



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

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Private Sector Consultative Board
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**Report of the three Rapporteurs
of the 4C initiative – May 2006**

Background

The attached report has been received from the Common Code for the Coffee Community.

Action

The PSCB is requested to note this report.



Report of the three Rapporteurs of the initiative (Mrs Sue Longley, Dr Diego Pizano, Mr Roel Vaessen)

ICO Private Sector Consultative Board, May 24, 2006

Further to report to the International Coffee Organization in Salvador da Bahia (PSCB 70/2005) and in London (PSCB 75/2006) – The main developments of the Common Code for the Coffee Community (4C) initiative since its last report in January 2006 have been:

- Agreement on the process to institutionalize the sustainability concept according to the 4C;
- Agreement on a system to verify compliance with the 4C Code of Conduct and finalization of the concept to monitor continuous improvement of coffee farming;
- A mechanism to guarantee capacity building measures and skill development activities;
- A fee structure to enable a self-sustaining model for the membership association.

Based on the guidance of its multi-stakeholder Steering Committee it is the aim of the initiative to be fully operational by the end of this project phase (Dec 2006). The initiative aims at registering as an open and inclusive independent membership organization.

The seventh meeting of the 4C Steering Committee took place March 21 – 23 in Egmond aan Zee, the Netherlands. 30 stakeholder participants attended the 3-day meeting: 12 representatives from producer organizations from Africa, Asia, South and Central America, 7 representatives of the global coffee trade & industry, 5 representatives of civil society groups and trade unions, 6 extraordinary members plus external coffee experts and members of the Management Unit. Prior to the meeting, the constituent groups of the producer organizations and the civil society group each held a one day preparatory meeting on March 20. The main aspects of the decisions of the Steering Committee have been:

- a) **Transformation into a membership organizations** – the stakeholders of the 4C initiative mandated the Management Unit to prepare the transformation of the 4C project into a membership organization as soon as possible. The organization shall
- be named “Common Code for the Coffee Community Association”;
 - be registered as an independent membership association under Swiss law;
 - keep the basic tri-partite structure with stakeholder representation of producers, trade & industry and civil society groups in respective chambers of the association;
 - have the decision making structure of a General Assembly, a representative Council and an Executive Board;
 - have a mediation board to manage complaints or any conflict within the initiative;
 - have a technical committee to manage the future development of the 4C Code of Conduct to ensure the highest benefit for the producers using it. For this purpose, it will reflect the learnings from application of the code;
 - be self-sustaining in its operational and administrative costs through the membership fees contributed by the members.



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Members of the General Assembly will have the ultimate power of decision making in the 4C Association. They will set the Statutes of the Association, decide on most relevant issues and elect representatives for the 4C Council. The representation and weighting of votes within each chamber should be decided by each chamber individually.

Membership fee of trade & industry members is categorized in five groups from mini to XXL in accordance to their purchasing power. The Producer Organization's constituent group suggested that also producing members will pay a modest membership fee. Small producers will only pay a symbolic one-off entrance fee to express their interest in the 4C.

- b) **Capacity building activities** – Since the support mechanisms and services are a major component of the 4C concept, the Steering Committee agreed that at least 30% of the annual membership fee of each member of the trade & industry chamber will be dedicated to capacity building activities of the 4C, especially on training and skill development of small scale farmers. Furthermore, members of the trade & industry group will be encouraged to coordinate projects and support activities in producing countries with the 4C Association to maximize beneficial impact for producers. Cooperating donors, development agencies and other institutions are strongly encouraged to further invest in capacity building efforts and coordinate these efforts with the 4C Association.

The future 4C support services will be open and free for all members and shall provide information and knowledge management, partnership facilitation, facilitation of new projects and tools, training and capacity building as well as a project network on a virtual basis focussing on access to support for producers. A major task for the support services of the 4C Association will be to support organizational structures in producing countries. In this respect, the 4C also stresses the need to cooperate with existing organizations.

Development of support services will reflect the needs and interests of producers and, therefore, build on close cooperation with the 4C Forums (see item e) below) and the technical committee, which shall be established soon.

- c) **Verification of compliance with the 4C Code of Conduct** – The Steering Committee agreed on a concept to measure compliance against the 4C code on the production level and to verify this performance. The entire verification shall be an enabling and assisting one to support farmers in their efforts to optimize their activities. Every process starts with an assisted self-assessment. Such assistance can for instance be provided by extension services. If this assessment shows the status of average yellow, the 4C Association will suggest a verification body located close to the respective 4C Unit. If the verification of the independent third-party confirms the status of average yellow, the 4C Unit gets a license to sell 4C coffee. An exemption from this rule can be obtained from the Management Unit on request according to a list of criteria, for example the unavailability of verification capacity in the area where the potential 4C Unit is located.

The costs of the entire verification process will be covered by the 4C Association through the membership fee. The assisted self-assessment shall be conducted yearly. A re-verification process confirms the continuous improvement



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and assesses the function of internal monitoring mechanisms. On average, no more than five years shall pass by between two verification processes.

