credit Union plays a central part in the CEC, since it is the financial source of a large part of the investment in the other units. The Credit Union functions as a Community Bank where the different units deposit their surpluses and capital, this way avoiding the outflow of capital and contributing to the re-circulation of local funds. Finally, their administrative capacity can be used by several units, this way achieving important economic/financial advantages.

In addition to regular Savings and Loan services, the Credit Union also hosts a Community Currency System (CCS), in which an internal network currency is issued interest-free to facilitate exchange between the members of the network.

The main bonds between the Credit Union and the other units at community level are:

Unit	Credit Union
Primary Units	
Consumer Cooperative Store	<ul style="list-style-type: none"> - The Credit Union finances investments in fixed capital (shelves, freezer, etc.) and circulation (distribution of goods); - The Credit Union grants loans for consumption to partners. These loans won't be granted in money, but in the form credit at the store.
Producer's Cooperative	<ul style="list-style-type: none"> - The Credit Union finances investments in fixed capital (machinery) and circulation (inputs & outputs).
Community Center	<ul style="list-style-type: none"> - The Credit Union can finance the construction of a community center, and use it for its own activities. - The Community Center can be used by the other members of the network.
Secondary Units	
Cereal Bank	<ul style="list-style-type: none"> - The Credit Union finances the investments in equipment (silos) and working capital (the grains) in the form of loans or shares; - The Credit Union administers the withdraws and deposits of grains in the Cereal Bank and it receives compensation for this service.
Medicine Fund	<ul style="list-style-type: none"> - The Credit Union can finance the investments in fixed and circulating capital in loan form or actions.
Mutual Health Program	<ul style="list-style-type: none"> - The Credit Union can administer the revenues and expenditures of the Mutual Health Program. The Credit Union receives compensation for this service. - The Mutual can invest part of their funds in the Credit Union. - The Credit Union can use part of its surpluses to offer health insurance to its partners.
Micro Credit Program	<ul style="list-style-type: none"> - The Credit Union can provide training and assistance to the Micro Credit program, as well as access to funding.
Community Currency System	<ul style="list-style-type: none"> -The Credit Union provides accounting services to the Community Currency System.
Capital Network	<ul style="list-style-type: none"> - The Credit Union provides accounting and other services to the Capital Network, allowing members to make regular monthly deposits to their accounts.

2.1b Community Currency System (CCS)

A CCS is a system of accounts in which members are able to withdraw credit interest-free for exchange and the recognition of obligations with other members of the community. This credit represents the individual's own commitment to provide goods and/or services to the network. Rather than use scarce national currency to mediate exchange, community currency is used to record the transaction. This system utilizes a ledger on which each individual and unit is listed, which can receive interest-free credit. The CCS is operated as a service of the Credit Union.

One possible use of the Community Currency System, in addition to facilitating informal exchange and recording obligations could be as a method for recognizing other contributions made to the community. For example, the community may have decided to cooperatively construct a public facility. Those who contribute to the effort receive recognition through the Community Currency System, on a special ledger for “Community Service”. At the end of the year, those who have contributed the most to the community are recognized, and those who have contributed the least can make up their obligation to the community in other ways.

2.1c Capital Network

A Capital Network is a mechanism for gathering and sharing capital between the community entities, and between the community and other trading partners outside of the community. Capital in the network is generated through regular cash deposits made by members of the community as well as through the capitalization of assets which are signed over to the network but remain in the hands of the owner: The capital generated can also function as a currency, although it is different from the Community Currency System in that it is backed by assets, whereas in the CCS, currency is backed by a promise to provide goods and/or services.

The Capital Network consolidates and advances the gains made by the functioning of the community economic complex, and uses this to its advantage in negotiations with external suppliers or buyers. Beyond the savings and community currency services offered by the Credit Union, the Capital Network will work to further consolidate local capital to the advantage of the community.

The Capital Network will be discussed more thoroughly in 3.5.

2.2 The Cooperative Consumer Store

The Consumer Store has as main objective of lowering the living costs of the rural family by buying in bulk and selling at lower-than-commercial prices. The store can also be developed as an important channel for the sale of rurally-produced value-added products.

The consumption store should be developed as an meeting point between the local supply and local demand: any person that wants to sell a product or a service can use the store to promote it. For people that want to exhibit their product in the store for sale, the store charges a commission. By encouraging local value-added production and "local import substitution", the flight of money outside of the community is reduced, and the purchase of local products is stimulated.

