



SCTA

SCHWEIZERISCHE KAFFEEHÄNDLER VEREINIGUNG
ASSOCIATION SUISSE DES NÉGOCIANTS EN CAFÉ
ASSOCIAZIONE SVIZZERA DEI NEGOZianti IN CAFFÈ
SWISS COFFEE TRADE ASSOCIATION

BCA Board Meeting Presentation Sep 5, 2018

Michael von Luehrte

Secretary General

Agenda



- **Overview of the SCTA**
- **Sharing the C-GAP Initiative – getting broad industry buy-in**
- **Up-date on 4C certification scheme**

The SCTA Factsheet



- Swiss coffee trade association founded in 1984
- Focusing on the representation of green coffee trading related topics
- Working closely with other associations (NCA/STSA/ECF/DKV/CI/BCA)
- Members represent more than 50 % of global green coffee
- Organizing the Swiss Coffee Forum and Dinner as a global coffee industry event
- Small/lean organizational set-up
- Holding an Annual General Assembly (governing body)
- Hosting the C-GAP taskforce as an industry-wide initiative to address coffee & climate

SCTA has currently 41 members



Full members 31

- Swiss based green coffee trading companies and procurement organizations

Eligible to vote at the
AGM and to nominate
board members

Associate Members 10

- Trading companies outside of Switzerland
- Associations (NCA/STSA)
- Service Providers

Introducing the long-term challenge for the coffee market

Meeting future demand for coffee could require doubling production by 2050

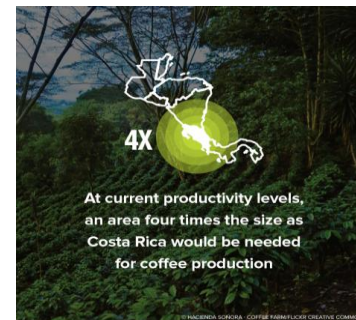
We will need to produce an additional **4-14** million tons of coffee by 2050 to meet future demand.



Meeting this demand will require a renewed focus on productivity of coffee farms –**DOUBLING** our current production levels.



If we cannot **DOUBLE** production on existing coffee farms, we could see coffee expanding into new areas – potentially natural forests.



There is enormous global financial risk of not responding to climate change for all players along the supply chain

The approach of **C-GAP** (Coffee Global Adoption Plan)

- Provide a platform as an “honest” broker between the coffee sector and financial institutions to adjust to the impacts of climate change and drive future supply growth
- Pre-competitive activities – no competition to existing programs/initiatives
- Transfer knowledge/expertise and funds to producing countries to drive positive impact on coffee production
- Ensure transfer of funds to coffee producers via best-in-class implementers
- Create the sense of urgency to address the supply challenge – this is an overarching industry topic
- Think big – accelerate global efforts to drive impact and change
- **Create bankable projects as public/private partnership**

C-GAP AS HONEST & NEUTRAL BROKER

Core function: Be an 'honest broker' between the industry and financial institutions that unlocks and pools public funding and private finance to invest in 'bankable projects'.

Objective: Significantly scale industry investments and additional pool resources through 'blended finance', including institutional funds for public projects, impact investment for large scale projects, and philanthropy for small scale projects.



Support moving farmers from grants to commercial credit

Current situation of smallholders...

- No guarantee
- Cannot cover basic family needs
- Low level of financial savviness
- Uncertainty on market price
- Variability in production
- High dependency on coffee

Where we need to get to..

- Title (land or other asset) or another form to provide guarantee
- Positive cash flows
- Information on financial options
- Price risk mechanisms for smallholders
- Stable production
- Income diversification



HONEST BROKER FUNCTION OF C-GAP

Work on behalf of/assists producers and/or producing governments to secure the finance needed to further transition to climate resilient coffee.

Services provided by C-GAP broker would depend on whether existing funding mechanism are available.

Funding mechanisms exist to fill the need

- Identify the needs of the producer or producer group
- Identify the type(s) of financing the producers are ready for
- Identify the types of funds they are eligible for
- Make introductions
- Facilitate development of and negotiation of proposals
- Assist with execution and reporting on successful agreements

No current funding mechanism available

- Identify gaps in currently available funds and engaging with donors on behalf of producers to unlock new streams of funding
- Develop innovative ways to structure producer finance (e.g. structure concessional finance deals, green bonds, etc.?)

VISION & MISSION

Our Vision: Thriving coffee communities resilient to climate change producing a high-quality, long-term supply of coffee.

Our Mission: Using a rigorous and systematic approach to data collection, analysis and modeling and an uncompromising drive for collaboration we catalyze investment to support climate adaptation work for maximum impact.

Our Scope:

- Focus on adaptation, not mitigation
- Focus on all producing communities

STRATEGIC APPROACH

TO ENABLE THE INDUSTRY TO BETTER...

PREDICT

Understand how to **predict hot spots and prioritize engagement**. Using a **data driven predictive** model we enable the industry to better manage supply chain risks.

REACT

Enable recovery and maintenance (via agronomic practices) to priority clusters via coordinated finance.

PREVENT

Finance innovation in areas such as agronomical practices, cultivars or new production areas to protect against further damage from climate change.

WE WILL...

USE BIG DATA TO MAP RISK

Via a massive network of data providers we collect and analyze climate, agronomical and market data to create models that map 'climate change risk severity clusters' in the coffee lands.

UNLOCK FUNDING

We are an honest broker of funding and financing to aid and embolden effective current initiatives in responding to the climate crisis. We promote pooling of resources for cost efficiency & maximum benefit.

CONNECT & SCALE

We act as an enabler to connect financing with relevant operational initiatives. We share our work and partner with other organizations to ensure maximum efficiency of our work.

