

Gender in Global and Regional Trade Policy: Contrasting Views and
New Research.

University of Warwick, 5 – 7 April 2006

Title:

Fairtrade, Gender and Grassroots Action – the experience of Nicaraguan
coffee cooperatives

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Session 4: Practical Initiatives

Comments welcome

Gender, Fairtrade and Grassroots Action - the Experience of Nicaraguan Coffee Coops

by Nicholas Hoskyns – Cafenica and Etico

Introduction

This paper will discuss what development means in terms of gender relations, the Fairtrade movement and Nicaraguan coffee coops. My perspective on this comes from 16 years experience in the cooperative movement in Nicaragua and my current participation in Cafenica, the umbrella organisation for Nicaraguan coffee coops, and ETICO, the Ethical Trade and Investment Company.

Traditionally women in the Nicaraguan coffee industry have played a back-up role: they have maintained the family and household and worked in the fields at coffee harvest and in the factories. They have suffered also from living in a male dominated society where domestic violence and child abuse are common. However, as the coffee coops have become more successful, and have begun seriously to pursue development goals, gender roles have begun to change and this in turn is contributing to greater stability and different and innovative forms of economic and social action.

In the coops, we see trade as a means to an end, not an end in itself. The end is sustainable development, combining social, environmental and economic goals. When examining small farmer rural economies in a serious way you must take two (often ignored) elements into consideration: the importance of non traded goods and services (including subsistence agriculture and the unpaid work of women) and the distribution in the family and in the community of the resources created. The benefits of even a small shift in resources and in decision taking are amazing and lead to an increase in peoples expectations about what they can do and to their empowerment.

Background to the coops

The coops were formed in the early 90s and have their roots in the land reform put in place by the Sandinista revolution in the 1980s. Some of the present coop leaders, including some strong women, were young people during that time. In those days, coffee was sold to and exported by the state and agricultural loans were provided by the National Development Bank. The Sandinistas lost power in 1990 and the NDB ceased providing loans in 1992. The coop movement flourished in the vacuum created by the dismantling of the state apparatus and the protection offered to small farmers. The small farmer's vulnerability and lack of support has resulted in them organising in cooperatives which have gradually taken over responsibility for processing, marketing, credit and the implementation of social goals. Cafenica was formed in 2003, as an umbrella organisation for the successful coops: its members are approximately 7000 coffee farmer families. It co-ordinates and facilitates activities and tries to achieve a stronger voice for the coops at national and international level.

Trade

The first opportunity to sell directly was from 1992-95 through existing relations with the movements in Europe which had chosen in the eighties to buy coffee from Nicaragua as a gesture of solidarity. This used consumption in a political sense and in a way that linked consumers in the North to producers in the South. The Fairtrade movement grew out of this concept. Fair-trade certification guarantees a fixed minimum price of \$1.26 per lb for conventional coffee and \$1.41 for organic. This includes a social premium of 5 cents per lb which must be used for development purposes. World market prices are currently high (around this level) but in past years have at times dropped to as low as 50 cents a lb. A large buyer of coop coffee in the UK is Cafédirect (Twin Trading) but there are sales also to small coffee roasting companies primarily in the US and Europe.

Small farmers produce 40% of Nicaraguan coffee. The rest is grown on medium farms and estates and is sold for the most part to large national or international companies. There is no minimum price or guaranteed social return. Wages are very low to the extent that, in a society with high unemployment, people prefer migration or work in the EPZs to work on the estates.

The Fairtrade link has given the coops 'a foot in the door' to the global coffee market. From this base, the coops have become efficient businesses, competing with others in high quality world markets, while maintaining most of their sales through fair-trade and organic channels. The price stability, together with the social premium, allows the coops to pursue development aims as well as profitability. Small farmer coops in Nicaragua are pioneers in integrating quality into their production strategies, using cupping (tasting) labs to do so.

Annual exports from the cooperatives have grown impressively. Between 1995 and 2005 they have gone up from 5000 sacks (one sack = 150lbs) to over 100,000 sacks, worth approximately \$15m and forming 15% of Nicaraguan coffee exports.

