

The COFFEE Project Newsletter, May 2022

Dear Reader,

We are pleased to share the May 2022 newsletter for the Cooperation on Fair, Free, Equitable Employment (COFFEE) Project, a four-year initiative funded by the U.S. Department of Labor's Bureau of International Labor Affairs (USDOL-ILAB). The project aims to reduce the risk of labor issues in coffee supply chains by working with the private sector and other relevant actors. Activities include the development of a toolkit to improve labor conditions, capacity building, and pilot projects in Brazil, Colombia, and Mexico. This newsletter provides readers with relevant developments in the coffee sector, information on our recently launched open-source toolkit and online training modules, and updates on our pilot projects.

01

Updates on Relevant Developments in the Coffee Sector

With compounded disruptions being felt at every level of the coffee supply chain since the pandemic erupted in early 2020, the world of coffee is starting to feel the emerging impacts of the war unraveling in eastern Europe. Coffee producing countries are increasingly feeling the collateral damage related to the increased cost of fertilizers, the second most expensive input for conventional coffee producers after labor. In some countries, fertilizer costs have increased by more than 40 percent in the first quarter of 2022. As Colombia imports more than 42 percent of its Urea (a key nitrogen source for coffee and other major agricultural crops) from Ukraine and Russia, it has been hit especially hard by supply chain disruptions, resulting in steep production cost increases for farmers.

The International Coffee Organization (ICO) Composite Indicator Price (CIP) for March 2022 averaged at USD194.78 per pound, a decrease of 7.6 percent in comparison with the previous month, breaking a streak of 17 consecutive months of increases in the price of coffee. There was a reduction in the price of every type of coffee over the previous month, with Brazilian Naturals presenting the largest reduction of 9.4 percent. Supply and demand trends may be affected by factors, such as global economic downturn, the increased cost of inputs and production, and disruptions to trade and consumption due to the conflict in Ukraine.

With economic challenges for actors across the coffee supply chain, the most vulnerable actors in the supply chain – in this case farmworkers – are always the most affected by market shocks and weak institutional and governance frameworks. Both farmers and farmworkers now need to deal with an emerging drop in coffee prices, combined with an increase in the cost of key inputs, while only a couple of months ago, there was a glimmer of hope related to price increases after two very difficult years due to the pandemic. Decreases in coffee prices and increases in the cost of production often result in negative coping strategies that can increase the risk of labor abuses and poor working conditions on coffee farms. All actors across the coffee supply chain must therefore embrace their shared responsibility and commitment to promoting a socially sustainable coffee sector, as a coffee sector that truly values people, particularly vulnerable farmworkers, and farmers, is more necessary than ever.

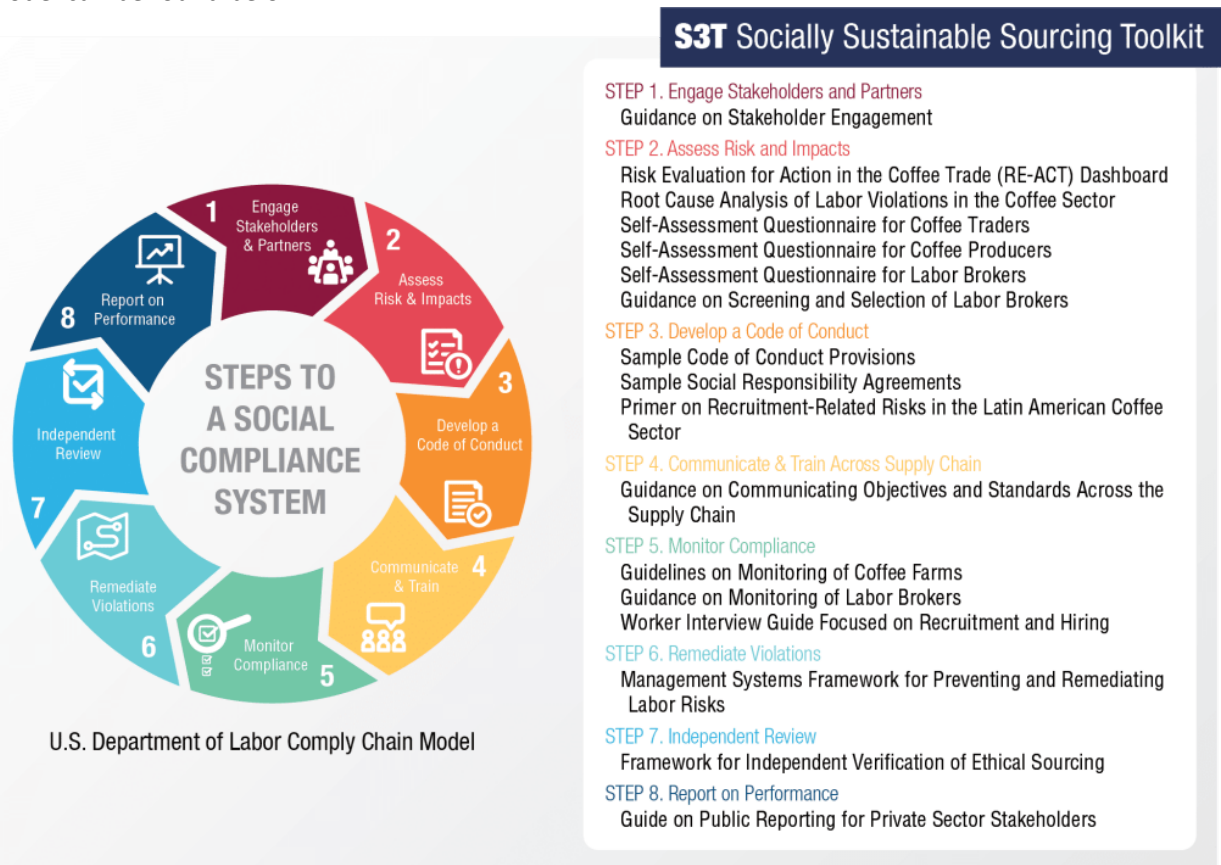
Crises are often the best drivers of innovation. The time has come to build back better with a solid framework, tools, and approaches that enable farmworkers to achieve decent wages and dignified livelihoods while taking into account the need for smallholder farmers to earn a living income. With the launch of the COFFEE Project's toolkit, online training modules, and pilot projects, Verité and our private

