

# IDENTIFYING COMMON PROCUREMENT PRINCIPLES SPECIFIC TO COFFEE

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# Supporting Common Procurement Principles

Today, many coffee producers face market volatility, rising production costs, and tightening sustainability requirements – without access to the capital and commercial infrastructure required to remain competitive and run a successful coffee business.

In June 2024, the Global Coffee Platform (GCP), IDH and Solidaridad published the research study. [The Grounds for Sharing: A Study of Value Distribution in the Coffee Industry](#). The study highlighted that despite sufficient value in the sector, farmers often earn too little to invest in sustainable production or achieve a living income. The sector recognises that the long-term viability of the coffee sector depends on the prosperity of the farmers who produce it.

In response, and believing that procurement can be a powerful lever to change, GCP, IDH and Solidaridad convened a collaborative process with industry stakeholders to identify common procurement principles that foster responsible sourcing practices that contribute to transparency and enable farmers to thrive.

The process ran from May 2025 to January 2026 and included traders and roasters such as Caravela, ECOM, Export Trading Company, illycaffè, JDE Peet's, Louis Dreyfus Company, Neumann Kaffee Gruppe, ofi, Sucafina, Sudden Coffee, Taylors of Harrogate, Touton, UCC, and Volcafe. The objective was to co-create a set of common procurement principles to promote farmer prosperity and long-term supply resilience.



# Vision of Success and Theory of Change

Procurement decisions shape the environment in which farmers operate. Procurement alone cannot solve all challenges, but when aligned with other levers – such as public policy, inclusive finance, and improved farm practices – it becomes an enabler for farmer prosperity.

The participating companies identified three persistent farm-level barriers to overcome to enable farmer prosperity:

- **Exposure to market volatility and shocks** as farmers often absorb price swings without protective mechanisms;
- **Prices below cost of production or living income benchmarks** leading to persistent poverty and underinvestment;
- **Lack of access to pre-harvest finance** restricting farmers' ability to buy inputs, manage risks, or negotiate better terms.



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# Vision of Success and Theory of Change

The companies identified two procurement principles that can be both highly impactful and feasible. Together, these can help rebalance risk, value, and decision-making power and provide a pathway for transformation:

- **Strategic Partnerships:** These shift sourcing relationships from short-term transactions to longer-term, predictable collaboration, enabling farmers to plan, manage risks, invest, and move towards sustainable coffee production.
- **Sustainable Coffee Production:** This principle establishes a floor for production standards and ensures that farmers are not only expected to comply with sustainability requirements but are also supported to do so through adequate remuneration, services, and transitional support.

The combination of these principles leads to better outcomes for both farmers (income, resilience, access to services) and companies (supply security, reduced risk, and ESG performance.)



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# Theory of Change

Vision

A sustainable and resilient global coffee sector where farmers prosper, risks are mitigated, and long-term supply security is ensured through responsible procurement.

Supply chain outcomes

- More secure supply
- Stronger supplier loyalty
- Reduced exposure to risks
- Better performance on ESG and due diligence requirements
- Lower reputational risk

Farm-level outcomes

- Sufficient and more stable income
- Improved access to finance
- Reduced exposure to risks and improved ability to manage them
- Greater resilience to economic shocks

Principles

**Strategic Partnerships**

**Sustainable Coffee Production**

Main challenges identified

Exposure of farmers to market volatility and shocks

Prices paid to farmers below the cost of production and/or farmers' living income

Farmers' lack of access to pre-harvest finance

Root cause

Unequal value distribution along the supply chain, resulting in insufficient income for farmers and underinvestment in sustainability

# 1

## Principle 1:

# Strategic Partnerships

**Strategic partnerships shift sourcing from short-term transactions to longer-term, trust-based collaboration between farmers, traders, roasters, and retailers. They provide a framework for alignment and shared value without removing commercial independence.**

Strategic partnerships aim to create a more conducive environment for all actors in the supply chain to invest in sustainability, ultimately enabling farmers to improve their incomes, resilience, and long-term viability. By fostering greater stability, shared goal setting, co-investment, and joint accountability, these partnerships help strengthen trust and align incentives

across producers, traders, roasters, and retailers. In doing so, they enable better planning, risk management, and long-term investment at farm level. Strategic partnerships are not intended as rigid contracts or fixed sourcing models, but as a strategic tool to guide more collaborative relationships. They remain flexible and responsive to commercial realities, recognising the volatility, quality variation, and market dynamics that characterise agricultural commodity markets.

