



Organización Internacional del Café
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Sustainability

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Sustainable Commodity Initiative

Background

1. On 17 and 18 February 2003, the ICO Head of Operations Mr. Pablo Dubois and the Economist, Mrs. Lilian Volcan participated in a brainstorming workshop “Sustainability in the coffee sector: exploring opportunities for international cooperation towards an integrated approach”, which took place in Geneva, Switzerland. The workshop was organized by the International Development Research Centre in collaboration with the United Nations Conference on Trade and Development (UNCTAD), and the International Institute for Sustainable Development (IISD), with the aim of identifying specific areas and proposals for action at the international level.
2. A copy of an information brief on the Sustainable Commodity Initiative (SCI) is attached and a representative of the SCI will brief the Council at its 88th Session in May 2003 on the outcomes of the workshop and plans for further work.

Action

The Council is requested to take note of this document.



INFORMATION BRIEF ON THE SUSTAINABLE COMMODITY INITIATIVE

Agenda 21: Paragraph 2.11

“The international community should aim at finding ways and means of achieving a better functioning and enhanced transparency of commodity markets, greater diversification of the commodity sector in developing economies within a macroeconomic framework that takes into consideration a country's economic structure, resource endowments and market opportunities, and better management of natural resources that takes into account the necessities of sustainable development.”

The Least Developed Countries Report 2002: Escaping the Poverty Trap

“The commitment to reducing extreme poverty by half by the year 2015 necessarily implies attention to the primary commodity problem.”

The United Nations Conference on Trade and Development (UNCTAD) and the International Institute for Sustainable Development (IISD) have launched the Sustainable Commodity Initiative (SCI) in recognition of the fundamental link between commodities and sustainable development. The principal objective of the SCI is to improve the social, environmental and economic sustainability of commodities production and trade by developing global multi-stakeholder strategies on a sector by sector basis.

Despite a rapid growth in the diversity and number of NGO, government and industry led initiatives addressing sustainability within commodities markets over the past two decades, there has been comparatively little coordination at the international level—either between initiatives or the diverse approaches they have adopted. The development of multi-stakeholder market based mechanisms at the global level thus represents an important, and as yet, largely unexplored avenue for improving the social, environmental and economic impacts of commodities trade in an integrated and coherent manner. The SCI aims to take advantage of this opportunity by providing a multi-stakeholder forum for the identification of *concrete* sustainability strategies and instruments at the global level.

Through a process of workshops and meetings, producer, NGO, industry and government representatives will be invited to explore:

- Sustainability with respect to social and environmental issues from *both* market structure and supply chain perspectives
- Opportunities for collaboration between existing sustainability initiatives
- New global instruments for the sustainable management of commodities trade through public/private/civil society partnerships

AN IDRC SUPPORTED INITIATIVE



The SCI will provide a preliminary but significant testing ground for proposed initiatives through a process of stakeholder feedback and in-depth analytical research. By leading a constructive and proactive process the SCI hopes to provide a foundation for further multi-stakeholder collaboration and the eventual implementation of novel global strategies for addressing commodities problems at large.

The Coffee Phase of the Sustainable Commodity Initiative

The first phase of the SCI will focus on the identification of strategies for the coffee sector. The coffee phase will build upon existing initiatives¹ with the objective of identifying novel ways for addressing supply chain and market issues in a coordinated way that is suitable for *substantial* application within the coffee sector. In an effort to ensure comprehensiveness, the coffee phase will use the following principles, drawn from existing initiatives, as a guide in the development and testing of proposed actions:

Principles for Sustainable Development in Coffee Trade

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| Principle 1: | Producers should be paid a price/wage that covers basic production, living and environmental costs within a competitive framework and which displays a measured degree of stability |
| Principle 2: | Employment relationships should be maintained in accordance with core ILO conventions and local law. |
| Principle 3: | Production practices should be environmentally sustainable |
| Principle 4: | Producers should have enhanced access to credit and opportunities for diversification |
| Principle 5: | Producers should have enhanced access to trade information and trade channels. |

In order to ensure the relevance of the SCI's work, mechanisms proposed by stakeholders from the coffee sector will form the focus of its activities for this phase. The main activities of the coffee phase will involve:

- Two international multi-stakeholder meetings
- A multi-stakeholder survey and interview process
- Legal, economic and impact analysis research

In addition to establishing a process for the development, testing and analysis of new ideas for action, the SCI will also provide a unique forum for generating multi-lateral and multi-stakeholder cooperation towards sustainable practice within the coffee sector.

For more information about this initiative please contact:

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¹ Initiatives by the following institutions are among those providing an important basis for further work in this area: 1. The International Coffee Organization 2. Fair Trade Labeling Organizations International 3. Rainforest Alliance 4. UTZ Kapeh Foundation 5. GTZ 6. European Coffee Federation.

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