sector partners are paving the way towards creating solid building blocks that will support the transition of the coffee sector towards social sustainability.

02

Finalization and Launch of the Open-Source Socially Sustainable Sourcing Toolkit (S3T) and Online Training Modules

Through a process of robust dialogue and collaboration with a diverse group of influential stakeholders, backed by high-quality and actionable research developed by Verité, the COFFEE project was able to develop, refine, and finalize a set of 17 tools that respond to the needs of key coffee sector stakeholders. These tools were developed in English and professionally translated into Spanish and Portuguese. During the translation process, the team ensured that the tools were adapted to the local contexts and capture terminology and nuances specific to Spanish- and Portuguese-speaking countries in the region. All of the tools are available free of charge on our recently launched [COFFEE Project website](#). A list of the tools and a graphic showing how they correspond to each step of the U.S. Department of Labor’s *Comply Chain* model can be found below.



As one of the 17 tools, Verité developed an interactive [Risk Evaluation for Action in the Coffee Trade \(RE-ACT\) Dashboard](#). It is the product of months of research on labor rights vulnerabilities in the coffee sectors across the 17 largest coffee-producing countries in Latin American and Caribbean (those producing at least 50,000 sacks of coffee per year). This interactive, dynamic dashboard highlights labor risks in coffee-producing countries, the global coffee trade, and existing and emerging legislation that holds companies accountable for human and labor rights violations in their supply chains, thus promoting the shared responsibility of producing and consuming countries to address these vexing labor challenges. Rather than

creating an overall score for each country, which can result in simplistic sourcing decisions, Verité has opted to provide companies with actionable data on specific risk factors and root causes in coffee-producing countries so that they can work with other stakeholders to proactively address these issues in their sourcing footprints. This information is presented in two tabs: *Country metrics* and the *Coffee trade map*. You can see a screenshot of the landing page below.



Verité also developed eight open-source online training modules on labor issues in the Latin American coffee sector in English and Spanish. All of the online training modules have been uploaded onto the RISE platform and links to the modules have been included on the [COFFEE Project web page](#), giving coffee sector stakeholders access to a set of free, interactive modules on a wide range of labor issues and guidance on how to identify and address these issues. Verité is also in the process of developing a module to guide users through the use of the tools, which will be available shortly. A list of the modules currently available in English and Spanish can be found in the graphic below. Some of these modules have been translated into Portuguese and will be available shortly.



During the Specialty Coffee Association (SCA) Coffee Expo in April 2022 (the largest industry event of the year), Verité officially launched the S3T and online training modules, providing actors along the coffee supply chain with concrete, useable tools and guidance to reduce the risk of labor exploitation on coffee farms in Latin America. Verité held both an in-person and online event, with participation from a diverse group of stakeholders.

03

Updates on COFFEE Pilot Projects in Brazil, Colombia, and Mexico

Verité has developed and begun implementing pilot projects in Brazil, Colombia, and Mexico in order to field test and refine the S3T tools; build the capacity of key stakeholders to identify, address, and prevent labor issues in coffee supply chains; and to identify and test out approaches to improving conditions of work on coffee farms. Pilot projects were developed through research and stakeholder consultation and involve the piloting of tools and cost-effective, sustainable, scalable approaches to reducing labor risks. A brief summary of the current status of each pilot project is provided in this section, along with links to one-pagers for each project.