The main bonds between the Cooperative Consumer Store and the other units at community level are:

Unit	Consumer Store
Primary Units	

Credit Union	See above, 2.1. The Consumer Store can save its profits in the Credit Union, thus recycling the money at the local level.
Producer's Cooperative	<ul style="list-style-type: none"> - If the internal market of the network is developed, it can be an interesting channel of sales. In first instance the not very perishable products, such as basic grains, could be marketed via the Consumer Store. - If the collective demand is sufficiently high, the network can of Consumer Stores can distribute agricultural inputs. - The same infrastructure used for the distribution of consumer items (storing centers, trucks, consumption stores) can be used at the same time for storage and delivery of the local products to other communities.
Community Center	- The Community Center could be the location for the Consumer Store.
Secondary Units	
Cereal Bank	<ul style="list-style-type: none"> - The Consumer Store can sell part of the stored grains; - The Store can accept the grain certificates issued by the Cereal Bank as a payment form. The Store can use this certificate to pay part of its local expenses (personal, rent, etc.), to receive grain and sell them in smaller amounts in the store, or to convert it into cash to cover other expenses (see 2.5).
Medicine Fund	- The Fund of Medications can share the space and the personnel with the Consumption Store, in order to reduce the cost of its operation.
Mutual Health Program	- The Health Mutual can sell its products through the Consumer Store.
Micro Credit Program	- The participants in the Micro Credit program can sell their goods through the store.
Capital Network	- The Consumer Store can sell products purchased externally with funds provided by the Capital Network.

2.3 The Producer's Cooperative

The great majority of farmers works in small scale farms at the local level. To be able to compete in a free market, the small producer has to compensate their scale disadvantages through the cooperation with other small producers, thus economizing resources and obtaining economic scale advantages. The traditional activities of the producers cooperatives are the collective purchase of inputs, the production and commercialization of outputs, the transport (of inputs and products), the storing of inputs and products, the transformation of products or waste into new inputs, etc. A Producers Cooperative can complete part of these functions, although the small numbers of producers that participants often reduces the effect of scale economies considerably.

Although the cooperative is certainly not easy to manage, it is the most natural organizational structure for groups of small producers. It works to ensure that all farmers receive a higher price for their produce. Also, the cooperative reduces the outflow of

money from the community, since the fruits of the work return from an equal way to the partners and not - like in a capitalist company - to unknown investors that are not interested where their money is invested, only whether or not they generate sufficiently high yields.

In practice many cooperatives suffer from two fundamental problems:

1. the internal conflicts that are related to the democratic principles (“one person, one vote”)
2. dependence upon external capital, caused by:
 - the scarce resources of their members that explain the slow growth of the social capital and the preference toward distribution of surpluses instead of capitalization;
 - the form of distribution of the surpluses. The social capital generally receives a return of relatively low interest. Although it is risk capital, it doesn't share proportionally in the fruits of the company (the surpluses). The partners only contribute the minimum required to be able to receive the services.

In practice, these problems can be overcome without sacrificing cooperative principles. As for the first problem (internal conflicts), it is important to have a well-trained management with a high degree of autonomy. The second problem can be solved with a strong capitalization politics, to combat the automatism of distributing the surpluses. One can also think of capitalist ways of collecting funds (shares). However, it is important always to maintain the principle of “one person, one vote” and to define upper limits to the contribution of each partner in the total of the capital risked in the company (to avoid that the existence of the cooperative depends on the contributed capital of a single or very few partners).

In both cases, the readiness of the partners to invest (in active as much as professional personnel) is essential. It is this readiness that determines the success of the cooperative company. The Credit Union plays an eminent role in the creation of trust among the partners that the capitalization is done in a responsible way. The destination of the capitalized funds should be clear and transparent for all the partners. Any expense (including for example travel for the leaders) should generate an economic benefit in the short or medium term for the affiliates.

The main bonds between the Producer's Cooperative and the other units at community level are:

Unit	Producer's Cooperative
Primary Units	
Credit Union	- Proceeds from the sale of produce is saved in the Credit Union.
Consumer Store	- Produce harvested by the farmers can be sold in the Consumer Store.
Community Center	- The Community Center could be used for the activities of the Producer's Cooperative.

Secondary Units	
Cereal Bank	- The Cereal Bank stores the harvest on behalf of the Producer's Cooperative.
Medicine Fund	- The Medicine Fund can encourage the Producer's Cooperative to produce herbal medicines for the community, paid for with the fund.
Mutual Health Program	- The Mutual Health Program can assist farmers in the production of herbal medicines, and their correct use by the community.
Micro Credit Program	- The participants in the Micro Credit program can be farmers producing value-added products from their harvest.
Capital Network	- The Capital Network can assist the Producer's Cooperative to market their goods outside of the community by building relationships with external suppliers and buyers.

