

Building Resilient Value Chains after the COVID-19 Disruption: Challenges for the Coffee Sector in Central America

Introduction

Coffee (*Coffea arabica* L.) is one of the most important global agricultural commodities. Coffee is the main agricultural export in Honduras, El Salvador and Nicaragua and the second largest agricultural export in Guatemala and Costa Rica. In all countries, the coffee sector represents a main source of rural employment. This paper examines how small-scale farmers in Central America can build resilience to cope with the disruptions caused by the COVID-19 pandemic and the extreme climatic which events which affected the Central American region in 2020.

For this purpose, options to build resilience were assessed, using the framework proposed by Béné et al. (2014), where resilience is defined as the capacity to **absorb**, **adapt** and/or **transform** to shocks or events, which are unexpected and have short or longer-term repercussions on the system.

Methodology

Use of secondary, qualitative data sourced from reports, expert panels, interviews, and newsletters published by Instituto Hondureño del Café (IHCAFE), Asociación Nacional del Café de Guatemala (Anacafé), Instituto del Café de Costa Rica (ICAFE), and Consejo Salvadoreño del Café (CSC). For information on Nicaragua, the reports from Latin American and Caribbean Network of Fairtrade Small Producers and Workers (CLAC) were reviewed.



Photo 1: Destroyed Coffee Farm Honduras
Image Credit: International Coffee Partners 2020



Photo 2: Sanitary measures for workers

Results

Table 1: Resilience Framework

	Small-scale Farmers	Local Traders	Exporters	Entire Sector
Absorb	<ul style="list-style-type: none"> Market price fluctuations did not significantly affect farmers as harvest had concluded at start of COVID-19 pandemic Significant loss of crop due to impact of Eta and Iota, especially in Honduras, Guatemala and Nicaragua at end of 2020 	<ul style="list-style-type: none"> No major shocks for middlemen and local traders as COVID-19 measures implemented after harvest concluded Landslides, loss of infrastructure in Honduras, Guatemala and Nicaragua, difficulties absorbing shock 	<ul style="list-style-type: none"> Initial uncertainty with regards to drops in market price, but as market price increased, more capacity to absorb shocks Loss of infrastructure in Honduras, Guatemala and Nicaragua after hurricanes also impacted cooperatives and exporters 	<ul style="list-style-type: none"> Sector absorbed COVID-19 disruptions as harvest had concluded when confinement measures were implemented in 2020 Hurricane was severe in Honduras, Guatemala, Nicaragua, difficulties absorbing shock
Adapt	<ul style="list-style-type: none"> Farmers, cooperatives, NGOs implemented sanitary measures to adapt to restrictions and protect workers Adaptation to cope with climate change effects not evident 	<ul style="list-style-type: none"> Middlemen and traders faced access challenges due to loss of infrastructure caused by hurricanes Adaptation contingent on governments' ability to quickly restore roads and improve access 	<ul style="list-style-type: none"> Exporters and cooperatives supported implementation of sanitary measures to adapt and protect workers In Costa Rica, measures included protection of migrant hired workers from Nicaragua and Panama Online coffee auctions: adaptation mechanism 	<ul style="list-style-type: none"> Evidence of institutional coordination to improve agricultural practices, but process will require time before effects are seen Adaptation is slow
Transform	<ul style="list-style-type: none"> Transformation at farm-level is slow Adoption of improved agricultural practices takes time and resources not available to all Access to credit still major hurdle for coffee farmers 	<ul style="list-style-type: none"> No evidence of longer-term transformation 	<ul style="list-style-type: none"> Guatemala reported higher sales of roasted coffee at the regional level, opportunity to transform coffee value chain Costa Rica has similar strategy, focusing on direct trade In the future, online auctions likely to remain and exports can benefit 	<ul style="list-style-type: none"> Slow change in international trade patterns, but direct trade, blockchain technologies offer opportunity to transform Central America extremely vulnerable to climate change effects Transformation of sector remains challenging

Conclusion

Analysis suggests that climate change events, such as the hurricanes which impacted Central America in 2020 had a more devastating effect than the COVID-19 pandemic did. The coffee sector in Central America urgently needs to adopt strategies to help farmers build resilience to cope with shocks.