Gender Issues

What is significant is that where serious attempts are being made to achieve development goals, gender issues come to the fore whether or not a formal policy exists. Putting gender equality in the abstract on the coop agenda does not work, and may lead to ridicule, but proposals with a real material base can be very successful. I will give two examples, one in a coop which has a formal gender policy and one in one that does not.

The first example is from Jinotega, the main coffee producing region in Nicaragua. **Soppexca** is a cooperative union of 650 coffee farmer members. It has strong gender awareness guaranteed by the predominantly female employees. The manager, Fatima Ismael, describes gender as an integral part of everything the coop does. The small farmer family is at the centre of analysis and gender translates into reality in the women's access to finance, marketing and their participation in all training activities. The development of a formal gender policy was agreed by the general assembly of the coop in September 2005. One of the initiatives which has come out of this gender awareness is the decision to market a 'women's coffee' (i.e. coffee grown by women). The women in the coop, aiming to have maximum impact, included in the rules that the women's coffee must be grown on land owned by women, that all credits and loans must be paid to women, and that production and marketing of the coffee must

be managed by women. The coffee, called Sister Coffee, is a marketing success, selling initially in the US. Sales rose in two years from 1 to 4 containers and demand is for 2.5 times as much as they produce. Some men have deliberately passed land over to women so the family can participate.

This scheme has created more equality in the families and strengthened the position of the women. As far as I can tell, the men don't resent it because it is improving the economic situation of the families and gives access to more credit. The women in the project meet regularly to discuss both management matters and the needs of the community. They have set up small community chemists which give access to cheap medicines. The coop also provides health checks for women. On broader social issues, the coop decided to address the question of school attendance which in some communities reached the unacceptably low level of 40- 60%. A scheme was initiated which offered to all the families in communities (and to non-coop as well as coop children) an equipment bag and one free meal a day for each child attending school in return for zero absenteeism in that community. This was funded through the social premium and donations from Christian Aid. Five communities have complied, reaching attendance levels of 98%. The women helped to ensure this.

The involvement of women in a successful economic project together with their greater participation in the affairs of the coop creates a situation where domestic violence is less likely and where power and resources are more evenly divided. An interesting development has been the de mystification of household chores. It appears that the extended family is pulling together (including the men) to meet household commitments previously done exclusively by the women who are now often busy producing, selling and financing their coffee activities. Soppexcca is currently holding cooking courses for the men on how to cook pelibuey (a type of goat)

The second example is from Matagalpa the most famous coffee producing region of Nicaragua. **Cecocafen** is a large cooperative union of over 2000 farmer members. Although the president and the marketing manager are women Cecocafen can be said to have little gender awareness and no formal policy. In 2001 an opportunity arose to provide an initial float for a credit and savings initiative for women. The coop gave this a low priority and asked Carla who was the cleaner and concierge in the Cecocafen offices to take charge of this small grant from Coffee Kids, (a charitable organisation set up by part of the US coffee industry). Five years later this initiative has organised and is supporting over 500 women and manages loans of over \$250,000 a year. The system Carla manages requires women to organise in groups and save a certain amount, on which they receive 3% interest. They can then make a proposal as a group and can receive a loan upon which they in turn pay 3% interest. The women in the group are jointly responsible for the management and repayment of all their loans. The loans are for non coffee activities based around the rural coffee farmer family unit and have funded: small shops, the raising of small livestock (chickens, pigs, and goats), sewing and clothes making, as well as eco-tourism for the many visitors to the coops. In one case a woman purchased a bus, which was then used to take over a bus route.

The use by the women of the loans has been imaginative and innovative and the repayments in almost all cases regular. The investment in families and in non-coffee activities has given much greater stability to the coops. Cecocafen like Soppexcca is very active in social and environmental initiatives. Cecocafen has already given 400

grants for young people in further education. The coop finances many local sports teams and cultural groups of music and dance.

The successful gender projects initiated in **Soppexca** and **Cecocafen** are now spreading to other coops. These activities cannot be controlled or anticipated: they have beautiful, unexpected and unforeseen results.

