THE TIME IS NOW

Sustainable Coffee Challenge
Progress update & ICO Partnership

124th ICO Council, Nairobi, Kenya
March 28, 2019
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.
NY C-PRICE DRASTICALLY DROPS, AFFECTING FARMER REVENUE

CLIMATE CHANGE IS AFFECTING COFFEE PRODUCTIVITY + QUALITY

LONG-TERM IMPACTS ON COFFEE-PRODUCING COMMUNITIES + FUTURE SUPPLY

End of day Commodity Futures Price Quotes for Coffee

© Conservation International/photo by Tory Read
LOW PRICES X CLIMATE CHANGE = RAPID DECLINE IN PRODUCTIVITY + QUALITY

- Poverty
- Farmers leave coffee, which leads to migration and land-use change
- Lack of capital leads to lower re-investment in the farm resulting in declining productivity + quality.
- Poorer labor practices/conditions due to high proportion of production costs
- Poorer environmental practices as farmers cut costs, plant more coffee or transition to non-tree crop.
- ...

- Farmers leave coffee / change to another crop or diversify with coffee
- Decreased productivity, decreased quality (pests, diseases, suitability)
- Migrant labor patterns are disrupted affecting harvest
- Farmers move to higher altitude for suitable land, leading to potential deforestation
- Potential need to change processing techniques if water becomes more scarce.
- ...

Are we investing in the most effective sustainability programs?
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
FARMER PROFITABILITY WITHIN THE SUSTAINABILITY FRAMEWORK

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

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

- PRODUCTIVITY
- COST OF PRODUCTION
- FARM GATE PRICE
- CONSERVE NATURE
  - Climate Change
  - Water Conservation
  - Forest Conservation + Restoration

- STRENGTHEN MARKET DEMAND
  - Consumer Country Policy
  - Consumer Education + Awareness
  - Sourcing Policies
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 Commitment:

Visit: www.sustaincoffee.org/commitments

Draft of first Commitments Hub Report – aggregated data from hub – Final version published Q2 2019
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
   - Developing a R&R grant facility - Secured an initial $1M

04. Mapping + Monitoring of Coffee and Forests
   - Starting a 2.5 year program to map and monitor coffee and forests in Colombia and Indonesia.
   - Developing country reference sheets
R+R INTERACTIVE GUIDEBOOK

The interactive Guidebook is housed at www.sustaincoffee.org, accessible via the R&R Collective Action Network page.

01. What do I need to know?
Meeting the R&R need will be crucial to securing coffee supply for 2050 and beyond, but there are no quick fixes. Here are some key considerations.

02. Is R&R right for my supply chain?
There are so many considerations when developing a program. How do I know if a renovation or rehabilitation is right for my supply chain?

03. How can I take action?
There are seven major needs for the R&R sector, from scaling up existing approaches, to laying the foundations for future R&R.

04. Where can I learn more?
Download the Country data sheets or complete guidebook in English, Spanish or French.

Farm level investment decisions are highly complex and personal, given farmers' needs and preferences.

"Should I focus more on coffee and do R&R, or are other crops/economic activities better for me currently and in the future?"

Country Needs & Priorities
To better understand how countries need and process for R&R, information from professionals in the sector was developed daily to identify the top-producting countries. These sectors can help you identify what types of actions are needed elsewhere.
PROGRESS & NEXT STEPS

- Joint publication of **Guide to Global Environment Facility (GEF)**

- ICO secretariat represented on Challenge’ **Advisory Council** and support + co-hosting **key events**

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

- Support in **implementation Res. 465**
  - Stakeholder consultation (incl. events and regular updates)
  - Cost of Production Benchmark Study
for more information visit

SUSTAINCOFFEE.ORG

SEE YOU AT SCA EXPO IN BOSTON, APRIL 11 - 14

Niels Haak - nhaak@conservation.org
“SUPPORTING FARMERS IN A VOLATILE COFFEE MARKET.”

INTRODUCTORY DOCUMENT

The market price for coffee fluctuates daily — there are times when prices plunge to half of their value, other times when the price is in a downward trend. Last year when coffee prices fell below $3.00 there was an outcry to “buy more” coffee and it ended up in the coffee world. Unfortunately, this is not something new – coffee has a history of boom and bust cycles. The CPI and other factors in production places like Brazil, Vietnam and Colombia can cause a coffee market to fluctuate.

The question remains: how do we keep our coffee supply chain running smoothly?

ACTUALLY THAT CAN HELP FARMERS WEATHER THE STORM

The answer is more than just providing coffee to farmers. It’s about providing them with tools and support that can help them navigate the challenges of the market. By ensuring that farmers have access to the tools they need to succeed, we can help to stabilize coffee prices and support the local communities that rely on the coffee industry.

INVEST IN BUILDING THE CAPACITY OF FARMERS TO UNDERSTAND AND LEVERAGE MARKET INSTRUMENTS:

Farmers who understand the markets and how to use market instruments can make better decisions and protect their incomes. By investing in the education and training of farmers, we can help to build their capacity to understand and leverage market instruments such as futures contracts, options, and derivatives.

FOR THE PARTICULARLY VULNERABLE: SUPPORT FARMER ORGANIZATIONS

For the particularly vulnerable farmers, who may not have access to the same resources as larger producers, we can support farmer organizations that provide training, technical assistance, and access to market information.

EXPLORING OPPORTUNITIES TO BETTER LAMENTS MECHANISMS TO HELP STABILIZE FARMER INCOME:

By exploring opportunities to better link farmers with market information and tools, we can help to stabilize farmer income. This includes efforts to improve access to market information, such as price forecasts, market reports, and analysis.

SUPPORTING FARMERS IN A VOLATILE COFFEE MARKET

The coffee market is constantly changing, and farmers need to be equipped with the tools and knowledge to navigate these changes. By supporting farmers and helping them to understand the market, we can help to stabilize coffee prices and support the local communities that rely on the coffee industry.
Impacts at scale

- Report on impacts using common metrics

Collaborative programs among like-minded actors

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

New commitments + additional investments in coffee sustainability by individual actors

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

Partners understand opportunities + have incentives to act

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

 OUR THEORY OF CHANGE

Making coffee the world’s first sustainable agricultural product