

Governance and Sustainable Development:

a case study of the Dutch coffee sector in a multi-stakeholder context



Master Thesis

K.J. Haak, MSc.

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University of Twente, Enschede, the Netherlands

Faculty of Governance & Management, MSc, European Studies

Research Supervisors: (Associate) Professor Dr. J.S. Clancy

Professor Dr. H.Th.A. Bressers

Royal Dutch Coffee and Tea Association

Supervisor: Dipl.-Pol. T.A. de Vries (Secretary General)

UNIVERSITY OF TWENTE.

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Preface

In the cold winter of 2011 I started my search for a master thesis topic, which would combine my personal interest in coffee and my educational interests in sustainability and policy making in an international governance context. A combination of these topics, which would meet the requirements to graduate from the University of Twente as a Master of Science, was found in the topic of sustainability as a key driver within the governance context of the Dutch coffee sector.

This research project has been undertaken in order to acquire a MSc. degree in European Studies at the University of Twente, Enschede. Moreover, it has been commissioned and supervised by the Royal Dutch Association for Coffee and Tea (KNVKT). The KNVKT is a Dutch trade association, which represents with 55 members 98% of all coffee roasters and tea packing companies in the Netherlands. Albeit the topic of research is highly interesting for this organization, it is important to emphasize that the content of the research has not in any form or shape influenced by the KNVKT's position regarding the topics discussed in the research proposal or the thesis.

Conducting this research has been a highly interesting and intellectual journey as it has given me insight the extreme complexity of coffee as the single most traded commodity in the world. Along this path my knowledge about the product rapidly grew, but it also enriched and enhanced my passion for this product, which affects the lives of so many people throughout the world. However, going on journey would not have been as pleasant and enriching without the support of various people around me. I would like to take this opportunity to express my gratitude to the following people:

The supervisors at the University of Twente, Dr. Joy Clancy and Prof. Dr. Hans Bressers, for taking up the guidance of this master thesis, covering a topic which did not directly match to their field of expertise. Yet, with a lot of dedication and wide scope of scholarly insight they have been of great assistance to get me through conceptual and methodological struggles.

The supervisor at the Royal Dutch Association for Coffee and Tea (KNVKT), Tijmen de Vries, for giving me the opportunity to conduct this research within the practical and physical context of Dutch coffee sector. His devoted supervision to facilitate and guide me throughout the entire research process has been extremely constructive and eye-opening. The access to the wide field of stakeholders in the Dutch coffee sector has largely enhanced and enriched the practical relevance and quality of the research. Their highly interesting insights and experiences in the coffee sector has been a great inspiration and provided the core primary data for this research.

In addition, I would like to thank my family and girlfriend for their continuous support and endless love. Countless reasons can be given why I feel extremely blessed to have these wonderful people around me. Also a large number of have close friends have been of great help to make the research and who have made my time at the University of Twente a pleasure.

Finally, a special word of gratitude goes out to Esken Lammertink, for being in numerous ways 'il mano del maestro' and who has triggered and continuously stimulated my enthusiasm and passion for coffee!

List of acronyms

Actors

4C	Common Code for the Coffee Community	PROBA	Council Working Party on Commodities
ACC	Ahold Coffee Company	SAI	Sustainable Agriculture Initiative
AH	Albert Heijn	SL	Sara Lee
CCP	Committee on Commodity Problems within FAO	SOS	Stichting Steun voor Onderontwikkelande Streken
CFC	Common Fund for Commodities	TCC	Tropical Commodity Coalition
COSA	Committee on Sustainability Assessment	UCIRI	Union of Indigenous Communities of the Isthmus Region
DE	D.E MASTERBLENTERS 1753	UNCTAD	United Nations Conference on Trade and Development
DECS	Douwe Egberts Coffee Systems	VNKT	Vereniging voor Koffie en Thee
ECF	European Coffee Federation	WFTO	World Fair Trade Organization
EC	European Commission		
ECJ	European Court of Justice		
EL&I	Ministry of Economic Affairs, Agriculture and Innovation		
EU	European Union		
FAO	Food and Agriculture Organization		
FLO	Fair Trade Labeling Organization		
FTO	Fair Trade Organization		
ICO	International Coffee Organization		
IDH	Initiatief Duurzame Handel (Sustainable Trade Initiative)		
IFOAM	International Federation of Organic Agriculture Movement		
IOW	Interkerkelijk Overleg Wereldvoedselvraagstukken		
KNVKT	Royal Dutch Association for Coffee and Tea		
MMC	Mennonite Central Committee		
OECD	Organization for Economic Co-operation and Development		

Concepts

ATO	Alternative Trade Organization
C.A.F.E	Coffee and Farmer Equity Practices
CSR	Corporate Social Responsibility
DG	Directorate General
DOI	Declaration of Intent
FFS	Farmer Field Schools
GAP	Good Agricultural Practices
GPP	Green Public Procurement
ICA	International Coffee Agreement
MDG	Millennium Development Goals
MNC	Multinational Corporation/ Multinational Company
PPP	Public-Private-Partnership
NGO	Non-Governmental Organization
USP	Unique Selling Point

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1. Introduction

The introduction of this thesis sets the scene for the research, including the problem definition, research outline and research questions, focus of research, research barriers, assumptions and justifications, and academic relevance of this thesis. In order to contextualize the research within the global coffee sector, I will start to provide a background analysis, in which the issue of sustainable development in the global and Dutch coffee sector is embedded.

1.1 Background analysis

Being the world's most important export earner for developing countries after oil and the most widely traded commodity in the agricultural sector, coffee is a product, which affects the lives of many people around the world on a daily basis. According to the most recent figures from the International Coffee Organization (ICO), the world production in crop year 2012 adds up to more than 144 million bags (8.64 million tons)¹ (ICO, 2013). A large majority of the total production of green coffee beans is exported to coffee consuming countries all over the world. The global production and consumption of coffee has, consequently, an enormous impact both on a micro- as well as a macro level. The latter is caused by the fact that coffee is a product of which mainly smallholder farmers and families in Africa, Latin America, and Asia² are highly dependent (approximately 80% of world production) but it also involves some large-scale plantations. Moreover, coffee also has the dynamics of a world market product, in which producers, middlemen, cooperatives, traders, exporters, large multinationals are all part of the economic value chain. In addition, national and local governments, as well as international organizations, trade associations, and civil society organizations are all important stakeholders, which are influential actors in the international coffee market.

Throughout the last decades, sustainability has become an important issue for different stakeholders in the context of the global coffee industry. Especially since the turn of the century, when coffee prices dropped to an all time low, both civil society organizations, which started to raise awareness about the deprived situation of coffee farmers, and major industry players³ in coffee consuming countries started to recognize the need to invest in sustainability. The leverage to promote sustainable development has thus been triggered by the coffee consuming countries, in the United States and Western Europe. An important instrument in the process of sustainable development, is to a large extent found in a variety of certification and verification initiatives⁴, which all aim to improve the social-, economic-, and environmental situation of farmers in the production of 'sustainable coffee'. In this context, as will be discussed more thoroughly in the literature review, 'sustainable coffee' is defined

¹ For an overview of the total production of exporting countries over the last five year, see <http://www.ico.org/prices/po.htm>

² Coffee producing countries are geographically located along the so-called, 'coffee belt', of which the top four producers are Brazil, Vietnam, Colombia, and Indonesia.

³ The global coffee industry is to a large extent dominated by three major players, namely: Nestlé, Mondelez (formerly known as Kraft Foods), and D.E Masterblenders 1753 (formerly Sara Lee).

⁴ In order to avoid an extended comparative analysis a clear schematic overview of the various certification initiatives, including Fairtrade, Rainforest Alliance, Utz Certified, and Organic (IFOAM) in appendix A.1, p. 85).

as those coffees which are certified according to the codes and standards of one of the members of the International Social and Environmental Accreditation and Labeling (ISEAL) Alliance, which includes all relevant standard-setting bodies in the coffee industry. Whereas in the early years of the 21st century only a few percentages of the coffee in the global market carried a sustainability certificate, currently approximately 10 percent of the coffee worldwide is certified⁵. Furthermore, with the commitment of major industry players to increase their procurement of sustainable certified coffee, it is expected that this share will have grown 25 percent by 2015 (Pierrot, Giovannucci, & Kasterine, 2011).

The market share of certified coffee, however, highly varies per coffee consuming country. Currently, in the United States, being the largest coffee consuming market in the world, 16 percent of the coffee is certified. Also in Scandinavian countries, such as Denmark, Sweden, and Norway, the share of certified in their national coffee markets has passed the 10 percent. Nevertheless, “[t]he market share in Germany is nearly 5%. [...] Italy and France are both showing several percent shares while neighboring countries such as Spain, Portugal and Greece have very low levels of penetration” (Pierrot et al., 2011, p. 4). Sustainable certified coffee has, thus, not been embedded in all mainstream coffee consuming markets throughout the world.

In addition, sustainable development in this context entails much more than the ‘simple’ application certificates and labels, through which processes can be standardized and communicated throughout the value chain. Even though certification initiatives have an essential function in the process towards sustainable development, there is a need to “[...] to move beyond the use of standards and labels and to create an overarching, holistic strategy needed to transform the coffee sector” (Wegner, 2012, p. 11). As a consequence, a commonly voiced perspective within the coffee industry is that the ‘low hanging fruits’ have now been picked and all stakeholders need to innovate to enhance sustainable development throughout the entire value chain.

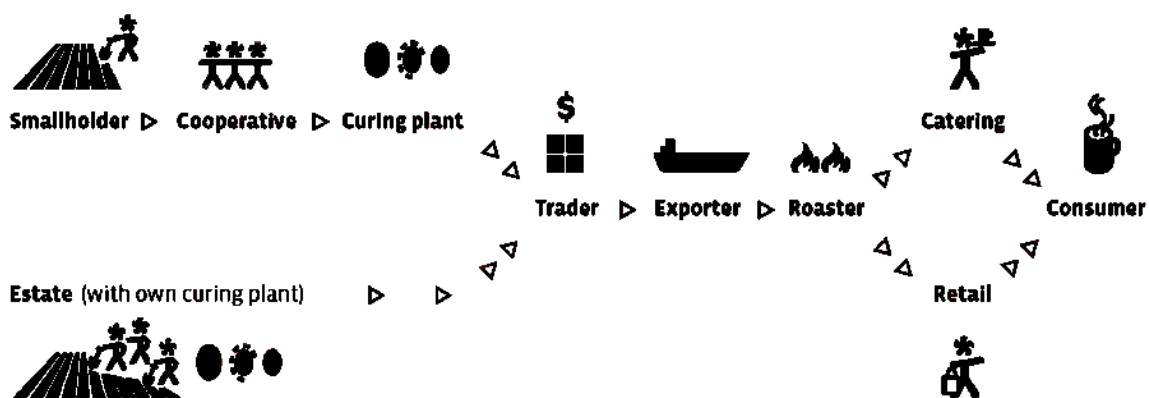


Figure 1 – Overview of coffee value chain (Tropical Commodity Coalition, 2012b)

The traditional value chain of coffee, as can be found in figure 1, depicts the various private actors which operate in the (economic) production process of coffee from the bean to the cup. Generally speaking, the value-chain of coffee can be divided in four stages, namely: (1) origin, where actors such as smallholders, cooperatives, estates, but also traders are active; (2) transportation, mainly including the actors who export the coffee from the

⁵ An overview of the share of certified coffee in the international coffee market can be found in appendix A. 2, p. 86).

producing to the consuming countries; (3) production, including the SMEs and MNCs who are essential in the process since they are responsible for roasting the coffee bringing it on the market; and last (4) consumption, which are the consumers and end-users who purchase their coffee via retail channels or in the out-of-home market. The relative position of an actor in the chain in relation to another actor determines whether the actor is considered to be an upstream (origin and beginning of the chain) or downstream (end of the chain).

The overview of the value chain as presented in figure 1, however, depicts a rather one-sided perspective on the “[l]inear sequence of value-adding activities” (Bair, 2008, p. 347). Within the global context of coffee, and especially regarding the process of sustainable development, a large network of stakeholders can be identified, which collaboratively or individually aim to stimulate and facilitate actors throughout the supply chain. These actors should collectively be seen as a governance network through which economic, political, or social power is being used to stimulate the process of sustainable development among upstream actors in the chain.

An interesting case of a governance network, which stands out in its effort to enhance the process of sustainable development, is the Dutch coffee sector. The most recent figures show that approximately 40 percent⁶ of the total amount of 120,000 tons of roasted coffee in the Dutch market is certified sustainable coffee, which is by far the highest percentage compared to other (larger) coffee consuming countries and a lot higher than the global average (10%) (Pierrot et al., 2011; Tropical Commodity Coalition, 2012b). The 2 million bags of coffee, which enter the Dutch coffee market on an annual basis, add up to an average 6.5 million litres of coffee consumed per day in the Netherlands, which adds up to 148 litres on an annual basis per capita. Whereas, this makes the Dutch relatively big consumers of coffee per capita (fifth in the world), in terms of market volume the Dutch coffee market is a rather small player among coffee consuming countries.

Regarding the process of sustainable development in supply chain, a multitude of (downstream) stakeholders can be identified within the Dutch coffee sector, which pushes for sustainable development among upstream actors. These downstream actors can collectively be seen as a governance network, and include: private actors, such as roasters, traders, and the trade association; public actors, being different levels and scales of (inter)national governments; and civil society; which have been playing a considerable active role in the push for sustainability within the sector. Recently, various stakeholders in the Dutch coffee sector have recently signed a declaration of intent (DOI), in which they set out to cooperate in the process of sustainable development throughout the entire value chain (appendix A. 4, p. 84). This declaration exemplifies the active role of this governance network, including public actors, private actors, and civil society organizations, in making the coffee chain more sustainable. Moreover, the relatively high share of certified coffee being sold and consumed in the market, also justifies why the Dutch coffee sector, in comparison to other (commodity and food industry) sectors Netherlands, as well as coffee sector in other coffee consuming countries, can be seen as one of the frontrunners in terms of sustainable development in the global coffee industry (Pierrot et al., 2011; Tropical Commodity Coalition, 2012b).

⁶ An overview of the share of certified coffee in the Dutch coffee market can be found in appendix A. 3, p. 88). note: There is a lack of a common methodology to measure the percentage of sustainable certified coffee within the Dutch market.

1.2 Problem definition

Based on the previous section, it can be argued that, the Dutch coffee sector plays a significant role in the field of sustainable development in the global coffee industry. Nevertheless, there is an important gap in the research on how sustainability has evolved as an important policy issue for stakeholders in the Dutch coffee sector. Consequently, the existing research fails to identify the mechanism of how sustainability has developed over time and how it currently affects the sector. As a consequence, this research sets out to explore the Dutch coffee sector's governance in the context of sustainable development: past, present, and future.

1.3 Research outline and research questions

This thesis provides an in-depth investigation, which works towards a recommendation on how stakeholders in the Dutch coffee sector should enhance the issue of sustainable development throughout the value chain. The analysis is divided into three parts. First, a retrospective focus will explain how sustainability has emerged into an important driver for stakeholders in the Dutch coffee sector. Second, a more contemporary focus will explain how the process of sustainable development is currently embedded and enhanced in the multi-stakeholder governance context of the sector. Third, a more prospective focus places the developments in the Dutch coffee sector in an international context and provides an outlook on future developments and bottlenecks for sector wide sustainability. In order to structure the research, the following main research question has been formulated:

- *How can sustainable development be enhanced as a key driver within the multi-stakeholder governance context of the Dutch coffee sector?*

This focus question is supported by the following three supportive research questions, which outline the temporal focus of the research:

- *How has the issue of sustainable development historically evolved within the Dutch coffee sector, between the late 1980s and the early 21st century?*
- *How does the current governance context enhance the process of sustainable development in the Dutch coffee sector?*
- *How can the Dutch coffee sector adapt and align to international challenges and opportunities with regard to sustainable development of the global coffee chain?*

1.4 Focus of research

The focus of research lies on the process of sustainable development, which has become an important driver within multi-stakeholder the governance context of the Dutch coffee sector. This process goes hand in hand with the neo-liberal shift from 'government' to 'governance', which will be discussed in more detail in the literature

review (chapter two). The emphasis on the concept of 'governance' is, in addition, based on the influence of a wide variety of stakeholders on the continuous process towards sustainability. The stakeholders in the Dutch coffee sector include: private actors, such as roasters, traders, and the trade association; public actors, being different levels and scales of (inter)national governments; and civil society; which have all been playing a considerable active process towards sustainable development in the Dutch coffee sector. The complexity in this process is caused by the fact that the entire context of stakeholders is relatively wide, encompassing a large variety of objectives, principles, and attitudes towards the way in which the well-being (economic, social, environmental) of coffee producers should be promoted and governed within global coffee value chain.

1.5 Research barriers, assumptions, and justifications

In order to set clear boundaries, the scope of this research has been restricted to the way in which the coffee sector in the Netherlands is 'organized' to promote sustainability within production countries through a variety of sustainability initiatives. Nevertheless, it should be recognized that the sustainable development, within the context of the Dutch coffee sector, includes all steps taken towards improving social, economic, and environmental improvements throughout the entire value chain, including origin, transport, production (roasting), as well as consumption.

The Dutch coffee sector provides an interesting case study to conduct this analysis; however, one could question to what extent the rather national focus of the research, namely the Dutch coffee sector as the unit of analysis, has limited the necessary international scope of the research project. Nevertheless, the global coffee trade as well as the issue of sustainability is inherently an international matter, which is highly influenced by the international economics and politics. Considerable attention has, therefore, been devoted to the international context in which the Dutch coffee sector is situated in and influenced by. In addition, the research assumption that the Dutch coffee sector is regarded as one of the global frontrunners in terms of sustainable development could be interpreted as a value judgment. Nevertheless, this can be easily justified based on the relatively high percentage of certified coffee in the Dutch coffee market (40%) in comparison to other coffee consuming countries and the international average (approximately 10%) (appendix A. 2, p. 81). In addition, as pointed out above, the Dutch coffee sector has collectively expressed strong commitments to increase the share of certified coffee in the Dutch market (appendix A. 4, p. 84). Nevertheless, it is important to note that the thesis is by no means meant to develop a blue-print for a 'one-size-fits-all' approach towards sustainable development for coffee sectors in other coffee consuming countries. The national policy- and governance context of coffee sectors throughout the world as well as the coffee drinking culture varies too much among different countries to argue that the one specific approach will work in any country. The recommendations of this research, therefore, mainly apply to stakeholders in the Dutch coffee sector.

1.6 Academic relevance

Apart from the fact that this research has a considerable social relevance, this thesis will be contributing to the ongoing scientific debate about sustainable development in international commodity sectors, in which coffee has historically been groundbreaking. The interdisciplinary and complex nature of the global coffee market provides a highly interesting field of study in which broad developments in international trade and politics can be traced. Sustainability and sustainable development are, therefore, widely covered issues amongst researchers from a variety of academic fields, ranging from law, economics, and political science, development studies, public affairs and marketing, sociology. So far, the focus of academic research has mostly been on how industry players or standard-setting bodies have invested and influenced sustainability throughout the coffee value chain (Ingenbleek & Reinders, 2012; Kolk, 2011). An in-depth analysis into the process of sustainable development as an important policy issue in a multi-stakeholder governance context of the Dutch coffee sector, consequently, is a relative novelty in the academic literature. Moreover, the research outcomes are useful for a rather diversified public, including scholars, policy makers, and other professionals working in (inter-)national coffee sector.

1.7 Structure of this thesis

This thesis starts out with a literature review, in which theoretical concepts such as sustainability and sustainable development as well as the neo-liberal shift from 'government' to 'governance' will be discussed. Chapter three provides the methodological framework, including issues like research strategy, data collection methods, and the reliability and validity of the research. Closely related to the methodology is chapter four, in which the three contextual layers of the Contextual Interaction Theory (CIT) are presented as the analytical framework. The CIT model has been used as a framework the analysis, which has provided the indicators for the data analysis. The outcomes of the research are consequently also structured according to the CIT model as will be discussed as follows: in chapter five the historical analysis about the way in which sustainability has become an important issue within the Dutch coffee sector starting in the late 1960s until approximately 2010; in chapter six the current governance context will be discussed, which includes governance levels, actors, problem perceptions and objectives, strategies and instrument, and resources; In chapter seven, a variety of bottlenecks as well as perspectives on ongoing and future developments in an international context will be discussed. Moreover, recommendations will be made on how stakeholders in the Dutch coffee sector should adapt and align to these challenges. Finally, in the last chapter the conclusions of this research as well as the main recommendations will be presented.

2. Literature review

This chapter presents a review of a wide variety of interdisciplinary literature, providing the main theoretical frame in which the research topic will be embedded. Due to the fact that the Dutch coffee sector is highly influenced by the involvement of public, private, and third sector actors, the research problem can be addressed from several theoretical perspectives. Throughout the last decades various middle-range theories have gained ground as theories or thick-descriptions through which the rise of sustainability as an important policy issue in multi-stakeholder contexts can be explained. Therefore, this literature review presents interdisciplinary insights and concepts from political science, sociology, and international economics, which will provide a comprehensive understanding about the wider geo-political context in which sustainability in the Dutch coffee sector has evolved⁷. The main focus of the literature review lies on the theoretical insights regarding the two central concepts of this research, being sustainability⁸ and governance. In addition, these two concepts are being contextualized in a discussion about the neoliberal turn in the global coffee industry. This chapter will conclude with a brief explanation about the theoretical relevance of this research.

