



*Implementation Taskforce: Concept Note, 2005*

*Sustainable Coffee Partnership: Strategic and Project Priorities for the Sustainable Coffee Partnership*

***The Implementation Context:***

Growing instability in global coffee markets combined with intensification of production and trading practices around the world over the past several decades has placed producers and their communities in a state of unprecedented vulnerability. In response to this, a number of initiatives addressing specific sustainability issues along the coffee supply chain have been launched over the past decade and a half. Although the mechanisms used by these initiatives vary considerably, there has been a notable growth in the use of standards-based supply chain management systems and related market-based instruments. Through the development of a total quality approach and coordinated relations along the supply chain, there is anecdotal evidence that these systems can improve: market information and communication along the supply chain, overall supply chain efficiency, management capacity among producers, environmental conditions for producing communities and working conditions for coffee producers and economic returns for producers.

Although the full impacts of such initiatives to date have yet to be determined, the growth in their numbers has shown signs of beneficial impacts on the sustainability of the coffee sector. The development of new consumer markets around specific sustainability concepts is but one example of how such initiatives can bring new benefits to producers and others along the supply chain. However, the growing diversity of initiatives and players involved has also given rise to new obstacles that threaten to prevent those most in need from reaping the full benefits available from such efforts. Some of the challenges currently facing the coffee sector as a result of the multiplicity of initiatives include: growing confusion among producers, industry, consumers and policy makers on what sustainability means within the sector, absence of strong producer participation in development and implementation of the initiatives, new barriers to accessing and entering “sustainable markets” for producers, reduced efficiency, economies of scale and overall impacts of sustainability efforts, lack of clarity on the relationship between supply chain sustainability strategies and macro-sustainability strategies for the sector, uncertainty on the *actual* costs and benefits associated with diverse supply chain sustainability initiatives

Although producers are the purported beneficiaries of such systems, the absence of clarity and transparency on the relationships between and implementation of the diverse systems, operates as a potential threat to benefits received by them. On the one hand, the fact that there is little objective data on the costs and benefits of participating in the available systems, it is difficult a priori for producers and others along the supply chain to determine when, if and how they should become involved in such systems. On the other hand, even when the case for implementation is clear, overall benefits to producers are reduced by increasing transaction costs associated with multiple systems.

### ***Strategic Priorities for the Sustainable Coffee Partnership***

The Sustainable Coffee Partnership, following its aim of promoting the expansion of sustainable trade and production practices through global cooperation, has a clear role to play in improving transparency on the impacts of standards-based sustainability initiatives and using this information to improve the efficiency and overall benefits derived from such systems. As a neutral entity, working at the global level, the Partnership can facilitate the generation of objective information on the impacts of standards-based initiatives and mechanisms for reducing the costs associated with standards implementation through more coordinated implementation approaches. Given the context of multiplicity of standards-based initiatives in the coffee sector and the Partnership's emphasis on global cooperation, the specific priorities for the Partnership in the implementation of such systems should be to:<sup>1</sup>

1. Generate objective data on the potential and actual costs and benefits of different systems with respect to specific producer regions
2. generate cost-saving harmonized approaches for the adoption of sustainable practices along the supply chain
3. provide technical and strategic assistance to producer organizations in adopting sustainable practices and in attaining standards compliance
4. promote harmonization of administrative requirements associated with standards implementation
5. develop "generic" management tools to aid producers in the implementation of diverse standards systems
6. help the market "price" the transition and maintenance costs associated with sustainable practices
7. help bridge the gap between quality management approaches which focus on physical-product and management approaches which focus on process-based product quality
8. identify key national and international leverage points for leading/promoting implementation on a national and regional basis, taking into consideration the wide number of producers without access to formal producer organizations.

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<sup>1</sup> Priorities 1, 5, 6 and 8 were identified as having special importance.

## *Project Priorities*

Chart 1 presents five **Concrete Projects** for implementing the **Strategic Priorities** identified under the theme of implementation, as tools for promoting sustainable development in the coffee sector.

