

Coffee&Forests Program.

The EU's regional commitment to zero deforestation in Central America

Kathrin Renner

Regional Cooperation Officer
Delegation of the UE to Costa Rica



Situation in Central America.



General Situation.

- Central America is an important supplier of coffee to EU.
- Low traceability till farm and plot level, still long value chains. Better where farmers are organised, certified or for speciality coffee.
- Little standardisation of different datasets and of efforts of private sector.
- Big coffee producing countries can provide compliant coffee and can be more competitive than some Central American countries and areas. Hence risk for changing supply source.
- Relatively low consolidation and integration of coffee sector. Roasters further from field but responsible for information. Trust in information is key point.

High Diversity.

- Volumes of coffee to EU from Honduras = more than double of the sum of all the volume to EU from CA. % to EU : 60% Honduras (38% to 25% others).
- Honduras only about 40% of farmers organised—role of different levels of intermediaries. Panama, Guatemala and Costa Rica: more speciality coffee.
- Costa Rica has census of coffee farms, but not fully mapped geolocations of plots. Honduras has basis of information system in IH-Cafe but not completed and not adapted to EUDR.
- Legality of land use, coffee production is not clear or appropriate yet in all countries. Other countries in CA will face few problems only.
- Not all countries have a coffee institution.

Situation in Central America.



General Situation.

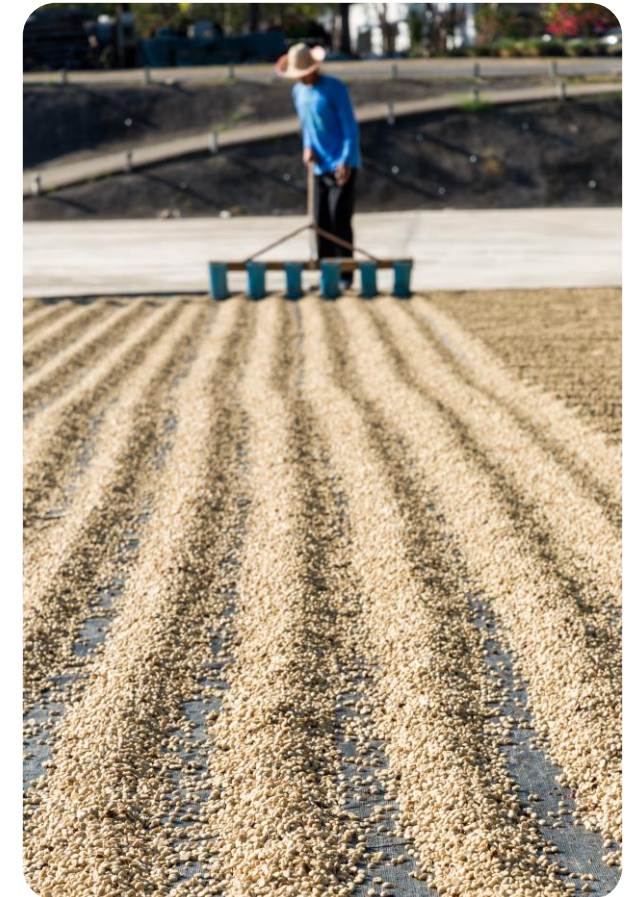
- Difficult and costly to detect agroforestry and deforestation by coffee.
- Low deforestation by coffee after cut-off point in CA.
- Coffee supply chain under threat of climate change, volatile markets, difficult access to labor (picking season).
- In general , almost absence of compensation to farmers for complying with externalities.
- Unclearities about role of public private stakeholders for some aspects of compliance with EUDR

High Diversity.

- Level of shaded coffee is different. Honduras dense agroforestry.
- E.g.: less than 50 plots per country.
- Attention, tests, investments for new varieties differs between the countries.
- Good experiences and systems in Costa Rica, starting in programmes in Honduras.

Regional Programme Coffee EUDR Compliance.

- Is a component of overall sustainable trade facilitation programme.
- 6 SIECA Countries: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.
- €5 mill. EUR (+ 0,5 mill. BMUV), starting early 2024.
- Implemented by GIZ. Facilitation role of Promecafé.
- Capacity development, coordinating, enabling dialogue and cooperation, not a pure 'investment programme'
- Complementary to other regional and national investment programmes.



