

Fair Trade Empowers Haitian Coffee Growers

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By Marcelle Strazer

The fair trade market offers small coffee farmers a chance to benefit from globalization through direct links to markets in wealthy countries. But these advantages do not come automatically with fair trade certification. Small-scale farmers, inexperienced in global trade and markets, rely on key partnerships with their fair trade buyers and other support agencies to lend critical organizational development assistance to the farmer cooperatives. Long term success of fair trade initiatives depends on these partnerships and whether or not there is a mutual commitment to transforming the fair trade cooperatives into producer-owned and -operated businesses. The experience of Recocarno, (Reseau des Cooperatives Cafeieres de la Region Nord) a network of seven small coffee-producer cooperatives in northern Haiti, illustrates both the potential benefits of fair trade, and the challenges of making these benefits sustainable.

Recocarno was launched with support from several partners, including a fair trade buyer, local and international NGOs, and an international strategic marketing expert. Since becoming certified through the Fair Trade Labeling Organizations (FLO) in 1997, Recocarno has steadily implemented a plan to build a producer-owned and -operated export business. Recocarno's initial plan called for eventual producer ownership, and financial and administrative independence from the intermediary agencies, partners, and consultants.

Key Issues

The fair trade market serves as a vehicle, not the end goal, for building long-term market and product development opportunities for small farmer cooperatives.



Parchment flowing toward fermentation tanks after depulping.

Photo: RECOCARNO

KEY CHALLENGES

- ✦ Meeting both fair trade standards and the expectations of importers is an enormous challenge for newly minted fair trade-certified cooperatives. Their lack of experience in the export business means they must rely on a new set of “intermediaries”—such as NGOs and consultants—to facilitate their initiation as international exporters.
- ✦ Building positive fair trade partnerships that encourage producer cooperatives’ empowerment and long-term autonomy.
- ✦ The traditional Haitian business class, especially the banking sector, has been reluctant to accept Recocarno as a credible business initiative and to ensure Recocarno has equal access to resources (such as financial services) to ensure business growth.
- ✦ Threats to Haitian democracy, rule of law, security, and re-militarization could return a climate of repression directed at organized small producers.

Fair trade cooperatives must select strategic fair trade partners who share a vision of the cooperative’s future independence and autonomy. The most dynamic farmer initiatives use the fair trade opportunity to develop long-term partnerships with buyers, roasters, or retailers who facilitate the growers’ knowledge of and access to additional international market opportunities.

Organizational development of the farmers’ cooperative should be a top priority for the fair trade partners. Their financial investments as well as the time devoted to field visits should help build democratic, transparent structures within the cooperatives’ and farmers’ capacities for business management, marketing, and exporting.

Initially, most cooperatives rely on local and international partners to actually perform many of the export functions (i.e. financial management, shipping procedures, communications with buyers, etc.) while the cooperatives learn the ropes of international trading and eventually gain the skills and know-how to assume such roles.

Evolution of fair trade cooperatives into producer-owned and -operated businesses ought to be a mutual goal of all the fair trade partners. The producer-owned business is a powerful force for economic and social change

(for individual producers, coops, and their communities). Greater business autonomy drives producers toward product innovation, quality improvement, market expansion, and greater social responsibility and accountability with their communities.

Recocarno’s 4,500 coffee farmers have captured 60% of the northern Haitian market for washed coffee exports. Recocarno has rapidly matured with the assistance of key partners. Sefades (Service Formation pour el Developpement Economique et Social), a locally based NGO, offered technical assistance, field work, and support to the Recocarno cooperatives in the initial phase of selling their coffee on the fair trade market. Oxfam GB, a UK-based development and humanitarian agency provided initial funding and technical field support, while also serving as a conduit with buyers. Twin Trading Ltd. has provided invaluable pre-financing, marketing, trading, product feedback, and quality control experience. A consultant in strategic business development lent expertise on building a sustainable and autonomous farmer-owned export business.

Alternative Agenda

Recocarno was launched with a vision of farmer ownership and autonomy. The farmers refer to their visionary concept as a “solidarity business” (in Creole, “biznis solide”), an enterprise that is accountable to the cooperative members and the communities they represent. Farmers participate in the business’ success as shareholders and decisionmakers. Business success is measured by “a double bottom line,” accounting not only for profitability, but also the empowerment and social development of farmers and their families.

