

ORIGIN ISSUE ASSESSMENT HONDURAS - COFFEE



Honduras ranks first in Central America, third in Latin America, and fifth globally in coffee production. Coffee activity in Honduras is for 95% in the hands of over 100,000 small and medium-sized producers (Honduran Coffee Institute). 70% of coffee farmers own less than 2 ha while 25% own between 2 and 7ha (Bunn et al., 2018). The sector employs approximately 1 million people nationwide (IHCAFE, 2020). All of the coffee grown in Honduras is of the Arabica variety, the bulk of which is wet processed (CGIAR, 2018).

TOP ISSUES

The top issues identified are:

- **Occupational Health and Safety** (safe working environment - risk score 4.3/5)
- **Climate Smart Agriculture** (risk score 4.2/5)
- **Child Labor** (risk score 4.1/5)

Coffee production in Honduras can be coupled to high risk conditions since protective equipment when spraying agrochemicals is not commonly distributed and training on safe working conditions are rare (**Occupational Health and Safety**). The mountainous terrain limits the coffee soils' water holding capacity and facilitates erosion, only to be exacerbated by climate change. On most tracts of land, farmers are compelled to adopt comprehensive adaptation measures, although their capacity to do so remains limited (**Climate Smart Agriculture**). Too many child labor cases are identified in the agriculture and coffee industry; children working on coffee farms comes at the expense of their schooling, an issue also witnessed with migration workers from Guatemala and Nicaragua (**Child Labor**).

Further details per topic are provided in a separate annex.



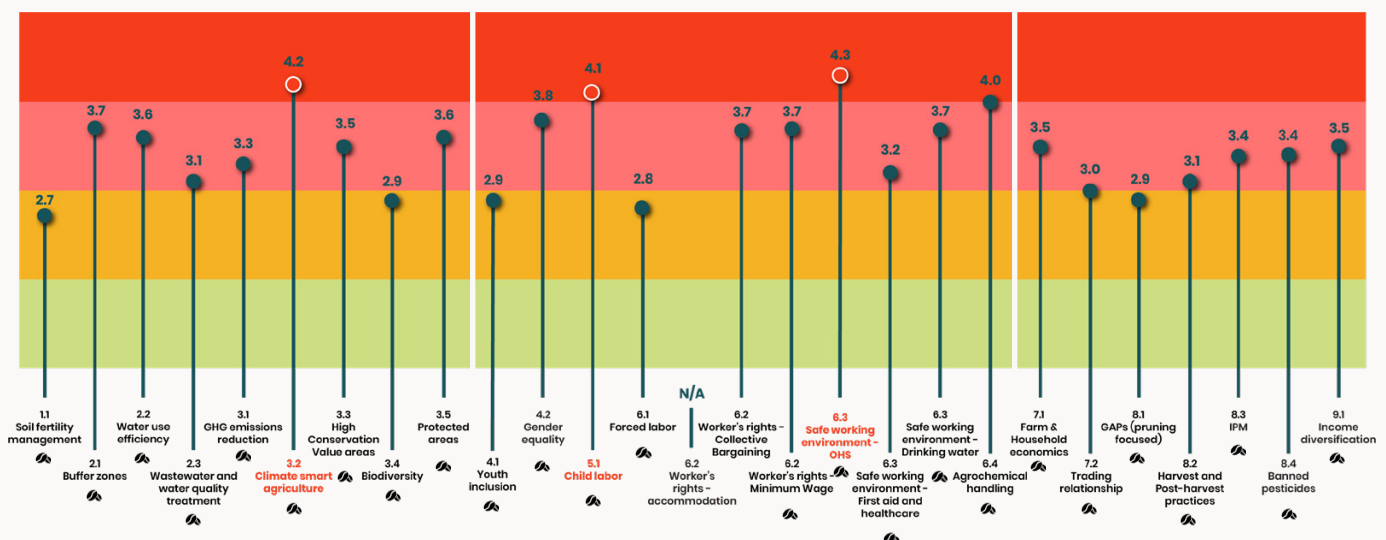
Sustainability of Land



Equality of People



Prosperity of Farmers




Range Probability of the issue's occurrence

4.1 - 5.0	High probability: Known to occur frequently
3.1 - 4.0	Medium-high probability: Known to occur
2.1 - 3.0	Medium-low probability: Could occur
1.0 - 2.0	Low probability: Not expected to occur

ORIGIN ISSUE ASSESSMENT METHOD SUMMARY

This Origin Issue Assessment (OIA) is compiled by the Rainforest Alliance as part of the JDE Common Grounds Initiative. The OIA is a desk-based 'early warning system' identifying potential issues related to coffee production in a country for each of the 23 JDE Common Grounds Responsible Sourcing principles. It focuses on the probability of occurrence, not necessarily on the severity of impacts. Three different data sources are used: i) country-specific law and legislation, (ii) recent evidence (media, reports, papers, UTZ audit results*), (iii) expert opinions survey**. The overall score is calculated based on these three types, however evidence is weighted higher (3x), than expert opinion (2x) and the law and legislation score (1x). The weighted scores are added up and divided by 6 to get the overall weighted risk score for each of the 23 issues.

In case insufficient coffee specific information is found, other evidence related to the country's agriculture sector will be considered.

 This icon indicates the evidence is coffee specific.

The OIA covers the overall coffee sector, making no distinction between, e.g. (i) smallholders and estates, (ii) sun-dried and washed-coffee, (iii) sun- and shade-grown coffee.

