

Building grower-consumer alliances for confronting the coffee crisis

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In 2001, world coffee prices tumbled to all-time lows, devastating coffee-dependent farm families and their communities, in what became known as the global “coffee crisis.” Out of necessity, many farm families left their communities to find wage labour, while others cut down their coffee plants and shade trees in favour of cattle pastures. The integrity of coffee producing communities in Mexico and Central America was strained by emigration, biodiversity was threatened by deforestation, and denuded and trampled hillsides started to wash away in the tropical rains.

That same year, a group of researchers formed a network based on long-term relationships with various Latin American farming communities, all of which were suffering the effects of the crash in coffee prices. They formed the Community Agroecology Network (CAN), a U.S.-based non-profit organisation, to support each other as researchers, to share knowledge and information with the farming communities, and to promote local empowerment and biodiversity conservation.

Four of the communities associated with CAN grow and export coffee as their main livelihood strategy. In conversation with researchers, communities in Costa Rica, Nicaragua, El Salvador and Mexico asserted that finding stable alternative markets was their priority. It soon became a mission of CAN to build alternative markets that connect coffee producers with coffee consumers as directly as possible, so that they could sell a portion of their harvest outside the fluctuating and unpredictable global coffee market, receive a greater economic return, and more actively market their coffee. CAN is now a vibrant network of farmers, researchers, students and consumers, with links between the University of California at Santa Cruz (UCSC), the University of Vermont, five communities in Mexico and Central America, three coffee co-operatives, and several farmers’ organisations.

Several of the coffee co-operatives associated with CAN are already Fairtrade certified by the Fairtrade Labelling Organizations (FLO). The amount of Fairtrade coffee being sold in the world is skyrocketing, but the certification scheme has come under sharp criticism recently for failing to keep up with inflation and the rising cost of producing coffee, and for failing to live up to its claim that it enables farmers to pull themselves out of poverty. CAN is trying to take “fairness” further by creating a way of trading coffee that resembles a local farmers’ market as an alternative to the global system controlled by transnational corporations. At a farmers’ market, sales are direct and prices tend to be better for the consumer and the grower, and there are plenty of opportunities for person-to-person interactions. As most coffee drinkers live far from coffee farms, and direct, face-to-face sales are all but impossible, CAN has developed an alternative coffee business model known as “Fairtrade-Direct”.

Two models of Fairtrade-Direct

Taking advantage of Costa Rica’s dependable mail system and the capacity to roast coffee locally, CAN helped the Agua Buena co-operative set up a system to send roasted and packaged coffee directly to consumers in the United States. For US\$ 11 (including shipping) consumers receive a pound (approx. 450 grammes) of fresh coffee delivered to their mailbox. After paying all costs, the

farmers’ co-operative nets a profit of approximately three dollars per pound of roasted coffee. In Santa Cruz, a small staff of students and recent graduates takes care of the importation logistics (orders, processing payments, legal paperwork), and acts as intermediary between consumers and the coffee farmers by translating language and cultural assumptions. CAN also assists by registering each order with the Food and Drug Administration to meet the U.S. government’s requirement for importing food products. Funds based on orders received are wired every month to the co-operative’s bank account. CAN refers to this as the “value-added” model, because selling a product directly to consumers, rather than a raw material, allows the community to keep the value of roasting, packaging and retailing their coffee in their community.

In Nicaragua and El Salvador, the need for a more direct market is similarly urgent, but the mail system is not reliable enough to replicate the value-added model. Instead, coffee is exported green (unroasted) in a bulk container shipment along with coffee from a U.S. based importer. In this “profit sharing” model, green coffee is purchased at the Fairtrade certified minimum price or above, and roasted and packaged in the Santa Cruz area. After sale to consumers, half the profits are wired to the co-operatives, along with a detailed report of sales and the costs of importing, roasting, and packaging. Over the past three years, CAN has been able to return US\$ 2 per pound of green coffee (rather than the Fairtrade certified minimum price of US\$ 1.51 for organic coffee) to partner co-operatives in Nicaragua and El Salvador. The commitment to transparency, personal relationships, and returning a larger slice of the retail dollar to the farmer co-operatives is key in both models.

Action Education

Fairtrade-Direct also includes an “action education” component, in which student interns help sustain and improve the trade model. University undergraduates, interning at CAN’s offices at the University of California Santa Cruz or with partner organisations in farming communities, engage in “action education”, defined both as education with a purpose and learning by doing. Students learn by working on the direct market, and the direct market grows on their creativity. A student’s experience often begins in Santa Cruz, where he or she does much of the day-to-day workings of the organisation, and continues as a field study internship in Mexico or Central America. In Santa Cruz, an intern might develop marketing plans, write promotional material, staff a booth at the local farmers’ market, write grants, and even navigate government importing bureaucracy. All this practical education is an invaluable addition to the often passive teaching of lecture halls.