Recocarno poses a direct challenge to the two-centuries-old dominance of elite Haitian coffee exporters. Before organizing, Recocarno farmers were forced to sell their annual crop to the speculators who served northern Haiti’s only exporter, Novella. Prior to 1995, Novella’s exporter dominance was maintained

not only through economic manipulation, but also by the cozy support of Haiti's dictators and repressive army. The Haitian military was demobilized in 1994 by Haiti's first democratically elected president, Jean Bertrand Aristide. This universally popular move, along with a democratic government, opened the space necessary for Recocarno farmers to challenge Novella's market dominance without threat of violent reprisals.

Madame Mercigrace Dor, a coop trainer and member of the KAPB (Producer Cooperative of Borgne located in Petit Bourg de Borgne area) cooperative, says "the speculators are present and they don't like that KAPB can directly export through Recocarno. Unlike in the past, the speculators keep their distance, don't talk to us, but they also don't bother us."

This bold new Haitian business was modeled on a similar small farmer-led business in Nicaragua. Prodecoop (Promotora de Desarrollo Cooperativo de las Segovias) was founded in 1993 as a consortium of 45 grassroots coffee cooperatives based in the Segovia region of Nicaragua. It has grown into a multi-million dollar farmer-owned export business and a leading Nicaraguan exporter of high-quality organic and fair trade coffee. One of the keys to their success has been consistent field support to producers on technical, production-related, and business development issues.

One of Prodecoop's founding consultants, Paul Rice, was contracted to lend his producer-centered business expertise to Recocarno. Rice's experience with Prodecoop taught him invaluable lessons on transferring management and responsibility from experts like him to the Prodecoop farmers as a fundamental right in achieving full autonomy.

Recocarno was born with the support of key local and international partners. UK fair trade buyer Twin, and its producer-support company, Twin Trading have been partners of Recocarno since purchase of the coop's first container of coffee in 1998. Twin offers pre-financing in the fall, when farmers are cash-



strapped (to pay their children's school fees) and have no other option than selling to speculators. Twin has always been a flexible and committed buyer and promoter of Recocarno coffee. Twin Trading provided key initial training in quality control and wet coffee processing methods, and facilitated exchanges with Twin's partner-producers, Fedecares (Federacion de Caficultores de la Region Sur), from the neighboring Dominican Republic. Twin's early visits to Recocarno transferred fundamental knowledge of international and fair trade markets directly to producers.

Oxfam GB, together with the local Haitian local NGO Sefades initiated partnership agreements with the seven cooperatives. Oxfam has played many roles: it facilitated initial contacts with importer, Twin Trading and roaster Cafedirect in the UK, and provided initial grants and technical field assistance for feasibility studies and implementation of an ecosystem regeneration program.

Sefades is based in northern Haiti, and provided key technical field support, accompanying and offering training to the cooperatives' members. Sefades, in the absence of sufficient capacity among the cooperatives, also assumed responsibility for financial management, reporting, program implementation, quality

Haitian women getting ready for market day.

Photo: RECOCARNO



Historical statistics (on production, FT premium etc.) being compiled by the Executive of CAFUMO.

Photo: RECOCARNO

control, and effective shipping of the coops' coffee to Twin. Sefades served as a critical link between the coops, Oxfam, and Twin.

Recocarino defines their evolution in two phases. The first phase (1997 to 2001) was defined by the development program, which simultaneously strengthened the capacity of Sefades while also offering direct assistance and capacity building to Recocarino farmers in three key areas: organizational strengthening, coffee production, and marketing. Initial intermediary support roles were played by Twin, Oxfam, Sefades, and Paul Rice. The partners worked with the farmers to define the strategic vision, frameworks for evaluation, impact analysis, and participatory planning and gender equity policies. These tools as well as extensive, ongoing field support were the foundation for the farmer empowerment strategies.

Organizational strengthening emphasized improved management systems with accountable, transparent, and democratic leadership. In the first two years of the program, each cooperative was restructured, elected new management boards, and received basic financial and administrative management training. Women's groups were also formed within each cooperative to promote gender equity in trade and develop community projects.

