

The Café Femenino Peru Story: Evaluating the potential of a for-profit gender equitable value chain

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Evaluating the potential of a for-profit gender equitable value chain**

**Kanira Shah
Trond Bjørndal**

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Abstract

The purpose of this research¹ is to demonstrate the case for gender equitable value chains in agriculture. From a value chain and business perspective, there is a need to address structural barriers to women's membership and participation, especially in agriculture. There is a lot of research on gender and agricultural value chains, however a lot of the case studies are pure development projects and the authors believe a commercial shift would be more valuable in the long-term. Therefore, the focus of this research is on evaluating how Café Femenino Peru, an organically grown coffee produced by women, is successful in promoting gender equity, while being a for-profit business.

The authors believe these chains can provide high growth, both economically and socially. Using semi-structured interviews and the 'pro-poor perspective' of Porter's value chain analysis as its primary methodology, this research identifies links and dynamics in the value chain of Café Femenino Peru but with a gender lens perspective. Comparisons to two other initiatives are also drawn. Policy and trade frameworks are evaluated. Results reveal that the combined increases in income and the increased access to assistance, through training and the Café Femenino Foundation in particular, has produced a big positive change. The main argument is that other benefits occur, such as income diversification, so that dependency is not created but built capacity.

The study concluded that the for-profit model is a promising area for further development in gender equitable value chains. It prevents consumer saturation in the ethical market and will ensure products will be purchased for their commercial sense, independent of the overall economic situation. Café Femenino proves to be a very successful case study and could be transposed to other commodity chains, however each chain and community is different and should be evaluated in its context. Also, further research is warranted in ethical consumer behaviour to find how ethical 'raiding' could be prevented and how labelling could be made more (cost) effective.

¹ Based on Shah, K. (2015) The Café Femenino Peru Story: Evaluating the potential of a for-profit gender equitable value chain, MSc Thesis, Centre for Environmental Policy, Imperial College London.

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1. INTRODUCTION

“Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance.”

- Kofi Annan, seventh United Nations Secretary-General

1.1 Introduction

Gender plays an important role in global value chains that is often overlooked in both production and retail. In a globalised economy, with rising levels of female employment, both men and women are actively involved in economic activities along value chains. Gender thus forms an integral element in how each of these activities is performed from conception through to the final stage of consumption (Barrientos, 2001).

A value chain is also a key framework to understand how inputs and services are brought together as global value chains are becoming a dominant feature of today's economy in both developed and developing countries (FAO, 2014). Recognizing and targeting gender inequalities in these chains is crucial in identifying and solving weak links in supply and areas where growth opportunities are being missed as women are often not visible; this is especially true for agricultural chains (Laven & Verhart, 2011). Furthermore, FAO's research shows that women farmers are 20-30% less productive than men, but not because they manage their farms less well, or work less hard, but due to limited access to resources such as land, financing and technology and benefits such as training, information and knowledge. If women had the same access to those resources as men, they would produce 20-30% more food and their families would enjoy better health, nutrition and education (Senders, Lentink, Van der Schaeghe, *et al.*, 2012).

Hence, gender equity is in essence a 'missed business opportunity' (Coffee Quality Institute, 2015b). From a value chain and business perspective, there is a need to address structural barriers to women's membership and participation as well as ensuring the activities of the producer organization are more inclusive and that the benefits are more equitably shared (Fairtrade Foundation, 2015). It is also a meaningful approach to poverty reduction and rural development (Guidi, 2011). Likewise, identifying and addressing bottlenecks for value chain development and promoting gender equality are some of the greatest challenges in the Millennium project (Senders, Lentink, Van der Schaeghe, *et al.*, 2012). It is thus the opinion of the authors that gender equitable value chains can provide high growth, both economically and socially, and that it is an interesting case to study at this time.

1.2 Focus of the research

There is a lot of research on gender and agricultural value chains, however a lot of the case studies are pure development projects and the authors believe a commercial shift would be more valuable in the long-term. Furthermore, as the coffee industry is currently experiencing multiple crises, from climate change to food insecurity, engaging the full capabilities of both women and men in coffee producing communities and throughout the value chain will help assure a sustainable coffee future. Moreover, organizations working with coffee producers have found that being gender aware is key to achieving their program goals.

Hence, the focus of this research is on evaluating how Café Femenino Peru is successful in promoting gender equity while being a for-profit business. Café Femenino is an organically grown coffee produced by women through certifications, organic farming and Fairtrade marketing enabling women producers to control their share of benefits (Organic Products Trading Company, 2014).

This research is also timely as recognition of the role of women farmers in agriculture is fast rising up the policy and business agendas, including a growing commitment to invest further in building gender equality in agricultural chains (Fairtrade Foundation, 2015). The Coffee Quality Institute (CQI) is spearheading the Partnership for Gender Equity (PGE) to determine how industry can actively support gender equity (Coffee Quality Institute, 2015a).

1.3 Methodology of the research

A detailed review of the existing literature was undertaken to establish the focus for the research, to formulate specific research objectives and to identify the key stakeholders.

Using semi-structured interviews and the 'pro-poor perspective' of Porter's value chain analysis as its primary methodology, this research identifies links and dynamics in the value chain in Café Femenino Peru but with a gender lens perspective.

1.4 Limitations of the research

The size of the interviews was not sufficient to obtain a full view on the issues as some stakeholders contacted were not available and the time constraints of the research did not allow to delve further.

The interviews were in-depth but had to be completed over the telephone or Skype. Face-to-face meetings would have been preferred, however some of the interviewees were based in the USA and Canada. Furthermore, this research also has more limitations in terms of geographical scope: Café Femenino originates from Peru - the authors could not travel to Peru for fieldwork to get further interviews from farmers for example, due to time and budget constraints.

OPTCO could not share profit margins and detailed financial information with the authors due to confidentiality, limiting the value chain profit margin analysis to a general overview of a coffee chain.

Finally, qualitative knowledge might not generalise well to other scenarios and opinions might be unique to the few people included in the research and could have been influenced by the authors' biases and the questions put forward.

2. CAFÉ FEMENINO CASE STUDY

2.1 The Café Femenino Story

Café Femenino coffee is grown and harvested in the Andean foothills of Agua Azul, including Cajamarca, Lambayeque and the Amazonas, an area of Peru with a long history of economic destitution and social inequality. Poverty is the norm, and there are few sources of income other than coffee.



Source: *Cafe Femenino Foundation (2015)*

Figure 1: Area of Café Femenino

To address these problems and crises in production, three cooperative organizations – CECANOR, CICAP and PROASSA – organized the organic coffee market that gave rise to Café Femenino. Organic and Fairtrade coffee offered a way for the farmers to earn more. In 1993, CICAP built its first contacts with OPTCO, an organic coffee importer based in Washington State, USA. After working with OPTCO for 10 years, CICAP had the idea to provide additional benefits and motivations for women in northern Peru. It proposed separating the women’s coffee from the men’s, and marketing it separately. OPTCO loved the idea, and together they developed Café Femenino with 450 women coffee farmers from more than 50 small rural communities to raise awareness around the world of the injustices and inequalities that women coffee farmers face (Fair Trade Foundation, 2014).

Each actor also has a specific role. CICAP educates the women in coffee farming, finance, leadership, and organization skills. PROASSA is more oriented toward business management for the producers and their farms and manages the final processing and export of the coffee. CECANOR, formed in 1999 united the three separate coops, to gain Fairtrade Certification and enabling access to services such as technical assistance,

training, marketing and credit (McMurtry, 2009). OPTCO imports the beans and is responsible for marketing the 'Café Femenino' label (KIT Agri-ProFocus and IIRR, 2012).

The Café Femenino project has now expanded to eight countries and includes over 700 women-owned coffee farms and over 60 coffee roasting companies in Canada, the US and Australia that buy and distribute Café Femenino coffee. (Fair Trade Foundation, 2014).

2.1.2 How it works

“Pre-finance money was put directly into the women’s hands and the men’s and women’s coffee separated. OPTCO pays a premium on top of the Fairtrade and Organic price: the ‘Café Femenino Premium’. We didn’t want to upset the boat too much so only the extra amount went directly to the women.”

- Connie Kolosvary (excerpt from interview conducted by authors)

Producer organisations, such as Café Femenino, registered with Fairtrade Labelling Organisations International (FLO) sell their coffee directly to a licensed international trader, such as OPTCO, or roasting company, such as Planet Bean, based in a consuming country. The roasting companies agree to pay organic and Fairtrade prices and premiums for Café Femenino, which guarantees a price above the conventional coffee market price plus an additional value per pound. The Fairtrade label ensures that the coffee has been bought at a fair, non-exploitative price from the women farmers and assures a verifiable audit trail and includes a “social premium” to be used by producer groups for social development activities.

These prices have been globally set at USD 1.40 per pound, sometimes up to USD 1 above the market price for washed Arabica coffee. Café Femenino is of the Arabica type.

The prices are virtually the same for all regions in the world. When international coffee prices exceed the Fairtrade minimum prices, all producer organisations receive a fixed premium of USD 0.05 per pound on top of the market price. Traders also have to provide the exporting producer organisations with a pre-payment of up to 60% of the contract value. The percentage of the final retail value that is retained by the producers is much higher in the Fairtrade system than in the mainstream market (Slob, 2006).