4 Programme Components.



1. Information and policy dialogue (national, regional, global)—
2 directions.
2. Facilitation of learning on diverse 'early actions' on land usage
monitoring, traceability, standardisation and storage of data + legality.
3. Invest in digital public infrastructure and applications with the
stakeholders.
4. Facilitate partnerships and initiatives to create incentives for farmers and
to valorise the transparency and data for other income sources.

Indicative Key Activities.

- **Component 1.** Information and policy dialogue (national, regional, global)—2 directions:
 1. Develop an upgraded business model for **PROMECAFE** with the objective to close the existing gaps including adapted value propositions matching the expectations of member countries.
 2. Promote a qualified, results-oriented dialogue between **Central American positions with appropriate interlocutors on the European side.**
 3. Facilitate the development of proposals for **public policy reforms** involving key stakeholders of the private sector and civil society for **regional policy harmonization**, highlighting key areas of focus and necessary reforms.

Objectives of Learning Community



- **Component 2.** Facilitation of learning on diverse 'early actions' on land usage monitoring, traceability, standardisation and storage of data + legality:
 1. Learn on implementation of different approaches (operational-strategic) based on a diverse set of early action initiatives (around 20).
 2. Connect stakeholders for complementarities and impact and to increase trust.
 3. Interaction and communication externally with policy makers at all levels and with EU (both ways communication).
 4. Develop joint interests and priorities for joint 'trusted' data and digital public infrastructure.

Indicative Key Activities.

- **Component 3.** Invest in digital public infrastructure and applications with the stakeholders:
 1. Create a governance structure and a business model, including hosting, maintenance, code development, helpdesk for the open-source traceability system, with a focus on equal access (for men, women, all ethnicities) to the traceability system and related decision-making bodies.
 2. Evaluate and systematise experiences at different levels on digital traceability tools for deforestation free supply chains.

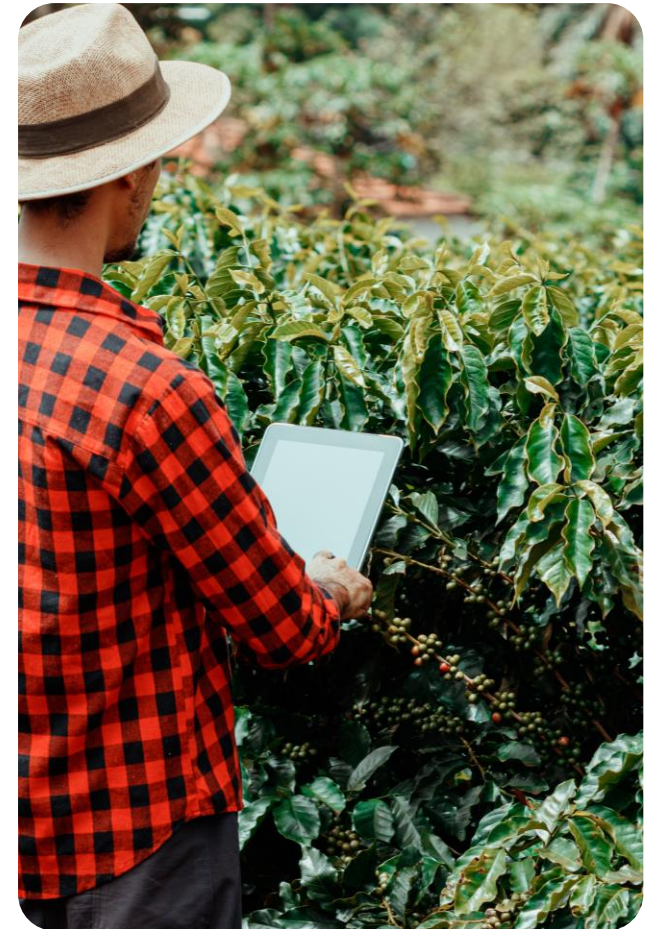
Indicative Key Activities.



- **Component 4.** Facilitate partnerships and initiatives to create incentives for farmers and to valorise the transparency and data for other income sources:
 1. Identify, analyse and document lessons learned and success factors of living income gap reduction strategies and approaches.
 2. Integrate deforestation free production aspects in existing public and private sector living income strategies.
 3. Establish best practices for mainstreaming the use of EUDR-relevant data into corporate credit evaluation, approval and reporting policies.

Approach.

1. Capacity development coffee institutions and/with Promecafé.
2. Facilitation of a regional public-private learning community.
3. Facilitate and support early action initiatives of stakeholders.
4. Invest in joint 'trusted' data and digital public infrastructure.



Cafe&Bosques.