2.4 Community Center

The Community Center is the complex of meeting place, store and offices for the various components of the Community Economic Complex. It could be built as a cooperative project for the community, and be used by the community to accomplish many different goals.

The main benefits the Community Center provides to the CEC are:

Unit	Community Center
Primary Units	
Credit Union	- The Credit Union offices may be located there, as well as providing a space for member meetings.
Consumer Store	- The Consumer Store offices may be located there, along with storage and refrigeration assets.
Producer's Cooperative	- The Producer's Cooperative office and warehouse can be located there.
Secondary Units	
Cereal Bank	- The Cereal Bank office and warehouse can be located there (shared with the other units)
Medicine Fund	- The Medicine Fund office can be located there.
Mutual Health Program	- The Mutual Health Program can meet there, providing families with access to basic and emergency health care, education, etc.
Micro Credit Program	- The Micro Credit Program office can be located there, providing a meeting place for participants.
Capital Network	- Events held at the Community Center can be used to raise funds for the Capital Network.

3. Peripheral Units of the CEC

3.1 The Cereal Bank

The Cereal Bank is probably the oldest form of bank institution. Thousands of years before Christ the Egyptians were using a payment system that was based on quantities of wheat deposited in a storing center administered by the State. The administration registered the quantity deposited by each peasant. The value was determined, noticing the quantity, the quality and the year of production of the grain, and the peasant was given a **receipt** in return for their deposit. The peasant was protected against risks such as theft, fire, flood, spoilage, etc. Also, the high costs of storage in small scale was saved.

The system also offered the possibility to use these receipts like money. This way the peasant could pay his tax, his rent or other expenses. Transfers among different storing centers were possible. Another important characteristic of that system was that the depositor paid for the storage service. The amounts to pay depended on the quantity and of the time of storage. A way to avoid the storage costs was to lend the grain - at an interest rate of 0% - to a third party.

In the case of the rural communities assisted by an external supporting agency, one can think of a Credit Union that finances the construction of a center for community grain storing where the peasant with financial necessities can deposit his corn, bean, rice, or other products of basic foods that are capable of being stored for several months. In return for the deposit, the Cereal Bank grants the peasant a deposit certificate for each deposited specific quantity of grains (bushel, kilogram, etc.). The certificate mentions the quantity and the date of the deposit. If the quality of the grain is uniform (e.g. with a moisture content of less than 14%), it is not necessary to mention it in the certificate. This quality can be proven at the moment of the deposit in an easy way with a simple rating method.

The certificate can be used in several ways:

- As a medium of exchange (money) for transactions inside the community. The certificate will have a general acceptability since this value is backed by a certain quantity of grains.
- As a guarantee to obtain a loan in the Credit Union. The loan can be, for example, 80% of the current value of the grain. This option is interesting for the peasant that wants liquidity at the same time at the moment the crop is harvested (generally December and January) and to take advantage of a price increase in the future (e.g. May and June). In this case the farmer speculates that the interest that the peasant pays on his credit is smaller than the rise of the prospective price. Of course the peasant runs the risk that the price falls or it doesn't rise sufficiently.
- Sell the certificate to a local investor (that can be a private person or the same Credit Union). The price will be usually similar to the market price of the grain at the moment of sale. In principle one can think of the Credit Union as an entity that

guarantees the convertibility of the certificate with additional guarantee funds deposited by a supporting organization or funder.

To cover the administrative expenses, depreciation of the silos, loss of grains, etc. the Cereal Bank charges a commission of e.g. 1% monthly on each deposit of grain. The commissions are paid in form of grains. In fact, the certificate gives right to every day a little less of the grain. This method has a disadvantage for the use of the certificate as a medium of exchange, because each certificate has a different value, depending on the deposit date. An alternative can be to demand the purchase of a stamp at the end of every month. The stamp is stuck into the certificate so that it maintains its value. This method has been used with success during the crisis of the years 1930 in many communities in Europe and the USA.

It is supposed that the losses of the Cereal Bank are smaller (according to one storage company in El Salvador, PostCosecha, near zero) in comparison with the traditional (small-scale, poor structure) methods of storage (which average between 10 and 20% per year). This means that if the prices stay stable, the peasant benefits by depositing and retiring his own grain. The Cereal Bank offers to local investors (including the Credit Union and the Mutual Health Program) an interesting investment and it avoids money leaving the community toward paying debts to commercial banks.

