



INTERNATIONAL
COFFEE
ORGANIZATION

Project Brief: PM-66/20

Coffee Market Development Toolkit

Review and update of the ICO's Step-by-Step Guide to Promote Coffee Consumption in Producing Countries

The International Coffee Organization is seeking to update its Step-by-Step Guide to Promote Coffee Consumption in Producing Countries, which was released in 2004. The Guide will be updated to take into account changes in market and consumer patterns, as well as new tools and communication means, so as to provide up-to-date strategies for market development in coffee-producing countries. It will focus on interventions that stimulate demand for coffee and benefit the entire supply chain — from farmers to consumers.





I. Background

Since 2016 the coffee sector has experienced a sustained fall in international prices. Prices reached a trough in 2019, when they dropped 38% below the average of the preceding ten years. The socio-economic ramifications of the decline have been severe for the millions of farmers who depend on coffee. A persistent weakening of prices, especially in countries where coffee is a key agricultural commodity, can trigger economy-wide effects and jeopardize prospects for achieving the Sustainable Development Goals.

While ongoing structural changes in the sector have contributed to the downturn, the chief determinant of the marked decline in international prices is the imbalance between global supply and demand of coffee. For the sector to remain financially viable, coffee consumption will need to match the recent upturn in production capacity.

Over the past decade, coffee demand has increased by 28% globally, with a significant portion of the growth coming from expansions in producing countries and non-traditional markets. Per capita consumption in producing countries, however, remains modest at under 0.5kg per annum, compared to 5kg per annum in traditional markets. In terms of total share, producing countries consume around 30% of the world's coffee, despite accounting for a much larger proportion of the global population.

There is a significant potential for growth in the coffee market in producing regions, which can be tapped with programmes on market development and promotion. Besides contributing to sustainable

increases in coffee consumption, focusing on local markets will also have a positive spillover effect for domestic roasting and processing industries in coffee-growing countries.

In recognition of the aforementioned issues, the International Coffee Council, during its 122nd Session held in September 2018 in London, adopted Resolution 465 on Coffee Price Levels. The Resolution identifies consumption as a key instrument to guarantee the economic viability of the coffee value chain and provides the ICO with a strong mandate to undertake, among others, the following tasks:

- "To include the promotion of consumption as a guideline in all action plans of the ICO aiming to implement the 2030 Agenda for Sustainable Development.
- To encourage exporting Members to adopt programmes to further raise their internal consumption level and encourage the ICO to support initiatives to explore alternative uses for low-grade coffee".

Support for these directives was further strengthened in September 2019 as major private sector actors across the coffee value chain signed the London Declaration. As part of their commitments, leading coffee roasters and traders agreed to undertake actions focusing on the long-term sustainability of the coffee sector, including the promotion of responsible consumption by taking measures to stimulate demand for sustainably sourced coffee from diverse origins in traditional and emerging markets, especially in producing countries.



II. The Step-by-Step Guide: Building on Previous Learning

Over the years, the ICO has undertaken a series of measures to encourage coffee consumption and thereby achieve a sustainable global coffee economy. In the 1980s, the Organization set up a Promotion Fund financed by its exporting Members to support programmes targeted at stimulating demand for coffee. In the aftermath of the coffee price crisis in the early 2000s, the resources of the Fund were used to address the market imbalance in the sector. One of the activities that was undertaken was the preparation of the Step-by-Step Guide to Promote Coffee Consumption in Producing Countries.

The Step-by-Step Guide provides actionable information on the tasks to be undertaken to increase domestic demand for coffee. Since its launch in 2004, it has served as a catalyst for investments totalling an estimated US\$ 30 million in consumption programmes in coffee-producing countries. It continues to be used as a guiding document for ongoing consumption promotion projects in Africa and Central America.

The Promotion and Market Development Committee of the ICO, during its 17th Meeting held in March 2019 in Nairobi, noted the experiences in developing and implementing the recommendations of the Step-by-Step Guide. Based on the discussions, it recommended considering the actions necessary to update the Guide and exploring other pertinent issues around promotion and market development.

In line with these discussions, and in consideration of the decisions of Resolution 465, the ICO Secretariat designed and conducted a survey ([ED-2308/19](#)) in July 2019 to ascertain the priorities of Member countries for the update of the Guide. The responses to the survey have laid important groundwork for the scope of the project.

Members who had experience with implementing the recommendations of the Guide and responded to the survey indicated that it had been a useful tool in developing domestic promotion programmes. For the update, they stressed the need to incorporate an updated methodology, newer and more up-to-date case studies from across the world as well as feedback from industry representatives. The responses also recommended updating the Guide based on current consumer trends and technological advances, especially with respect to communication and social media. Topics proposed for consideration, depending on the country, included:

- Coffee and health
- Coffee quality
- Coffee tourism
- Roasting
- Specialty coffees
- Sustainable coffee value chains
- Targeting youth
- Women in coffee

Regarding the format of the updated Guide, Members were primarily in favour of a web-based platform.