Production improvements focused on increasing quality of the washed coffee, planting new coffee and shade trees, as well as regenerating older trees. Emphasis in marketing was placed on both market expansion within the fair trade and organic markets as well as maintaining an aggressive local pricing policy (offering up to 50% more than their competitors) to ensure farmer loyalty to the cooperatives. The pre-financing provided by buyers such as Twin is loaned to the cooperatives in order to pay producers in advance of their harvest. The combination of pre-financing and a guaranteed minimum fair trade price of \$1.26/lb means that cooperatives can consistently offer a higher price to their farmers than local speculators. The end-of-season dividend paid out by cooperatives is further encouragement for farmers to produce and sell a higher quality coffee to the cooperatives. As the farmers' commitment to annually sell their coffee to the cooperatives increases, the cooperatives can pay slightly lower initial payments to farmers (assured of end-of-season dividends) and free up more pre-season funds to purchase larger volumes.

This phase forced all partners—Recocarino, Sefades, and Oxfam—to undergo a steep learning curve. However, Recocarino's development had far outpaced that of its two other local partners. By the end of 2000, Recocarino had successfully increased its annual fair trade exports and application of the fair trade standards such that FLO awarded them permanent fair trade status.

In 2001 Recocarino farmers took a giant step forward in establishing their independence following a "crisis" of sorts among all the partners. Oxfam had relied heavily on Sefades to manage the development support program with the farmers and therefore Oxfam did not have a full recognition of Recocarino's capacity improvements. Sefades had committed all of its institutional resources to Recocarino's development and simultaneously became totally dependent on Recocarino for its identity and income.

This partnership crisis marked a critical stage of Recocarno's business development. The crisis highlighted the cooperatives' improved management capacity and their need for expertise and resources beyond the capacity of Sefades and Oxfam. As Recocarno updated and upgraded their partnerships, they left behind traditional "development program support" in favor of partners and programs that offer more targeted technical support and investment. For example, the UK Community Fund offers assistance for infrastructure and communications development as well as financing Twin's management and export training. A more recent collaboration with the USAID-funded Haiti Hillside Agriculture Program (HAP) offers expanded resources for infrastructure investment and expertise in market expansion for coffee, cacao, and other commodities produced in northern Haiti.

Recocarno producers might claim that the partnership crisis was scripted as part of their business development strategy. The crisis closely mimicked a similar turning point experienced by Prodecoop in gaining independence from their Nicaraguan partners and consultants. As Prodecoop's business grew, their partners and support agencies had to varying degrees come to depend on it to meet their own organizational or financial needs. In both Recocarno and Prodecoop's cases, resolution of the crises did not necessarily imply a complete break from their partners, but full decisionmaking power was turned over to the farmers. In both cases, it was then the farmers who decided how they would proceed with the partners. For both farmer-owned businesses, this also marked an emotional turning point by giving the farmers increased responsibilities as well as the dignity they had long strived to achieve.

In 2001, Recocarno entered its second phase of business development by holding its first General Assembly and elections, and laying out a clearer definition of the business structure. Recocarno began to follow a five-year business plan with annual financial, produc-

PROPOSALS AND DEMANDS

- ✘ Fair trade partners should be mutually committed to farmer empowerment strategies that strive for greater management and ownership autonomy.
- ✘ Small farmers require intensive, on-site, technical field support. Agronomists need to be directly accessible to farmers. Field technicians must spend the majority of their time in the field, getting to know the farmers, their families, and the cooperatives to effectively support them. These services can be provided either by publicly employed agronomists, private agencies, NGOs, or consultants.
- ✘ Localized business development services, either private or subsidized, can significantly contribute to the entrepreneurial potential of collective action by small farmers. Like most small-farmer-initiated businesses, Recocarno benefited from a locally based, affordable and/or free business consultation service, such as that originally contracted by an international consultant.
- ✘ As global demand for organic and gourmet coffee continues to rise, small farmers require extensive training in coffee cupping, tasting, and quality determinants. This training should be conducted on-site in coffee production areas. Funding agencies have begun targeting coffee program and marketing grants toward such facilities and training throughout Central America.

tion, marketing, social, and organizational targets. The partners agreed on a "disengagement plan" with specified goals for Recocarno's progressive financial and administrative independence. By 2003, Recocarno had ended its partnership with Sefades and moved its headquarters out of the Sefades office and established its own office, centrally located in the coffee-growing region of Dondon.

Sefades now uses its experience to assist other local cooperatives in accessing the fair trade cacao market. Twin continues to be a loyal buyer and fair trade partner to Recocarno by offering training in export and management issues. Oxfam GB continues to facilitate new funding sources for Recocarno, such as the UK National Lottery Community Fund for investment in improving infrastructure (i.e. washing stations, drying patios, etc.) and communications. Recocarno's relationship with the USAID-funded HAP has helped to negotiate grants for a proposed central coffee mill and processing facility in northern Haiti.

