

## **ANNEX to the Communiqué: Vision, Roadmap, Technical Workstreams planning and proposed commitments**

**This document represents a concrete step to operationalize the London Declaration and Resolution 465 by outlining the initial ‘Roadmap’**

The Coffee Public-Private Task Force (CPPTF) and supporting Technical Workstreams (TWS) are action-oriented mechanisms, to provide the next step to implement Resolution 465 on coffee price levels and the London Declaration. The CPPTF has developed an initial, common understanding of the key problems the CPPTF are addressing in the coffee sector, as well a definition of long-term success. This roadmap is a continuation of this process, to outline the timebound commitments required to realize the vision of the CPPTF.

**This document consists of 4 sections:**

- 1) Theory of Change starting point: Preliminary shared problem statement and long-term vision of the CPPTF
- 2) Roadmap: The initial Roadmap to realize the long-term vision of the CPPTF
- 3) Technical Workstreams: Progress achieved and next steps
- 4) Commitments: The commitments proposed for CPPTF consideration to ensure the realization of the Roadmap

*Please note: The Roadmap and commitments are the result of a process which due to the Covid-19 pandemic has lacked the required forum for negotiation on commitments by the Sherpas. Therefore, the further concrete development of the Roadmap and commitments will need to continue in 2021.*

### **1) Theory of Change starting point: Shared problem and vision statement**

The following initial shared problem and vision statement is a first step towards the objective of the CPPTF to develop a Theory of Change shared between the public and the private sector. It describes the key problems the CPPTF aims to address in the coffee sector, as well as the long-term vision the CPPTF aims to help achieving for the coffee sector.

#### Preliminary shared problem statement

Green coffee prices have traditionally been inherently volatile; whilst periods of low prices result in environmental (e.g. effects of climate change), social (e.g. risk of human rights violations and low inclusion of women and youth), and economic issues (e.g. inability to cover cost of production) that have persisted in the coffee sector. Lower efficiency and insufficient differentiation in terms of quality and sustainability of certain origins results in lack of competitive advantage compared to highly efficient origins, resulting in further concentration of production origins and decreasing potential for

other coffee producers to become sustainable. The impact of price volatility and periods of low prices has been exacerbated by the reoccurring nature of price shocks; insufficient transparency, marketing, and promotion of sustainably produced coffee and of a diversity of origins; growing market consolidation; and ineffective enabling conditions for sustainable practices. The externalized nature of the costs related to these issues means they are not reflected in coffee market prices. Therefore, they require deeper levels of collaboration and coordinated actions by public and private actors and by all coffee sector stakeholders.

Given the unprecedented challenges the sector faces, business-as-usual poses a major risk to the sector by compromising security of supply, reputation and threatening the livelihoods of millions of coffee producers and their families that depend on coffee as major source of income.

Hence, the CCPTF aims to identify the root causes of these issues and address their impact on coffee farmers through the coordination of efforts and funding, facilitation of effective public-private dialogue, the leveraging of existing resources (private sector efforts, funds available in producer countries, international donor community) and the mobilization of additional actors and shared public-private resources to implement commonly agreed solutions. As a first step to address these problems, the CPPTF requires an ambitious shared long-term vision.

### Preliminary long-term Vision

**A. Economic resilience and social sustainability:** Coffee producers are economically sustainable, amongst others through improved efficiency, resilience, income diversification and the ability to achieve a real prosperous income for smallholder coffee farmers and their families as well as for the entire coffee sector, through a continuous improvement process that builds on and transcends living income<sup>1</sup>. Human rights and worker health & safety are respected throughout the supply chain<sup>2</sup>, and economic and social sustainability is realized for all coffee producers and communities; including women, men, youth, and marginalized populations. Public investment in coffee communities improve access to quality education and health services, and infrastructure investments lower supply chain costs to the benefit of growers' farmgate prices. Supply chain management practices (e.g. technical assistance, responsible procurement) ensure equitable value distribution, improvement of production efficiency, resilience to climate change and other external shocks, and promote health and safety.

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<sup>1</sup> Living income as a foundation to reach prosperity is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events. The concept of living income goes a step beyond traditional notions of poverty alleviation that are concerned with basic subsistence and survival. It puts a strong emphasis on the idea of decency and earning enough income to live comfortably. The concept of living income clearly has implications for sustainable development and, as such, has direct linkages to several of the UN's Sustainable Development Goals. In particular, clear links can be drawn to SDG's 1, 2, 8, 10 and 17.

