



Organización Internacional del Café  
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Organisation Internationale du Café

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Executive Board  
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## Sustainable Coffee Partnership

### Background

1. The attached two documents have been received from the International Institute for Sustainable Development (IISD) concerning a multi-stakeholder collaboration towards the establishment of a Sustainable Coffee Partnership. They include specific questions for consideration by the Executive Board about the partnership and a draft schematic structure for a Sustainable Coffee Partnership.
2. Copies of three additional documents, including a Statement of Intent and background documents to workshops held in February and December 2003, which outline the wide range of sustainability initiatives operating in the coffee sector, can be downloaded from the ICO Website: [www.ico.org/activ/sustain.htm](http://www.ico.org/activ/sustain.htm) and are available at the ICO on request.
3. Mr. Jason Potts, Coordinator of the Sustainable Commodity Initiative, will introduce this item at the Executive Board meeting.

### Action

The Executive Board is requested to consider this document.



### **Specific Questions for Consideration by the Executive Board of the International Coffee Organization**

The appended documents provide background on a multi-stakeholder collaboration towards the establishment of a “Sustainable Coffee Partnership”. The paper, *Building a Sustainable Coffee Sector Using Market-Based Approaches: The Role of Multi-stakeholder Cooperation*, provides a very brief overview of the state of sustainability initiatives in the coffee sector and provides the context giving rise to the interest in such a partnership. The discussion paper, *Draft Schematic Structure for a Sustainable Coffee Partnership* paper provides a more detailed rationale and outline of what the Partnership might look like. The *Statement of Intent* provides an outline of proposed underlying principles the Partnership. Each of these documents is open to revision and is meant to animate discussion and comment by coffee stakeholders, including, of course, the Executive Board. In addition to any general comments and suggestions which the Board may have on these documents, we would be particularly interested in receiving feedback on the following specific questions of particular relevance to the ICO’s mandate:

**1. Given the clear expression among stakeholders to have such a partnership clearly linked to the ICO, what is the appropriate relationship between the Partnership and the ICO?**

Some possible (non-exclusive) options for consideration include:

- Sustainable Coffee Board provides updates to the ICO Executive Board and Council on a regular basis through meetings of the Executive Board and the Council.
- Sustainable Coffee Board creates an ICO liaison committee jointly with the ICO which coordinates Partnership and ICO activities on a regular basis
- Sustainable Coffee Board plays a role similar to the PSCB, playing a formal advisory and consultative role to the ICO
- Permanent representative from the ICO on the Sustainable Coffee Board

**2. Are there any other opportunities for ensuring strong government participation in the Partnership?**

**3. Are there any other mechanisms for ensuring strong linkages between the Partnership and public policy development?**

**4. Is there an interest among the Executive Board in making sustainability a key theme for the upcoming World Coffee Conference in Brazil using the Sustainable Coffee Partnership as a flagship for the Conference?**

Thank you for your input and guidance,

Jason Potts  
Coordinator  
**Sustainable Commodity Initiative**



**Discussion Document:  
Draft Schematic Structure for a Sustainable Coffee Partnership (Revised Jan 15, 2004)**

The following outline for a Sustainable Coffee Partnership is intended as a background document for discussion only and does not necessarily represent the views of those on the Provisional Steering Committee. This is a revised version of a similar draft document disseminated on December 8<sup>th</sup> and 9<sup>th</sup> at the meeting “Sustainability in the Coffee Sector: Exploring Opportunities for International Cooperation”.

**1.0 Rationale and Overview:**

As one of the most important commodities in terms of value traded globally, coffee plays a crucial role in the livelihoods of millions of rural households across the developing world. In addition to the estimated 25 million small coffee farmers who depend directly upon coffee as their primary source of income, coffee contributes significantly to foreign exchange earnings and plays a leading role in determining opportunities for employment and infrastructure development in more than 50 developing countries. The breadth and intimacy of the relationship between coffee producers and a host of intermediary institutions along the coffee supply chain makes the sector of critical importance to sustainable development at the local, regional and global levels.

