

## **SOCIAL INCLUSION OF SMALL COFFEE FARMERS OF TOLIMA (COLOMBIA) IN THE GLOBAL VALUE CHAIN.**

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### **1. Introduction**

The present investigation deepens on the associative schemes of productive insertion and schemes of social inclusion for small producers within the global value chain, which have not been reviewed academically in the case of Tolima. Importantly is that, studies in the area of productive chains in the department of Tolima and generally in Colombia have the agro-industrial theme in common. Despite the fact, surveys on impact and analysis of the schemes of productive inclusion that involve farmers of special coffees within the global value chain have not been carried out systematically (Arango, O. Torres, P. Ospina, V., 2013). The value chain of special coffees is framed within the seven productive bets that the department of Tolima has for export offered to countries such as the United States, Belgium, Canada, Germany and Japan (Procolombia, 2015). In terms of the contribution of the paper, it identifies competitive strategies developed by small producers of specialty coffees in coordination with buyers for the generation and distribution of a greater added value in the chain and the formalization of productive activities of small farmers. In turn, the study seeks to find out how certificates of product origin and the adoption of other standards are contributing to update existing business models in the region and helping local producers to become competitively embedded in the global value chain according to the cooperation and competition schemes established by international buyers.

The research is justified on the basis of the importance of the value chain of specialty coffees in Colombia, specifically in the municipality of Planadas (Tolima), particularly, the strategic

potential to promote the generation of employment and income of rural families. The Department of Tolima is the third largest coffee producer in the country with a 12% share in national production in 2015 (FNC, 2016). Moreover, in Tolima 58 thousand families produce coffee along the two mountain ranges, mainly the eastern side, in 38 of the 47 municipalities of the department (FNC, 2010). It is positioned as one of the main producers of the sweetest and softest coffee in the country, within the framework of a sustainable, profitable and environmentally friendly coffee activity. In this context, Planadas is one of the municipalities with the highest positioning within the department of Tolima in the production of high quality coffees.

The purpose of this research is to analyze the social inclusion schemes for the small farmers of specialty coffees of the Department of Tolima with particular attention to the case of the municipality of Planadas in the context of their productive insertion efforts within the global value chain during the 2010-2016 period. The study is motivated by the goal of knowing: ¿How do small and medium producers of special coffees in the municipality of Planadas become linked in the global value chain (GVC)? It is important to point out that the National Federation of Coffee Growers of Colombia (FNC) has traditionally controlled the different links in the coffee value chain from the supply, inputs, sowing, storage and export of coffee and the special coffee segment. However, the present study focuses on associative schemes outside the structure of the National Federation of Coffee Growers. During the project, the participation of intermediaries that facilitate the link with global purchasing entities in the municipality of Planadas, such as Lohas Beans, Inconexus, Caravela, among others, and their interaction with associations is studied. The case study is located in the municipality of Planadas, south of the department of Tolima, with a total area of 1,646.10 km<sup>2</sup>, of which 99,97% make up its rural area with 99 lanes, 3 villages and 2 populated centers, Gaitania and Bilbao. (Gobernación del Tolima, 2015).

## **2. Theoretical framework**

The aim of the study is to obtain a comprehensive approach including not only the particular agricultural sector but also the whole range of activities and actors, as well as the economic

and technical relations that are established among them in the process required to bring an agro-product from the sourcing and production through processing, distribution and supply to the final consumer. The theoretical framework focuses on the analysis of the global value chain adapted by the authors for the analysis of regional value chains. This incorporates analytical categories mainly geographic, economic structure of the value chain (input-output structure), governance, and systemic efficiency proposed by Gereffi, Korzeniewicz and Korzeniewicz (1994) and Kaplinsky (2000).