International context

Migration for work and sending remittances back to the family is a feature of the Nicaraguan economy. 1 million work in Costa Rica next door (the Switzerland of Central America) the men in agriculture and the women in domestic service. Many young women work in the '*maquillas*', the export production zones which have been set up around the main Nicaraguan cities. They work mainly for Taiwanese and US companies, producing garments and finished goods which are then sold around the world. While these zones have created 50 to 100,000 new jobs (?), the development impact is low. Companies in the zones pay no taxes and are cut off from the local economy. Consumption is mainly of imported goods. Wage rates are low, 35 cordobas (\$2) per day, with no regular increases or career progression. Hours are long so there is little opportunity or incentive for workers to increase skills or education. Expectations are low in this kind of process. Nevertheless, the remittances are an important input into family income, and work away from home can be attractive.

Strengthening the coops, in the ways discussed above, creates greater choices for young people. Some may decide to stay and some to go. More will stay if the family farms are successful and creating opportunities for development and education.

Trade liberalisation regimes have little direct effect on the coops, which deal mainly with the fair trade movement and directly with donors. However, they have a great deal of effect on the Nicaraguan economy in general and on the use and distribution of resources.

In 2003 proposals were being made for the Central American Free Trade Agreement (CAFTA) which would link the US and six Central American countries (including Nicaragua) in a new trading system. At that time, I went to a meeting at the university in Managua which was organised by civil society groups to discuss the proposals. Two things came out of that meeting: first, that there would be a loss of sovereignty to the countries concerned, since various strategies they might want to adopt (particularly those protecting local production and encouraging development) would be ruled out; and second, that the terms of the agreement were already set. There would be no minimum wage and no agreed labour standards. Virtually, the only matters left to negotiate were over transition arrangements for the various crops. The Nicaraguan government is heavily dependent on US support and was therefore unlikely to challenge these arrangements.

CAFTA which will allow subsidized US agricultural produce greater access to Central American markets and was intended also to encourage the export of textiles and clothing to the US was adopted in 2005 (by one vote only in the US Congress) and was due to be implemented from 1 January 2006. (This date has been postponed apparently)

Future developments

The cooperatives provide opportunities to work towards sustainable development in concrete and grassroots ways. Future initiatives, that Etico is developing, directly link ethical investors with their investments in the coop sector. One example is a micro hydro system in a coffee community to provide 300 families with the opportunity of producing their own electricity. Another is to extend micro finance facilities to promote local production and markets. The expansion in Fairtrade provides opportunities for Etico to facilitate new and interesting trading relationships between the cooperatives and small commercial entities in northern countries, and to continue mobilisation through northern NGOs.

Conclusion

Given some space, gender projects and needs come through at the grass roots micro level and are a crucial element in promoting sustainable development. As these successful cooperatives make diverse efforts to convert their economic success into social and environmental development, the importance of gender issues become more obvious and essential. This is not a controllable process and the results are often surprising. Resources and decision taking must be channelled where there is real participation of women. The small farmer rural family unit is often seen as a good basis to do this. Woman only funds and initiatives are also key. Solely male dominated activities are no longer seen as good channels for achieving broader development goals. Fairtrade is important in empowering the cooperatives and their members and the minimum price and premium enable investment in broader social developments to happen. This is effective in that it is a part of the trading system (not just an add on to sugar the pill) and represents a solidarity payment from north to south. It also promotes healthy competition and the pursuit of quality. The coops are now successful businesses and can use and multiply the social premium to pursue their sustainable development goals.

The lessons from the Nicaraguan cooperatives' experience is that gender comes to the fore when a real effort is made to transform economic success into broader development goals. I suggest that this will hold true when higher levels of the trading system truly take on sustainable development objectives. However, growth rather than development is now the aim of the trading system and little attention is paid to its overall effects. This squeezes out the space where alternative ideas can flourish and negates the lateral thinking which attention to gender brings. However, as inequality and deprivation become more evident, and alternative schemes prosper, pressure on the trading system grows...

Further reading

Bacon, C (2004) Confronting the Coffee Crisis: Can Fair Trade, Organic and Speciality Coffees Reduce Small-Scale Farmer Vulnerability in Northern Nicaragua? *World Development* 33/3, pp. 497-511.