

A Strong Exit Strategy for the Darwin Initiative Project: “Biodiversity and Colombian Coffee Farmers: capacity building for added value”

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Introduction

We want to achieve the maximum leverage from the project in order to have a lasting effect on future strategy and action in the Colombian coffee lands, to protect existing biodiversity and improve it where possible. Because of the size and complexity of the region and its rapidly changing relationship to the commercial coffee world, this is indeed a challenging task for a small project. Hence this position paper is an attempt to outline the current situation and suggestions for proactive measures, based on a number of sources and recent meetings attended.

The Project

As things stand, we will provide a body of work on the nature of biodiversity in the coffee lands, the farmers’ perceptions of environmental problems affecting them, a manual/guide for future projects and a species database. All this will establish important baseline information that will be needed for successful implementation of future sustainable coffee projects, either by the public or private sector.

However, we were always aware that these media by themselves are not sufficient to bring about change, since frequently they are not fully taken into account by decision makers who have little time for anything more than immediate commercial concerns. Thus we will also be helping to promote commercial awareness of sustainability issues at the 2005 Seattle conference of the Specialty Coffee Association of America. This is the world’s largest and most important gathering of the specialty coffee industry and the proximity of Starbucks headquarters will make this an especially important event.

Such a meeting though, only targets the specialty side of the market and because of the scale of coffee production in Colombia, we also need to consider the events occurring in the broader commercial scene, especially since here things are showing signs of rapid development.

The International Coffee Scene

The current situation is complicated by the enduring global coffee crisis and the large number of stakeholders and programmes now involved. This is making for a very fluid situation which is difficult to appraise. We note the following points about what we think is happening:

- Intensive ‘sun’ coffee in Colombia is economically more productive than the shade coffee that is widely regarded as a pre-requisite for any biodiversity coffee scheme.

- Premiums now gained for shade coffee (e.g. Rainforest Certified) are rather small and less than what farmers regard as an acceptable recompense (data from our project farmers).
- Sales of coffees with a biodiversity theme (e.g. shade coffee, bird-friendly coffee) will grow only slowly and have minimal impact on the huge area occupied by coffee in Colombia (~900,000ha).
- With supply outstripping demand, premiums for sales of shade coffee are self-limiting because as more is grown, the premium tends to fall to an amount that discourages new entrants.
- When coffee prices eventually improve (e.g. due to a drought-caused bad harvest in Brasil) it is unlikely that most premium schemes will be able to adjust as quickly as local traders, so that farmers will sell to the latter and some of these schemes may collapse.
- Hence although the various current niche schemes for coffee, e.g. organic, Fair Trade, shade, have had a positive effect in putting sustainability issues into the public domain, we feel they are unconvincing long term strategies for the majority of farmers in principal coffee countries such as Colombia.
- Thus with current economic conditions it is more likely that sun coffee land will move to pasture or annual crops than to shade coffee.
- More pasture means greater soil and biodiversity loss, so currently diversification is a critical threat to the long-term bio-stability of the coffee lands, i.e. it is better to have sun-coffee than pasture in order to protect soils which are fundamental to any ecosystem.
- For coffee production as large as Colombia (2nd or 3rd largest in the world), it has to engage with the major coffee companies. Here it has competitive advantages: year-round volume production, mild arabicas with good quality control, relatively good long-term climate prospects (according to the Hadley model).
- The unprecedented coffee crisis of the past four years has caused considerable discussion and activity at the international level. There is encouraging evidence that major coffee companies such as Kraft, Nestlé and others are becoming more concerned about sustainable production practices.
- Since the Darwin project was first developed in 2001, new initiatives have developed, including the Sustainable Agriculture Initiative (www.SAIplatform.org) as well as the formation of the Sustainable Coffee Partnership by the International Institute of Sustainable Development and the work of the Common Codes for the Coffee Community project (GTZ). CABI *Commodities* has been

active in all these initiatives (attended at least 6 international meetings over the last year, made inputs to two planning documents).

- The initiatives of the mainstream coffee roasters are perhaps the most encouraging aspect of the last two years and thanks to the work of the project we are well placed to make an active commitment to the development of this movement.
- However there are major risks e.g. that mainstream schemes will be 'environment-lite' or 'greenwash', that they will be recognised as such by farmers and that when the next price spike comes, farmers will abandon any sustainability schemes in which they are involved.
- Alternatively, that such schemes may set the bar too high for many smallholders to enter.
- Those representing Colombian coffee may have a difficult task to convince their farmers to enter such schemes but may feel obliged to do so because of the commercial pressures that these companies can exert.