<sup>2</sup> Operating in line with the UN Guiding Principles on Business and Human Rights.

- B. Environmental sustainability through sustainable production:** Coffee production has a net positive impact on the environment on which coffee production depends, ensuring increased forest cover, reduction and sequestration of greenhouse gasses, improved soil and water quality and richer biodiversity.
- C. Better balanced demand and supply, responsible consumption<sup>3</sup>, and diversity of origins:** The majority of market demand in exporting and importing countries is for sustainably produced coffee from a diversity of origins. A balanced and competitive market stimulates higher quality and sustainable production, recognizing the true cost of production by integrating externalities (environmental and social cost of coffee production) into the price. Effectively functioning market institutions and policies generate greater price stability, minimize price volatility, and mitigate negative impacts on smallholders during periods of lower prices.
- D. Effective enabling conditions:** Public and private dialogue and actions to realize effective national and international regulations, incentives for sustainable production practices (e.g. World Trade Organization green box subsidies), technical assistance, and investments, all aimed at maintaining a prosperous and sustainable coffee sector.

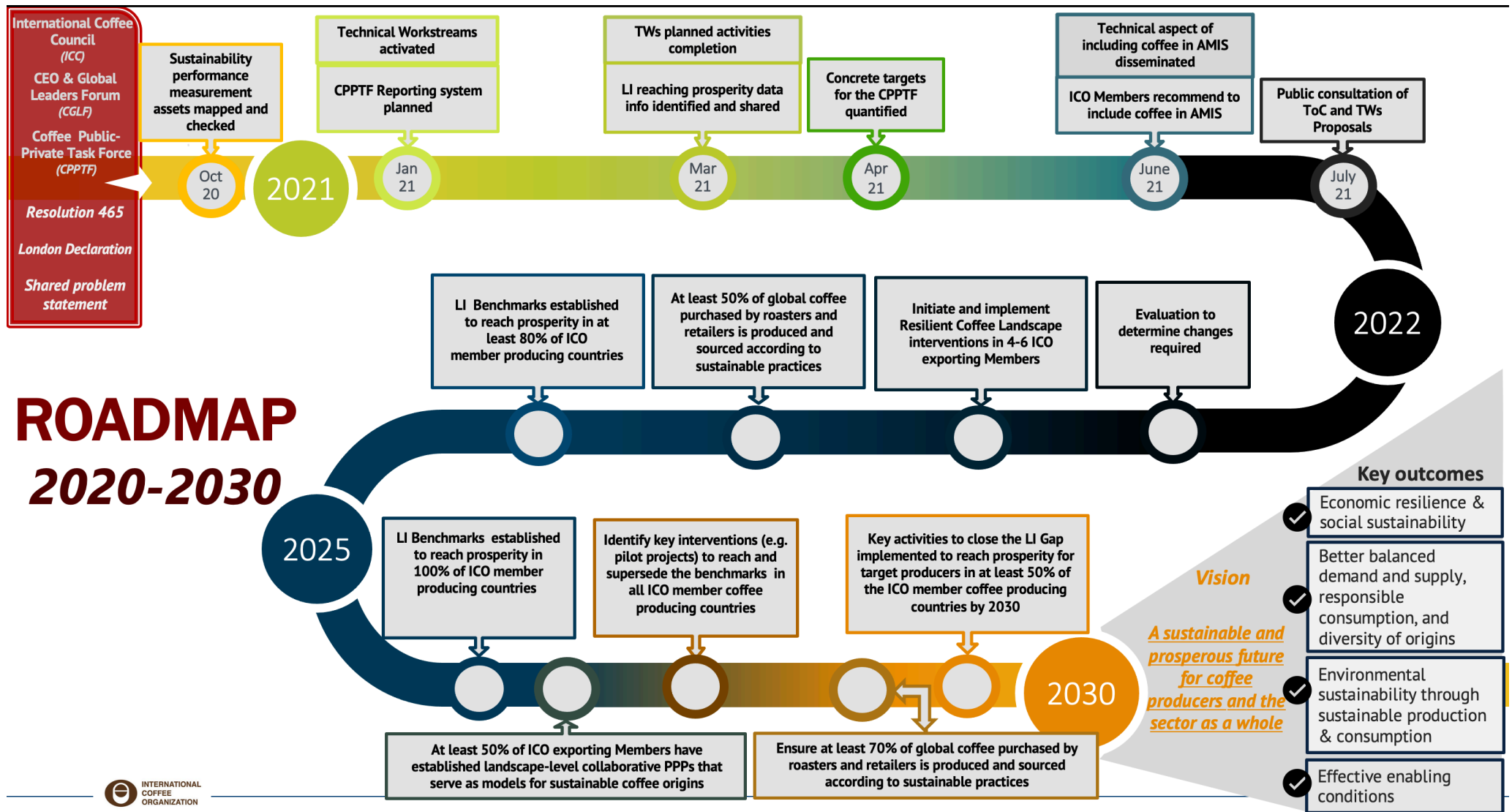
*Please note: The Problem and Vision statements as well as other (future) elements of the Theory of Change can be further developed through a broader stakeholder engagement and public consultation.*