The data presented is accurate at the time of publication based on the information collected from the above sources. Neither RA nor JDE will be liable for damage as a result of inaccuracies in the information. For more information about the OIA's method, sources and expert surveys, please contact us at OIA@ra.org.

* Through 3rd party audits producer's compliance is evaluated against the UTZ Certification Standard (owned by the Rainforest Alliance). Audit reports provide insights on certification gaps for the analysis."

** Rainforest Alliance experts (country representative, thematic and coffee experts) and external expert(s) (e.g. National Coffee Platform representative) are surveyed.





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SOIL FERTILITY MANAGEMENT		JDE Sourcing principle 1.1
Score	2.7	
Law	Land tenure security improved in Honduras between 2011 and 2017. About 90,000 urban and rural households have been registered in a parcel-based system, and more than 50,000 new land titles have been awarded (World Bank, 2017). The Government of Honduras collaborated with USAID and other partners to implement smallholder farmer agricultural activities including expansion of perennial coffee crops, improvements in soil management, efficient fertilizer use and other (Partnerships on Transparency).	
Evidence	Much of the coffee crops are planted in mountainous regions and on steep slopes. Consequently, soil erosion and degradation are a widespread problem leading to soil depletion and water pollution (GMAP, 2017). Soils are even less protected on sun-grown coffee farms of larger estates (Barahona, 2017), although these estates represent only a small fraction of Honduran coffee farms. Sun-grown coffee is not popular among small farmers (JDE regional insights, 2020). Some relevant measures to increase productivity are phytosanitary management and fertilization, which are carried out by most of the producers, though there is room for improvement (IHCAFE, 2018). Though, projects by Rikolto, Solidaridad, Technoserve, USDA, FAO, Technoserve and others focus on (organic) fertilizer management through technical field support and finance (Feed the Future, 2015; FAO, 2016; the Borgen Project, 2018; Technoserve News, 2019; JDE regional insights, 2020).	
Prevailing expert opinion	Medium-low risk: In the coffee producing regions, some farmers manage their soils in an effective way; "Depending on the region or access to technical assistance, some farmers have the knowledge to manage soils" (Expert survey, 2020).	


BUFFER ZONES		JDE Sourcing principle 2.1
Score	3.7	
Law	Agroforestry cooperatives and associations may obtain forest use and management rights on national, municipal or indigenous forests through contracts. Contracts may vary in duration and specify the rights to harvest certain wood and NWFPs for subsistence and commercial use based on forest management plans that spell out the specific forest products and terms of use, levels of use and techniques permitted (FAO, 2019). A rapid expansion on extractive industries and agro-commodity production implies a run on natural resources, not in the least water (Both Ends, 2016).	
Evidence	Coffee processing generates contaminated effluent that leads to significant water pollution, potentially harming marine and freshwater ecosystems according to GMAP (2017). The use of agrochemicals in the industry, including the application of fertilizers and toxic pesticides like endosulfan and paraquat, also leads to soil degradation and water pollution (Ruben et al., 2018). Members of the COMSA Coffee Trading Company have taken matters in their own hands by producing organic shade grown coffee, while also creating a biosphere buffer zone around the community (Media, 2016). Moreover, buffer zones can be witnessed on the majority of coffee farms that are not certified or verified; Honduras has several initiatives lead by exporters and NGO's that work specifically on this theme (JDE regional insights, 2020).	
Prevailing expert opinion	Medium-low risk: When looking at the country's coffee producing regions, it remains contested whether farmers maintain a pesticide and fertilizer non-application zone or buffer zone. "Most probably only certified producers would implement this practice" (Expert survey, 2020).	


WATER USE EFFICIENCY		JDE Sourcing principle 2.2
Score	3.6	
Law	The General Water Law of Honduras was approved in 2009, however, it lacked the regulation to ensure its effective enforcement and a water policy to define the state's management priorities. To date, several institutions have responsibility in the management of water resources, including the Ministry of Environment, as well as sectorial institutions such as the Ministry of Agriculture and the Institute of Forestry Conservation (Media, 2020). Though, the GWP reports that Honduras does not have the infrastructure to calculate actual water demand (Media, 2017).	
Evidence	Coffee producers profit from having their own pulping machine; this is considered a traditional process which requires large amounts of water to operate (IHCAFE, 2018). In the study by IHCAFE, it was found that 11% of coffee farmers rent or pay for the pulping service. Training and support projects by iDE and USAID on local water planning have benefitted communities in balancing water supply and demand (iDE, 2020; USAID, 2017).	
Prevailing expert opinion	Medium-high risk: Water is becoming less available in the coffee producing regions. "Especially in the dry corridor, water is becoming a more and more urgent issue" (Expert survey, 2020).	


