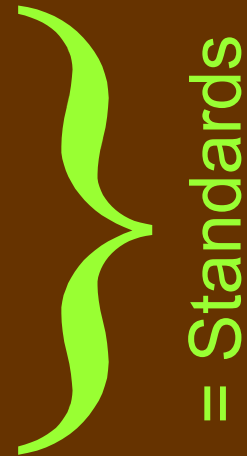


3 Themes

1. **Understanding Drivers for Differentiation**
2. **Status of Differentiated coffees and key trends**
3. **Understanding the actual Effects of Differentiation on sustainability**

Differentiation in Many Forms

1. Quality & Specialty & Estate
2. Geographical Indications
3. Organic
4. Fair trade
5. Utz Certified
6. Rainforest Alliance
7. SMBC - Bird Friendly
8. 4Cs
9. Starbucks C.A.F.E. Practices
10. Nespresso AAA
11. Ready to drink products

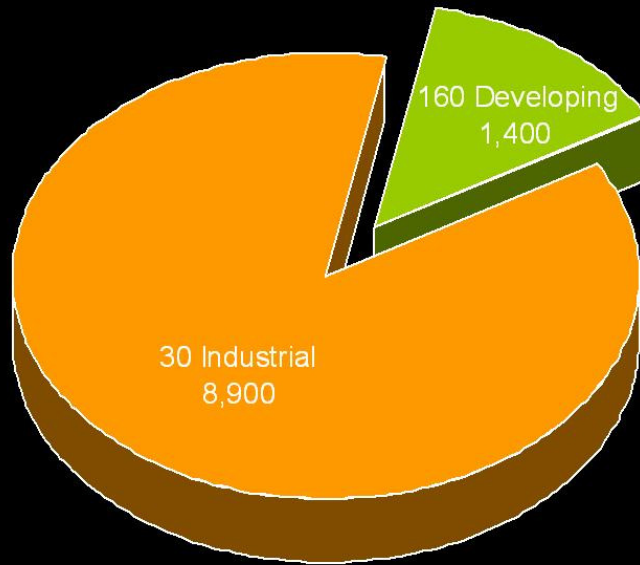


What are they?

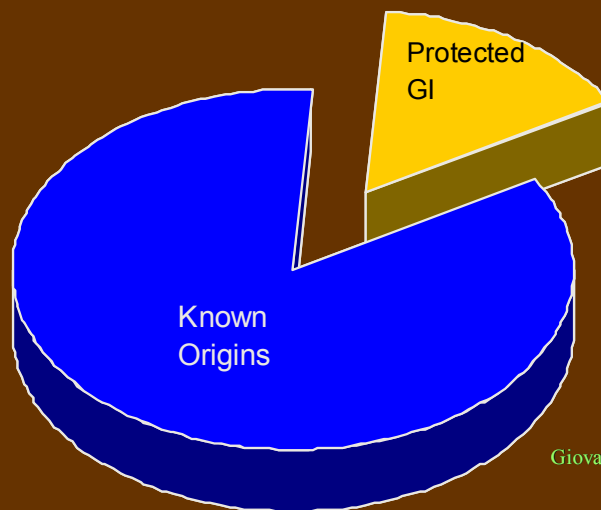
Differentiated coffees are a unique contribution to the coffee industry.

1. They keep people engaged, they keep them interested with new products, new flavors, new stories.
2. They also keep them interested by encompassing the ever rising consumer interest in ecological and social values (sustainability)
3. They are the main drivers of growth in most mature import markets

