

UNIVERSITÄT HOHENHEIM

INSTITUT FÜR AGRAR- UND SOZIALÖKONOMIE
IN DEN TROPEN UND SUBTROPEN

Prof. Dr. Franz Heidhues



Diplomarbeit

**Die Finanzierungsproblematik von kleinbäuerlichen
Kaffeegenossenschaften unter besonderer Berücksichtigung des
„Fairen Handels“ -
eine empirische Studie in der Region Oaxaca, Mexiko**

Vorgelegt von

Marion Vieweg

Matrikelnummer

0197245

Im Studiengang

Wirtschaftswissenschaften/Agrarökonomie

Stuttgart

1. März 1999

Diese Arbeit wurde gefördert aus Mitteln der Eiselen-Stiftung, Ulm

Abstract

Coffee is the most important internationally traded agricultural crop. About 100 billion people depend on the production, marketing and processing of coffee. Production structures have significantly changed within the last decades. Coffee shifted from plantation to smallholder crop. Due to its biological characteristic as a perennial crop that requires high initial investment most small producers depend heavily on it as the single cash-crop they grow.

Since producers also depend on long and highly oligopolized marketing channels that leave them often with too little for their crop, cooperatives have started to become an important tool for growers to try and improve their situation. By joining forces they try to escape dependency from middlemen (so called "coyotes) and receive better prices through joint processing, transport and marketing.

But cooperatives in the coffee sector face severe problems, especially in respect to their financial situation. For the further analysis of these problems three hypothesis served as a basis:

1. Financing is a key element for the long-term functioning of a marketing cooperative in the coffee sector.
2. Cooperatives require high amounts of cash at the time of harvesting and there exists a time lag between delivery of the crop by the members and payment by buyers. Those are the central problems the organizations face.
3. Payment conditions under the fair trade movement help to solve the above mentioned problems, but one of the most important aspects of cooperative financing is to raise equity capital.

A strong link between financial performance and growth of the organization is evident. Additionally members pointed out the importance they attach to the issue. But it has to be considered that there are more factors that determine the membership decision.

It could clearly be proven, that cooperatives in the coffee sector have a high need for cash during harvesting season. The analysis of two organizations in the region of Oaxaca, Mexico indicates that the members of cooperatives do require cash at the moment of harvesting. They may forego direct payment for better prices in the future, but in the long-term it has to be aim of a cooperative to be able to pay most of the coffee at harvest-time. This poses a problem since there can pass several months between delivery of the crop by the members and payment by buyers. In case of one of the case studies this time lag was almost three months.

Additionally to the timely difference of in- and outflow of money the amount of the required cash is problematic. Cooperatives often lack securities to be able to acquire sufficient credit from the commercial banking sector. The results from this study clearly indicate that the payment conditions within the fair trade movement help cooperatives to solve this problem. Fair trade contracts include the obligation for the buyer to pay up to 60 percent of the contract value in advance, usually before harvesting starts. This allowed one of the analyzed cooperatives to pay up to 65 percent of the coffee at harvest. This still leaves the cooperative with the necessity to come up with the other 35 percent, if they want to pay their members straight away.

At this point equity capital plays an important role. It serves on the one hand to ensure financial stability and on the other hand to gain external financing. But it has to be secured that this capital is used productively throughout the year and not only during the harvesting season. As a possible solution to this problem it has been discussed to extend cooperative services and provide credit to members during the rest of the year.

Generally results have shown, that cooperatives face severe problems in the area of financing. Within the framework of this study only few solutions could be touched. This work clearly indicates that there is a further need for research in respect to solutions that are suitable to the cooperative form of organization. This work tries to give a rough guideline for further research and project development, but a lot of questions will have to be answered by future studies.