**Geographic:** There is a *territoriality (geography)*, related to the ‘spatial organization of production in the commodity chain’ (1994: 97). It is an important component of value chain analysis graphically depicted in the mapping of a value chain. Additionally, the main links of a global agricultural value chain and the higher participation in the value added are located in developed countries (Industrial transformation, marketing, trade mark development, and retailing). The larger agricultural production of commodities is done in developing countries. For instance, cases such as cocoa is done in Ivory Coast and Ghana, Nigeria amongst others. At this stage of production, the value added to the end product is low. Accordingly, the main governors of the value chain are located in developed countries.

**Value economic structure:** In the Global Commodity Chain framework context (Gereffi 1994), a value chain’s economic structure refers mostly to its input-output structure. That is, the set of technical and economic input-output relations that are established among the different value chain links. These exchanges take place through the supply of raw materials between links and add value to the final product along each stage of the productive process necessary to bring a product from its conception to its purpose.

**Value chain governance** refers to the inter-firm relationships and institutional mechanisms through which non-market coordination of activities in the chain are achieved’ (Kaplinsky 2001: 20-2). Two distinct needs for coordination prompt governance structures to arise: first, involvement of ‘high companies’ in supplier product specification implies coordination of supplier’s activities. Second, the more they are exposed to risks as a result of the supplier’s failures, the more they will directly intervene to coordinate and monitor the supply chain’ (Gereffi et al. 2001: 4). Learning about and utilizing this issue are among the key points to

take into account by small and medium scale cocoa producers in developing countries in order to gain competitive insertion and social inclusion into the global value chain.

As Kaplinsky (2000) states, "effective value chains arise from systemic efficiency, contrary to point efficiency" (2000; 122). Systemic efficiency means CV efficiency. Companies have increasingly come to realize that individual activities in the fields of productivity and competitiveness account for only a small part of the total value added to the product and that they "govern" their chain to reach broader levels of integration systemic (Blandón and González, 2014).

An important theoretical contribution that is taken from the value chain analysis framework is the notion of industrial upgrading, which is closely related to the governance issue. Industrial upgrading 'is a process of improving the ability of a firm or an economy to move to more profitable and/or technologically sophisticated capital and skill intensive economic niches' (Gereffi 1999: 51-2). In other words, 'firms can upgrade their processes ("doing things better") or products ("making better things"), or they can aim to move to higher value-added stages in the chain like design or marketing, named 'functional upgrading' (Schmitz and Knorringa 2000: 181).

### **3. Context of the research**

#### **Global value chain of special coffees: worldwide supply and demand**

Since its inception, coffee has been a leading global commodity, the vast majority of which is marketed according to free market rules through several stock exchanges, mainly those of New York and London. It remains one of the commodities with the largest worldwide volume of negotiation at the stocks market with 70 billion dollars per year (ICO, 2010). These markets regulate the prices of different types of coffee through international prices. In general terms, the world supply of coffee beans as a commodity is focused on a group of countries that meet certain climatic requirements for its production. Some already have a tradition like South Americans and Africans, and others are more recent like some Asian countries (Vietnam, Indonesia) (Competitiveness, 2014).

**Table 1. Main coffee producers of the world, 2016**

<b>Rank</b>	<b>Country</b>	<b>Production (In thousands of 60 kg bags)</b>	<b>World Production (%)</b>
1	Brasil	55.000	35,74
2	Vietnam	25.500	16,57
<b>3</b>	<b>Colombia</b>	<b>14.500</b>	<b>9,42</b>
4	Indonesia	11.491	7,47
5	Etiopia	6.600	4,29
6	Honduras	5.934	3,86
7	India	5.333	3,47
8	Perú	4.222	2,74
9	Uganda	3.800	2,47
10	Guatemala	3.500	2,27

Source: International Coffe Organization, Data 31 de Julio de 2017.

The production and worldwide trade of coffee have been operating for decades under a transactional scheme based on a division of labor between producing countries and consuming countries. Notwithstanding some exceptions, broadly speaking, the former almost always developing countries that produce and export the raw material, and the latter in general developed countries that process and market it in the different retail and service markets. As shown in table 2 about 88% of the total coffee supply is generated in just 10 developing countries.