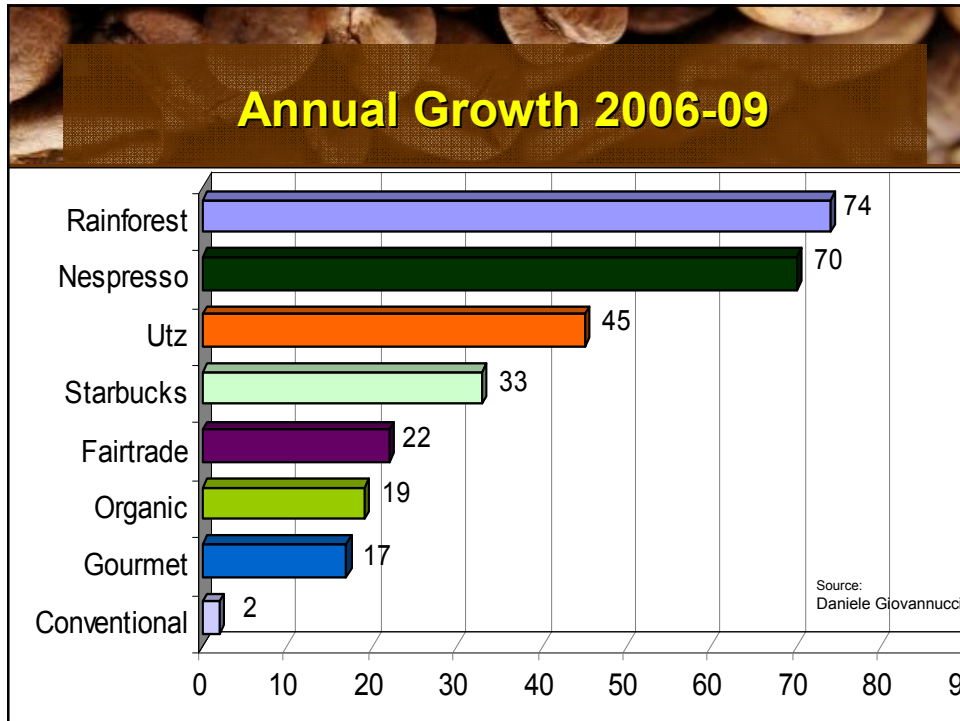
Geographical Indications



Potential of Geographical Indications



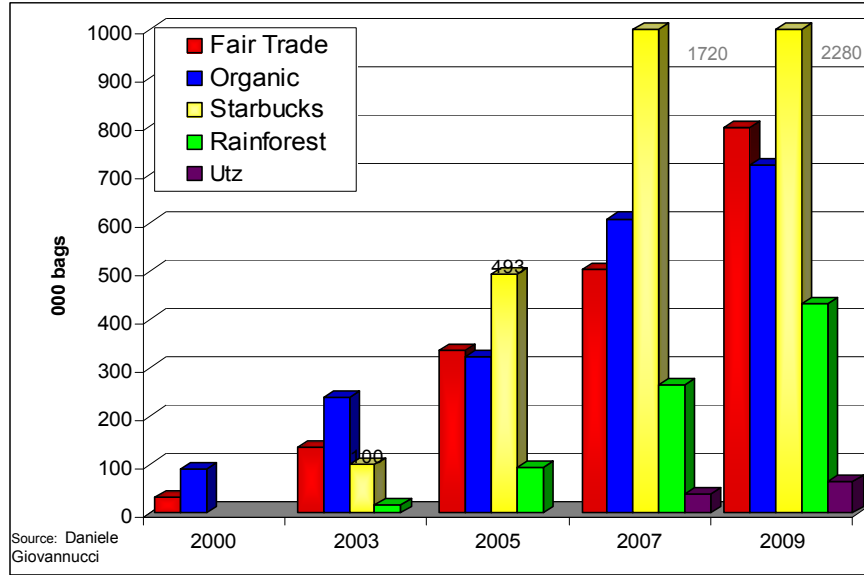
Giovannucci *et al.* 2009



Where are Leaders moving?

Firms and their commitments to sustainable sourcing...