WASTEWATER AND WATER QUALITY TREATMENT AT PROCESSING UNITS		JDE Sourcing principle 2.3
Score	3.1	
Law	Government formulation and approval by the CONASA of the following sectorial instruments: national sectoral policy (March 2013), the national plan for water and sanitation (December 2014), the Financial Sector Policy Water and Sanitation (APS) (November, 2015) aims to improve the quality and continuity of supply of water, expand coverage of potable water and sanitation, and expand and improve the infrastructure of water treatment and wastewater treatment (Covivienda, 2016). The existence and level of implementation lags plans in terms of treatment facilities (UN-Water GLAAS, 2016-2017). It is a serious problem that no one monitors wastewater treatment; the government entities are not paying attention to ensure that the wastewater meets the parameters to discharged (JDE regional insights, 2020).	
Evidence	At a national scale, the Yale Environmental Performance Index (2020) scores wastewater treatment 3.1/100 indicating that almost no wastewater in the country is reported as treated, a finding reasserted by media (2020). Traditional coffee cultivation causes contamination of surface water that appears very strong in practice (Ruben et al., 2018). In addition, often farmers will put their pulper close/in the water so that their wastewater easily streams away; data shows 60% of the water from wet processing is discharged without any treatment, 20% do some treatment (but not enough) and only 20% ensure adequate treatment of the sewage (JDE regional insights, 2020). Research by Dietz (2019) found coffee farms under voluntary certification schemes of Rainforest Alliance and UTZ to use wastewater treatment systems such as anaerobic digesters or reactors to treat water used for processing. In fact, during Utz audits between 2015-2019, no non-conformities were found.	
Prevailing expert opinion	Medium-low risk: Coffee is predominantly wet processed, though a mix of wet and dry processing occurs. When looking at the country's coffee producing regions it is likely that, at processing units, wastewater is treated and is of good quality before it is discharged into aquatic ecosystems or drainage systems. "There is work to do, but communities are more involved in river protection" (Expert survey, 2020).	


GHG EMISSIONS REDUCTION		JDE Sourcing principle 3.1
Score	3.3	
Law	Electricity production in Honduras has historically been dominated by government- and privately-owned hydropower plants, as well as private diesel fuel plants. However, new hydro, wind and solar power has reduced generation costs and outages (FinnFund, 2018). Renewable energy investment is promoted in Honduras. As such, it holds a national renewable energy target of 60% electricity from renewable sources by 2022. Renewable energy law provides income tax and custom tax exemptions, but favors larger, grid-connected plants whereas the sustainable energy action plan does not promote off-grid projects (UNEP, 2015).	
Evidence	By means of various small projects with solar-powered machinery, several organizations have managed to reduce the reliance on regular fuel-based machines among coffee producers (the Borgen Project, 2018; Fairtrade, 2017, USAID, 2017). The UNCBD for Honduras also assures there is a trend to promote projects for clean energy production. Data from IANAS (2020) show that the use of non-renewable energy remains high among households in Honduras.	
Prevailing expert opinion	Medium-high risk: When looking at the country's coffee producing regions, it is unlikely that farmers use energy efficiently and that farmers use renewable energy sources. "Little options are available for coffee producers in terms of renewable energy" (Expert survey, 2020).	


CLIMATE SMART AGRICULTURE		JDE Sourcing principle 3.2
Score	4.2	
Law	The government of Honduras set the inclusion of Mitigation and Adaptation to Climate Change as one of the strategic guidelines of the National Plan 2010-2022 (Covivienda, 2016). Two out of 22 objectives are related to climate change by restoring one million hectares of forest area and by substantially reducing Honduras' vulnerability water resources management and supporting resilient food systems (Bunn et al., 2018). Moreover, IHCAFE and HRNS are working together with the government institution Climate+ Office and other private and public partners to develop and promote policies surrounding climate issues (HRNS, 2020). As such, MiAmbiente, together with IHCAFE and others is developing the NAMA Café (Nationally Appropriate Mitigation Action Coffee) which intends to transform coffee production in Honduras to become sustainable.	
Evidence	In Honduras, nearly 78% of the land used in agriculture is on slopes, where there are problems of safe water supply and soil erosion, which have been exacerbated by climatic variability and change (IANAS, 2020). The recent destruction left by Hurricane Eta shows the impacts of climate variability, and Honduran coffee farmers' proneness to climate change (HRNS, 2020). Efforts are made in the coffee sector to deal with climate change such as by the Alliance for Resilient Coffee, reaching over 6,500 smallholder families. However, temperature increase and infrequent rains are forcing farmers to find new places to grow coffee or find alternative sources of income (Conservation International, 2019; IHCAFE, 2018; Media, 2020). Of land currently suitable for Arabica coffee, at least 45% requires comprehensive adaptation measures to remain suitable (GCP, 2018; Bunn et al., 2018). In response to a coffee leaf rust outbreak some farmers reportedly grow a greater diversity of coffee varieties (Ward et al., 2017).	
Prevailing expert opinion	High risk: Climate change seems to have a negative impact on coffee production and farmers are not able to adapt quickly enough. "Farmers struggle with higher temperature, irregularity of rainfall which is affecting coffee production"; "Climate Change adaptation needs investment that farmers cannot afford with their own means. We need shared responsibility from supply chain actors" (Expert survey, 2020).	


FOREST AND HIGH CONSERVATION VALUE AREAS (HCVS)*		JDE Sourcing principle 3.3
Score	3.5	
Law	Honduras is the first Latin American state to embark upon negotiations with the European Union to arrive at a Voluntary Partnership Agreement for sustainably sourced timber products exported to the European Union, known as Forest Law Enforcement, Governance and Trade (FLEGT) (EC, 2020). Media (2016) state that even before FLEGT, the government started to take against illegal logging with a forest law in 2007 and a national strategy countering illegal logging in 2010. Though, institutional weakness remains a problem (Media, 2019).	
Evidence	A recent outbreak of the bark beetle has decimated Honduran forests, leading many projects to now include reforestation efforts, though these might not include native tree species. (JDE regional insights, 2020). The Yale Environmental Performance Index scored Honduras's tree cover loss at 16.9/100 (100 being no incidence of tree cover loss). Global Forest Watch (2020) also reported tree cover loss in area humid primary forest by 7.7% between 2015 and 2019. Historically, the growth of the coffee industry has also been a driver of deforestation in Honduras (GMAP, 2017; Bunn et al., 2018). Farmers affected by the bark beetle pest or climate change might now seek new areas for growing coffee as well (JDE regional insights, 2020). Offering technical expertise on forest and natural resource management, including gaining control of the bark beetle, USAID (2017) recently concluded a project in 2019. More coffee-specific, the Plant Trees Save Coffee donation campaign by Conservation International (2019) aims to benefit coffee farmers while preserving agroforestry systems.	
Prevailing expert opinion	Medium-high risk: When looking at the country's coffee producing regions, it remains contested whether farmers have converted High Conservation Value areas to agricultural production or other land uses since January 1st, 2014. Though, one expert reports "huge rates of deforestation in Honduras, mainly [driven] by coffee expansion (and others) in recent years" (Expert survey, 2020). *Deforestation was listed as a top-priority issue in the previous OIA Honduras (2017).	


