

Time to wake up

Why a holistic approach is needed to tackle sustainability challenges in the coffee sector

This paper gives an overview of key environmental and human rights issues in the coffee sector. It aims to provide information on current trends as well as to develop concrete ideas about how to transform the coffee sector into a more sustainable model. Finally, an interview with Paula Mejía from Neumann Kaffee Gruppe further affirms the first part of the paper and provides practical insights to build more sustainable supply chains.

Introduction

Coffee is one of the most consumed beverages in the world. The majority of the world's coffee is being consumed in Europe and the U.S.; In Italy, the coffee consumption per year is on average 5.8 kilogram per capita,¹ the coffee consumption in Sweden amounts to more than 12 kilograms,² and an average person in the U.S. consumes 363 cups yearly, while an average person in China only drinks 3 cups a year.

Nonetheless, the demand for coffee has been growing steadily for some years now, especially in Southeast Asia. Global coffee consumption was provisionally estimated at 161.93 million bags in 2018, led by an increase of 3.1% since 2017 equalling 35.9 million bags as a result of Asia & Oceania's rising consumption patterns.³ If this trend continues, the demand for coffee in 2050 could be about two to three times as high as it is today.⁴

Regardless of the different consumption habits, when taking a look at the entire coffee value chain, i.e. from growing the coffee plant in Colombia to enjoying a cup of coffee in an office somewhere in Europe, it becomes clear there are many different people involved in the production process.⁵ Coffee is being cultivated in around 70 countries along the "bean belt". After crude oil, it is one of the most traded raw materials.⁶ A recent publication by Enveritas, a non-profit striving towards ending poverty among smallholder coffee growers estimates there are 12.5 million coffee farms globally.⁷

The largest exporter is Brazil (mainly Arabica) which supplies about 40% of the global market, followed by Vietnam (mainly Robusta).⁸ In Brazil, coffee cultivation is strongly industrialised, while in all other countries small-scale farming structures predominate. In total, around 70-85% of

coffee originates from smallholder production, which is usually organised in various forms of coffee cooperatives.⁹

Although coffee is a sought-after commodity with a long tradition, the sector is facing various economic, social and ecological challenges in the producing countries. Periodic price declines, lately caused by the flooding of the market with industrially grown coffee from Brazil, combined with an ongoing fall of the Brazilian currency, have led to a situation where many coffee growers in other countries abandon their farms to find a job elsewhere¹⁰ – many of them seeking asylum in the U.S.¹¹ Experts largely agree that the current production structure does not guarantee sufficient availability and quality in the future.¹²

In order to develop strategies for the long-term success and sustainability of the coffee industry, it is essential to take a look at its points of origin. This is where fundamental challenges can be found and where companies and other actors should use their leverage to have a positive impact.

The situations in the producing countries are as diverse as the countries themselves. Nevertheless, two major developments that present the coffee trade with an uncertain future can be identified in all regions: climate change and the ongoing precarious living conditions of the majority of coffee farmers.

Since the coffee crisis in 2002,¹³ various initiatives have emerged to make coffee production fairer and sustainable and corporate engagement with traders and roasters in origin countries is on the rise. Overall, however, far greater efforts are needed to secure the future of the global coffee sector, as the current coffee crisis shows.¹⁴