2.1 Sustainability as an essentially contested concept

A wide variety of scholars have endeavored to find a common understanding of the concepts of sustainability, which has resulted in a multitude of conflicting definitions and has made it into an ‘extraordinarily elastic concept’ (Davison, 2008). Thompson (2011, p. 2) adds that sustainability is problematic “[...] not because there are all sorts of villains and ignoramus out there who are bent on unsustainability, but because people –virtuous and thoughtful people– have different and mutually irreconcilable ideas of just what is sustainable and what is not”. On the extreme ends of the spectrum we find people who believe almost all-human activity to be unsustainable, and therefore believe we should reproduce as little as possible. At the other extreme end of the spectrum people hold a more rational ‘survival of the fittest’ type of thinking, in the sense that in case something is not sustainable it will eventually stop (Thompson, 2011). A very wide range of definitions, objectives and strategies can be found in between these extremes.

The concept of sustainability is, therefore, often described as an ‘essentially contested concept’, which means that it is a concept that is not set in stone but are highly dependent on the specific context and perspective on the matter⁹. As Connolly (1974, p. 10) explains, “[w]hen the disagreement does not simply reflect different readings of evidence within a fully shared system of concepts, we can say that a conceptual dispute has arisen”. Some traditional examples of essentially contested concepts are, for instance, democracy, art, culture, science, or

⁷ Valuable contributions to the academic knowledge on governance and/or sustainability in the context of the global coffee industry have been made by scholars and experts like: Giovannucci, Ponte, Pott, Levi, Linton, Luetchford, Moore, Pierrot, Reynolds, Wilkinson, Auld, G. Fridell, M. Fridell, Kolk, Jaffee, Ruben, Utting, Warning, Hudson, Macdonald, Meadowcroft, Renard, Tukker, Verdonk, Gereffi, Glasbergen, and many more.

⁸ In this thesis the concept of sustainability will be used interchangeably with sustainable development.

⁹ An in-depth essay about sustainability and sustainable development as ‘essentially contested concepts’ can be found in appendix A. 5, p. 90).

sovereignty (Miles, 2012). Generally speaking, one can conclude that there are too many conflicting stances on these concepts, making it difficult -if not impossible- to identify broadly accepted definitions. In this context, the concept of sustainability can easily be seen as an epitome of an 'essentially contested concept'.

Nevertheless, in order to work towards consensus on how a concept like sustainability should be understood, people often refer to international institutions, such as the United Nations (UN), to come with solutions to challenging conceptual issues as such. In the particular case of 'sustainability', scholars and practitioners often refer to a 'definition' of 'sustainable development', which has been coined in a 1987 report of the UN World Commission on Environment and Development. This report is commonly known as the Brundtland report, in which 'sustainability' is defined as:

Development which meets the needs of current generations without compromising the ability of future generations to meet their own needs (PSCB, 2011, p. 1).

Closely related to this relatively broad 'definition' of sustainability are the three dimensions of 'People, Planet, Profit', which are often referred to as necessary in balance when striving for the goal of sustainable development as set out in the Brundtland report. Nevertheless, throughout the last decade these dimensions are often seen as overly-simplified (Jordan, 2008; Kemp, Parto, & Gibson, 2005). According to Jordan (2008, p. 17), "[...] it is hardly surprising that the world is still struggling to solve the riddle of sustainability twenty years after the landmark Brundtland report. After all, the tense relationship between the two central themes of sustainable development – the simultaneous desire for economic prosperity and environmental protection – has lain at the heart of environmental politics and policy making since time immemorial". The latter clearly indicates that sustainability and sustainable development should still be seen as essentially contested concepts.

2.2 Contextualizing sustainability in the global coffee industry

Until the (final) collapse of the regulated coffee market on the July 4th, 1989, a vast majority of the global trade of coffee was regulated and organized via International Coffee Agreements (ICA) within the International Coffee Organization (ICO). These bilateral agreements, of which the first was ratified in 1967, drew up a quota system through which 'coffee export stamps' regulated the export of coffee from producing countries in the South to consuming countries in the North. Between 1962 and 1989 the quota system has been a highly discussed issue and to multiple occasions and agreements which either suspended or reintroduced a quota system (ICO, n.d.).

Whereas the liberalization of the coffee market in the early nineties initially it created more flexibility for coffee farmers since they were not restricted to the strict ICA export quote, it opened up the market for new players which led to an over-supply of coffee on the world market. Moreover, different stakeholders within the value chain "[...] grasped the opportunity to strengthen their positions further: particularly among the importers and exporters a strong concentration took place, filling the (power) gap left by ICA and state controlled trade" (Tukker, 2010, p. 187). The collapse of the regulated market consequently triggered a reordering of the coffee market, in which stakeholders in the consuming countries gained power and the value chain became more buyer-driven instead of

producer-driven (Kolk, 2011). In the end, the market de-regulation negatively influenced the bargaining position of the farmers in the value chain, especially since many cooperatives, in which farmers were organized, had largely been damaged or disappeared and lost their power (Tukker, 2010). The liberalized market caused a, so-called, 'race to the bottom', entailing a negative spiral of "[...] sheer price competition, and hence the production of even lower quality products", that in turn would threaten the basic social and economic well-being of the coffee farmers and environmental standards (Jaffee, 2007; Selfa, 2009; Tukker, 2010, p. 187). This situation triggered public attention for large industry players, such as Nestlé, Kraft, Sara Lee and Procter & Gamble, and raised a discussion regarding their responsibility towards less powerful players in the value chain (Kolk, 2011).

In order to preserve the social situation of upstream actors in the coffee value-chain, in the late 1980's the first private certification initiative for the coffee sector was introduced in the coffee market, which was a response to the power imbalance in the coffee value chain. In the Netherlands 'Max Havelaar' became widely-known and was quickly replicated as the 'Fairtrade' in multiple markets throughout Western world. Even though being heavily criticized, the latter was instrumental for sustainable development in the coffee sector to rapidly gain ground and shift from an inconsequential niche market towards the mainstream market. Both consumers and companies started to understand the need to ensure that consumer products are produced with respect for social-, economic-, and environmental standards. The latter triggered that the issue of sustainability in the global coffee sector shifted from being perceived as an 'alternative' towards an inevitable issue for the large corporations in the food and commodity sector, in which coffee has been the ground-breaking commodity. Especially since the early 21st century, a tsunami of organizations has started to promote the situation of coffee-farmers. In this context, "[...] market expansion could not have happened without certification. The certificate is what allows the fair trade good to circulate in the market; it guarantees authenticity and justifies the extra monetary terms. That is, certification provides the mechanism for materializing and translating the politics of the movement into commodity forms" (Luetchford, 2011, p.55). Besides the well-known Fairtrade organization, other more mainstream driven voluntary sustainability initiatives have been established.

The wide variety of certification and verification initiatives¹⁰ all have their own focus and strategy in terms of the level of social-, economic-, environmental standard setting and monitoring. Nevertheless, due to the central role that these certification and verification initiatives in the process towards sustainable development in the current context of the global coffee market, 'sustainable coffee' can be defined as:

Coffees that adhere to various combinations of social, environmental and economic standards, and that are independently certified by an accredited third party (Pierrot et al., 2011, p. 3)¹¹.

However, considering that sustainability should be seen as 'essentially contested concept', one can argue that the certification initiatives are inappropriate yardsticks to measure this concept. In the current context of the global

¹⁰ The concept of certification- (RA, FT, Utz, Organic) and verification (4C) initiatives can also be grouped as 'standard-setting bodies', these concepts will therefore be used interchangeably throughout this thesis.

¹¹ In the context of this thesis, these include one of the members of the International Social and Environmental Accreditation and Labeling (ISEAL) Alliance. This membership based organization includes all relevant standard-setting bodies of the coffee industry, including Fairtrade, Rainforest Alliance, Utz Certified, Organic, and the 4C Association.

coffee market, it is, therefore, important to stress that certification and verification initiatives are arguably the only way through which sustainability in the coffee sector can be quantified. However, the impact of certification is currently a highly debated issue among scholars and professionals in the global coffee sector. For instance, from a social-, economic, and environmental perspective, there is very limited empirical evidence that the certified farmers are better off than conventional farmers. Furthermore, from a geo-political perspective some critics argue that certification and verification initiatives should be seen as forms of neo-colonialism, since the consuming countries use the standards as an instruments to control those actors on the upstream side of the value chain (Jaffee, 2007). It is, however, important not to restrict this conceptual discussion about sustainability to the issue and impact of certification initiatives, but to focus on the process of sustainable development. As will be discussed in the data analysis chapters, certification and verification initiatives continue to be important stakeholders within this process.

In addition, the process of sustainable development throughout the coffee value chain should be seen a much wider notion than strictly issues in the upstream chain. It encompasses a complex multi-stage strive towards sustainability in all stages of the supply chain. Apart from the certification and verification schemes as well as smaller scale development projects in the origin of the value chain, it, for instance, also includes issues such as footprint reduction in the distribution throughout the supply chain, the promotion of energy-efficiency in production (roasting) of coffee, as well as the fact that sustainable solutions need to be developed for the last step in the chain, namely brewing a cup of coffee. Overall, one can argue that the issue of sustainability increasingly influences the global coffee trade, nevertheless, there continues to be considerable disagreement and conflict in approaches to what sustainability in the coffee sector entails or should entail, let alone how it can be achieved (Bond, Curran, Kirkpatrick, Lee, & Francis, 2001; Giovannucci et al., 2008; Marette, 2007; Utting, 2009; Valkila & Nygren, 2010). This disagreement emphasizes that in the context of the global coffee market, sustainability is also inherently an essentially contested concept.

2.3 Governance

In the literature on the concept of governance, there is a wide-range of definitions and throughout the last decades many new ideas have been coined, such as corporate governance, multi-level governance, good governance; European governance, soft governance, and so on (Rhodes, 2007). Albeit these diverse and contextual dependent ideas and concepts, Bressers and Kuks (2003) correctly argue that the a considerable amount of governance models in policy science literature presents “[...] old wine in new sacks. Many ‘new’ approaches present only one or two new aspects to what is already known”. This indicates that the various types of governance concepts must all have something in common.

A central element in the policy science literature on the concept is the overall shift from ‘government’ to ‘governance’, which has been a largely discussed and debated topic in academic research (Bressers & Kuks, 2003; Bressers & Rosenbaum, 2003; Hoppe, 2011; Rip, 2010; Stoker, 1998; Voß, 2007). The latter is related to

the neo-liberal turn in national and international politics, which has also been discussed in the previous section. According to Kersbergen and Waarden (2004) the shift from 'government' to 'governance' entails a trend in which traditional hierarchical governance mechanisms are replaced by modern inclusive arrangements, which triggered changes in forms and mechanisms as well as location, styles and capacities of governance. Whereas states used to hold exclusive authority and regulatory power, throughout the last decades these powers in policy-making processes are increasingly shared with other actors in society (Roberge, Bouthillier, & Mercier, 2011). According to Jordan (2008) governance does not only entail pure governmental authority, it also includes elements of legitimacy and accountability, through which the public actors continue to influence processes and which is often lacking among private actors. To indicate the diversity in the source of power in policy-making processes, Cashore (2002) refers to traditional state-centered given authority and non-state, or private governance systems in which power is not given by the state. From this perspective, governance can be seen as a coordination mechanism, which includes "[a]ll structuring of action and interaction that has some authority and/or legitimacy" (Rip, 2010, p. 287). The process of coordination, in an era in which boundaries between public and private authority become blurred, is what makes the concept of governance a highly complex notion.

Whilst deriving at an overall understanding about the concept of governance, which is most appropriate in the context of this research, the focus should be on the multi-stakeholder nature of governance, in which responsibilities are shared among different actors and levels. Bressers and Kuks (2003) emphasize that governance needs to be perceived from a multi-level perspective, "[...] for one reason because problems are multi-faceted. The component problems require different scales and the interactions between the scales require multi-level coordination. Without such coordination there may be a 'race to the bottom', with disastrous implications for the social problem". A clear example of a 'race to the bottom', as such, in the global coffee market has been described above. In the early nineties Kooiman (1993, p. 1) defined the concept of modern governance as the move "[...] towards a sharing of tasks and responsibilities (and) towards doing things together instead of doing them alone". This brings us to a definition of 'governance', as coined by the Commission on Global Governance, being:

[...] the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest" (as quoted from the Commission on Global Governance in Burger & Mayer, 2003, p. 50).

Even though this definition is relatively broad, it includes two key elements, namely the focus on a multi-stakeholder framework (or network), and the process of power balance and negotiations between stakeholders (Vallejo & Hauselmann, 2004). Moreover, contextualizing the concept of governance in the multi-stakeholder quest towards sustainable development will enhance our understanding about the underlying concepts of this research, as will be discussed in the following section. For the purpose of this research an appropriate approach

to the concept of governance is what Kersbergen and Waarden (2004) refer to as ‘*Governance in and by networks*’, in which multiple public and private actors operate in the same network¹². This brings us back to a definition coined by one of the founding fathers of governance, Rhodes (2007, p. 1246), who defines the latter as “governing with and through networks”, which entails four specific characteristics:

1. *Interdependence between organizations. Governance is broader than government, covering non-state actors. Changing the boundaries of the state meant the boundaries between public, private and voluntary sectors became shifting and opaque.*
2. *Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.*
3. *Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants.*
4. *A significant degree of autonomy from the state. Networks are not accountable to the state; they are self-organizing. Although the state does not occupy a privileged, sovereign position, it can indirectly and imperfectly steer networks’.*

The Dutch coffee sector can be seen as a governance network, in which a wide variety of actors are attempting to influence the process of sustainable development throughout the value chain. Bressers and Kuks (2003, p. 1) point to the fact that in these networks “[t]he ‘governance’ pattern consists of all the consequences of interplay among all actors involved [...] in interventions to promote sustainability”. Moreover, the mechanisms of governance can result in “[...] a collection of rules, stakeholder involvement and processes to realize a common goal”. (van Zeijl-Rozema, Cörvers, Kemp, & Martens, 2008p. 411). For the purpose of this research, sustainable development is seen as a ‘common goal’ or objective, as such, within the governance setting of the Dutch coffee sector.

2.4 Governance for sustainable development in the coffee industry

Today sustainable development is a policy issue, which can be effectively addressed through a ‘governance’ perspective. This is in part caused by the fact that future development of society is shaped and determined through the interaction of many actors (public, private, civil society) rather than by government alone (de Boer & Bressers, 2011). Already in the 1992 Rio Declaration, the need to take a multi-stakeholder perspective on the process of sustainable development has been recognized (Vallejo & Hauselmann, 2004, p. 3). Nevertheless, sustainable development implies some form of ‘steering’ through which multi-actor or multi-stakeholder processes, as such, can be guided and to ensure sustainable outcomes. Meadowcroft (2007, p. 306) argues that “[t]o steer successfully we have always been told that one needs a) clear goals, b) a good understanding of relevant causal

¹² The concept of governance network is used interchangeably with concepts such as governance framework, governance arrangements, governance structure, and governance context.

relationships, and c) the power to influence outcomes. Yet in the context of sustainable development each of these three requirements appears problematic. Goals are [often] vague, ambivalent, or conflicted. We are plagued by uncertainties and ignorance, and power is distributed among many actors and cross many subsystems". Thus, by combining the concepts governance and sustainable development, we should emphasize that "[g]overnance is seen as a means to steer the process of sustainable development" (van Zeijl-Rozema et al., 2008p. 411). In this context actors in the governance network can coordinate norms and standards through their authority and legitimacy and thereby enhance the process of sustainable development. Haufler (2003) has differentiated four forms of coordination of authority and legitimacy, namely traditional regulation, co-regulation, industry self-regulation and multi-stakeholder regulation. Especially the latter two forms apply very well to contemporary global commodity markets, in which private certification initiatives, such as Fairtrade, Utz Certified, Rainforest Alliance, are clear examples of instruments through which sustainable development is 'regulated' by the industry and other stakeholders.

The process towards sustainable development is, therefore, not only 'steered' through public authority and power. In contrast, the dominance of a relatively small number of downstream market players in global commodity value-chains, make these processes rather complex. It would, therefore, be too limited to solely focus on the private sector efforts towards sustainable development throughout the value chain. The latter is caused by the fact that traditional value chain of coffee, as presented in section 1.1, depicts the economic sequence of value adding activities by various private actors. In order to analyze the process of sustainable development from a governance perspective, it is therefore important to consider a wider network of stakeholders surrounding the value chain.

A more all-encompassing perspective is presented when the downstream actors in the value-chain are collectively seen as a governance network through which economic, political, or social power is being used to push for sustainable development among upstream actors in the coffee chain. Nevertheless, a large number of scholars have stressed that the goals and objectives among the different actors involved in the governance structure are often extremely diverse (Bair, 2008; Dauvergne & Lister, 2010; Gereffi, Humphrey, & Sturgeon, 2005; Tukker, 2010; van Zeijl-Rozema et al., 2008). This is supported in a UN report on sustainable development within global agriculture, in which the authors argue that governance patterns are continuously shifting due to the fact that public and private stakeholders have competing objectives (Giovannucci et al., 2012, p. V). The latter stress that "[...] many governments, international agencies, multilateral and bilateral institutions are only beginning to actively invest in such concepts in agriculture; whereas a few food companies and NGOs are taking the lead instead". Moreover, the influence of corporate power has steadily grown over the past decades and has changed the public and private dynamics in food systems at a local and global scale. Since small-scale as well as large-scale producers are increasingly dependent on multinationals, public policies and private sector investments need to be integrated to enhance the process of sustainable development.

In addition, various scholars emphasize that in the governance network, collectively goals are often achieved through multi-stakeholder processes and public-private partnerships. These partnerships refer to a strong

increase in collaboration between various public-, private-, and third sector organizations, through which sustainable development has been promoted throughout the last decades (Glasbergen, 2011; Reed & Reed, 2009). Moreover, multi-stakeholder approaches and partnerships stimulate “[...] respect for the expertise and culture of the other partner(s), transparent and reliable definition of roles, and an ability to engage in dialogue, and openness between the partners” (Burger & Mayer, 2003, p. 25). Nevertheless, partnerships as such have not been without criticism. For instance, one can argue that multi-stakeholder organizations as such are often highly ineffective and also work with a strong neo-liberal agenda, which serves a global economic order and impedes development (Reed & Reed, 2009). In contrast, another school of scholars would argue that during the early 90’s governance mechanism “[...] came to the rescue of neoliberal approaches to development, which were experiencing a crisis as a result of the failure of „market-fundamentalist“ structural adjustment policies” (Hout, 2010, p. 1). This clearly points to the complexity of the quest towards sustainable development in a governance context, which is comprised of multiple stakeholders with competing objectives and perspectives. Overall, it can be argued that in the process of sustainable development in a neo-liberal context, the shift towards governance can both be seen as a cause as well as a remedy.

2.5 Theoretical relevance for research context

With the rise of concepts such as of governance and sustainable development in the late 1980’s and early 1990’s (Kemp et al., 2005), it can be argued that the de-regulated coffee market, following its collapse in the late 1980s, has been one of the first testing grounds of governance of sustainable development. Moreover, in these days the coffee industry has set a trend towards self-regulation and sustainability certification, which has been followed in other commodity sectors such as tea, cocoa and cotton. The global coffee sector can be seen as the “[...] primary driver for the development of various types of certifications” (Pierrot et al., 2011, p. 4). The push for sustainability in the coffee sector can, in addition, be seen as a hallmark of governance of sustainable development.

Moreover, since sustainable development entails a continuous process of improvement, there is a significant relevance to monitor and investigate developments in order to prepare for future challenges. There is, thus, a pressing need for various institutions to adopt their policies and to take action. This is also increasingly recognized by scholars, such as Epstein (2008, p. 12), who argues:

The time has come to kick the tires and look under the hoods of our most powerful institutions, most particularly our corporations, to test their capacity to help drive the sustainability transformation of our politics, governance, economies, and ultimately societies. Those who lead the way will be able to see the big picture, mapping the future and engaging a wide range of decision-makers and other stakeholders in the process, while simultaneously being able to drill down to the details, to the critical points where the rubber hits the road.

Overall, this research contributes to the scientific knowledge about the issue of sustainable development and the way in which this has been coordinated in the multi-stakeholder governance context of the Dutch coffee sector. In

addition, the importance of getting a clear insight in the governance structure is highly useful since “[...] the identification of the nature of the policy subsystem in a given policy sector reveals a great deal about its propensity to respond to changes in ideas and interest”, as pointed out by Howlett (2002, p. 237). This identification has been highly relevant in the research context of this study, since the context of the global coffee market, in which the Dutch coffee sector operates, is continuously changing.

3. Research Methodology and Methods

3.1 Case study method

This study has been approached as a case study, which is a “[...] research strategy that involves empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence” (Saunders, Lewis, & Thornhill, 2009, p. 588). According to a wide variety of scholars, among which Bennett (2004) and Yin (2009a, 2009b), a case study has proven to be a very appropriate method to develop temporal explanations of certain phenomena. Through the verification of the theoretical assumptions in the real-life setting, the case study is carried out with the purpose of developing “[...] new knowledge about these processes and outcomes, based on the facts of the case” (Yin, 2009b, p. 257). In this particular research, the temporal analyses have focused on the past-, present-, and future perspectives regarding sustainable development as a policy issue in the governance context of the Dutch coffee sector.

The unit of analysis of this particular case study is the Dutch coffee sector as the unit of analysis. The latter includes a wide variety of public- and private- actors and civil society organizations, which are directly involved in the governance to enhance the process of sustainable development. The Dutch coffee sector, as discussed in the previous chapter, can be perceived as a governance network, in which a wide variety of stakeholders have been influencing the process of sustainable development. Torfing (2005) stresses that the scientific strength of scientific analyses of governance networks lies in the explanatory ability to explain a specific policy context (sustainable development) by focusing on the way in which the network has emerged over time, both in functions and how interaction processes influence the network, which has met the purpose of this research. For the sake of clarity, the ‘public actors’ refers to all state controlled institutions, mainly including ministries, provinces, and municipalities. In the context of this case study these include different levels and scales of government, but also public-private partnerships, which actively enhance cooperation among stakeholders. ‘Private actors’ refer to all market players operating on the Dutch coffee market, of which almost all (98%) are grouped as members (55) of the trade association for coffee and tea companies, the Royal Dutch Coffee and Tea Association (KNVKT). Last, the civil society organizations include a wide network of ‘non-governmental organizations’ (NGOs), which have actively promoted and pressured the private sector to enhance sustainability in the global and/ or Dutch coffee industry.