From interviews conducted by the authors with OPTCO: OPTCO writes its contracts on a differential basis set to the New York stock exchange (NYSE) market. The differential is a cent per pound plus the NYSE level for a specific trading month (March, May, July, September and December). Dependant on the shipment month, it will fall into the category of what trading month it is.

One of the standards of Fairtrade is that the seller has the right to fix on the market. Furthermore, roasters willingly pay an extra two cents per pound over the purchase price to contribute to the women farmers and to the Café Femenino Foundation, which focuses on the women's economic development. CECANOR pays this extra premium to the women directly. This premium to the farmers is usually paid at the end of the year when the cooperative does their final accounting.

Roasters also agree to donate an additional 2% of gross sales to the project or to a women's crisis centre in their country and a woman in their business must sign the Café Femenino contract. In this way, Café Femenino adds to the minimum requirements of Fairtrade from production to consumption and 'closes the loop' by adding these requirements in not only producing countries but also the consuming areas of the world. The cooperative could be put in a difficult position when the "C" market goes down but the price of the local market stays the same because the prices on the contracts with OPTCO are going down compared to the local prices, which are staying high. They try to manage this huge risk in price fluctuation and price volatility in as much as possible.

The women's coffee is clearly distinguished from the moment it is harvested to the moment it is sold as a ground coffee. For example, in transport the burlap sacks of coffee are tied with pink threads or have a small card with the logo. OPTCO goes to great lengths to also assure direct involvement of other actors to contribute to improving the position of women. The processors, roasters and retailers are encouraged to tell the story of Café Femenino in their marketing and, when possible, to have women working and handling the coffee as it travels to the consumer. Also, roasters are not allowed to blend Café Femenino coffees. They are more than happy to comply, as this is one of their best-selling products.

In all, the women of Café Femenino make 17 cents more per pound of coffee produced, which is a difference of about 30% (Hoagland, 2006) and have turned the social capital raised from sales of their unique "brand" into a number of community development initiatives, see section 2.1.3.6.

2.1.3 What the label is working towards

Café Femenino focuses on challenging male-dominated land ownership, which is culturally rooted, and on creating a central role for women in the business development of a valuable commodity: coffee.

2.1.3.1 Land Ownership

Land was always considered to be shared by couples in these communities, but is usually held in the husband's name until death. Through inheritance women could gain official title to the land, but usually not while the husband or father was alive (McMurtry, 2009 & references therein).

With the crisis in organic production, the women of this community decided to transform the conventional understanding of ownership. Women's land ownership became a primary condition for membership and the premium of Café Femenino was used as an incentive to encourage women to meet the membership requirement.

"Land ownership worked in Peru because of their land laws. In other countries being able to change land ownership was just not possible. Through the organic certification audit trail, a woman could work a piece of land so ownership was not necessarily a criterion but where it made sense we would create that criteria."
- Gaylene Smith (excerpt from interview conducted by authors)

From McMurtry, 2009 and references therein, there is an example of how a Café Femenino member, Maria Sabina Hernandez Queva and her husband Enrique Queva, decided to split up their property to take advantage of the emergence of Café Femenino: they own and work a small coffee farm high in Agua Azul and have his and her parcels of land that they farm separately. Sabina has emerged from her domestic duties to be an active member of the cooperative and sometimes spokesperson for Café Femenino, more importantly, a breadwinner for the family and an associate in the cooperative structure. Both continue to be members of the larger cooperative structures, and therefore work together in some meaningful sense, but Sabina has been given a voice in both the domestic and public sphere that she did not have before.

2.1.3.2 Self-esteem and Leadership

Women's self-worth has developed. Before working with Café Femenino, women did not participate in meetings in the cooperatives. Through the programme, the women created their own organization under CECANOR, increased their confidence through training and the experience of running their own business, speak their minds in public, sit on the board as directors of the cooperative and make decisions about sales, promote the label to other women in their regions. Also, they have become partners in the cooperative with part-ownership of the export company.

Many other women have developed successful small business plans in seed, animal breeding, weaving and embroidery (KIT Agri-ProFocus and IIRR, 2012).

"We want to have women promoted into leadership positions, not just in positions of fake power but real positions voted in by the membership."

- Connie Kolosvary (excerpt from interview conducted by authors)

2.1.3.3 Men's involvement

From McMurtry, 2009 and references therein, there is an interview with Isabel Uriate La Torre, founder of Café Femenino, that clearly summarises how the men have supported the initiative:

"There's a change that is happening in the mentality of the male members. Now they accept the involvement of the women in the organization, they accept that they go to meetings. You can see men staying at home with the children, cooking something while their wife is in a meeting. It's a very important change that for us is fundamental...We don't want to separate them [men and women], given our perspective that we are interested in the family's development, in the community's development and the development of the country, which is work for both men and women, together, the same rights, the same opportunities."

The success of the brand motivates the husbands to support their wives to get involved as producers of Café Femenino coffee and to participate in the women's organization (KIT Agri-ProFocus and IIRR, 2012).

The authors found that the other step OPTCO took was to secure the support of the cooperative's board of directors to set a strong example that the other men of the cooperative followed. Understanding and addressing the fears of men were important in introducing this scheme. The men worried that if the women had their own income, they would leave them and feared the women could not manage money. Besides, while

the Café Femenino programme focuses on women's coffee production through the label, it also works with men to win over their support.

2.1.3.4 Community life

Farmer Maria Susana Guarchaj Tahay has been selling her coffee for a premium through the Café Femenino brand. She and her husband plan to pass down their coffee farm to their three children, and income from their coffee sales pay for important expenses such as their children's school fees. From an excerpt from an interview with Root Capital (2014), she says:

“Coffee is an asset in this community and has helped us meet many of our needs. As coffee producers, we have been able to access credit through the cooperative. Coffee is what keeps us fed and gives sustenance to the family.”

The entire community has been transformed by the women's active enfranchisement within the cooperative and the community's resources are directed from the perspective of female experience and from their work that was previously undervalued.

2.1.3.5 Relationships

In 2014 and 2015, Café Femenino was not able to get a container out from the Dominican Republic, Mexico and Nicaragua as those countries were affected by coffee rust. However, if the quality is just less than it should be, OPTCO makes a decision whether they will buy or not - most of the time they do - otherwise, no premium can be paid and the grant funding needed for projects cannot be generated.

Furthermore, from author-conducted interviews with OPTCO, they pay 5 to 10 cents more than what the competition is paying. The way OPTCO runs the business is also more 'Direct Trade': the roasters are buying directly from the groups, there are no brokers involved or large trading houses.