Challenges in the coffee sector

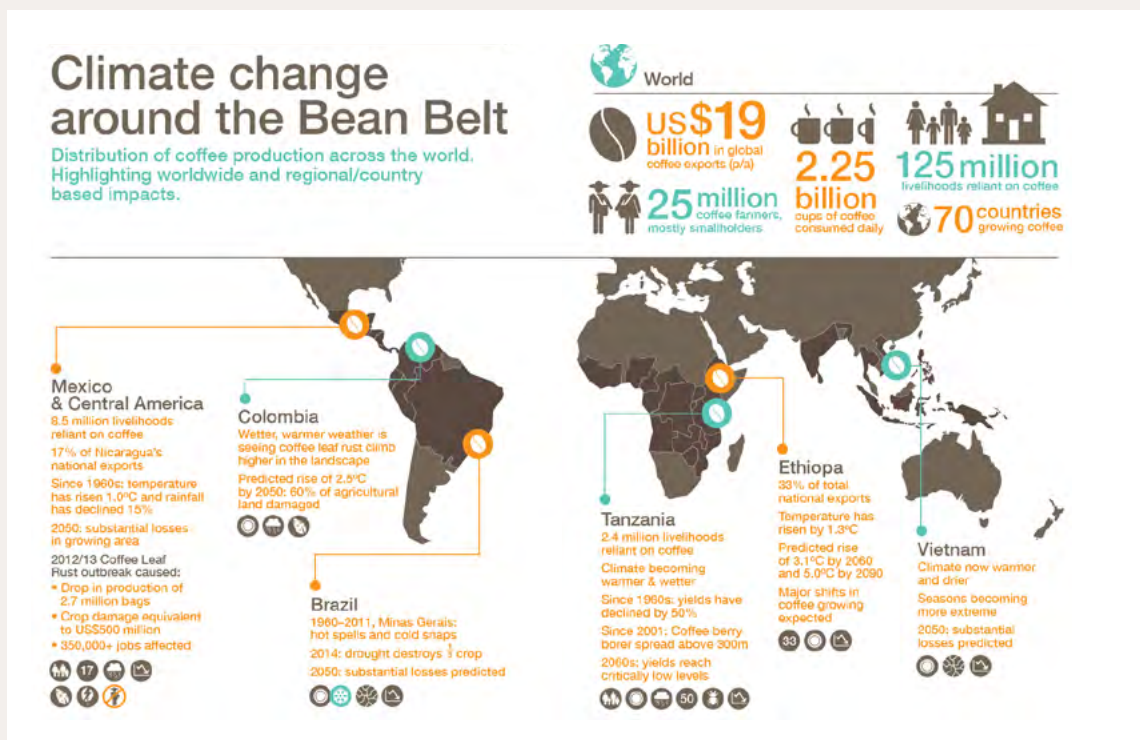
Environmental challenges

Coffee cultivation has been associated with ecological challenges for many years. Growing and processing the coffee cherries requires a lot of water. In many regions, this leads to water shortages and therewith associated disputes with neighbouring communities.¹⁵ As a result of it being cultivated mainly in monocultures, *sun grown* coffee in particular leads to – aside from the high water consumption – a decrease in soil quality and biodiversity as well as reduced resistance of coffee plants to disease and vermin. These challenges are met with the use of fertilisers and pesticides, which are often of inferior quality due to a lack of resources and are often overused due to a lack of knowledge. This further deteriorates the ecological status of the affected areas.

These phenomena are exacerbated by the consequences of climate change. In recent years, global average temperatures have been on the rise and extreme weather events, including flooding, heat waves, droughts and frost, have become more frequent in many regions.

The increasingly more extreme weather patterns are facilitating the spread of diseases (e.g. coffee rust) and parasites (e.g. coffee borer beetles).¹⁶ Furthermore, such developments lead to many regions becoming unsuitable for coffee cultivation. According to scientific estimates, climate change could lead to an overall reduction of up to 50% in the areas suitable for coffee cultivation worldwide.¹⁷ While Arabica is predominantly cultivated in higher altitudes, e.g. in Brazil, Colombia and Ethiopia, Robusta is more suitable for low and humid altitudes, e.g. in Vietnam, Indonesia and Uganda. These zones are shifting as a result of climate change, which will lead to increased deforestation as most of the suitable growing areas will be located in tropical forests.¹⁸ The progressive deforestation will not only lead to a loss of biodiversity, including older coffee varieties, but will further intensify the impacts of climate change. These developments make the cultivation of coffee even less predictable for farmers. Climate adaptation strategies, such as the cultivation of other species, are associated with considerable investment costs which usually cannot be met by the farmers alone.¹⁹

3



Source: "A Brewing storm: The climate change risks to coffee", The Climate Institute, Australia, 2016.