16% of US Market is certified



Opportunities

Still...more than one-quarter of U.S. consumers state that they **don't buy green** products because they are **not available** where they shop

NMI's 2009 Survey of 20,000

Managing Benefits

- **Reputation** and **Credibility**
 - tangible value that translates to market growth, risk mgmt, and quality.
 - McKinsey survey of CSR & Harvard Jensen-Erhard Corp Analysis
- Very **few companies have developed hard data to clearly measure** their supply chains or even the long-term value of their CSR investments.
- **Without this information, executives and investors often see 'CSR initiatives' as separate from a company's core business and shareholder value.**

Risk of Claims

- Climate ripe for **enforcement** of environmental advertising claims
 - FTC revising its environmental marketing guidelines for 'greenwashing' (Federal Trade Commission)
 - International Better Business Bureau already seeing **more cases**
- **Costs** of administration and mgmt. for Private Standards

ITC File source: 09-19-2008 www.law.com

Standards as determinants of access



Standards for food and agricultural products **increasing** and increasingly **complex**

Best Public Role

public sector must provide more knowledge
...not just information

- Countries that do it appear to succeed “*rising tide lifts all boats*” and even smaller entrepreneurs can take smarter decisions.
- While biggest firms are not interested because they have their own as an advantage.
- It is not that hard but firms and producers have to push for it (WB 2004)

Price Premiums

Quality still a primary factor

Premiums are a poor indicator

Net income is better indicator

Daniele Giovannucci

2009

certified vs. sold – why the difference?

Can certifications hurt?

Three tools

- **Committee On Sustainability Assessment (COSA)**
To understand what does and what does not work as well as establish the costs and benefits
- **Sustainable Commodity Assistance Network (SCAN)**
Supports application of Sustainability initiatives with tech support at ground level
- **Financing Alliance For Sustainable Trade (FAST)**
Provides financing for producer groups that pursue Sustainability



UNCTAD
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



International
Institute for
Sustainable
Development

Institut
international du
développement
durable

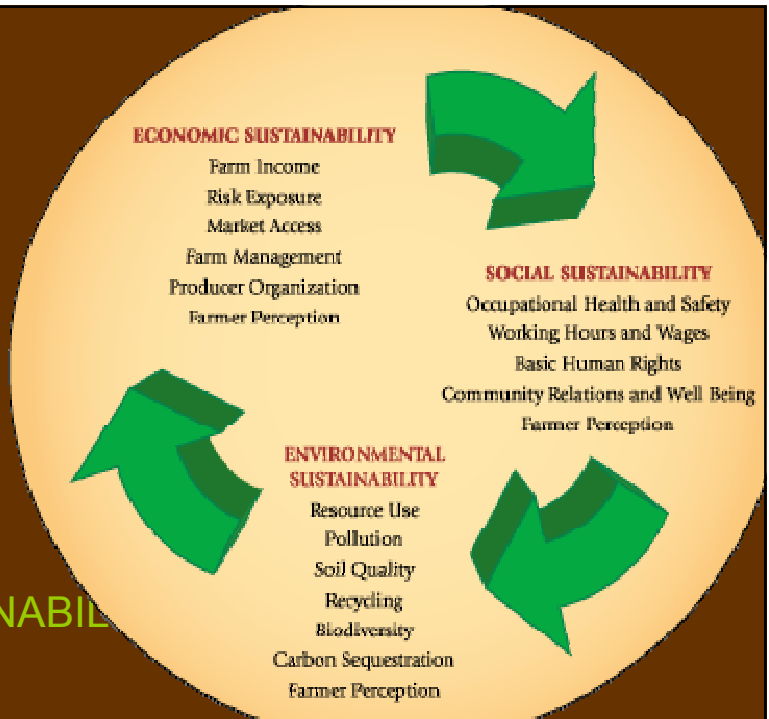
Committee On Sustainability Assessment

a global consortium of institutions
promoting the measure
and understanding of sustainability