3.2 Research strategy

In this research the process-tracing strategy has been applied as a method for inference of the underlying causal mechanisms (George & Bennett, 2005). This research strategy entails that the main focus of research lies on “[...] the dynamics of evolving *processes*” and explanations are provided through the analysis of patterns in activities, events, and decisions over in a longitudinal perspective” (Langley, 2009, p. 410) (*emphasis in original*). The process-tracing strategy has, as can be seen in the three distinctive research stages, allowed me to work as

a 'detective' in the search for the intervening causal processes. This metaphor of operating as a detective refers to a variety of process-tracing, which is called the *Modus Operandi* approach that has been coined in the nineteen-seventies by Michael Scriven implying that:

When X causes Y it may operate so as to leave a 'signature,' or traces of itself that are diagnostic. In other words, one can tell when it was X that caused Y, because certain other things that happened and are observed unequivocally point to X. At the same time, one knows the signature of other possible causes of Y and one may observe that those traces did not occur. By using this technique, one can make a strong inference that X either did or did not cause Y in a certain case (George & Bennett, 2005, p. 217).

Due to their similarity, one can easily confuse process-tracing with a merely descriptive historical narrative, which would not be of sufficient scientific relevance. Nevertheless, Bennett (2004) points out that the difference between process-tracing and historical narrative lies in the fact that, for process-tracing, one converts purely historical facts into an analytical explanation based on a clear theoretical framework. Applying this research strategy has facilitated the ability to explain how sustainability has become an important policy issue in the Dutch coffee sector from a multi-stakeholder perspective.

3.3 Research stages and research questions

Having a clear understanding of the case study method and process tracing strategy, it is time to focus on the most important step in the research, namely defining the research questions (Yin, 2009a). The research will be guided by the following main research question:

How can sustainable development be enhanced as a key driver within the multi-stakeholder governance context of the Dutch coffee sector?

In order to answer this overall research question, the research has been divided into the three research stages, in which the temporal focus can be traced back, namely: (1) a historical analysis; (2) an analysis of the current governance context; and (3) an analysis of international perspectives and challenges in the context of the Dutch coffee sector. These parts have been translated into three sub-research questions, which support the overall research question.

3.3.1 Historical analysis of sustainable development in the Dutch coffee sector

The first part of the research has considered the historical development of the concept of sustainability in the Dutch coffee sector, which is guided by the following sub-research question:

How has the issue of sustainable development historically evolved within the Dutch coffee sector, between the late 1980s and the early 21st century?

From a theoretical perspective, the case history is an important element since it “[...] sets an institutional arena for the process that influences which actors participate to what extent and with what [...] expectations” (de Boer & Bressers, 2011, p. 72). The historical analysis will focus on the specific set of circumstances and events, which have led to the development of the first certification initiatives in the global coffee industry (e.g. Max Havelaar/ Fairtrade, Utz Certified). Initially, the research proposal outlined a temporal analysis between the late 1980’s until approximately 2010, in which crucial events and developments in the specific context of the Dutch coffee sector will be analyzed. Nevertheless, whilst conducting the research it became necessary to expand the time span of this historical analysis. The latter has been caused by the fact that a number of important historical events, which took place between the late 1960s and the late 1980s, have been of considerable importance for the multi-stakeholder context in which discussion about sustainability evolved within the Dutch coffee sector. The historical analysis covers a time span of approximately forty years, starting in the late 1960s.

3.3.2 Analysis of the contemporary multi-stakeholder governance context

The second research stage provides a contemporary insight in the multi-stakeholder governance context of the Dutch coffee sector. This analysis, which contextualizes the discussion about sustainable development as an important policy issue, is guided by the following sub-research question:

How does the current governance context enhance the process of sustainable development in the Dutch coffee sector?

In answering this question, the current governance context has been analyzed, including the multi-level and multi-actor character of the sector, the problem perception and objectives, and instruments, strategies and resources for implementation in the process of sustainable development. Important to stress, as pointed out before, is that the emphasis has been put on the way in which multi-stakeholder actors within the Dutch coffee sector (downstream) are stimulating sustainable practices at the origin of the value chain (upstream) through initiatives. The latter include certification and verification initiatives, corporate- or multi-stakeholder sustainability programs, and other governance instruments. This means that sustainability initiatives at other stages in the coffee value-chain, such as the promotion of energy-efficiency in the transport, roasting, or consumption are excluded from this analysis.

3.3.3 Prospective analysis of in the international context

The third, and last, research stage takes a prospective turn by places the Dutch coffee sector in the context of international challenges and opportunities in the process of sustainable development, which is guided by the following sub-research question:

How can the Dutch coffee sector adapt and align to international challenges and opportunities with regard to sustainable development of the global coffee chain?

This question directly relates to declaration of intent (DOI), in which the commitment has been made to ensure that by 2015 three-quarter of the coffee being consumed and sold in the Dutch coffee market will be sustainably certified. The decision to include this prospective element in the research can be justified on the basis that the Dutch coffee sector is highly influenced by developments and challenges on an international scale, which are important to monitor in order to ensure the continuous process of sustainable development. Therefore, rather than purely analyzing the quantitative progress in terms of percentages of certified coffee in the Dutch market, I have conducted a qualitative analysis to identify how the coffee sector should continuously adapt to international challenges in the sustainable production of coffee. This analysis takes a relatively wide perspective as it includes both the national and international bottlenecks, which are, to a certain extent, influential for sustainable development in the global coffee industry. Moreover, the analysis devotes considerable attention to the future of certification and verification as instruments towards sustainable development.

3.4 Data collection methods

The data collection methods, which have been applied to the case study, is a series of qualitative semi-structured depth interviews with stakeholders in field, including representatives from public-, private-, and third sector actors¹³. According to Yin (2009bp. 264), “[t]hese interviews offer richer and more extensive material than data from surveys and [...] reveal how case study interviewees construct reality and think about situations”. Due to the expert role of the respondents within their respective organizations, these interviews can also be referred to as ‘elite’ interviews (Yin, 2009b). Even though the small-N sample, of approximately ten to fifteen within-case interviewees, they all have proven expertise and experience within the Dutch coffee sector.

Furthermore, the primary as well as the secondary data will be analyzed according to the content analysis method. In the next chapter, the analytical framework of the research will be discussed, which will provide structure for the outline of the semi-structured depth interviews as well as a set of indicators for the content analysis of the transcripts of those interviews. Through guiding the interviews according to the indicators as set in the model, a strong body of data will be ensured during each interview.

In addition to the strengths of (semi-structured) interviews as a key data collection method, one should also recognize its weaknesses. Langley (2009, p. 414), for instance, explains that “[...] interviews are artificial interactions that can be influenced by lapses of memory, impression management, the moods of the participants and the quality of the rapport between the interviewer and interviewee”. Consequently, in order to limit these weaknesses, the primary data has been verified through a wide variety of secondary data, which ensures the theoretical and methodological triangulation. The secondary data includes, academic literature, annual reports of stakeholders, policy briefs, websites, newspaper articles, government documentation, and outlines of specific strategies and instruments (Tellis, 1997; Yin, 2009a).

¹³ A list of interviewees can be found in appendix A. 6, p. 94.

3.5 Reliability and validity

Even though the case-study research design has proven to be highly useful, it should be taken into account that the case study method includes a number of significant limitations, such as “[...] their relative inability to render judgment on the frequency or representativeness of particular cases and their weak capability for estimating the average ‘causal weight’ of variables”, which poses numerous threats for the validity and reliability of the research (Bennett, 2004, p. 20). However, the latter can be overcome through the use of triangulation, which creates a ‘chain of evidence’ thereby ensuring the construct validity of the research (Yin, 2009a). Nevertheless, it will be hard to generalize to other settings, being the external validity, since the governance arrangements and structures of the sustainable coffee sectors is very case-specific to the situation in the Netherlands. However, the choice to focus on a single case study rather than a comparative one and an analysis in time rather than in space, has allowed me to use the limited resources (time and money) much more effectively. The latter has resulted in a detailed analysis of the specific circumstances in which sustainability has developed into a key driver within the governance context of the Dutch coffee sector.

Moreover, the methodological focus of this research has been put on qualitative data, having semi-structured interviews as the main source of primary data. The latter is due to the fact that within the Dutch coffee sector, as well as on an international scale, there is the lack of a common methodology to quantify the share of sustainable coffee in the market. This is mainly caused by the lack of shared definitions among the various stakeholders in the sector. Reliance on quantitative data would, consequently, pose additional issues in the data analysis stage of the research. Bitelkine (2008) and Yin (2009a), amongst many others, argue that in these situations, where there is a quantitative data is unavailable, insufficient, or lacking coherence, one can use the qualitative case study as a highly appropriate method for theory testing. Nevertheless, since the majority of interviews were conducted in Dutch the interviews also posed some research barriers, as it was difficult to translate interview segments in such a way that they would not lose the specific view of the interviewee.

4. Analytical framework

From a methodological point of view, a strong analytical framework is crucial in providing a clear set of the indicators, through which the primary and secondary data can be analyzed. When looking at indicators to analyze a governance context, “[i]t is important to make a distinction between governance performance indicators and governance process indicators” (Court, Hyden, & Mease, 2002, p. 4). Considering the objective of this research to explain process in which sustainable development has become a key driver within the governance context of the Dutch coffee sector, a set of process indicators has been used.

4.1 Contextual Interaction Theory

For the purpose of this research, the Contextual Interaction Theory (CIT) presents a useful analytical framework, in which different contextual layers are introduced, which interdependently influence the interaction processes¹⁴ between actors in the governance of specific policy context (Bressers & Rosenbaum, 2003). The CIT starts from the assumption that the characteristics of the various actors are to a large extent influenced by the interaction within the policy context, which is in this case the Dutch coffee sector.

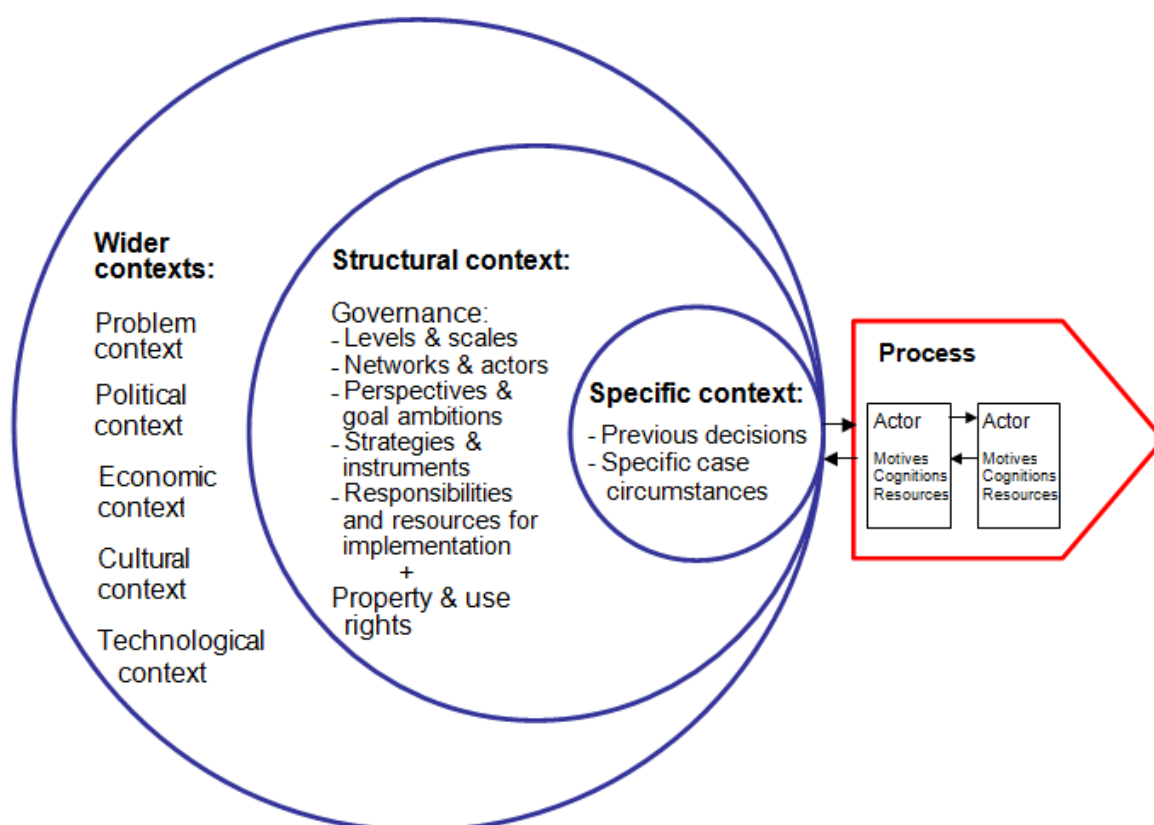


Figure 2 - Schematic overview of three context layers within the Contextual Interaction Theory

¹⁴ The focus on process in the CIT model should not be confused with the focus on 'process' in methodology section. Whereas, the latter is focused on a process as a temporal shift in the process tracing method, the former in focus on the process of governance in a specific policy context.

Both the actors, as well as the context in which they operate, are not static entities but are interdependent and continuously (re-)shape ongoing processes. The latter is supported by Torfing (2005, p. 308-309) who points out that “[...] processes and outcomes represent the results of the institutionally conditioned interactions between the network actors; the particular form and character of the network, the attempts by outside agencies to regulate its form and functioning, and the external conditions for network governance”. In the remaining part of this chapter, the main elements of the CIT model will be explained, including the arena in which the process of interaction between actors takes place (figure 2), as well as the three interdependent contextual layers, being the specific-, structural-, and wider context (figure 1).

4.2 Actor characteristics

The process of interaction between the actors in the network is determined by three key characteristics of the involved actors, namely “[...] their motives (which drive their actions), their cognitions (information held to be true, with which the situation is interpreted) and their resources (providing capacity and power)” (de Boer & Bressers, 2011, p. 67). The latter shapes the intrinsic characteristics and consequently can be seen as the ‘ultimate driving forces’ of the process, which is visualized in figure 2. Moreover, the relations between the actor characteristics (motives, cognitions, resources) are mutually interdependent on the process, since they “[...] are not only shaping, but are also (re)shaped by the activities and interactions that happen in the process” which explains gradual changes over time (de Boer & Bressers, 2011, p. 72). The latter will be highly useful to get an insight in the development of actor characteristics and the process of interaction, both throughout history as well as in the contemporary context of the Dutch coffee sector.

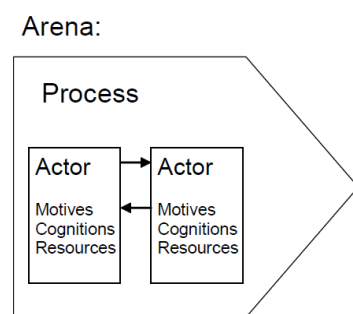


Figure 3 - process model with actor characteristics used in CIT

4.3 Multi-layered context in the CIT model

Whereas the characteristics of the actors are crucial elements to shape the process of interaction among various actors within the governance network, the actors are also highly dependent on actions and experiences within the three contextual layers. These three contextual layers and their importance in the context of this case study will be discussed below.

4.3.1 Specific context

The ‘specific context’ layer of the CIT model identifies a set of indicators to frame the specific circumstances and previous decisions made. The latter, as de Boer and Bressers (2011, p. 76) point out, is determined by earlier decisions, which have affected the context in which actors operate “[...] often specifying the setting the

institutional arena for the case process [...]. This context is also partly dynamic over time, caused by experiences in the process itself and by targeted actions of those involved". As a consequence, the previous decisions and framing of the context makes this layer is especially useful to analyze the case history. These indicators have especially been useful to structure the analysis of the historical developments and to explain how sustainable development has become a key driver in the Dutch coffee sector (RQ1).

4.3.2 Structural context

The outcomes of the specific context regarding the historical development of sustainability as a key driver in the Dutch coffee sector, including previous decisions and specific case circumstances, has provided ample input for the analysis contemporary governance context of the Dutch coffee sector. It is emphasized that "[a] characteristic feature of modern 'governance' systems is that they [...] are multilevel, multi-actor, multifaceted, multi-instrumental and multi-resource-based" (Bressers & Kuks, 2003, p. 9). These features can be found in the second layer of the CIT model, namely the 'structural context', which consists of five key elements of governance, through which a network can be analyzed for certain sectors of society at a given time and place.

Element	Questions	Governance assumes...
Levels	Where?	the general <i>multi-level</i> character of policy implementation
Actors	Who?	the <i>multi-actor</i> character of policy implementation
Problem perception and objectives	What?	the multi-faced character of the problems and objectives of policy implementation
Strategies and instruments	How?	the multi-instrumental character of policy strategies for policy implementation
Resources and organization	With what?	the complex multi-resource basis for policy implementation

Table 1- Governance elements of structural context CIT model Bressers, 2003, p. 83

The analysis of the five elements of the structural context has provided specific insights in the explanation of the Dutch coffee sector's structure of governance arrangements¹⁵. First, the element refers to the interdependence between the various levels of governance, which dominate the policy making and the debate within the network. Second, the 'actors' elements look into the policy arena in terms of 'who' is involved at the various levels in the policy making and to what extent the network is inclusive to all stakeholders. This element can be considered as the most essential, since, as emphasized by Bressers and Kuks (2003, p. 2) "[...] the course and outcomes of the processes depend [...] mainly on the characteristics of the actors involved, particularly their objectives, information and power". The latter is closely related to the third element of the governance context, which looks into the way in which the policy issues are perceived by the various stakeholders and the objectives with which

¹⁵ Apart from the "five multiplicity aspects of governance" (Bressers & Kuks, 2003; de Boer & Bressers, 2011), the CIT model also includes property rights and use rights as important indicators in the governance context. Nevertheless, in this research they have not been included in the analysis as these are not directly related to issue of sustainable development in the Dutch coffee sector.

stakeholders operate within the governance network. Fourth, the strategies and instruments element of the governance model looks specifically into the various tools which guide actors in the governance network to move into a certain direction, in this case the push for sustainable among upstream actors in the coffee supply chain by downstream actors in the Dutch coffee sector. The fifth and last indicator outlines the multi-resource basis among stakeholders within the governance context. Again it is important to consider the power relations between the various actors regarding the amount of money which is being invested in the instruments. Due to the fact that “[c]hanges in a governance system take place when outside factors intervene in one of the five elements of the governance system and the other elements adjust to this new situation”, the model provides an excellent framework to describe the governance developments in which sustainability has become a central element within the Dutch coffee sector (Bressers & Rosenbaum, 2003, p. 83).

Altogether, the second contextual layer provides a strong set of indicators to explain the developments within ever-growing complexity in the current governance for sustainability in the Dutch coffee sector. As pointed out by de Boer and Bressers (2011, p. 77 - 78), “[a] growing complexity in governance can be viewed as a logical adaption” to the developments in the policy context. Since the research has mainly focused on the temporal developments (past-, present-, and future perspective) in the governance of the Dutch coffee sector, the structural context of governance arrangements in the sector will take a central position throughout the entire research. Moreover, the indicators as presented in the structural context of the CIT model have been mainly used to structure the analysis of the contemporary governance arrangements in the Dutch coffee sector (RQ2).

4.3.3 Wider context

The last contextual layer in the CIT model is the ‘wider context’, which sets a clear framework for the analysis of the international perspectives and challenges in the process towards sustainable development and the Dutch sector’s leverage in this context (RQ3). This layer takes a relatively broad perspective, including the economic-, cultural-, political-, and/ or technological contexts as explanatory indicators to explain developments within the sector (Bressers & Kuks, 2003). Even though this contextual layer addresses relatively broad aspects of society, it provides a strong framework to analyze and explain possible reasons why, throughout the past decades, the Dutch coffee sector has been relatively receptive towards sustainability (RQ1). The wider context should, therefore, be seen as a “[...]more encompassing circle of [...] development and problem contexts”, which not only influences the structural and specific contextual layers, “[...] but can also directly influence the actor characteristics” (de Boer & Bressers, 2011, p. 77). Moreover, the various contextual layers of the CIT have been applied interchangeably throughout the various stages of research, which indicates the useful applicability of the CIT model to this case study.

5. Historical development of sustainability in Dutch coffee sector

The following chapter is set out to present a historical analysis, which will explain how the issue of sustainability gained importance within the Dutch coffee sector since the late 1960s. The chapter will discuss a number of specific events and circumstances which have influenced the development of governance for sustainability. Altogether, this will provide a clear insight and historical background, in which explanations will be provided how fertile grounds were created to enhance the process of sustainable development. The central research question, which will be addressed in the following chapter, is:

How has the issue of sustainable development historically evolved within the Dutch coffee sector, between the late 1980s and the early 21st century?