15 Specialty Coffee Association (SCAA), A blueprint for water security in the coffeelands (2015) | 16 Natural Resources Institute, University of Greenwich, Coffee and Climate Change (2012)
17 The Climate Institute, A Brewing Storm: The climate change risks to coffee (2016) | 18 Conservation International, Coffee in the 21st century (2016) | 19 The Climate Institute, A Brewing Storm: The climate change risks to coffee (2016)

Human rights challenges

Closely linked to the ecological challenges described above, are the social and human rights aspects of coffee cultivation. At every stage of coffee production, countless people ensure that a plant seedling becomes a freshly brewed cup of coffee.

The global coffee market is very competitive and value creation is extremely unevenly distributed between producer and consumer countries.

Around 74% of the coffee grown worldwide is exported, mainly to Europe, the U.S. and Asia. According to estimates by the International Coffee Organization (ICO), this was associated with a total industry added value of around US\$ 200 billion in 2015. “Total coffee exports increased each year since 2010/11 with a new record reached in 2017/18 at 121.86 million bags, 2% higher than 2016/17”.²⁰

Although most of the work is carried out in producing countries, only a fraction of the value remains there; the incomes of the coffee farmers, exporters and participating government organizations combined represents just 10% of the total value created – approximately US\$ 19.2 billion in 2015 according to the ICO.²¹

Paradoxically, the growing demand for coffee does not lead to an increase in world market prices; Instead, the world market price for coffee has effectively fallen by about 2/3 since the 1980s, while farmers' real wages have roughly halved during this time.²² This unequal distribution leads to, among other things, the fact that the cultivation of coffee does not suffice to secure the livelihoods of smallholder farmers. Although farmers bear most of the risks, the world market price for coffee is on average too low to provide coffee farmers with sufficient livelihoods according to the ICO.²³

The consequence is that a large number of coffee farmers can't enjoy their fundamental human rights e.g. the right to food, the right to an adequate standard of living, the right to education or the right to health.

Many coffee farmers worldwide live in poverty,

with a lack of educational opportunities, inadequate health care and, overall, inadequately developed infrastructure in coffee producing regions. Research also shows that coffee farmers around the world are facing a high risk of suffering from seasonal hunger and malnutrition.²⁴ In addition, there is a lack of access to agricultural trainings and business-relevant knowledge on issues such as climate data or world market prices.²⁵

This in turn influences production volumes and quality. Since production costs often exceed revenue, many farmers have insufficient financial resources to invest in modern cultivation methods, new trees, high-quality fertilisers and plant protection.

The precarious conditions furthermore lead to dependencies and exploitative conditions. Coffee harvesting is often performed by day labourers, which are considered to be at a high risk of human rights violations, including the lack of occupational safety, child labour and forms of modern slavery.²⁶ Moreover, harvesting coffee is a physically demanding activity and can have a major impact on workers' health.

Where the cultivation of coffee does not promise a better future, younger generations are looking for more secure sources of income and thus migrate to the cities while older coffee farmers are left behind. This leads to the ageing of many coffee communities and to uncertainty as to who will continue the coffee production in the future. At the same time, more and more farmers are opting for a complete switch to alternative agricultural products that promise a higher and more stable income. Depending on the country-specific conditions, these may include mangos, peanuts, coca leaves or the production of charcoal.²⁷

Summarized, three factors are likely to have an impact on the scarcity of coffee as a raw material: firstly, the excessive worldwide consumption with a rising demand e.g. in Asia, second, the reduction in suitable areas for coffee cultivation due to climate change and third, the precarious living conditions of coffee farmers.

²⁰ International Coffee Organization (2018) | ²¹ World Intellectual Property Organization (WIPO), *The powerful role of intangibles in the coffee value chain* (2017) | ²² Hivos, *Coffee Barometer* (2018) | ²³ International Coffee Organization, *Assessing the economic sustainability of growing coffee* (2016) | ²⁴ Specialty Coffee Association (SCAA), *Food Security and Coffee: Ending Seasonal Hunger* (2018) | ²⁵ Danwatch, *Bitter Coffee. Slavery-like Working Conditions and deadly Pesticides on Brazilian Coffee Plantations* (2016) | ²⁶ Verité, *Coffee Project Website* (2018) | ²⁷ International Coffee Organization, *Future coffee farmers – the challenge of generational change in rural areas in African countries* (2016)



What companies can do – a holistic approach

Because of these complex challenges, coffee roasters, coffee buyers and coffee producers would have to develop a holistic approach if they want to address the root causes of today's unsustainable coffee sector.

