

## Project Assignment Fairtrade Standard for Coffee Review (revised September 2020)

This project assignment contains the most important information about the project. For additional information on the project, please contact the project manager (contact details below). The project will be carried out according to the Standard Operating Procedures for the Development of Fairtrade Standards/Minimum Prices and Premiums. More information on these procedures can be found on the website: <http://www.fairtrade.net/standards/setting-the-standards.html>

### Rationale for and justification of need for the project:

The Coffee Standard review is the opportunity to adapt and to ensure that the Standard is in line with the strategy 2016-2020 and contributes to its achievement. The strategy places great emphasis on the impact for producers, which is also key in the global coffee strategy 2016-2020. One of the key objectives of the global strategy is to ensure that "standards allow equity and impact." Additionally, it is vital to have a Coffee Standard that supports the empowerment and development of producer organizations. Therefore, the revision of the Standard will focus on these aspects.

In addition to this, the global coffee context has evolved, on one hand producers face increased weather volatility and diseases leading to reduction in production, an ever increasing COSP and sustained low market prices. On the other hand, there is a greater consolidation of buying power among roasters, retailers, importers and exporters which has eroded the trading power of Fairtrade small-scale producers. The roaster's and retailer's seek long term supply commitments, nevertheless buying forward creates significant price risk in volatile commodity markets.

The low market prices, bring undue supply chain pressure across the market, exerting significant pressure along the value chain. The current situation brings both producers and traders under pressure which in some cases can lead to practices against Fairtrade principles reducing the impact that is intended to be achieved with Fairtrade. In this project, we will explore whether any change in the Standard could help prevent such practices more effectively and ensure a fairer competition among operators in Fairtrade coffee. This project must also go beyond and place a greater emphasis in distributors / roasters, promoters of the Fairtrade coffee, and explore ways to ensure a better understanding and adherence to the principles of fair trade and the Fairtrade Standards.

The review of the Fairtrade Coffee Standards will also explore ways on how the Standard can best enable opportunities for the producer organizations to sell their coffee under fair trading conditions, by analyzing the market dynamics and the position that Fairtrade coffee holds in the market place. This will be complemented with the results and changes in the revision of the Standards for Small-scale Producer Organizations, therefore the review of the Coffee Standard will focus on aspects that are specific to the organizations of small-scale coffee producers.

Finally, it is necessary to examine how the Trader Standard is applied in the coffee context, and if particular modifications are recommended for coffee that complement what is included in the Trader Standard.

**Risk assessment:**

The following risks could affect the success of the project:

a) Low participation in the consultation process

*Mitigation:* Work hand in hand with Producer Networks and NFOs to motivate participation of certified producers and other actors in the coffee value chain. The cases in which the presence of Fairtrade is under development, the local NFOs could play a key role in communication, liaising directly with stakeholders and engaging them in the project.

b) Stakeholders with different degrees of engagement with Fairtrade coffee may expect that their input will lead to a specific standard revision or outcome, while not all suggested proposals for revisions from stakeholders are appropriate in a global context.

*Mitigation:* Stakeholders will be provided with a synopsis of all input received in the most transparent way possible, so they can understand how all input is weighed and solutions are devised for the best possible outcome for a generic and global standard. The input received from stakeholders with limited engagement with Fairtrade should not undermine the input from stakeholders actively engaged in the Fairtrade system (SPOs, traders, roasters, PNs and NFOs).

c) Despite a thorough consultation, the Standard could leave out specific issues that affect negatively the trading position of stakeholders when put into practice.

*Mitigation:* Any issues that require a revision after publication, must be informed to S&P supported with concrete evidence. After one year of implementation, an evaluation will be scheduled by S&P to bring any potential changes and recommendations for decision to the SC. The current project scope will be the basis for the evaluation.

**Project Start Event:**

Publication of final project assignment

**Project Start Date:**

June 13<sup>th</sup>, 2019

**Project End Event:**

Publication of revised Coffee Standard

**Project End Date:**

March, 2021

**Project Goal and Objectives:**

**Goal:** Improve the Fairtrade Standard for coffee, so that it contributes to a greater sustainability of coffee production and trade, fairer trade practices and sustainable livelihoods for coffee producers and their families.

**Objectives:**

1. Align the Coffee Standard with the current Trader Standard (TS); and adapt TS rules to the specific context of coffee, if necessary.
2. Align the Coffee Standard with the Fairtrade Standard for Small-scale Producer Organizations (SPOs). Explore ways to better ensure that certified producer organizations are genuine and viable SPOs, with the possibility to trade effectively their coffee in an increasingly challenging commercial environment, on the basis of fair trading conditions and with the potential to further develop and become empowered organizations, enabling sustainable livelihoods to their members.

3. Define clearer rules on pricing and contract issues so that commercial actors and their activities lead to transparent and fair trade relations with producer organizations while recognizing their crucial role all along the value chain.
4. Ensure consistency with international trade rules while promoting good trading practices in coffee.
5. Apply the new standard design, including the changes that have been applied to Fairtrade Standards on simplification of wording, reorganization of requirements, and deletion of redundancies, added or improved guidance and adapting the new standard layout.
6. Explore mechanisms to identify and address deforestation risk and how these could be included in the standard.
7. Consider additional environmental requirements to mitigate climate change, and preserve and increase biodiversity.
8. Explore solutions to address Human Rights Due Diligence—in particular for the implementation of risk based child and forced labour monitoring and remediation.

### **Connection with Theory of Change (ToC):**

This project contributes to the goals of Fairtrade International which is to make trade fair, empower small producers and foster sustainable livelihoods. In particular, it aims to enable resilient and viable producer business, strong and inclusive coffee SPOs, and enhanced benefits for small producers and their communities. For more information on the ToC visit this [link](#).

### **Project scope:**

This project covers both Arabica and Robusta coffee.

The geographical scope is global.

This review can cover any coffee issue that can be addressed through the standards, even if it is not currently included in the Fairtrade Standard for coffee, for small-scale producers or for traders.

The Fairtrade Standard for Coffee is complementary to the Fairtrade Standard for small-scale producer organizations (Fairtrade Standard for SPOs), and the standard for traders (Trader Standard). So, it applies to both producers and traders.

For more information on Fairtrade Standards click this [link](#).

### **Out of scope:**

Review of the current price scheme

Review of the current Fairtrade Minimum Price and Premium

Review of Hazardous Materials List

Impact based standards project

<p><b>Project timelines and information on opportunities to contribute:</b></p> <p><b>Scoping (preparatory work):</b> May 2019  <b>Research:</b> June – August 2019  <b>Consultation*:</b> September – December 2019  <b>Second round of consultation:</b> November-December 2020  <b>Drafting Final proposal:</b> January - February 2021  <b>SC decision:</b> March 2021  <b>Publication:</b> April 2021  <b>Implementation:</b> As of April 2021</p> <p>* More information will be provided closer to the consultation period on our <a href="#">website</a>. If you are identified as key stakeholders, you will receive an invitation to participate.</p>	<p><b>Decision making process:</b>  The final decision will be taken by the Standards Committee (SC), a body made up of stakeholder representatives. The SC will aim at making a decision based on consensus. They may reword the final proposal if needed to reach consensus. If consensus cannot be reached, the SC will resort to voting.</p>
<p><b>Project Owner (Unit):</b>  Alina Amador, Head of Standards  <a href="mailto:a.amador@fairtrade.net">a.amador@fairtrade.net</a></p>	<p><b>Project Manager (contact point for the project):</b>  Giovanna Michelotto,  <a href="mailto:g.michelotto@fairtrade.net">g.michelotto@fairtrade.net</a></p>
<p><b>Project Team (Unit):</b></p> <p><b>FI</b></p> <ul style="list-style-type: none"> <li>• Peter Kettler, GPM Coffee</li> <li>• Nora Gutwein, Assurance Manager</li> </ul> <p><b>PNS</b></p> <ul style="list-style-type: none"> <li>• Maria Trinidad, CLAC Coordinadora de Estándares</li> <li>• Luis Martínez, CLAC - CECLAC</li> <li>• Chrispinus Olouch, Head of Region– Eastern &amp; Central Africa Network</li> <li>• Sanjeet Singh Khurana, Chief Operations Officer NAPP</li> </ul> <p><b>NFOs</b></p> <ul style="list-style-type: none"> <li>• Nina Winkler, Fairtrade Germany</li> <li>• Jos Harmsen, Fairtrade Maxhavelaar Netherlands</li> <li>• Stephen Nankervis, Fairtrade Australia/New Zealand</li> <li>• Julie Francoeur, Fairtrade Canada</li> <li>• Martin Blaser, Max Havelaar Switzerland</li> </ul> <p><b>FLOCERT</b></p> <ul style="list-style-type: none"> <li>• Theresa Glammert, Assurance Scheme Manager</li> </ul>	<p><b>Project Environment (stakeholder groups not part of the project team):</b></p> <p>Red Café / CLAC  NFOs  SPOs  Traders and roasters  Coffee Help Desk</p>