



**SOCIOECONOMIC COMPARISON BETWEEN ORGANIC AND
TRADITIONAL COFFEE GROWERS IN PUYANGO,
LOJA PROVINCE, ECUADOR**

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ABSTRACT

This study is concerned with comparisons between organic and traditional coffee growing in Puyango, Ecuador, in social and economic terms. The main social variables considered were housing, education, health and migration; and the financial and economic indicators analyzed were variable costs, gross margin and net present value (NPV) and its sensitivity under risk using Latin Hypercube simulation analysis. Through a regression analysis using a Probit model it was determined that the perception of farmers influences positively the adoption; organic farmers think that organic coffee is more profitable, helps the environment and is healthier than traditional coffee. Meanwhile total coffee hectares and technical education influence negatively the adoption process. The analysis of cost of production showed higher costs for organic production, and it is more labor intensive than the traditional system. The financial analysis for a 10 year period indicates that organic coffee presents higher net present value than traditional coffee. This results hold true with or without inclusion of additional income derived from other tree crops planted in the coffee plantation. It was found that the additional income from other tree crops is very important for both type of growers, and that these tree crops reduce overall income risk irrespective of growing system. The Latin Hypercube simulation analysis demonstrates that organic coffee carries less risk than the traditional coffee. The frequency of agricultural risk faced by farmers is similar, except for the production risk for which organic farmers said they are faced more frequently by such risk. As for the coping measures, differences were found for off-farm work, belt tightening and holding of liquid assets. However, for diversification, use of savings and use of loans no significant differences between the two types of coffee growers were found. The variables housing, health and migration show similar distribution among the two types of farmers, suggesting that the higher income from organic coffee production has not yet impacted these measures of living standard.

Key words: organic coffee, adoption, gross margin, net present value, social capital, risk, coping measures.