### **Main Actors of the Global Coffee Industry.**

The international coffee industry is part of a broader value chain involving primary producers, traders and/or exporters, roasters, and distribution channels. However, producers from countries where coffee originates have a much smaller role in terms of their contribution to the end product.

The entire value chain of coffee worldwide involves several tens of millions of people of whom 25 million are producers. At the processing level of the cherry or dry parchment, there are around 3,000 grain threshing and marketing companies, some 160 companies exporting the grain to different markets, and about 1,200 roasters in the food industry (UNDP, 2010).

In addition, there are thousands of local anonymous marketers, who buy parchment or cherry depending on the country, directly to the producer, often in the city closest to production, which then market it to threshers and /or exporters. In the case of medium or large producers, a large part of them sell directly to large processors or distributors under long-term contracts. (Competitiveness, 2014)

According to the ICO (2016) two types of stakeholders currently absorb the majority of worldwide production and dominate the coffee market. The first export-import traders of large volumes of green grain form a highly concentrated sub-industry, led by multinational companies such as Neumann Kaffee Gruppe, Louis Dreyfus, Volcafe Group, Cargill, Esteve, Mistubishi, and some market leaders, such as Mitsui for the case of Japan. They are located in both the country of origin of the raw material and the country of destination, and for some of them, being large conglomerates of international grain marketing, coffee is only one of its business units.

On the other hand, in the transformation phase, little more than half of the volume of green coffee marketed is absorbed by a set of large global coffee roasters. We refer mainly to Nestle, Procter & Gamble, Kraft, Sara Lee, and Tchibo. These are large food business conglomerates, for which coffee is also, as in the previous case, one more of its business units, and they sell mainly in supermarkets. Nonetheless, they also supply the hotel, restaurant, and cafeteria industry (Competitiveness, 2014, 31).

On the side of the target market, the global toasters themselves, the large multinational traders or national importers buy large volumes of coffee and sell it gradually through a large number of smaller orders. They have sufficient capital to obtain coffee and support the financial cycles of buying and selling. Medium and small roasters in general should turn to importing companies, which end up having a strong influence on the availability and circulation of coffee (Competitiveness, 2014, 32).

Finally, the ICO (2016) defines the countries where the leading companies of the coffee industry are located, identifying them as those where the main markets operate: the United States, Germany, Japan, France, and Italy among other developed countries. They deal with roasting as a whole, packaging, and distribution (and / or service) of coffee, where most of the added value of the chain is found, and where the greatest possibilities of making margin differences are found.

### **Value chain of special coffees in Colombia**

In Colombia, the National Federation of Coffee Growers (FNC) has created a specific program for the production of specialty coffees, with the purpose of favoring Colombian coffee farmers by encouraging them to produce the grain. The FNC (2016) has divided the coffee produced in Colombia into three major categories: Coffees of origin, sustainable coffees, and preparation coffees.

The first is defined by FNC as special coffees that come from a region or farm with unique qualities, because they grow in certain places and are sold directly to the final consumer without being mixed with other qualities or coffees from other origins. The second are special coffees that seek to exercise strict supervision over the social, environmental, and economic factors associated with coffee production to guarantee the future of the people and communities that cultivate it. These communities have a serious commitment to protecting the environment. Finally, the preparation coffees are characterized by having a special appearance due to their size and shape making them desirable to the international market. Also to this category belong coffees that satisfy the preferences of a particular client and are packaged to offer a consistent product. Within this category, the FNC highlights three types of coffee, snail coffee, supreme coffee, and premium coffee. These categories can be combined to produce unique products for customers who want to develop highly sophisticated products. (FNC, 2016)

Consequently, it can be identified that the FNC has led productive inclusion schemes aimed at designing strategies to restore and consolidate the crop as an attractive and profitable activity. Such schemes include ‘special coffees’ diversification, crop renovation, improvements in the marketing, generation of higher added value, brand management, etc.