OUR WORK

C-GAP will provide benefits to the industry by:

- **Using Big Data:** Developing and promoting a systematic approach to data gathering and analysis that overcomes siloed decision-making with incomplete information. We will map climate change risk and engagement by geography to identify hot spots.
- **Unlocking Finance:** We will be an 'honest broker' between the industry and financial institutions that unlocks and pools public funding and private finance. Particularly, we will create a pipeline of bankable projects that will be leveraged with additional public/private funding
- **Connecting & Scaling Interventions:** We will provide grants & investments to connect and scale existing large-scale efforts for maximum efficiency and impact.

3 year development plan

Phase 1 - launch & proof of concept

- Transition from interim to permanent governance
- Country profiling in 1 or 2 countries
- Defining criteria to prioritize investments
- Pilot match-making service through existing funds (e.g. IDH, CI, UNIDO, RABO, etc.)
- Feasibility study + fundraising for Decision Support System

Phase 2 - from pilots to scale

- Global DSS system rolled-out
- Match-making service + funding database rolled-out
- Action plan to develop + 1st strike fundraising for 'Special Purpose Vehicle' (SPV)

Phase 3 - Establish GAP SPV

- Extension of CGAP match-making service with dedicated SPV
- Long-term business model established
- Cont'd fundraising for SPV

IDENTIFYING THE 1ST C-GAP PILOT COUNTRY



CEO COMMITMENT as a prerequisite to success

What does it mean to be a 'participant' of C-GAP?

Key components:

- Recognise the need to address climate change in coffee towards economic, social and environmental impact
- Agree on key topics that should be addressed together and commitment to shared action and investment agendas
 - Contribute data
 - Share learnings
 - Common monitoring indicators
- Invest (amount or percentage of profits) in their own supply chains (bankable projects) and in the common (enabling environment / learning) topics
- Co-fund the C-GAP secretariat



Questions and Answers



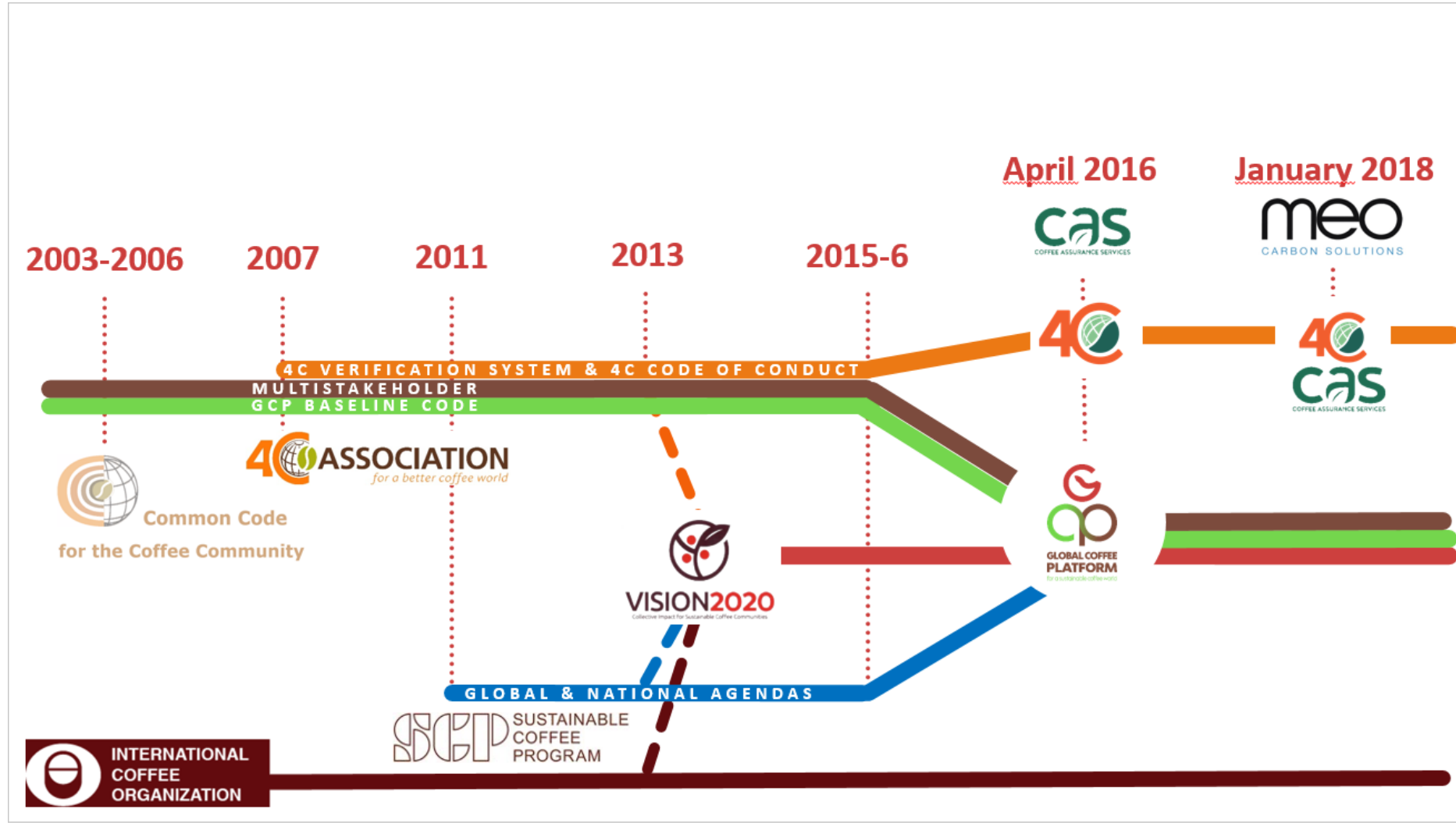


Verification for Sustainable Coffee



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Spin-off from GCP and new ownership of 4C