The chapter is structured in the following order. First, in order to understand the contemporary developments of sustainability as a multi-stakeholder process, it is useful to trace its historical roots, which can be found in the establishment of World Shops and the development of the Fair Trade movement in the Netherlands, which has started in the late 1960s¹⁶. Second, it will be discussed what led to the development of the first certification system for social standards in the global coffee industry by the NGOs Solidaridad and the Max Havelaar Foundation, including the response of civil society as well as the Dutch coffee industry towards this new initiative. Third, it will be explain how, throughout the 1990s, the Max Havelaar certification initiative developed, yet maintaining a small player for a specific niche. Fourth, I will contextualize how global coffee crisis, around the turn of the millennium, the changed the view towards and need for sustainable development amongst stakeholders in the Dutch coffee sector. This includes a discussion about the establishment and rise of new certification initiatives, such as Utz Certified and Rainforest Alliance. In the fifth and last section, I will discuss how public-, private-, and third sector stakeholders in the Dutch coffee sector started to take a collaborative approach in stimulating sustainable development at the beginning of the value-chain.

5.1 Early traces of sustainability in the Dutch coffee sector

In the aftermath of the Second World War, religious organizations and charities in the United States and Western Europe started to recognize the need for development aid in developing countries in the global South (G. Fridell, 2004a; Moore, 2004; Young, 2003). Whereas grass roots initiatives as such were slowly establishing throughout the US, it was the start of “[...] international development and solidarity movements [...] particularly in the Netherlands, Belgium, and the UK in the 1950’s and 60’s”, which led to more encompassing mechanism for the promotion of alternative trade and what is became known as the ‘fair trade movement’ (Young, 2003, p. 4). In this context, as multiple scholars have emphasized, a key player and pioneer in the development of this global fair trade movement has been the Dutch Catholic group ‘Stichting S.O.S.’ (hereafter referred to as SOS) (Beerends,

¹⁶ An extended analysis of the early traces of sustainability in the context of the Dutch coffee sector between the 1960’s and the late 1980’s can be found in appendix A. 7, p. 95.

1993). Currently known as Fair Trade Original, this organization, which was initially founded in 1959, shifted from developmental aid to an aid through trade approach. The focus on trade entailed the import and sales of products from developing countries, in which they were “[...] driven by their religious commitments to social justice and Christian solidarity” (Fichtl, 2007, p. 4). The sales their products, mainly handicrafts, took place via religious working groups and in churches. Moreover, a new outlet was created with the establishment of the so-called (Third) World Shops. In response to the United Nations Conference on Trade and Development (UNCTAD), in 1968 in New Delhi, the Dutch journalist Dick Scherpenzeel coined the idea in the media to open up World Shops (Beerends, 1993). The first World Shop was opened by a Third World group in Breukelen and this new form of outlet for the products of SOS rapidly spread throughout the Netherlands. Within the following four years a network of almost 200 World Shops erupted throughout the Netherlands.

Moreover, apart from being an outlet for handicrafts from developing countries, the World Shops also served as an important network to channel political protests and public campaigns of various left-wing activists groups (WFTO, 2012; Young, 2003). The latter had established themselves throughout the 60's various and tried to put pressure on the (international) governments and large businesses. An important example as such was the cane sugar campaign, during which cane sugar was sold as an example of how the world trade functions and how rich countries in the West systematically raise high tariff barriers on the importation of products from developing countries. The cane sugar was sold in the World Shops with the political message “by buying cane sugar you give people in poor countries a place in the sun of prosperity” (WFTO, 2012, p. 1). The Cane Sugar campaign via the World Shops can, therefore, be seen as a clear example of the left-wing political activism against rise of global capitalism in the late 1960s. The latter also triggered the entry of coffee within the World Shops.

Before coffee was introduced as an actual product on the shelves of the World Shop, it entered these stores as political campaigns. Two successive coffee boycotts, namely the Angola boycott in the early 1970s and El Salvador boycott in early 1980s, show how numerous left-wing political activist groups started to connect the global trade in coffee with the political situation in the country of origin. In addition, in the early 1970s, SOS started to import the first ‘fair’ coffee directly from a number of small-holder farmers Guatemala. This coffee was sold in the World Shops and provided an alternative to the ‘unfair’ coffee in the mainstream market, in which according to the ATO the power relations were heavily distorted. Throughout the 70's and early 80's, the ATOs established relationships with a number of producers in South and the network of World Shops became a small stable channel for the outlet of this coffee (M. Fridell, Hudson, & Hudson, 2008).

Throughout the 1970s and early 1980s, ‘fair’ coffee had become a relatively familiar concept within Dutch society. Due to pressure of the political activists and the introduction of ‘fair’ coffee, roasters and retailers in the Dutch coffee sector were forced to think about the social and political situation in which their products were produced. Nonetheless, the latter was on a relatively small scale and the political campaigns (e.g. Angola and El Salvador boycott) and public campaigns of NGOs did not change the buying behavior of the consumers in the mainstream market. Altogether, as a former CEO of Fair Trade Original explained, ‘fair’ coffee up until that point had market share of just around 0.2 percent in the Dutch coffee market, which did not pose any threat to the large industry

(Durwael, appendix B.12, p.102). To some extent this was caused by the fact that the alternative trade organization SOS could only import small quantities of the 'fair' coffee from a small selection of producing countries, which made it rather difficult to ensure the quality of the different types of 'fair' coffee. This, however, was not an issue for the customers of the World Shops in those days, since they mainly bought the 'fair' coffee as a sign of solidarity and to make a political statement against capitalist thinking. The introduction of the Max Havelaar certification system in the mainstream coffee market, would, to some extent change the exclusive sales of 'fair' coffee via alternative trade channels.

5.2 The introduction of Max Havelaar in the Dutch coffee sector

In 1988, the Max Havelaar Foundation launched the first certification system for the global coffee industry, through which social standards and minimum prices on the global coffee market would be ensured. After its introduction in the Netherlands it was quickly replicated as the 'Fairtrade' label in multiple markets throughout Europe and North America. The latter triggered the development of the global Fairtrade movement, which promoted the production of coffee under environmentally and economically sustainable conditions via their certification system (Linton, 2005, p. 602). As will be discussed in the following section, this instrument became an innovative and groundbreaking initiative in the global coffee industry. Nevertheless, it was not received without criticism.

5.2.1 The creation of the first social certification system in the coffee industry

The idea to introduce a certification system through which 'fair' coffee from small-holder farmers could be sold within the mainstream market was originally initiated by Frans van der Hoff (Beerends, 1993; M. Fridell et al., 2008; van der Hoff & Roozen, 2001). This Dutch priest was working as a coffee farmer for the Union of Indigenous Communities of the Isthmus Region (UCIRI), a cooperative of small-scale coffee farmers in Oaxaca, Mexico. As pointed out above, the Fair Trade Movement "[...] has its roots in philanthropy and political solidarity. In both cases the South entered into the equation in the role of beneficiary" (Wilkinson, 2007, p. 232). The initial development of the Third World movement via ATOs was strictly organized by actors in Western Europe and the North America. Nevertheless, in the 1980's criticism against these organization grew, since this alternative trade flow was insufficient to improve the economic and social situation of the producers as it did not generate enough market share in mainstream markets.

Producers in countries like Guatemala and Mexico started to demand a stronger position for the coffee producers in the coffee value chain in order to create better access to mainstream coffee markets. Van der Hoff contacted the Dutch NGO Solidaridad, represented by Nico Roozen, as well as Hans Levelt, who, as a small coffee roaster in the Dutch coffee industry, had been taken various steps in the promotion of sustainable coffee and tea (Levelt, appendix B.13, p.111). The three of them discussed the possibilities of bringing the UCIRI coffee for a 'fair' price in the mainstream markets, which would provide them with steady income rather than receiving conventional aid

(M. Fridell et al., 2008). After extensive collaboration and field trips to the UCIRI cooperative in Oacaxa, van der Hoff, Roozen and Levelt developed a model what would become known as the Max Havelaar, in which roasters would get the chance to introduce 'fair' coffee in the mainstream market (van der Hoff & Roozen, 2001; Durwael, appendix B.12; Levelt, appendix B.13). After extensive lobbying by Solidaridad, within both the industry, including roasters and retailers, and the alternative trade movement (World Shops), the decision was made to introduce Max Havelaar in the form of a certification system and a subsequent on-package label (van der Hoff & Roozen, 2001). The Max Havelaar label "[...] could be used by existing brands as an extension of their product line" and as a form of external verification for responsible behavior" (Ingenbleek & Reinders, 2012, p. 5). The two initial goals of the Max Havelaar concept were, first, the need to only include farmers who were organized in small cooperatives and, second, the need to ensure a stable income for these farmers through the guaranteed minimum price. This initial minimum price for Max Havelaar certified coffee was at an average of the ICO's indicator price and was considered to be a 'sustainable' price "covering the cost for development of their livelihoods" (Ingenbleek & Reinders, 2012, p. 5; de Vries, appendix B.8).

5.2.2 The industry's response to Max Havelaar

Whereas product certification offered an alternative way of market 'regulation' by the industry, and an innovative way of connecting producers and end-users in the value chain¹⁷, the industry responded relatively hesitant and defensive towards the introduction of a minimum price system¹⁸. Despite this strong resistance from the coffee industry in the Netherlands, a few (small) roasters in the Netherlands, such as Neuteboom and Simon Lévelt, quickly became involved in the Max Havelaar initiative. Even though other Dutch roasters actively tried to block their involvement, the two roaster roasters had their own reasons to introduce certified coffee in the market (Vaessen, appendix B.10; Levelt, appendix B, 13).

Levelt, as pointed out before, had been closely involved in the development of Max Havelaar and has been a pioneer in the area of organic agriculture in the tea and coffee sector. Moreover, the involvement of Neuteboom was to a large extent based on commercial interest, since they saw it as a way to make a comeback within the retail sector in the Netherlands, where it had been struggling to survive among the market leaders, such as Douwe Egberts and Albert Heijn's private label (van der Hoff & Roozen, 2001). Ingenbleek and Reinders (2012, p. 6) emphasize that "[t]he company urgently needed an opportunity to fill its capacity; otherwise, it would eventually go bankrupt". On November 15, 1988, Neuteboom introduced the first coffee with a Max Havelaar label in Dutch supermarkets. Due to Max Havelaar's publicity in the media, an increasing amount of roasters saw the need to get a certain – often small- percentage of their coffee 'certified' and wanted to jump on Max Havelaar's bandwagon, (Eshuis & Harmsen, 2003; Pierrot, appendix B.10).

¹⁷ An explanation of the value chain and it's (economic) actors can be found in section 1.1 and section 2.2.

¹⁸ An extended analysis of the resistance from the industry and civil society organizations to the introduction of Max Havelaar in the Dutch coffee sector can be found in appendix A. 8, p. 104.

Moreover, market leader in the retail sector, Albert Heijn, started to feel the public pressure of this upcoming initiative and four months after Max Havelaar coffee was introduced in the Dutch market it also introduced Max Havelaar certified coffee in their stores. In addition, they perceived it as a competitive advantage against the market dominance of Douwe Egberts. Soon after Neuteboom introduced the first Max Havelaar labeled coffee in the retail market, Albert Heijn followed.

The introduction of the 'certified' coffee in the Dutch market caused a strong increase in the market share of 'sustainable' coffee¹⁹ from about 0.2 percent to almost 2 percent in a very short period (Durwael, appendix B.12, p. 102). Soon after its formal introduction in November 1988 the Max Havelaar label became a well-established concept and the introduction of certification system created a new model for development cooperation, in which the consumers were involved and informed through the on-package 'sustainability' label and underlying certification system (Eshuis & Harmsen, 2003). In the first months after the introduction, the success of this new concept seemed to be endless. Nevertheless, the initiators of Max Havelaar soon realized that the market share of 14 percent, which was envisioned based on market research in the late 1980s, would be impossible to achieve (Eshuis & Harmsen, 2003; van der Hoff & Roozen, 2001). However, the introduction of Max Havelaar in the Dutch coffee sector immediately triggered a certain focus on direct trade of coffee within the mainstream market and initiated a wide discussion about sustainability.

5.2.3 The development of Max Havelaar and Fairtrade throughout the 1990s

Despite the initial buzz it triggered in the Dutch market, a number of reasons can explain why Max Havelaar certified coffee has never managed to meet the expectations of the founders. First, it quickly became clear that there was a distinction between the citizen and the consumer. In other words, consumers think with the heart but pay with their mind (Vaessen, appendix B.9, p.73). Additionally, it is important to take into account that especially in the early days of Max Havelaar the price difference was relatively large, which was caused by the rapid decrease of the coffee prices in the aftermath of the collapse of the regulated quota market. The contrast between the ethical and the economical decision was, therefore, relatively large.

Second, the lack of a major breakthrough in the Dutch coffee market can be contributed to the fact that, "[...] there was no roaster who was prepared to stick his neck out to take responsibility for the marketing. When there are so many different small roasters, no one is willing to advertise, because then they would advertise for each other" (Ingenbleek & Reinders, 2012, p. 7). Large actors in the industry, however, did not put their entire marketing machinery behind the promotion of Max Havelaar (Durwael, appendix B.12, p.102). Nevertheless, in order to promote their activities the Max Havelaar Foundation has received subsidies from the Ministry of Development Cooperation²⁰ and the Ministry of Foreign Affairs²¹ in the late 1990s.

¹⁹ Various respondents have pointed out that in those days 'sustainable coffee' was an unknown concept in society. This analysis can thus only be made in retrospective, with our current understanding about sustainable development in the international coffee market.

²⁰ Ministerie voor Ontwikkelingssamenwerking

Third, the lack of growth in the Dutch market, as well as other European markets, can also be contributed to the fact that the Fair Trade organizations have maintained to be “[...] an NGO culture in which they have insufficiently managed to build relationships with business partners” (van der Hoff & Roozen, 2001, p. 292). The latter closely relates the argument that Max Havelaar’s was too much focused on its rapid internationalization into Fairtrade and expansion to other commodities and products. To some extent, this blurred the exact meaning and purpose of the Fairtrade label, which has led to confusion among consumers (Robinson, 2009).

However, rather than changing the behavior of consumers in the supermarkets, Max Havelaar coffee quickly turned out to be an important issue within the out-of-home market, including public institutions, such as schools, hospitals, and government departments and various scales and levels. For these institutions social responsibility had become an important element and it was not a problem if the coffee would be a slightly more expensive as they could calculate this into their budgets (Vaessen, appendix B.9, p.73). Therefore, to be able to adhere to the request for Max Havelaar coffee in the out-of-home market, roasters quickly saw the need to become involved in this initiative.

Altogether, throughout the 1990s the Dutch mainstream market became familiar with Max Havelaar and Fairtrade. Citizens started to recognize the label, but they did not (and often do not) totally understand what it means. Nevertheless, the influence of Fairtrade should not be underestimated, since “[...] the very existence of the Fair Trade movement has posed a serious reputation risk to companies whose products are very susceptible to consumer sensibilities” (Oxfam International, 2002, p. 41). However, in the end, as pointed out before, Max Havelaar’s model of change did not lead to the large market-share which the Max Havelaar Foundation had originally envisioned.

5.3 The coffee crisis as a trigger for sustainable development

Due to the liberalization of the market in the late 1980s, a neo-liberal turn was taken in the global coffee market, which caused considerable shifts in power balances in the following decade. The collapse of the quota system allowed an extreme increase in production both in traditional producing countries, like Colombia and Brazil, but it also opened up the market for new players, such as Vietnam. Consequently, throughout the late 1990s overproduction caused that the coffee price on the world market continued to decrease, causing a crisis in the global coffee market. Coffee farmers received so little money for their coffee that they were forced to produce below the production costs, reaching an all time low around the turn of the millennium (see figure 3) (appendix B. 3, p. 14). The coffee price dropped to around 40 dollar cent per pound, which made the situation degrading for producers and almost caused the whole sector to collapse.

²¹ Ministerie van Binnenlandse Zaken

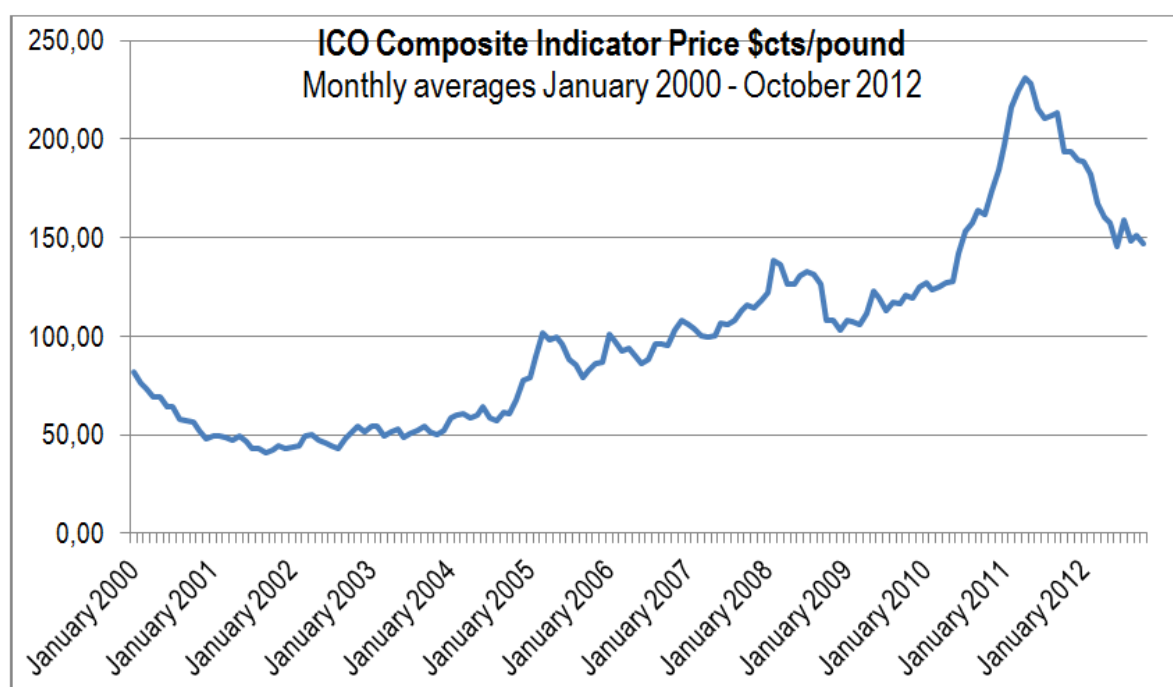


Figure 4- Overview ICO price between 2000 and 2012²²

A wide variety of (international) civil society organizations actively started to criticize large market players for the “[...] declining income levels, poor working conditions and social situations” among the farmers and their families who depend on coffee (Kolk, 2012, p. 80). Also amongst Dutch civil society organization the situation of the coffee farmers was increasingly recognized. A few years prior to the coffee crisis, various NGOs in the Netherlands recognized the need to take collectively action (van Reenen, appendix B. 3, p. 14). In 1999 ten NGOs²³ started to cooperate under the umbrella of what became known as the ‘Koffiecoalitie’ (Coffee Coalition) (Koffiecoalitie, 2003)²⁴. In the early years of the 21st century this collaborative NGO became actively involved in agenda-setting of the sustainability issues in the Dutch coffee sector, thereby mainly trying to trigger DE to take their ‘responsibility’. At first, as van Reenen explains, the coffee coalition used a campaigning strategy to get public attention for the situation among the coffee producers (appendix B. 3, p. 12).

Most notably, within this context two major campaigns can be identified, which have led to considerable attention for the issue of sustainability in the Dutch market. The most well-known and effective campaign of the Coffee Coalition took place in 2003, when DE sought a lot of public attention when it celebrated its 250th birthday, it was not too difficult for the NGOs to attach a public campaign to this event. With the slogan ‘*Douwe Egberts has its birthday, yet there is no reason to celebrate*’²⁵, the coffee coalition pressured DE to take their social responsibility by stimulating good labor conditions and fair prices. The slogan appeared on large posters and received

²² As presented by Roel Vaessen, Secretary General of the European Coffee Federation (ECF), during a public conference on sustainability in the coffee market (November 22, 2012) organized by the KNVKT.

²³ These NGOs included: Hivos, Novib, Oikos, Pax Christi, Solidaridad, FNV Bondgenoten, CNV Bedrijvenbond, Fair Trade Organisatie, Landelijke Vereniging van Wereldwinkels en Stichting Max Havelaar.

²⁴ Initially this organization was called the ‘Coffee Coalition’, in 2008 their name was changed into the Tropical Commodity Coalition (TCC).

²⁵ Slogan in Dutch: ‘*Douwe Egberts is jarig, maar toch is het geen feest*’

considerable public attention, thereby ‘forcing’ DE to take appropriate steps in order to maintain their valuable image and comfortable market position. The Coffee Coalition argued that being the largest Dutch roaster it could be expected that it would take a pioneering role, yet in reality DE did not take action (Koffiecoalitie, 2003). The second important campaign of the Coffee Coalition took place in 2005, when it bought up entire stocks of coffee out of the stores of ALDI and LIDL, being the large discounters in the Dutch retail sector. This coffee was put on a large pile in Amsterdam and was given away for free with a label stating: *‘this coffee is not socially responsible’*. The purpose of this campaign was to call upon the Aldi and Lidl to be transparent about their sustainability strategy, in order to make sure that their coffee is being produced in a sustainable way.

In response to the coffee crisis and subsequent responses from civil society organizations, roasters and retailers also started to realize that sustainability was becoming an issue of self-interest to maintain a positive brand image and also ensure supply security. The latter triggered a change in the industry’s mindset regarding the need to stimulate sustainability in the sector. While realizing their responsibility, it was also emphasized that the problems were too big to tackle by any individual industry player alone (Kolk, 2012).

5.4 Industry’s response to the coffee crisis

In the aftermath of the coffee crisis in the early years of the 21st century the industry recognized their social responsibility to stimulate ‘sustainable’ production among coffee farmers. The improvement of living standards among coffee farmers has, throughout the first decade of the 21st century, maintained to be an important issue for NGOs. However, the coffee crisis initiated a slow shift towards a more encompassing view on sustainability, being a long-term economic issue for the industry. The concept of sustainability consequently started to become a much wider notion, including “[...] a focus on the empowerment of coffee farmers, working on ‘good agricultural practices’ in line with good social and ecological conditions, and thus simultaneously promoting the reliability of quantity, quality and diversity in the availability of coffee” (Vaessen, appendix B.9, p. 74)²⁶. The latter has mainly been triggered by the fact that the coffee crisis posed a direct threat to the continuity of the supply security for the coffee industries in coffee consuming countries.