From all this we see various possible scenarios:

- a) Business as usual: gradually improving coffee prices will stabilise current coffee areas: intensification and niche coffee growth will cancel each other out (biodiversity-neutral).
- b) Weak prices will mean a continued decline in coffee area, leading to greater contrasts between highly productive farms, static areas of 'biodiverse' coffees, more pasture and annual crops (biodiversity-negative).
- c) Niche coffees (Fair Trade, organic, shade, etc.) will grow fast enough to make a regional impact on retaining or improving regional biodiversity (biodiversity-positive).
- d) Mainstream coffees (Nestlé, Kraft, etc.) will make strenuous efforts to develop a more sustainable base for most Colombian coffees (biodiversity-positive).
- e) Mainstream coffees will make half-hearted/moderate attempts that will satisfy customers that all coffee is sustainable, leading to decline of niche coffees (biodiversity-negative).

This leads to the following possible strategies to promote Colombian coffee biodiversity:

- 1) Government action (national or departmental) to establish reserves or restricted practices to safeguard existing biodiversity (scenarios a, b, or e)
- 2) General support by stakeholders to facilitate current niche coffees (scenario c)
- 3) A concerted response on behalf of Colombian coffee officials to proactively engage with mainstream coffees e.g. a Public Private Partnership approach (scenario d)

CABI's best guess is that option 3) is the most likely to yield significant results and that it is worth making a concerted effort for Colombia to engage with the major coffee roasters on the sustainability issue – there is a window of opportunity to build a long term relationship which might later disappear if/when there is another price surge and a new free-for-all. However this needs to be carefully thought through, e.g. to fully explore and quantify the various points made above. At present it is far from clear that any of the major roasters have adequately considered the costs for implementation and monitoring of even very weak sustainable standards.

Colombia therefore needs to put forward a well-reasoned case, based on production costs, objective assessments of farmers' abilities and willingness to enter new schemes, the country's present biodiversity strategy, pros and cons of alternative biodiversity enhancing measures and other criteria. Such a resource would be of considerable assistance for the Colombian Coffee Federation in any future substantive negotiations with major coffee roasters.

Because of its size, Colombia is a pivotal country for such negotiations and hence we should do everything possible to help it develop a strong position.

A Planning Workshop

Accordingly, we believe that we now need an intensive period of consultation leading to a detailed position on what is the most cost-effective path that will lead to the best outcome – profitable farmers and a baseline of environmental and social stability for the region that can be built upon over the long term. Essentially this is what is planned by the policy document output of the present project, but neither CABI nor Cenicafé has access to sufficient expertise or resources to do the sort of job that the size and complexity of the situation demands.

We suggest a workshop with some key experts to help us determine such things as:

- Implications for biodiversity of the various scenarios outlined above (e.g. possible counter-intuitive results where a policy results in small-holders abandoning coffee or unsustainable intensification)
- Cost-benefit underpinning for all suggested new policies, e.g. the true cost of conversion and maintenance of Common Code standards, Starbucks' Preferred Supplier standards, Rain Forest certification etc.
- Likely sustainability indicators and cost-effective ways of measuring them
- Requirements for training of extensionists and farmers

- Research requirements

From this, the elaboration of a draft plan which arrives at a well-reasoned and quantitative Colombian position with which to engage major coffee roasters to match any proposals that they may have. It would also be of wider use in any dealings with NGOs such as Conservation International and Rainforest Alliance.

With current funds we think that we can fund only a small meeting with limited stakeholder involvement to determine how to take forward this sustainable coffee agenda. We would need further funds to complete the job because this would require time and funds to marshal the evidence, collect data where there are obvious gaps and prepare a detailed case for Colombia.

Potentially this could cost an extra \$50,000 to \$70,000 to continue the work of the Cenicafé-CABI group and bring in some key people to assist us. We would look for collaboration with experts identified by the Darwin Initiative, plus some other key individuals such as: Brian Lewin (World Bank), Jason Potts (IISD), Michael Optiz (NKG), Rob Simmonds (LMI International), Stefano Ponte (IIS), Herman Weibel (Hannover Uni).

This would mean we could have a good initial meeting, develop a work plan, carry out the work and write the final document. This would give enough data, calculations and arguments to strongly support a rational sustainable coffee policy for Colombia.

Sourcing funds

If possible we would like the Darwin Initiative to provide the extra funds, since it would take time and resources to source them from another party. Once we had a clear and coherent document we would then expect to approach industry sources to fund an implementation phase.