



Organización Internacional del Café
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**Report of the
Virtual Screening Committee (VSC)
on the terms of reference of three
complementary studies**

Background

1. The ICO would like to thank the VSC Members for the technical support provided in evaluating the terms of reference of three complementary studies that were defined in 1999 by the ICO in co-operation with the United Nations Environment Program (UNEP) to explore linkages between coffee production, environment and international trade.
2. The definition of the studies was based on the objectives of Agenda 21 of the United Nations Conference on Environment & Development and on the importance of ensuring that trade and the environment were mutually supportive. Analytical and conceptual work on this relationship was therefore considered to be important to develop recommendations.
3. It is important to mention that, since these studies were defined, a lack of financial resources has been the main reason for not developing them, and at the last Executive Board meeting some producing countries noted that the objectives may no longer be appropriate. They will therefore need to be considered in a similar light to project proposals.
4. This report summarizes the feedback provided by the VSC Members on the terms of reference of each of the three complementary studies, in order to provide the ICO Executive Board with additional technical comments and suggestions.
5. The report is based on comments received from importing Members. There has been no feedback from the exporting Members currently involved.

Action

The Executive Board is requested to consider this report.

- 1. Title: Study of environmental issues relating to the coffee chain within a context of trade liberalisation, through a life-cycle approach (see document WP-Board No. 974/05)**

Prepared by: EDE Consulting

Technical comments and suggestions given by the VSC

- (a) The proposal presents a sound approach to develop the analytical tools for assessing environmental impacts and to collect reliable data on the current situation. The areas undertaken are also integrated into a model.
- (b) The proposed approach considers the separation into modules, which helps to simplify the complexity of environmental impact, to then integrate them into a more comprehensive presentation under Module 6. However, the Module 6 does not bring the other 5 Modules of research together in a way that is comprehensive.
- (c) Another element missing from the proposed model seems to be the guidelines for national research institutes and policy makers, which should be elaborated to be used as a practical tool for assessing changes at national level under Module 6. The model should also be expanded to cover both global and national level.
- (d) The funding and timetable seem insufficient to accomplish the wide-range of stated goals. Allowing 9 months and US\$210,000 for such a widespread plan of study could result in a plan of study that is extensive, but not deep enough to have a profound impact on policy and justify the costs of undertaking it. It is suggested to conduct a deeper investigation into the most significant impacts the coffee chain has on the environment, rather than briefly skim over dozens.
- (e) It would be advisable to develop a more detailed outline for this study, providing a short justification for each proposed area of research. For example, in Module 3 on water pollution, the outline lists the need for more comprehensive estimates on the main causes of water pollution: Post harvest processing, insecticide run-off, copper oxide run-off, fertilizer run-off and industrial processing. It would be useful to have 1 - 3 sentences under each one explaining why further research is needed.

- 2. Title: Study of the environmental impact and efficiency use of natural resources – a comparative analysis between coffee and other crops in the agro-industrial sector (see document WP-Board No. 973/05)**

Prepared by: Natural Resources Institute of the UK

Technical comments and suggestions given by the VSC

- (a) The study, which will cost US\$20,000 and take place over 2 months, will use both literature-based research (undertaken as a UK based desk study) and focused field visits, with the end of examining the entire agro-processing chain (from production to preparation of the final consumer product) and how the links between social, environmental and economic/financial concerns affect stakeholders in the industry on all levels.
- (b) The methodology will include conducting case studies in four other tropical perennial tree crops with large smallholder sectors, an export focus and a degree of secondary processing (most likely tea, cocoa, rubber and palm oil) in addition to the study of other comparative crops to be covered in less detail. In addition, case studies in coffee will be undertaken in a major exporting country in each of Africa, Asia, Latin American and the Pacific regions (most likely Kenya, India, Colombia and Papua New Guinea).
- (c) Can they really do such a broad review effectively for US\$20,000? The proposed budget seems to be inadequate to achieve meaningful research results.
- (d) While the comparison of coffee with alternative agro-industrial crops could be interesting, it is not clear what practical use the results will have. In addition to that, it lacks a sound concept for comparisons, which suggest that either a farming systems concept or commodity chain analysis might be used.
- (e) Although socioeconomic issues definitely play a significant role with regard to environmental impacts, the study should rather focus on the environment and the efficient use of natural resources.
- (f) The study seems more of an academic exercise than an applied research. It appears too broad and should be upgraded with the new knowledge made available in the meantime.

- 3. Title: Study of the impact of the Kyoto Protocol on coffee trade and environmental quality in the coffee life-cycle. This proposal is only part of the wider objective of the fourth study (see document WP-Board No. 972/05)**

Prepared by: EcoSecurities Ltd, UK

Technical comments and suggestions given by the VSC

- (a) The study proposal presents a sound approach to identify opportunities for using the Clean Development Mechanism (CDM) in coffee sustainability projects.
- (b) The study, which would take place over the course of nine months and cost US\$77,500, aims to research the potential relevance of the Kyoto Protocol, the CDM and the Greenhouse Gas (GHG) market for coffee production and trade and its environmental implications, and will additionally identify and examine opportunities for emission reduction or carbon sequestration projects in the coffee life-cycle.
- (c) The study will be contracted to EcoSecurities, an environmental investment and advisory firm, who will perform four activities (climate change review, analysis of opportunities and impacts, three case studies and identification of next steps) to these ends.
- (d) Coffee farming, like all agriculture, can confer substantial external benefits or impose external costs on the environment, depending on how it is carried out.
- (e) Mechanisms for recompensing land holders for carbon sequestration offer a way to reward those who implement management practices that encourage carbon storage and the Kyoto protocol is a potential international mechanism for achieving it. However, it is not clear whether the proposal should be framed in terms of the protocol rather than as a review of mechanisms for compensating growers for enhancing carbon sequestration?
- (f) It is suggested that the proposal should be amended by practical guidelines for coffee research institutes and policy makers in producing countries to explain how they can access funding mechanisms.