Understand the context and find ways to have a positive impact

The responsibility of changing the conditions under which coffee is being produced lies with both states and companies.

According to the UN Guiding Principles on Business and Human Rights (UNGPs), states have the duty to protect human rights and define businesses' responsibilities to respect human rights. This means that companies have to make sure that all people working in their supply chain or those of their business partners can enjoy their human rights. This also applies to cases where the state does not fulfil its duty to protect.

While at first sight it seems an overwhelming task, a well-functioning due diligence process can help to identify key issues and to address them in a meaningful way together with other actors along the supply chain.

As a first step, we recommend conducting a risk analysis. That means mapping the main countries supplying your coffee to gain a better understanding of the context and the human rights that are more likely at risk. Furthermore, it is important to understand what the main environmental challenges and needs for improvement in farming practices are.

As a second step, risks should be prioritized according to their severity. It is important to bear in mind that the focus of the risk assessment are the rightsholders – the people involved in and affected by the production of coffee.

It is key to deeply understand the regional socio-economic context in order to address root challenges in a meaningful way. It is recommended to ask for external consultancy and include local experts in this assessment.

As a third step, you should develop specific measures to address the identified key issues. Some might be part of your own leverage; others might require a broader engagement together with other actors. Our work with clients shows that some creativity might be required in order to increase the company's leverage and really make a difference.

Once the measures have been developed, a performance tracking system should be used to analyse whether the measures are really improving the human rights situation of coffee farmers. Tracking performance can also help companies communicate risks and improvements, both internally and externally.

Develop an impact-oriented set of measures

Be transparent

Transparency on price structures plays an important role in shaping the coffee market sustainably. At present, the various players along the value chain often do not know how much the farmer, middleman, roaster, retailer etc. has received for his or her work. To address this issue, there are numerous initiatives for price transparency in coffee value creation, especially in the premium segment, e.g. the platform Algrano.²⁸ These developments are made possible, among other things, by the increasing digitalisation of the coffee market.²⁹

Engage at the origin

There are various approaches and research projects to address climate change and its consequences. The main objectives of such projects are above all to improve and secure the yield of the farmers' land in order to improve their financial situation and to ensure the availability of green coffee. This already existing knowledge should be used to achieve more sustainable and human rights friendly cultivation practices. The approaches chosen by companies, NGOs and multi-stakeholder initiatives to do so are diverse and range from holistic strategies to specific projects:

- It is key, to carry out specific analyses of the risks and impacts of climate change in selected localities and coffee communities.
- Another central element is the financing and implementation of training courses for farmers in "Good Agricultural Practices" for coffee cultivation. The focus here is on sustainable cultivation methods, such as shadow economy, protection of biodiversity, water treatment or soil health.
- The breeding and use of coffee varieties that are resistant to extreme weather events, diseases and pests is also becoming increasingly important. Particularly relevant are "old" coffee

varieties and so-called forest coffee, which can still be found, for instance, in Ethiopia, the birthplace of coffee. A report of the Climate Institute and Fairtrade shows that the gene pool of these species is regarded as crucial for the adaptation to climate change.³⁰ Yet, many species are threatened with extinction through deforestation.

- Another important aspect is the financing – i.e. the granting of micro-credits for investments in – climate adaptation and sustainable cultivation methods. A recent example is the NKG BLOOM initiative.³¹ Find out more about the initiative in an interview with Paula Mejía on page 9 of this report. Moreover, access to insurance, for example against weather-related crop failures, also plays an important role for coffee farmers.
- Fostering the sustainable development of coffee communities through support in sustainable entrepreneurship and sustainable livelihood e.g. through improvements in education, infrastructure and healthcare is also relevant

²⁸ [Algrano Website](#)

²⁹ [Moyee Website](#)