As the service of grain storage is provided by private business, these businesses possess a great deal of technical information of use to any organization wishing to open its own Cereal Bank. For the administrative part, such as the issuing of Certificates, it can refer to other experiences in Choluteca, El Salvador and in Africa (Banques Cereales). The STEP program of the ILO also supports these initiatives. The Common Fund for Commodities (Fund of Basic Products) - a subsidiary of the UNCTAD - has experiences at national and even international level in Africa. The main bonds between the Cereal Bank and the other units at community level are:

Unit	Cereal Bank
Credit Union	<ul style="list-style-type: none"> - The Credit Union grants an initial credit to the Cereal Bank or it contributes to its capital for its investment in the infrastructure (mainly silos); - The Credit Union accepts the deposit certificates as a guarantee on loans; - The Credit Union can grant credit to individual producers in form of inputs (through the Producer's Cooperative) and to recover them in form of grains through the Cereal Bank.
Consumer Store	<ul style="list-style-type: none"> - The Consumer Store can sell part of the stored grains; - The Consumer Store can accept the certificate of grains deposited in the Cereal Bank as payment. The Store can use this certificate to pay part of its local expenses (personal, rent, etc.), to retire grains and to sell them to smaller in the store, or to convert it cash to make other expenses.
Medicine Fund	<ul style="list-style-type: none"> - Nothing Directly.
Mutual Health	<ul style="list-style-type: none"> - A rural family can make its payment in form of a certificate of deposit of

Program	grains of the Cereal Bank. The Mutual Health Program can use the certificate of deposit since it can be used like money inside the community like. If the Mutual needs national currency, it can sell the certificate or exchange it for grain and sell it. If the Mutual doesn't need the money, it can leave the investment in the Cereal Bank where the value grows. - The Mutual one can invest part of their capital in certificates of the Cereal Bank, being cash a profitable and easily convertible investment.
Producer's Cooperative	- The Producer's Cooperative knows the productive situation of its members better and serious therefore the suitable entity to promote the Cereal Bank among its members.
Capital Network	- The Capital Network can assist the Cereal Bank to market their goods outside of the community by building relationships with external suppliers and buyers.

3.2 Community Medicine Fund

The Community Medicine Fund has the objective of improving the availability of basic medications of good quality and at a reasonable price, and to assure the correct use of the medications. Another objective is to promote the use of the natural medicine. As an economic effect we can see an important increase in the ability of the rural family to purchase medicine through a decrease in medical expenses (that represents a significant proportion of the rural family's budget) and the creation of revenues and employment for those involved in the prescription (doctor or nurse), the distribution (Consumer Store) and even the production (in the event of natural medications).

The economic viability of the Medicine Fund increases considerably if a strong link exists with the Mutual Health Program, described below. Depending on the financial capacity of the Mutual, it can finance expenses other than only medications (e.g. funeral, preventive medicine education, etc.), the Medical Fund is the suitable entity to develop these products and services.

The main bonds between the Community Medicine Fund and the other units at community level are:

Unit	Medical Fund
Primary Units	
Credit Union	See 2.1.
Consumer Store	See 2.2.
Producer's Cooperative	- The same as the Credit Union, the Producer's Cooperative can use part of its surpluses to offer an insurance I prescribe or of life to its partners. - The Producer's Cooperative can produce natural medications (based on plants) to demand of the FCM.

Community Center	- The Community Center can provide an office and meeting space.
Secondary Units	
Cereal Bank	- Nothing Directly.
Mutual Health Program	- Assists with the development of policies to ensure the economic sustainability of the program. - Assists with training, education and the development of a local supply of natural medicines.
Micro Credit Program	- Nothing Directly.
Capital Network	- The Capital Network can assist in the bulk purchasing of medicines.

3.3 Mutual Health Program

After having assured the availability of the medications, a next step should be to assure the access to financing for the medical expenses. The International Labour Organization (ILO) has much experience with community organizations that perform this function and there is a program (STEP) to provide support to self-help organizations.

The Mutual Health Program can be defined like a voluntary association of people, non-profit, that covers the risk of high or unexpected medical expenses. In the future, one can think of a diversification of the activities of the mutual toward the insurance of other social risks as: injury or death because of an accident or travel (solitary or chronic injury). If several Mutuals in a region consider it profitable, they can invest in their own facilities. Second-level Mutuals with a consolidated economic base may also think of expanding their services to items like crop or fire insurance, etc.

