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“Development on the margin”

## Coffee Farmers’ Cooperatives as the Basis of Coffee Certification: A Comparative Study in Ethiopia, Nicaragua, and India.

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### Abstract

Coffee is a strategic product in many developing countries. Millions of smallholder farmers in remote and underdeveloped areas of developing countries depend on coffee production and marketing as their primary source of cash income.

Product certification is a standardised market tool to add value to a product. It addresses a growing worldwide demand for healthier and more socially and environmentally-friendly produced products. The certification of coffee is increasingly promoted by donors, NGOs, and state agencies to provide poor smallholder coffee farmers with better livelihood opportunities. Fairtrade and organic are the most widely used certification standards in this regard.

Smallholder coffee farmers in developing countries, however, can only be certified if they are organised in local coffee cooperatives or other formal organisational entities that comply with the respective standardised certification requirements.

While certification is a standardised instrument applying the same standards for all coffee farmers’ cooperatives worldwide, the history, structure, and characteristic of the cooperatives themselves is highly contextual and hence diverse. This is mirrored in their different organisational, material and human capacities and resources and their different positions in the local, national and international coffee markets and value chains.

This paper argues that the impact of coffee certification depends more on the capacities and performance of the local coffee cooperatives than on certification as such. Positive characteristics of a cooperative, such as strong organisational structures, good management skills of the decision-makers or the active participation of the members are overall important to establish cooperatives as independent and strong market actors and to provide the cooperative members a better income in the long term. In this context certification can contribute making ‘good’ cooperatives better but not turn ‘bad’ cooperatives in ‘good’ ones. This argumentation is based on empirical findings from field research conducted in 2009/10 in coffee cooperatives in Ethiopia (Jimma), Nicaragua (Jinotega), and India (Ara-ku Valley). A total of 750 interviews were carried out with members of cooperatives that are certified according to Fairtrade and organic standards and members of non-certified cooperatives. Additional open interviews were conducted with experts concerned.

**Keywords:** Certification, coffee, cooperatives, Ethiopia, India, Nicaragua