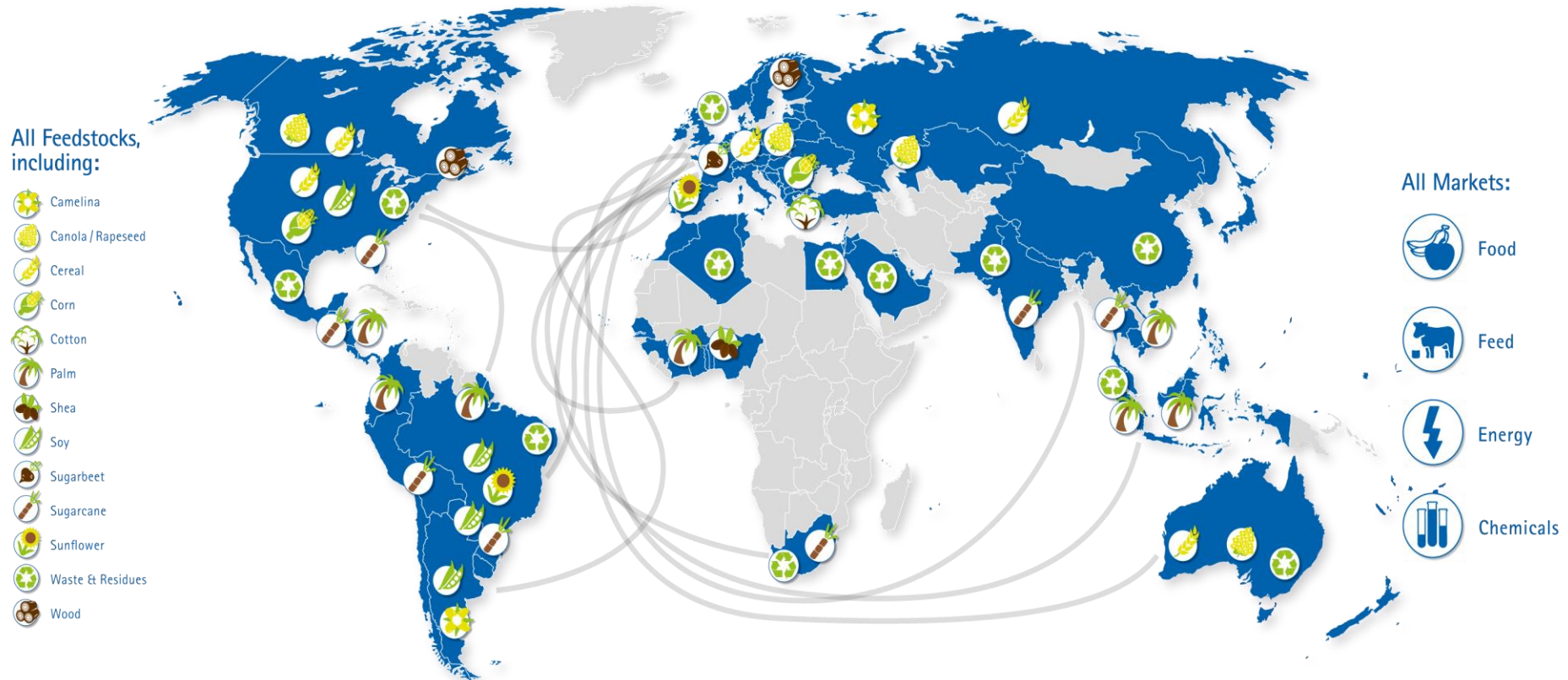


Meo Carbon Solutions has taken over CAS from GCP



- Meo Carbon Solutions (MCS) is an independent management consultancy based in Cologne
- Since several years, sustainability is the core focus of MCS's work:
 - Data collection and Monitoring (e.g. land use change, life cycle assessments)
 - Supply chain implementation (e.g. risk assessments, traceability, certification)
 - Understanding the impact (e.g. policy consulting, market analysis, scenarios)
- MCS works on behalf of public (e.g. EU COM, German Government) and private clients (e.g. Sachsenmilch, EDF Man, OVID, ADM, Bunge, Cargill, LDC, Forum Sustainable Palmoil)
- Comprehensive experience and knowledge available at MCS will be made available for CAS to support the further development of the scheme
- Examples of MCS experience relevant in the context of CAS:
 - Development of International Sustainability and Carbon Certification (ISCC)
 - Global Risk Assessment Services (GRAS)

