



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

PSCB 98/07

12 January 2007
Original: English

E

Private Sector Consultative Board
23rd meeting
25 January 2007
London, England

**Report of the three Rapporteurs
of the 4C initiative – January 2007**

Background

The attached report has been received from the Common Code for the Coffee Community.

Action

The PSCB is requested to note this report.



**Report of the interim Board of the
Common Code for the Coffee Community Association
(Dr. Diego Pizano, Mr. Albrecht Schwarzkopf, Mr. Roel Vaessen)**

ICO Private Sector Consultative Board, January 25th, 2007

Further to reports to the International Coffee Organization in Salvador da Bahia (PSCB 70/2005) and in London (PSCB 75/2006, PSCB 83/2006, PSCB 92/2006) – The Common Code for the Coffee Community Association (4C Association) would like to inform the distinguished representatives at ICO PSCB on the current status of the Association and its further developments.

On Friday, December 1st 2006 37 founding members from across the world and the entire coffee chain have registered the “Common Code for the Coffee Community Association” as an independent membership organization in Geneva, Switzerland. The status of the Association is a non-profit organization. It does not follow any commercial interests. Since that establishment of the Association, membership in the 4C is growing continuously from the producing areas of the world and representing small, medium-sized and large actors of the sector.

The concept of the 4C Association

The 4C Association as a voluntary and private initiative combines four major elements: (1) a guidance for continuous improvements in coffee production with a code of conduct, (2) comprehensive support services to assist producers in their efforts to make coffee farming more profitable, effective and efficient, (3) “Rules of Participation” to stress the required commitment and responsibility of all business actors involved in the Association and (4) a transparent and participatory steering of the initiative within a consensus of producers, trade & industry and civil society groups. As a private and technical institution, 4C is not a policy body or a political framework. It practically aims at improvement processes and collaboration of private actors in the coffee sector.

Its objective is to foster sustainability in the ‘mainstream’ green coffee chain and to increase the quantities of coffee meeting basic sustainability criteria within all three dimensions. Encouraging sustainability for green coffee is a productive, competitive and efficient way to enhance the economic conditions of the individuals employed and engaged in the growing, post-harvest processing and trading of green coffee.

The sustainability understanding of the Common Code for the Coffee Community builds on the social, environmental and economic dimension of sustainability according to the definition of the World Commission for the Environment and Development which says *“It is in the hands of humanity to make development sustainable, that is to say, seek to meet the needs and aspirations of the present without compromising the ability of future generations to meet their own.”*

4C is a voluntary business to business approach which appeals to the responsibility of the different actors involved in the coffee sector: coffee institutions, companies, producer organizations, research, civil society groups and supporting organizations. To achieve its objectives and to accomplish its mission, the Common Code for the Coffee Community Association follows primarily the listed activities:

- Implementation of a code of conduct to identify urgent needs for improvement and to guide coffee farmers worldwide in the application of good agricultural and management practices;
- Monitor compliance with „Rules of Participation“ to enforce the responsibility for a sustainable development within the entire sector of all actors along the supply chain;



**Report of the interim Board of the
Common Code for the Coffee Community Association
(Dr. Diego Pizano, Mr. Albrecht Schwarzkopf, Mr. Roel Vaessen)**

ICO Private Sector Consultative Board, January 25th, 2007

- Providing access to support services with capacity building activities, skill development and training courses for higher efficiency and increased profitability of coffee production alongside social, environmental and economic improvements which will go towards a further positive development of the sector;
- Establishment of a global network of practitioners and producers to share learnings and increase the access to information, tools, practices and methods to enable sustainability in the production, post-harvest processing and trading of green coffee through collaboration;
- Dissemination of and communication on the benefits, implications and impact of sustainable coffee production and processing;
- Provision of a global platform for a transparent and participatory governance of the association and the baseline sustainability concept;
- Continuous improvement of the concept through incorporation of learnings and experiences.

As a private organization, the Common Code for the Coffee Community Association aims at cooperating with other initiatives and public organizations which follow the concept of a sustainable development in agricultural sectors.

The Association is consisting of the three chambers of producers, trade & industry and civil society groups plus associate membership of public institutions. Membership in the 4C Association is inclusive and open for every individual or organizational member.