NATIVE VEGETATION AND ON-FARM BIODIVERSITY		JDE Sourcing principle 3.4
Score	2.9	
Law	In a move to align agriculture, forestry and environmental legislation, the Honduran government initiated the "Program of Agroforestry, Environment and Climate Change" promoting the planting of timber trees in coffee farms. The National Coffee Institute (IHCAFE) was given the capacity to certify tree planting (ProFor, 2018).	
Evidence	According to IHCAFE (2018), coffee is grown in an agroforestry system, with 95% of the area planted with shade for different species. Bunn et al. (2018) offer a differentiation between coffee systems in Honduras: 35% is traditional diverse shade systems, 45% is low diversity shade systems, 20% is full – sun production systems. The last category is harmful to local biodiversity (Barahona, 2017).	
Prevailing expert opinion	Medium-low risk: When looking at the country's coffee producing regions, it is likely that farmers contribute to preservation of native vegetation and on-farm biodiversity. "90% of farms are in hands of smallholders. Therefore, it is more likely there is some tree diversity on the farm. Nonetheless, it is low compared to mature forests" (Expert survey, 2020).	


PROTECTED AREAS		JDE Sourcing principle 3.5
Score	3.6	
Law	Honduras has made progress in the conservation of protected areas, with an estimated 30% of the country as protected in the form of reserves (UN Convention on Biodiversity). Existing Honduran laws on the environment and forestry ban production on conservation areas including mountain ranges with slopes of more than 30% gradients, and areas over 1800masl. By law, no land titles and user permits can be allocated in those areas. Full implementation of the law remains hampered by a lack of institutional capacities (Catie News, 2018).	
Evidence	Some efforts to replant forests and protect areas exist (Bunn et al., 2018), but an increasing penetration of coffee in high altitude areas can be seen (Ruben et al., 2018). Coffee is displaced to higher altitudes, in essence due to climate change and the demand for specialty coffees, threatening in some cases the protected areas. GMAP (2017) scores the risk of coffee impacting protected areas at 100%. This stands in contrast with quite promising national scores for terrestrial biome protection, namely at 79.9/100 (Yale EPI, 2020).	
Prevailing expert opinion	Medium-high risk: When looking at the country's coffee producing regions, it remains contested whether coffee is produced or processed in protected areas or their designated buffer zones. "We witness more and more encroaching while producers move uphill" (Expert survey, 2020).	




YOUTH INCLUSION		JDE Sourcing principle 4.1
Score	2.9	
Law	The design, approval and implementation of the First Public Policy and National Plan of Action on Human Rights (PNADH) period 2013-2022 was instigated by the government, containing a special chapter on youth rights (Co-vivienda, 2016). A partnership with El Instituto Hondureño del Café (IHCAFE) addresses a prevailing concern among youth – not having the relevant skills – through the Strengthening Youth Capacities in Entrepreneurship and Coffee in Honduras project (Media, 2019).	
Evidence	The average age of Honduran coffee growers is falling, currently at an average of 46 years of age, which is 10 years younger than 10 years ago (Media, 2020). Though, IHCAFE (2018) reports that a mere 5% of coffee growers is under the age of 25. The attraction of primary production is low for young people; the inability of providing a stable income and livelihood are mentioned as primary reasons (Ruben et al., 2018; Media, 2019). However, the production of differentiated coffees, a growing sector, is found more attractive by youth because of larger profitability (Ruben et al., 2018).	
Prevailing expert opinion	Medium-low risk: When looking at the country's coffee producing regions, it is likely that participation of young farmers is promoted. "There are many programs in Honduras to increase youth capacity and opportunities in coffee, including Coffee Schools supported by the Honduran Institute of Coffee (IHCAFE) and the Honduran Coffee Producers Association (AHPROCAFE), though there is a difference between access to training, employment and decision making" (Expert survey, 2020).	


