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Impact of Coffee Certification on Small-scale Producers: A Case Study in Jimma Zone of Ethiopia

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Abstract

Given the fact that small-scale coffee producers in Ethiopia have a very low level of asset base and thereby are vulnerable to a vicious circle of poverty, certification is argued to be a recommended strategy to provide such impoverished farmers, access to a market channel that entails higher income. Against this backdrop, this paper sought to address the following question: To what extent participation of small-scale coffee farmers in certified supply chain does improve the former's socio-economic position? Household data has been collected on a sample of 249 coffee farmers in the Jimma region of Southwestern Ethiopia during September and November 2009. The empirical strategy followed for impact evaluation in the paper is to estimate the treatment effects against the counterfactual. Both regression methods and propensity score matching have been used for impact estimation and qualitative information from focus group discussions have been supplemented to explain the empirical findings. Findings show that certification has a low impact on small-scale coffee producers' livelihood mainly due to (1) significant price effect, (2) low productivity, and (3) limited support from cooperatives. The study also reveals that the coffee cooperatives suffer from acute infrastructural deficiency that limits their ability to integrate the member farmers into certified supply chain. The paper concludes that certification alone is less likely to bring significant poverty alleviation to the coffee farmers in Ethiopian coffee cooperatives. In the long term, more focus is needed to increase the technical, financial and human capacities of the local coffee cooperatives to make them more effective partners in the value chain – before or even instead of certification.

Keywords: Coffee certification, cooperative, Ethiopia, poverty reduction