3.1.2
Project brief: Global benchmarking of coffee production
PJ-132/19

DATA GAP ON PRODUCTION COSTS

- Production cost is a key driver of farm profitability
- Studies show differences in production costs across countries and within regions
- Many studies but no coherent picture
  - Differences in methodology used
  - Country coverage
WHAT IS GLOBAL BENCHMARKING OF COFFEE PRODUCTION?

• Gather independent, objective, and internationally comparable data on:
  
  – Production **systems** (how is coffee produced?)
  
  – Production **costs** (cash costs, full economic costs)

• Add to ICO database, update annually & disseminate
WHY GLOBAL BENCHMARKING OF COFFEE PRODUCTION?

• In line with ICA 2007 & Resolution 465
• Assessment of economic reality of farmers
• Inform search for solutions to address impact of low coffee prices
• Strengthen the ability of the ICO and its partners to help farmers increasing economic viability of coffee production

PROJECT PREPARATION STATUS

• Identify users of data & project partners
  – Great interest among all value chain actors & stakeholders
• Cost of production study with UC Davis
• Screen existing methodologies
  – Typical farm approach
  – Representative sample of farmers
• Receive initial proposals from benchmarking institutions
• Draft project ToR and timelines
PROJECT PHASES

1. **Inception** Phase - 6 months – *(15,000 EUR)*
   - Define approach and methodology

2. **Pilot** phase (4 countries) - 12 months - *(from 200,000 EUR)*
   - Test & refine methodology

3. **Roll-out** (85% coverage) – continuous - *(from 700,000 EUR and 180,000 EUR for update and maintenance)*

CONCLUSION

- Benchmarking provides independent, objective and internationally comparable data production cost
- Tool to increase ICO & partners’ ability to:
  - assist farmers in improving economic sustainability of production
  - monitor farm profitability and assess impact of price level and volatility