GENDER EQUALITY		JDE Sourcing principle 4.2
Score	3.8	
Law	Although Honduras has ratified the Discrimination (Employment and Occupation) Convention (ILO), it did not sign or ratify the convention on the elimination of all forms of discrimination against women (Gender Equality Observatory, 2018). Progress is made towards protecting and promoting women's rights, though more funds need to be allocated to this cause (UN News, 2018). In a consortium with The National Coffee Board (CONACAFE), an agreement was signed to update the national coffee policy with a gender focus (Rikolto News, 2019).	
Evidence	Countrywide, a large discrepancy is found between women and men in the labor force (World Bank, 2019) and unpaid work time (Gender Equality Observatory, 2018). In the coffee value chain, women are present throughout but there is little visibility of their participation. They experience difficulty in accessing land, limiting their access to services (Ruben et al., 2018; IHCAFE, 2018). They occupy scarce managerial positions in cooperatives, productive organizations and trade unions (IHCAFE, 2018), though progress is being made in their participation in decision-making, leadership and empowerment (Ruben et al., 2018).	
Prevailing expert opinion	<p>Medium-high risk: Women sometimes do not have equal rights, responsibilities and opportunities. "Men tend to own the coffee, receive the economic benefits and make decisions about it. Women are having limited access to services and inputs, like training, land, credit, but are in many cases more permanently on the farm due to (temporary) migration of men.</p> <p>It is important though to note that changes are taking place. AMUCAFE, the local chapter of International Women in Coffee Association, is promoting better conditions for female farmers and other female actors in the value chain. Together with the National Sustainable Coffee Platform, they have proposed a gender policy for the coffee sector to promote to bridge the gender gap as well as a better access to services and inputs for female coffee farmers and Factors in the coffee value chain" (Expert survey, 2020).</p>	


CHILD LABOR*		JDE Sourcing principle 5.1
Score	4.1	
Law	In 2017, the government reconstituted the National Commission for the Gradual and Progressive Eradication of Child Labor to include relevant civil society organizations (US department of Labor). Funding and participation in programs that include the goal of eliminating child labor were also enacted, though gaps in these programs to address the full scope of the issue were prevalent.	
Evidence	Use of harmful child labor is prevalent in Honduras, with a risk score of 100/100 (GMAP, 2017). Human trafficking is also a significant issue in Honduras, with children vulnerable to forced labor in the agriculture sector (Freedom House, 2020). According to the US Department of State, 65% of working children between 5-14 years old work in agriculture, including production of coffee (Finnwatch, 2016). Children often miss class at the end and in the beginning of school terms due to the coffee harvest season lasting between October and February. Coffee is also on the list of goods produced by child labor (USDOL, 2018), and is scored as 'high risk' in Rainforest Alliance's Risk Map (2018) for child labor. Ruben et al. (2018) also indicates that child labor during harvest is common in 65% of coffee farms nationwide, with more importance for boys compared to girls. Addressing the issue, JDE has a project on improving the conditions for children at coffee farms including prevention and awareness-raising (JDE, 2020).	
Prevailing expert opinion	<p>High risk: Children under 18 years old perform hazardous work; Children are deprived of school because their families migrate due to coffee related activities; Children below minimum age (12/13 years) are involved in under-age child labor (not on their family farm) (for example migrating alongside their parents for seasonal labor); Children (younger than 14/15) are working more than 14 hours a week on their parents' farm, possibly resulting in children missing school at least a few weeks/more per year (Expert survey, 2020).</p> <p>*Child labor was listed as a top-priority issue in the previous OIA Honduras (2017).</p>	


FORCED LABOR		JDE Sourcing principle 6.1
Score	2.8	
Law	Honduras has ratified the Forced Labour Convention and the Abolition of Forced Labour Convention (ILO). Laws related to forced labor receive an intermediate score by GMAP (2017). Research by Finnwatch (2016) and US department of State (2019) find that laws are not effectively implemented or enforced by the government, with forced labor occurring in agriculture.	
Evidence	Coffee is not found in the USDOL list of goods produced by forced labor in Honduras. Though, it is often reported that forced labor occurs in agriculture (Freedom House, 2020). The Risk Map of the Rainforest Alliance (RA, 2020) attached a medium score for forced labor in coffee, with no non-conformities found.	
Prevailing expert opinion	Medium-low risk: It is unlikely that forced labor happens in the country's coffee producing regions. "Child labor is not so common, at least there is no documented information on it" (Expert survey, 2020).	


WORKERS' RIGHTS AND DUTIES		JDE Sourcing principle 6.2
Highest score	3.7	
ACCOMMODATION		
Score	N/A	
	At the moment, information collected on accommodation does not allow us to draw specific conclusions. Prevailing expert opinion: Medium-low risk: Where accommodation is/ living quarters are provided, these are not necessarily safe, clean or decent. "Housing conditions, especially for temporary workers, are still very bad" (Expert survey, 2020).	
COLLECTIVE BARGAINING		
Score	3.7	
Law	According to the US Department of State (2019) the Honduran law provides for freedom of association, and the government generally respects this right. The freedom of assembly though, scoring 1 out of 4, is frequently disrupted with the government consistently using force to disperse participants (Freedom House, 2020). Although the government has ratified the ILO Core Conventions on freedom of association and collective bargaining (Finnwatch, 2016; Ruben et al., 2018), the ITUC Global Rights Index (2020) rates Honduras a category 5/5, listing 'no guarantee of rights.' In practice, national laws restrict workers' right to form and join organizations of their own choosing by imposing a single trade union system by enterprise or institution (Finnwatch, 2016).	
Evidence	Reports documenting widespread and serious violations of labor rights in Honduras are prevalent (ITUC News, 2015; Media, 2017; AFL-CIO, 2015). In the agriculture sector and on farms that do not permanently employ over 10 people are excluded from the scope of the labor law, and the workers there do not have the right to form and join trade unions. Some employers are reported either to refuse to engage in collective bargaining with unions or make it very difficult to engage in bargaining. (Finnwatch, 2016).	
Prevailing expert opinion	Medium-low risk: When looking at the country's coffee producing regions, it is unlikely that workers are fully aware of their rights and duties and that their employers adhere to those rights and duties including the right of collective bargaining. "there's a high rate of illiteracy among rural workers, this limits their access to information" (Expert survey, 2020).	
MINIMUM WAGE		
Score	3.7	
Law	Honduras has ratified the Protection of Wages Convention and the Equal Remuneration Convention, but not the Minimum Wage Fixing Convention (ILO). Minimum wages in Honduras are set by tripartite negotiations, though the agriculture sector is not represented in these. Research by Finnwatch (2016) indicates that for several years the median wage in Honduras has been below the minimum wage levels, especially in the agricultural sector.	
Evidence	Rural uncovered workers face hardship from employment in agriculture where 85.1% are paid less than the legislated minimum wage (Ham, 2015). The US department of State (2019) reports that employers in the agricultural sector rarely pay the minimum wage. Moreover, employers frequently penalized agricultural workers for taking legally authorized days off. Food insecurity is linked to coffee growing communities due to low income levels since the price fetched for coffee remains low (Ruben et al., 2018). A study by Fair Trade USA shows that the break-even point is reached in the short term, but incomes fail to meet the benchmark sustainability amount of \$2.43 per pound parchment in the long term for all cooperatives when accounting for depreciation and additional opportunity costs (Media, 2019). Despite the country's growing production, most coffee farmers and workers live in poverty (Bunn et al., 2018).	
Prevailing expert opinion	Medium-low risk: Most of the workers are paid the minimum wage or more; part of the workers is paid less than minimum wage. "There's no control or labor law enforcement at rural level" (Expert survey, 2020).	