Producer associations have also played an important role, however, the participation of small and medium producers of specialty coffees in the coffee sector of the department is still low and remains disjointed or lacking associative and institutional efforts to strengthen the capacities of producers in their negotiation processes with global buyers and in attracting them to the territory.

### **Regional chain of special cafes**

Tolima is a large coffee state with 58 thousand families producing coffee (FNC, 2010) in 38 of the 47 municipalities along the two mountain ranges, mainly the eastern side. It is a district of great importance in the production of coffee, with a potential for greater growth, and certain recognition for coffee quality through some national prizes. The department of Tolima is the third largest producer of coffee in the country, with a 12% share in national production in 2015 positioning it as one of the sweetest and softest coffee producers in the country. Tolima is considered to be within the framework of a sustainable and profitable Coffee plantation region and friendly with the environment

Table 2. Coffee economy of the department of Tolima (2016)

Coffee economy		hectares per coffee farmer	Coffee growers	% Coffee growers	Coffee area (Hectares)	% Coffee Area
<b>Small</b>	Smallholders	< 1	17.381	27,9	10.688	9,0
	Peasant	1 a 5	42.464	68,2	89.263	75,3
<b>Medium</b>		5 a 10	2.154	3,5	13.825	11,7
<b>Entrepreneurial</b>		> 10	309	0,5	4.838	4,1
<b>TOTAL</b>			<b>62.308</b>	<b>100</b>	<b>118.614</b>	<b>100</b>

Fuente: Comité de Cafeteros del Tolima – Programa SICA FNC 2016.



#### **4. Methodology**

The project was developed under an exploratory approach, using qualitative and quantitative mixed measurement techniques. For the development of the project, primary and secondary information was used. The primary information was obtained from the following techniques and instruments: interviews and surveys with structured and semi structures questionnaires applied to productive associations of special coffees in the municipality of Planadas and intermediaries linking international buyers to the territory through productive and associative projects (Lohas Beans, Inconexus, Caravela, Mitsubishi, Starbucks Coffee Company, Tres Rayas Coffe, Mayacert, Yapawayra). In addition, members of international support associations, governmental institutions, production, and other business units within the municipality were included in the study. For the two instruments used, pilot tests were initially applied to validate the information taking into account the pertinent observations of two research experts. The collection of information instrumentation were initially composed of five modules with closed questions, questions with a Liker scale, open-ended and multiple-choice questions that allowed us to explore the analysis of productive inclusion mechanisms of small-scale coffee farmers in Planadas for the global value chain. The secondary information is composed by the database of the regional administration of Tolima for agricultural associations dedicated to the production of special coffees and the SICA of the National Federation of Coffee Growers. Likewise, the statistics of DANE, the Bank of the Republic, and the ministries were gathered. The statistics were mainly done on the productive and commercial flow of exports for the different types of special coffees. Statistical yearbooks and other relevant documents based on the economic and social activity were consulted.

##### **Population object of study**

The municipality of Planadas counts with 23 producers associations that group 1,338 members distributed in 67 of the 99 villages making-up the rural area of the municipality (table 1.) and the presence of international buyers such as Lohas Beans, Inconexus, Caravela, Starbucks Company Coffe, SlectoCoffe, Specialty Coffee, among others.