Growing instability in global coffee markets combined with intensification of production and trading practices around the world over the past several decades has placed producers and their communities in a state of unprecedented vulnerability. In response to this, a number of initiatives addressing specific sustainability issues along the coffee supply chain have been launched over the past decade and a half. Although the mechanisms used by these initiatives vary considerably, there has been a notable growth in the use of supply chain management and related market-based instruments for improving:

- market information and communication along the supply chain
- overall supply chain efficiency
- capacity building among producers
- infra-structure development for producers
- environmental conditions related to production
- economic returns for producers

The growth in the number of such initiatives has clearly had a beneficial impact on the sustainability of the coffee sector. The development of new consumer markets around specific sustainability concepts is but one example of how such initiatives have brought new benefits to producers and others along the supply chain. However, the growing diversity of initiatives and players involved has also given rise to new obstacles that threaten to prevent those most in need from reaping the full benefits available from such efforts. Some of the challenges currently facing the coffee sector as a result of the multiplicity of initiatives include:

- growing confusion among producers, industry, consumers and policy makers on what sustainability means within the sector
- new barriers to accessing and entering “sustainable markets” for producers
- reduced efficiency, economies of scale and overall impacts of sustainability efforts
- lack of clarity on the relationship between supply chain sustainability strategies and macro-sustainability strategies for the sector
- lack of clarity on the relationship between supply chain sustainability initiatives and public policy

The current context of growth and diversity among existing sustainability initiatives presents a significant opportunity for improved impact through a process of enhanced inter-initiative coordination. UNCTAD and IISD, under the auspices of the Sustainable Commodity Initiative, have begun a process towards the establishment of a global multi-stakeholder Sustainable Coffee Partnership. By bringing together producers, industry, civil society and public policy makers, such a partnership would provide a unique opportunity for the development of a truly global and integrated approach to sustainability for the coffee sector as called for by Agenda 21 and reaffirmed at the Johannesburg Earth Summit. The following is a draft description of the objectives and structure of such a Partnership currently open for comment by stakeholders throughout the supply chain.

## **2.0 Objectives**

### *2.1 Primary Objective:*

The overriding objective of such a Partnership should be to promote sustainability across both supply chains and international markets for coffee.

### *2.2 Secondary Objectives:*

A Partnership should provide a specific forum for achieving this larger objective by primarily enabling:

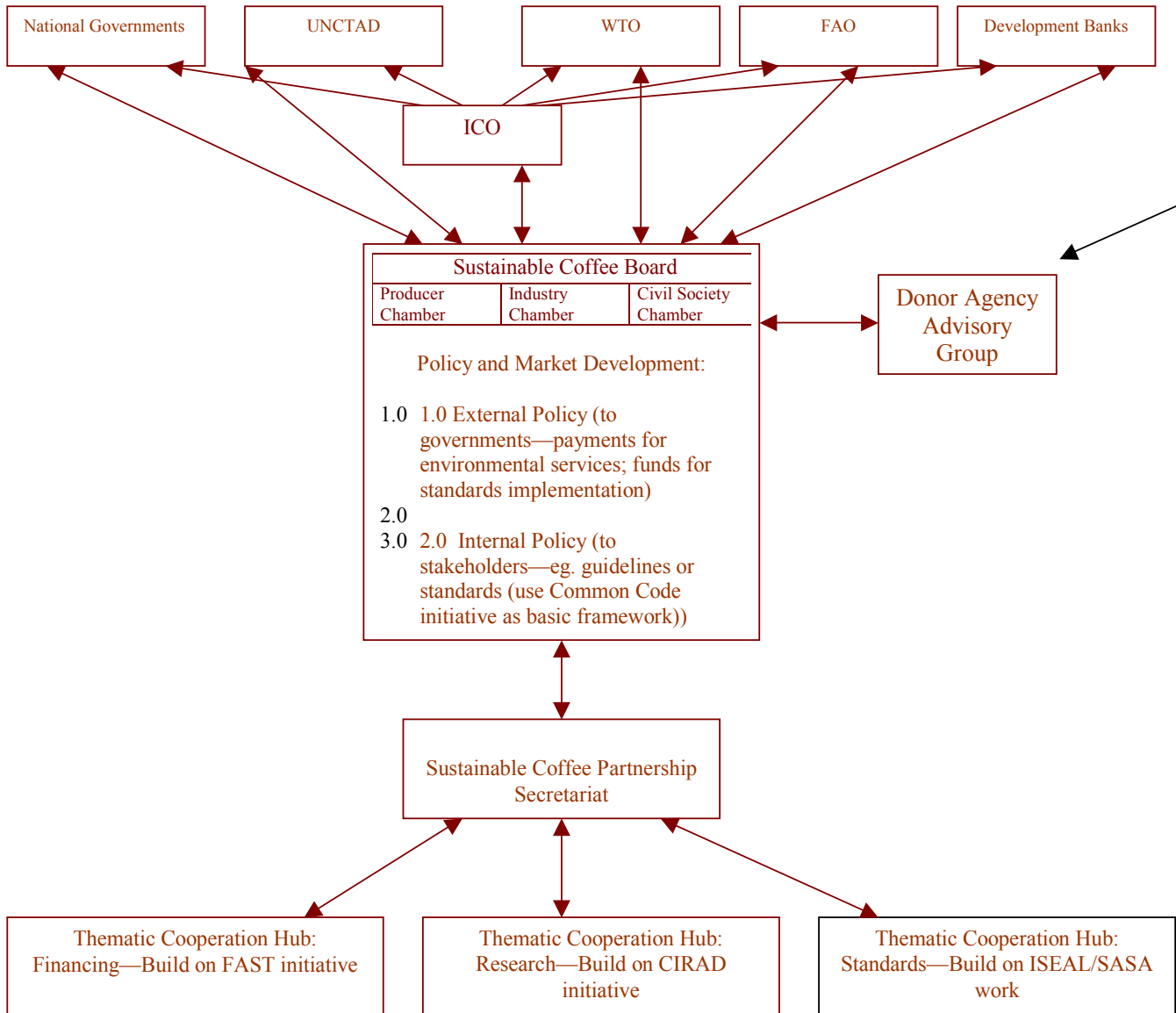
- Shared learning and Information exchange among all stakeholders
- Generation of policy guidance for the sector
- Accountability and coherence building among existing sustainability initiatives
- Development of a global sustainability strategy for the sector
- Identification of concrete shared research and pilot projects
- Identification of supportive policy instruments for sustainability in the coffee sector
- Clarity and transparency for sustainability standards
- Generation of resources for promoting and implementing sustainability in the coffee sector at the global level
- Generation of research and resources for coordination of specific sustainability initiatives