ISCC is a leading global sustainability certification system



4C Facts and Figures



4C coffee
produced in **28**
countries

500,000+
farmers are
producing 4C
coffee

24 cooperating
certification
bodies

**No cherry
picking** for low
hanging fruits

Implements
**sustainable
solutions** for
the entire sector



Use remote
sensing to
**verify land
use change**

**Effective and
cost efficient**
solutions

14 brand owners
are sourcing 4C
coffee

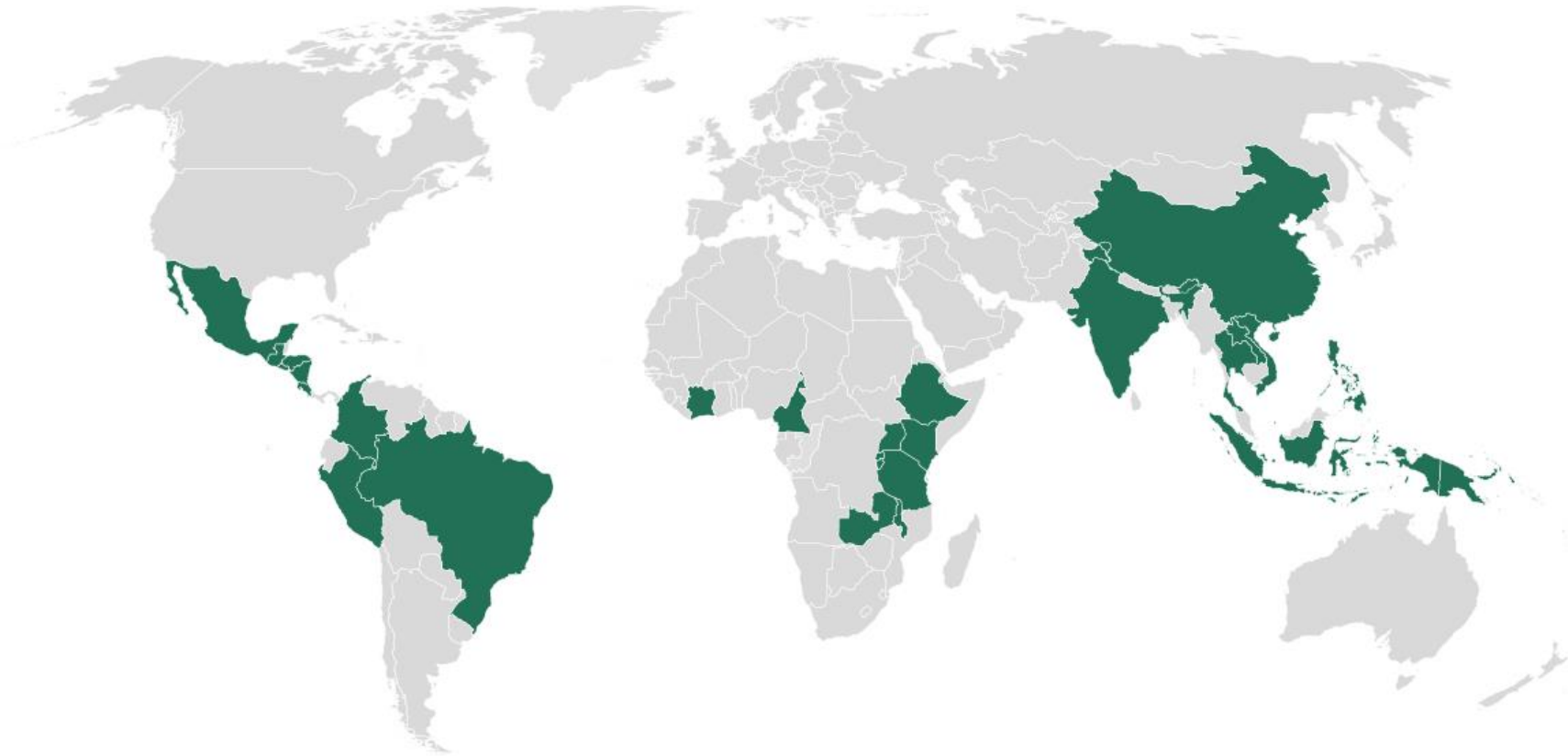
1.7 million
hectares are
covered

2.2 million tons
of green coffee
are certified

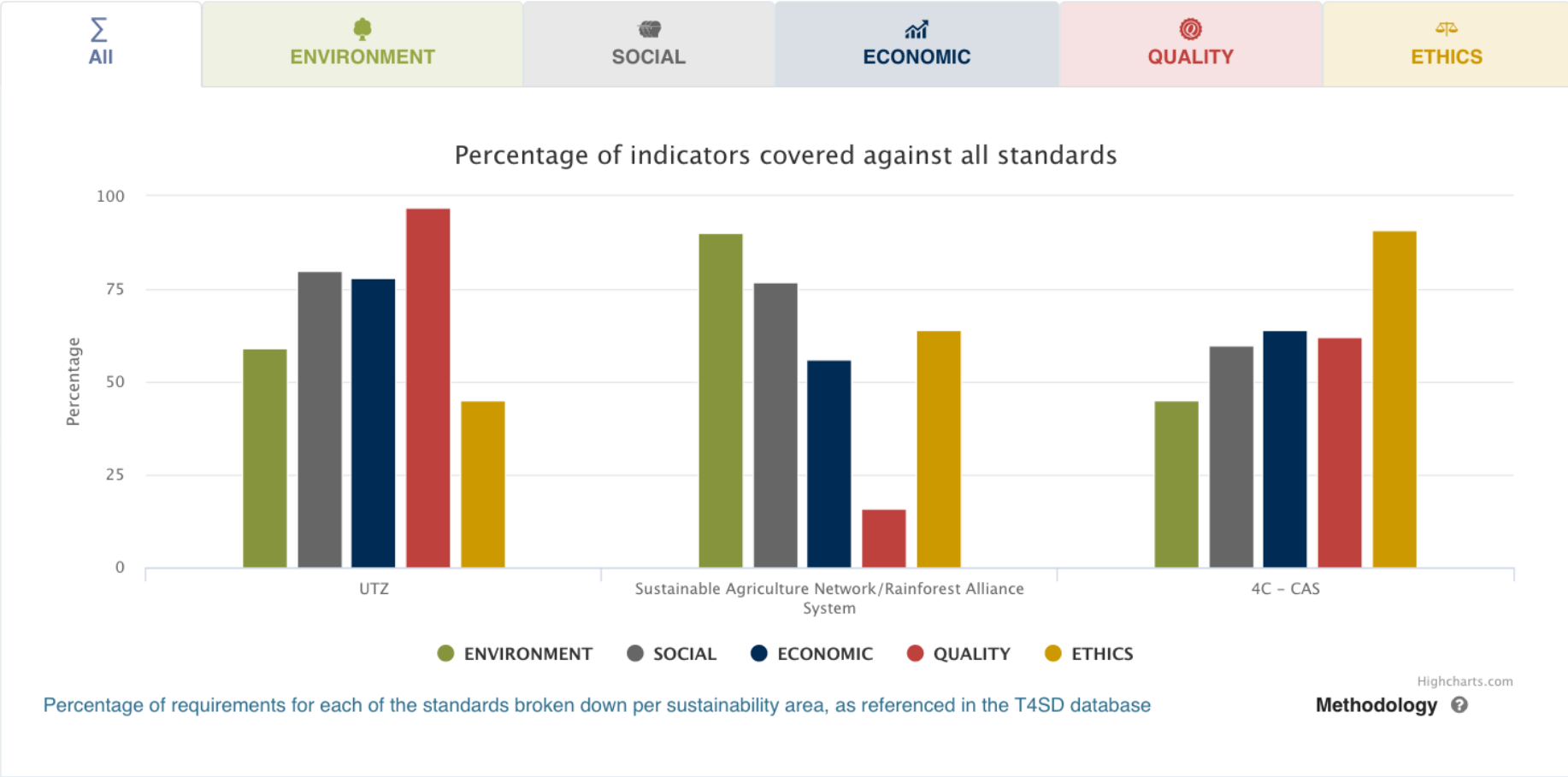
4C supports continuous improvement in the coffee sector