**Chart 1. Concrete project for the Implementation Taskforce working group**

<b>Project</b>	<b>Mechanism</b>	<b>Principal Stakeholders</b>	<b>Strategic priorities</b>
1. GAP Analysis	<ul style="list-style-type: none"> <li>-benchmarking of existing practices against actual standards (region specific)</li> <li>-measure costs associated with transition to compliance (region specific)</li> <li>-measure benefits to extent possible (region specific)</li> <li>-develop strategic implementation plan (region specific)</li> <li>-results feed into harmonized implementation package and Global Cost benefit analysis</li> </ul>	<ul style="list-style-type: none"> <li>-Producers</li> <li>-Research Experts</li> </ul>	<ul style="list-style-type: none"> <li>-Generate objective data on the potential and actual costs and benefits of different systems with respect to specific producer regions</li> <li>-generate cost-saving harmonized approaches for the implementation of diverse sustainability standards</li> <li>-provide technical assistance to producer organizations in attaining standards compliance</li> <li>-help the market “price” the transition and maintenance costs associated with sustainable practices</li> </ul>
2. Harmonized Implementation Package	<ul style="list-style-type: none"> <li>-compilation of different management systems currently in place</li> <li>-development of model implementation package</li> <li>-consult with standards bodies and producers</li> <li>-test model implementation program</li> <li>-builds directly upon and integrates the results of the GAP analysis</li> </ul>	<ul style="list-style-type: none"> <li>-Producers</li> <li>-Standards Initiatives</li> <li>-Importers and Exporters</li> </ul>	<ul style="list-style-type: none"> <li>-generate cost-saving harmonized approaches for the implementation of diverse sustainability standards</li> <li>-provide technical assistance to producer organizations in attaining standards compliance</li> <li>-promote harmonization of administrative requirements associated with standards implementation</li> <li>-develop “generic” management tools to aid producers in the implementation of diverse standards systems</li> <li>- help bridge the gap between quality management approaches which focus on physical-product and management approaches which focus on process-based product quality</li> </ul>
3. Compilation of Existing Data on the Costs and Benefits of Standards Implementation	<ul style="list-style-type: none"> <li>- quick survey based on desktop research and interviews with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>-all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>-Generate objective data on the potential and actual costs and benefits of different systems with respect to specific producer regions</li> <li>-provide technical and strategic assistance to producer organizations in attaining standards compliance</li> </ul>

<p>4. Global Cost/Benefit Analysis Program</p>	<ul style="list-style-type: none"> <li>-identification of generic sustainability indicators using a consultative process with experts and standards initiatives</li> <li>-benchmarking against indicators in non-standards compliant farms (take from GAP analysis above)</li> <li>-indicators achievement on standards compliant farms (for five main standards: CCCC, RA, Utz, Organic and Fair Trade)</li> <li>-Comparative analysis and report</li> <li>- builds directly upon and integrates the results of the GAP analysis</li> </ul>	<ul style="list-style-type: none"> <li>-Producers</li> <li>-Standards initiatives</li> <li>-Research Experts</li> <li>-NGOs</li> <li>-Government institutions</li> </ul>	<ul style="list-style-type: none"> <li>-Generate objective data on the potential and actual costs and benefits of different systems with respect to specific producer regions</li> <li>-provide technical and strategic assistance to producer organizations in attaining standards compliance</li> <li>-help the market “price” the transition and maintenance costs associated with sustainable practices</li> </ul>
<p>5. Survey of Key Actors and Leverage Points in Producer Countries for Implementing Sustainable Practices</p>	<ul style="list-style-type: none"> <li>- quick survey based on desktop research and interviews with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>-All stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>-generate cost-saving harmonized approaches for the adoption of sustainable practices along the supply chain</li> <li>-provide technical and strategic assistance to producer organizations in adopting sustainable practices and in attaining standards compliance</li> <li>- identify key national and international leverage points for leading/promoting implementation on a national and regional basis, taking into consideration the wide number of producers without access to formal producer organizations.</li> </ul>

Chart 2 presents the recommended **Strategy/Timeline** for Project Development and Implementation

**Chart 2. Timeline, partners and possible funding sources for each project**

Project	Timeline	Potential Partners	Possible Funding sources
1. GAP Analysis	Short Term (6-10 months per GAP analysis; span over 18 months for four of more regions)	Private Sector; Producer Organizations (CANCAFE, FNC, EAFCA, VICOFA), GTZ	USAID, CANCAFE, FNC, EAFCA, VICOFA, NKG, GTZ
2. Harmonized Implementation Package	Short to Medium Term (1 year for initial instrument design; 1-2 years for testing)	FAO, GDF, Solidaridad, SAI Platform, Technoserve, Chemonics, IFC, Producer Organizations	HIVOS, Private Sector, CFC
3. Compilation of Existing Cost/Benefit Information	Short Term (six months)	CIMS, SCAA, GLACC/OXFAM, SAI Platform, Private Sector	OXFAM, DFID, CFC, SAI Platform, Private Sector

4. Global Cost/Benefit Analysis	Long Term (3 years)	ICO, CIMS, Wangingen University, CABI, ISEAL, Technoserve, Chemonics, CANCAFE, Komet	IDRC, IFS, USAID, European Commission
5.0 Leverage Points Analysis	Short Term (six months)	CIMS, GTZ, CABI, SAI Platform, ICO	GTZ, CFC, Private Sector