**Table 3.** Productive associations of special coffees, Planadas October de 2017

Productive associations of special coffees of the municipality of Planadas (Tolima)	Number of Associates		
	Men	Women	Total
Grupo Asociativo de Productores de Café Especial Diferenciado de Gaitania (ACEDGA)	56	10	66
Asociación de Productores de Café ASOATA	50	12	62
Asociación de Mujeres Cafeteras Emprendedoras de la Verdad la Estrella del Municipio de Planadas (ASMUCAES)	0	38	38
Asociación De Productores Agropecuarios De Café Especial De Planadas (ASOPAP)	33	9	42
Asociación De Productores Agropecuarios Del Corregimiento De Bilbao (AGROBILBAO)	51	26	77
Asociación de Tecnólogos y Productores Agropecuarios de Bilbao (ASOTBILBAO)	36	9	45
ASPRASAR	85	15	100
Asociación De Mujeres Cafeteras Del Resguardo Indígena Páez De Gaitania Tolima (UMUK)	2	38	40
Asociación productora de café y caña de la vereda San Fermín Asociada al medio ambiente de Planadas Tolima (ASCAPIT)	42	22	64
Asociación emprender de productores agrícolas y agropecuarios los Mangos (ASEMPROAGROPE)	60	26	86
Asocafe De Alta Calidad	22	3	25
Asociación De Productores Agrícolas Y Pecuarios Ecológicos Brisas Del Quebradon (ASOBRIS)	57	8	65

<b>Productive associations of special coffees of the municipality of Planadas (Tolima)</b>	<b>Number of Associates</b>		
	<b>Men</b>	<b>Women</b>	<b>Total</b>
ASOPROCAFES LA ORQUIDEA	45	13	58
ASOCIACION CAFÉ DE MACIZO	86	10	96
Corporación De Productores De Café Especial La Estrella (CORPCAES)	12	6	18
Asociación De Productores Agropecuarios Y Cafés Especiales (ASOPROBIL)	32	8	40
Asociación De Caficultores Indígenas De San Pedro – Resguardo Indígena Nasa We'sx (ASCISP)	44	20	64
Asociación De Productores Ecológicos De Planadas (ASOPEP)	119	65	184
Asociación De Agricultores Y Productores De Café Especial De Montalvo (AGPROCEN)	52	32	84
Asociación de Café Especial ORIGO	8	4	12
APCEJOR	-	-	-
APROAGROP	-	-	-
ASOCANAFI	59	13	72

Source: Secretaría de Desarrollo Agropecuario y Producción Alimentaria, Gobernación del Tolima, Data 31 de Octubre de 2017.

Based on the information summarized on Table 3, the census conducted aimed at productive associations that are immersed in the global value chain, taking into account selection criteria such as: Participation in productive projects of national and international order, number of associates, number of farms, density of planting, average volume of harvest (Ha.), average yield Ton / Ha, cultivated areas, average cost of production, quantity produced (Kg/Year), quantity sold (Kg), quantity unsold, buyers (national and international), Marketing location,

selling price (Kg), rate (profile and score) attributes (acid, body, aroma, fragrance, exotic), among others.

The key virtue of the Census is that it allows a disaggregation of very detailed units or population groups and constitutes a point of reference for the preparation of continuous statistics (Glejberman, 2003). Finally, the statistical analysis carried out was based on the identification, characterization, and analysis of the small farmers of special coffees within the municipality linked to the associations of producers by means of a descriptive treatment in order to look at the degree of perception of the special coffee chain and the potential for productive insertion in the global chain. Excel and the SPSS software were used for the systematization and processing of information -

#### **4. Main results**

Fieldwork results are presented in three sections, namely: the characterization of associations surveyed and their respective partners; the associative and commercialization schemes analyzed with the respective associations and international buyers; and the participation of associations in productive projects led by government institutions and private export companies.

##### **Characterization of the productive associations of special coffees of the municipality of Planadas (Tolima)**

Table 3 shows the number of productive associations of specialty coffees surveyed in the municipality of Planadas. It was observed that 20 associations of the 23 registered by the Secretary of Agricultural Development of the regional government of Tolima were surveyed. The non-participating associations were due either to closure, name change, or having no interest in participating.

**Partners attached to cooperatives.** The 20 associations surveyed brought together a total of 1,266 members with male participation (70%) prevailing over women (30%) in the present context. The affiliates' age and gender range mostly between 31-35 years for women and 40 and over for men (table 3).

