10th Coffee Public-Private Task Force Open Session

21 June 2022
13:30 – 15:30 BST
As participants in this session, we need to be mindful of the constraints of antitrust laws. Participants shall not enter into discussions, agreements or concerted actions that may have as their object or effect the restriction of competition. This prohibition covers the exchange of competitively sensitive information including, but not limited to, information concerning individual prices, production, sales, capacities, costs, rates, coverages, market practices, claims settlement practices, company level investments, or any other competitive aspect of an individual company’s operation.

The participants acknowledge that any efforts made to address the structural problems in the coffee sector shall not result in any understandings or agreements to limit individual activities or efforts to the same ends.

Each participant is obliged to speak up immediately for the purpose of preventing any discussion falling outside these bounds.
Item 1: Welcome

Wolfgang Weinmann
CPPTF Coordinator
Agenda

Item 2: Update from the ICO

Item 3: ICO and partners in action on Living Income leading to prosperity-facilitated by Sustainable Food Lab

Item 3a: IDH- coffee strategy and how it links with the Task Force

Item 3b: SECO & CI Coffee Switzerland: initiative in Colombia

Item 3c: Q & A:

Item 3d: BMZ High Level Meeting on Living Income and Living Wage-livestream from Berlin from 15:30 BST onwards

Item 3e Wrap Up- Sustainable Food Lab

Closure
Item 2: Update from ICO

Wolfgang Weinmann
CPPTF Coordinator
Item 3: ICO and partners in action on Living Prosperous Income-

Stephanie Daniels
Christina Archer, Chris Wunderlich
Sustainable Food Lab
**ROADMAP 2020-2030**

**2021**
- **Jan 21**: Technical Workstreams activated
- **Mar 21**: LI reaching prosperity data info identified and shared
- **Apr 21**: Concrete targets for the CPPTF quantified

**2022**
- **June 21**: Evaluation to determine changes required
- **July 21**: Technical aspect of including coffee in AMIS disseminated
- **ICO Members recommend to include coffee in AMIS**
- **Public consultation of ToC and TWs Proposals**

**2025**
- **LI Benchmarks established to reach prosperity in at least 80% of ICO member producing countries**
- **Key interventions implemented in all ICO member coffee producing countries**
- **Key activities to close the LI Gap implemented to reach prosperity for target producers in at least 50% of the ICO member coffee producing countries by 2030**

**2030**
- **A sustainable and prosperous future for coffee producers and the sector as a whole**

**Key outcomes**
- Economic resilience & social sustainability
- Better balanced demand and supply, responsible consumption, and diversity of origins
- Environmental sustainability through sustainable production & consumption
- Effective enabling conditions
Time-bound Aspirations Related to L-PI

**Share information**
sources on living income for ICO members and **confirm sector strategy** for implementing L-PI approach and meeting aspirations.

**Establish LI Benchmarks**
in at least 80% of ICO member producing countries by 2025.

**Implement L-PI pilot projects** in 4-6 countries (to identify LI gaps and interventions to close and surpass those gaps towards Prosperous Income), to be completed by or prior to 2026/27.

**Establish LI Benchmarks**
in 100% of ICO producing countries by 2030.

By 2030, at least 50% of coffee producing countries that have established LI Benchmarks have **created and implemented** collaborative PPPs to close the LI Gap.

**Reach and supersede the income benchmarks** through a continuous improvement process in all ICO producing countries.

**Close the income gap** for target producers in at least 50% of the ICO producing countries by 2030 *(with commitment subject to revision in 2026)*.

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Item 3a: IDH-coffee strategy and how it links with the Task Force
ICO CPPTF 10th Open Session
Coffee Program 2021-2025
HISTORY OF THE IDH COFFEE PROGRAM

2012-2016
Scaling global sustainable coffee production and sourcing practices, improving farmer livelihoods and enabling coffee producers to become more resilient in an ever-changing market.

2017
"...work(ing) collectively towards a thriving, sustainable coffee sector for generations to come."

2018-2020
Proving IDH solutions such as Service Delivery Models and Farmfit Fund deals for coffee in multiple origins.