The three chambers are forming the 4C General Assembly which elects representatives of the 4C Council. A Board is chairing this Council. In March (March 28, 29 and 30) the General Assembly and the Council will gather for the first time in London. A Secretariat which is headed by an Executive Director is managing the process and providing the services to support farmers in their process of a continuous improvement.

The Association is funded by the fee of its members. A significant part of the fee contributed by trade & industry members will automatically be dedicated to support activities for farmers.

Membership, self assessment, verification and support

Through the available registration forms (downloadable online or to be requested by fax, mail, email etc.), interested actors/companies/organisations can register as 4C members. Prerequisites for entering the system are a self-assessment, the exclusion of unacceptable practices and a commitment to the Rules of Participation and continuous improvement.

The self assessment (for producers, processors, traders and buyers) is available online (or through fax, mail, email etc.) to any actor interested to assess his situation. It becomes a relevant document to complete the registration as member when it is submitted together with the registration form and stresses the interest of producers to become members of the 4C Association. In case the self assessment shows "average yellow", there will be an implementation audit by one of the accredited independent



Report of the interim Board of the Common Code for the Coffee Community Association (Dr. Diego Pizano, Mr. Albrecht Schwarzkopf, Mr. Roel Vaessen)

ICO Private Sector Consultative Board, January 25th, 2007

international or local third party verification organisations within a maximum period of one year starting from the date of submission. From that moment on the member can start to sell 4C coffee and automatically gets registered as member of the 4C Association.

The verification of producers and processors will be organized by the 4C system and paid through part of the membership fees. The software system provides full overview of all registered verification organisation and will automatically identify the most appropriate (cost, availability etc.). Verification organisations will check the internal monitoring system and conduct random field checks with individual producers.

In case of approval of verification, i.e. results from the self assessment are confirmed by the audit as average yellow or better, the member (individual producer, 4C Unit, mill, exporter etc.) can continue to sell 4C coffee, has to update the self assessment annually and will be subject to random checks.

In case of non-approval of verification, i.e. the results from the self assessment are not confirmed, the respective member will be listed as "verification failed", with the option to show improvements to achieve at least average yellow (or according to result of self assessment). Within a certain timeframe (6-12 months), a re-verification will take place of which the member has to pay at least 50%. In case of repeated failure, the member will be excluded from the system for at least one year. At the same time, in case of non-approval of verification the member will be automatically put in contact with the support component and provided with information/assistance for tailor-made improvements.

Next steps to roll out 4C

Partnership with coffee organizations in producing and consuming countries – a cooperation with local coffee institutions is vital for the 4C and one of the most important elements of the decentralization aim of 4C. Hence the Secretariat will intensify its efforts to arrange dissemination workshops to introduce the 4C concept to local representatives and stakeholders in a constructive and open manner. Further more it aims at a close collaboration with coffee institutions and policy bodies.

4C Secretariat – From February 1st 2007 on, the 4C Association will be located in Bonn, Germany. The Executive Director and the personnel for the 4C Secretariat is currently being recruited. In the transition period until all things are fully set in the new premises, the current Management Unit structure with GTZ and ECF 4C group will continue to be fully operational.

4C Verification – Verification in the understanding of the 4C builds on internal monitoring and the proof of continuous improvements, which will be confirmed by an independent institution as an enabling feedback. Trials to develop and test the respective 4C verification tools have been conducted in Zambia and Vietnam. A final revision process will result in a real time testing in the countries of the current 4C members. Trainings of local verification bodies will be conducted soon thereafter, starting this spring. Verification of the 4C will be paid by the 4C Association and will be conducted by a third party actor, preferably local institutions or research institutes.



**Report of the interim Board of the
Common Code for the Coffee Community Association
(Dr. Diego Pizano, Mr. Albrecht Schwarzkopf, Mr. Roel Vaessen)**

ICO Private Sector Consultative Board, January 25th, 2007

Training courses – 4C is currently developing training courses for producers and local verification bodies. 4C will train trainers to conduct workshops in all interested coffee regions to introduce Good Agricultural Practices, Good Management Practices and quality improvement processes in the understanding of 4C. Trainings will be free and arranged with the funding of 4C's members.