5.4.1 The development of Utz Certified by Ahold Coffee Company

The development of Utz Kapeh²⁷ by Ahold Coffee Company (ACC) has, as various respondents have argued, been an important instrument for the industry to respond to the ongoing coffee crisis. One of the founders of Utz Certified explained that the pressure of Max Havelaar, in the early 1990s, caused that it became more important

²⁶ [...] een focus op het weerbaar maken van koffieboeren, het werken aan ‘good agricultural practices’ in aansluiting op goede sociale en ecologische condities, en daarmee tegelijkertijd het bevorderen van de betrouwbaarheid van kwantiteit, kwaliteit en diversiteit in de beschikbaarheid van koffie.

²⁷ Initially this initiative was called Utz Kapeh, meaning ‘Good Coffee’ in a Mayan language. In 2007, with the introduction of tea and cocoa to the certification system, the name was changed into Utz Certified. Both terms will be used interchangeably throughout the thesis.

for the roasters to know where their coffee came from and how this was being produced (de Groote, appendix B. 11, p. 87). The pressure of Max Havelaar was seen as a possible threat to their business, however, within ACC it was recognized that the system of Max Havelaar was not an optimal model of change for industry players in the mainstream market. This was mainly caused by Max Havelaar's minimum price, direct trade, and positive discrimination towards small-holder farmers. Albeit his criticism to their model, de Groote also recognized that Max Havelaar has effectively addressed the issue and provided a model for a possible solution, however not effective and efficient in their eyes. As a consequence, ACC saw the need to ensure that their coffee blends, which not Max Havelaar certified (>95%), were "produced based on good practices in origin and sustainable quality" (Utz Certified, 2012, p. 7). However, even though Max Havelaar, to some extent, pressured large industry players to consider their social responsibility, the immediate need to develop Utz Certified within ACC was triggered by various other events and circumstances in the global agribusiness, as will be described below.

In the late 1990s, a number of ongoing issues in the agribusiness in the United States and Western Europe, such as the mad cow disease and swine flu, raised the discussion about food safety and food security. As a consequence, retailers wanted to get better control over the supply chains of their products which, amongst other mechanisms, which in Europe resulted in the development of the EurepGAP²⁸ standards for fruits and vegetables (Vaessen, appendix B. 9, p. 74). In order to avoid risks and satisfy to demands of their customers in the retailer sector, Ahold found that all their suppliers in the agribusiness sector should be introduced to the standards of Good Agricultural Practices (GAP). Within the coffee department, this initiated the first concrete steps to develop a new certification model, which could be implemented on a large scale in the coffee value chain. In the years prior to the development of Utz Kapeh, ACC had been actively working on establishing close trade relations with one of their suppliers in Guatemala. Among other things, they had built a school to provide education for the children of the farmers, which was a relative novelty as industry player felt that they became involved in the work of development agencies.

In collaboration with ACC's supplier in Guatemala the initial code of Utz Kapeh was designed in 1997. This initial code basically included the GAP standards combined with the International Labor Organization (ILO) standards, as well as an environmental aspect specifically addressing issues in the coffee sector. Furthermore, some general elements, which were also included in the code of Rainforest Alliance, were added to the code making it an all-encompassing certification system. (de Groote, appendix B. 11, p. 89). Moreover, in comparison to "[...] Fair Trade's in-or-out standard on mainly social issues, the more complex system of Utz Kapeh is considered necessary to cover the many different social and natural environments involved" (Ingenbleek & Reinders, 2012, p. 8). More important however, unlike Max Havelaar, Utz Certified takes a more business-to-business approach, in which productivity- and quality improvements are the central focus of this model (de Vries, appendix B. 8, p. 61).

The latter has been caused by the fact that in the development phase of the new code, Utz was purely a private sector initiative. It was not until the moment that Utz completely separated from Ahold that it gathered the financial support of Solidaridad and other well-known civil society organizations in the Dutch coffee sector (de

²⁸ In 2007 the EurepGAP was renamed and reorganized into the GlobalGAP

Groote, appendix B. 11, p. 89). Considering the fact that Solidaridad had established Max Havelaar it was a remarkable but a important step in the development of sustainability standards in the Dutch coffee sector (Ingenbleek & Reinders, 2012). One of the founders of Max Havelaar and representative of Solidaridad, Nico Roozen, however emphasized “[...] that you can’t turn Max Havelaar into a mainstream system. DE would never accept that. For its core product, a system should be implemented for which price setting is not free because of a minimum price guarantee. In a competitive market, this would be impossible for such a company. They would be competed out of the market during times of price crises” (Ingenbleek & Reinders, 2012). Utz Certified, however, was designed as a system of certification for the mainstream coffee market, with a strong focus on productivity and efficiency to ensure sustainable development.

One of the main reasons why Utz Certified became immediately very influential can be led back to the fact that two large retailers in the Netherlands, Albert Heijn and C1000, adopted Utz to stimulate the ‘sustainable’ image of their brands, in which coffee functioned as a important aspect in their Corporate Social Responsibility (CSR) strategy (Ingenbleek & Reinders, 2012). In 2002, Utz Kapeh entered the market when Ahold’s supermarket chain AH decided to put Utz coffee in the blends of their private label, Perla coffee. Founder of Utz Certified, Ward de Groote, clearly emphasized that if AH would not have stepped into Utz it had never entered the mainstream market. As stated in the 2006 Barometer of the Coffee Coalition, “[i]n 2003, Utz Kapeh could supply enough coffee to the Ahold Coffee Company that the latter could label its Perla coffee ‘Utz Kapeh Certified’” (Coffee Coalition, 2007, p. 6). In addition, also C1000, another large player amongst the Dutch supermarkets, switch to Utz Certified coffee in its own coffee brand. Altogether, the introduction of Utz certified in the coffee market proved to be an important innovation in the process of sustainable development in the Dutch coffee sector.

5.4.2 Cooperation between Douwe Egberts and Utz Certified

As the third largest coffee roasters worldwide, the Dutch market leader, DE, was pressured by civil society organizations to respond to the coffee crisis in the early 21st century. In order to promote sustainable development within their supply chain, the company, therefore, decided to set up its own foundation, the DE Foundation, (Kolk, 2012). With an annual budget of €1.2 million the Foundation started to set up projects in Uganda, Brazil, and Vietnam, through which the conditions within farms and cooperatives in producing countries had to be improved. Initially, as pointed out by program manager of the DE Foundation, Don Jansen, the foundation basically tried to copy the work of other NGOs by working on schooling, food-security, health, and poverty reduction. However, they quickly found out that the relatively small foundation could not take such a wide approach. It was, therefore decided to focus strictly on the coffee sector and the coffee chain and cooperating with local as well as international NGOs, such as Solidaridad and Oxfam. In doing so, the involved farmers are provided with schooling on agricultural practices in Farmer Field Schools (FFS). As of today, the foundation has eight ongoing projects in the local coffee and tea sector in nine different countries in Southern America, Africa, and Asia (DE Foundation, 2012). Through these projects “[...] the DE Foundation has reached over 21,000 coffee and tea farms and over 130,000 people in communities around the world” (DE Foundation, 2012). Various

other roasters in the Netherlands have copied this initiative and also set up their own foundation, such as the Tierra Nova Foundation (Simon Lévelt) or the Peeze Foundation, through which they aim to enhance the social and economic living conditions of the smallholder coffee (and tea) farmers.

Nevertheless, due to the increasing sense of responsibility and the competitive advantage of engaging in certified coffee, DE saw the need to become involved in one of the existing certification initiatives (Ingenbleek & Reinders, 2012; Kolk, 2012). One can argue that DE's decision to get involved with Utz was rather surprising, since Utz had a relatively strong connection to Ahold and Albert Heijn, being one of DE's major competitors in the Dutch retailer sector. Nevertheless, as various respondents have indicated, on the international market other large players, such as Kraft Foods and Procter and Gamble (P&G), had committed themselves to respectively Rainforest Alliance and Fairtrade, making it for DE more interesting to become involved with a certification initiative which has its roots in the Netherlands (Giovannucci & Ponte, 2005). In 2004, once Utz had become an entirely separate organization and its 'Ahold identity' had faded away, DE stepped into the initiative. Altogether, the decision of two major players in the Dutch coffee market, Albert Heijn and DE to offer Utz coffee has been a crucial aspect in the process of sustainable development in the Dutch coffee sector.

5.4.3 Growth of certification initiatives in the aftermath of the coffee crisis

In the aftermath of the coffee crisis at the start of the 21st century, the issue of sustainable development became broadly accepted within the coffee industry in coffee consuming countries. This also enhanced the popularity and growth of a wide range of certification and verification initiatives in the Dutch coffee sector. Apart from the increased attention for Utz Certified and Fairtrade, another important certification initiative, the US-based Rainforest Alliance, was introduced in the Dutch coffee market (Ingenbleek & Reinders, 2012). The Rainforest Alliance certification system has been developed in the United States as a forestry certification system, known as 'Smartwood', which had been launched in 1989. In 1991 it adapted its certification system and label to the banana industry and in 1995 Rainforest Alliance implemented its certification system and label for the coffee industry. Overall it has a strong focus on biodiversity and is an important player in the US coffee market. Rainforest Alliance also entered the Dutch market via the retail sector in 2006, when the supermarket chain Super de Boer "[...] committed itself to use 30% of Rainforest Alliance coffee in part of its own brand blends". (Coffee Coalition, 2007, p. 7). Nevertheless, in comparison to Utz Certified, Rainforest Alliance has not managed to acquire a large market share in the Dutch Coffee sector.

Apart from the retail sector, the out-of-home market also became an important driver for the growth and success of sustainability initiatives in the Dutch coffee sector. The demand for 'proven' sustainable coffee in this out-of-home market started to grow and certification was considered to be a useful tool also from a marketing perspective (Jansen, appendix B. 4, p. 30). The introduction of new certification initiatives in response to the coffee crisis had a huge impact on the entire sector, which is shown by the rapid increase of the percentage

certified coffee in the market from approximately 3 percent in 2000 to almost 30 percent in 2006 (Coffee Coalition, 2007; Tropical Commodity Coalition, 2009).

Another initiative, which was launched within the international coffee industry in response to the coffee crisis, was the Common Code for the Coffee Community (4C) Association. The 4C association provided a round-table for (large) players in the coffee industry, in which the 4C Code of Conduct was developed, entailing a set of 'baseline standards' for the sustainable production of coffee (4C Association, 2009). Rather than working with a system of certification, 4C work with "[...] an internal monitoring system rather than relying on external verifiers and/ or third party guarantees" (Tropical Commodity Coalition, 2009, p. 4). Within the multi-stakeholder collaborative environment of the 4C association, it is being argued that a set of minimum standards for the global coffee market would ensure that the sustainability is being addressed on a large scale in the entire value chain and that it provides a benchmark in the process towards 'higher' standards (Kuenkel, Fricke, & Cholakova, 2008).

Even though a number of important players in the coffee industry, such as Kraft Foods, Tchibo and Nestlé, have committed themselves to 4C, within the Dutch coffee sector this initiative has received quite some critique due to its slow process of implementation and lack of concrete action (Tropical Commodity Coalition, 2012b). On the one hand, some argue that the 4C Association is nothing more than a marketing and CSR tool, through which companies can scream from the sideline but take no concrete measure. On the other hand, others have argued that with the commitment of more than half of the coffee industry, in terms of market share, it does have the potential to become a strong "[...] pre-competitive platform that promotes all sustainability coffee standards aiming to create synergies and increase efficiency of services. It aims to become the network for actors working on sustainability in the coffee sector" (von Hagen & Alvarez, 2011, p. 20). Nevertheless, 4C is mainly and important player in an international context rather than specifically in the Dutch coffee sector.

5.5 Towards multi-stakeholder cooperation

A majority of the industry players in the Dutch coffee market had, following the coffee crisis, committed themselves to certification initiatives. Nevertheless, a wide variety of stakeholders in the sector also realized that sustainability in the mainstream coffee sector had to be perceived as an ongoing process rather than a one-time investment. Initially there were only a few roasters who knew about the importance of sustainability in their company policies, currently there is no roaster who does not communicate about their 'sustainable' production processes and company policies (Koelemij, appendix B. 6, p. 49). Moreover, since 2006, sustainable development has acquired a central position on the industry's agenda (De Vries, appendix B. 8, p. 62).

Within the Dutch trade association of coffee roasters, the discussion about certification triggered a wider discussion about a common policy towards sustainability and sustainable development. Initially, the differences in perception, among the members of the association, towards sustainability issues were relatively big. Nevertheless, continuous collaboration in a pre-competitive manner led to a common agreement of the problems at hand. Various respondents have indicated that the KNVKT has become a platform for collaboration and

knowledge sharing and as the sector it has developed strong connection with stakeholders, such civil society and the government. Van den Bosch illustrates the latter by arguing that “we are each other’s competitors in the market, but we have learned from experience that we collaborate in the area of sustainability”²⁹, in such a way that different players can complement and reinforce each other rather than being distrustful towards competitors (appendix B. 7, p. 59). This pre-competitive approach has stimulated the development of a coherent policy within the trade association, which has, as a consequence, enriched discussions with other stakeholders and established access to subsidies (de Vries, appendix B. 8, p. 62).

Once the issue of sustainable development gained importance on the industry’s pre-competitive agenda, there has been the focus multi-stakeholder cooperation between the industry and civil society organizations, in which the ‘Tropical Commodity Coalition’ (TCC) played a crucial role. Throughout the first decade of the 21st century, the coalition of civil society organizations and labor unions went through a process in which the strategy changed from being an active campaigner to being a watchdog (van Reenen, appendix B. 3, p. 13). Through various reports and barometers, in which the TCC analyzed the ‘state of sustainability’ in the Dutch coffee sector, it continuously engaged and motivated industry players to take their responsibility and commit themselves to codes of conducts and certification initiatives were closely followed. Consequently, the organization changed its strategy from being a campaigner and a watchdog of the industry during the coffee crisis years towards becoming a knowledge broker and discussion partner. The TCC became a cooperative partner for industry players and a multi-stakeholder platform, which kept the discussion about sustainability on the agenda (van Reenen, appendix B. 3, p. 12).

The strong focus on multi-stakeholder cooperation within the Dutch coffee sector has, throughout the past decade, created a constructive tripartite relationship amongst industry players and public actors, and civil society organization. A multitude of respondents have indicated that the multi-stakeholder collaborative approach is a key asset and driver of the Dutch coffee sector in stimulating the process towards sustainable development. The latter is verified by Giovannucci and Ponte (2005, p. 284), who argue that “[i]n the former age of national capitalism, the achievement of market fairness was embedded in a normative framework generated by government, labor unions, and perhaps religious authority. In the current age of global capitalism, new actors such as NGOs, industry associations and public–private partnerships provide the normative framework that corporations use for social legitimacy”. This process is exactly how, in the first decade of the 21st century, the Dutch coffee sector has moved towards a multi-stakeholder approach to enhance sustainable development.

This chapter has analyzed and explained the process of how the issue of sustainable development historically has gained importance for stakeholders in the Dutch coffee sector. The discussion has been structured according to the specific contextual layer of the CIT model, which include the previous decisions and specific case circumstances as indicators to explain the process. A number of key aspects can be highlighted in the process of

²⁹ We zijn elkaars concurrenten in de markt, dat weten we, maar we hebben uit ervaring geleerd dat als we samenwerken op het gebied van duurzaamheid dat de marktpositie in de weg staat en dat vertrouwen ik denk dat ze daar in andere landen en in andere sectoren nog aan het begin staan.

sustainable development within Dutch coffee sector. For instance, the introduction of Max Havelaar/ Fairtrade in the aftermath of the regulated coffee market has provided an innovative and alternative way to guarantee a 'sustainable' income for coffee farmers, via a system of certification. However, the discussion about 'sustainable' and 'fair' coffee can be traced back until the late 1960s when the third world movements and shops spread throughout the Netherlands. 'Fair' coffee was introduced in the early 1970s and proved to be a product through which a political message could be spread since spread within this network of alternative trade, which was highly connected with religious groups and churches throughout the Netherlands. Nevertheless, the sales of 'fair' coffee through the network of World Shops as well as the introduction of Max Havelaar certified coffee in the Dutch coffee market only managed to reach a relatively small niche rather than the entering and changing business in the mainstream coffee market. This would to some extent change when, in the early years of the 21st century, the coffee crisis in the global coffee industry, and subsequent responses from various stakeholders, revealed the pressing need to stimulate sustainable development at the beginning of the coffee value chain. This has triggered a multi-stakeholder approach to sustainable development throughout the entire value chain of Dutch coffee. This historical process has provided ample of input for the following chapter, in which I will discuss how the multi-stakeholder governance arrangements are currently in place and contextualize the process of sustainable development in the Dutch coffee sector.

6. Multi-stakeholder governance in the Dutch coffee sector

The previous chapter has provided a clear benchmark to analyze the current governance context in which stakeholders within the Dutch coffee sector operate to stimulate sustainable development. This chapter will, therefore, explain the contemporary governance arrangements regarding sustainability in the mainstream Dutch coffee sector, which will be guided by the following research question:

How does the current governance context enhance the process of sustainable development in the Dutch coffee sector?

The structural contextual layer of the CIT model provides an appropriate framework to analyze the current governance arrangements, which are in place to 'steer' the sustainability efforts in the Dutch coffee sector. This governance layer contains five elements (*section 4.3.2*), including governance levels and actors in the policy network, problem perception and objectives, strategies and instruments, and resources for implementation. These elements have structured the analysis and accordingly this discussion. However, due to their strong interrelation and overlap, the first two elements (levels and actors) as well as the last two (strategies and instruments, and resources) will be merged.

6.1 Multi-level and multi-actor governance arrangements

The issue of sustainability in the contemporary global coffee industry is an all-encompassing concept involving a wide variety of governance levels, ranging between sustainable public procurement issues in small municipalities and large global initiatives. Moreover, throughout the last decade, the latter is being stimulated by new forms of governance concepts such as pre-competitive cooperation or public-private partnerships, which identifies the multi-stakeholder governance arrangements in the drive for sustainability within the Dutch coffee sector.

In the current governance arrangements, as will be discussed below, all sectors are cooperating through a variety of sustainability initiatives. Nevertheless, within the multi-stakeholder approach, each specific actor has their own interests and objectives leading to rather complex governance processes. The following subsections will discuss the position of stakeholders from the private- and public sector, and civil society organizations in the governance arrangements. However, specific sustainability initiatives, through which stakeholders cooperate with one another, will be outlined in more detail in subsequent sections.

6.1.1 Private sector

Whereas, multi-stakeholder cooperation has become a key asset of governance arrangements in the Dutch coffee sector, various respondents have stressed that in the end sustainability initiatives in the mainstream coffee market are driven by efforts of the private sector. Especially the large players in the market, often referred to as multinational corporations (MNC), "[...] play an important, if not critical role, given their prominence in international

trade and production, and their presence in multiple markets around the world. In the coffee chain, roasting and manufacturing MNCs occupy a pivotal ‘intermediary’ position between producers and end consumers” (Kolk, 2012, p. 80). The latter is supported by Vaessen, who stresses that “sustainability is mainly picked up by the private sector, either being producers, traders, roaster, or the various sustainability initiatives [e.g. certification and verification]³⁰ (appendix B. 9, p. 75). Moreover, the importance of the issue of sustainability in the private sector, can also be concluded from the fact most roasters, both large as well as small, have sustainability managers in their organization, who set out the organization’s sustainability policy and are often actively involved in sector-wide discussions about ongoing issues regarding sustainability. For industry players it is very important to be up to date about trends and developments regarding the different certification initiatives, national legislation, as well as upcoming campaigns of NGOs (van den Bosch, appendix B. 7).

Nevertheless, one should also recognize that it largely depends on the specific company whether sustainability is seen as a marketing issue or as a long-term strategic issue to ensure supply security (van Reenen, appendix B. 3, p. 16). Various respondents have emphasized, it is important that industry players increasingly see sustainability as a qualifier to do business and, therefore, invest in sustainability in their internal and external production processes. In an international context, “[t]here are some companies who [...] are progressive and see it as a competitive advantage and use it to cut costs, and there are some companies which are more short-sided and say ‘ok we don’t put money in anything’” (Kwan, appendix B. 2, p. 10). However, in the coffee industry many (coffee) brands have embraced principles of sustainable development, since they do not want to be associated with issues such as large scale deforestation or coffee farmers, who live below minimum standards (as stated in Depuydt & Somers, 2011).

In addition to individual activities and collaboration of private actors with certification initiatives in the Dutch coffee sector, it is also noteworthy to emphasize the strong emphasis on collaboration and cooperation among private actors, which are inherently each other’s competitors. Kolk (2012, p. 81) emphasizes that, in the process towards mainstreaming sustainable coffee, cooperation among private actors is of utmost importance, yet it also leads to “tensions between cooperation and competition and profitability and responsibility”. Multiple respondents and experts have recognized that sustainability in the global coffee sector can only be effectively achieved through various (inter)national pre-competitive platforms, such as trade associations, and multi-stakeholder sustainability programs (e.g. 4C, IDH). In terms of pre-competitive cooperation the Dutch coffee sector should be seen as pioneer among trade associations in the coffee sectors throughout Europe.