RECOCARNO'S STRATEGY AND EFFECTIVE TACTICS

- ✦ Fair trade should be seen not just as a market opportunity, but as a business and social empowerment opportunity.
- ✦ Explicit partnership agreements between producers, support agencies, and fair trade buyers are crucial to providing a clear definition of respective roles. These should be periodically reviewed, evaluated, and modified as needed. Recocarno recommends establishing these agreements from the initiation of the project.
- ✦ The five-year business plan developed by Recocarno members enabled them to strive toward greater financial, administrative, and organizational autonomy.
- ✦ Select and build constructive local and international partnerships that share your vision of business development and autonomy.

Recocarno has become the “price setter” and dominant buyer of washed coffee in certain coffee-growing areas of northern Haiti. The organization has not only gained market dominance over its traditional competitor and nemesis, Novella, by offering 50% more per pound of coffee beans, but Recocarno's fairer prices paid to producers has forced Novella to raise its producer prices for both washed and “natural” coffee—to the benefit of all coffee producers, not just the cooperative members. Recocarno is increasing its exports, offering diverse products and expanding their markets to include Japanese, Dutch, and German buyers.

Local / Global Linkages

The fair trade market has opened the door for small farmers to productively engage in global processes. Fair trade allowed Recocarno members to redefine themselves not just as producers, but as market players, exporters, and entrepreneurs as well. Equitable and long-term partnerships between small farmers and their fair trade-certified northern buyers, roasters, and importers are an effective counterforce to the cutthroat competitiveness of the open market. But fair trade standards and these beneficial partnerships do not, by themselves, nec-

essarily ensure dynamic and sustainable farmer-led export ventures.

Small farmers reap the greatest rewards from fair trade by partnering with organizations willing to empower and build their organizations. Both Recocarno in Haiti and Prodecoop in Nicaragua have shown that fair trade cooperatives that grow into export businesses owned and managed by small producers can be a powerful force for change. Globally, there are few examples of fair trade producer initiatives that don't rely on intermediary, in-country partners to conduct their international business. While there is little doubt that small farmers benefit from the guaranteed fair trade price, long-term dependency on their local partners inhibits rather than encourages business growth and sustainability.

The elite Haitian coffee exporters had for centuries made fortunes off the exploitation of small coffee farmers. Neither the exporters nor the Haitian state invested in the coffee farmers or their farms. Since all Haitian coffee is produced not on plantations but rather by small farmers, Recocarno farmers have now taken the lead in regenerating the Haitian coffee sector. They are addressing and advising other growers in using organic methods of pest control, planting over half a million coffee and shade trees and setting higher and fairer local prices (not just fair-trade prices) and forcing the big exporters to follow suit. Recocarno has tripled its annual coffee export volume over six seasons and expects to export fifteen shipping containers (495,000 lbs. of coffee) in the 2005/06 export cycle. Equally important, Recocarno is setting high standards for transparent leadership and commitment to the social and economic development of their communities.

According to IMF openness tests, Haiti holds the distinctive title of being one of the most open market economies in the world. It also has an almost completely privatized education system and is among the world's poorest nations with the lowest education levels.

Impact studies show that Recocarno farmers commit 80% of their fair trade coffee revenues to pay for their children's school fees. To remedy some of these contradictions, Recocarno cooperatives have invested their fair trade dividends in building community schools and helping with the enrollment of students from the poorest local families.

In remote northern Haitian communities such as Borgne, Recocarno's impact has been significant. The KAPB cooperative of Borgne is one of the fastest growing cooperatives, both in terms of volume of coffee collected and membership. Borgne has historically seen up to a quarter of its adult population migrate to neighboring Dominican Republic for work. Recocarno has reversed that trend as Borgne farmers are now receiving stable incomes from their coffee farms and anticipate further opportunities through improved market potential for their extensive cacao and fruit products.

Recocarno's experience holds many lessons for small farmers in countries with a similar history of elite control of export markets. The organization has shown that small farmers who act collectively, are organized as a business, and have ongoing technical and financial support can challenge the old

export monopolies. A "double bottom line" business approach has a broader economic and social impact than an approach that focuses narrowly on marketing and production. This approach has both corrected market inefficiencies in favor of small producers and reinforced socially responsible business principles such as ecosystem management, democratic and accountable leadership, gender equity, and direct reinvestment of dividends into community projects.