The Mutual will have a strong bond with the Credit Union that administers the revenues (periodic member fees) and the expenditures (compensation for medical expenses).

The main bonds between the Mutual of Health and the other units at community level are:

Unit	Mutual Health Program
Primary Units	
Credit Union	See 2.1.
Consumer Store	See 2.2.
Producer's Cooperative	- In the future, the Mutual can sell crop insurance to the Producer's Cooperative.
Community Center	- The Community Center provides office and meeting space for the sale, storage, distribution and education around health.
Secondary Units	
Cereal Bank	See 2.5

Medicine Fund	See 3.2
Micro Credit Program	- Can provide loan assistance to farmers wishing to expand their crops to include natural medicine.
Capital Network	- The Capital Network can receive funds generated by the Medical Fund and invest in non-local insurance plans.

3.4 Revolving Micro Credit Program

Micro Credit Programs are now quite well known and widespread. The basic formula is to provide a small loan to one member of a small group. The other members promise to repay the loan in case the borrower does not pay, which in return gives them the right to also receive a loan, guaranteed by the other members of the group. The combination of collective guarantees and responsibility often ensures a high repayment rate.

Often, only a relatively small amount of money is needed to initiate a new enterprise or investment that can yield much more in the long term.

The main bonds between the Micro Credit Program and the other units at community level are:

Unit	Micro Credit Program
Primary Units	
Credit Union	- The Credit Union can provide training, accounting and other services to the group.
Consumer Store	- The Consumer Store can sell the products produced.
Producer's Cooperative	- The Producer's Cooperative can assist with marketing products.
Community Center	- The Community Center offers a place for people to meet.
Secondary Units	
Cereal Bank	- Nothing directly, unless related to agriculture production.
Medicine Fund	- Nothing directly, unless related to the production of medicines.
Health Mutual	- Nothing directly, unless related to health services.
Capital Network	- The Capital Network can assist Micro Credit Program participants to capitalize their assets in order to finance their activities.

3.5 Capital Network

As mentioned in 2.1c above, a Capital Network is a capital accumulation and utilization mechanism. As with the Community Currency System, it is a service of the Credit Union and thus is a core element of the CEC. It is financed through regular monthly deposits made to an account, for which the depositor receives credits which can be used within the

community. It can also be financed by capitalizing assets which have been signed over to the Capital Network, which then can be used to further finance economic activity, rather than letting assets stand unutilized, financially speaking.

In one way it is similar to a buying group in which people's money is pooled and used to buy goods in bulk at reduced cost. However it is not only money but assets which are pooled and used to the financial advantage of the entire community. On this basis, contracts can be made with external suppliers and buyers at increasing levels of the supply chain, in a similar way to that used in the Mondragon Cooperative in Spain.

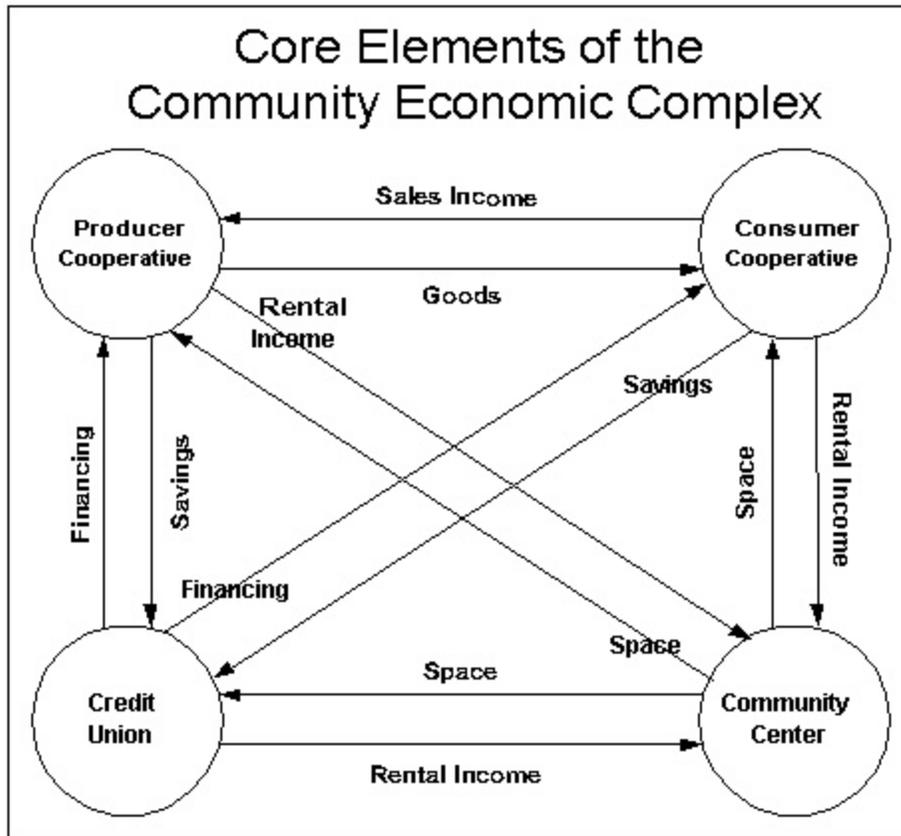
The main bonds between the Capital Network and the other units at community level are:

