



Organización Internacional del Café Organization
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Diversification

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**Initiative to intercrop coffee and
maize in Colombia**

Background

1. At the meeting of the Executive Board in September 2003, the representative of Colombia reported on an initiative to intercrop coffee with other crops. The aim of the initiative is to improve income for coffee growers, and to reduce the dependency of the country on imports of maize. The programme was implemented following the success of a pilot project undertaken by CENICAFE.
2. Over 41,000 coffee growers are already participating in the programme and almost 22,000 hectares have been intercropped with maize and coffee to date. The first harvest should produce 74,400 tons of maize with a total value of 37,000 million pesos.
3. A copy of a report by the *Gerencia Técnica* of FEDERACAFE on the programme is attached.

Action

The Executive Board is requested to take note of this document.

REPORT ON MAIZE IN THE COFFEE GROWING AREAS IN 2003

1. Background

The improved cultivation of maize is a suitable diversification alternative in the Colombian coffee region, particularly for intercropping with renewed coffee trees. This is an option also valid for growing beans.

The advantages of intercropping maize and coffee in the country's coffee farms include environmental opportunity, use of the coffee infrastructure, reduction of costs in coffee renewal programmes, application of CENICAFÉ research, stabilization of labour, encouragement of unionization of coffee growers, regional self-sufficiency and the generation of income from maize, making it both profitable and competitive.

For the development of this programme, the Departmental Coffee Growers Committees established planting targets for 2003 which had an achievement rate of 100% at 31 May 2003, as indicated in the table below.

Department	Planting target (ha in 2003)	Hectares registered at 31 May 2003	Percentage achieved	Number of coffee growers registered
Antioquía	4,000	4,896	122%	9,393
Boyacá	500	150	30%	379
Caldas	4,000	3,341	84%	5,736
Cauca	1,000	1,800	180%	5,420
Cesar Guajira	500	200	40%	230
Cundinamarca	1,000	605	61%	1,084
Huila	1,200	3,421	285%	7,466
Nariño	800	800	100%	1,350
Nte. Santander	1,150	189	16%	850
Santander	1,000	582	58%	1,126
Quindío	670	676	101%	1,137
Risaralda	2,000	1,305	65%	2,817
Tolima	2,500	2,320	93%	3,126
Valle	1,500	1,448	97%	1,068
Magdalena	50	150	300%	200
Total	21,870	21,883	100%	41,382

The National Coffee Fund offers an incentive of 100 pesos for each coffee tree or plot renewed. Farmers who, in addition to intercropping coffee and maize or beans, plant these food crops in a separate plot on the same farm in an area at least the same size as the area renewed with the payment of an incentive, will receive an additional 10 pesos, provided the planting is undertaken on the basis of CENICAFÉ research results and/or the recommendations of FENALCE and the Federation's Extension Service.

Farmers registered:	41,382
Area planted:	21,883 ha
Average area planted to maize/coffee farmer:	0.52 ha
Yield per 0.52 ha:	1,760 kg
Net half-yearly income/coffee farmer:	Col\$477,646

2. Costs of intercropping maize and coffee

In general, costs per hectare intercropped with maize and coffee using the recommended technology are as follows:

Variety: ICA V 305 Yellow maize for coffee areas.

Kilos of seed per hectare:	15
Preparation of land:	Col\$159,000
Manual labour:	Col\$60,000
Application of inputs:	Col\$84,000
Harvesting:	Col\$204,000
Inputs:	Col\$257,450
Total direct costs:	Col\$764,450

Yield tons/ha:	3.4
Value per ton:	Col\$495,000
Total income:	Col\$1,683,000

Profits/ha: Col\$918,550

Total man-days/ha:	42
Man-days/harvesting:	17

Total man-days generated in coffee areas by intercropping coffee and maize:	918,540
Total value of maize crop:	Col\$37,000 million

3. Food Security

In addition to generating income for coffee growers from the sale of maize, the programme aims to promote consumption of maize and to complement the food security programme.

A family of six in the coffee areas consumes 10 kg of maize weekly, or 520 kg a year.

4. Maize marketing instruments

In order to ensure successful marketing of the crops, the Coffee Growers Committees must cooperate with farmers in identifying the best channels and designing suitable strategies, making use of existing purchasing infrastructures in the country through Coffee Growers Cooperatives or with the support of other bodies able to contribute to the marketing of maize.

The first cooperative for the production and marketing of alternative products, COOALTERCAFÉ, was established in the Department of Caldas with around 50 members and deals already negotiated for maize.

In addition, the marketing of maize is guaranteed under an agreement and authorization mechanisms making it compulsory for the industry to buy home-grown maize in order to be able to import (import quotas allocated in accordance with percentage shares in domestic maize purchases). There is also a guaranteed price based on the import cost of the product, which is currently US\$165/ton.

With the exception of ANDI, all potential buyers are prepared to buy maize at the fixed import cost (US\$165) but taking as a basis the average representative market rate during the last 30 days. ANDI offers the same price at a fixed exchange rate of Col\$3,000/dollar until 31 March 2004, a proposal based on its urgent need to import the product.

The following points must be taken into account for the marketing of maize:

- Product management (quality, packaging, storage, transport, etc.)
- Resource management (cash flow, means of payment, accounting records, security, etc.)
- Price management (price information, collateral, margin to cover marketing costs, etc.)
- Information management (statistics on purchases, sales, users, etc.).

FINAGRO provides cooperatives with credit financing for up to 80% of the purchase value of the maize crop at a rate of DTF¹ +4% for a period of 1 - 2 years. Resources of the Cooperative Financing Fund may also be used on-line to solve cash-flow problems for a period of six months for an amount corresponding to not more than 250 minimum wages and an interest rate corresponding to the cumulative rate of inflation during the last twelve months, plus two points.

¹ *Depósito a término fijo* = fixed-term deposit.