Importantly is to highlight the work of the Planadas Ecological Producers Association (ASOPEP). This group brings together the largest number of members dedicated to planting, harvesting, and preparing special coffees with an average of 2.5 Ha each in a large area of influence with many trails throughout the municipality. It is one of the most advanced associations in the southern region of Tolima. It stands out not only for its production volumes ranging between 5,757 organic bags and 24,200 conventional bags but also, for its quality and consistency in cup profile scored at 84+ by the Specialty Coffee Association of America (SCAA).

**Age of associations.** The largest numbers of associations surveyed have between 5 and 9 years of operation in the municipality of Planadas. Such associations concentrate the largest number of farms associated with an average area cultivated per hectare of 529. It is important to highlight that associations that present more working hours in the municipality are not necessarily those with the highest number of associated farms. (Table 4)

Table 4 Years of seniority of the association, number of associations, associated farms, and average area cultivated (Ha.). Planadas March 2018.

Years of seniority of the association	number of associations	Associated farms	<i>Average</i> area cultivated (Ha.).
<b>2 a 4</b>	6	338	194,25
<b>5 a 9</b>	7	577	529
<b>10 a 14</b>	5	189	245,6
<b>15 a 19</b>	2	141	308

Source: this research

**Associates average educational level.** A deficit of superior, technical, and technological formation is observed in the productive associations of special coffees surveyed in Planadas on March 2018. Scarcely 4% of the associates (producers) have reached any of these levels. The educational disparities between the managers of the associations are remarkable. 35% of managers have higher education studies and a similar percentage declared that they have

finished high school. This educational reality is a factor that negatively affects the implementation of good production practices required by international certification bodies. Therefore, it demands for a greater commitment to advance affinity between the educational offer and training needs in the specialty coffee sector.

#### **Association and commercialization schemes in the municipality of Planadas.**

**Participation in productive projects** About 74% of the surveyed associations have some kind of alliance with actors in the global chain such as Inconexus, Lohas Beans, Caravela, Selecto Coffe, Banexport and RACAFE.

The international support for small producers of specialty coffees in the municipality of Planadas is made up of participating exporters and international companies in the area. Such participating groups have been responsible for certifying their suppliers in the processes related to quality, purchase and planting technique.

In the municipality of Planadas, eight exporting companies are working with associations of small producers of specialty coffees. Through productive and associative projects, these exporting companies are in charge of purchasing the grain directly from the associations with certain quality standards that each exporter sets according to their international buyers. In this way, they are responsible for the entire technical process of threshing and preparing the coffee to be exported to national and international buyers.

## **5. Conclusions**

The main results from the data gathered out of the survey and secondary sources are:

- In recent years, coffee growth in Colombia has presented positive activity attracting the attention of multinational companies directly or through intermediaries such as: Neumann Kaffee Gruppe, Louis Dreyfus, Volcafe Group, Cargill, Esteve, Mistubishi, Lohas Beans, Inconexus, and Caravela. Additionally, according to the market leaders such as Mitsui from Japan have acquired interest in participating. These companies count with the presence of the raw material, in the country of origin and destination. Also, since some of them are large

conglomerates for international marketing of grains, coffee is only one of their investing and profiting units. Coffee continues to be a dynamic sector of the Colombian economy, which contributes to economic growth, the generation of employment, and the maintenance of a peaceful and stable atmosphere in the vibrant coffee zones. According to the figures of the FNC (2017), the coffee production in the year (nov 2016-Oct 2017) reached 14.3 million bags, with a harvest record value close to \$ 7.8 billion and bag exports of 13.4 million worth approximately US \$ 2,854 million.

- Within the context of global value chain for specialty coffees, the social inclusion and competitive insertion of small producers in the municipality of Planadas is evidenced in the international support schemes for small producers. These coordination mechanisms of the chain originate based on the participation of exporters and international companies in the area. Such have been responsible for certifying their suppliers in the processes related to quality, purchase, and planting technique.