To operationalise strategic partnerships, supply chain actors can adopt long-term mutual commitments and off-take arrangements that create security, reduce risk, and enable better business planning. As a practical tool, Joint Business Plans (JBPs) can be developed between partners to align on shared goals related to sustainability, quality, volumes, and investments. In price negotiations, the Cost of Sustainable Production (COSP) should be used as a starting point to ensure that farmers are rewarded for adopting sustainable practices. Importantly, COSP should reflect the costs of a sustainable production model that assumes achievable levels of productivity, quality, and efficiency. It serves as a pricing reference that incentivises improved practices without distorting market signals or reducing the drive for farm-level performance.



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# 2

## Principle 2:

# Sustainable Coffee Production

**Sustainable coffee production is a prerequisite for the long-term viability of the coffee sector. It is foundational to the economic prosperity of farmers and the resilience of supply chains.**

The principle is about creating the conditions under which farmers can recover their costs and pursue long-term improvements in their livelihoods and farming systems. This principle calls for procurement strategies that enable and incentivise farmers to meet sustainability expectations by ensuring that sustainability is economically viable and inclusive.

In practice, this principle could mean that companies align their procurement strategies with the Global Coffee Platform's [Coffee Sustainability Reference Code](#), using it as a baseline for good agricultural, environmental, and social practices. To support farmers in meeting these expectations, companies should provide services such as technical assistance, access to inputs and finance, and financial literacy training. While procurement strategies aim to enable farmers to recover the full cost of sustainable production, including household labour, the goal is to ensure viable incomes, not guaranteed profits.

Additional incentives – such as payments for ecosystem services, volume-based premiums, or benefits linked to long-term sourcing – can further reward sustainable practices. Finally, buyers are encouraged to adopt origin-diversified sourcing strategies that include origins facing greater structural challenges, ensuring a more inclusive and resilient supply base.



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**Shared responsibility means taking responsibility for the full supply chain.**

Sustainability is a collective effort where downstream actors take responsibility for not only setting expectations, but also for enabling and co-financing the transition. Green coffee suppliers – including cooperatives, exporters, and traders – can only offer farmers a price that reflects the cost of sustainable production if the rest of the industry is aligned in procuring coffee based on that same principle at farm level.

The principle acknowledges that sustainable production cannot be achieved through procurement alone, with governments, financial institutions, and civil society also playing essential roles in shaping the broader enabling environment. It also recognises that farmer profitability is influenced by factors such as farm size, productivity, efficiency, and overall market conditions.



# Pursuing sector alignment and application

Encouraged by co-identifying two procurement principles, the industry stakeholders wanted to push further and achieve stronger sector alignment and practical implementation.

The two principles – **Strategic Partnerships** and **Sustainable Coffee Production** – closely align with the Responsible Purchasing Practices (RPPs) developed in parallel by the German Retailers Working Group and GIZ. These retailer practices are based on the Ethical Trading Initiative’s Common Framework

for Responsible Purchasing Practices. The similarity of the identified procurement principles led to enthusiasm in both working groups to join efforts to create a shared set of procurement principles and practices for greater sector alignment and impact. Beyond the ambition of streamlining the procurement principles, practical learning, implementation and monitoring will shape the work going forward in 2026. Coffee producers’ perspectives will be closely integrated into the work and process.



**GCP, IDH and Solidaridad, together with the roasters and traders engaged in this process, invite additional roasters, retailers and traders to join, co-create and support common procurement principles.**

Start the conversation by getting in touch with:  
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