

Central America Producers' Committee Summary (August 2025)

This summary is based on the Producers' Committee meeting held virtually in August 2025, involving six organisations from Costa Rica, Honduras, Mexico, and Nicaragua. It covers key challenges, impact, empowerment, assistance, finance, and feedback on Shared Interest (SI), excluding specific producer names as requested.

Supply Chain and Climate Challenges

- **Logistical Issues & Costs:** Participants universally reported **significant logistical difficulties** at ports, including saturation, slow container allocation, and damage during shipping. This has led to delays (up to a month in some cases), resulting in increased **financial costs** from demurrage, increased freight, equipment handling, and delayed payments from buyers. One honey producer had to purchase larger containers due to shortages and faced issues with product quality (HMF levels) due to heat and delays.
 - **Labour Shortages:** Several organisations noted a **shortage of labour** and **increased labour costs**.
 - **Climate Change Impact:** Weather volatility is causing issues:
 - **Reduced/Uneven Yields:** Lower coffee yields (one producer reported -5%) and uneven harvests were experienced.
 - **Delayed/Concentrated Harvests:** Harvests were delayed and concentrated, complicating logistics.
 - **Quality & Pests:** Increased rain has led to more pests and fungi, requiring more specialised grain selection, increased classification work, and technical assistance. One honey producer had to strategically shift purchasing regions due to rain affecting flowering.
 - **Mitigation:** Producers are implementing plantation renewal, using resistant varieties, continuous renewal strategies, and climate monitoring, though one noted the need for a tool to measure ripeness.
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Regulatory Changes & Compliance

- **EU Deforestation Regulation (EUDR):** Compliance is described as an **intense process** requiring significant understanding and adaptation. It has resulted in a substantial **increase in expenditure** for implementation and monitoring (e.g., platforms, traceability), without a corresponding increase in buyer prices.
 - **US Tariff Impact:** Uncertainty around US government tariffs, particularly for Nicaraguan products, is a major concern. Buyers have attempted to use tariffs as a penalty mechanism for logistical delays. Organisations are negotiating with buyers on tariff assumption and advocating for producers to avoid price disadvantage.
 - **Other:** One producer noted needing to adapt to all established regulations, including those supported by USAID. A honey producer noted that new regulations have mainly affected retail imports.
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Women Empowerment & Technical Assistance

- **Women Empowerment:** Organisations are committed to female participation through:
 - **Formal Policies:** Implementing gender policies and indicators.
 - **Leadership & Membership:** Increasing the number of women on Boards, in management, and as producers/members.
 - **Specific Projects:** Developing women's empowerment initiatives, sometimes with external partners, and establishing women-run business projects (e.g., a fully independent "Women's Project," queen rearing, creams/waxes).
 - **Future Plans:** Plans include continued financial support for women's business initiatives.
 - **Technical Assistance (TA):** TA is critical for:
 - **Certification & Compliance:** Support for complying with certifications and regulatory monitoring (e.g., EUDR).
 - **Pest/Disease Control:** Monitoring and dealing with pests, diseases, and required inputs.
 - **Quality & Productivity:** Training to strengthen governance, productivity, and quality, and to explore areas like green coffee, e-commerce, and traceability.
 - **Challenges:** Some noted insufficient staff or having to divert social premium resources originally intended for TA towards regulatory compliance and inputs.
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Access to Finance & Shared Interest Feedback

- **Local Finance:** Local banks were generally seen as complicated, restrictive, with high-interest rates, unsuitable payment terms, and often requiring mortgages or pledges. One producer noted local bank demands intensifying due to risk.
 - **International Finance:** Organisations rely on and value international financiers. All reported a good or zero-default credit history.
 - **Feedback on Shared Interest:**
 - **Positive Descriptors:** Producers consistently described working with SI as: **Agile, Flexible, Good Communication, Responsible, Reliable Ally, Partner, Social Impact, Fair Treatment, Understanding, Committed to the Sector.** They value the good credit terms and find them better than local banks.
 - **Mission:** All participants affirmed that SI is meeting its mission, fulfilling its purpose, and contributing to improving the quality of life of producers and helping them escape poverty.
 - **Areas for Improvement:** Key suggestions for SI were: **Lower the interest rate, streamline procedures/requirements** for the credit committee, make **credit line increases more flexible** with information requirements, and provide **support with projects or technical assistance.** One producer noted a preference for **USD-denominated financing** to reduce exchange rate risk.
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South America Producers' Committee Summary (August 2025)

This summary is based on the Producers' Committee meeting held virtually in August 2025, involving seven coffee-focused organisations from Peru. It covers key challenges, impact, empowerment, assistance, finance, and feedback on Shared Interest (SI), excluding specific producer names as requested.

