

National Federation of Coffee Growers of Colombia



**Federación Nacional de
Cafeteros de Colombia**

Innovative Intervention Models for the Coffee Sector

**UNIDO International Conference on
Sharing Innovative Agribusiness Solutions
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Problem & Challenges

Increasing competitiveness through productivity gains and differentiation

- Scenario of low real prices for commodities
 - High production costs
 - Obstacles to productivity
 - Low technology adoption
 - Aging Producer
 - Low education levels
- Opportunity - Product differentiation for above market quality coffee
 - Main strategy for Colombian coffee
 - But restricted access to production factors
 - Long term credit
 - Tight land market



This Solution Involves:

- Introducing new intervention models to enhance productivity
- Encouraging partnerships among beneficiaries
 - Facilitating generational succession
- Promoting the adoption of technology

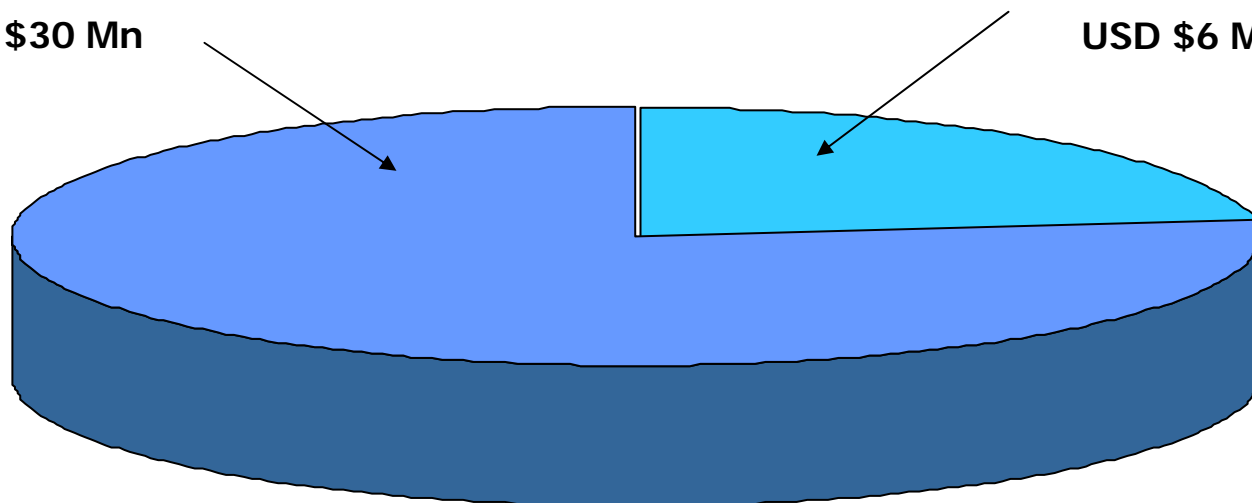
How Is The Solution Financed?

Financial Market

USD \$30 Mn

IADB loan

USD \$6 Mn



Areas Of Impact

- **Financial leverage**
 - Financial sector has provided USD \$5 million in loans
 - Generational succession: 1.400 hectares have been acquired by 225 young coffee growers
- **Productivity**
 - Increase 100%
- **Technology adoption**
 - 5 new production units have adopted latest technologies developed by CENICAFE
- **Quality & differentiation**
 - Reduction in losses
 - Specialty coffee certified by Rainforest Alliance and Organic
 - Differentiation related to producer groups: Special Edition of Juan Valdez "Young Coffee Growers"



Innovations

- **Financial leverage**
 - Collateral cash flow
 - Information asymmetries minimised
 - Risk pooling
- **Partnerships**
 - Two types of association modalities: workers & land owners
- **Sustainability / Replicable**
 - Market mechanisms in place
 - Not subsidized
 - Full use of intangible assets of the Federation



Success Factors

- **Careful Screening**
 - Young, educated entrepreneurial local men and women
 - Viable lands with high environmental supply
- **Use of Market Available Tools**
 - Evidence that technological improvements that enhance productivity motivate young coffee producers
 - Not subsidized
- **Permanent technical-social assistance & backstopping**
- **Purchase Guarantee**
- **Innovative Financial Resources Channelling**



Scaling up involves:

- **New forms of access to land**
 - Creation of a Land Bank
- **New forms of association**
 - Old and young coffee producers
- **Endorsement by Government**
 - Other social programs
- **Multilateral lending for private sector**
 - Not mediated by Government agencies



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