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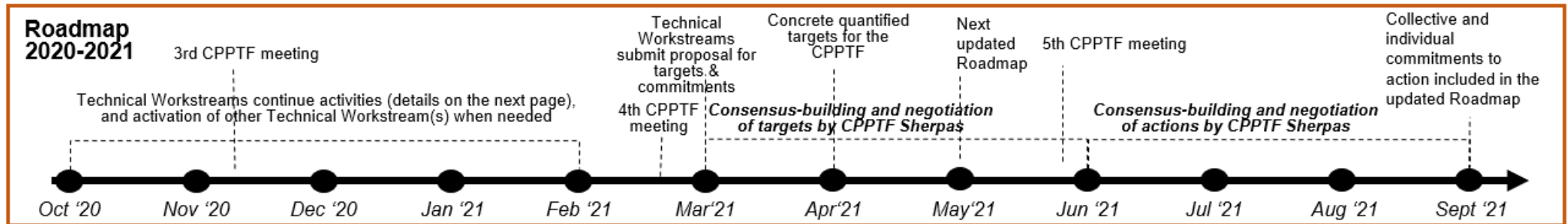
<sup>3</sup> Consumption of sustainably produced coffee

## 2) Initial Roadmap to realize the long-term vision

This Roadmap for period 2020-2030 outlines the initial commitments required to mobilize efforts towards reaching the Vision which is based on the aspirational commitments proposed by ongoing Technical Workstreams. Please note that in view of the delays and uncertainties about the future caused by the Covid-19 global pandemic, and the lack of the required forum for negotiation on commitments by the CPPTF Sherpas, further concrete development of the Roadmap and commitments will need to continue in 2021.



The Roadmap for period 2020-2021 outlines the Technical Workstreams milestones to develop additional commitments to action and targets per Thematic area for CPPTF negotiation (see section 3 for more details).



2) Technical Workstream overview

<p><b><i>TW1: Living-Prosperous Income</i></b></p>	<p><b><i>TW2: Market Transparency</i></b></p>	<p><b><i>TW3: Market Policies and Institutions + Global Funding Mechanism</i></b></p>	<p><b><i>TW4: Resilient Coffee Landscapes</i></b></p>	<p><b><i>TW5: Sector Coordination + Resilience and Inclusion of Women and Youth</i></b></p>
<p><b>Sector-wide transparency</b> on the income gap</p> <p>Methodologies and strategies to <b>close the income gap</b> developed and implemented</p>	<p><b>Market info is available</b> and used to proactively address or prevent price fluctuations and market shocks</p> <p><b>Enhance sector-wide transparency</b> on Efficiency, Cost of production and the Living income gap in key production areas</p> <p><b>Improve functioning of market institutions</b> (incl. <b>futures markets</b>) to benefit farmers</p> <p><b>Transparency on diverse origins</b></p>	<p><b>Policy and institutional development</b> in <b>exporting/importing countries</b> supports sustainable production</p> <p><b>Global multi-stakeholder funding mechanism(s)</b></p>	<p><b>Sustainable use and protection of natural resources</b> by the coffee sector</p> <p><b>Increased demand for sustainably produced coffee</b> in traditional and emerging markets, especially in exporting countries</p>	<p>London Declaration operationalized</p> <p><b>Joint vision</b> for the sector, <b>Theory of Change</b> and <b>measurement framework</b> developed</p> <p><b>Gender &amp; Youth</b> inclusion deeply integrated into Task Force and all TWS</p>

#### **4) Proposed commitments to be considered by the CPPTF, CGLF and ICC**

The proposed commitments are separated between process commitments and commitments to action per Thematic Area. The commitments to actions have been proposed by active Technical Workstreams. These commitments are proposed for consideration of the CPPTF and based on the CPPTF approval, will be captured in the communique which will be presented in the CGLF and ICC meetings.