- Marketing strategies are born from the need that small producers of specialty coffees have when trading their product. Usually, the product price is determined internally by intermediaries at a value lower than when sold to international buyers seeking certified and sustainable coffees. In general, exporters and/or commercial partners, for instance Lohas Beans, work together with producers in the construction of new alternative marketing channels for their coffees. These strategies make the small producer visible in a process in which the containers and the labels are marked with the name of the producer and the association.

- Managers of the productive associations of special coffees in the municipality of Planadas consider that the coffee sector has been affected by the deterioration of roads increasing the costs of production and reducing competitiveness. However, they assert that these costs overruns are somewhat compensated via payment from private export companies. The associations of special coffees claim that export companies pay better prices to their producers in relation with the price paid by the FNC.

- Cooperation strategies between private export companies of special coffee (Lohas Beans and others) and small farmers in the municipality of Planadas are based on a sustainable

model of direct coffee trade. These aim at emphasizing active participation of the farmer into the global value chain based on productive projects focused on strengthening the weak points in the commercialization and quality processes. The process between these private companies and the small producers is carried out as follows: first, the exporting company carries out inspection and verification of farms status, production processes, and commercial experience of the producer. Such methods are performed in order to support the producer in the processes of certification and the acquisition of respective seals. Second, private export companies offer and promote producer certification assuming the costs and giving full ownership of the seal, which will then be deducted from the first business. The process is different once the FNC is involved since they pay for the stamp, taking full custody and ownership. Third, companies discuss commercial policies with producers. The harvesters are not committed to these companies (except the first) to recover the investment made by them. Exceptions include a few associations that only sell to Lohas Beans. Fourth, during the purchase process the companies receive the coffee loads as green coffee or parchment. Export companies have threshers and are responsible for the subsequent processes of product differentiation. Companies pay a quality premium value per load ranging between 15 and 20 percent. Producers receive technical support for crop management favoring the achievement of substantial improvements to their farm. Companies train coffee growers and associations on premiums allowing them to address this knowledge in order to improve the cups and transfer the value of the stamps to the producer. The process of working with the small producers of special coffees in the municipality of Planadas is reflected in their gradual competitive entry to the world market. They (as producer associations) are provided with benefits that the traditional scheme did not previously offer. For instance, through auctions and tasting processes that allow them to position and generate added value to their coffee.

Finally, it is important to point out that the project is being developed by the research group value chains and regional competitiveness. The results and conclusion are not final, though they providing evidence about the two following statements. First, in line with Morris (2001: 127-36), ‘dominant lead firms exercising a governance role are important in creating and sustaining value chain cooperation’. This project supports the view that the effectiveness of interventions at the level of value chain is enhanced by the presence of a leading firm and/or an entrepreneur capable of organizing collective action, mobilizing public action, and whose



interventions promote the integration and the systemic efficiency of the value chain. Although both governance and coordination functions might be concentrated on the value chain governor(s); coordination of activities can be shared with other stakeholders and carried out in an organized fashion if there is a participatory device such as a public-private partnership scheme. Second, value chain and local-regional levels constitute an important playing field for competitiveness policies as summarized by Humphrey and Navas-Aleman (2010: 20).

We have to look beyond the individual enterprise, the individual farmer and the independent small producer when considering how to increase the incomes of the poor through promoting their involvement in market-oriented production. Focusing on the value chain and the links between the firms spread along it, allows policymakers to diagnose issues affecting the performance of the chain as a whole, mobilize stakeholders through their involvement in diagnosis and problem solving and support more effective relationships between firms in the chain.

Key words: social inclusion, productive insertion, specialty (special) coffees, global value chains

Thematic area: Governance, global value chain, special coffees, global buyers, social inclusion

**JEL:** O10, O13, Q13, R11, M16

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