Supply Chain and Climate Challenges

- **Price Volatility: Extreme volatility in market prices** and FX fluctuations have been a major challenge, sometimes requiring the transfer of this volatility to members. High commodity prices have led to increased funding needs.
 - **Labour Shortages & Costs: Shortages of seasonal workers** and a **considerable increase in salaries** were reported. Workers are reluctant to accept salary decreases even as coffee prices drop.
 - **Pesticides & Competition:** Increased control over pesticide usage was noted. There has been an intensification of **competition** from many new names entering the specialty coffee trade.
 - **Climate Change Impact:** The primary impacts of climate change are:
 - **Drying Issues & Delays:** Heavy rains and dropped temperatures prevent coffee from drying adequately, forcing some farmers to sell wet coffee, which the co-ops must then re-dry. This causes significant **delays** in shipments and gathering, impacting quality.
 - **Frosts & Quality:** Frosts have affected coffee trees and deteriorated quality in some areas.
 - **Other Impacts:** Rains in previously dry areas are also affecting quality. For other commodities (like panela), rain prevents drying of fuel inputs (bagasse), causing processing delays.
 - **Mitigation:** Producers are implementing reforestation, agroforestry systems, and planting different varieties to regulate micro-climates.
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Regulatory Changes & Compliance

- **EU Deforestation Regulation (EUDR):** The regulation has brought a lot of work and challenges, creating **uncertainty** among main buyers. One organisation noted that many small farms meet polygon criteria naturally, reducing their direct compliance burden.
 - **Tax/Tariff Issues:** A significant concern is the **tax retention of 4.99% on financing from abroad**, which international financiers are reluctant to absorb. Organisations are lobbying for a temporary exemption.
 - **Local Regulations:** Changes in government regulations have impacted compliance costs and created complexity in local operations.
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Women Empowerment & Technical Assistance

- **Women Empowerment:** Organisations are committed to women's participation and have:
 - **Formal Policies:** Developed and implemented gender policies.

- **Participation:** Engaged women in commercial areas, administrative roles, and as technicians.
 - **Training:** Provided training for female members, including promoting leadership and business skills. One producer noted a goal to increase women's representation in the organisation by 50% in three years.
 - **Challenges:** The need for dedicated projects to support women entrepreneurs was noted, particularly in accessing finance and developing business plans.
 - **Technical Assistance (TA):** TA is focused on:
 - **Quality & Productivity:** Improving production (quality, pest control), managing coffee varieties, and increasing knowledge of certification requirements.
 - **Environmental/Climate:** Supporting reforestation efforts and improving soil management.
 - **Sustainability:** Ensuring the sustainability of TA programs.
 - **Challenges:** The lack of funding for specific projects (e.g., climate mitigation, new varieties) was highlighted, and one producer noted a need for more technical staff.
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Access to Finance & Shared Interest Feedback

- **Local Finance:** Local financing is generally **unviable** due to high interest rates, high collateral requirements, and a perceived lack of understanding of the sector's needs. One producer noted that local banks complicate processes with excessive requirements.
- **International Finance:** Organisations rely on international social financiers. They reported a need for **adjusted financing amounts** due to historical high prices.
- **Feedback on Shared Interest:**
 - **Positive Descriptors:** Producers described working with SI as: **Understanding, Flexible, Good Communication, Agility, Good Service, Reliable, Good Relations, Committed, Social-Oriented, Partner.** They appreciate the terms, conditions, and the easy relationship.
 - **Mission:** All participants confirmed that SI fulfils its mission, particularly in terms of social focus, principles, and providing the necessary support and financing.
 - **Areas for Improvement:** Key suggestions for SI were: **Lower the interest rate**, continue to offer **flexible credit line increases**, and provide more **long-term financing** for investments like warehouses, machinery, or climate mitigation projects.

East Africa Producers' Committee Summary (August 2025)

This summary is based on the Producers' Committee meeting held virtually in August 2025, involving seven organisations from Rwanda and Uganda, primarily focusing on coffee, with one in fruits and vegetables. It synthesises the views on challenges, climate impact, regulatory changes, empowerment, assistance, and feedback on Shared Interest (SI), excluding specific producer names.