³⁰ [The Climate Institute, A Brewing Storm: The climate change risks to coffee \(2016\)](#)

³¹ [NKG Bloom Website](#)



Pay stable prices and build long lasting business relations

Since the coffee crisis in 2002, NGOs in particular have been calling for a stronger regulation of global coffee prices. This is based on the assumption that only an appropriate and stable price can secure the livelihood of coffee farmers.³²

At present, the coffee business is characterised by a fierce price competition and speculative elements.³³ Also, the stock exchange price for coffee is currently lower than the production costs.³⁴

Experts say that especially investment funds, betting on falling prices, create a market dynamic that undermines sustainable business developments.³⁵ As an answer to the current coffee crisis, Colombia is, for instance, exploring ways to make their coffee market more independent from the stock exchange prices for Arabica in New York.³⁶ This is currently done by promoting specialty coffee production within the country, leading to price stabilization since many coffee brands are depending on these higher-quality coffee beans.

Moreover, direct and continuous relations between buyers/traders and farmers/cooperatives are an important instrument to guarantee farmers with more planning security through stable prices. Particularly in the premium sector, companies are increasingly focusing on lessening unequal power distribution through trading directly whenever possible.³⁷ Since a decent income for farmers seems to be key, it is crucial to understand how much a family at the origin needs to make a living and how this income can be generated. Some valuable guidance can be found in the discussions around the concept of living income.

Tackle challenges together with others

Many of the human rights issues within the coffee sector are endemic and systemic. To address these, strong leverage, significant resources and diverse capabilities are needed.

To reach sustainable solutions, it is important that all players involved exchange experiences and good practices. That also means collaborating with possible competitors, specifically when sourcing from the same regions. Sustainable solutions also require a constant collaboration with local NGO's, communities, rightsholders, local governments, producers and buyers. Helping producers become more resilient is the best way to meet global demand in the medium and long term. Examples of such initiatives and global platforms are:

- A) [The Global Coffee Platform \(GCP\)](#)
- B) [IDH- the sustainable trade initiative](#)
- C) [The Sustainable Coffee Programme](#)
- D) [Sustainable Coffee Challenge \(SCC\)](#)
- E) [Specialty Coffee Association \(SCA\)](#)
- F) [Sustainable Harvest Relationship Coffee](#)

³² [IDN-InDepthNews, There's Only One Way Out of the Global Coffee Crisis: Pay More \(2019\)](#)

³³ [The Guardian, Food speculation: 'People die from hunger while banks make a killing on food' \(2011\)](#)

³⁴ [BBC, How the 2019 coffee crisis might affect you \(2019\)](#) | ³⁵ [Deutsche Welle, Colombian coffee growers retreat from New York market amid falling prices \(2019\)](#) | ³⁶ [Deutsche Welle, Colombian coffee growers retreat from New York market amid falling prices \(2019\)](#)

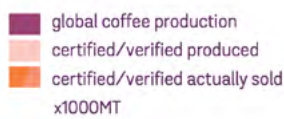
³⁷ [Sustainable Brands, How Rebalancing Power Dynamics Can Create More Sustainable Value Chains \(2019\)](#)



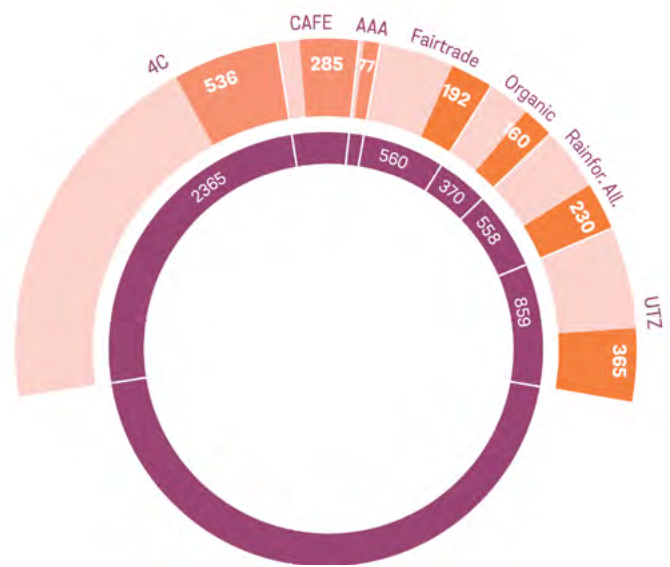
Use certification schemes only for mainstreaming more sustainable practices³⁸