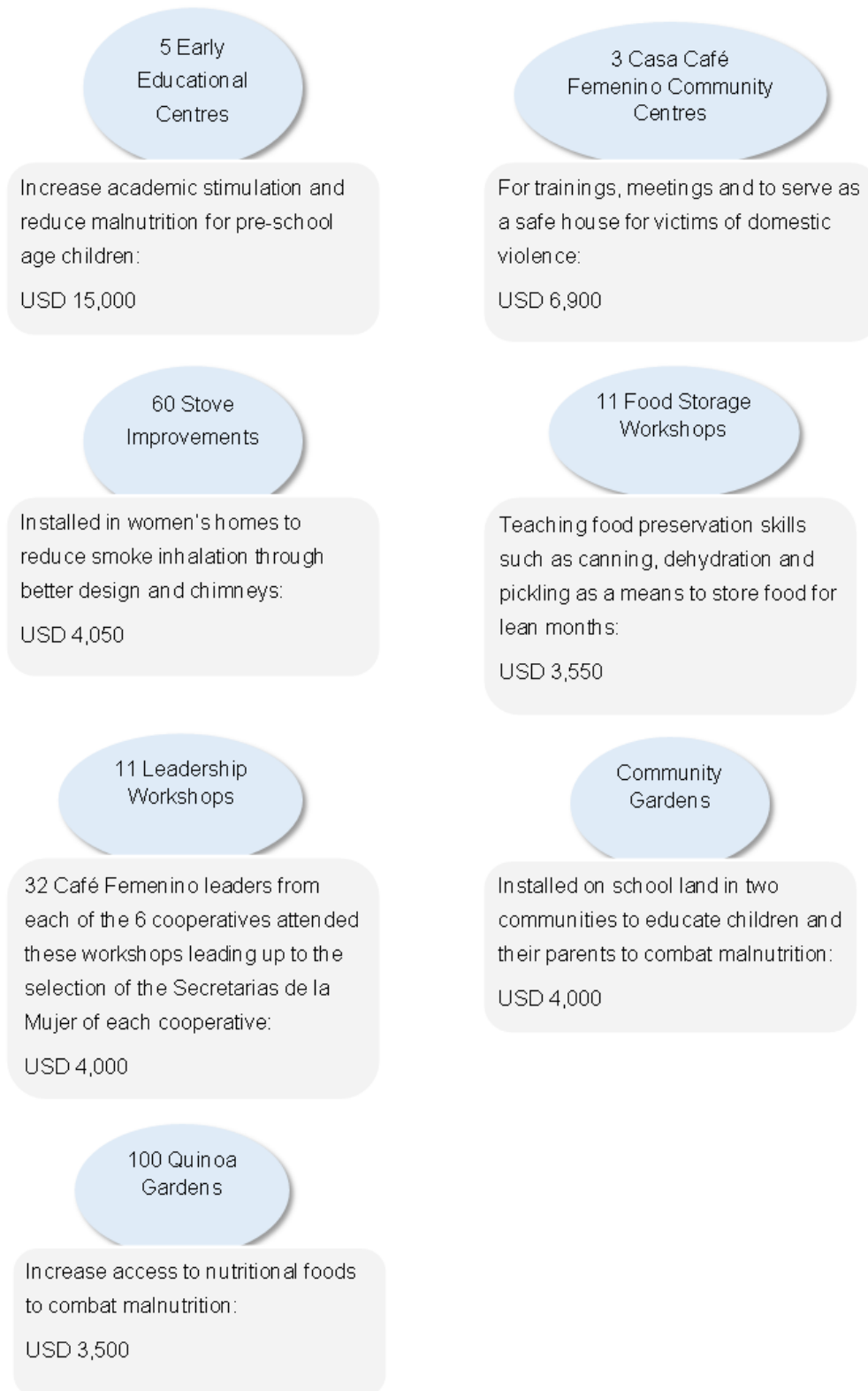
2.1.3.6 Café Femenino Foundation

The foundation is non-profit and operates separately from the coffee program, providing funding to select projects. The money is collected through the donations of the roasters of Café Femenino.

“The most important is the work of the Foundation as it is important to create income diversification through these programs.”

- Gaylene Smith (excerpt from interview conducted by authors)

The Foundation supports various initiatives: food security, sanitation, income diversification, schools and classrooms, health, reducing toxicity and domestic abuse. In summary, the following projects, shown in Figure 2, funded by the Café Femenino Foundation were implemented since the start of the programme:



Source: Kolosvary (2014)

Figure 2: Café Femenino Foundation projects

2.1.4 Analysis of the Café Femenino Supply and Value Chain

2.1.4.1 Café Femenino Value Chain Mapping and Margin Analysis

Pricing from Café Femenino was unavailable due to confidentiality issues and the authors were not able to construct a detailed value chain for Café Femenino with the minimum information provided. Furthermore, with so many actors involved in coffee trade, it is very difficult to acquire information on the prices, costs, and profits of each operator in the value chain.

Nevertheless, the authors have mapped the actors in the relatively short value chain for Café Femenino Peru, with Planet Bean shown as one of the roasters as an example. A framework from Johnstone-Louis (2013) was chosen to aid in the design of the value chain map:

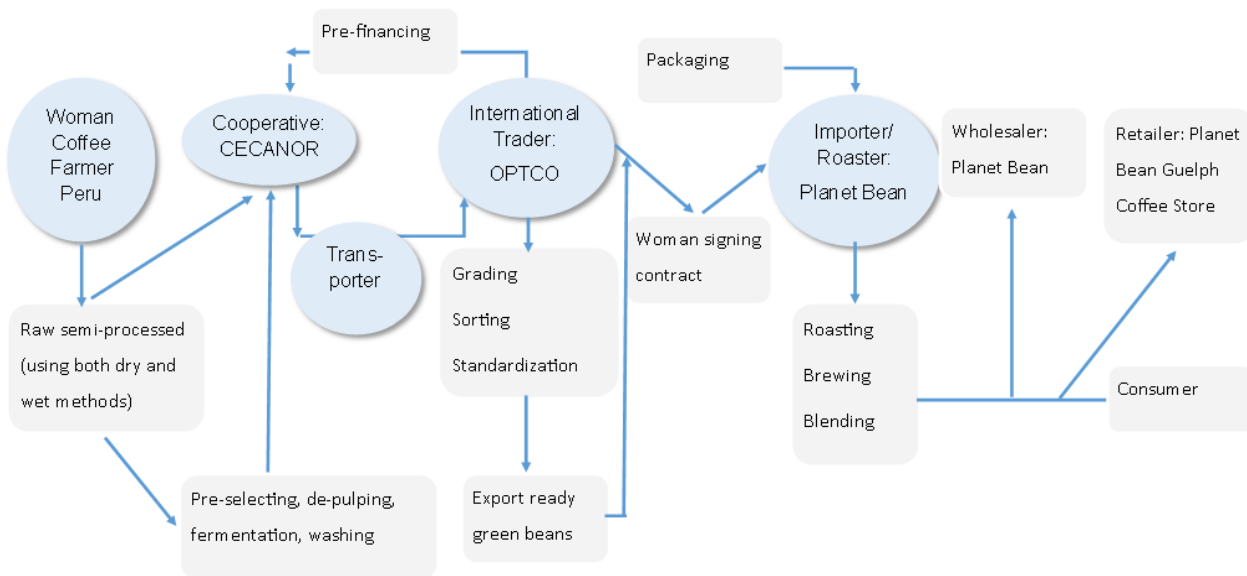


Figure 3: The Café Femenino value chain, prepared by the authors using Johnstone-Louis (2013) as a framework

It is important to note that Café Femenino’s pricing is based on the Fairtrade system, FLO and the national Fairtrade initiatives exercise control over the whole Fairtrade chain. Section 4.2.2 looks at Fairtrade pricing in more detail.

As previously mentioned, the authors could not obtain pricing to complete the margin analysis and so the study “Empowering Coffee Traders? The Coffee Value Chain from Nicaraguan Fairtrade Farmers to Finnish Consumers” (Valkila, Haaparanta & Niemi, 2010) was used instead to extrapolate similar values. In the study, the following information is provided:

- The producing country price for Fairtrade coffee was estimated to equal the Fairtrade minimum price of 1.26 USD/lb.
- The average price of raw materials in 2006 was 1.11 USD/lb.
- One container carries 21,000 kg of green coffee.
- The cost of transportation and insurance per container is estimated to be 1,550/kg of green coffee.

Table 11 indicates how retail prices of coffee paid in Finland were distributed between coffee-producing and coffee-consuming countries in 2006. This is per package of 0.5 kg of roasted coffee in euros and as a percentage of retail prices in 2006. Although Fairtrade guaranteed a slightly higher price to producer organizations, a larger proportion of the price paid by consumers ended up in producing countries in the conventional coffee chain as compared with the Fairtrade chain. In the case of Fairtrade coffee, the estimations include shares of Fairtrade certification in the producing country and the Fairtrade licensing fee paid by roasters in the consuming country:

Table 1: Distributed retail prices in Finland in 2006 (EUR)

	Conventional coffee	Fairtrade
Average retail price paid by consumers	2.40	3.71
Freight and insurance	0.04 (2%)	0.04 (1%)
Fairtrade certification in producing countries	-	0.03 (1%)
Fairtrade license fee in Finland	-	0.10 (3%)
Share of producing country	1.15 (48%)	1.30 (35%)
Share of consuming country	1.21 (50%)	2.24 (60%)

Source: Valkila, Haaparanta & Niemi (2010)

A wider survey of prices paid to farmers in Nicaraguan Fairtrade, in 2005, shows the average price paid to farmers in seven Fairtrade-certified cooperatives to be 0.879 USD/lb. The results of the study suggested that either the retailer or roasters, or both, charged significantly higher margins for Fairtrade coffees than those for conventional coffees. However, the premiums paid by Fairtrade consumers, the ethical donations, largely remain in Finland and thus are inefficiently transferred to producer countries.

So, extrapolating this for Café Femenino leads the authors to conclude that the premium is not usually as efficiently transferred back to the producer and more can be done to change this. This was also confirmed by the interviews the authors conducted.

Also, OPTCO sometimes directly pre-finances contracts, up to 60% of the minimum value. The cooperative uses this to pay the farmers upfront for their coffee. The interest rate charged is 9%, lower than what investors give. The way payment works is 'cash against documents' so OPTCO pays the cooperative when the cooperative sends them the original documents for the contract. This is about 3 or 4 months after the farmer

actually picks the cherries off the trees. Financial groups like Root Capital and Incofine also provide pre-harvest financing; this is elaborated upon in section 2.1.1. OPTCO makes the links between these groups and the cooperatives.