CAN’s international field study programme grounds students in the reality of rural Latin America. Students live and work with farmers and their organisations. They share life’s everyday rituals, work on projects requested by the community, tie into existing research programmes or senior thesis research, or gain practical experience in rural development with a farmers’ organisation. Students spend time doing farm chores alongside farm families. Farmers teach and mentor interns in the practice and application of sustainable farming and community development. The intern fee provides a much-needed contribution to farmers’ livelihoods, and justly compensates them as educators, while the cost to students is usually well under tuition and living expenses at a public university. Just

as the Fairtrade-Direct programme benefits both consumers and producers, the field internship experience is a mutually beneficial co-operation between farmers and students.

This educational model has produced some concrete successes in its relatively short existence. Interns have helped to develop the direct market so it returns over US\$ 100 000 per year to the co-operatives. A major piece of this market expansion occurred in 2004. After a concentrated campaign by students, UCSC began purchasing 50 percent of their total coffee volume for dining halls and coffee carts directly from CAN's partner co-operatives in El Salvador, Nicaragua and Costa Rica. The dining halls took the academic learning of food systems to a level of action, strengthening both the education programmes and the food policies on campus. Because of their commitment to this coffee and other local sourcing policies, the UCSC dining services have become a national model of an environmentally and socially responsible food provider. The integration of "action education" and the direct marketing model is important as it offers intercultural exchange and understanding of the marketplace to all who participate.

Participatory action research

Both the marketing and the education programmes grew out of the long-term relationships between CAN-affiliated researchers, farmers, and farm organisations. The trust and commitment that has developed over the years created the opportunity for alternative trade linked to sustainable farming practices in these highly sensitive tropical ecosystems. The researchers use "participatory action research" (PAR) to generate information the community will find useful to its own development.



Photo: Annie Shattuck

Arjun Ponambalum, one of the interns working in the coffee co-operatives, together with Clementino Rosales, Berta Alicia Rosales and Maximina Mendoza, all members of the El Sincuyo co-operative.

Researchers approach their work as a cycle, collaboratively identifying issues of concern on which research is conducted, reflecting preliminary results back to the community involved, creating steps for concrete action, and sharing the research results with all involved parties. In PAR, whether information is collected on biodiversity, economics, soil health, or a wealth of other topics, data help form the foundation for community decisions related to sustainable development.

Fairtrade-Direct in the field

All these activities aim to reconnect the two most important players in the food system, the growers and the consumers, where both benefit from the exchange. Rising shipping costs in the value-added model have been a challenge to efforts to keep the price fair for consumers and producers. Although CAN's volume of sales is relatively small compared to the total production of each community, a considerable sum was paid in 2007 to the three partner communities that participate in the direct market. As these models become more established, the direct market grows, and producers' organisations get stronger, this type of alternative market can be moved to a larger scale.

The greatest impact of this marketing model has been on the farmers in the area of Agua Buena, Costa Rica, who are able to mail their coffee directly to consumers in the U.S. In 2004, a group of 50 farm families formed a new co-operative, *CoopePueblos*, after their large regional co-operative collapsed due to the coffee crisis and mismanagement. This new co-operative is committed to sustainable practices and has been able to return a higher price to its members than other co-operatives in the region because of increased revenue from the direct market. The co-operative works closely with CAN in planning marketing strategies and educating consumers. Through the direct marketing partnership, farmers gain knowledge of consumer demands and how they can meet them, develop long-term relationships with students and consumers, and take pride in the quality of their coffee and their capacity to deliver it. The economic benefits of their efforts are felt beyond the farm since all of the value-added costs remain in the country of origin.

For consumers, this model allows coffee drinkers to engage in alternative trade networks. Consumers in the network know where their coffee comes from and have the opportunity to become more engaged with farmers. When harvesting their coffee, a farmer knows it is going to someone who is aware of its quality. In the words of a *CoopePueblos* farmer, "I want to sell my coffee to special clients who value that we produce sustainably."

In conclusion, it is important to ask whether this alternative model can grow to sell more of the co-operatives' coffee. All CAN partners would like to increase their sales volumes, and, of course, there are many other communities that could potentially benefit from this network. Over the next year, the potential of working with socially responsible coffee companies will be examined to offer a conservation-based brand that is connected to research on enhanced biodiversity and improved livelihoods. One day we hope to see this model expand into collaborations with other groups, other producing communities, and other products. Products that are currently sold under other Fairtrade models, like cocoa and tea, and many other speciality products produced in the tropical regions, could easily be brought into the "global farmers' market."

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