In recent years, roasters and brands have promoted the purchase of certified and verified coffee in order to make a contribution to sustainable developments, particularly in the mass market. Some companies also use their own standards, such as Nestlé's AAA programme³⁹ or Starbucks' C.A.F.E. Practices.⁴⁰

Figure 5: **Global market share and demand VSS in 2017**



Source: [Coffee Barometer 2018](#), Conservation International, COSA, Hivos, Oxfam Weredkels, Solidaridad, 2018.



The benefits of these systems are often debated. In many places, certification has led to increased productivity and revenue. Farming practices have also been improved, thereby reducing negative environmental impacts. Furthermore, many farmers have organised themselves as a result of the programmes and have joined forces in cooperatives. Overall, this has increased the awareness of sustainable coffee farming practices.⁴¹

Nonetheless, various studies suggest that none of these systems are sufficient to address the environmental and social challenges of coffee cultivation in a way that secures the future of sustainable coffee trading.⁴² Critics of the certifica-

tions complain that the farmers have to bear the costs without adequate countervalue. In light of the diversity and variety of requirements of labels, it is increasingly difficult to convince farmers to join a particular certification system. A further point of criticism is the lack of transparency, because many farmers themselves do not know at what price their coffee will ultimately be sold on the stock exchange or in the supermarket. This weakens their negotiating position. Additionally, the certification business would create new dependencies, as the trading houses could decide who is to be certified. Finally, compliance with the requirements is very difficult to check.⁴³

Outlook: Be innovative – rethink “business as usual”

So far, none of the above described measures has been enough to transform the coffee sector into a sustainable business as a whole, as the current coffee crisis shows. That means that further efforts, willingness, and creativity is needed. No approach is perfect, but not taking action is simply not acceptable anymore.

We highly recommend starting an open and honest dialogue and initiating collaborative efforts with people within your company, your competitors,

critical NGOs, coffee farmers themselves, consumers, governments and other relevant stakeholders. Bring people together to gain new insights, to understand the specific needs and to develop approaches outside the box.

Discuss new and innovative strategies that transform the coffee business into a business that improves people's lives – from those planting the seedling to those enjoying a cappuccino during their coffee break in Europe, Asia or elsewhere.



³⁸ Specialty Coffee Association (SCAA), [Sustainable Coffee Certifications. A comparison matrix \(2009\)](#) | ³⁹ Nespresso Website | ⁴⁰ SCS Global Services, [STARBUCKS C.A.F.E. PRACTICES](#) | ⁴¹ Hivos, [Coffee Barometer \(2018\)](#) | ⁴² Center for Global Development, [What Are We Getting from Voluntary Sustainability Standards for Coffee? \(2018\)](#) | ⁴³ Stanford Social Innovation Review, [The Problem With Fair Trade Coffee \(2011\)](#)

Interview with Paula Mejía,

**Program Manager
at the Sustainable Business Unit
Neumann Kaffee Gruppe**



In September 2019, we interviewed Paula Mejía, who is Program Manager at the Sustainable Business Unit of Neumann Kaffee Gruppe (NKG). Paula told us about her perspective on the future of sustainability in the coffee sector and about the sustainability approach of NKG BLOOM.

Q 1. From your perspective, what are the main human rights challenges in the coffee sector? And how did they change over the past 20 years?

The biggest challenges in the coffee today are the vicious circle of poverty at farmer level and the human rights violations that result from that; low investments lead to low productivity, to low quality and low incomes, which leads again to an inability to invest and the cycle perpetuates. Eventually, the lack of sufficient income is closely connected to poverty and other human rights aspects. Coffee production for most of the farmers does not allow for a decent standard of living, for access to food and education, for adequate housing, etc.