Revision of the Code – a Technical Committee, consisting of technical experts named by the three Chambers, will work on a continuous improvement of the Code Matrix to ensure highest beneficial impact for producers. The Committee's first meeting is scheduled to take place in Summer 2007.

Evaluation of the 4C application – the Secretariat is currently developing a 5 year long-term evaluation mechanism to assess the 4C's impact. Further more 4C will be subject to further external evaluation procedures and cost – benefit analysis.

Benchmarking – As a baseline concept 4C aims at a benchmarking against other codes and guidelines. Therefore a benchmarking against existing local standards, guidelines and codes will be conducted soon to enable a broad participation of coffee organizations and respective members.

4C Support Services: The Support Services assist producers in applying the code matrix as guidance for improvement processes. The 4C initiative has designed a system for support mechanisms such as trainings, access to Good Agricultural Practices, Good Management Practices or quality management. With the establishment of the Association a support network of partnering organizations will be further developed to increase availability of technical assistance and tools. If you are interested in submitting a request to conduct a 4C training please download the form from our homepage.

Recent activities

Presentations and discussions on 4C have been held

- At this year's **TriestEspresso Expo** in Triest, Italy
- at **Sintercafé Costa Rica** in November 2006
- at **IACO's General Assembly**, held in November 2006 in Addis Ababa, Ethiopia
- in **Vietnam** during the testing exercises of the verification trials in December,
- in **Tokio, Japan** during a consultation of the All Japan Coffee Association (AJCA).



**Report of the interim Board of the
Common Code for the Coffee Community Association
(Dr. Diego Pizano, Mr. Albrecht Schwarzkopf, Mr. Roel Vaessen)**

ICO Private Sector Consultative Board, January 25th, 2007

Upcoming events and activities

Stakeholder consultation in Cote d'Ivoire – In late January and early February the 4C Secretariat will be in Cote d'Ivoire to discuss the concept with political representatives and coffee stakeholders in West Africa.

Update report to EAFCA Board – Prior to the World's Wildest Coffee Conference of the East African Fine Coffees Association (EAFCA) in February in Addis Ababa, Ethiopia, the 4C Secretariat will have the opportunity to present an update report to Board members of EAFCA to illustrate options to intensify cooperation.

First General Assembly and Council meeting of 4C Association – On March 28 and 29 the General Assembly of the 4C Association will meet in London, UK, to discuss important items of the Association, to develop a Plan of Operations for 2007 / 2008 and to elect representatives for the 4C Council. On March 30 the Council will meet to endorse the Plan of Operations for the Secretariat and to identify milestones and indicators to measure the progress of the initiative.

Further detailed information is available at www.sustainable-coffee.net

The Common Code for the Coffee Community Association is an open, participatory and transparent initiative. Members of the Association like to stress that the 4C is a learning process. The group acknowledges that there exist doubts and concerns on the 4C sustainability concept and its implementation in the coffee sector and would like to discuss them thoroughly. Therefore, its processes and documents are open for discussion and the members would like to emphasize that it welcomes every input, comment and recommendation on its current concept. Furthermore, a feedback mechanism has been launched on the homepage of 4C where comments are most welcome.

The 4C Association would like to thank the International Coffee Organization and its members for the opportunity to update its members on the progress of the 4C.

Contact: Common Code for the Coffee Community Association Secretariat

Deutsche Gesellschaft fuer Technische Zusammenarbeit (GTZ) mbH
Mr. Carsten Schmitz-Hoffmann
Dag-Hammarskjold-Weg 1-5,
D-65726 Eschborn
coffee@gtz.de

GTZ provides services for the 4C initiative on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ) and the Swiss State Secretariat for Economic Affairs (SECO).

European Coffee Federation 4C Group
Mrs. Melanie Rutten
ECF, Tourniairestraat 3
PO Box 90445, NL-1006 BK Amsterdam
4C@coffee-associations.org

ECF 4C Group provides services for the 4C initiative on behalf of the European Coffee Federation (ECF).

Documents / information are available on the homepage www.sustainable-coffee.net