2.1.4.2 *Café Femenino Chain Upgrade*

Using Rubin & Manfre (2012) as a framework, the authors analyse the Café Femenino Chain to have been upgraded as follows:

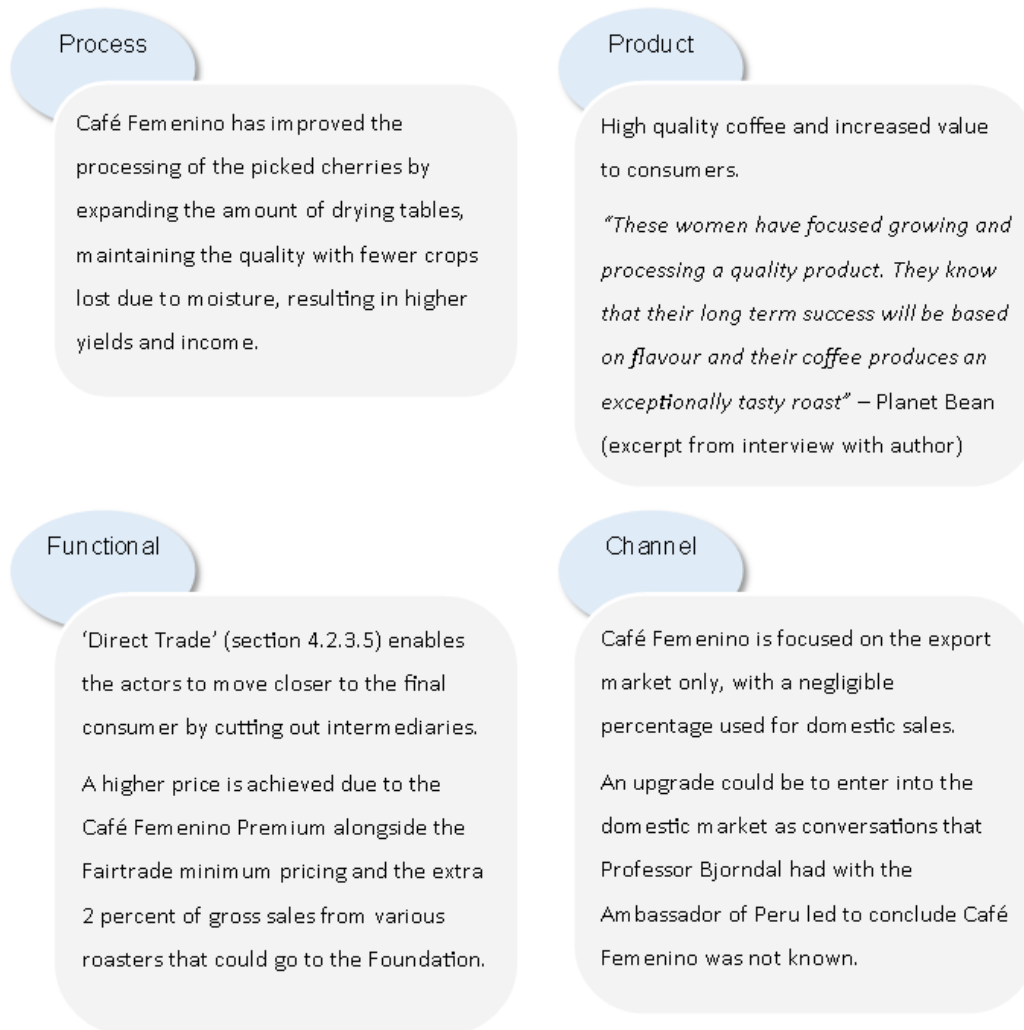


Figure 4: Authors' analysis of the VCA upgrade of Café Femenino

2.1.4.3 *Café Femenino Governance*

Using Farnworth (2011) the authors conclude that the governance of Café Femenino is a relational value chain as transactions occur based on established relations. The chain is both producer and intermediary-driven as farmers, through the cooperative, are the lead actors. Third parties, such as OPTCO and Root Capital, foster key linkages.

The authors also observe that Café Femenino has a network-style governance pattern where interactions between buyers and sellers are characterized by the transfer of information based on mutual reliance. There is an emphasis on trust-building and on local development, access is limited and the most competitive and high value market outlets are not reached. Reputation, social and spatial proximity, family and ethnic ties play a big role. CECANOR supplies the Café Femenino coffee, which is differentiated in the marketplace as a result of their complexity, quality, origin and development emphasis. As a result, dense interactions and knowledge sharing occurs, but unlike modular networks, this knowledge cannot be easily transmitted. Relational linkages take time to build, so the costs and difficulties involved in switching to new partners tend to be high (USAID Microlinks, 2015).

The authors conclude that as coffee is a perishable and export commodity, requiring complex quality standards, Café Femenino is better off to target less demanding local market linkages, at least until a further stage of growth is obtained, and associated management capacity improvements are developed (Guidi, 2011). Once the region in Peru is no longer plagued by poverty and incomes are more diversified, then a move to a corporate driven value chain, inclusive of smallholders, and even a vertical integration with large scale plantations could be a good 'fit'.

2.1.5 Gender analysis of Café Femenino

As a commercial company, Café Femenino was able to work from 'inside' the value chain. A development organisation usually works from the 'outside' by teaching people things that does not necessarily create the change.

When bringing a gender perspective into the chain empowerment framework, it becomes relevant to consider what empowerment processes female and male farmers are experiencing within a specific chain:

- What changes are men and women farmers experiencing?
- What happens to the income distribution and workload within the household?
- What choices and alternatives do women have?
- Do women have a voice beyond the chain and do they make use of it?
- How are perspectives and needs linked to women's achievements?

In order to be able to do justice to these types of questions, a gender and empowerment framework is required (Laven, Anna; van Eerdeijk, et al. 2009). The authors find that the most significant framework to apply to Café Femenino is the 'pro-poor perspective' of Porter's value chain analysis, designed specifically to take into account the needs of poor farmers and producers, and then to apply a further gender lens.

Using Boodhna (2010) as a basis with Porter's framework as a tool, the authors analyse the Café Femenino chain as set forth in Figure 5.

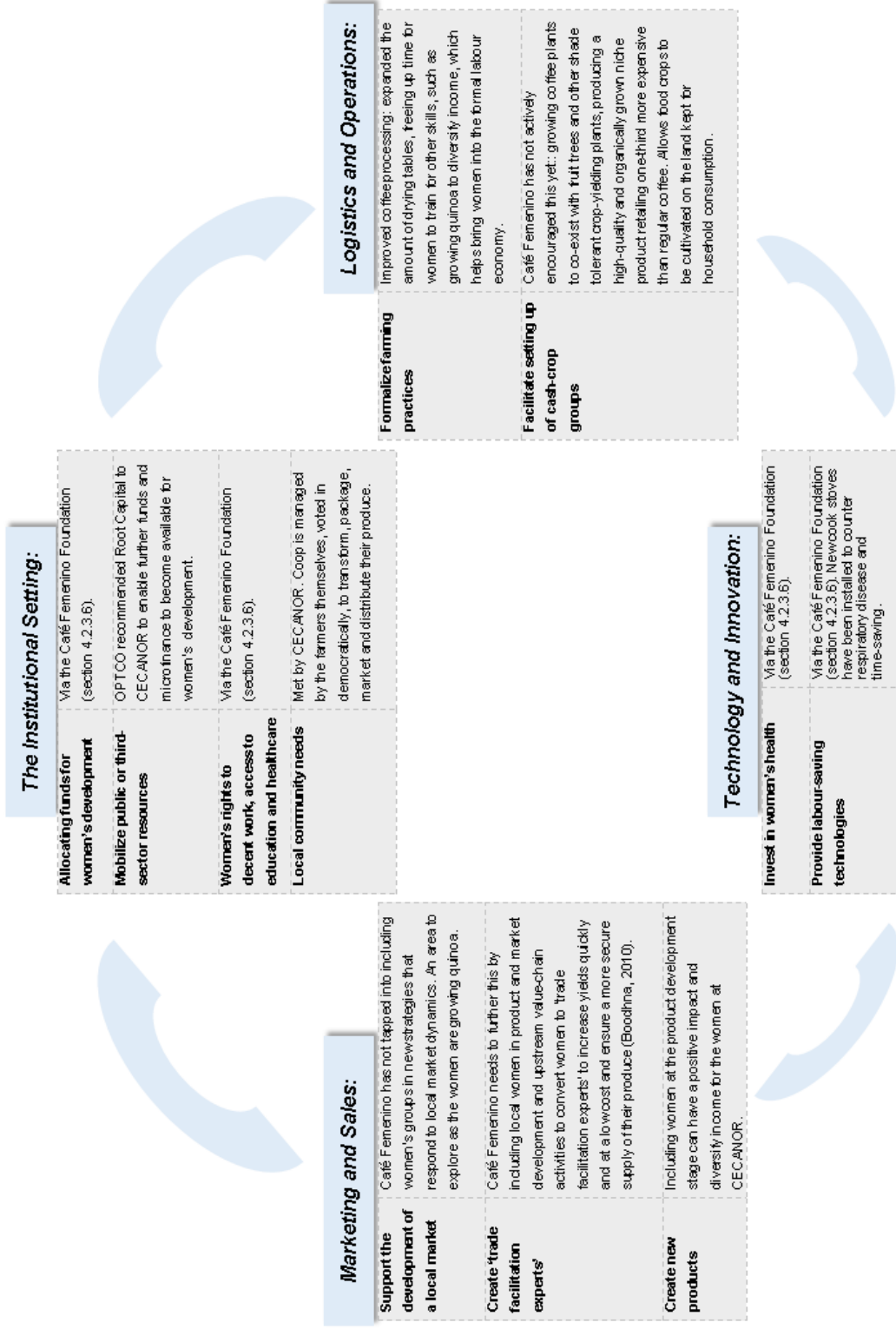


Figure 5: Authors' gender analysis of Café Femenino

2.2 Other actors in the chain

To further understand the full value chain of a product such as Café Femenino, other relevant companies were approached and interviewed by the authors namely, Twin, Planet Bean and Root Capital.