- 4C coffee is produced in 28 countries by more than 500.000 farmers
- 4C is not a “cherry picking” standard for low hanging fruits
- 4C supports and implements sustainable solutions for the entire sector
- 4C is an effective and at the same time cost efficient solution

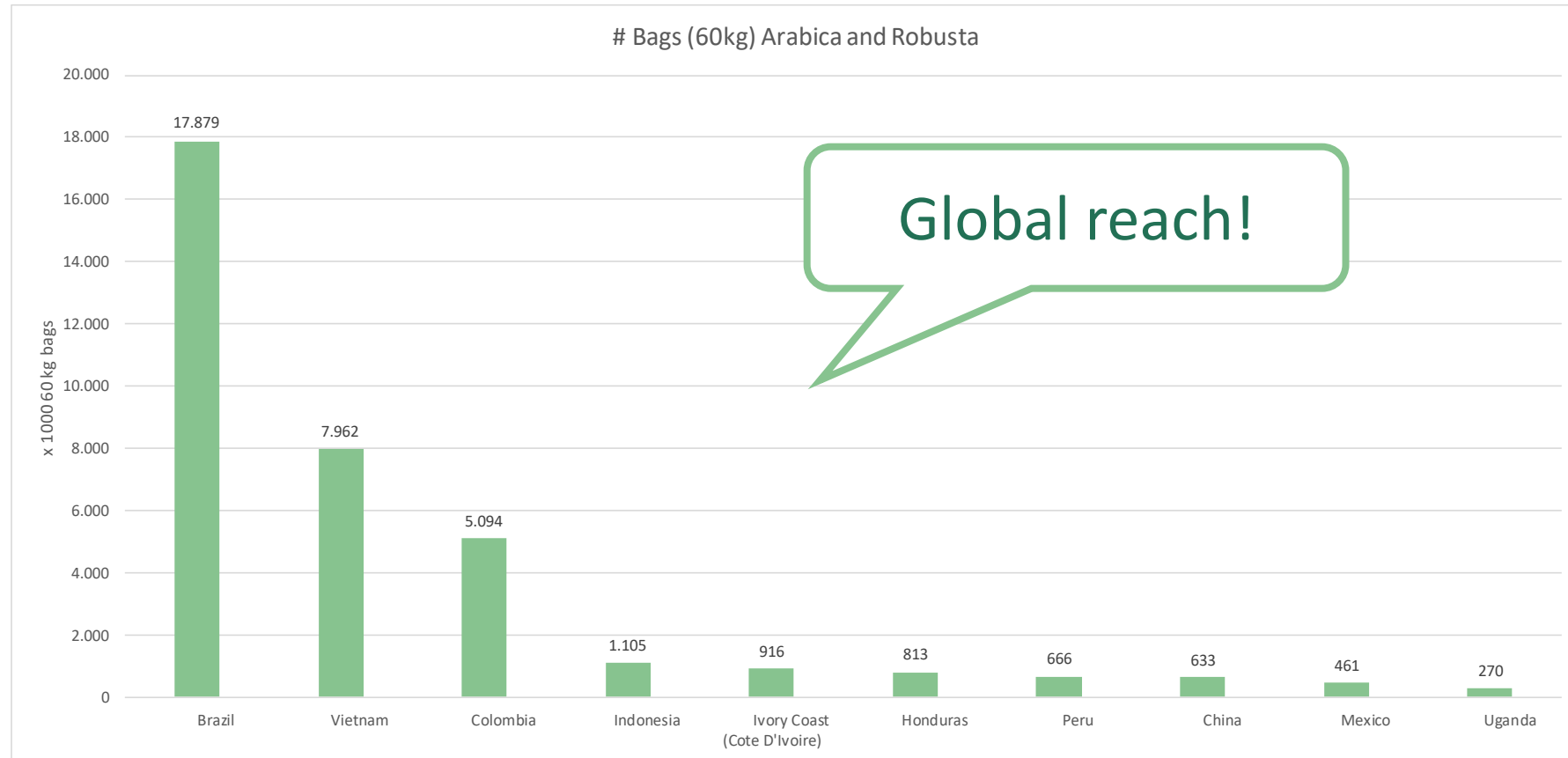


4C is a comprehensive standard with high economic, social and ecological requirements



Source: ITC, Standards Map, www.standardsmap.org

Supply of 4C Coffee – top 10 countries



Growers and cooperatives appreciate the positive impact of the 4C program – Example Colombia



*"I have been always working on our family farm. I never visited a school. As we participate in the certification programs of our cooperative, we received a **water treatment plant**. Being enrolled in the 4C certification program increases our **awareness** and education about the farm and coffee labor."*
Diego Jaramillo Díaz, Los Naranjos, Jardín