Supply Chain and Climate Challenges

- **Pricing & Volatility: Pricing is the general challenge**, particularly the volatility of local prices, making it difficult to negotiate contracts. The global Robusta price freefall, combined with having bought coffee at high local prices, is squeezing margins. Producers face foreign exchange fluctuations, as they pay farmers in local currency but repay loans in hard currency.
 - **Cost of Production: The cost of production has increased** from the farm level upwards, making it hard to find buyers offering prices that cushion these rising costs.
 - **Competition & Supply Diversion:** Multinational buyers in Uganda, able to buy coffee anywhere and enticing farmers with good prices, divert supply away from cooperatives that have invested heavily in farmer training and inputs.
 - **Farmer Behaviour:** Farmers sometimes **hold coffee** waiting for price increases. When contracts are not fixed, the contract value (and thus financing) is based on lower futures prices, limiting cash flow and competitiveness in buying from farmers.
 - **Logistics & Quality:** Inconsistent delivery of coffee cherries due to **limited transport** available affects processing time and **quality**.
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Climate Change Impact and Mitigation

- **Impact:** Climate change manifests as **irregular rainfall patterns** (long dry seasons, floods, unseasonal rains) leading to **landslides and drought**. This causes:
 - **Reduced Production and Quality:** Affects quality and volume, leading to high rejection rates.
 - **Pests and Diseases:** Increased prevalence of pests and diseases.
 - **Disruption:** Floods can disrupt family settings and the entire supply chain.
 - **Mitigation Measures:** Producers are actively addressing climate change through:
 - **Agroforestry:** Partnering to provide and plant **shade/coffee-friendly trees** and promoting **mulching** and good agronomic practices.
 - **Diversification:** Encouraging farmers to **diversify from coffee** to improve economic standards.
 - **New Varieties:** Utilising new, **climate-tolerant varieties** of coffee trees provided by national bodies (NAEB in Rwanda) to replace older trees.
 - **Technical Advice:** Agronomists advise farmers on suitable pesticides (including organic certified ones) and best farming practices.
 - **Infrastructure:** Advising farmers to use **solar panels to dry coffee**, especially during the rainy harvest season.
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Regulatory Changes & Compliance

- **EUDR Compliance:** EUDR compliance came with a **cost** that is not reflected in contract prices. While some (like Rainforest Alliance certified producers) found the transition easier, others found the merging/changing certification requirements complicated and costly.
 - **Ongoing Challenge:** Compliance requires continuous farmer training to prevent them from cutting down trees to **expand farmland**, which conflicts with farmers' desire to increase income by clearing land.
 - **Government Support:** The Rwandan government has provided data to classify the country as low-risk, and the Ugandan government is offering some support/training.
 - **Buyer Pressure:** Buyers are requesting **early shipments** to reach destinations before full EUDR implementation.
 - **Organic Certification Changes:** New requirements for organic certification demand splitting large groups of farmers into smaller units (e.g., maximum 2,000 farmers per group). This is **costly** and disrupts previous certification, limiting purchasing volumes until the process is completed.
 - **US Tariffs:** The USA imposing a **15% tariff on Uganda** affects competitiveness, making their coffee expensive and threatening to shrink their US market, forcing consideration of Asian markets.
 - **Local Government Changes:** The scrapping of the Uganda Coffee Development Authority (UCDA) and its absorption by the Ministry of Agriculture has led to **bureaucracy, understaffing, and slower services**.
 - **Financial Impact of Regulations:** The Uganda Revenue Authority requires payment of **withholding tax** on funds disbursed from abroad, eating into margins. The **abrupt termination of a USAID project** forced one cooperative to inject its own funds, limiting working capital.
 - **Buyer Certifications:** Producers noted buyers are now introducing their **own certifications or labels**, which is becoming increasingly costly for farmers.
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Women Empowerment and Technical Assistance

- **Women Empowerment:** Women are crucial in the value chain, and organisations support them by:
 - **Employment:** Employing 100% women for coffee sorting.
 - **Financial Support:** Providing **zero-interest advances** for emergencies (e.g., school fees), and helping set up **Village Savings Lending Associations** and savings groups.
 - **Branding & Bonus:** Starting programs to sell **women-branded coffee** to earn a better price and pay a bonus.
 - **Leadership:** Incorporating by-laws to ensure women's representation in leadership (e.g., 3 out of 9 on one board).
- **Technical Assistance (TA):** TA is key and includes:
 - **Farming Practices:** Trainings on best farming, post-harvest practices, quality control, and yield maximisation.
 - **Financial Literacy:** Training farmers to save money for the future, school fees, and health insurance.
 - **Staff/Governance:** Training for staff on hygiene (for fresh produce) and governance skills (received from partners).