SAFE WORKING ENVIRONMENT		JDE Sourcing principle 6.3
Highest score	4.3	
OCCUPATIONAL HEALTH SAFETY*		
Score	4.3	
Law	Honduras has not ratified the Occupational Safety and Health Convention, nor other relevant conventions (ILO). Health and safety violations have failed to be remedied due to lacking government enforcement (ITUC News, 2015; Finnwatch, 2016; US dep. Of State, 2019).	
Evidence	The risk conditions for the production of coffee are rated 88/100 (GMAP, 2017). Training on OHS remains feeble on coffee farms as only one interviewee in a research by Finnwatch (2016) reported having received training. Machinery (such as pulpers) and electric appliances are often unprotected or their wiring left unsecured in open spaces posing hazards to workers (JDE regional insights, 2020). In a separate research by Dietz and colleagues (2019), the use of protective equipment when spraying agrochemicals was moderate across the board for farms participating in voluntary certification schemes. More broadly in agriculture, health and safety violations remain widespread (Media, 2015).	
Prevailing expert opinion	Medium-high risk: When looking at the country’s coffee producing regions, it remains contested whether workers enjoy a safe working environment, where adequate steps are taken to prevent work related injuries. “Many issues related to the safe application of agrochemicals, lack in use of personal protection equipment” (Expert survey, 2020).	
FIRST AID AND EMERGENCY HEALTHCARE		
Score	3.2	
Law	According to the World Health Organization (WHO) on the performance of national health systems, Honduras occupies position 131 of 191 countries (1 being top performer). Carmonate-Milián et al. (2017) stress that a reform of the Honduran health system which guarantees coverage and access to the entire population is needed.	
Evidence	According to IHCAFE (2018), 64.4% of coffee growing households have limited access to public services such as public hospitals. The mountainous terrain hampers good infrastructure and access to hospitals and other healthcare networks, with health conditions in Honduras ranking among the worst in the Western Hemisphere (Media, 2017). Ruben et al. (2018) indicate that access to basic health services is ‘acceptable’. First aid kits to treat cuts or injuries are generally present on certified farms (Dietz et al., 2019).	
Prevailing expert opinion	Medium-low risk: When looking at the country’s coffee producing regions, it is unlikely that workers have convenient access to safe drinking water. “Most farms provide assistance to their workers in case of on-the-job injuries, and provide transport to healthcare centers” (Expert survey, 2020).	
DRINKING WATER*		
Score	3.7	
Law	Media (2016) state that neither drinking water nor sanitation have been a priority for the Honduran governments in power since the coup d’état of 2011. Institutions are weak regarding regulatory frameworks i.e. despite three assignments in the National Plan for WASH, the system is neither real nor reliable. National policies and plans thus exist, although their implementations are limited, likely due to budgetary constraints (UN-Water, 2017).	
Evidence	Rural access to basic water services can be largely improved as understood from Water for People (2019). Around 70% of coffee growing communities have a tap inside their home which mostly requires chlorine or boiling (IHCAFE, 2018), although this figure is said to be overestimated (JDE regional insights, 2020). To address the need for clean water, NativeEnergy and the Honduran Association of Coffee Producers (AHPROCAFE) are using The Gold Standard’s established carbon reduction protocol to implement, monitor, and verify a 10-year project that will deliver clean water while reducing carbon dioxide emissions (Native Energy, 2018). Recently though, hurricane ETA hit Northern Honduras, affecting 1.6 million people and hindering basic infrastructure such as drinking water and electricity (Media, 2020).	
Prevailing expert opinion	Medium-high risk: When looking at the country’s coffee producing regions, it is unlikely that workers have convenient access to safe drinking water. “In many regions of the country safe drinking water is not available” (Expert survey, 2020).	
*Drinking water was listed as a top-priority issue in the previous OIA Honduras (2017).		