2.2.1 Twin

Twin, a development-through-trade NGO. Twin also promotes women's coffee, built up gender-inclusive chains and developed the Gender Action Learning Systems (GALS) method. Twin seeks to strengthen producer organisations as a key route to empowerment and sustainable development for smallholder farmers with a partnership-based approach (Twin, 2015a).

The following insights, shown in Figure 6 were obtained by the authors after interviewing Cristina Ruiz, Head of the Coffee Programme at Twin.

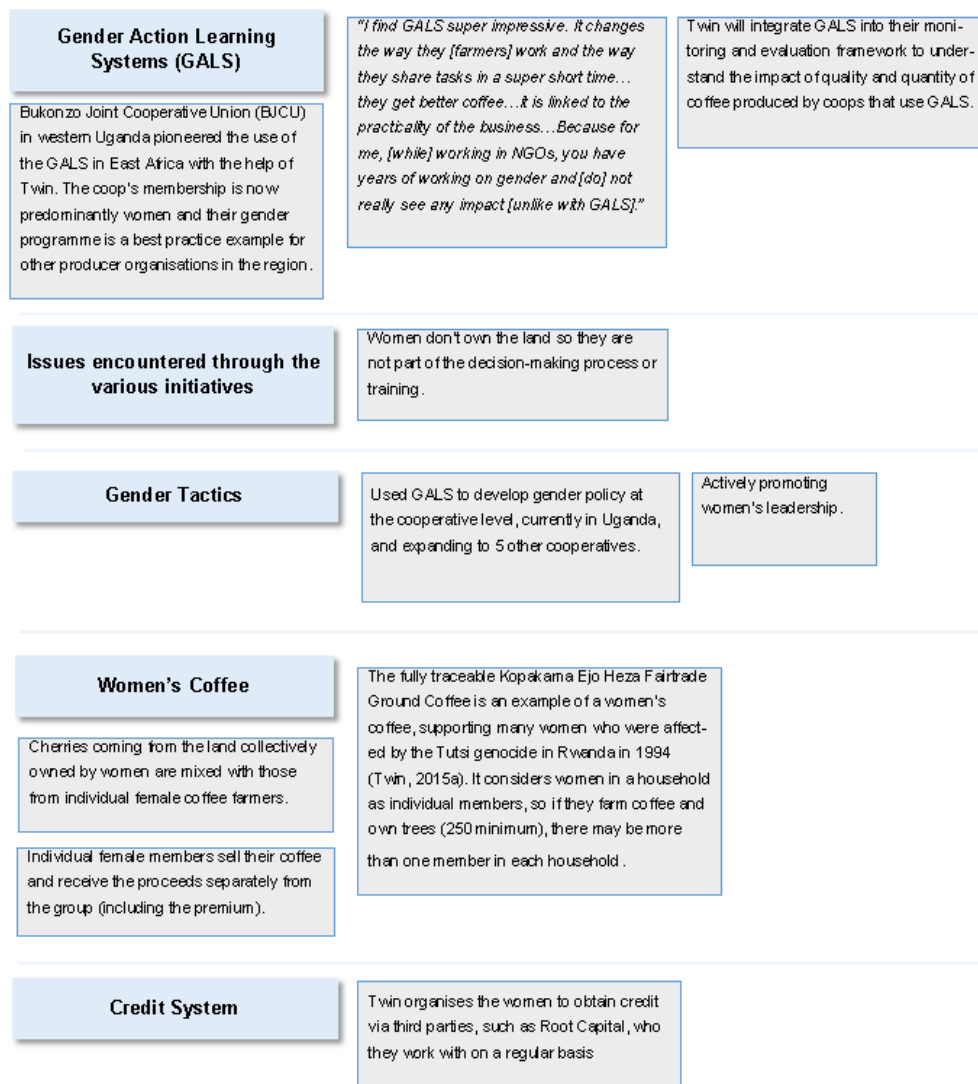


Figure 6: Insights and excerpts from interview with Cristina Ruiz, compiled by the authors

2.2.2 Planet Bean

Planet Bean was established in 1997, an importer and roaster of Café Femenino, based in Canada. Planet Bean's market positioning and passion is excellent coffee, but their vision is being an innovative business that is fair, sustainable and passionate (Duren & Dhalla, 2010). Planet Bean imports and roasts Café Femenino Fairtrade Organic coffee and the coffee is also supplied free to local women's shelters through Guelph Wellington Women In Crisis (W.I.C.).

Planet Bean's green coffee costs reflect the amount of coffee purchased, the contracted price with growers, transportation, trade and shipping related fees and exchange rate costs. Since Planet Bean purchases its green coffee beans in USD, the level and volatility of the C\$-US\$ exchange rate can have a substantial impact on margins. Accordingly, Planet Bean has developed an arrangement with a local credit union to purchase forward contracts for USD in order to lock in the cost of coffee bean purchases (Duren & Dhalla, 2010).

"We never pay below the Fairtrade premium. There's the organic premium that the farmers get and the quality differential that we pay. The total price can range from USD 2.50 to USD 4 a pound. We are buying in USD and are paying 20% more for our coffee because the US Dollar has strengthened against the Canadian Dollar. Then when you roast coffee you lose 20 to 25% of it in the roast, so what the farmer gets is not necessarily the same thing what we finished paying for once the profits are frozen."
- Bill Barrett, founder of Planet Bean (excerpt from interview conducted by authors)

Planet Bean's wholesale price is around 9C\$ a pound with the retail a 30-40% margin, hence the higher pricing as all these steps involve expenses. Starbucks however for example does not pay any premiums, has economies of scale and still sells at the same price as Planet Bean, capturing a far greater margin.

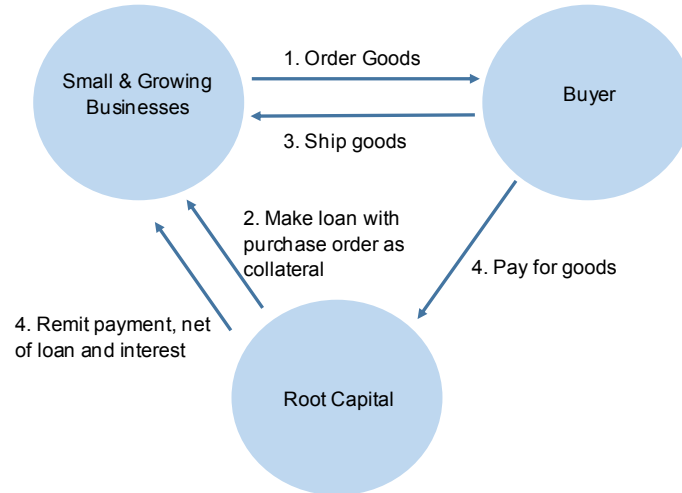
To conclude, Planet Bean's foundational marketing tool is a documentary Bill Barrett made on a visit to Peru and in association with Waterloo University, student groups have been visiting Peru to work on a variety of projects. The coffee bar at one of the colleges also sells Café Femenino. One of the founders of Café Femenino, Isabel Uriate La Torre, will be awarded a social justice award from Canada in September 2016, establishing the depth of the relationship between all the actors in the chain.

2.2.3 Root Capital

The exchange of goods for payment along the value chain creates opportunities for extending credit and other financial services to otherwise 'unbankable' populations. A third-party financial institution and non-profit social investment fund, such as Root Capital, can provide credit secured against either warehouse receipts or assignment of payment for future product deliverables (USAID, 2005).

Root Capital grows rural prosperity in poor, environmentally vulnerable places in Africa and Latin America by lending capital, delivering financial training and strengthening market connections for agricultural small and growing businesses.

A purchase contract replaces the need for traditional collateral as it represents a discrete, future revenue stream pledged to repay the loan. When the product is shipped, the buyer pays Root Capital directly and Root Capital then recovers its principal and interest and remits the remainder of the payment to the small business clients.



Source: Devaney (2011)

Figure 7: Root Capital's value chain finance model

The types of loans Root Capital provides falls into two categories:

1. Trade Credit: up to one year and oriented around a production cycle to address the cash flow gap. Interest rates around 9-10% per annum. (90% of the portfolio)
2. Long-term loan: up to five years and used for investment in equipment and infrastructure and general operations. Interest rates of 10-12% per annum. (10% of the portfolio)

All loans have a closing fee of up to 1%.

As of year-end 2010, Root Capital had disbursed a cumulative total of more than \$250 million in credit to 320 businesses, while maintaining a 99% repayment rate (Devaney, 2011). Furthermore, Root Capital's Women in Agriculture Initiative seeks to promote greater economic opportunity for women with access to credit and financial training and by promoting gender-inclusive practices.

