THE TIME IS NOW

Sustainable Coffee Challenge
Progress update & ICO Partnership

124th ICO Council, Nairobi, Kenya
March 28, 2019
SUSTAINABLE COFFEE CHALLENGE

The Challenge is a dynamic and diverse coalition focused on catalyzing the demand for sustainability across coffee value chain, with a shared vision to make coffee the world’s first fully sustainable agricultural product.
RECAP ICO & SCC COLLABORATION

- Partnership MoU signed in April 2018, Mexico City

- **Key areas for collaboration**
  - Collection, exchange, integration and dissemination of key data and resources on coffee sustainability
  - Showcasing and tracking government-led sustainability efforts
  - Embrace and promote the common ‘Sustainability Framework’
  - Explore opportunities to develop new income sources for coffee farmers through innovative finance

- Joint publication of **Guide to Global Environment Facility (GEF)** for ICO members to access finance - in progress!
INCREASING TRANSPARENCY

To increase transparency and promote knowledge sharing across the sector, partners in the Challenge publicly state and track the investments and actions via a ‘Commitments Hub’

Sample Commitments:

Visit: www.sustaincoffee.org/commitments

Draft of first Commitments Hub Report – aggregated data from hub – published at All-Partner. Final version published Q2
COLLECTIVE ACTION NETWORKS

01. Scaling Up Sustainable Sourcing
   - Focus on cost of production in relation to current market price
   - 3-pager ‘Supporting Farmers in a Volatile Coffee Market’

02. Farm Renovation & Rehabilitation
   - Pocket guide with principles and sample ‘code of conduct’
   - Launching labor + quality research with SCA, RA, and Solidaridad

03. Improved Labor Practices and Supply
   - Updates to R&R Guidebook, e.g. Translations and online version
   - Secured an initial $1M in funding for R&R grant facility

04. Mapping + Monitoring of Coffee and Forests
   - Secured grant for a 2.5 year program of work to map and monitor coffee and forests in Colombia and Indonesia.
   - Developing country reference sheets
**CHALLENGE INTERVENTIONS ON MARKET VOLATILITY + FARMER PROFITABILITY**

1. **Push out resources + tools via Sourcing Action Network**
   - Drive discussion about concrete measures taken across the industry (e.g. Cost of Sustainable Production benchmarks)
   - 3-pager ‘Supporting Farmers in a Volatile Coffee Market’

2. **Revisit Sustainability Framework through profitability angle**
   - Re-visit this discussion and reframe Sustainability Framework around price as the ‘central pillar’ *(see draft diagram)*
   - Develop guidance materials for companies to implement the Framework

3. **Support + engage in multi-stakeholder initiatives + programs**
   - Support ICO in implementation of Resolution 465 – stakeholder consultations + CEO Dialogue, support research
   - SCA Coffee Price Crisis Response Initiative
   - Matrix on ‘who does what?’
FARMER PROFITABILITY WITHIN THE SUSTAINABILITY FRAMEWORK

- **SUSTAIN SUPPLY**
  - Access to Inputs
  - Access to Finance
  - Renovation
  - Technical Assistance
  - Producer Country Policy
  - Standards/Certification

- **PRODUCER PROFITABILITY**
  - Cost of Production
  - Productivity
  - Farm Gate Price

- **CONSERVE NATURE**
  - Climate Change
  - Water Conservation
  - Forest Conservation + Restoration

- **IMPROVE LIVELIHOODS**
  - Education + Health
  - Labor Conditions
  - Gender, Youth + Indigenous People

- **STRENGTHEN MARKET DEMAND**
  - Consumer Country Policy
  - Consumer Education + Awareness
  - Sourcing Policies
ICO PARTNERSHIP

NEXT STEPS

- ICO secretariat represent on Challenge’ Advisory Council and participation in key events

- Data gathering/ alignment and dissemination of resources
  - Country data sheets
  - Coffee + forest initiative
  - Shade catalogue

- Support in implementation Res. 465
  - Stakeholder consultation events
  - Cost of Production Benchmark Study
for more information visit

SUSTAINCOFFEE.ORG

Niels Haak
nhaak@conservation.org
INTRODUCTORY DOCUMENT

“SUPPORTING FARMERS IN A VOLATILE COFFEE MARKET.”

I. THE BACKGROUND

The coffee industry is facing significant challenges due to the volatile nature of the market. The price of coffee fluctuates wildly, affecting farmers and roasters alike. Understanding the factors driving these price fluctuations is crucial for farmers to make informed decisions about their operations.

II. UNDERSTANDING THE ACTUAL PRICES PAID TO FARMERS WITHIN YOUR SUPPLY CHAIN

A. Farmers often receive prices below the cost of production. The difference between the cost of production and the price received by farmers can be substantial. Understanding this gap can help farmers make more informed decisions about their operations.

B. Learn about the factors that affect the price of coffee, including the cost of production, supply and demand, and the role of middlemen.

III. ACTIVITIES THAT CAN HELP FARMERS WITH THE COSTS

A. Support coffee cooperatives and smallholder farmers by purchasing directly from them. This can help reduce the cost of production and improve the price received by farmers.

B. Educate your customers about the importance of fair trade and direct trade practices.

IV. INVEST IN BUILDING THE CAPACITY OF FARMERS TO UNDERSTAND AND LEVERAGE MARKET OPPORTUNITIES

A. Provide financial assistance to farmers to help them invest in technologies that can increase their productivity and reduce costs.

B. Offer training programs to improve farmers' understanding of market trends and price fluctuations.

V. CONCLUSION

By understanding the factors driving price fluctuations and supporting farmers in their efforts to reduce costs and increase productivity, we can help build a more sustainable and equitable coffee industry.
OUR THEORY OF CHANGE

Making coffee the world’s first sustainable agricultural product

Partners understand opportunities + have incentives to act

- Develop Guidance Documents
- Develop Case Studies
- Increase Transparency
- Set Common Targets + Metrics
- Fill Information Gaps
- Leverage Finance

New commitments + additional investments in coffee sustainability by individual actors

- Provide mechanism for transparency + reporting (Hub)
- Advise on commitments and investment strategies

Collaborative programs among like-minded actors

- Identify common priorities
- Leverage finance to form public—public - private, private, private... partnerships
- Apply common targets and metrics

Impacts at scale

- Report on impacts using common metrics