III. Objectives

The overarching goal of the project to update the Step-by-Step Guide is to support a sustainable coffee economy through increased global demand for coffee. In particular, the specific objectives of the project are to:

- Develop a methodology and set of action-oriented interventions and approaches that can be used to expand domestic consumption in coffee-producing countries and global demand for coffee, incorporating both positive and negative learnings from the implementation of the original Guide, and accounting for changes in technology and methods of communication since it was first published.
- Identify and disseminate information on existing initiatives that benefit the entire coffee value chain, with a primary focus on coffee-producing countries.
- Present interventions, facilitate knowledge sharing and exchange best practices via an easily accessible web-site in order to promote the creation of programmes for the development of consumption in coffee-producing countries.
- Devise strategies to mobilize engagement and funding for market development programmes through partnerships with the public and private sector, as well as with intergovernmental organizations and international NGOs.

IV. Outputs

- Updated toolkit and methodology, based on global best practices and lessons from the application of the Guide, offering guidance on coffee market development and increasing demand for coffee in producing countries.
- French, Portuguese and Spanish translations of the toolkit, in order to facilitate the widest possible dissemination. Options for other languages could be explored, in partnership with requesting Members.
- Easily accessible web-site to host the toolkit and provide access to resources on market development strategies.
- Regional training and dissemination workshops for representatives of growers and other interested parties in the coffee sector in: Africa; Asia-Pacific; Central America, Mexico and Caribbean; and South America.



V. Budget (tentative)

Production

Consultancy services to review and update the existing ICO Step-by-Step Guide to Promote Coffee Consumption in Producing Countries	GBP 40,000
Translation to French, Portuguese and Spanish	GBP 20,000
Development and roll-out of a web-site to host the toolkit	GBP 20,000

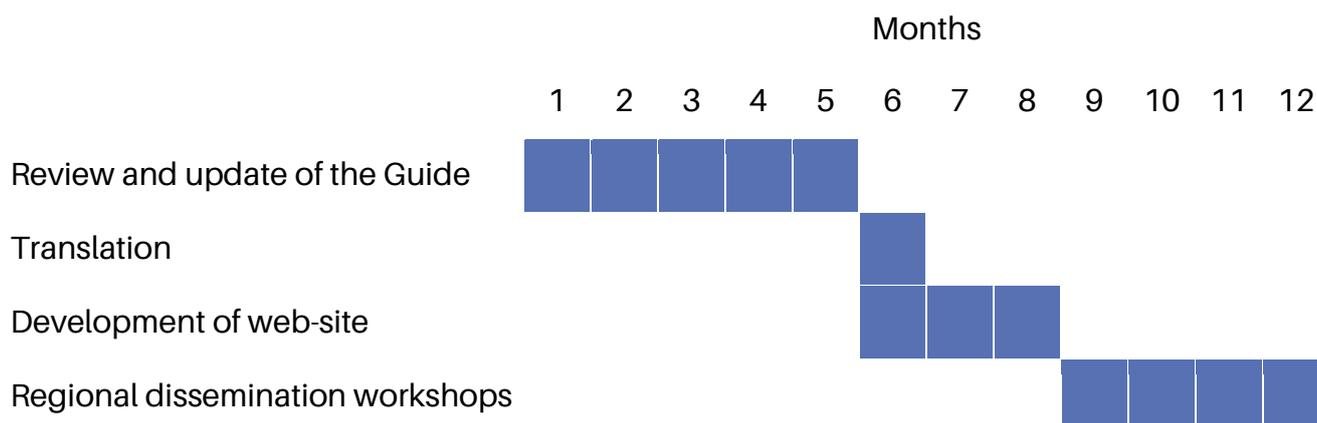
Roll-out

Four regional dissemination and training workshops	GBP 40,000
Annual hosting and maintenance of web-site	GBP 5,000

Total initial cost	GBP 120,000
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Additional annual cost	GBP 5,000
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VI. Timeline (tentative)





Summary

Project title	Coffee Market Development Toolkit
Target beneficiaries	Coffee-producing and -exporting countries
Secondary beneficiaries	Emerging coffee-consuming markets and the coffee sector as a whole International organizations involved in the marketing of other agricultural commodities
Implementation partners	Qualified external consultants with experience in developing market promotion activities in coffee-producing countries ICO Secretariat ICO Members and observers Private sector companies and associations Non-governmental organizations International organizations, such as the International Trade Centre (ITC)
Budget	GBP 80,000 for production of the toolkit GBP 40,000 for regional dissemination workshops (budget to cover one year only) GBP 5,000 per annum for hosting and maintaining web-site
Duration	12 months
Start date	As soon as possible. To be determined based on the availability of funds.

About the International Coffee Organization

The International Coffee Organization (ICO) is a multilateral organization, which works through international cooperation to strengthen the global coffee sector and promote its sustainable development in economic, social and environmental terms. Our Member Governments represent 99% of the world's coffee production and over two-thirds of world consumption, providing a unique forum for the global coffee community. Our Members regularly discuss and decide the ICO's guiding principles, strategy and work programme in line with the 2030 Agenda for Sustainable Development. Our strategic focus is on:

- Delivering world-class data, analysis and information to policy-makers and the industry
- Providing a global forum for dialogue between and within the public and private sectors
- Facilitating development projects and promotion programmes through public-private partnerships.



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