

The Ecuadorian Association of Coffee Growers

Supporting small coffee producers in Ecuador

Ecuador



Policy makers

connected with

Coffee producers

In just five years the Ecuadorian Association of Coffee Growers (CORECAF) has become a major organisation representing 5000 small coffee growers. SNV has supported the development of CORECAF to strengthen its position in the coffee sector, to improve services for its members, and to ensure its institutional sustainability. SNV's assistance has evolved in response to changes within the organisation and in the coffee sector in general. The association has achieved significant successes in gaining recognition at national and international levels, and in promoting the interests of its members.

Ecuador's 110,000 coffee growers, spread over the Coast, eastern Highlands and Amazonia regions, produce the two major varieties - arabica and robusta - that are traded on international markets. About 90% of them are small producers with farms of less than 5 hectares, where they grow coffee and other crops. Since the late 1990s increasing supplies of coffee from countries such as Vietnam led to falling prices on international markets, resulting in widespread poverty among small farmers throughout Ecuador.

Faced with the crisis, many producers stopped investing in their plantations, or abandoned them altogether. The neglected coffee bushes led to reduced yields, poorer-quality beans and ever lower returns, and the volume of Ecuador's coffee exports fell by about a third in just five years. Many producers, particularly those with small farms in areas with poor soils, did not give up growing coffee. With little or no capital to invest, they usually had no other more profitable alternatives.

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In the 1990s a group of 20 coffee farmers in Amazonia came together to form a cooperative, with the aim of developing an efficient extension service to provide technical assistance for the members. With project funding from a Belgian NGO, this local initiative extended its activities to the regional level, and in 1998 became the Amazonian Association of Coffee Growers (CORACAF). Gradually, as CORACAF's credibility in the sector increased, its membership expanded to include growers throughout the country, and in 2000 it changed its name to the Ecuadorian Association of Coffee Growers (CORECAF).

CORECAF now has more than 5000 members in the three main coffee-growing regions. Its mission is to organise, represent and support small-scale producers in their efforts to improve the quality of their output and the efficiency of their farms. Over the years, in collaboration with local marketing associations, CORECAF has provided a growing range of services, including research, training, extension, technical assistance and microcredit facilities, and even political lobbying at national and international levels.

In 2001 CORECAF joined forces with its sister associations in Bolivia, Colombia, Peru and Venezuela to create the Comisión Andina de Productores de Café (CANCAFE), a regional platform for producer organisations. CANCAFE is engaged in many activities to promote sustainable methods of coffee cultivation, and to improve the competitiveness and the livelihoods of small coffee growers throughout the Andes.

Alternative markets

Despite the recent coffee crisis, CORECAF has succeeded in identifying a number of market segments that offer profitable alternatives for producers of both arabica and robusta coffees. Fortunately, the conditions in Ecuador are ideal for growing arabica, which is used to supply high-quality coffees for the organic, Fair Trade and gourmet markets in North America and Europe. CORECAF has therefore established direct links with a number of commercial marketing associations, such as Fapecafes, a federation of special coffee producers, which are exploring the potential of these growing niche markets.

In the case of robusta coffee, the recent global over-production is due largely to the increased supplies from new plantations in Vietnam. Yet, ironically, Ecuador does

not produce enough robusta to meet the demand of the domestic instant coffee industry, which in recent years has had to import robusta beans from Vietnam. Instant coffee now accounts for almost 50% of Ecuador's coffee exports, mainly to the countries of eastern Europe. CORECAF is therefore promoting the production of robusta coffee among its members in order to supply this industry.

CORECAF is supporting robusta growers to help them become more competitive - through research to identify high-yield varieties, renovating old plantations, and entering into strategic marketing alliances. For example, after lobbying the Ministry of Agriculture, the association succeeded in reaching a deal with instant coffee exporters in which they agreed to absorb a certain volume of domestic coffee before importing robusta beans from Vietnam. CORECAF has also launched its own commercial enterprise, 'CafeEcuador', which markets high-quality ground coffee to domestic consumers.

Challenges and opportunities

In promoting the interests of Ecuador's coffee growers, CORECAF faces a number of challenges, in particular the low level of organisation among farmers. Only 5% of coffee producers are members of unions or cooperatives, mirroring the low level of 4% in the agricultural sector as a whole. In neighbouring countries the equivalent figures are much higher - 80% in Colombia and 42% in Peru. Colombia is well known for its success in promoting its national brand in international markets. In Peru, although the government and donors have made substantial investments to encourage farmers to grow other crops as alternatives to coca, coffee production has risen substantially in the last five years. In both countries the increasing organisation among producers has been critical to their success. Although CORECAF plans to expand its membership in the future, for the moment it has decided to focus on strengthening the position of the association at the national level.

Ecuador's coffee sector has always been controlled by the processing industry and exporters, which are generally conservative, and lack a long-term vision to enable them adapt to the new reality of the globalising world economy. They see CORECAF as a direct threat to their interests in the production chain. As CORECAF has grown, it has become more influential in the National Coffee Council (COFENAC), the body representing producers, the processing industry and exporters. The recent decision to award COFENAC two out of seven



Harvesting coffee

votes in the Council provoked a hostile reaction from exporters, who have tried to divide CORECAF by creating other representative organisations.