*"We run **training and support programs** for the farmers to help them to achieve compliance with the 4C requirements. We also provide **loans** and **subsidies** for investments required. 4C is a comprehensive system ensuring sustainability on the farm. It is comparable with other schemes. It is practical and well recognized in our cooperative and with the participating farms."*

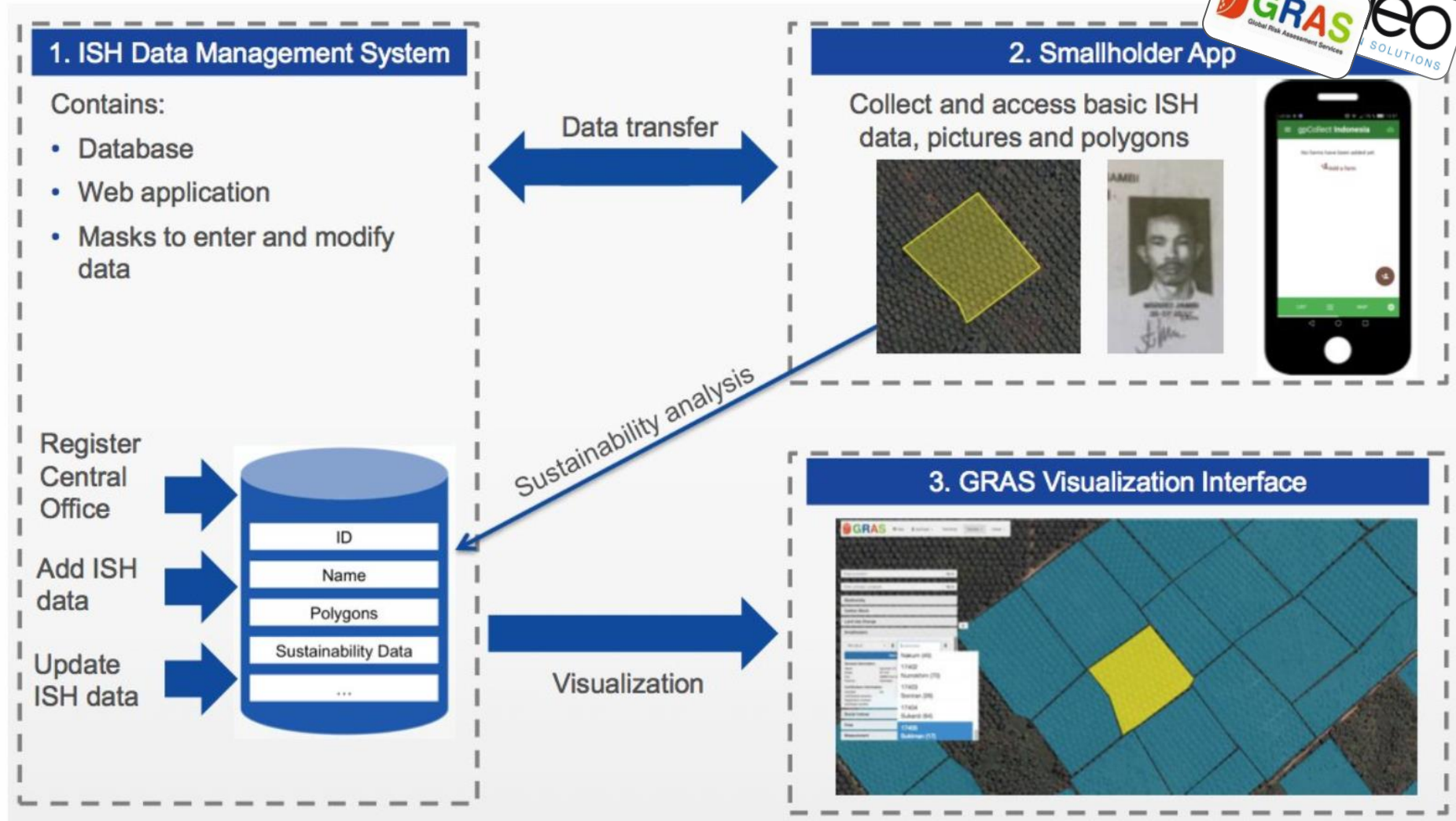
Maria Hernandez, Cooperativa de
Caficultores de Andes Ltda.



*"The 4C program helps us to develop the organization of our fincas and to increase the awareness regarding environmental issues. **Quality of coffee beans** has also been improved. **Fair agreements** with workers have been implemented thanks to 4C."*

Diana Florez, President,
Ubaque UbaCafé Cooperativa

Mobile Apps being developed to support smallholder integration



<https://www.iscc-system.org/about/smallholder-integration-with-iscc/iscc-tools/>