3. DISCUSSION

3.1 Gender value chain interventions

“For example, in the Dominican Republic, many of the women leaders [from Café Femenino] went on to run for office in the local government as Mayor.”
- Connie Kolosvary (excerpt from interview conducted by authors)

“I don’t usually talk about women’s empowerment although economic empowerment is fine. The word economic, people are less hostile to.”
- Dr Joy Clancy (excerpt from interview conducted by authors)

Generally, value chain interventions will have limited success unless they address the underlying inequalities and discrimination that cause women’s, and poor men’s, lack of negotiating power and vulnerability within value chains. Also, the promotion of gender equality is not something realized with one solution but needs investments and interventions in different domains simultaneously and over a long time.

Café Femenino recognises this and aims not only to tap into the coffee market but also to increase food security, improve women’s technical skills, self-esteem and leadership capacity and increase alternative sources of income through the work of the Foundation.

“A lot of our fundraising comes within the coffee industry through trade shows. Each year, they donate show floor space to hold auctions. All the items are donated by the exhibitors. That is one of the ways we are creating industry recognition for the problem for women in these countries.”
- Gaylene Smith, (excerpt from interview conducted by authors)

Moreover, Junta Nacional de Café Peru (JNC, 2008) conducted research of cooperatives and Table 2 shows a scorecard of the level of involvement of men versus women before and after Coordinadora Nacional de la Mujer Cafetalera y Cacao - CONAMUCC - was set up to stimulate the participation of women in sustainable development of coffee and cacao. A score of 0 means no women are involved and a score of 5 corresponds to only women involved:

Table 2: Involvement of men versus women before and after CONAMUCC

Scorecard	Before					After						
	0	1	2	3	4	5	0	1	2	3	4	5
Activities		x										x
Access to land and capital			x						x			
Control over (ownership of) land and capital		x						x				
Access to financial services			x						x			
Access to information, training and extension		x										x
Decision making power over production processes			x									x
Decision making power over distribution benefits/ rewards within the household			x									x
Position in chain governance		x						x				
Distribution benefits (added value) in the chain		x						x				

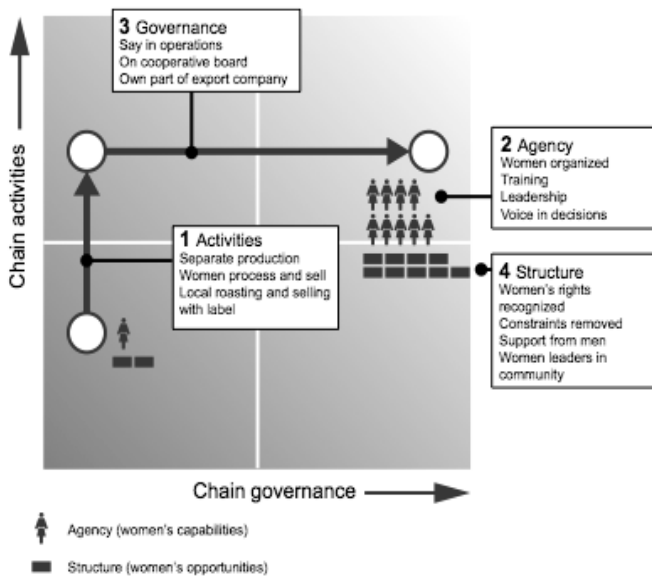
Source: JNC (2008)

It shows significant improvement in women's involvement across all measured areas, which is consistent with what happened with Café Femenino. More women are part of boards and working as extension and administrative workers (Riisgaard, Fibla & Ponte, 2010). Café Femenino also shows significant change across four dimensions: chain activities, agency, chain governance and structure (KIT Agri-ProFocus and IIRR, 2012):

- Chain activities: from merely picking coffee to separating women's coffee from the men's.
- Agency: through Café Femenino, the women created their own organization under the CECANOR cooperative structure and run meetings, are political teachers, sit on the board of cooperatives, speak during public meetings, express their needs, make their own financial decisions, and run other micro-businesses.

- Chain governance: through training, women now participate, sit on the board as directors of the cooperative and make decisions about sales. They also promote the label to other women in their regions. They are partners in the cooperative and have part-ownership of the export company.
- Structure: barriers to women earning their own income have been removed. Both women and men have been sensitized to understand and accept women’s rights.

Changes in agency for Café Femenino were the most significant. The relationship between increased agency through capacity building and pride of ownership positively influenced structural changes and women’s roles in the chain governance.



Empowerment can be defined as ‘a process by which those who have been denied the ability to make strategic life choices acquire the ability to do so’ (Kabeer, 1999). However, the authors agree with Dr Clancy that ‘empowerment’ is best used sparingly and in the benefit of the greater economic good and hence by changing gender relations, the whole community benefits. All the initiatives and interventions lead to women occupying positions that matter and, most importantly, ones that contribute positively to change.

Source: KIT Agri-ProFocus and IIRR (2012)

Figure 8: Changes in the Café Femenino coffee chain in Peru

3.2 Policy and trade frameworks

3.2.1 Policy frameworks

“Café Femenino in most of these places came first. I don’t how much impact we had on governmental policy but I do know that it seems like there was definitely impact in local government.”

- Connie Kolosvary (excerpt from interview conducted by authors)

Support from ‘intermediary’ NGOs, such as OPTCO, with a high degree of accountability, education and links to outside marketing channels are instrumental in the formation and strengthening of cooperative organizations (Walsh & references therein, 2004).

The authors obtained from Dr Joy Clancy recommendations as to how policy could be improved:

- NGOs and governments can help by providing training and finance in marketing and for example, understanding the Internet.
- Implement gender equality laws.
- Be aware of the local cultural sensitivities to implement the right frameworks.
- Help identify parts of the value chain that give women opportunities and promote partnerships.
- Feminist economics is not of major relevance until you can really influence mainstream economics.

The authors believe that more should be done to promote Café Femenino within Peru as a successful model to improve the lives of farmers. Talks with the ambassador of Peru showed that he was not aware of this initiative and the authors believe real change cannot be made until governments are fully involved to encourage these initiatives. As Dr Clancy mentions, this can be done by providing simple training, infrastructure and favourable trade laws to eventually implement gender equality laws in the long-term.

3.2.2 Fairtrade

Cooperatives typically sell only part of their production to Fairtrade markets, and as a result they receive the minimum price for only a portion of their coffee. The sales prices received for the rest of the coffee vary according to market prices and quality. Cooperatives deduct their costs from coffee sales and members of cooperatives are paid with what remains; these costs vary from one cooperative to another.

An example in Table 3 to illustrate this, prepared by the authors.

Table 3: Example of Fairtrade revenue, prepared by the authors, based on information in Valkila, Haaparanta & Niemi (2010)

	Amount of Coffee	Price USD/lb	Premiums/ Deductions USD/lb	Total Price USD/lb		Costs to Farmers USD/lb	
Fairtrade	40%	1.40	- 0.05	1.35	Exporting	0.09	
Conventional	60%	1.10	+ 0.04	1.14	Dry milling	0.09	
				Average Price:	1.22	Administrative costs	0.07
					Municipal tax	0.01	
					Technical assistance	0.02	
					Total Costs	0.28	

From this example, farmers receive USD/lb 0.94 (average sales price of USD 1.22 minus costs of the cooperative USD 0.28) but receive some benefits from projects funded by the Fairtrade social premium.

The precise amount of direct extra additional income a farmer receives through Fairtrade is difficult to calculate. The main criticism of Fairtrade is that generally producers only receive a small fraction of the extra margin consumers pay: perhaps as little as 10% of the additional price paid for Fairtrade coffee trickles down to the producer, largely because wholesalers (including producer organisations), traders (importers) and retailers all increase their mark-ups (Mohan, 2010).

“The farmer is getting probably under 10% of what you pay for a cup of coffee at Starbucks. The profit margins are the riskiest at the producer end of the supply chains.”
- Asya Troychansky (excerpt from interview conducted by authors)

It is not unheard of for Fairtrade producers to be afraid to ask for pre-financing because buyers have threatened to terminate the partnership; and there are reports that Fairtrade producers are increasingly expected to acquire costly organic certification at the request of buyers or else they have to exit from Fairtrade (Mohan, 2010). However, Fairtrade does encourage buyers to purchase from producers using agreements that extend preferably beyond a single production cycle.

Table 4 shows the pros and cons of Fairtrade, compiled by the authors after various interviews and desk-based review of literature:

Table 4: Pros and cons of Fairtrade, prepared by the authors

Pros of Fairtrade	Cons of Fairtrade
Technical assistance and access to credit.	Additional operative costs related to certification: certification fee and administrative costs. Complex bureaucracy.
Changes in farm management, harvesting, and processing techniques.	Increased processing costs: manual grading instead of mechanical to improve quality.
A coop can attract financing and recognition from municipal authorities to international institutions.	If the market price of coffee is close to the Fairtrade minimum price, it is difficult to pay higher wages to hired workers.
<p>Improve the situation of farmers and workers in developing countries.</p> <p><i>“Farmers related with [Fairtrade] do much better than independent farmers who sell to the trader on the street. They negotiate better contracts and premiums, both for certification and quality. If their quality is really high then their contract might stipulate that the business gets 40 extra cents a pound of the trading price on a certain day.” - Asya Troychansky (excerpt from interview conducted by authors)</i></p>	Members sometimes sell their coffee outside cooperatives as they provide a higher return and have lower quality requirements.
<p><i>“Without Fairtrade prices would be more volatile. The minimum price is a trigger point in the New York Coffee market price.”</i></p> <p><i>“Fairtrade never positioned themselves to ‘lift people out of poverty.’”</i></p> <p><i>“The workers on the farms are being employed by people that are already very poor and Fairtrade cannot be held responsible for lower hours.”</i></p> <p>- Katherine Oglietti (excerpt from interview conducted by authors)</p>	Export companies have larger economies of scale, the ability to take advantage of futures markets, and better access to financing

Nevertheless, the authors believe that the Fairtrade impacts for Café Femenino are not just a matter of economic calculation, but of a continuous process of social and economic development through the lens of ethics. The authors agrees with McMurtry (2009) that in so far as adding value to production throughout the commodity chain, Café Femenino forms a unique contribution to the Fairtrade practice.