Brazil: Promoting ethical recruitment in the coffee sector of Minas Gerais, Brazil

Verité is piloting a project in Brazil to better understand and respond to the issues identified in recruitment and labor sourcing practices in the Brazilian coffee sector. One of the objectives of this pilot project is to increase understanding of recruitment dynamics and related risks in the Brazilian coffee sector. Verité carried out research on this issue to strengthen stakeholders' ability to uncover and target root causes. This included research on labor migration and recruitment networks, particularly through the lens of the COVID-19 pandemic, as well as surveying of producers to better understand recruitment practices and existing measures to screen and monitor labor brokers.

Project activities also include the development and piloting of recruitment-related tools and innovative responsible recruitment approaches. Verité will provide participating coffee farms that demonstrate the desire and capacity to be leaders in this realm with hands-on guidance and consulting on using recruitment-related tools at the farm level and co-designing and piloting ethical recruitment approaches that are mutually beneficial for workers and coffee farmers alike.

Research*

Increase understanding of recruitment dynamics and related risks.

- Research recruitment risks and dynamics
- Evaluate producer and labor broker perspectives & practices
- Map labor broker networks

Tool Development

Create tools and training modules for coffee producers, traders, and roasters.

- Developed recruitment-focused social tools
- Developed training modules on labor migration and recruitment

Trainings & Piloting

Training and piloting of tools and ethical recruitment approaches

- Identify participants
- Implement trainings
- Design ethical recruitment approaches
- Pilot tools and approaches on select coffee farms
- Document successes, challenges, cost implications, benefits, and lessons learned

Initially, Verité faced some challenges in identifying coffee estates and labor recruiters to participate in the project. However, with support from our project partners, Verité has been able to identify and engage interested coffee estates and recruiters. To date, three estates in Minas Gerais have been engaged to participate in the pilot project. The estates collectively cover over 4,000 hectares (about 10,000 acres) of land and employ an average of about 250 workers (approximately 150 permanent workers and 100 temporary workers) throughout the year, with larger numbers of temporary workers employed during the harvest season. Furthermore, two additional farms and three recruiters (one for each estate) have also confirmed their participation in the pilot project. With additional support from project partners, Verité is expecting to engage at least six farms of different sizes in piloting the tools and ethical recruitment approaches between May and October of 2022.

Verité developed a survey for assessing the recruitment dynamics and needs of coffee farms interested in participating in the pilot project. This will serve as a baseline and will help Verité to determine the types of interventions needed to promote ethical recruitment. Based on the survey results and conversations with the farm management, Verité will develop tailored ethical recruitment approaches for each farm.

In conjunction with research efforts, Verité is providing producers, traders, and roasters with trainings to help identify and reduce recruitment-related risks. Verité adapted four of the online training modules to the context of the Brazilian coffee sector (on recruitment, forced labor and human trafficking, child labor, and management systems). Verité also developed two additional training modules specifically focused on recruitment in the Brazilian coffee sector (on recruitment fees and the Brazilian legal context). These

training modules will be used to guide online and/or in-person trainings during the Brazilian harvest season (May–October).

[Click here](#) for a one-pager on the Brazil pilot project.

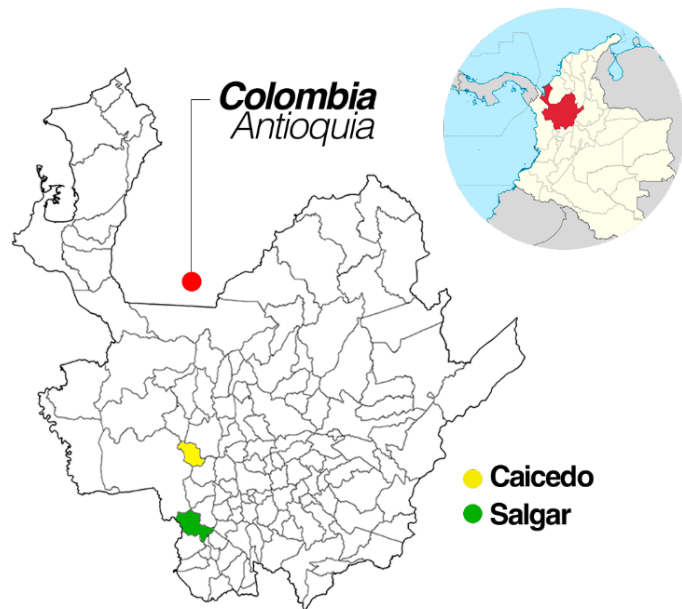
Colombia: Promoting better working conditions in the Colombian coffee sector by addressing risks related to piece-rate pay

The Colombia pilot project seeks to promote fair wages and working conditions for farmworkers in the Colombian coffee sector by developing and piloting alternatives to the widely used piece-rate payment system. These solutions aim to benefit farmworkers and farm owners alike. Under this pilot project, Verité, in partnership with other leading research institutions, is conducting research into best harvesting practices in the Colombian coffee sector, including an independent and thorough assessment of the social and economic effects of alternative payment models on both workers and coffee farmers.

