



Fair Trade Farmers in Nicaragua

PRODECOOP: The Promoter of Cooperative Development in the Segovias

Fair Trade guarantees a minimum of \$1.26/pound (a living wage) and access to credit at fair prices to poor farmers organized in cooperatives. These fair payments are invested in food, shelter, health care, education, environmental stewardship, and economic independence. Fair Trade promotes socially and environmentally sustainable techniques and long term relationships between producers, traders and consumers.

José Tomás Tórres is a coffee farmer in the Segovia region of Nicaragua. Tomás is 29 years old, married, and has four children. Coffee farmers have never been wealthy, but recent drops in world coffee prices have made farmers' lives even worse. Prices are currently at an all-time low, sliding below 80 cents a pound last August, and reaching 49 cents in August of 2001. With production costs averaging 90 cents a pound, coffee farmers, usually forced to work within a vicious cycle of poverty and debt, are facing starvation.

Not Tomás. Tomás is lucky because he is a member of the Luis Alberto Vásquez cooperative. It is one of 45 Nicaraguan coops that make up PRODECOOP, a larger Fair Trade coffee export cooperative that is part of the even larger worldwide Fair Trade network. The international Fair Trade community promotes social change by more than tripling the incomes of farming families in developing nations.

Many children of coffee-farming families begin working around age 10 to help with the February harvest that coincides with the school year. Tomás hopes that his children will never have to do so. Because of his work in the cooperative, all four of the Tórres children are currently in school. Tomás' dream is familiar to parents all over the world: he wants his children to have the opportunities he never had.

The Luis Alberto Vásquez cooperative, founded in 1983 as a land grant from the agrarian reform-inspired Sandinista government, allows this humble dream to continue. The farmers never forget this. For example, when Nicaraguan banks were privatized in 1993, cooperatives that had been given their land by the government were given 72 hours to pay back their debt,

or lose their land. The cooperative appealed to PRODECOOP for help. PRODECOOP responded by paying the debt for the farmers. Otherwise, they would have lost their land forever.

Tomás and the other members see the coop as the only way to move forward in one of the poorest countries in the hemisphere. "We are a cooperative of 70 members, ready to harvest and to improve our yield little by little, but always producing good quality coffee. For us, the most important thing is maintain the good prices from Fair Trade."



PRODECOOP was born in 1993 to provide its member farmers assistance in sustainably producing and marketing their coffee. Based in Esteli, Nicaragua, it includes 45 cooperatives with over 2,420 families, most of whom typically farm 7 to 11 acres.

PRODECOOP markets its members' coffee to Europe and the US. They also provide much-needed loans for rehabilitating and improving coffee production. Additionally, they provide advice and technical assistance with the goal of improving self-management capabilities and productive capacity for the member cooperatives.

Projects undertaken by PRODECOOP involve the construction of schools and healthcare centers; training in administration; legal matters and organizational issues. From sales to the fair trade market, PRODECOOP will generate over \$600,000 in premiums for the membership this year alone. This is used to pay bank debt and retain landholdings, invest in farm improvements, improve nutrition and education.

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In October of 1998, Hurricane Mitch ripped through northern Nicaragua, damaging homes, farms and roads. With the organizational strength they had gained over the years, PRODECOOP was able to provide assistance and channel outside aid, rebuilding homes and roads, and repairing coffee processing equipment so that farmers would have incomes the next year.

Merling Preza Ramos, PRODECOOP's Director, told Global Exchange that "the producer is offering coffee of very high quality, and in return, asks that they are paid a fair price, the real price, the real value of their product. Therefore, it's not a charity. Behind the cup there are faces, there are people. People who are working to produce a good quality coffee. The structure should be revised because we can see that there is a lot of money here, and yet the small producer is far away, often times without anything to eat."

PRODECOOP is also a leader in the organic coffee movement. Almost all of their members grow their coffee organically under the shade of the forest canopy. This results in better soil conservation, reduced pollution of streams and groundwater, and the preservation of songbird habitat in the trees above the coffee. PRODECOOP's organic, shade-grown, fair trade coffee is one of the best tasting and most renowned coffees in the gourmet coffee market today. The coffee production is often integrated with other crops like corn, beans and bananas, which are grown for the consumption of the families themselves.

Santiago Rivera has worked on coffee farms for 35 years. Joining PRODECOOP has made a tremendous impact on his family's situation. "Before I joined the fair trade movement, we didn't have extra money to invest in the farm. We never had money to spend on pack animals, so I had to haul the 100 pound sacks of coffee on my back all the way down the hills. Since I joined PRODECOOP, our family income has doubled and our efficiency has really gone up."

The crisis in the coffee industry has affected Nicaragua significantly. An estimated 300,000 people have been left without work in Nicaragua due to the collapse of this year's coffee cycle.

In April, 2001, some two thousand coffee farmers joined together for a march in Managua to bring attention to the crisis. This action was later followed by President Aleman's veto of the Coffee Moratorium bill, which would have suspended all foreclosures due to debts and unpaid loans for all coffee growers in the country for 300 days. Despite the bill having been approved unanimously by the National Assembly in April, pressure from the private sector, especially by the banks, as well as from international organizations such as the Inter-American Bank (IDB) and International Monetary Fund (IMF), led to the bill's eventual demise.

The social impact of the crisis is made apparent by the increasing malnutrition among children of the region, which has already led to a number of deaths. Matagalpa's parks have been transformed into shantytowns of make-shift shelters as more than 5,000 people have arrived in the city since January. Mayors of nine municipalities have declared their own state of emergency as the national government has failed to address the crisis with serious attention.

Funds must be raised to provide relief for hungry and out-of-work coffee farmers. The current situation is dire and famine is imminent. Now more than ever, Nicaraguan farmers deserve a Fair Trade opportunity.

Resources on Fair Trade in Nicaragua

Paige, Jeffrey M. *Coffee and Power: Revolution and the Rise of Democracy in Central America*. Cambridge: Harvard University Press, 1997.

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Where to Buy Nicaraguan Fair Trade Coffee

Equal Exchange

www.equalexchange.com
ph: 781-830-0303
rcastellon@equalexchange.com

Dean's Beans

www.deansbeans.com
ph: (978) 544-2002
dean@deansbeans.com

Café Campesino

www.cafecampesino.com
ph: (229) 924-2468 or (888) 532-4728
info@cafecampesino.com

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