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## Income Distribution and Redistribution in Value Chains: A Case Study of Coffee and Cocoa Small-Scale Farmer Associations in Ecuador

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### Abstract

This study was developed by the German Technical Cooperation (GTZ) through the Programme Sustainable Management of Natural Resources (NAMARES), aiming to identify the impact on income and the modifications in value added distribution within value chains, related to coffee and cocoa produced between the years 2004 and 2006 by organised small farmers groups in Ecuador for specialty markets.

The research was accomplished through case studies in coffee and cocoa small-scale farmer organisations, which maintain collaboration agreements with GTZ. Issues, such as changes in the coffee and cocoa chain structure, impacts on the different chain's segments, possible causes of such variations and differences with conventional chains were also reviewed.

The main results correspond to the changes registered between 2004 and 2006, related to organic and fair trade coffee and organic cocoa. The main changes in the case of coffee are: value added redistribution in benefit of producers of more than 4% for fair trade coffee, and of more than 5% for organic coffee. In the case of organic cocoa a value added redistribution of approximately 3% benefiting producers is registered.

Measures to foster value chains, between the years 2004 and 2006, have generated a change that especially benefits the first segment in the chain: the producers. This is due principally to the structure of and functions assumed by base organisations, related to quality management and marketing relations, replacing both intermediary and exporter chain segments. In addition, the information obtained during the investigation showed that other important elements contributing to these results are: product differentiation for specialty markets, public-private partnerships and availability of support services.

**Keywords:** Public-private-partnership, value chains