3.3 Gender equitable value chains

“It [Café Femenino] is a for profit idea. It is a brand. It caters to those clients that want ethically sourced coffee. Who want a direct relationship. Who believe in poverty alleviation through women empowerment. We do make money on the sale of the coffee and our clients will buy it for the higher price because they know that a margin is going directly back to the women’s group and that is something they are supporting. There is a market for it; we’ve been going for twelve years. It helps is when there is a program, a social program attached to it. And that’s what sets ‘Café Femenino’ apart from many of the others.”

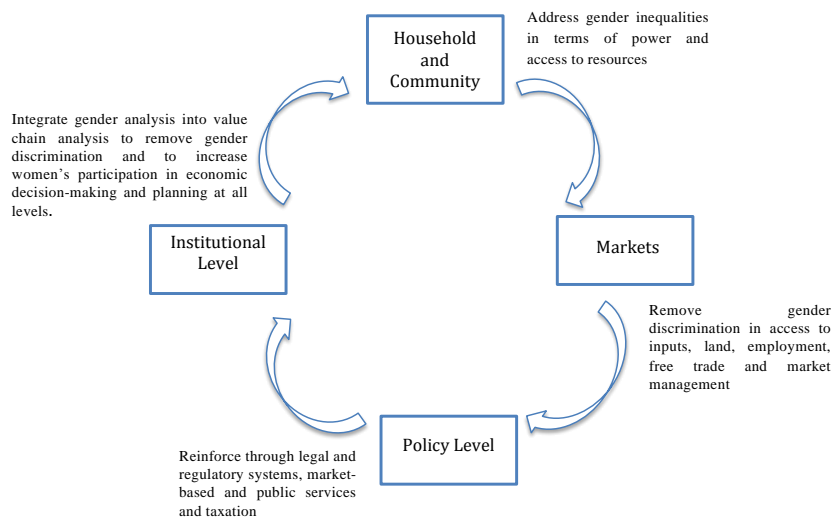
- Connie Kolosvary (excerpt from interview conducted by authors)

“The fundamental problem is the ownership of assets...that is why probably a women-owned business [is better]. That is different to women-run.”

- Dr Joy Clancy (excerpt from interview conducted by authors)

3.3.1 Strategy to remove gender inequality

Setting up separate women’s cooperatives can only ever be part of a solution, one strategy among many to tackle gender inequality in value chains. In some chains a better strategy may be to address market constraints directly through policy change, and to build up women’s individual abilities to engage in the market (Mayoux, 2009). Figure 9, prepared by the authors, shows how at each level gender inequalities can be addressed:



Source: Mayoux (2009)

Figure 9: Removing gender inequality at various levels, figure prepared by authors

As OPTCO mentioned, it helps if there is a social program attached to an initiative to improve or promote gender in value chains. From various other interviews, the authors conclude that men also should be involved in various parts of these initiatives so instead of promoting women-only chains, the emphasis should be on women-owned value chains, better yet, gender equitable chains. Café Femenino leads by example as it also created a 'women's only space' within an existing mixed gender producer organisation, it shows the added value a gender focus can bring and where women own the resources, such as land.

"If you help women with simple business skills like book keeping, marketing or access to finance then that in itself is a great help."

- Dr Joy Clancy (excerpt from interview conducted by authors)

3.3.2 Ethical market

In ethical consumption there are differences as to the reported willingness to pay a price premium for different types of ethical products. This is the attitude-behaviour gap: consumer perceptions and attitudes clearly influence behaviour, but attitudes alone are generally poor predictors of buyer behaviour. Price, quality, convenience, and brand familiarity are often still the most important factors affecting the buying decision. Furthermore, in attitude research, people often give socially desirable answers. Consumers' buying behaviour is not consistent with their positive attitude toward ethical products. From Pelsmacker (2005), 808 Belgian respondents were surveyed on their actual willingness to pay for fair-trade coffee. It was found that the average price premium that the consumers were willing to pay for a fair-trade label was only 10%.

"People are only ethical for things they put in their mouth and clothing but everything else is variable. I'm not sure they [women produced products] can command higher prices. It might work but after a time people become saturated and if the economy goes pear-shaped then they will forget all about it and buy the cheapest."

- Dr Joy Clancy (excerpt from interview conducted by authors)

"The jury is still out [on women-produced products]. The monitoring and verification process is very complicated and do the costs justify it? OPTCO is quite successful as they built up their market and portfolio slowly and incrementally to make sure they could sell their product."

- Asya Troychansky (excerpt from interview conducted by authors)

Most of the ethical labelling initiatives with respect to, for instance, fair-trade products, often have market shares of less than 1% (Vantomme, Geuens, DeHouwer, *et al.* & references therein, 2006) but in mass markets this can represent substantial sales. However, these products are at the high quality end of their markets meeting consumer demand for quality first and principles second, and possibly appealing only to more affluent and/or more concerned consumers.

From interviews and the literature, the authors conclude that ethical consumer behaviour does remain a relatively under-researched consumer domain. One must also tread carefully not to saturate the consumer. With such niche products, the emphasis is on quality and Café Femenino proves that an ethical women niche

brand and market has potential for growth and does make a profit doing so. The authors believe that promoting gender equitable produced products rather than women-produced products is a more successful strategy and one inherently employed by Café Femenino.

3.3.3 Labelling

Café Femenino uses the Fairtrade label and a women's only certification to ensure a full audit trail. The authors further explored opinions on women-only labelling to find whether more specialised labelling efforts would be beneficial with perhaps a shift to women-owned chains, not just a gender equitable chain. Table 5 shows opinions gathered from 2 experts:

Table 5: Opinions gathered by the authors on labelling

Interviewee	Comments
Professor Darryl Reed	<ul style="list-style-type: none"> • A women's label could be very messy as it's unclear what parts of the value chain are included in that. • Café Femenino is basically the growing of coffee; women do not necessarily control the other parts of the chain.
Gaylene Smith	<ul style="list-style-type: none"> • Labels can confuse consumers. • Café Femenino has a women's only certification but it creates additional costs for the women involved in the programme. • Labelling should to tell the story behind the product as most of the shoppers are women.

Another initiative from research is the Women Organizing for Change in Agriculture & Natural Resource Management (WOCAN); they created a W+ standard to measure the impact of women's empowerment and accelerate investments in women. Using the W+ Standard, projects generate monetized W+ Units, which can be sold to compensate project developers and return financial benefits to women in project communities.

The authors find this to be an interesting step in labelling that could benefit Café Femenino and similar initiatives. More stakeholders will be involved, for example:

- **Policy:** governments will recognize the importance of women's inclusion and empowerment in natural resource management policies and programs.
- **Corporates:** the W+ Standard could help meet Corporate Social Responsibility targets and add value to supply chains and brands.

- **Investors:** W+ metrics assure transparency and results for investments that increase access to capital for women entrepreneurs and businesses with women in leadership positions and promote gender equity (WOCAN, 2015).

The authors conclude W+ to be another step in brand recognition to promote women-owned chains as long as the costs are not to the detriment of the farmers and if there are substantial benefits. It must be clear as well that all actors in the chain are indeed women. For gender equitable chains and this research, such a move might prove to be unnecessary.

3.4 Similar initiatives to Café Femenino

3.4.1 WearFair

WearFair is a wholesale cotton garment initiative in Canada that is committed to excellent quality, environmental sustainability and Fairtrade, working alongside sister company, Planet Bean Coffee. The garments are made from Fairtrade and organic cotton and manufactured in a Fairtrade certified textile factory, Assisi Organics in Tamil Nadu, India (WearFair, 2015). While Assisi itself does not pay its own workers any FT premium, it allows for the realization of the payment of such premiums and the transmission of other forms of social value added in the chain through ensuring the integrity of the chain (Reed, Mukherjee & Mcurtry, 2012). Assisi does produce a small amount of garments for domestic consumption but its primary focus has been on the export market and can be understood as a social purpose business. However, Assisi has become a profitable venture and a number of other social programs have been financed, among these are a cancer hospital, an old age home, and several schools (Reed, Mukherjee & Mcurtry, 2012).