App to collect farmer coordinates and farm outlines during the audit



Field mapping app

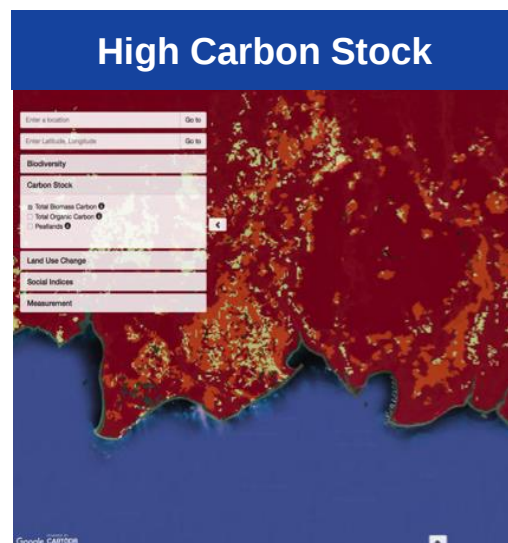
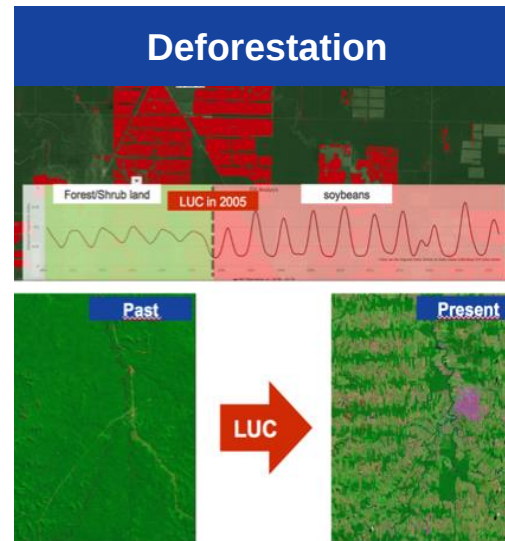
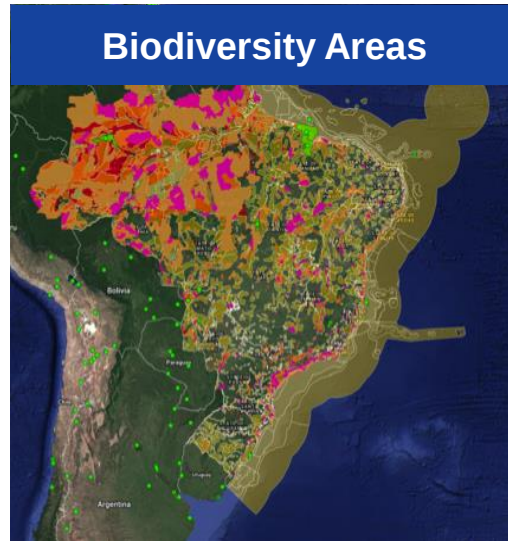


Geo-coordinates are required

- **Longitude and latitude** for each farm
- Field **outlines** to measure the size and central coordinates of the fields

Detailed risk assessment
on farm level

Remote sensing tool for site- & region-specific sustainability risk analysis



**Successful
implementation
and trustworthy
verification of
deforestation-free
supply chains**

More than 60 different biodiversity databases facilitate risk assessments



GRAS Help Login Worldmap Country ▾

Enter a location Go to

Enter Latitude, Longitude Go to

Biodiversity

- ☐ No Go Areas ⓘ
- ☐ Risk Areas ⓘ
- ☒ Ramsar Sites ⓘ
- ☒ National Full Protection Area ⓘ
- ☒ National Sustainable Use Area ⓘ
- ☒ Private Reserve of Natural Heritage ⓘ
- ☒ Florestas públicas ⓘ

Carbon Stock

Land Use Change

Social Indices

Fires

Measurement

Example



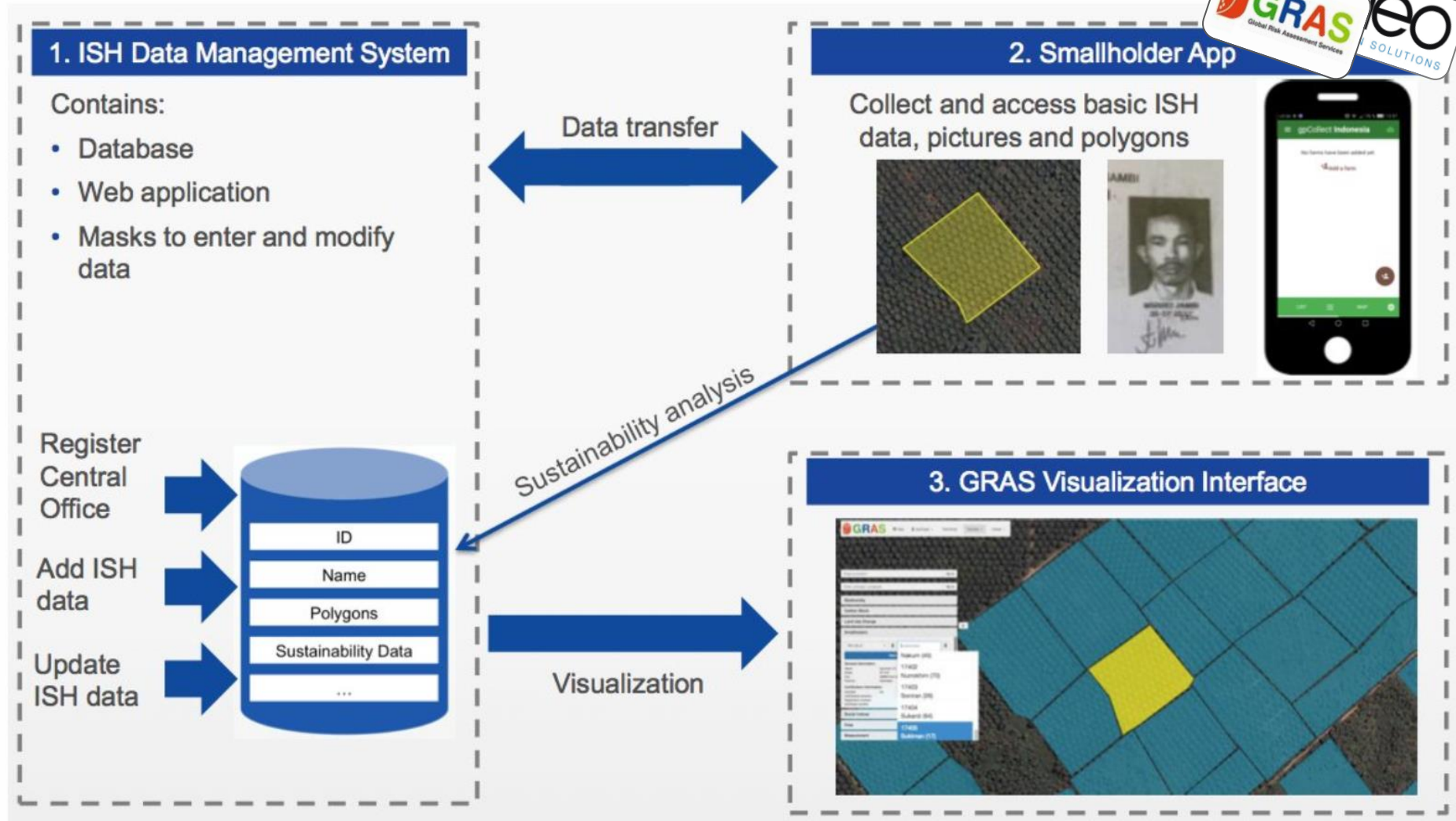
Florestas públicas [more info](#)