The trade association for coffee in the Netherlands, the KNVKT, as recognized by nearly all respondents, plays a central role and catalyst of the private sector in the sustainability discussion in the Dutch coffee sector. De Vries, amongst others, emphasizes that, since 2006 sustainability has taken up an important place of the association’s agenda, which has made the KNVKT an important platform through which private actors cooperate and stimulate sustainability (appendix B. 8, p. 62). The latter has been a very important source of inspiration for the individual

³⁰ De realiteit is dat in de dagelijkse praktijk duurzaamheid vooral is opgepakt door de private sector, of dat nu producenten, handelaren of branders zijn of de diverse duurzaamheidsinitiatieven.

members of the KNVKT as well as for the market and consumers and other stakeholders, such as governments and civil society organizations (Koelemij, appendix B. 6, p. 47). Especially in comparison with other trade associations, sustainability is strongly 'top-of-mind' within the Dutch coffee sector and, consequently deeply embedded as an important issue on the KNVKT's agenda (van Reenen, appendix B. 3, p. 19; de Vries, appendix B. 8, p. 63).

The declaration of intent (DOI), which has been signed on November 9, 2010, can be seen as an important instrument, which identifies the most important points of action to strive for sustainable development throughout the entire value chain, including: origin, transport, production and consumption³¹. In order to set a milestone, the declaration specifies the aim to ensure that by 2015 three-quarters of the coffee, which is sold and consumed in the Dutch market, is sustainably sourced. This DOI is a sector-wide initiative, which is signed or supported by key actors from the private-, public, and third sector. It is therefore a noteworthy example of the way in which a clear vision and a set of targets are set to ensure the continuity of sustainable development in a long-term perspective.

Moreover, in the context of this DOI, the KNVKT actively stimulates pre-competitive cooperation among private actors. The latter is mainly facilitated via its expert group on sustainability, which is comprised of members of the KNVKT. The strength of the expert group is that "[c]ompanies act as *pilot owner* in which results can directly be shared with colleagues. By creating ownership, the companies have a stronger sense of responsibility, and greater involvement" (Agentschap NL, 2012). The chair of this expert group emphasizes that throughout the last decade the industry players have become a lot less distrustful towards one another, which has made it possible that competitors openly discuss issues regarding sustainability throughout the value chain and work common solutions, approaches, and projects (van den Bosch, appendix B. 7, p. 59). Within the context of sustainability at the producers level, the KNVKT, supported by the 'expert group sustainability', is working on various sustainability themes, including educating of farmers, economic diplomacy, footprint reduction in coffee production, and impact measurement of sustainability initiatives.

6.1.2 Public sector

Since the collapse of the ICO quota system in 1989 and the development of the deregulated coffee market, has the role of (inter)national government to 'steer' the global coffee sector considerably changed. As a consequence, the national government's role as a regulator has in the context of the free market of global coffee trade considerably changed. According to Koelemij, the issue of sustainability has entered the agenda of political parties and public institutions, but it is approached in a different way than within the industry and among commercial players (appendix B. 6, p. 46). Currently, the role of the public sector actors can be described from three different perspectives, namely the role as facilitator, coordinator, or as a purchaser in the context of public procurement. These three roles of the public sector are, as will be discussed below, very different and the way in which the specific actor approaches the issue largely depends on the specific governance level.

³¹ A copy of the DOI can be found in appendix A. 4

First, the role of the government is by various respondents described as facilitative, in the sense that it has been providing subsidies and stimulate 'sustainable' behavior within the private sector. In certain fields, as a key policy coordinator within the Dutch Ministry of Economic Affairs³² argued, the industry is making more or faster progress than the government in promoting sustainability, which is good since the private sector has a primary responsibility. Consequently, as she continued, "[...] the government should not be a hindrance, but it should operate as a facilitative power"³³ (Wassink, appendix B. 5, p. 39). The latter can be done in multiple ways, such as setting up and carrying out research or by encouraging experts to cooperate and discuss ongoing issues. Furthermore, the government has the financial means to facilitate multi-stakeholder sustainability initiatives. For instance, in the historical development of sustainability in the mainstream market, the government, through its developmental aid policies, has facilitated money flows to support the establishment of sustainability initiatives in the Netherlands. Most noteworthy is the fact that Max Havelaar and Utz Certified have directly or indirectly received subsidies from the government to promote their activities (appendix B. 9, p. 74). In the current context, an important example is the government's engagement is the Sustainable Trade Initiative, as will be discussed in more detail below.

Another important task in the government's facilitative role is attributed to the various Dutch embassies in the coffee production countries, which facilitate the means to stimulate local food security projects (Wassink, appendix B. 5, p. 41). Whereas in the past projects as such were solely coordinated by MNCs and international development organizations, such as Oxfam, Solidaridad or the World Bank, currently this is also being coordinated through the embassies at local levels in the production countries. Nevertheless, the downside of the wide range of private-, and (semi-)public stakeholders, which are involved in the process of sustainable development, inevitably causes fragmentation as well as a lack of overview and structure in the sustainability projects. Various ministries, including the ministry of Economic Affairs, the Ministry of Foreign Affairs, and the Ministry of Aid & Development³⁴ are actively involved in the international coordination of these efforts, which leads us to the government's role as a policy coordinator.

Second, through economic diplomacy the government carries out its role as a policy coordinator at multiple (international) governance levels. This entails that government representatives take up a seat in numerous international organizations. For example, within the European Union (EU), the Netherlands is represented in the Council Working Party on Commodities (PROBA), in which the positions of the EU members regarding commodity issues are being coordinated (Wassink, appendix B. 5, p. 41). Furthermore, in the context of multilateral governance for sustainability in commodity value chains, the Dutch government is involved in international organizations, such as the Food and Agriculture Organization (FAO), which has a specific Committee on Commodity Problems (CCP), the United Nations Conference on Trade and Development (UNCTAD), the Organization for Economic Co-operation and Development (OECD), the Common Fund for Commodities (CFC), and the International Coffee Organization (ICO).

³² Ministerie van Economische Zaken

³³ "En dan moet de overheid dus niet als hindermacht, maar als [...] faciliterende macht aan het werk".

³⁴ Ministerie van Economische Zaken, Ministerie van Buitenlandse Zaken, Ministerie van Ontwikkelingssamenwerking

The importance of international coordination through the multilateral institutions is that these institutions aim to find a combination between, on the one hand, many small projects and programs, and, on the other hand, powerful mechanisms and institutions, which can stimulate a certain policy direction (Wassink, appendix B. 5, p. 37). Generally speaking, the Netherlands is, both in financial support as well as in physical presence, extremely involved and listened to in many different committees for commodity value chains. Various respondents have applauded the fact the government makes various resources, such as money and expertise, available to stimulate and guide processes towards sustainability, which consequently leads to active knowledge sharing among stakeholders.

Even though a wide variety of different international organizations deal with sustainability in commodity value chains, various respondents have emphasized that this does not mean that it is an easy issue to be addressed. For instance, within the ICO sustainability has always been a difficult topic, since some of its member countries consider sustainability initiative as an "illegitimate trade barrier" (Vaessen, appendix B. 8, p. 75). In 2002 the initiators of the 4C association tried to place their initiative under the umbrella of the ICO. Nevertheless, "[...] vigorous protests of some producing countries against discussions over social and ecological aspects in relation to trade issues, excluded this idea as an option" (Kuenkel et al., 2008, p. 5). Only recently, the issue of sustainability is starting to receive more attention within the ICO, as it has started to organize seminars about certification and its benefits for producers. In reality, this defensive attitude of the international commodity council for coffee, has caused that the issue of sustainability is mainly picked up by the private sector, being producers, traders, roaster, or the diversity of sustainability initiatives. Nevertheless, the ICO offers a strong platform where both producing and consuming countries are represented, which makes it an influential organization (Kwan, appendix B. 2, p. 7). In addition to the ICO, also within the EU it is very difficult to address the issue of sustainability. De Vries, for instance, argued "[...] I would not know who to call if I want to discuss some specific issue about coffee. You need to talk with many different DGs; from CSR to environment, economic affairs, social affairs, you name it. This causes a slowdown of the process and a situation in which different authorities contradict one another" (appendix B. 8, p. 69)³⁵. Overall, as various respondents have indicated, there is a lack of coherence among various international governance levels, which has a negative influence on the process of sustainable development in the production countries.

Nevertheless, a majority of the respondents also pointed to the fact the government is often running behind developments and insights of the industry. A majority of legislation and (international) agreements, which are affecting the coffee industry, are, for instance, non-binding and voluntary (van den Bosch, appendix B. 7, p. 55). To complement these, governments could increasingly work with countries of origin in embedding sustainability in a local context and in cooperation with local institutions. To achieve the latter, there is an important role to play

³⁵ Als we moeten aanbellen in Europa bij een bepaalde DG, ik zou niet weten waar we aan moeten bellen als we echt iets heel specifiek over koffie willen bespreken. Dus je moet met heel veel verschillende directoraat-generale praten; van CSR naar environment naar noem het allemaal maar op; economic affairs, social affairs, om het goede woord is koffie kwijt te kunnen. Dat zorgt voor stroperigheid, maar het kan ook heel goed dat verschillende overheden elkaar tegen spreken en dat doen ze ook met enige regelmaat, dus ik denk dat daar echt wel een uitdaging ligt.

for the Dutch government by effectively making use of its economic diplomacy (De Vries, appendix B, 8, p. 68). Nevertheless, in the context of the current political and economic climate, as various respondents have argued, the increasing cuts in development cooperation of the Dutch government is negatively affecting the industry's ability to effectively address sustainability issues in the production countries.

Third, various respondents and scholars have recognized the important role of public institutions as a 'responsible' purchasers and, thereby an important economic actor. Whereas in many countries sustainable procurement in all departments and level of government is stimulated through voluntary approaches, "[i]n the Netherlands, this has recently been replaced with a mandatory approach, thus tactically using its dominant position in many product markets to leverage a breakthrough for sustainable products" (Vermeulen & Kok, 2012, p. 185). Through Sustainable Public Procurement³⁶ (SPP) policies, all public institutions are required to take environmental and social aspects into account in their procurement, thereby setting an example for citizens (NL Agency, 2011b; appendix B. 12, p. 104). More specifically, the latter entails that the national government has committed themselves to 100% sustainable purchases of its goods and services by 2015 on a national, regional (provinces and water boards), and local level. This objective, which are designed on a European level, means that a public institution considers a variety of "[...] sustainability criteria in all its tendering and procurement processes and also guarantees that these will be included in the resulting contract" (NL Agency, 2011b). The SPP policies have had a positive impact on the popularity of 'fair' or 'sustainable' coffee among a variety of public institutions at lower governance levels. G. Fridell (2004b, p. 146) explains "[i]n the Netherlands, fair trade drinks are offered at many schools, the majority of Dutch municipalities, many government ministries, and the Dutch Parliament". The 'sustainable' behavior of public institutions, consequently, has a considerable impact that the share of sustainable certified coffee in the out-of-home market in comparison to the consumers market. Even though there are no clear figures about this, various respondents have indicated that the biggest part is out-of-home, since these public institutions can calculate these extra costs within the budget.

Generally speaking, the government's SPP policies create relatively clear sustainability targets, which they are also actively trying to meet. Moreover, procurement policies also contribute to the collective goal of increasing the share of sustainable certified coffee in the Dutch market (de Vries, appendix B. 8, p. 69). On a European level, the Netherlands is, together with Norway, Sweden and the UK, considered as a front-runner on SPP, due to its "[...] long-standing policies with compulsory elements, elaborate criteria schemes and institutionalized, proactive capacity-building efforts" (Kahlenborn, Moser, Frijdal, & Essig, 2011, p. 51). Nevertheless, the same policies have also caused considerable criticism, and have even led to legal disputes between DE and the state, as will be discussed in more detail below.

Apart from national policies, public institutions on lower governance levels also promote sustainability behavior among citizens through the facilitation of local World. For example, various World Shops have been receiving subsidies or do not have to pay rent for their accommodation within a municipal building (appendix B.12, p.104).

³⁶ In this context the terms Green Public Procurement and Sustainable Public Procurement will be used interchangeably.

In addition, some municipalities support initiatives such as 'Fairtrade Towns' (*Fairtrade Gemeenten*). The concept of Fairtrade Towns, which has been initiated in the UK in 2001 and introduced in the Netherlands 2007, entails that, within a municipality, local government, businesses and organizations, and local retailers as well as bar and restaurants, actively stimulate Fairtrade in their communities (Fairtrade Gemeenten, n.d.). The latter shows how public institutions at all scales and levels try to stimulate sustainable development within their own authoritative jurisdiction.

6.1.3 Civil society organizations

The active involvement of the relatively large body of civil society organizations (e.g. NGOs) in the Dutch coffee sector has had a large impact on the shift towards sustainability among both public as well as private actors. Throughout the last decade a large majority of NGOs in the coffee sector organizations went through a process in which they changed from being a campaigner towards being watchdogs, and they are currently actively involved in the process of multi-stakeholder cooperation as knowledge-brokers and partners of the industry. The large platform of NGOs in multi-stakeholder governance arrangements have strongly enriched discussions and enhanced the insights, improvements and effects of various sustainability platforms and initiatives (van den Bosch, appendix B. 7, p. 54). In addition, as van den Bosch continuous, even though that can be extremely annoying at times, NGOs take up a very important position in the sector, since they trigger the industry to be cautious and make sure they can answer the critical questions of NGOs. Moreover, the fact that NGOs are closely involved in the process and contribute to the discussions on how progress in the sector can be established is also what makes the Dutch context quite unique (Wassink, appendix B. 5, p. 38). Moreover, the presence of Dutch NGOs at international meetings, as various respondents have argued, is noteworthy, which also makes them quite influential in the agro-commodity trade sector.

Even though some of the member organizations of the TCC (e.g. Solidaridad and Oxfam) had been closely involved in the development of certification initiatives, within the TCC it was commonly agreed that certification is not the ultimate solution to enhance sustainability (van Reenen, appendix B. 3, p. 15). It should just be seen as only one of the instruments to make the chain more sustainable. However, due to the development of these initiatives, the industry was triggered to consider sustainability as an important issue and certification remains to be the only way through which sustainability can be 'measured'. While the TCC became an important player within the Dutch coffee sector, as of the beginning of this year the TCC is not operational anymore. Van Reenen explains that one of the reasons that the coalition had to stop was due to the lack of financial support due to budget cuts among its members. The latter has been caused by the current economic and political context, which has created considerable insecurity and unrest among NGOs in the Netherlands. In addition, the focus of the various members was not specifically on coffee, tea and cocoa anymore, but more on thematic issues (van Reenen, appendix B. 3, p. 12). As a consequence, the members decided to close its doors causing an unexpected yet inevitable sudden death for the TCC.

Various respondents have emphasized the important role of the TCC, as discussion platform and knowledge broker in mainstreaming sustainability in the coffee sector and has been able to put important issues on the agenda of the industry and the government. What is more, a government stakeholder has argued that the “TCC catalyzed the public dialogue around the alignment of certification systems, both through public events and by informal meetings with industry and standard bodies” (Tropical Commodity Coalition, 2012c, p. 26). Also on an international level, within the 4C association, the latter has been recognized for playing “[...] an important role in triggering the discussion on sustainability in the coffee sector and challenging industry players to scale up their sustainability efforts” (Tropical Commodity Coalition, 2012a).

In addition to being a discussion platform, the TCC carried out its task as a watchdog and knowledge broker for the industry its widely-known Coffee Barometers. In these reports, which have been published in 2006, 2009, and 2012, the Coffee Coalition or respectively the TCC closely monitored the commitments, or the lack of it, of large industry players. This instrument has been an important point of reference for many stakeholders in the sector. The constructive collaboration between the industry players and the TCC, consequently, led to improvements in the accuracy of documentation about sustainability in the sector (de Vries, appendix B. 8, p. 63). As a result, various industry players were keen to show their commitments and achievements in the Barometer, thereby using it to find recognition for their efforts (van Reenen, appendix B. 3, p. 14).

However, now that the TCC does not exist anymore, it has yet to be seen whether other initiatives will take over this task and are able to provide an accurate overview of developments in the certified coffee market. Even though it is commonly agreed that the involvement and role of civil society organization is important in the process of sustainable development within the sector, it can also be argued that NGOs often blow with the wind and focus on the issues with which they can assure access to subsidies. The fact that the biggest issues in the coffee sector had been tackled throughout the last decade has caused a shift of focus among the NGOs to different issues. Consequently, due to the various strong commitments of industry players it is difficult for NGOs to campaign against the coffee sector (de Groote, appendix B. 11, p. 95). Nevertheless, it is likely that NGOs will actively trace the developments of the private sector towards the achieving these commitments.

6.2 Problem perceptions and objectives

Whereas governance arrangements in the Dutch coffee sector have a strong focus on multilevel- and multi-actor cooperation, it is not to say that the perceptions and objectives regarding ongoing issues are always in line. Due to the lack of an all-encompassing definition of sustainability³⁷, stakeholders tend to focus on the process of sustainable development and often refer to the economic, environmental and social criteria as key elements of this process. Generally speaking, a vast majority in the sector, as Koelemij argues, agrees that farmers should get a good price for their coffee and use a production process which does not harm the environment (appendix B. 6, p. 48). The perceptual discrepancies, however, relate to the way in which different stakeholder find that these

³⁷ An in-depth analysis of sustainability as an ‘essentially contested concept’ can be found in appendix A. 5, p. 90.

processes should be achieved. For instance, whether farmers should get a minimum price (Fairtrade) or simply a price premium based on the world market price (Utz, RA). The same can be applied to environmental issues: where some argue that it is enough to recycle the water, which is being used in the production, and others find that no chemicals or pesticides can be used whatsoever. As a consequence, the economic, environmental, and social pillars of sustainable development continue to leave room for a wide interpretation of the issues at stake let alone for the most appropriate solutions.

To a certain extent, the lack of a common understanding of what a 'sustainable' situation entails, also explains the existence of the wide variety of certification and initiatives. Amongst industry players, each stakeholder has specific preferences and perceptions regarding sustainability issues, they, consequently, determine the most appropriate certification systems to match their perceptions or decide for a mix of various types. Although in reality their standards largely overlap in content, these initiatives differ in details and on their specific emphasis in with or in depth having their focus on either economic- (Utz), social- (Fairtrade) or environmental issues (Organic, RA), but also how they are positioned in the consumers markets³⁸. Moreover, due to the fact that existing initiatives are shifting focus by adding other product categories to their system, the market of certification is continuously developing and maturing. Currently, as will be discussed in more detail below, stakeholders are becoming increasingly focused on the 'proof of sustainability' in the sense that they want to know to what extent the certification system provide the desired effect.

Throughout the last decade, the perception to the sustainable development has changed considerably. Whereas in the beginning of the century, the industry were not all convinced about the added value of certification and the need to actively address the issue in the free-market, currently, sustainability is a 'hot' topic for supply chain managers as it becomes an extremely complex issue, which is crucially for long term supply security (van den Bosch, appendix B. 7, p. 54). Especially stakeholders in the industry now realize that on the long-term it is beneficial for everyone (Koelemij, appendix B. 6, p. 48). Overall, sustainability has evolved within the Dutch coffee sector from a 'satisfier' to a 'qualifier', meaning that it has become an important precondition for economic viability throughout the value chain (de Vries, appendix B. 8, p. 69).

Albeit these positive developments in the sector, one should also recognize multi-stakeholder settings always include a wide range of interests, roles and insights, which can be both complementary but also conflicting (van Reenen, appendix B. 3, p. 19). Generally speaking, the main issues, such as the effects of climate change, the social conditions of farmers, are relatively clear and the overall goal is to ensure continuous supply of coffee in a sustainable manner (van den Bosch, appendix B., 7, p. 57). However, the specific way in which these issues are being tackled largely depends on the particular stakeholder. It makes sense that in processes, as such, civil society organizations represent the interests of farmers from an idealistic perspective, while the roasters are more focused on the business case, which will ensure that their investments create the desired results. The cooperation among a large variety of stakeholders in the coffee sector has, altogether, led to a better understanding and a more coherent approach to the issues at stake. Various respondents have emphasized that

³⁸ An overview of the differences between the four main certification initiatives can be found in appendix A. 1, p. 85.

this has enhanced a sense of trust among stakeholder in the sector and the stimulated the ability to understand the points of view of other stakeholders, rather than keeping a closed-mind on issues.

In contrast to the fact that the large variety of stakeholders in the Dutch coffee sector generally complement and strengthen one another in the process towards sustainable development, it should also be recognized that some difference in problem perception and objectives regarding sustainability have led to severe issues between public and private stakeholder in the Dutch coffee sector. Most notably one could highlight what different media called a 'coffee war' of in the out-of-home coffee market. The latter entails a series of lawsuits between DE and various provinces and municipalities about the inclusion of sustainability requirement in public procurement tenders for coffee in the public institutions³⁹.

6.3 Multi-stakeholder strategies, instruments and resources for implementation

The strong emphasis on cooperation among stakeholders is, in comparison to other countries or other sectors in the food industry, a very unique aspect of the Dutch coffee sector. In this governance context, stakeholders are able share the burden of responsibilities and resources for implementation among different parties. The following sub-sections presents an analysis of multi-stakeholder strategies and instruments, through which sustainability in the current governance arrangements, such as the Declaration of Intent (DOI), public instruments of co-funding, and public-private partnership, of the Dutch coffee sector are being addressed.

6.3.1 Declaration of Intent in the Dutch certified coffee market

Initiated by the KNKVT, in November 2010, the Dutch coffee sector, has signed a 'Declaration of Intent' (DOI), which has the overall aim to ensure that three quarters of the coffee, which is sold and consumed in the Netherlands, is sustainably certified (appendix A. 4, p. 84). Moreover, this instrument sets a clear overall target and commitment, which should trigger the entire sector to strive for continuous progress. In order to facilitate the process and trigger actual change a concrete action plan has been established by the industry players, through which sustainability projects are being initiated throughout the value chain. This has made the DOI an all-encompassing strategy and much more than a random non-binding policy tool. A vast majority of the interviewees referred to the declaration as an important instrument, with clear and necessary targets for the near future.