AGROCHEMICAL HANDLING		JDE Sourcing principle 6.4
Score	4.0	
Law	A long-awaited bill on pesticides management has been issued by the Ministry of Chemicals and Fertilizers, the Pesticides Management Bill, 2020. The government will create a separate portal for providing digital information to farmers related to pesticides. The bill also proposes the establishment of the central board comprising of representatives from the central government, state government and farmers. (Media, 2020). No evidence of other programs or law enforcement was found.	
Evidence	The exposure of workers to hazardous agrochemicals are among violations reported by Media (2019 & 2020). In coffee, the use of personal protection equipment when spraying agrochemicals is rare (Tucker, 2017). Pesticides use is associated with illnesses among workers. On certified farms, the use of protective clothing is more common according to Dietz et al. (2019). Permanent workers on coffee farms are reportedly given PPE more often than non-permanent workers, who are left to buy their own clothing to protect themselves from agrochemicals (Finnwatch, 2016). Several companies and organizations are equipping coffee farmers with knowledge on good labor practices, such as OIAM (OIAM, 2016).	
Prevailing expert opinion	Medium-high risk: When looking at the country's coffee producing regions, it is unlikely that agrochemicals are handled in the right way. "We see a lack of proper pesticide storage, and use of Personal Protective Equipment" (Expert survey, 2020).	


FARM & HOUSEHOLD ECONOMICS		JDE Sourcing principle 7.1
Score	3.5	
Law	On 1 November 2018, Global Coffee Platform (GCP), together with the Rainforest Alliance (RA) and Solidaridad, launched the Honduran Platform undefined for Sustainable Coffee (PCSH) to improve the livelihoods of small coffee producers in Honduras. The government also provides credits at low interest rates and guarantees for coffee producers, in a move to offer security and stability to small and medium coffee farmers after CLR outbreaks, inabilities to access credits and COVID-19 impacts (USDA, 2020; Media, 2020).	
Evidence	According a report by to IHCAFE (2018), only 25% of Honduran coffee-growers belong to productive organizational structures (cooperatives, associative companies, etc.). Moreover, service provision within these cooperatives remains limited. Regional insights by JDE (2020) indicate the majority of coffee farmers prefer to remain outside a cooperative and be able to access the market directly. Smallholder coffee farmers mostly sell in wet parchment, though some farmers sell cherry (GCP, 2018). As exporters cannot test the quality of coffee in wet parchment, they cannot pay premiums to farmers. Processing on farm requires investments, and the majority of the small and medium sized producers do not have access to credits; in some cases, they are already in debt from previous loans (USDA, 2020). There is no standard reporting mechanism for costs of production in Honduras, and many farmers do not keep financial records of it. Those who do, miss to include the cost of labor, of interest on credit, of administration, or the depreciation of equipment (Miguel Angel, 2018).	
Prevailing expert opinion	Medium-low risk: Some coffee farmers are not sufficiently aware of the farm and household economics. "In a study of 99 producers, only 30% didn't have any record of the farm management, the rest had some registers, 45% had records of sales, 30% of harvest, 28% of expenses, 23% of revenues, 5% of profit and losses" (Expert survey, 2020).	


TRADING RELATIONSHIP		JDE Sourcing principle 7.2
Score	3.0	
Law	The Honduras Coffee Sustainability Platform progresses on the development of a National Sustainability Curriculum (GCP, 2019). More program-based, the IHCAFE initiated the Program to Support Small Producers (PAPP), offering funding to small producers for replanting a manzana (0.71 hectares) of land. In total, about 23,000 small producers are supported with technology, seed varieties and technical assistance (USDA, 2017).	
Evidence	It is apparent that Honduran coffee growers face significant challenges in accessing financing from banks to support investment in their production (World Bank, 2015). IHCAFE (2018) lists inadequate credits as a challenge for coffee producers, along with a low integration of the chain and a lack of formal contracts. Setting an example, the COMSA cooperative provides farmers with saplings of varieties resilient to CLR on credit while locating alternative local funding and promoting diversification (FairTrade USA, 2017). Other cooperatives of similar initiatives can be discerned. As such, JDE joined hands with Honduracafe and USAID to promote sustainable coffee production through socio-economic development including access to financial services (JDE, 2018). The Sustainable Agriculture Improvement Project by Technoserve set out similar objectives enabling coffee farmers to join local producer organizations (Technoserve News, 2020).	
Prevailing expert opinion	Medium-low risk: When looking at the country's coffee producing regions, it is likely that coffee sourcing companies facilitate farmers to access key production inputs, such as plantlets, fertilizer and agrochemicals, but unlikely that coffee sourcing companies facilitate farmers to access services, such as credit and market information. "The producers who take part in a cooperative or participate in a certification scheme are more likely to have access to all those services, but individually organized producers would not easily have access" (Expert survey, 2020).	

GOOD AGRICULTURAL PRACTICES		JDE Sourcing principle 8.1
Score	2.9	
Law	The Honduras Coffee Sustainability Platform progresses on the development of a National Sustainability Curriculum (GCP, 2019). More program-based, the IHCAFE initiated the Program to Support Small Producers (PAPP), offering funding to small producers for replanting a manzana (0.71 hectares) of land. In total, about 23,000 small producers are supported with technology, seed varieties and technical assistance (USDA, 2017).	
Evidence	To support resilient coffee production systems, ACCESO promoted high quality coffee seedlings to farmers to replace rust-affected plants, covering over 8,000 ha (FAO, 2016). Bunn et al. (2018) verify major replanting efforts and indicate that aging plants will not represent a problem over the next decade. Export of certified coffee has also seen a major boost over the past decade (GMAP, 2017). Resistance to the adoption of good practices is however listed as a limitation to production by IHCAFE (2018). The increase in sun-grown coffee has also left communities more vulnerable to natural disasters (Barahona, 2017).	
Prevailing expert opinion	Medium-low risk: Expert estimates of the percentage of farmers in the coffee producing regions using good agricultural practices vary between 25 and >75%. "The government and several institutions support GAP, though the definition of GAP is sometimes linked to more intensive and highly productive systems" (Expert survey, 2020).	