- d) **Development of measurement tools** – The Steering Committee mandated GTZ to develop verification and measurement tools in cooperation with PricewaterhouseCoopers and a stakeholder group which guarantees a valuable, transparent and credible process. Internal monitoring mechanisms shall enable farmers to assess their performance and continuously improve practices. In developing these measurement tools, the initiative will cooperate closely with producer organizations and civil society groups in producing countries. A parallel testing phase of all tools will have to prove the beneficial impact on producers and ensure their applicability.
- e) **Establishment of National 4C Forums** – to decentralize the process and to encourage producers to be the owners of the concept, 4C will promote the installation of so called National 4C Forums. These Forums will preferably be part of existing bodies such as coffee boards, associations or institutes. Main tasks of these Forums are to act as focal point and to bring together all relevant stakeholders to improve the organizational capacity in producing countries. They are requested to provide a linkage between the central 4C Association and producers. 4C Forums are encouraged to reflect the tri-partite structure of the 4C in its Forum structure and will disseminate the concept, provide assistance in the self-assessment process and the access to services which are offered by the central 4C Association.
- f) **Communication on the 4C concept** – The Steering Committee confirmed the phrasing of the Rules of Participation: All members will be able to claim membership. Producers can claim compliance with the 4C for green coffee, but this performance claim does not appear on pack, where only a reference to the membership is allowed. More detailed communication strategies and guidelines will be developed soon.
- g) **Cooperation with other initiatives and organizations** – Since the 4C approach has always stressed the importance of cooperating with other approaches, initiatives and organizations, the Steering Committee supported the activities of the Management Unit to intensify the cooperation with the Sustainable Agriculture Initiative Platform (SAI) and the International Trade Centre (ITC) and to draft a formal common understanding of cooperation with the Sustainable Coffee Partnership (SCP). The Steering Committee also recommended to define the relation with the ICO in a joint process of consultations with its members.
- h) **Benchmarking and equivalency with other codes and standards** – The 4C understands itself as the first step towards sustainability aiming at continuous improvement for farmers. Hence, it will work as a “bottom-up approach” which will not enter into “competition” with existing systems or labelling schemes. It will rather aim at cooperating with any other approach towards sustainability. In due time benchmarking of 4C with other certification programmes will be



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important. This will be helpful to growers wishing to participate in more than one initiative and will streamline verification.

- i) **Consultation of anti-trust authorities** – Further to the discussion on the “Rules of participation”, the 4C initiative will start an official Business Review Process with the Federal Trade Commission of the United States to clarify compliance with anti-trust legislations in the US. In parallel, a consultation process of the European Commission’s Directorate General on Competition will be conducted.

Dissemination activities – Since the last report to the PSCB, the 4C initiative conducted dissemination and consultation workshops in Indonesia (January), Perú (April), Vietnam (April), Bolivia (April) and Ethiopia (May). Reports of these workshops are already (or will soon be) available on the 4C homepage.

Next meetings – A dissemination and consultation workshop is planned in Cameroon (June), further workshops in Africa and Latin America are currently under discussion. The Steering Committee of the 4C initiative will meet for its 8th meeting on October 4, 5 and 6 in Montreux, Switzerland. Pre-meetings of producer organizations, civil society and trade&industry will be held on October 3.

Homepage relaunch www.sustainable-coffee.net – during the past months, the 4C homepage has been renewed and relaunched. To provide benefits to users from all regions and with different interests, it contains a substantial download section with all relevant documents, a press / media review and a comprehensive service section for the 4C support activities which will be further elaborated in line with the development of these activities. In future, the homepage will also provide access to a “4C marketplace” which will emphasize the business to business character of the initiative.

The Common Code for the Coffee Community is an open, participatory and transparent initiative and members of the Steering Committee would like to stress that the 4C is a learning process. The group acknowledges that questions may arise on the 4C sustainability concept and its implementation in the coffee sector and would like to discuss these thoroughly. Therefore, its processes and documents are open for discussion and the Steering Committee would like to emphasize that it welcomes every input, comment and recommendation on its current concept.

Contact

Common Code for the Coffee Community Management Unit

Deutsche Gesellschaft fuer Technische Zusammenarbeit (GTZ) mbH – Mr Carsten Schmitz-Hoffmann
Dag-Hammarskjold-Weg 1-5,
D-65726 Eschborn
coffee@gtz.de

GTZ provides services for the 4C initiative on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ) and the Swiss State Secretariat for Economic Affairs (SECO).

European Coffee Federation 4C Group – Mrs Melanie Rutten
ECF, Tournairestraat 3
PO Box 90445, NL-1006 BK Amsterdam

4C@coffee-associations.org

ECF 4C Group provides services for the 4C initiative on behalf of the European Coffee Federation.

Documents / information are available on the homepage www.sustainable-coffee.net