## **3.0 General Approach**

The Partnership should be guided by a few basic principles including:

- Build upon and across existing initiatives and institutions—modify existing infra-structures before setting up new infra-structure
- Place priority on concrete projects and collaborations
- Promote coherence and shared understandings
- Draw upon public-private partnerships both at the project and policy levels wherever possible
- Ensure transparent multi-stakeholder representation and decision making

**4.0 Sustainable Coffee Partnership  
Draft Schematic Diagram**



Note: Arrows do not designate decision making hierarchy but rather proximity of communication channels

## 5.0 Overview of Task and Functions

### 5.1 International Coffee Organization

The International Coffee Organization has the mandate to coordinate actors and policy development in the coffee sector at the international level. Pursuant to its mandate, the ICO should play a proactive role in information dissemination and in bridging Partnership activities with the international policy community.

### 5.2 Sustainable Coffee Board

The Sustainable Coffee Board would operate as the core decision making body of the Sustainable Coffee Partnership. The Board guarantees equitable representation among industry, civil society and producers and would provide policy direction to the Secretariat for its coordination activities as well as to the larger policy community. Pursuant to this latter role, the Board could also play an advisory or consultative role to the ICO. In order to preserve maximum transparency and accountability, Board members would be elected by Partnership members with special rules for ensuring appropriate representation of various stakeholder groups.

Substantively, the Sustainable Coffee Board would focus on promoting policy and market development activity in support of sustainable development for the sector. This task would be carried out along two conceptually distinct branches: External policy development whereby directives and guidelines for public policy are developed/promoted/implemented and internal policy development whereby directives and guidelines for stakeholder activity are developed/promoted/implemented (eg. supply chain standards/guidelines). The Common Code for the Coffee Community initiative could form a basis of the “internal policy” work.<sup>1</sup> In the sphere of external policy development, the Board would identify public policy measures for promoting the adoption of sustainable practices (including, of course, any base standards or guidelines associated with the Partnership) and prioritize areas for such activity.