2019
A Fact-Based Exploration of the Living Income Gap to Develop Effective Sourcing and Pricing Strategies that Close the Gap

2020-2025
Vision of success
Living income, climate resilience and rebalance risk van value distribution become the norm in coffee supply chains

2025
Through convening, sourcing and branding practices, and field level impact, living income and climate resilience in coffee have become the norm and distribution of risk and value have been rebalanced.
Analyzing the coffee sector
Characteristics and issues in the coffee sector

<table>
<thead>
<tr>
<th>Underlying issues</th>
<th>Sector response</th>
<th>Issues with the sector response</th>
<th>Result</th>
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<tr>
<td>• The coffee supply chain is set up to be extractive where price is volatile, value is mostly captured down-stream and risk is transferred upstream (to farmers)</td>
<td>• Many institutions have been established to solve issues within coffee through collective action</td>
<td>• There is a crowded convening landscape in coffee, but it is challenging to address systemic issues and move into action</td>
<td>• Most farmers do not earn a living income in coffee</td>
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<td>• Most coffee is still traded as a commodity, with little room for differentiation and low transparency</td>
<td>• Many interventions to work with farmers to increase productivity and quality of coffee produced at farm-level</td>
<td>• There is lack of a watchdog/advocacy function</td>
<td>• Youth will not continue farming coffee</td>
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<td>• Externalities are not priced into coffee production</td>
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<td>• Lack of strong (regulating) institutions and policy alignment between consuming and producing countries</td>
<td>• Coffee is not a climate resilient crop</td>
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<td>• Too often the focus is on what can be improved at farm-level and by farmers, rather than at supply chain level, through all members in the supply chain</td>
<td>• Coffee supply is at risk on the long-term</td>
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<td>• Most programs devolve into market access outcomes rather than rebalancing risk and power dynamics</td>
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IDH Coffee Program 2021-2025
Vision, Mission, Strategy

**Long-term vision:**
A world in which all coffee farming households earn at least a living income, where risk and value are distributed fairly throughout the supply chain and where coffee is a thriving part of a healthy ecosystem.

**Strategy 2025:**
Through convening, sourcing and branding practices, and field level impact, living income and climate resilience in coffee have become the norm and distribution of risk and value have been rebalanced.

**Convening**
- Support existing institutions in tabling issues such as living income and value distribution.
- Link convening discussions to action on the ground through alignment of origin programs

**Partnerships with private sector**
- Develop strategic partnerships with brands and traders to source for living income and fair value distribution and take a supply chain outlook rather than focus on farmer programs

**Origin programs**
- Build evidence and learnings through field level interventions and local convening in 4 origins
**Global Coffee Platform**
Support GCP to become the change agent around farmer prosperity and shared responsibility as set out in their new strategy. IDH to align with GCP and centre living income and value distribution as the focal point for a coalition of the willing.

**International Coffee Organization**
IDH to support the ICO through support of the Coffee Public Private Taskforce, linking it to origin programs and prosperous income, the co-facilitation of the CEO Coffee Global Leaders Forum 2022 and working closely with ICO representatives to normalize concepts around living income, value distribution, risk distribution and policy alignment.

**Origin programs**
Leverage our presence to engage public sector and institutional actors in policy dialog with consumer partners
1. Living Income in Colombia
2. Living Income + Income Resilience in East Africa
3. Coffee as a Nature Based Solution Program
4. Vietnam Landscapes

**Procurement and Branding for Living Income**
Develop procurement and branding practices for Living Income through direct strategic partnerships with brands and traders

**Outcomes 2025:**
Through convening, sourcing and branding practices, and field level impact, living income and climate resilience in coffee have become the norm

**Swiss Coffee Sector Program**
In collaboration with the Community of Interest for Coffee in Switzerland and SECO. IDH to run the secretariat of the Swiss Coffee sector Program, connecting human rights due diligence to a long-term approach on closing living income gaps in Colombia. Building on the learnings of the Taskforce on Coffee Living Income.
Where do we focus?

- Colombia
- Uganda
- Kenya
- Vietnam
Example: Living Income Summit
Contact us for more information

Tessa Meulensteen
Senior Program Manager Coffee
Email: meulensteen@idhtrade.org
Phone: +31 6 1142 8236
Item 3b:
SECO & CI Coffee Switzerland: initiative in Colombia

Michael von Lührte/ SC-TA
Daniel Lauchenauer/ SECO
Addressing human rights due diligence through closing living income gaps

SECO-CIC-IDH Program
Public – Private Partnership SECO – CIC – IDH
A unique opportunity for the Swiss Coffee Sector

- The Swiss government allocated some funds to the Swiss Coffee sector under the renewal terms for the grant to IDH to advance the sustainability agenda.
- Following the referendum on the Responsible Business Initiative in Nov 2020, SECO and the Swiss Coffee sector (CIC) agreed to roll out some projects as a proof of concept covering:
  - Human rights due diligence (directly linked to the reporting requirements)
  - Living income to ensure the viability of sustainable production (long-term sector goal)
  - Focus on Colombia (largest washed Arabica producer)
  - Engage the majority of the Swiss Coffee Sector (incl. smaller companies)
- ... for practical, efficient and quick implementation with clear KPIs and deliverables
Scope and outcomes
An action-oriented **Swiss coffee sector that goes beyond legal compliance, create a stable coffee supply and ENSURE ECONOMICALLY viable coffee production**