One of the major developments in the coffee sector over the past century was the amendment of the international coffee agreement in 1989, which had thus far regulated export quotas to maintain a stable coffee price. Without an extended agreement, producing countries lost most of their influence on the international market, which led to a liberalization of the coffee market. The first five years after the break down of the agreement the coffee prices collapsed from \$1.34 to \$0.77 per pound. As such, the value share of 20% with smallholders before the amendment lowered down to 13% after the amendment.⁴⁴ Coffee prices still today are at a level where many smallholders struggle to break-

even or make a positive net income, even after a long and hard year of working every day.

The emergence of certification schemes at the end of the 80's and beginning of the 90's has had a positive impact on certain practices for environmental protection, as well as on health and safety in the workplace. Nonetheless, certifications have had little effect on smallholders' ability to make a living income, since the premium from certifications tends to be very small and the general certification concepts are not looking at living income for farmers as part of their definition of sustainable coffee.

Q 2. Why is it so difficult to transform the coffee sector into a sustainable model?

The key issues here are the shared value for smallholders in the supply chain and their capacity to make a living income from the coffee business. Consumption is growing, but earnings of smallholders do not reflect this. Incomes thus far are not feasible to both sustain businesses and feed families. Smallholders do not have the financial means to get out of poverty, and hence it is difficult to think of sustainability practices to improve their business. Moreover, as hinted at previously, the very definition of sustainable coffee today has lacked the integration of the living income for farmers as a criterion within their sustainability requirements. Hence the importance to implement more sustainable strategies that enable farmers to realize their full potential and escape poverty. Today, more than 90% of the coffee farmers do not have access to formal financial services.⁴⁵ Thus, it is imperative to provide farmers access to capital along with other services.



Q 3. What is the NKG doing to improve farmer's lives?

NKG created the global sustainable-sourcing initiative NKG BLOOM. The NKG BLOOM strategy aims to positively impact smallholder coffee farmers' livelihoods and in doing so grow and strengthen NKG's green coffee supply chains. NKG BLOOM combines field-based educational efforts, real-time mobile technology and the industry's first financing facility to reach 300,000 coffee farmers and their families by 2030 and empower them to meaningfully improve their livelihoods.⁴⁶

NKG BLOOM represents an evolution in the way NKG does business as it is embedded in the sourcing operations of its export companies in Asia, Africa and Latin America, through the setup of permanent Farmer Services Units (FSUs) within these companies.

To scale the access to finance for smallholder farmers under NKG BLOOM, NKG led the creation of a **Coffee Smallholder Livelihoods Facility**. Signed into existence in August 2019 this innovative

\$25 million revolving facility consists of the European banks ABN AMRO, Rabobank and BNP Paribas. The facility is further backed by two complementary default guarantees by the U.S. Agency for International Development (USAID) and IDH, the Sustainable Trade Initiative. For the first time, all partners involved will share the direct risks on farmer defaults. In 2019, NKG Bloom is already being implemented in Uganda, Kenya, Honduras, Colombia and Mexico.

By doing so, the FSUs function to realize NKG Bloom's is guided through three tenets:⁴⁷

**Tenet 1)
Enabling farmers to realize their full potential**



More than 90% of the coffee farmers worldwide do not have access to formal financial services,⁴⁸ which keeps them from reaching their full farming potential. Smallholders often don't have the ability to build up assets, nor the capacity or means to adapt to changing environmental conditions (e.g. pests, droughts or other circumstances caused by climate change).

In order to sustain their families, smallholders frequently take up informal loans, which they pay off with their coffee crops, leaving the middlemen to decide the interest and loan conditions. This often leads to indifference regarding the quality of the crops and sustainability of cultivation methods. This again adds up to the previously mentioned vicious cycle. Almost none of the coffee smallholders' families are able to produce higher volume and better-quality crops under these conditions.

Short term finance strives to tackle this problem, so families can avoid taking loans from a middleman and focus on more sustainable cultivation practices, also being able to cover their basic needs. Another important component is technical assistance including good agricultural practices and financial literacy, to school smallholders about their financial opportunities and the appropriate financial management of their coffee farms. Other services through this Tenet include the provision of high-quality inputs, infrastructure, renovation when needed, information services and market access.