##### Commitments to the overall process

The Public and Private sector commit to:

- Activation of Technical Workstreams where needed (by January 2021)
- Technical Workstreams submit proposal for targets and commitments to action to be considered by the CPPTF (by March 2021)
- Concrete quantified targets for the CPPTF (by April 2021)
- Collective and individual commitments to action to reach shared outcomes, based on aspirations formulated by the TWs, captured in the next iteration of the Roadmap (by May 2021 and updated for September 2021)
- Resource mobilization for the coordination and continued functioning of the CPPTF and Technical Workstreams (ongoing)
- Resource allocation for realization of commitments (ongoing)

##### Commitments to action per Thematic Area (proposed by currently active Technical Workstreams)

##### ***Thematic Area – Living Income, Resilience and Inclusion of Women and Youth***

The Public and Private sector commit to:

- Working with ICO and TW leads to identify and share, in a pre-competitive manner, information (e.g. examples, case studies, lessons learned, and recommendations) and income data (Benchmarks and Actual Incomes), as a basis for creating a consistent, effective, and cost-efficient LI methodology.
- Actively participating in initiatives promoting Living Income as a foundation to reach prosperity as identified and endorsed by the ICC.
- Reach out to and coordinate with other TWS to ensure complementarity of interventions and synergies to support the LI, Resilience, Inclusion targets.
- Collaborate, coordinate, and co-finance the establishment of LI Benchmarks in at least 80% of ICO member producing countries by 2025, and 100% of ICO member producing countries by 2030.

Revised Vision, Roadmap, Technical Workstreams planning and proposed commitments

- Collaborate, coordinate, and mobilize shared public-private resources to identify key interventions (e.g. pilot projects) to reach and supersede the benchmarks through a continuous improvement process in all ICO member coffee producing countries and to implement these key initiatives to achieve closing this gap for target producers in at least 50% of the ICO member coffee producing countries by 2030 (commitment subject to revision in 2026 since benchmarks and approaches will have advanced)

**To realize this,**

The Private sector commits to:

- Directly support the development and implementation of LI pilot projects (including benchmarks and assessments to identify the LI gaps and interventions to close it surpass it towards Prosperous Income) in 4-6 countries, with 5-year time frames, to be completed by or prior to 2026/27 and to begin as soon as possible.
- Directly support efforts of at least 50% of the ICO member coffee producing countries that have established LI Benchmarks, to further understand smallholder household incomes, profitability and ways to improve them, in addition to the pilot projects.

The Public sector commits to:

- Facilitate and participate in the development and implementation of LI pilot projects (including benchmarks and assessments to identify the LI gaps, and interventions to close it and surpass it towards Prosperous Income) in 4-6 countries, with 5-year time frames, to be completed by 2026-27.
- Facilitate and support producer organizations and representatives in their countries to effectively participate in LI strategy development and implementation (data collection and closing the gap).
- Directly participate in realizing an enabling environment (through e.g. policy development, access to services and finance, environmental and social service payments as well as other incentives, and PPPs) to facilitate efforts to close the LI Gap, and surpass it towards prosperous income, of the target producers in their country by 2030.

***Thematic Area – Market Transparency***

Public sector commits to directly support:

- ICO to work with IFRPI and FAO on the technical aspect of the upgrading the Market Information System (March 2021)
- Broad dissemination of results to inform sector stakeholders & decisions makers (June 2021)
- ICO Members that are also G-20 Members to recommend including coffee in AMIS reporting (June 2021)



***Thematic Area – Sector Coordination***

Public and Private sector commit to directly support:

- Public consultation of the CPPTF Theory of Change (vision, problem statement) and TWS proposals, including engagement of coffee farmers and their associations at the national, sub-regional and regional levels. (July 2021)
- Development of a CPPTF Reporting system (July 2021)