Most small farmers face economic insecurity and are buffeted by the changing winds of market, environmental, and political conditions. They own very little and struggle to achieve some measure of dignity throughout their lives. Dignity and security can be attained by being owners, shareholders, and decisionmakers of export businesses such as Recocarno and Prodecoop. The proven success of both businesses is fueled by individuals who through their own efforts and organizations are achieving more secure livelihoods for their families and communities.

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Resources

Alter Trade Japan (ATJ)

Email: info@altertrade.co.jp

Web: www.altertrade.co.jp

Japanese importer of fair trade-certified and specialty coffees.

Cafedirect

Tel: +44 (0) 207 490 9520

Email: info@cafedirect.co.uk

Web: www.cafedirect.co.uk

Works with growers to ensure quality required for the British fair trade market, guaranteeing a fair price for grower's crops, and also returning a percentage of profits to support producers' partner organizations' activities.

Ecocert International

Tel: +49 (5551) 90843-0

Email: info@ecocert.de

Web: www.ecocert.de

An inspection and certification body accredited to verify the conformity of organic products against the organic regulations of Europe, Japan, and the United States.

Fair Trade Labeling Organization International (FLO)

Tel: +49 228 949230

Email: info@fairtrade.net

Web: www.fairtrade.net

The worldwide Fair Trade standard setting and certification organization based in Germany.

FEDECARES

(Federacion de Caficultores de la Region Sur)

Tel: (809) 528 7552

Email: fed.cafe@verizon.net.do

Web: www.fedecares.com

The federation of coffee growers in the southern region of the Dominican Republic was founded in 1985. Today the federation includes 134 associations and 6,500 members.

Haiti Hillside Agriculture Program

Tel: (509) 511-0397

Email: info_hap@dai.com

Web: www.haitihap.org

A USAID-funded agribusiness development project implemented by DAL in conjunction with PADF, Fintrac, the University of Florida, and CIAT.

Oxfam GB

Tel: (87) 333 2700

Web: www.oxfam.org.uk

A UK-based development, relief, and campaigning organization that works with others to find lasting solutions to poverty and suffering around the world. Oxfam GB has operated a program in Haiti for over thirty years.

Prodecoop

(Promotora de Desarrollo Cooperativo de Las Segovias)

Tel: (505) 713- 3268

Web: www.prodecoop.com

Prodecoop was established in 1993 in Esteli, Nicaragua to assist its member farmers in sustainable production and marketing of their coffee. It includes 45 cooperatives with over 2,420 families. It annually produces and sells 90 containers of organic and shade-grown Fair Trade certified coffee.

Recocarno

(Reseau des Cooperatives Cafeieres de la region Nord)

Barthelemy Louis Mary Leon, RECOCARNO Business Manager

Tel: (509) 553-5061/ (509) 431-5213

Cell: (509) 431-9754

Email: barthelemy2001@yahoo.fr

Web: www.recocarno.com

Recocarno was founded in 1997. It is a gourmet coffee export business owned by seven cooperatives representing over 4,500 farmers based in north and northeast Haiti.

Sefades (Service Formation pour le developpement economique et social)

Tel: (509) 431-1665

Email: doudou62@yahoo.fr

Sefades offers technical and administrative support to grassroots organizations in northern Haiti.

TransFair USA

Tel: (510) 663-5260

Email: info@transfairusa.org

Web: www.transfairusa.org

Based in Oakland, California TransFair USA is the only independent, third-party certifier of Fair Trade products in the U.S. TransFair has introduced Fair Trade coffee, tea, cocoa, sugar, and fresh fruit to the U.S. market.

Twin and Twin Trading Ltd.

Tel: 44 (0) 20 7375 1221

Email: info@twin.org.uk

Web: www.twin.org.uk

Promotes sustainable growth and livelihoods for small producers through fairer terms and conditions of trade and providing managerial, organizational, technical, and marketing assistance.

UK National Lottery Community Fund

Tel: 0845 4 10 20 30

Web: www.biglotteryfund.org.uk

Awards grants to UK-based development organizations that are working in partnership with overseas organizations. Currently funds a three-year project with RECOCARNO and MACEEFCCO of Cameroon under the REMA project, administered by Twin.

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