Name: Terra Indígena Parque do Araguaia
Original Name: Terra Indígena Parque do Araguaia
Designation: Public Forest
Designation Type: National
IUCN Category: Not Applicable
Area (ha): 1353614
Source: Brasil - Ministerio de Meio Ambiente

Map of Brazil showing various states and cities. The map is overlaid with a grid of colored polygons representing different biodiversity and land use data. The map includes labels for states like MATO GROSSO, GOIÁS, MINAS GERAIS, and BAHIA, and cities like Brasília, Goiânia, and Uberlândia.

Source:
www.gras-system.org

Mobile Apps being developed to support smallholder integration



<https://www.iscc-system.org/about/smallholder-integration-with-iscc/iscc-tools/>

For further information, please contact

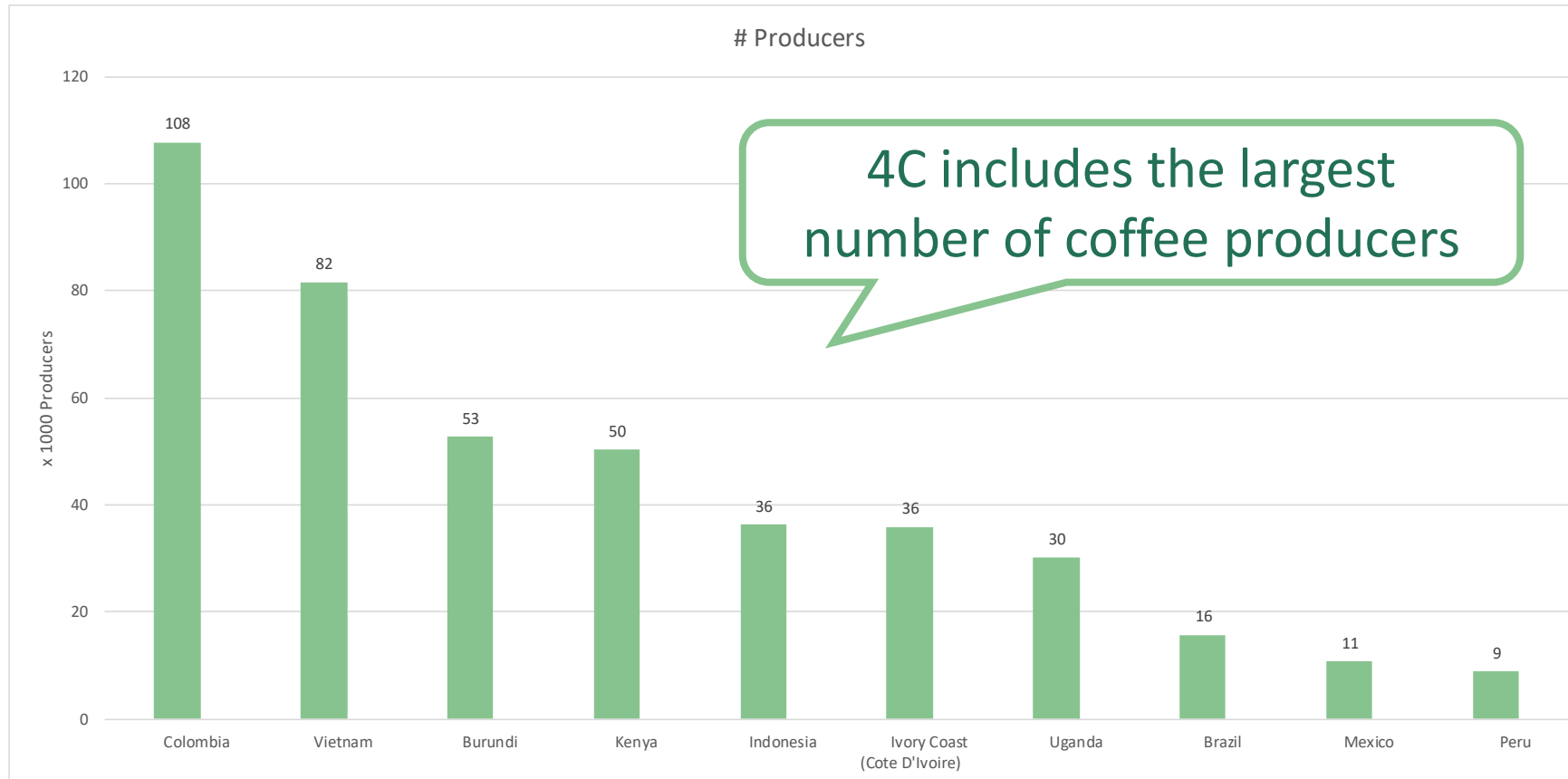
Gustavo Bacchi

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Supply of 4C Coffee – top 10 countries



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