Verité will provide clear guidance on how to replicate and scale effective payment models through the design and implementation of an alternative payment model on select farms for both manual and mechanically assisted harvesting. This model includes the provision of premiums directly to workers. Another objective of this pilot project is to improve the incomes of vulnerable farmworkers by helping them to increase their productivity, while reducing health and safety risks, primarily through the development and implementation of a training curriculum for manual and mechanically assisted coffee harvesting. Verité is also developing a training curriculum focused on increasing worker and employer understanding of labor standards and coffee producers' capacity to detect and reduce labor risks and their root causes.

The COFFEE Project recently concluded a Time Motion Study (TMS) in Antioquia, with support from RGC and the Cooperative of Coffee Growers of Salgar, that documents the average level of production of coffee harvesters on a typical coffee farm in Colombia. Results from the TMS study will be used to design specific training modules on best practices in harvesting, helping farmworkers to improve their level of production while also decreasing health and safety risks, with tailored content for men and women.

Left, a farmworker harvesting a coffee tree during the Time Motion Study. Right, implementation regions of the Time Motion Study in Antioquia, Colombia.



With the information gathered through the study, the COFFEE team is developing and testing different payment models that are mutually beneficial to workers and smallholder coffee farmers during the secondary harvest (mitaca or traviesa), which was delayed by the La Niña phenomenon (heavy rains) and started in May in Salgar, Antioquia. Coffee harvesting in this region generates jobs for roughly 1.7 million jornales (days of work) annually. Results from this micro-pilot will be used to inform and refine the payment models to be more widely tested during the peak harvest season in late 2022.

Traders, cooperatives, farms, and field technicians are actively involved in the design of the pilot project. RGC Coffee, a socially responsible Canada-based coffee trader that won the 2021 SCA Sustainability Award, is our key implementing partner in Colombia. RGC has secured the collaboration of the Cooperative of Coffee Growers of Salgar, which has over 3,000 active members that sell about 33 million pounds of coffee each year and support the livelihoods of more than 12,000 people. This collaboration was made possible through patient, continuous, transparent dialogue started during the early stages of the COFFEE Project.

[Click here](#) for a one-pager on the Colombia pilot project.

México: Building capacity to identify and address labor issues in the Mexican coffee sector

As part of the COFFEE Project, Verité is piloting a training curriculum in Mexico that will increase the capacity of stakeholders in coffee supply chains to identify, address, and prevent labor. This program is focused on building the capacity of agronomists, field technicians, certification and monitoring bodies, civil society organizations, and government institutions. The curriculum comprises 12 self-paced online training modules covering international standards, Mexican labor legislation, identification of forced labor and its indicators, child labor, recruitment, conditions of work, practical skills for the detection of labor risks in the field, and root cause analysis and programming. The online training modules are accompanied by five instructor-led virtual workshops, in which experienced Verité trainers clarify concepts, answer questions, and walk participants through real-world case studies to build their ability to identify and address labor risks on coffee farms.

The curriculum was designed to be adaptable to the needs of companies, government institutions, and civil society organizations. Participants must complete at least five core asynchronous modules and two instructor-led trainings (ILTs). The elective offerings expand and complement the core curriculum for those who wish to deepen their skills and knowledge. CSOs, certifiers, and government institutions can gain free access to these training materials by contacting Verité. Verité can also provide free access to private sector project partners that are committed to building knowledge among their employees, agronomists, field technicians, suppliers, and external monitors to detect and remedy labor issues in their supply chains.

Trainings were carried out during the last quarter of 2021 and the first quarter of 2022 in Mexico. The Project provided training to sustainability leaders at key coffee roasters, along with agronomists and field technicians that are employed by coffee traders and are responsible for monitoring farms to ensure compliance with their sustainability standards. A total of 58 individuals working in the companies' supply chains were trained.

Verité has also mapped out key government and civil society institutions active on labor issues in the Mexican coffee sector and has conducted an evaluation of the level of these institutions' interest and influence and involvement with coffee farms. During Q2 of 2022, Verité will invite representatives of select roasters, traders, producers, CSOs, and government institutions to participate in free online trainings and ILTs.

[Click here](#) for a one-pager on the Mexico pilot project.

If your company is interested in participating in Verité's pilot projects in Brazil, Colombia, and/or Mexico (with no need for providing co-funding), please email Quinn Kepes, Verité's Senior Program Director, at qkepes@verite.org, or Andrés Montenegro, the COFFEE Project Director, at amontenegro@verite.org.