Unit	Capital Network
Primary Units	
Credit Union	- The Credit Union provides accounting and other services to the Capital Network, allowing members to make regular monthly deposits to their accounts.
Consumer Store	- The Consumer Store can sell products purchased externally with funds provided by the Capital Network.
Producer's Cooperative	- The Capital Network can assist the Producer's Cooperative to market their goods outside of the community by building relationships with external suppliers and buyers.
Secondary Units	
Cereal Bank	- The Capital Network can assist the Cereal Bank to market their goods outside of the community by building relationships with external suppliers and buyers.
Medicine Fund	- The Capital Network can assist in the bulk purchasing of medicines.
Health Mutual	- The Capital Network can receive funds generated by the Medical Fund and invest in non-local insurance plans.
Micro Credit Program	- The Capital Network can assist Micro Credit Program participants to capitalize their assets in order to finance their activities.

3. Conclusion

The Community Economic Complex is an inter-related organizational entity comprising of four core elements: a Producer's Cooperative, a Consumer's Cooperative, a Credit Union and a Community Center. These core elements can support the inputs and outputs of each unit. In addition to these four, we can see these elements being surrounded by six peripheral elements: a Cereal Bank, a Community Medicine Fund, a Mutual Health

Insurance Program, a Revolving Micro Credit Program, a Community Currency System and a Capital Network.



The six peripheral elements arise from the foundation of these four core elements. The Cereal Bank is based on the administrative and financial capacity of the Credit Union, and in the productive capacity and the partners' of the Producer's Cooperative financial necessity. The Consumer Store forms the base for the creation of the Community Medicine Fund that, in symbiosis, uses the same facilities and the same personnel, and assists the same clientele. The provision of medications (and, in the future possibly other medical services) by the Medicine Fund might generate an additional financial demand that justifies the creation of a Mutual Health Program. A Micro Credit Program provides the financing needed for enterprise development, a Community Currency System for recording informal exchange and recognition of obligations, and a Capital Network facilitates capitalization of assets and establishes relationships with the external economy that are beneficial to the community.

For such a network to thrive, and indeed survive, we believe that some form of internal medium of exchange is required. This is why we presented the Community Currency System and Capital Network aspects of the core Credit Union service at the beginning of the paper. In this paper, we have outlined at least three methods of issuing internal currency: Community Currency System, Cereal Bank and Capital Network. Although not mutually exclusive, it may happen that one system will be very useful at a particular

period in the development of the community economic complex, and at other times may play only a minor role. Thus we have chosen to provide these three options, and allow the practitioner to decide which one would be most useful for a particular situation, or to allow all options to be tried.

A fourth method of issuing internal currency could include the introduction of a BONUS program, in which Micro Credit Program participants receive funds in both cash and community currency, with the ability to repay the loan in either type of money. This program, however, could conflict with the three other methods of issuing internal currency listed above, and thus would need to coordinate very closely with the Community Currency System and the Capital Network, and indeed could become a program of either of these units.

We intend to select a community for a wider experiment so that the core and peripheral elements of the CEC can be introduced. As selection criteria, the following is initially recommended:

- a relatively isolated region (that gives a natural protection against imports);
- the availability of natural and human resources that allows a substitution of "imports";
- a shortage of money or exchange medium that makes that local unused production capacity remains unused in spite of the existence of local demand (for experiment of warehouse receipts of the Cereal Bank);
- existence of a Credit Union, preferably of a second-level type;
- existence of a Producer's Cooperative;
- existence of a Consumer's Store or location suitable for such an enterprise.

When the community for the project has been selected, the following steps have been identified to determine the potential and the necessity of the different units and assist them in achieving their optimum performance.