

## 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



## PROJECT BRIEF: GLOBAL BENCHMARKING



INTERNATIONAL  
COFFEE  
ORGANIZATION

Project brief: 2/19

### Global benchmarking of coffee production

The International Coffee Organization is calling for partners to join and support the gathering and processing of independent, objective and internationally comparable data on coffee production cost, revenues and production systems.

This initiative will help to better understand the main drivers of economic sustainability of coffee farming - at a time when low price levels affect the livelihoods of producers - and also to identify solutions to improve social, economic and environmental sustainability in the coffee value chain.



## 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