CORECAF needs to be able to finance its activities from its own income and innovative sources of finance, such as *parafiscalidad*, a tax of 2% that is levied on each bag of coffee exported. At present, these tax revenues are paid into a 'coffee fund' that is managed by the National Coffee Council. CORECAF has launched a campaign to change the current law to enable small producers, via their representative organisations, to access this fund directly. Such a system has been introduced in Colombia, where the fund is successfully managed by producer organisations. As another way to increase its income, CORECAF's commercial enterprise *CafeEcuador* has adopted a direct marketing approach to promote the domestic consumption of coffee.

Within the association, there is a wide gap between the leadership and the small group of professionals guiding its activities, in terms of their understanding of the changes in the coffee sector. The leadership has only recently started to appreciate the extent of the crisis, but it has limited skills to translate the needs of small farmers into strategic actions. As in the case of the National Coffee Council, it is often difficult for small

producers to maintain their position in relation to the powerful representatives of the processing industry and exporters. Other challenges facing CORECAF include developing a coherent package of services for its members, including technical assistance, and making more visible the results of its lobbying and advocacy efforts aimed at protecting the interests of small producers.

The role of SNV

SNV has supported CORECAF and its associates since 2000, both to increase the membership and to strengthen the position of small coffee growers in the production chain. SNV has also advised the management on ways to deliver quality services for the members, and to ensure the sustainability of the association within the sector. SNV has thus focused on two key groups: the management at national and regional levels, and the professionals responsible for translating the association's policies into effective activities.

SNV's assistance to CORECAF has evolved in response to the changes in the sector in general, and within the organisation. Whereas initially SNV advisers merely commented on the association's policy approach, they now act as external consultants focusing on strengthening its internal capacities. The process has been a valuable learning experience for both CORECAF and SNV.

SNV advisers have provided training in a number of areas, including market chain analysis and various aspects of management. In particular, they are helping to strengthen the lobbying, advocacy and negotiating skills of CORECAF representatives to enable them to participate effectively in bodies such as the National Coffee Council, and in the Andean Community (CAN). SNV also assisted in drawing up the business plan for '*CafeEcuador*', and in defining a financial strategy aimed at reducing CORECAF's dependence on donor funding.

Significant successes

With SNV's assistance, CORECAF is now a recognised institution, and has achieved some significant successes at both national and regional levels. As a member of the National Coffee Council, the association is now in a position to influence national policies relating to the coffee sector to ensure that they benefit small producers. In November 2005 CORECAF will participate in the next round table meeting of the Andean Community Coffee

Group as an official member from Ecuador, together with a representative of the Ministry of Agriculture, to discuss regional coffee policies in response to changing market trends.

CORECAF has been involved in the formulation and implementation of two projects, with funding totalling US\$7 million from the government of Belgium, which will benefit more than 8000 producers. The association has also received a subsidy of US\$8 million from the Ecuadorian government to renovate 20,000 hectares of robusta plantations in the Amazon region, so far with encouraging results.

For thousands of small coffee growers, CORECAF's technical services have provided many benefits, including improved yields, higher-quality beans and thus better prices, as well as more diverse production systems. According to a recent survey of some 2000 members, yields have tripled from 5 to 15 bags (about 40 kg) per hectare, and the price they receive has risen by 15%. The commercial enterprise CafeEcuador is continuing its campaign to boost domestic consumption, and is now supplying coffee produced by CORECAF members to Supermaxi, the country's largest supermarket chain. This is expected to benefit up to 5000 robusta producers in the Coast region in the next few years.

With the rise in coffee prices in 2005, CORECAF and the commercial associations have reassessed the volume of coffee sold to Fair Trade markets, since local buyers are now willing to pay the same price. This situation has obliged CORECAF to rethink its sales strategy, and to aim for a more diverse mix of buyers of Fair Trade, organic and conventional coffees.

All of these recent developments have meant that CORECAF itself has had to change. Following a recent internal reorganisation, the association has begun the process of decentralising some functions to the regional level. More women are represented on regional and national committees, and are being encouraged to take up management positions at all levels. Some leaders of CORECAF are now serving as councillors at the municipal

SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. Our advisors contribute to this by strengthening the capacity of local organisations.

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Resources

SNV Ecuador

www.snv.org.pe/SNV_Ecuador/snv_ecuador.html

Andean Community / Comunidad Andina (CAN):

www.comunidadandina.org/endex.htm

Ecuadorian Association of Coffee Growers / Corporación Ecuatoriana de Cafetaleros (CORECAF)

www.sica.gov.ec/cadenas/cafe/docs/Corecaf.htm

(in Spanish; English summary at

www.sica.gov.ec/ingles/cadenas/cafe/docs/Corecaf.htm)

National Coffee Council / Consejo Cafetalero Nacional (COFENAC):

www.sica.gov.ec/ingles/cadenas/cafe/docs/cofenac.htm

Regional Federation of Small Coffee Grower Associations in the South / Federación Regional de Asociaciones de Pequeños Cafetaleros del Sur (Fapecafes)

www.fapecafes.org.ec/inicio.php?leng=en

El III Encuentro de cafetaleros de la Comunidad Andina,

http://americas.org/item_16849

and provincial levels, and are thus in a position to influence the councils to improve the provision of basic services for coffee growers and their families.

In the coming years, CORECAF hopes to continue to strengthen its internal capacity to offer its growing membership a coherent range of services, including technical assistance, as well as to identify and take advantage of new market opportunities. The association will also continue its lobbying and advocacy campaigns to improve the competitive position of Ecuador's small coffee producers in both domestic and international markets.

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