Tenet 2) Supporting inclusive sustainability



The support provided is considered inclusive, because NKG does not stop working with farmers that do not fulfill their standards. There are merely 2 critical exclusion criteria, which are the

detection of worst forms of child labor and the detection of forced labor. FSUs are equipped with teams that constantly visit the farmers for technical support and to check that these criteria are being fulfilled.

Tenet 3) Striving for transparency and traceability



NKG set up an IT system, to better manage the coffee production which serves as a way for farmers to request resources such as fertilizer or loans (e.g. via mobile phones). Field officers can provide efficient support to farmers, monitor and analyze sustainability efforts, track records and will enable full traceability from farm or farmer organization to the roaster. Moreover, it will enable customers to trace the supply chain.

Up to date, NKG Bloom has already been successfully launched in Uganda, where 4,800 farmers were supported with loans, fertilizer and technical assistance leading to a yield increase of 200%. Also, in Mexico, NKG BLOOM builds on the successful efforts of NKG's exporting company Exportadora de Café California. Under their program "Por Más Café" more than 5,000 hectares of land were restored, and more than 5500 farms were given loans, technical assistance and high quality inputs, leading to an average yield increase of 600%. As a result, 99% of the smallholders have been paying back their loans with the coffee they produce.

11

Q 4. What is your vision for 2030?

That is a very ambitious question, and I believe the future is very uncertain because of the pressing issue on smallholders' livelihoods, impacts of climate change and price volatility. These challenges will require a more active role from all stakeholders: governments, traders, roasters, civil society. Private-private and private-public partnerships are definitely very important to face the most significant pressing issues in the coffee industry with farmers-based approaches. I think NKG BLOOM is a big step in the right direction. NKG has made a commitment to reach 300,000 families in 10 countries, by 2030 with critical services that will enable them to run their farms at full potential and meaningfully improve their livelihoods. I do hope that this will inspire others in the sector to incorporate elements that aim to dramatically improve farmer incomes within their own definition of sustainable supply chain and sustainable coffee.

Thank you!

Paula Mejía

Paula Mejía works as Program Manager at the Sustainable Business Unit at Neumann Kaffee Gruppe (NKG), the world's leading green coffee service provider and trading group. She works on the NKG BLOOM strategy to improve the livelihoods of farmers and strengthen NKG's coffee supply chain. Paula has had over 13 years of working experience. Starting as a professional in international business in different organizations in the UK and Colombia, she realized the importance of human rights and environmental protection in the business context. At a later stage in her career she worked as a "Planning and Development Leader" for a Colombian NGO promoting peace and reconciliation, followed by a position as "Director of Sustainability" in an apparel company in Colombia. Paula holds an M.A in Human Rights from Friedrich-Alexander-Universität Erlangen-Nürnberg. nkg.net nkgbloom.coffee



Löning – Human Rights & Responsible Business

We are a Berlin-based management consultancy and think tank with an international team specialised in business and human rights. Our clients are listed companies, family owned businesses and international non-profit organisations with global operations. We help clients establish effective human rights due diligence processes. Working with our clients, we create strategies that strengthen overall compliance with human rights requirements, contributing to the sustainability of the business. More information about our work and team you'll find on our website at loening-berlin.de.

12

Author: Lisa Szeponik

Programme Director and Business & Human Rights Expert

Lisa Szeponik has accompanied successfully a major coffee-company establishing sustainability and human rights governance structures and strategies.

Lisa has led various projects across different sectors, including human rights due diligence processes and the assessment of human rights impacts for companies and NGOs. She has extensive experience in developing effective stakeholder engagement tools and methods and in conducting successful stakeholder dialogues.

Author: Laura Much

Manager, New Business Development & Communication

Laura Much is involved in all new-business related activities, including external communication and events. She is responsible for widening Löning's international network with clients and experts. Before joining our team, she gained various professional experiences in the field of human rights, political communication and online-PR. She finalized her studies with an analysis on the legal implementation of human rights due diligence and the collective responsibility of the, so called, western world.