Coffee and cooperatives

It goes against the peasant's mindset to join a production cooperative – a cooperative where the members pool land and work. They will always ask themselves: Will others work as hard on my land as on their own? Will they take care of it the way I would? And, what to do with "lazy" members: will they earn the same? That is why most *successful* cooperatives are suppliers of services and those that have been able to get a bigger piece of the value chain.

By definition small coffee farmers, the overwhelming majority of coffee producers, own little land, have a low production level and thus low income. There are three alternatives to improve their situation: Higher production, go for quality and thirdly, try to get a piece of the upside of the value chain. Let's see what small farmers can do and how cooperatives can help.

1. *Higher production*

The natural first response of a small farmer is to look to raise production levels. This is often not the best choice because of the obvious obstacles of needing more land and/or improving production technology which costs a lot of money. And in times of overproduction (or low coffee prices) they would be more vulnerable.

Cooperatives can help providing supplies (e.g. fertilizers) at favorable prices, providing technical assistance and loans at lower interest rates than banks. The problem is that the farmers are indebted with the cooperative and as (for a number or reasons) there are always members that do not pay. A lot of cooperatives eventually collapse under the weight of their debts and because of members not paying their debts.

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#coopsday
International Day of Cooperatives

2. *Go for quality*

Better quality, better prices. Easily said but not so easily done. You cannot improve the quality of your coffee after you have selected the seeds and plant them. Quality can only decrease. From seedling to the cup, every stage of production and processing has to be executed in its optimum form, otherwise quality goes down (this is known as the total quality concept). So to be able to sell better coffee, their whole production process has to be reviewed and, mostly, redesigned. This takes about 3 to 4 years, but normally can be done in several stages and thus not disrupt production levels. However, the shift from traditional or technified production methods to organic production implies severe drops in productivity for several years!

Technical assistance is not cheap and hard to find for a lonely farmer, but if they are organized, together they can hire a good technician – agronomist. Cooperatives can help with technical and educational assistance, business advice and training and help with certification.

Now let's assume a small farmer actually did his best and improved productivity and quality of his coffee. If he produces more, he sells more and has more income, but what about quality?

Mostly quality is not taken into account by the middlemen who go to the countryside buying coffee. They just buy coffee (not too wet, not too dirty) at a fixed price for big dry-milling facilities and international coffee companies. So if you have a quality product, a specialty type of coffee or organic coffee, you yourself have to go and find an interested buyer who is willing to pay your price. That means travelling and transporting your 5 to 10 sacks of coffee to the city and try and find a buyer.

Again, this of course can be better done in an organized way, lowering costs and having better opportunities with bigger quantities (pooling together). So cooperatives help buying their members' crops and selling them or helping their members to find buyers.

3. *Value chain*

Up to this point the (small) farmers keep being just badly paid producers of basic agricultural inputs for processing. To take the next step and export and/or process their own coffee, they need a lot of capital, the kind of money even most cooperatives do not have or can get their hands on. To rent, buy or build wet and dry-milling facilities or roasters, a lot of money is needed. To export coffee they need international contacts and professionals of the international coffee trade and to export coffee, you need a minimum quantity of coffee, enough to fill a container or about 380 sacks of green coffee. These problems can be overcome by cooperatives joining and forming a so called 2nd grade cooperative, a cooperative of cooperatives. Examples of these in Central America are the CCCH of Honduras and CECOCAFEN and PRODECOOP of Nicaragua. Just to name one in another part of the world: The Yirgacheffe Coffee Farmers Cooperatives Union (YCFCU) - http://www.yirgacheffeunion.com/

So the next time you are going to buy your coffee and you find one produced and processed by a cooperative, please give it a try. In my opinion, this is the best way to help small farmers and guarantee them a (more) fair trade.

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