### 5.3 Sustainable Coffee Partnership Secretariat

The Secretariat would manage the day to day tasks associated with coordinating activities of the Members, Working Groups and Projects. The Secretariat would also be responsible for the direct management of “core” Projects such as, for example:

- The administration and development of a news bulletin on sustainability in the coffee sector
- The organization of an annual “Sustainable Coffee Convention”
- The administration and development of global strategies for implementing sustainability within the sector (based on board, committee hub and member input)

### 5.4 Thematic Cooperation Hubs

The Partnership would sponsor, promote and act as a catalyst in the development of thematic “cooperation hubs”. The actual themes for such hubs would depend primarily on examples of naturally occurring cooperative engagements with the Partnership offering infra-structural and coordination support. More formal linkages with the Partnership could be established in the event that such hubs lead to the development of consolidated multi-stakeholder policy and/or instruments for application across the sector. The following is only a list of *possible* areas where thematic cooperation hubs could be expected on the basis of existing initiatives underway.

#### 5.4.1 Research Hub

The Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD) has established a platform for cooperation among coffee researchers. The Partnership should provide a stimulus and infra-structure for the continued development and implementation of this platform’s work.

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<sup>1</sup> Pending the identification of appropriate linkages between such a code and other standards/sustainability initiatives.

#### *5.4.2 Financing and Risk Management Hub*

The Finance Alliance for Sustainable Trade (FAST) and the World Bank have each launched “collaborative” activities in this field. These models could form the basis for further cooperation promoted and disseminated through the Partnership.

#### *5.4.3 Standards Coordination Hub*

The International Social and Environmental Accreditation And Labelling Alliance (ISEAL Alliance) and the Social Rules for Sustainable Agriculture (SASA) project offer fora for inter-standards coordination and collaboration which could form a hub for “coffee specific” work in this area. The Partnership could animate the development of coffee specific work within these fora.

### **6.0 Members**

Any and all stakeholders to the coffee supply chain would be eligible for membership in the Partnership. Different types of institutions could have different modalities for becoming members. Although membership should be available for individuals and not-for-profit institutions at a nominal fee, it may make sense to charge a sliding membership fee for industry members based on volume sales or gross annual revenues. Members would be eligible to be members of the Sustainable Coffee Board well as to vote in annual Board elections. Members would also be eligible to be members of working groups and project leaders. Special voting rules may be required to ensure appropriate representation among different stakeholder groups.

### **7.0 Projects**

Projects could emanate from any aspect of Partnership activity, whether related to the core policy activities of the Partnership or linked to Thematic Cooperation Hubs.

### **8.0 Donor Agency Advisory Group**

The development of global approaches to sustainability in the sector requires significant investments in research, technical assistance and pilot projects. The formation of a Donor Advisory Group could help ensure that Partnership activities and Donor activities are dovetailed in the most appropriate and efficient manner possible. A Donor advisory group could also provide a unique opportunity for Donor agencies to plan and coordinate their respective strategies for promoting sustainability in the coffee sector.

### **9.0 Other Committees**

It is expected that other committees would be formed on a needs basis in order to enable the Sustainable Coffee Board to fulfil its mandate of promoting policy and market development for sustainability in the coffee sector.

### **10.0 Funding**

The full benefits of a Partnership cannot be expected instantaneously. The Partnership therefore needs to secure a sound financial foundation for its continued existence over the long term. Core collaborative activities will require stable and certain funding sources. Possible opportunities for generating such core funds include: 1. revenues generated through an annual “Sustainable Coffee Convention”; membership fees; “overhead” fees associated with Partnership projects; direct grants via bodies such as the European Commission, Common Fund for Commodities or other Donor Agencies

## 11.0 Timetable for Development and Implementation

January 15 <sup>th</sup> -February 2	Revision of draft Partnership discussion document and related documents (statement of intent) on the basis of stakeholder input towards the development of a draft proposal for a Partnership. Distribute proposal to stakeholders via the Sustainable Coffee Discussion Group for comment.
January 25 <sup>th</sup> -30 <sup>th</sup>	Formation of Stakeholder Liaison Committee
January 29 <sup>th</sup> , 2004	Present proposal to the Executive Board of the International Coffee Organization for discussion and feedback
March 2nd, 2004	Provisional steering committee meeting to formally adopt a plan of action on the basis of the above
March and April	Circulate plan of action and statement of intent to all stakeholders for signature
May-June	Nomination of members for the "Interim Sustainable Coffee Board"
May 2004, ICO Council Meeting; June 2004, UNCTAD XI or September 2004 at the World Coffee Conference in Brazil	Possible Events for official Launching of Sustainable Coffee Partnership