- **Funding:** Programmes are funded through grants, partnerships with NAEB, or solely by the organisations, but there is a need to scale up by applying for grants.
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Access to Finance & Shared Interest Feedback

- **Local Finance:** Local banks are described as **slow in decision-making** and require **high collateral** (e.g., 200% collateral value).
 - **International Finance:** SI is appreciated for **quick export credit disbursement** and timely approval/disbursement.
 - **Needs:**
 - **Working Capital:** A constant, flexible working capital facility is the main need. Some want a facility mix of working capital and export credit to buy stock while negotiating contracts.
 - **Long-Term Finance:** Future need for **CAPEX** for infrastructure and **Term Loans (TLs)**.
 - **Terms:** Requests for a **reduction in the interest rate** and a consideration of finance even **without security**.
 - **Increase:** Need for an **increase** in facilities to remain competitive amidst rising local prices.
 - **Feedback on Shared Interest:**
 - **Positive Descriptors:** **Satisfied, Timely, Flexible, Technical support, Smarter, Loyal, Quicker, Professional, Ethical, Efficient.**
 - **Mission:** SI is considered **aligned to its mission**, with support improving livelihoods and enabling timely farmer payments.
 - **Areas for Improvement:** **Simplify the renewal process** for continuing customers, **streamline paperwork** (e.g., Letters of Undertaking-LOU), provide **technical assistance** (including help linking to new markets), continue **SI Foundation support** (especially for youth programmes), and make **regular monitoring visits** to better understand business challenges.
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West Africa Producers' Committee Summary (July 2025)

This report summarises the key findings from the Shared Interest West Africa Producers' Committee (PCM) meeting held in Abidjan, Côte d'Ivoire, in July 2025, involving nine cocoa cooperative societies. The analysis is based on a questionnaire and discussion, focusing on core challenges, climate impact, and mitigation measures, excluding specific producer names.

Theme 1: Challenges in Agricultural Supply Chains

The primary challenge in the cocoa supply chain is **economic instability**, driven by:

- **Cocoa Price Fluctuations (84.6%):** This is the **most significant challenge**, creating economic instability, undermining financial planning, and directly affecting farmers' livelihoods.
 - **Labour Shortage (30.8%):** This is the second most cited issue, linked to difficulty **attracting youth to farming** (15.4%) and the aging farmer population. The shortage drives up costs and can affect post-harvest quality and quantity.
 - **Margin Instability (23.1%):** A direct result of price volatility and rising input costs, squeezing profits.
 - **Production Variability (23.1%):** Linked to climatic factors, aging tree stock, and the prevalence of pests and diseases.
 - **Contract Issues (15.4%):** Difficulties respecting contracts and the associated risk of penalties for non-compliance.
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Theme 2: Impact of Climate Change, Pests, and Diseases

Environmental and biological threats pose a significant and growing risk:

- **Unpredictable Seasons (92.3%):** The **overwhelmingly cited factor** is the increasing unpredictability of seasons, resulting in erratic rainfall, prolonged droughts, and unseasonal heavy rains that disrupt the cocoa growth cycle and reduce yields.
 - **Decrease in Production (46.2%):** A tangible economic loss directly resulting from environmental factors.
 - **Increased Development of Diseases (30.8%):** Biological threats, often exacerbated by altered climatic conditions, include severe diseases that destroy crops and insect attacks (15.4%).
 - **Plant Vulnerability (15.4%):** Water stress weakens plants, leading to the loss of young plants and difficulty in regeneration.
 - **Operational Risk:** These impacts increase the risk of penalties and financial instability (15.4%) and create difficulty in planning sales.
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Theme 3: Mitigation Measures for Climate Impact

Cooperatives are actively implementing adaptation and resilience strategies:

- **Agroforestry and Shade Trees (92.3%):** This is the **most widely adopted strategy**, integrating trees into farms to regulate temperature, retain soil moisture, reduce erosion, and enhance biodiversity, offering a more resilient farming environment.
 - **Awareness and Training (46.2%):** Programs educate farmers on **climate-smart agricultural practices**, efficient water management, soil conservation, and pest/disease management.
 - **Plant Varieties (23.1%):** Distribution of cocoa plant varieties that are more **resistant to diseases** or better adapted to changing climatic conditions.
 - **Holistic Approach:** Other measures include soil conservation, diversification of crops (7.7%), and strengthening food security (7.7%) to build resilience against environmental shocks and provide alternative income sources.
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Feedback on Shared Interest (SI) and Financial Needs

- **SI Performance and Mission:** SI is seen as **open to financing requests** provided necessary guarantees and reliable financial statements are available. SI is ready to support expansion into export activities and product transformation. There is potential for **technical assistance through the SI foundation** for vulnerable cooperatives, including youth and women.
- **Administrative Recommendations for SI:**
 - Timely submission of provisional financial documents (by January) and certified final statements (before the end of the first semester).
 - The **non-functional website** issue needs resolution.
- **Financial Needs:** The report highlights a need for financing products that can address the complex challenges, particularly those that offer flexibility and support for expansion and transformation.