

Hanns R. Neumann Stiftung

Our Aim:

- Contribute to safeguard a **sustainable and long-term oriented profitable coffee production** which, at the same time, respects nature and the needs of people

Our Mission:

- Support **smallholder farmers** towards being **economically self-sufficient** and acquiring **entrepreneurial skills** that enable them to become competitive in a globalized economy
- Initiate, implement and scale-up best practice projects** in tropical agricultural communities worldwide
- Comprehensively protect natural resources** and to **address the challenges** associated with **climate change and biodiversity**
- Contribute to the **establishment of improved economic, environmental and social framework conditions** on both a national and an international level

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Projects and Partners



- Currently **21 projects** in implementation in **13 countries** (1 project on Cocoa)
- 60,000 farmers and their families** reached directly; number to increase to about 120,000 with new projects in the pipeline
- Quality and outreach of work** assured by cooperation with development organisations, NGOs, governments, coffee institutes, coffee roasting and food companies
- Value of activities currently about **EUR 3.5 mln per year** of which **EUR 1.8 mln** donor support and **EUR 1.5 mln** private sector contributions

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Sustainable Commodity Initiative

Better living for all – sustainably

GAP Analysis

- EDE-IISD-USAID Partnership
- Main objective: To identify and quantify the changes and procedures required for smallholder farmers to reach "technical compliance" with mainstream sustainability standards.**
 - Conducted farm audits and workshops across El Salvador, Brazil and Uganda
 - Standards considered: Rainforest Alliance, Utz Certified, 4Cs, NKG and SAI Platform
 - Identification of gaps between existing practices and practices compliant with standards; estimate of associated costs

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Results – Social Dimension

| Category | Espirito Santo | Cuscatlán | Bigasa |
|--------------------------------|----------------|-----------|--------|
| Freedom of Association | 3 | 3 | 3 |
| Adult Literacy | 2 | 2 | 2 |
| Living Conditions | 2 | 2 | 2 |
| Occupational Health and Safety | 2 | 2 | 2 |
| Working Hours | 2 | 2 | 2 |
| Written Contracts | 2 | 2 | 2 |
| Forced Labour | 1 | 1 | 1 |
| Child Labour | 1 | 1 | 1 |
| No Discrimination | 2 | 2 | 2 |

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Results – Ecologic Dimension

| Category | Espirito Santo | Cuscatlán | Bigasa |
|---------------------------------|----------------|-----------|--------|
| Shade | 3 | 3 | 3 |
| Conservation of Wildlife | 3 | 3 | 3 |
| Agrochemical Use (Toxicity) | 2 | 2 | 2 |
| Agrochemical Application | 2 | 2 | 2 |
| Agrochemical Storage | 2 | 2 | 2 |
| Soil Fertility | 2 | 2 | 2 |
| Use of Organic Matter | 2 | 2 | 2 |
| Conservation of Water Resources | 2 | 2 | 2 |
| Waste Water Management | 2 | 2 | 2 |
| Waste management | 2 | 2 | 2 |
| Energy Use | 2 | 2 | 2 |

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Results – Economic Dimension

| Category | Espirito Santo | Cuscatlán | Bigasa |
|-------------------------|----------------|-----------|--------|
| Management Plan | 2 | 2 | 2 |
| Market Information | 2 | 2 | 2 |
| Product Quality | 2 | 2 | 2 |
| Economic Sustainability | 2 | 2 | 2 |

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GAP Analysis: Cost of Compliance

| Case Study Region | Espirito Santo | Cuscatlán | Bigasa |
|---|----------------|-----------|--------|
| Average Coffee Area (ha) | 10.00 | 1.75 | 0.35 |
| Average Total Production (kgs green coffee) | 12000.00 | 1200.00 | 150.00 |
| Annual Maintenance Cost (USD) | 175.00 | 126.00 | 88.50 |
| Annual Opportunity Cost (USD) | 2160.00 | 45.00 | 0.00 |
| Transition Cost-Capital Investment (USD) | 415.00 | 372.00 | 258.30 |
| Transition Cost – Training (USD) | 29.18 | 26.80 | 21.60 |
| Total Cost - Year 1 - without opportunity cost (USD) | 619.18 | 524.80 | 368.40 |
| Total Cost - Year 1 - with opportunity cost (USD) | 2779.18 | 569.80 | 368.40 |
| Total Annual Depreciated Cost (USD) | 2379.42 | 210.88 | 135.93 |
| Annual Depreciated Cost - without opportunity cost (USD per Quintal green coffee) | 0.84 | 6.32 | 35.72 |
| Annual Depreciated Cost per Quintal - including opportunity cost (USD per Quintal green coffee) | 9.12 | 8.03 | 35.72 |

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- ### GAP Analysis Conclusions
1. Size matters: There is a need to strengthen producer organization (in order to reduce transaction costs in attaining compliance)
 2. There is a need to provide capacity building for improved environmental management and monitoring on at the farm level
 3. There is a need for direct training capacity building at the farm level of specific best practices (production practices; appropriate use of agrochemicals and pesticides)
 4. There is a need to improve access to finance for smallholders (to meet initial transition costs)
 5. There is a need for a better integration of farmers into the coffee market (supply chain partnership)

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- ### GAP Analysis Conclusions
6. There is a need for information on the Costs and Benefits of such practices over the long term (micro and macro level)
 7. There is a need for assessing experiences from ongoing project work for further developing tools, instruments and approaches (efficiency and outreach)
 8. There is a need for specifying roles of key stakeholders from the public (government authorities, development organisations) and private sector (trade and industry)
 9. There is a need for upgrading support structures in producing countries
 10. There is need for supporting the work of prominent initiatives for facilitating know-how transfer to/in/amongst producing countries and farmers