- **Sector cooperation** on human rights due diligence and living income approaches.
  - Develop an actionable Human Rights Due Diligence Tool
- **Design measurable and tangible approaches** to close living income gaps in Colombia for different archetypes.
  - 2025: Improve household income of 15,000 households with 30%
- **Data collection, reporting and sector learning on living income and human rights due diligence.**
  - Implementation of income driver thinking and sector working groups
EXAMPLE OF PROJECT ACTIVITIES

- A project can address different components of smallholder household incomes
- Ideal projects address a combination of activities
- Living income methodology is explained in documentation provided as part of the CfP

**Farm Productivity**
- Access to Finance (including women)
- Professionalisation of Cooperatives
- GAP Training (including women)
- Access to inputs and infrastructure
- Access to crop insurance
- Rejuvenation and renovation

**Pricing**
- Guaranteed off-take agreements & minimum guaranteed pricing
- Market price discovery mechanisms
- Premiums on top of Farmgate prices
- Access to Digital Payment
- Living Income reference price on top of premiums
- Flexible living income premiums

**Production Costs**
- Access to quality and affordable inputs: fertilizer, planting materials, crop protection, irrigation
- Access to affordable labour
- Access to land tenure security
- Mechanization
- Access to inputs and infrastructure
- Access to crop insurance
- Rejuvenation and renovation

**Farm Income Diversification**
- Examples of diversification options include (1) Other crops; Livestock; Agroforestry (2) Enterprise income (e.g. starting a shop).
- Investing in women entrepreneurship (eg IGAs, VSLAs)

**Different strategies to address income improvement**

- **More income** for women and men, helping to alleviating poverty towards a living income.
- **A stable income** to be resilient against shocks and other risks throughout and over the years.
- **An equitable income**, to ensure that men, women and youth have equal chances on a better income while not harming the environment, local communities and generations to come.
OPPORTUNITIES TO PARTICIPATE AS A COMPANY

Project implementation is key to achieve the goals of the Initiative on HRDD and Living Income

How to get involved?

1. Respond to the call for proposals in and submit a proposal together with (supply chain) partners for project implementation on living income

2. Join the working groups on living income and Human Rights Due Diligence and shape relevant learnings and activities for the sector

Successful projects:

• Take measurable steps towards closing the gap between current income levels and living income for Colombian coffee farmer households.

• Operationalize the goals of the Program through the project implementation, evaluation and learning

• Improve, accelerate, scale or innovate and have a cost-efficient, cost-effective and measurable impact on Initiative’s ambitions.

• Are multi-year projects that range between 200k-600k EUR total value

Our ideal partner / consortium:

• Has a connection with the Swiss coffee trade and sources from Colombian coffee farmers, and is willing to invest in this

• Is willing to invest through the IDH co-funding principle: the Program can fund maximum 30% and the private sector at least 70% of the total project value

• Shares and learns from successes and failures and is open to explore new path-ways towards achieving improved incomes for smallholders and HRDD

• Cooperates with supply chain partners on project proposals and implementation

Cooperation with IDH

IDH can support in project development co-funding and implementation, to ensure that projects are measurable and relevant.

- Understanding the main drivers of farmer household income
- Project design, risk assessment and target setting
- Project implementation, continuous evaluation
We are here:

- **Concept note phase**: April 2022
- **Full proposal phase**: June 2022
- **Contracting**: July / August 2022
- **Kick-off**: September 2022
- **Final approval full project by GB**: 2022-2025
- **Contract signed**: 
- **Project implementation**: 
- **Kick-off working groups**: 

**Process**

- **Launch call for proposals**
- **Approval concept note**
- **Final approval full project by GB**
- **Contract signed**
- **Implementation 2022-2025**
- **Kick-off working groups**
CONTACT US FOR MORE INFORMATION

• Tessa Meulensteen: meulensteen@idhtrade.org

• Marlies Huijssoon: huijssoon@idhtrade.org

• Michael von Luehrte: michaelvonluehrte@sc-ta.ch
Item 3c: Q & A
Item 3d: BMZ Berlin High Level Meeting on Living Income and Living Wage-
Item 3e: Wrap up of the session

Stephanie Daniels
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Closure