Whereas certification initiatives should not be considered as the ultimate mechanisms to stimulate sustainability, these standards do specify the sector-wide targets of the DOI. The latter, as argued by various respondents, is caused by the fact that certification initiatives, in the current global coffee industry, continue to be seen as one the most appropriate instruments to measure, quantify and communicate sustainability efforts throughout the value chain.

³⁹ An extensive discussion about these legal disputes, which was taken up to the highest legal court (ECJ) within the European Union, can be found in appendix A.9, p. 108.

Certification initiatives play an important role as governance instruments to promote sustainable development in the international coffee market. The diversity in standards currently available international coffee market clearly indicates the variety in perceptions and focus towards the wide (and essentially contested) concept of sustainability. Nevertheless, these initiatives all designed around a system of standardization and codes of conduct, through which the social-, economic-, and environmental conditions at farm level can be enhanced. The main certification initiatives present in the Dutch coffee market are, Fairtrade/ Max Havelaar, Utz Certified, EKO/ Organic, and Rainforest Alliance. As pointed before, Fairtrade as well as Utz Certified have been initiated in the Netherlands. Co-founder of Utz Certified, Lucas Simons, argues that the Utz has become success because the consumer is intentionally not directly targeted with this label. Simons continues to argue that an average coffee consumers in the Netherlands “[...] find it self-evident that, during the production of the coffee, enough effort has been put into the labour conditions and the environment” (Depuydt & Somers, 2011). Important to add is that on an international level two large roasters, namely Starbucks Coffee Company and Nestlé, have created their own private company standard, respectively C.A.F.E Practices and Nespresso AAA Sustainable Quality (Pierrot et al., 2011). Unlike Utz Certified and Fairtrade these two standards do have their roots in the Dutch coffee sector and, currently, do play a significant role in the Dutch coffee sector.

The most recent annual figures (2011) measuring the share of certified coffee in the Dutch market, indicate that 40 percent of the coffee can be considered to be ‘sustainable coffee’, which shows a steady increase in comparison with 2010 when the share of certified coffee in the Dutch market was 30 percent (appendix A. 3, p. 83). These figures illustrate that “the Netherlands is a frontrunner in terms of certified coffee and that we have been pioneers where other countries are lagging behind”⁴⁰ (appendix B. 6, p. 48). Especially Fairtrade/ Max Havelaar is strongly embedded in the Dutch society. Even though Utz Certified is in volumes of certified coffee the biggest player in the Dutch market, research showed that within Dutch society 98% of the adult population is familiar with the brand and label of Max Havelaar (van den Bosch, appendix B. 7, p. 52).

The fact that sustainability is sometimes measured by the percentage of certified coffee in the market can be seen as a limitation, since it is commonly agreed that these certification and verification initiatives are not the ultimate tools to enhance sustainability. Whereas, by means of certification the sector adheres and commits to its chain responsibility in the origin, however, this does not solve all the problems within the origin countries (de Vries, appendix B. 8, p. 66). The DOI has, therefore, a much wider underlying strategy than its main target implies. Namely, its goal is to approach the issue of sustainable development throughout the entire value chain, meaning that the involved parties take their ‘chain responsibility’ by including each step of the value chain in the strategy.

Nevertheless, the declaration has set huge ambitions for the sector set in times when commodity prices were not as high and we did not face the problems in demand of today, therefore it will not be an easy task to meet the goals (de Vries, appendix B. 8, p. 69). Even though the Netherlands might be one of the front-runners in terms of

⁴⁰ “[...] dat illustreert eens te meer dat Nederland op dat punt een koploper is geweest en pionier is geweest en dat andere landen daar achteraan sukkelen”.

sustainable development, the challenges are too big to handle by one stakeholder group alone or even by the Dutch coffee sector in general. As will be discussed in the next chapter, the leverage to stimulate continuous development is, therefore, increasing to be found at an international level through with stakeholders in and around the value chain.

6.3.2 Government initiated multi-stakeholder instruments

In its role as a facilitator of the process of sustainable development throughout the coffee value chain, the government can bring resources, in knowledge, experience and money, to the table through multi-stakeholder projects and round table discussions. Two important examples of public (financial) support instruments, to support and stimulate innovative investments projects in emerging markets, are the so-called Public Private Partnerships (PPP) and the Private Sector Investment (PSI)⁴¹. Both programs focus on a structure of co-funding, though which development projects are financed through private sector funds as well as subsidies of the Dutch government. Various respondents have stressed that the latter create a positive influence on the stakeholder ownership in the projects in producing countries. The DE Foundation, for instance, has been involved in a PPP together with (at the time) the Dutch Ministry of Economic Affairs, Agriculture & Innovation⁴² and the Rabobank Foundation to set up various sustainability projects in Vietnam (appendix B. 4, p. 27). In addition, Simon Lévelt, a SME in the Dutch coffee industry, has used the PSI program to financially support a sustainability project in Uganda (appendix B. 6, p. 49). In this project, a state-of-the-art coffee factory has been build, thereby making a significant investment in both sustainability and supply security in the origin of their value chain, which has directly benefitted 7.000 local farmers (NL Agency, 2011a). Multi-stakeholder sustainability projects, as such, are initiated quite often and are co-funded by industry investments, government subsidies, and involvement of local stakeholders in the producing countries, consequently making a significant contribution to sustainable development in the origin of the value chain. In addition, in June 2012, the Ministry of Economic Affairs, Agriculture & Innovation granted a so-called 'Green Deal' to the action plan of the KNVKT, with which the industry aims to achieve the sector-wide targets as set out in the DOI. The philosophy behind the Green Deals is that certain projects, which have been initiated in Dutch society, can use an extra push in order to increase the chances of success "[...] for instance by adapting certain law and regulation, supporting markets for new technologies, ensuring good cooperation and partnerships, and improving access to capital markets" (Verhagen, 2011, p. 1). Through the Green Deal, the Ministry of EL&I will stimulate and facilitate, for instance, the KNVKT's efforts to use the expertise of Dutch knowledge institutes to effectively and efficiently train coffee farmers, as de Vries explains.

⁴¹ Formerly known as 'Programma Samenwerking Opkomende Marketen (PSOM) (Program Cooperation Emerging Markets)', is a subsidy programme supporting innovative investment projects in developing countries. The objectives of PSI are to stimulate financial growth, create employment opportunities and generate income" (NL Agency, 2011b).

⁴² Under the previous cabinet (Rutte I) this ministry was known as the 'Ministerie van Economische Zaken, Landbouw & Innovatie'. In the current cabinet (Rutte II) this ministry has 'lost' the Agriculture & Innovation in the name.

6.3.3 Sustainable Trade Initiative's coffee program

Another important instrument is the recently developed coffee program within the consortium of the Sustainable Trade Initiative (IDH)⁴³, the scale on which this public-private partnership operates “[...] derives from the concept of working with private companies who bring in funds, entrepreneurship and procurement power, governments that add legislation, laws, regulations and funds, and civil society that brings in know-how, networks, local expertise and credibility” (IDH, n.d.-b). The main goal is to mainstream sustainability in a wide variety of commodity supply-chains, thereby having a positive impact on the Millennium Development Goals⁴⁴ (appendix B. 2, p. 4). In order to achieve the latter, as Kwan continues, the IDH develops its commodity programs according to three main criteria, namely: *impact*, regarding the extent to results are favorable for different stakeholders; *influence*, in sense that the organization can make a difference in the whole range of global initiatives; and *stakeholder commitment*, in particular the commitment of (large) private sector players. Moreover, the operational activities of this organization are primarily financed through a €105 million subsidy from the Dutch Ministry for Development Cooperation⁴⁵, yet it has a very strong international and private sector identity, since it facilitates a pre-competitive platform for key international players in the industry to promote sustainable production and consumption.

Even though IDH has been running a variety of commodity programs for a number of years already, the coffee sector had, until recently, not acquired a program within this consortium. At first, IDH was quite hesitant toward establishing a coffee program, since the Dutch coffee sector had already made huge sustainability commitments (via the DOI as described above), which would arguably impede the possible impact and influence of a coffee program (de Vries, appendix B. 8; Kwan, appendix B.2). In addition, due to the long history of the Dutch coffee sector with sustainability issues and there were already a large variety of ongoing initiatives a lot of money going into existing initiatives. However, in April 2011, IDH was approached by Nestlé, Kraft, DE, and Tchibo, who together represent 30% of the global market of coffee, with the plan to start a coffee program. These players, as pointed out, before have over the last years expressed major commitments towards increasing their share of sustainable certified coffee in their sourcing. The fact that the top four coffee roasters in Europe were willing to get on board within one multi-stakeholder platform, was the necessary push to establishment of the IDH coffee program (Kwan, appendix B. 3, p. 5). In order to represent the Dutch and European coffee industry as a whole, the KNVKT and the ECF have, as founding members, been actively supporting the development of this coffee program. Especially the KNVKT has been (and still is) closely involved in the design and early implementation of the program.

The central focus of the IDH coffee program is its multi-stakeholder approach, which will stimulate “[...] the system to shift into a more sustainable way of working. So then everybody is playing their role, so government providing the services they should be providing, private sector paying what they should be paying for, and extension

⁴³ Initiatief Duurzame Handel (IDH)

⁴⁴ The IDH programs particularly address the MDGs: 1, poverty reduction; 7, safeguarding the environment; and 8, fair and transparent trade.

⁴⁵ Ministerie voor Ontwikkelingssamenwerking

services are also working and NGOs are also playing their role for the more disadvantaged, and bank are lending money when they should be lending money, fertilizing companies giving out fertilizer and making money. So it is a whole ‘better-for-everybody’ scenario rather than just pouring in donor money” (Kwan, appendix B. 2, p. 6). This all-encompassing approach aims to create a beneficial situation for all stakeholders in the value chain rather than ‘simply’ injecting donor money into small-scale projects. In addition, the advantage of offering a pre-competitive platform like the IDH program, it that it takes away the burden for competitors in the market to approach one another to cooperate in common issues, such as sustainability, and find common solutions (van Reenen, appendix B.3, p. 22). Jansen (DE Foundation) confirms that strength of the IDH program lies in its pre-competitive nature, by arguing that the large roasters were all doing something on an individual level, yet there was a lack of coherent action on a sector-wide level (appendix B. 4, p. 31).

It is estimated that through the IDH coffee program more than 4 million coffee farming families will be reached. The latter is being achieved by emphasizing the importance of increasing “[...] production, yields and export availability of sustainably grown coffee. Collectively the partners aim to increase sustainable green coffee sales from the current 8%. The ambition is to reach 25% in 2015” (IDH, n.d.-a). Nevertheless, the need to move beyond the use of certification is also recognized since that can transform the entire sector into becoming more sustainable (sector-level) rather than simply increasing the share of certified coffee in the market (farm-level). Moreover, since the IDH program brings together and aligns the interests of governments, industry and small-holder farmers in the global coffee sector, the involvement of civil society organizations is of utmost importance for the collaboration process. Even though in the design phase of the IDH coffee program the ‘NGO-seat’ was taken up by the TCC and currently the WWF is involved with the implementation phase, Kwan emphasizes that the program can hopefully also attract the interest of large donor organizations, for instance the World Bank, to invest in the program (appendix B. 2, p. 6).

Even though the IDH program is likely to become a meaningful instrument, which can be quite influential in the process towards sustainable development in the global coffee sector, a few respondents have also criticized the program. For instance, one can criticize the fact that it only includes large industry players, with large budgets, in their projects, since “[...] one indication of commitment is how much money is a company willing to invest” (Kwan, appendix B. 2, p. 5). This might restrict the ability of smaller players to contribute to these (international) sector-wide projects. However, the reason why IDH always works with frontrunners in the sector is due to the fact that, have already made strong public commitments about their policies regarding sustainable development and due to their size can initiate a shift in the mainstream market. In effect, the IDH can facilitate these frontrunners by helping them learn faster and speed up the process towards sustainability, which might disseminate into the rest of the sector.

Overall, the increased recognition of responsibilities and commitment of all stakeholders in the Dutch coffee sector neatly summarizes the structural context of the governance arrangements in the process of sustainable development. This chapter has provided a clear analysis of the current governance context through which sustainability is promoted within the Dutch coffee sector. In doing so, the role private-, public-, and civil society

players in the context of multi-stakeholder cooperation for sustainable development has been explained. Moreover, the coffee industry increasingly perceives sustainable development as a key driver for doing business as it is seen as a form to cover issues such as supply security and product traceability. Within the private sector, apart from activities of individual players, the Dutch trade association of coffee roasters takes up a key role in the active promotion of sustainable development throughout the entire sector. In the unregulated global coffee market the government, at different levels, aims to support and stimulate sustainability in the sector through its facilitative- and coordinative role, and it tries to set an example as a 'responsible' purchaser. Moreover, also civil society organizations are also important stakeholders in the governance context of the Dutch coffee sector, which have seen their role, to pressure the coffee industry, change quite radically from being a watchdog of the industry towards being a knowledge broker and collaboration partner. Nevertheless, the problem perception and objectives within the governance context, as this analysis has discussed, often varies between the various stakeholders in the sector, let alone the views on the most appropriate strategies and instruments to stimulate sustainable development most effective and efficient as possible. However, within this complex setting of stakeholders there is a clear willingness to cooperate and collaborate in this process. The declared 'Declaration of Intent', which has been signed in November 2010 by a sector-wide representation of stakeholders in the Dutch coffee sector, is a good example of this sense of willingness amongst stakeholders. Overall, based on the active involvement of a wide variety of stakeholders and the relatively large share of sustainable certified coffee in the Dutch market (40%), it is commonly understood that the Dutch coffee sector qualifies as a global frontrunner in terms of sustainable development. Nevertheless, the Dutch coffee sector does not operate in isolation of the international coffee industry. It is of utmost importance to consider how challenges to the process of sustainable development in the international coffee industry will influence the Dutch coffee sector. The latter will be analyzed in depth in the following chapter.

7. An international perspective on challenges and opportunities

The Dutch coffee sector has made strong commitments to make the coffee chain more sustainable. Within this multi-stakeholder governance context, a strategy is set out to make the value chain of coffee more sustainable by increasing the share of certified coffee on the coffee market significantly. However, within the ever-changing context of the global coffee market, this target is not one without challenges. The last chapter of this research will, therefore, address the analysis of the following research question:

How can the Dutch coffee sector adapt and align to international challenges and opportunities with regard to sustainable development of the global coffee chain?

This chapter examines the issue of sustainable development from an (wider) international perspective, in which the key challenges and opportunities facing the global coffee industry will be outlined and discussed in-depth. This includes a variety of challenges in the supply and demand of sustainable (certified) coffee, as well as a discussion on the future of certification and verification instruments. Moreover, the chapter will discuss how these international bottlenecks and challenges will influence the process of sustainable development in the Dutch sector. In conclusion, I will argue that in order to tackle these key issues and move beyond the low-hanging fruits, the leverage of the Dutch coffee sector can increasingly be found through international cooperation.

7.1 Challenges to sustainable development in the international context

On a global level it is increasingly recognized that there is a clear need to enhance the focus on sustainable development in international commodity chains, including the coffee sector. As a consequence, major roasters in the global coffee industry, such as Mondelez International⁴⁶, D.E Master Blenders 1753, Nestlé, and Tchibo, have expressed strong commitments to significantly increase the volumes and share of sustainably certified coffee in their coffee blends (table 2). These strong commitments by the industry's giants are causing a continuous increase in the demand for sustainable certified coffee on a global level. Various international market leaders have, for instance, collectively set a target to increase the share of sustainable certified coffee on an international level to 25 percent by 2015, which is currently approximately 10 percent⁴⁷. As a consequence of the rapid increase in the demand for sustainably certified coffee, one of the bottlenecks is that the demand could possibly outstrip supply, as various respondents have indicated.

The supply and demand in the for certified as well as non-certified coffee does, apart from regular flow in the market, not go hand-in-hand but strongly fluctuates (van Reenen, appendix B. 3, p. 21). However, this situation is not necessarily desirable since the supply and demand in coffee continuously needs to be aligned in order to avoid supply shortage or overproduction and at the same time increase the quality level of the product (Koelemij, appendix B. 6, p. 48). The imbalance between shortage and over-production has been a highly debated issue

⁴⁶ Formerly known as Kraft Foods

⁴⁷ An overview of the share of sustainable certified coffee in international coffee market can be found appendix A. 2, p. 86.

and, amongst other reasons, was an important factor that triggered the coffee crisis in the late 1990s and early 21st century. Even though, the answer to whether there is enough certified coffee available in the global coffee market is heavily debated, based on the declared intentions and commitments of the large roaster it is a fact that the demand for sustainable certified coffee will significantly increase (+183%) in the upcoming years⁴⁸. In this context, it should be recognized that the so-called 'low-hanging fruits' have been picked and the issue of sustainable development in the international coffee sector should be taken to a new level. The latter sets a clear scene for the following discussion about various challenges, which influence the process towards sustainable development in coffee producing countries and, consequently, could endanger the supply of sustainable certified coffee.





Roaster	Commitment	Year of achievement
	100% sustainably sourced coffee in EU (4C as minimum)	2015
	Directly procure approx. 180.000 tonnes of sustainable (4C compliant) coffee	2015
	More than 20% of coffee certified (Utz) sustainable (international) 80% sustainable coffee in the Dutch market	2015
	100% compliant to 4C standard or similar and/ or FT, RA, Organic, or Utz	2015 set as milestone

Table 1 - Sustainability commitments and intentions of the top 4 roasters in Europe⁴⁹

7.1.1 Challenges for the availability of sustainable certified coffee

The need to ensure sustainable practices in coffee producing countries, in order to avoid problems in supply in a few years, is commonly accepted among stakeholders throughout the entire value chain. However, it is commonly argued that what we consider 'sustainable' coffee might not be sustainable coffee tomorrow, as these concepts are constantly evolving and, therefore, the approaches to trigger the process continuously to adapt to issues which producers are currently facing. Without getting into too much detail about the influence of agricultural sectors on developing economies in coffee producing countries, one can easily identify a number of key issues for coffee farmers in producing countries, which need to be addressed within the sector. Generally speaking, farmers to adapt to climate change, which mainly includes the issue of rainfall distribution and temperature changes. In addition, an important challenge for the global coffee industry is that productivity needs to be

⁴⁸ As pointed out by Sue Garnett, Sustainable Coffee Director Ecom, during a public conference on sustainability in the coffee market (November 22, 2012) organized by the KNVKT.

⁴⁹ Publically communicated on the company websites of Mondelez International, Nestlé, D.E Master Blenders 1753, and Tchibo. An overview of the public announcements of these commitments can be found in appendix A. 10, p. 110.

enhanced in the sense that the production of coffee should be more effective and more efficient (Jansen, appendix B. 4, p. 25). Smallholder farmers, therefore, need organize themselves (in cooperatives) so they can make their production practices more efficient for themselves and have better access to the market and, thereby enhance their competitive position. Moreover, stronger cooperation between farmers and cooperatives will “[...] diminish the transaction costs, increase their market share, and they can be represented in large national and international policy forums” (Boutsen, 2008, p. 11). In addition, farmers need to get better access to finance, which is to some extent linked to organization-building. In this context, the role of banks and exporters is also becoming increasingly important in the process towards sustainable development. Several bigger exporters are currently providing services to coffee farmers “[...] as it is also a way for them to get access to coffee” (Jansen, appendix B. 4, p. 25). In the past decade, local governments in producing countries have often pulled back from marketing, financing, and supply of inputs, which leaves a gap that should be filled by other actors in the chain (Boutsen, 2008).

To sum up these key challenges in the production of coffee, Wegner (2012, p. 12) identifies four key hurdles, which should be addressed on the origin of the value chain, namely “[...] mitigating the effects of climate change, improving access to finance for farmers, implementing effectively standards embedded at local level, increasing production, yields and export availability of sustainably grown coffee”. In order to tackle these issues, it is important that the coffee sectors in coffee producing countries, including the governance arrangements surrounding it, should be more effectively and efficiently organized within the specific social-, economic-, and environmental context of a country or region. This brings us to the need to enhance the local embeddedness of sustainability initiatives, which will be discussed in the following sub-section.

7.1.2 Local embeddedness of sustainable development in producing countries

In order to assure a bigger sense of ownership among coffee producers, many respondents and scholars have recognized that sustainable development needs to be more embedded into the local context of production at the beginning of the value chain. One way to improve the local embeddedness of sustainable development is to enhance to the role of local governments in producing countries. Even though this largely depends on the specific context, local legislation and regulation should be adopted in such a way that certification is not the only tool or proof through which sustainability can be ensured. For instance, in Brazil, as one of the biggest coffee producing country in the world, a majority of the certification codes on biodiversity issues are also part of national legislation, which sometimes even sets higher and stricter standards than the codes of the certification initiatives (Koelemij, appendix B. 6, p. 47). Nevertheless, it is also acknowledged that certification functions as a vehicle to implement national legislation, since these principles are often hard to enforce by national or local legislators. On the one hand, as Simons argues, in some producing countries the local governments are barely involved in the organization of the coffee sector, since they “are sometimes corrupt or do not invest enough in agriculture” (Depuydt & Somers, 2011). On the other hand, the need to involve local governments rather than to bypass them via certification systems and NGOs is, however, also of crucial importance. Local governments in producing

countries often lose oversight in the different certification initiatives and NGOs, which are operating in their countries to stimulate (sustainable) development (Wassink, appendix B. 5, p. 39). Jansen supports this by arguing “if the local sectors are not organized [and] if governments don’t see the role for the sector or for themselves, why would they start moving” (appendix B. 4, p. 31). Therefore, local governments are likely to be more included in these processes to establish a framework and infrastructure for governance, which will enhance efforts of both (inter)national organizations as well as the governments.