CIRCLE

OF

SUSTAINABLE

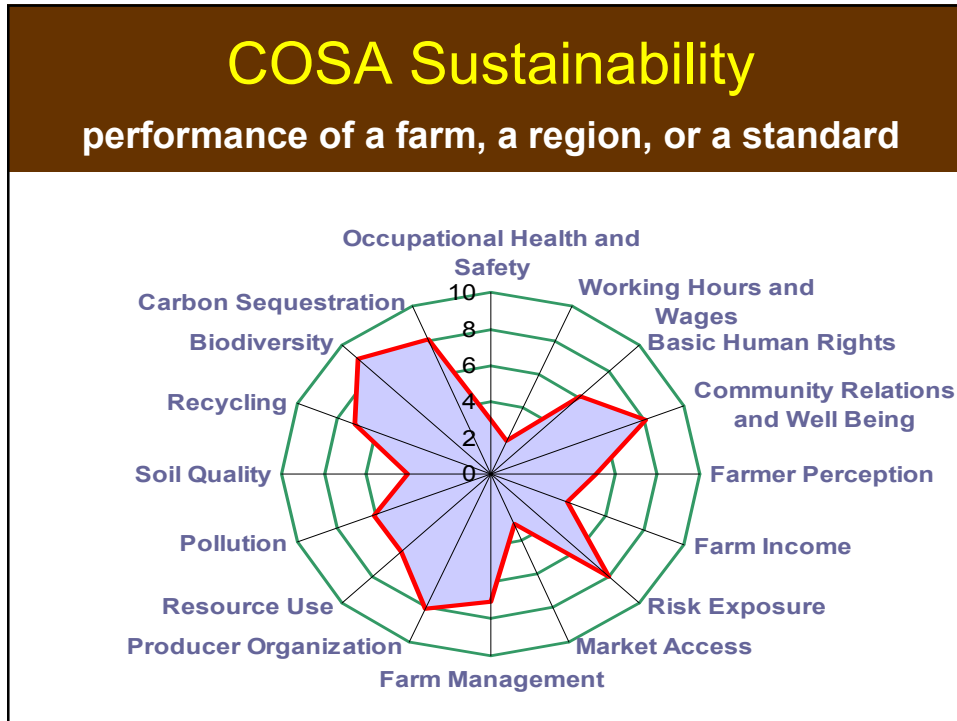


COSA Advisory Panel					
Producers	Donors	Initiatives	NGOs - Assns	Research	Private
Colombian C. Growers Federation	European Commiss.	Rainforest Alliance	Solidaridad	Columbia U.	Kraft Foods
East Africa Coffee Assn	UNCTAD	Fairtrade (FLO)	CQI	Cornell U.	Nestle
Peru Junta Nacional	NORAD	Utz Certified	OXFAM	CATIE	Starbucks
India Coffee Board	ICO	ISEAL	Social Accountability	CIRAD	Sara Lee
Guatemala Anacafe	FAO	Organic (IFOAM)	SCAA	INCAE	SAI
Mexico Dept. of Coffee	USAID	4C	European Coffee Fed	Embrapa	ECOM

members serve as voluntary advisors, their participation does not imply endorsement of the findings or of the institutions

Measuring Sustainability

- **Credible metrics**
 - broad participation beyond 1 label
 - professional, controls, counterfactual
- **Globally comparable data indicators**
 - (ec + ev + so) = complete balance sheet
 - Single global standard – why reinvent wheels
 - UN database
- **Multi-criteria analysis**
 - business, academia, NGOs, certifiers, farmers



	<u>COSA now:</u>	
Cotton	Colombia	Tea
	Costa Rica	
	Cote d'Ivoire	
	Guatemala	
	Honduras	
	Kenya	
	Nicaragua	
	Peru	
	Tanzania	
	<u>In process:</u>	
	Brazil	
	Ethiopia	
	Ghana	
	Papua New Guinea	
	Vietnam	
		
Coffee		Cocoa