3.4.2 Kudumbashree

In the 1990s an ambitious pilot project in Kerala, India was established in a couple of villages to organise the women: Kudumbashree. The women were put into groups of 20 or 40 and would meet regularly so they could think about economic strategies. They got involved in social campaigns: education campaigns, health, working in the schools, setting up after care programs and meal programs. They learnt leadership skills, public speaking, organisation, food security and just interacting with other women was very liberating for many of them.

Kudumbashree now has 4 million members and is built around micro-credit, entrepreneurship and empowerment. It has succeeded in addressing the basic needs of the less privileged women. To support this social movement, a government agency was set up to provide resources.

However, this was essentially still a subsistence economy and so a further project was set up to generate income and employment in the cotton industry. Technical expertise from the Institute for Rural Management (IRMA) was brought in and now there are about 150 of these units linked together under common management to fill larger orders. Professor Darryl Reed from York University went to see if this could be integrated into export markets and if recognition from Fairtrade organic cotton could be obtained to then develop a women's label. However, the competition from Tesco for example, proved it to be a tough market.

In an interview with the authors, Professor Darryl Reed observes the following:

“Who is extracting most of the value from value chains? Usually people at the top that are distributors or retailers. If you think in cotton, it’s the large brands. You think in agriculture, it is your agro-food industries or your retailers. So Fairtrade then stays down just at the level of workers rather than having more small producers who had the opportunity to move up the chain into more value added areas. Part of that problem is that if you are at the bottom of the chain, who is above you? If it’s Wal-Mart, good luck.”

3.4.3 Comparison to Café Femenino

Whilst both initiatives are successful in their own right, despite the women’s-only label through Kudumbashree struggling to get off the ground due to fierce competition, the authors observe a common thread throughout the two initiatives and Café Femenino:

- Without a social mission and the social investments into the community these programmes would not be as effective.
- They are export-oriented with only a small portion going to the domestic markets, expanding to local markets could add further value.
- It is very important to understand the actors in the value chains and in particular, who/what is above you in the chain. Large distributors/retailers and long chains make these initiatives very difficult.
- They address the needs of women effectively through training and various programmes.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Key recommendations

This research indicates that promoting and setting up a gender equitable value chain to improve general community life in developing countries is feasible, but can only be successful if certain criteria are met. The Café Femenino brand does adhere to these criteria, however, simply transposing the scheme to other commodities would be unwise as each commodity chain is very different. Furthermore, gender relations in each country and community will require a different approach and knowing who the actors in the chain are is key.

Further research into this timely issue is warranted and the authors make the following key recommendations based on what could be done to build and promote a successful gender equitable value chain:

- Ensure women's access to, and control of, important agricultural resources, such as water, land, fertilizers and credit. This can be achieved by making it a criterion to join a cooperative and/or encouraging men to share or gift ownership of land. In some countries, this is harder to achieve so ensuring there is a certification audit trail in place that will allow women to work the land would be the first step.
- Further groundwork on promoting gender equity as a policy should be completed by introducing an explicit commitment to gender justice in the producer organisation constitution, or engaging in communication activities that increase the visibility of women's work both on the farm and in the household.
- Moving to a for-profit model, such as Café Femenino, is an area to explore further, with promising growth. The authors believe such a shift will not saturate consumers in the ethical market and will ensure the products will be purchased for their commercial sense, independent of the overall economic situation.
- The authors agree with Quisumbing & Pandolfelli (2010) that strategies for each new gender-inclusive project should be designed in light of other project objectives, such as increasing women's food security.
- The authors concur with Quisumbing & Pandolfelli (2010) that interventions should be tailored to the specific socio-cultural context in which gender relations unfold as each country and community is very different.
- Partnerships and relationships are very important in such value chains: should there be a bad harvest, the cooperatives ought to be able to go back to the same buyers. The main point here is that other benefits must occur from these relationships, for example income diversification, so that dependency is not created but built capacity. The authors agree with The Guardian (2015) that aid money should be used to fund incubation grants aimed at helping groups of smallholders to transform themselves into self-financing, self-managed small businesses.

- More should be done to help smallholder farmers to increase output using improved organic methods. Higher yields will help meet increasing consumer demand for organic food, while higher profits will make agriculture attractive.
- Establish spaces to act as 'incubators' for women's leadership and allow both men and women to learn about gender. As per Twin (2012), the inclusion of women's committees in the producer organisation governance structure will enable women leaders to have more influence over decision-making and access to financial resources.

4.2 Recommendations for further work

4.2.1 Ethical-value add

With Café Femenino, the ethical value-add of improving women's lives has led to better economic impacts and a sense of community, both within the membership of Café Femenino and the larger community itself. This has also created a sense of awareness amongst members that changes in their community exist in a larger economic context. However, the entry of larger market organizations into Fairtrade is seen as a potential threat to the viability of the community and to women in particular, as the community has seen how development projects can fail because of external market conditions (McMurtry, 2009). Hence, developing a concept of ethical value-added is becoming increasingly necessary as crises for Fairtrade producers emerge around increasing costs and competition with these larger market players. These crises are not only squeezing smaller producers but also confusing the consumer and weakening the appeal of the Fairtrade label.

"When the big exporters can offer a price equal or better than what the [cooperative] organization can offer, it will create a great discontentment amongst the producers and weaken the organizations...the large businesses have entered into organics, they are entering into Fairtrade, more as a result of their market orientation and the direction the market is taking...They are not there because they are interested in the development of the producers, they are not interested in the sustainability of the environment."

- Isabel Uriate La Torre (Source: Moore (2004))

The authors conclude with further examples of ethical value added that could be used to further Café Femenino and improve other commodity chains:

- Develop immunity to "ethical raiding" that undermine the label's legitimacy by further building upon economic and human impacts (McMurtry, 2009).
- Involving disadvantaged members in the packaging and roasting in producing countries.
- Switching packaging to fully biodegradable bags, requiring 30–50% less fossil fuels to produce.

Ethical consumer behaviour does remain a relatively under-researched consumer domain, with attitudes changing. The authors find that this is an interesting area for further research, especially in light of a

successful program such as Café Femenino, which proves this women-led niche market has potential for growth.

4.2.2 Labelling

The authors find that further research should be done in the area of developing a cost-effective label so the consumer is aware of what they are buying. For example, the Latin American Producer's Association were not entirely happy with Fairtrade International because Fairtrade International allows production on large estates. This means small producers have to compete with large estates under the same label. Hence, when you buy something that has a FLO label on it, there is limited knowledge as to how it is produced. The Latin American Producer's Association thus went on to develop a Small Producer's symbol in 2006; in effect a cooperative label able to show different things, for example, the county of origin, whether it is produced by an indigenous group or women.

This is a step in the right direction but when it comes to labelling a lot of the criticism lies in the associated costs and if it truly helps the small producers. The authors conclude that saturating the market with labels is also not a solution as it just confuses the consumer so consolidating labels such as Small Producer's symbol and the W+ standard (section 4.3.3) could be another area of further research.

4.3 Concluding remarks

"This is the key thing: how do women get access to resources?"

- Darryl Reed (excerpt from interview conducted by authors)

The Café Femenino model has been replicated in eight other countries, primarily in Central and Latin America, and several new programmes are under development. Today around 15,000 families worldwide directly enjoy the many benefits of this initiative. Over 100 roasters use the label of Café Femenino and promote it in key consumer countries: the United States, Canada, Australia and Britain. For the first time, the woman coffee producer is being recognized in the international market place. The roasters donate to women's causes either in their own countries or to the producers via the Café Femenino Foundation, in effect 'closing the loop'. For the past six years the Foundation has helped improve healthcare, literacy and other aspects of life in the Andes and elsewhere (KIT Agri-ProFocus and IIRR, 2012). There are more goods on store shelves, there are latrines, and good nutrition and hygiene habits are slowly becoming everyday practices. Children are clean and they have shoes to wear. Girls are attending school. Men are taking care of household responsibilities.

However, Café Femenino has a relatively short chain in coffee. There's not a lot of processing. The women are exporting green beans with some preliminary processing at the bottom end and then they export it with the roasting done in the consuming countries. Café Femenino also partnered with OPTCO to help them import and distribute, they did not develop that infrastructure. The farmers also happened to have land rights. In some countries that is virtually impossible and then there's only one way to be in that value chain and that's as an agricultural worker or in processing.

The authors conclude that the combined increases in income and in particular the increased access to assistance, through training and the Café Femenino Foundation in particular, has produced a big change. This concept should be further encouraged and supported to enable producer partners to become stronger, more democratic organisations with a commitment to gender equity in membership and leadership. However, each chain and community does require a different approach. Participation in producer organisations in itself can create opportunities for women to gain skills, confidence and challenge gender norms whilst creating a commercial profit-making product with a social program that brings real change to the community.

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The focus of this paper is on evaluating how Café Femenino Peru, an organically grown coffee produced by women, is successful in promoting gender equity, while being a for-profit business. Using the 'pro-poor perspective' of Porter's value chain analysis as its primary methodology, this research identifies links and dynamics in the value chain of Café Femenino Peru but with a gender lens perspective.

Results reveal that the combined increases in income and the increased access to assistance, through training and the Café Femenino Foundation in particular, has produced a big positive change.

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