

COMMON FUND FOR COMMODITIES

Press Release

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COMMON FUND TO FINANCE A RECONVERSION OF SMALL COFFEE FARMS INTO SELF-SUSTAINABLE AGRICULTURAL FAMILY UNITS IN ECUADOR

The Executive Board of the Common Fund for Commodities, an intergovernmental financial institution established by the United Nations, approved a project on "Reconversion of Small Coffee Farms into Self-Sustainable Agricultural Family Units in Ecuador". The total cost of the project is USD 3,198,635 of which the Common Fund contributes USD 1,117,640 as a grant. The Government of Ecuador is going to contribute USD 858,165 as co-financing and the Construyendo una alternativa de desarrollo sustentable (COFENAC) and Farmers will provide in-kind counterpart contribution of USD 1,222,830.

The declining income of small farmers producing coffee exclusively had been noted and efforts to diversify the income sources of farmers through redesigning the farms into diversified product farms were conducted at experimental levels. This project seeks to pilot this concept in specified geographical locations of Ecuador.

The main objectives of the project are (a) To strengthen the management capacity of producer organization and bodies involved in the project areas. (b) To reconvert 1,200 coffee farms into self-sustainable agricultural units through diversification of their agricultural production systems. (c) To promote processing of primary production and the development of co-operative marketing channels for the local sale of the surplus agricultural production. (d) To train teams of experts and leaders of Producer Organization from Cuba, Guatemala, El Salvador and Honduras in the conversion and management of self-sustainable units and design a model for each country.

The pilot project will field test the concept by converting 1,200 farms into diversified farms. The pilot will set up the institutional arrangements, which includes the production and marketing of the alternative crops given that the farmers currently have only skills relating to coffee. The intention is to increase the income of the farmers to at least USD 150 per month. The immediate beneficiaries of the project are the 1,200 redesigned coffee farms and the processing business that would be developed for coffee and other commodities.

The International Coffee Organization will be the Supervisory Body while COFENAC will be the Project Executing Agency. The Asociación Nacional de la Industria del Café, A.C. (ANACAFE) will be the Collaborating Agency to ensure the processing and marketing of the enhanced coffee quality to be produced by the farmers participating in the pilot.

Note to the Editor: The Common Fund for Commodities is an intergovernmental financial institution established by the United Nations. Its main objective is to assist Developing Countries, which are dependent on the production of primary commodities. The projects of the Common Fund are small to medium sized (USD 1 to 5 million) and are mainly grant financed, supplemented by loan financing. The main target groups are commodity producers in Least Developed Countries and the poorer strata of the population in other Developing Countries. The Common Fund is headquartered in Amsterdam, the Netherlands.

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