HARVEST AND POST-HARVEST PRACTICES		JDE Sourcing principle 8.2
Score	3.1	
Law	In Honduras, coffee processing is decentralized. 95% of coffee is processed by individual farmers quipped with moderate to basic technology. Previous attempts by the Honduran government to modernize coffee processing have been unsuccessful (GMAP, 2017).	
Evidence	In a move to improve the production, processing, post-harvest and marketing of coffee, the USDA together with TechnoServe initiated a project in five departments, representing about 60 percent of coffee production in the country (USDA, 2017). Where the majority of coffee producers sell their coffee washed (GCP, 2018), the final processing procedures occur at the exportation facility before the coffee beans are shipped to the buyer (GMAP, 2017). The lack of drying and storage infrastructure poses a problem of dependence on the intermediary by the producer (IHCAFE, 2018). Media report on a project by COCAFAL that improves the coffee processing facilities to also improve farmers' livelihoods (FairTrade News, 2017).	
Prevailing expert opinion	Medium-low risk: Expert estimates of the percentage of farmers in the coffee producing regions implementing good harvest and post-harvest practices vary between 25 and >75%. "More and more farmers are drying their coffee with solar dryers to have improved the quality of their coffee" (Expert survey, 2020).	

INTEGRATED PEST MANAGEMENT		JDE Sourcing principle 8.3
Score	3.4	
Law	IHCAFE has made great efforts to combat pests and stimulate the renewal of coffee plants by replacing them with more resistant varieties (Ruben et al., 2018). In 2019, a new development project appraisal was drafted by the World Bank on Pest Management (OP/BP 4.09), emphasizing Integrated Pest/Crop Management through technical assistance.	
Evidence	Research by IHCAFE (2018) points out that 74% of coffee producers apply copper-based products to combat CLR; 22% use recipes, 3% use artisan products, and 1.5% replaces the susceptible variety. Crucially, 71% did not know Integrated Pest Management (IPM) or its techniques and application. Most coffee though, remains shade grown (GMAP, 2017). And organically grown coffee can also be found (Catie News, 2018). Moreover, AHSAFE-Honduras (the national member of CropLife Latin America) trained 120 USAID field officers on good agricultural practices and integrated pest management, reaching more than 30,000 Honduran farmers in IPM techniques (CropLife).	
Prevailing expert opinion	High risk: Expert estimates of the percentage of farmers in the coffee producing regions applying Integrated Pest Management vary between <25 and 75%. "Integrated pest management is carried out but not in a precise way" (Expert survey, 2020).	

BANNED PESTICIDES		JDE Sourcing principle 8.4
Score	3.4	
Law	In 2020, the government has committed to increasing the number of banned pesticides from 40 to 75. Besides, the bill will ban the import of numerous pesticides (Media, 2020). Officially, imports of raw and processed agricultural products need approval of an import permit from the National Service of Food Safety, Plant and Animal Health (SENASA) of the Secretariat of Agriculture and Livestock (SAG) (Media, 2019). Though, research by Norris Cotton Cancer Center points out that there is no FDA or effective governmental control to ensure the products for sale are safe, or even that the materials are properly labeled (Media, 2017).	
Evidence	The use of agrochemicals in the coffee industry, including the application of fertilizers and toxic pesticides like endosulfan and paraquat, remains present in Honduras (GMAP, 2017). Though, the amounts used are lower when compared to countries such as Costa Rica, Colombia and Brazil, but by selling these pesticides under different names their traceability is limited (JDE regional insights, 2020). Media (2020) report that pesticides banned in Europe end up being shipped to Honduras among other countries. Such pesticides can afterward be found in regular local hardware stores (Media, 2019). Reportedly, Syngenta was by far EU's biggest exporter of banned agrochemicals. Other multinationals such as Corteva Agriscience, Bayer, Sipcam Oxon and Inovyn reportedly also exported banned agrochemical from the EU in 2018 (Media, 2020). The Pesticide Action Network (2018) focuses on helping farmers recover from major outbreaks of coffee leaf rust without relying on Highly Hazardous Pesticides.	
Prevailing expert opinion	Medium-low risk: When looking at the country's coffee producing regions, it is likely that banned pesticides are not used (Expert survey, 2020).	

INCOME DIVERSIFICATION		JDE Sourcing principle 9.1
Score	3.5	
Law	The COMRURAL project, led by the World Bank, enabled coffee cooperative members to diversify into other less volatile commodity products (World Bank 2015).	
Evidence	Most smallholder producers diversify their system by planting primarily maize, beans and sorghum for self-consumption. Commercialization of these products remains limited. Depending on the ecological zone and market access, fruits and vegetables are also produced (Bunn et al., 2018). Through outreach activities by iDE (2020), coffee farmers are learning to diversify and grow vegetable crops for personal consumption and to sell at the market. To weather the effects of climate change, the cooperative COCAFCAL has developed diversification strategies to balance members' dependency on coffee farming (FairTrade News, 2017). Though the dependence on rainfed agriculture limits this opportunity for many (FAO, 2016).	
Prevailing expert opinion	Medium-high risk: Expert estimates of the average percentage of the farmer's net income generated from coffee production vary between 70 and 82%. "Most of farmers only have coffee as a main crop. There is not a high % of diversification with other crops such as Banana, avocado" (Expert survey, 2020).	