In this context, the IDH coffee program is seen as a promising tool to facilitate local embeddedness in the process towards sustainable development, with a strict focus on changing the system (large-scale) according to local standards rather than copying universal standards in local contexts (appendix B. 2, p. 6). Through the IDH program, broad instruments (e.g. Farmer Field Schools, Farmer Field Books, Training of Trainers programs) can be implemented more effectively to the needs in local context, of which the goals can still be to increase the shares of certified coffee (appendix B. 4; B. 8). Nevertheless, in these settings the emphasis is not so much on adhering to standards of the certification initiatives, but more to stimulate the process of sustainable development as a system shift in the local context of a coffee producing country or region.

Overall, one can argue that as long as the global coffee market is dominated by a small number of large Western multinational, who have committed themselves to sustainability initiatives, it is likely that sustainable development will maintain to be a ‘trending topic’ in the global coffee market. Nevertheless, as will be discussed in the following section, it is important to closely monitor developments in various emerging coffee consumption markets, such as China and India, as this phenomenon does not necessarily contributes to the process of sustainability in coffee producing countries.

7.1.3 Emerging consumption markets as a threat to sustainable development

The shifts in economic and political global power in the context of the ongoing economic crisis will, most likely, influence and could possibly endanger efforts to enhance sustainable development in the global coffee market. Although the interest in sustainability among Western roasters will most likely not decrease in the context of the ongoing economic crisis, the increase in coffee consumption in upcoming economies provides emergent markets in the global coffee industry, most likely in the BRIC⁵⁰ countries. For instance, in a few years, Brazil will apart from being the world’s biggest producer most likely also be the biggest coffee consuming country in the world (Pierrot, appendix B. 10; de Groote, B. 11). In addition, the industry should be attentive to the increase in coffee consumption in countries like China and India. Even though consumption per capita is far from what Dutch or people in Scandinavia drink, but there extreme size of the population in these upcoming countries can have a considerable impact on the demand side of the chain (Jansen, appendix B. 4, 28). From an economic perspective one can argue that this is a positive development, as an increase in the global demand for coffee will, on the long run, ensure that coffee prices remain relatively high or even increase. On the one hand, this might be beneficial

⁵⁰ BRIC =Brasil, Russia, India, China.

for the producers as it increases their revenue, it, however, also makes inputs, such as labor costs, more and more expensive. On the other hand, various respondents have stressed that the increase in consumption in these emergent markets can be seen as a challenge to the focus on sustainable development as a key driver in the global coffee sector. These countries often do not set very high and demanding sustainability standards such as like the coffee industries in Western Europe and America. The standards and requirements, which western industry put on the producers, can therefore increasingly be seen as trade barriers to which producers might not be willing to adhere as they can easier sell their coffee in the upcoming consumption markets. Van den Bosch, for instance, points out that the growing demand for coffee in emerging markets will increase the likelihood that farmers sell their coffee via the 'regular' channels of the world market rather than to invest in certifications and verification initiatives, which are relatively costly in terms of money and energy. Moreover, in this context especially China should be seen as a leakage in the system, since [...] the Chinese are hardly ever present at the negotiations about the sustainable approach of agricultural and other resources" (Depuydt & Somers, 2011). However, one should also acknowledge that at the same time the Chinese are pioneers in other fields of sustainable development (e.g. energy), which might eventually also disseminate towards other sectors in their economy.

The development of emerging market should, thus, be closely monitored as they could considerably decrease the sphere of economic and political influence of European actors on a global level and possibly endanger the supply-security for sustainable certified coffee on the long run. The latter bring us to a discussion about the evolving role of sustainability standards, including certification and verification initiatives, as instruments to enhance and measure the process towards sustainable development in the coffee value chain.

7.2 The future of certification and verification initiatives

The role of certification and verification initiatives has been widely discussed throughout the previous chapters of this research. These have been crucial instruments towards sustainable development on the level of farmers, and, thereby, have put the issue of sustainability on the agenda of the global coffee industry. The overall strength of certification lies, to a large extent, in the fact that it serves a variety of purposes. First, it has the ability to function as a mechanism towards sustainable development for farmers at the beginning of the value-chain. Second, it functions as a proof of the industry's efforts and investments into their responsibilities towards their chain partners. Third, it is as a point of recognition (label) for the end-users of the product, giving a sense of assurance that they are buying 'guilty-free' coffee.

However, having said this, one could raise the question whether certification is the most effective and efficient tool towards sustainable development, since certification initiatives remain strictly focused on 'farm-level' developments rather than initiating developments for the entire sector in certain coffee producing countries. In this context, key issues are cost reduction and efficiency in order to enhance sustainable development on a larger scale. Moreover, while the instruments of certification "[...] fits well with a mode of Northern economic distribution

and consumption patterns on a grand scale, it does not allow local creativity to devise solutions in small, local ways” (Dergousoff, 2009). Nevertheless, since sustainable development is increasingly seen as a qualifier to do business in the international coffee sector, certification and verification initiatives remain crucial instruments for companies to address bottlenecks in their supply chain. Thus, certification initiatives are facing some challenges, which will be addressed below and need to be recognized in the coffee sector in order to adapt to the ever-changing conditions in the process of sustainable development.

7.2.1 Growing number of certification and verification initiatives

The wide range certification and/or verification initiatives are causing an overflow in the global coffee market. As a consequence, producers currently lose oversights in standards and trainings on how they should produce the coffee and are becoming tired of the continuously being checked by different agencies to see whether they adhere to their standards. Moreover, due to the increasing number of initiatives and the high investment for farmers to become certified, farmers start to question whether the benefits do still outweigh the cost and efforts of becoming and maintaining a certified coffee farm (Pierrot et al., 2011). An increase in the number certification initiatives most likely has a negative effective on the levels of social and environmental benefits attached to the adherence of famers to these initiatives (Pierrot et al., 2011). Pierrot continues that this “[...] would risk a dilution of the sustainability message and undermines the overall credibility of sustainability certifications” (2011, p. 12). The risk of setting ‘minimum’ standards is criticized one respondent, who argued that this creates a ‘ceiling’ for sustainable development, as does not triggers businesses to raise the level of sustainability, but allows them to restrict to the bare minimum measures. In this context, the development of the 4C initiative is often criticized for being a platform for large industry players, which triggers a ‘race to the bottom’ in the standard-setting industry. Nevertheless, one could also argue that it provides an excellent generic ‘step-up mechanisms’ towards large scale sustainability in the global coffee sector.

Also at the other end of the value-chain, the labels are meant to provide some clarity to the consumers, yet the large number and variety of certification initiatives is causing confusion among consumers. More uniformity is, therefore, needed to improve the clarity of the various initiatives, since it cannot be expected that consumers take the time and energy to understand the details of each and every sustainability label on coffee packages (Durwael, appendix B. 12, p. 103). However, most initiatives are too protective towards their position in the market, both in the consumers market as well as the producers market.

Overall, as many a majority of the respondents have agreed, certification initiatives continuously need to adapt to the context in which they operate. Utz Certified, as one of its founders stresses, was designed in the context of the coffee crisis at the beginning of the 21st century, however, due to the ever-changing circumstances they need to be adaptive and responsive to developments in the coffee market in order to maintain the goal of enhancing sustainability in the most effective and efficient way as possible. The latter applies to the entire field of certification initiatives, nevertheless, due to the fact that various elements of the organizational identity largely prevents them

from converging and collaborating (Wilkinson, 2007). However, the rapid increase in number of certification initiatives could cause a peak in certification (van Reenen, appendix B. 3, p. 20). As a consequence, a situation as such will arise as soon as resistance amongst farmers towards these instruments continues to grow until the point that the ‘certification bubble’ collapses.

7.2.2 Impact of certification and verification initiatives

Another challenge for the certification and verification initiatives is the lack of empirical evidence regarding the impact of these instruments on the economic, environmental and social development of coffee farmers and farms. Although sustainability certification initiatives “[...] are increasingly becoming de facto requirements for certain buyers”, nevertheless, the magnitude of the costs and benefits to producers of these standards remain unclear (Pierrot et al., 2011, p. 3). Giovannucci and his colleagues clearly address this issue by arguing:

“The structure and dynamics of sustainability standards attempt to address many environmental, economic, and public welfare issues at origin. Yet, we simply do not understand their effects. Their sometimes complex processes and different types of indirect costs can diminish their benefits and can effectively make them barriers to entry for some producers” (Giovannucci et al., 2012, p. 17).

Experts in the global coffee sector, therefore, increasingly see the need to understand whether certification and verification actually enhances the livelihood of farmers and whether the difference between certified and non-certified farms is growing. Nevertheless, ongoing research into the impact of certification is often restricted to (comparative) case studies of particular farms, in which the positive causal relations between the certification initiatives and development of farmers is relatively difficult to determine.

One of the major challenges for the various certification and verification initiatives in the coffee sector is the lack of large scale empirical evidence that they are actually effective in the sense that it has impact on the social-, economic-, and environmental standard of living for the coffee farmers. The latter is caused by the influence of the wide variety of local contexts in which the sustainability initiatives operate. The lack of a common methodology for monitoring impact is a potential threat to the future of sustainability initiatives as they are continue to operate more in the mainstream market. The initiative of the ‘Committee on Sustainable Assessment’ (COSA) is, amongst various other initiatives, a potential and promising tool to deal with this threat. This consortium of institutes, which is initiated and funded by the International Institute for Sustainable Development (IISD) and United Nations Conference on Trade and Development (UNCTAD), has the mission “[...] to advance useful and transparent measurement tools to better understand, manage, and accelerate sustainability” (COSA, n.d.). In working towards this mission, COSA has developed a methodology to collect and measure data about the effects of the various certification initiatives on the social, economic, and environmental situation of producers and their communities. The latter is a unique approach to the assessment of sustainability initiatives on a farm level, which is an “[...] effective farm management and policy management tool by providing a sound quantitative basis for comparison and evaluation of the effect of sustainability interventions” (Giovannucci et al., 2008, pp., p.

32). Especially the quantitative focus makes this approach distinctive from other assessment tools. The first outcomes of COSA's 'field-testing process' has already shown some key differences on the economically, environmentally, and social parameters between certified versus non-certified farms. The research has indicated that on the environmental aspects it is difficult to determine that certified farms are better off than non-certified farms. Nevertheless, generally speaking sustainability COSA's study has proven that certification and verification initiatives have a positive impact on the economic and social situation at farm level. Moreover, "[t]he variances between the various certification systems may often be explained by site-specific considerations, especially local geographical and organizational conditions that can play a significant role in determining the performance of farms" (Giovannucci et al., 2008, p. 32). Thus, as has been pointed out above, the latter shows the importance to embed the standards in the local context of specific production countries or regions.

Whereas a number of respondents have expressed a sense of optimism about COSA's approach to improve impact measurement, the support for this initiative is not supported by the entire sector. Jansen, for instance, considers COSA to be an overly-complex system, which is making too limited progress and does not have a well-developed underpinning theory of change model (appendix B. 4, p. 32). Nevertheless, COSA's overall goal of working towards a standardized way of measuring impact, will largely contribute to the need to get a quantitative insight in the effectiveness of sustainability initiatives. However, important to stress in that, apart from the fact that data is gathered from the farmers, it is also important that farmers continue to receive feedback on how they can make improvements (Jansen, appendix B. 4, p. 32).

7.2.3 Cooperation to enhance effectiveness and efficiency

One of the ways to tackle the challenges facing certification and verification initiatives as instruments is to stimulate cooperation and collaboration between these different initiatives. Whereas, on the one hand, it is good that there is diversity between the systems and it is important to illustrate the differences. On the other hand, it is not useful when certification initiatives actively start to compete with one another (Pierrot, appendix B. 10, p. 78). Therefore, more emphasis is to be placed on their similarities rather than their differences. More coherence and cooperation is thus of utmost importance, since producers, consumers, and the industry (roasters and retailers) currently lose insight into - and overview of - the process of sustainable development. The latter can be achieved by providing overall training programs for farmers, in which the overlapping elements (approximately 80 percent) of the different certification standards is to be covered. In addition to this farmers can get extra training on the additional 20 percent of the specific characteristics of the certification initiatives, which is most useful in their social, economic and environmental context (van Reenen, appendix B. 3, p. 17).

Enhanced cooperation between the certification initiatives clearly provides considerable opportunities for improving the system as it will enhance the efficiency (costs) and effectiveness (impact). Harmonization of public and private standards, as von Hagen and Alvarez (2011, p. 10) for instance claim, will have a positive effect on potential welfare gains. Moreover, as they continue, it "[...] is also an important strategy in fighting potential

barriers to trade. For example, harmonized public standards make trade more efficient as exporters could comply with globally accepted standards instead of complying with different standards for each target market or buyer". However, this process towards cooperation might be easier said than done, since the elements of their organizational identity, such as certification costs, organizational interests, competition for resources and differing objectives, has "[...] created a series of barriers to their convergence" (Wilkinson, 2007, p. 229). Nevertheless, through a large variety of initiatives, amongst other COSA, 4C, ISEAL Alliance, the standards are already cooperation in order to enhance their impact.

Altogether, it should always be kept in mind that "[i]t is sustainability that is the goal and not the achievement of any particular standard or certification" (Pierrot et al., 2011, p. 13). Consequently, enhanced cooperation between the stakeholders in the sector, largely contributes to "[...] a future of competitiveness in a world of finite resources [which] will be defined by sustainability". In this context the concept of 'pre-competitive' cooperation sounds promising yet maintains to be quite challenging, since the wide variety of stakeholders in the coffee sector, including industry players, NGOs, but also certification organizations, are all highly influenced by conflicting interests and identities as well as competing positions within the market and the sector.

7.3 The Dutch coffee sector in the context of international challenges

In light of the developments mentioned above it becomes clear that the Dutch coffee sector is facing considerable challenges in the process towards promoting sustainable development throughout the coffee value chain. Whereas the Dutch coffee sector can be seen as a global frontrunner in the stimulating the process of sustainable development, it is important to recognize that for continuous improvement the leverage can be found in international cooperation between a wide variety public- and private players and civil society organizations. The following sections will place the Dutch coffee sector in the context of international challenges to the process of sustainable development throughout the coffee value chain.

7.3.1 Increased leverage through international cooperation

Even though the mainstream coffee industry in the Netherlands has generally embraced the issue of sustainable development as a key driver in their businesses, it is important to consider the relative importance of the Dutch coffee market within the global coffee industry. The Dutch coffee consumption per capita is in relative terms (5th in the world) is quite high. Nevertheless, when put in perspective, among the global consumption markets the Dutch coffee sector is a relatively small market. This automatically raises the question to what extent the sector can effectively make a difference in the international industry to stimulate the process of sustainable development. In other words, one can question to what extent the Dutch sector's efforts to promote sustainable development are effectively making a difference in the context of the global coffee market. However, the relative strength of the Dutch coffee sector can be found in the fact that, in comparison to other commodity sectors as well as to coffee sectors in other countries, it is a very mature sector in terms of multi-stakeholder cooperation and collaboration

for sustainable development⁵¹. It is exactly in this context where the Dutch coffee sector can function as a frontrunner and set an example on an international level. However, to effectively enhance the process of sustainable development and tackle the challenges facing the global coffee market, the Dutch coffee sector, given its size, cannot do it alone. Consequently, stakeholders should acknowledge that the challenges are too big to tackle for any individual player, and needs more international cooperation to increase the effectiveness of initiatives on a larger scale.

In this context, the IDH Coffee Program should be seen as a promising tool, through which a Dutch initiative can promote sustainable development on a large international scale rather than setting targets with a strict national focus. The close involvement of the Dutch actors, including public-, private-, and third sector, in the development- and implementation stages of the IDH program, shows the continuous involvement of the Dutch coffee sector to promote sustainable development in the international coffee industry. An important issue to be tackled in stimulating international cooperation is the lack of assurance and guarantee of success of these large multinational initiatives (Kwan, appendix B. 2, p. 9). Kwan argues that it is not necessarily the amount of money which players invest, but more the risk management attached to it. Especially large industry players can be heavily affected by reputation damage. Nevertheless, not investing in sustainability is also not an option. One can safely say that industry players will continue to invest in sustainability simply because they want to make money (Jansen, appendix B. 4, p. 31). However, to address the challenges in the process of sustainable development, stakeholders in the global coffee industry should not treat sustainability as a separate business activity (satisfier), but as an integral component of their business conduct and a qualifier to do business.

7.3.2 Continuous role of public institutions in sustainable development

In line with neo-liberal thinking, the Dutch government is not actively involved in private sector activities. Nevertheless, various respondents have indicated that the Dutch government could more actively facilitate the process of sustainable development in international value chains. Four different ways of government involvement are being identified:

First, regulation can be put in place to stimulate sustainable development in the coffee sector. As long as regulation is supportive and in line with the efforts of the industry, it can be very influential to enhance the process and will pressure laggards in the industry (van den Bosch, appendix B. 7, p. 68). In addition, enhanced governmental legislation will also increase levels of legitimacy and accountability in the process towards sustainable development. Currently, the process of sustainable development is often measured in terms of the shares of certified coffee, holding a certificate of one of the various standard setting initiatives, which themselves are 'private' while at the same time guaranteeing the control of core ILO and environmental conventions. The latter clearly indicates how, through international governance mechanisms, public and private control can become

⁵¹ As pointed out by Ted van der Put, IDH Program Director, during a public conference on sustainability in the coffee market (November 22, 2012) organized by the KNVKT

blurred. In this context it should be taken into account that the issue of sustainable development in the international coffee sector historically has been driven by (international) private sector players. Especially considering the strong focus on self-regulation of the market, the government is, currently, sharing its role of ensuring food-safety and food-security with private actors. Self-regulating markets for (globally sourced) sustainable products, can be seen “[...] as a key feature of multi-actor governance situations, especially when business actors, civil society and government agency, independently and simultaneously can initiate new approaches” (Vermeulen & Kok, 2012, p. 194). However, the outcome of these new multi-actor governance situations, including the manifestation of a wide variety of new ‘governance’ arrangements, which mirrors the continuous shift in the relation between the state, the market and civil society (Bitzer, 2011).

Second, through enhanced economic diplomacy the focus on sustainable development in commodity value chains in both the emerging markets as well as in the producing countries can be stimulated. On the one hand, it is useful to make agreements on a global level. On the other hand, however, it is also important to be able to implement on the ground measures, which are practical on the ground (Wassink, appendix B. 5, p. 39). Via large international institutions, such as the EU and the WTO, Western countries continue to uphold tariff escalation and tariff barriers in agricultural products, “[...] which make upgrading, i.e., advancing from raw material production to processing, extremely problematic (Wilkinson, 2007, p. 237). Additionally, this causes the current situation in which no company adds value to the ‘product’ in the coffee producing countries, since it makes export to the consuming countries very expensive (van Reenen, appendix B. 2, p. 16).

Third, to maintain and enhance its role as a ‘responsible’ purchaser, thereby setting an example to its citizens, government institutions all multiple levels and scales can have a considerable influence on the environment and social aspects in the Netherlands as well as in countries of production. This closely relates to the discussions and disputes regarding the implementation of the Green Public Procurement (GPP) policies by various public institutions at different government levels, as discussed in the previous chapter. Within the Dutch coffee sector, Max Havelaar has often been seen as the preferred supplier. It has yet to be seen to what extent public institutions, at various levels, will be able to take a broader and more inclusive perspective towards the use of certification instruments.

Fourth, the current framework of short-term subsidies does not always provide a stable financial foundation for industry players to make investments throughout their value chains. Especially long-term subsidies are difficult to ensure in the context of a government which has a rather short-term perspective on policy (Wassink, appendix B. 5, p. 40). On the one the hand it is useful to set-up a system of long-term subsidies, but ,on the other hand, it is it also useful to question whether it is necessary to continuously subsidize the sector and focus on facilitation the start-up phase, while focusing on a strong business-case for the project. In the end business players are the main actors who can make a difference through sustainable sourcing of their coffee, which justifies that governments do not take the lead in the process of sustainable development in the coffee sector.

7.3.3 Role of civil society organizations in the multi-stakeholder cooperation

Even though multi-stakeholder cooperation is a key characteristic of the Dutch coffee sector's process of sustainable development, there continues to be a certain amount of friction between various stakeholders, which can be explained based on the fact that each stakeholder has its own perspectives and objectives regarding the process of sustainable development. For instance, the industry tends to put more emphasis on the business case, through which sustainable development can be achieved and maintain a strong focus on supply chain security or the long-term availability of sustainably sourced coffees. Civil society organizations, however, naturally have a strong focus on the social well-being of the farmers.

Nevertheless, apart from the fact that civil society organizations are currently facing considerable budget-cuts, one could question to what extent is coffee still a relevant domain for them. The close involvement of the NGO's in the development of sustainability commitments in the sector has made it rather difficult for NGO's to campaign against the industry players, since to some extent they have become partners rather than enemies (de Groote, appendix B. 11, p. 95). As a consequence, the collapse of the TCC, which has been discussed above, can be seen as an immediate spin-off of the lack of interest among NGOs in the coffee industry since they generally tend to shift towards thematic issues rather than strictly focusing on commodities. Jansen strongly criticizes the role of NGOs, by arguing that they blow with the winds of subsidies, since "[...] when there is money they will do something, when the money dries out they follow the money elsewhere" (appendix B. 4, p. 31). Moreover, since the work in the coffee industry seems to be finished, various NGO's have shifted their focus on other sectors. Nevertheless, "[...] the coffee sector is far from done. We have only just started" (Depuydt & