Projects Committee
16th Meeting
18 September 2018
London, United Kingdom

Draft Terms of Reference for the Working Group on Sustainability Performance Indicators

SUBMITTED BY THE EXECUTIVE DIRECTOR

Background

1.   At its 121st Session in Mexico City, Mexico, the International Coffee Council appproved the establishment of a working group to develop sustainability indicators for coffee, as well as to support and monitor the implementation of the 'Delta Project'.

2.   The objective of the Delta Project is to develop a commonly agreed sustainability performance measurement and reporting framework. The framework will include a set of outcome and output indicators that will help measure sustainability and track the implementation of Sustainable Development Goals (SDG) commitments by the public and private sectors.

3.   The Delta Project is aligned with the objectives of the Memorandum of Understanding (MoU) between the ICO and the Global Coffee Platform (GCP), approved by the Council at its 120th Session in September 2017 in Yamoussoukro, Côte d'Ivoire, and the Cooperation for Vision 2030. The project is funded by a grant from the ISEAL Innovations Fund. The Delta Project will be implemented jointly with the GCP, the Better Cotton Initiative (BCI) and the International Cotton Advisory Committee (ICAC).

3.   The project duration is three years starting in November 2018. The scope of work includes the following three objectives (for a detailed breakdown of objectives and activities see also Annex I):

I.   Developing a set of sustainability performance indicators and carrying out a field testing for validation.

II.   Linking sustainability performance of sustainable sourcing programmes with national- or regional-level sector monitoring systems.

III.   Adding value for producers by supporting the development of data-based services for farmers in the area of agricultural extension.

4.   The Working Group shall be the platform to seek and consolidate views of the ICO Membership to provide input for the development of sustainability performance indicators (Objective I) that would allow measurement of the impact of sustainability for the coffee sector. Specifically, the Working Group will review the draft set of sustainability performance indicators and recommend the final set of indicators for consideration by the ICO Projects Committee and the Council. The terms of reference detailing the activitivies carried out by the Working Group are included in Annex II and the timeline can be found in Annex III.

Action

The Projects Committee is requested <u>to consider</u> the draft terms of reference, and if appropriate, <u>to recommend approval</u> by the International Coffee Council.

WORKING GROUP ON SUSTAINABILITY PERFORMANCE INDICATORS
OBJECTIVES AND ACTIVITIES

The Delta Project will be jointly implemented by the GCP, the BCI and ICAC (the Project Partners) and shall create a sustainability improvement framework that will help implement SDG commitments and trigger the development of value-added services to farmers. The Delta Project has the following three objectives and related activities as detailed in the approved project document:

Objective 1: Developing and operationalizing a sustainability performance framework

Activities

1.1   Through broad stakeholder consultation**, establish Guidelines for Sector Sustainability Information, which will underpin a sustainability performance framework[1]**. The guidelines will be accompanied by guidance and promotional tools to facilitate the framework's adoption.

1.2   **Develop a common set of cross-commodity output and outcome indicators** to measure and report sustainability improvements that contribute to sector-wide transparency and learning for cotton and coffee. The framework will include:

    (a)   Common indicators, based on the ISEAL Common Core Indicators and the SDG indicator framework.

    (b)   Sustainable practices as a measure, building on learning from Rainforest Alliance's Supporting Evidence Framework project.

    (c)   General and commodity-specific outcome metrics, building on the work by ICAC-SEEP for cotton[2] and GCP for coffee.

    Where possible, it will also integrate publicly available information.

1.3   In collaboration with other relevant projects, including Innovations Fund (IF)[3], **include the defined indicators in a data standardization and digitization process** to facilitate collective sector reporting and allow for their interoperability to support data production, processing, analysis, and reporting.

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[1] *These will draw inspiration from and build on the principles developed for the UN Environment-led 'Guidelines for Providing Product Sustainability Information'.*

[2] *SEEP is the International Cotton Advisory Committee's (the inter-governmental cotton body) Expert Panel on Social, Environmental and Economic Performance of Cotton Production. Together with FAO, SEEP produced a report in 2015 called Measuring Sustainability in Cotton Farming Systems: Towards a Guidance Framework. The Delta project will seek to build on this work.*

[3] *GCP: 'Demonstrating Collective Impact in the Global Coffee Sector'*
  UTZ: G3 – 'New framework for digitalised farm data'
  FSC: 'Creating an Information and Data Standard: Catalyzing Impact Effectiveness through Analytics, Mapping, and Data Science', subject to approval

1.4 **Establish data and information quality requirements** and call for disclosure of extent of conformity with those requirements and include source, collection method, timeframe for which data and information is valid, and known limitations.

1.5 **Define data use options** and recommended levels of disaggregation (e.g. country, province, water basin) for different purposes, including SDG reporting on targets in NAPs[4]. The vision is for producers to contribute performance data both for a) their own learning and gain access to new services or benefits, and b) participate in a global movement of measuring concrete progress toward the SDGs by making data available[5]. As it will take time to build confidence in the framework; we will provide a testing ground for BCI and GCP producers and stakeholders to pilot options to identify value-add for producers, partners working with producers, and international actors. Data confidentiality rights of producers will be ensured.[6]

1.6 **Road-test the framework within BCI and GCP data management, learning, and/or reporting systems.** Data collection mechanisms from production level exist for both GCP and BCI and will be a core source of data and information used in the development and testing of the indicators and framework. We will also include national cotton or coffee agencies in testing, in collaboration with ICAC and ICO.

Objective 2. Linking Sustainability Performance to Business Actors and Governments

Activities

2.1 **Design a method to link sustainability improvements to company sourcing and national- or regional-level sector monitoring**. This is particularly valuable to VSS using a mass balance model, as the current product sustainability reporting approaches are poorly applicable due to the lack of physical segregation of more sustainably-produced product.[7] This method will credibly allocate portions of sustainability improvements and progress toward the SDGs to different investors so they are able to demonstrate results relative to their contributions.

2.2 Building on the framework's data quality and use parameters developed in Component 1, **guidance materials will be developed to help users gauge appropriateness and applicability of use depending on data source and quality disclosures.** This component will facilitate sector self-reporting; data and information could be used to inform robust impact evaluation; and be used by businesses and governments to measure contributions toward the SDGs.

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[4] National Action Plans

[5] Available to, for example, ministries, researchers, donors, and businesses.

[6] Following the European General Data Protection Regulation (GDPR), effective 25 May 2018.

[7] e.g. EC's Product Environmental Footprint method. Also, given the high costs of identity preservation, and thus metrics associated with a physical product, this approach will still demonstrate the actual performance at farm level, but without the supply chain costs associated with physical traceability.

Objective 3: Adding value for producers

Activities

The project's technology-agnostic approach will lay the groundwork for supply chain actors and public and private supply chain service providers to develop and render additional services to farmers using the data. We will pilot and showcase examples of these services for different supply chain structures in South Africa, Vietnam and Peru using existing data collection and reporting tools by:

3.1   Piloting data collection and feedback mechanisms through available technologies to producers and agricultural extensionists, allowing them to compare and contextualize their performance with peers.

3.2   Contextualizing data: establish linkages to other open data sources (extension tools, weather data, information about subsidies, market information, prices), in alignment with and building on respective Innovations Fund (IF) projects.

3.3   Supporting the development of farmer services with supply chain service providers using farm performance data in the areas of finance and agricultural extension, building on the experience and identified indicators from the GCP IF projects. Also, producers will gain access to their data analysed according to selected SDGs and targets.

3.4   Documenting experiences and key use cases to stimulate further uptake, services development, and scaling.

WORKING GROUP ON SUSTAINABILITY PERFORMANCE INDICATORS

TERMS OF REFERENCE

1.   The Working Group on Sustainability Performance Indicators (hereinafter called the Working Group) shall consider matters relating to the establishment of sustainability performance indicators for the coffee sector and to support the Delta Project (hereinafter called the Project), including monitoring of progress, and assessment of Project deliverables, with provision for submiting recommendations to the Council.

2.   The Working Group shall exist for the duration of the Project. The activities of the Working Group shall include the following areas:

(a)   Review draft sets of sustainability performance indicators developed during the project prior to and after field testing, and make recommendations.

(b)   Review the final set of sustainability performance indicators and, if appropriate, submit for consideration by the Projects Committee and approval by the Council.

3.   Participation in the Working Group is open to all ICO Members. The quorum required for a meeting of the Working Group shall be two representatives of exporting Members and two representatives of importing Members.

4.   The Working Group shall select a Chair and a Vice-Chair from among the designated Members. The Chair and Vice-Chair of the Working Group shall be appointed for a term of one year. The officers may be re-elected. The Chair of the Working Group shall report to the Projects Committee on its work.

5.   The Working Group shall operate in English.

Timeline Delta Project for Objective I and specific input required by the Working Group (November 2018 – October 2021)

ACTIVITIES	DESCRIPTION	YEAR 1				YEAR 2				YEAR 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Objective I: Developing and Operationalising a Sustainability Performance Framework	1.1 Establish Guidelines	Mapping of existing sustainability metrics frameworks			Guidelines published								
	1.2 Develop a common set of cross-commodity indicators		Stakeholder consultations		Stakeholder consultations	Indicators set available						Indicators adjusted/adapted based on pilots	
	1.3 Include defined indicators in data standardization and digitization process						Standardized digitized indicators published						
	1.4 Establish data and information quality requirements						Data quality requirements published						
	1.5 Define data use options							Guidance on data use options published					
	1.6 Field test the framework								1st 2 pilots concluded				
Input from ICO Working Group													
	Constituting meeting		X										
	Review draft indicators & make recommendations		X										
	Review revised draft indicators before field testing				X								
	Review set of indicators post-field testing								X				
	Approve final set of indicators and recommend to Council				X							X	

* Quarters (Q1, etc.) refer to the timeline from project initiation. Please shade or mark boxes to indicate when activities will take place. Add or remove rows as necessary. Indicate major project milestones in the timeline boxes