



WHAT WORKS IN ADDRESSING RISK & FRAGILITY OF COFFEE AND COCOA FARMERS

Since LWR began working with smallholder coffee farmers and organizations in Nicaragua in 1988, a lot has changed. The Millennium Development Goals (MDGs) brought increased attention to issues of food security, and focused global attention and funding on achieving productivity gains despite the constraints and vulnerabilities associated with rain-fed agriculture, rising pressure on scarce land and water, and weak market linkages.¹ These long-term food security and nutrition programs have had a substantive impact on the lives of smallholder coffee and cocoa farmers.

Yet, as the problems of yesterday are addressed, the focus of the international community has shifted. With the adoption of the Sustainable Development Goals (SDGs) comes increased attention to the rising costs of risk and insecurity that keep smallholder farmers locked into poverty as they forego more potentially remunerative but risky opportunities.² Addressing risk and fragility within value chains, particularly at the farm level, will be a central component to sustainable development strategies. As LWR's work with smallholder coffee and cocoa farmers enters this shift in program priorities, there is an opportunity to consider the critical issues confronting coffee and cocoa farmers and the strategies that work in addressing the risk and fragility they face.

DIVERSIFICATION

The livelihoods of smallholder coffee and cocoa farmers depend heavily on crops that are subject to multiple shocks and stressors (e.g. price fluctuations, supply chain constraints, pest outbreaks, climate change, etc.).³ Most smallholder coffee and cocoa farmers receive the majority of their earnings from coffee or cocoa production, leaving their incomes highly vulnerable to market shifts, weather shocks, diseases, pests or even family sickness. Further, threats from climate change are creating concerns about the continued feasibility of coffee cultivation in certain geographic areas.⁴ Although challenging and perceived as risky, diversification is vital to mitigating risk at the farm level.

LEARNING: In recent research, LWR found that a preponderance of farmers surveyed in Nicaragua, Honduras and Haiti have some diversity of products that they are managing – including a mix of coffee, maize, beans, cacao, plantains and taro, among others.⁵ However, there are not currently strong markets for most of these secondary crops under cultivation.⁶ Farmers cite limited savings and risk aversion as limiting factors in expanding diversification.⁷

OPPORTUNITY: Providing support for diversification among varieties for established crops and leveraging social networks to connect producers with more reliable and/or lucrative markets.⁸

CAPACITY BUILDING

Farmer organizations fill a vital role within the coffee and cocoa value chains, increasing cooperation, communication, learning and innovation within the sector.

However, smallholder coffee and cocoa farmers and farmworkers are still struggling. Within the specialty coffee industry, there are multiple potential buyers, especially when coffee is eligible for certifications.



LEARNING: In developing 10 practical guides covering cocoa planting, certification and marketing, LWR was able to disseminate valuable information to farmers in Latin America. Yet, LWR's experience using a training video developed by The Hershey Company demonstrated how technology can enhance simple and clear communication of complex material.

OPPORTUNITY: Technology remains the critical junction for expanding access through web and mobile platforms that allow interactivity and reduce information access barriers, and is the core opportunity for efficiently expanding support to farmer organizations.

SPECIALTY COCOA STANDARDS

The highest quality cocoa is produced in the western hemisphere, and is used by the bean-to-bar business with a high concentration of cocoa.⁹ These artisanal markets provide a highly lucrative opportunity for farmers, as demand for specialty chocolates continues to increase. Yet with no existing quality standards, farmers are limited in their ability to produce to meet demand.¹⁰

LEARNING: LWR has had great success convening actors within the cocoa sector to address core issues in the value chain.

OPPORTUNITY: Investing in dialogue between cocoa actors is the essential step for developing broadly accepted standards, like those that have existed in the coffee sector for 30 years, for preparing and tasting nibs. As standards are more established, instituting training and creating facilities for evaluation are emerging opportunities.

ENGAGING YOUTH

Currently, **80 percent of the world's coffee** – specialty and otherwise – is produced by only 25 million smallholder farmers. With the average age of coffee farmers nearing 60, many farmers are losing their capacity to farm, or will lose that productive capacity within the next decade.¹¹ At the same time, young people are migrating from coffee lands in search of better opportunities in urban centers.¹²

LEARNING: LWR has worked with coffee organizations to provide incentives for youth to participate in the coffee business. Farmer organizations hire young people as messengers between farmers and provide training so that youth are able to provide technical assistance to serve farmers. With this training, the next generation will be better positioned to find work in the coffee and cocoa sectors. Eco-tourism projects train youth in English (a valuable skill) and as guides for nature hikes in the flora/fauna.

OPPORTUNITY: Agricultural extension, input sales and working within farmer organizations are real opportunities to maintain a connection between youths and the coffee and cocoa sectors.



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¹ USAID Risk & Fragility Roundtable Background Paper

² USAID Risk & Fragility Roundtable Background Paper

³ USAID Risk & Fragility Roundtable Background Paper

⁴ Iscaro, J. (2014, June). The Impact of Climate Change on Coffee Production in Colombia and Ethiopia. *Global Majority E-Journal*, 5(1), 33-43. Retrieved June 20, 2016, from https://www.american.edu/cas/economics/ejournal/upload/Global_Majority_e_Journal_5_1_Iscaro.pdf.

⁵ Caswell, M., Mendez, E., Hayden, J., Anderzén, J., Merritt, P., Cruz, A., . . . Castro, S. (2016, April). [Preliminary Results from a Study Assessing Resilience in Coffee Dependent Communities]. Unpublished raw data, University of Vermont.

⁶ Caswell, M., Mendez, E., Hayden, J., Anderzén, J., Merritt, P., Cruz, A., . . . Castro, S. (2016, April). [Preliminary Results from a Study Assessing Resilience in Coffee Dependent Communities]. Unpublished raw data, University of Vermont.

⁷ Ibid

⁸ Ibid

⁹ Sukha, D. (2016, May). Steps towards a harmonized international standard for cocoa flavour assessment – a review of current protocols and practices [Scholarly project].

¹⁰ Ibid

¹¹ "Farmer Profitability: Managing Risk in the Supply Chain." *The Specialty Coffee Chronicle*. N.p., 4 Aug. 2015. Web. 15 June 2016.

¹² Ibid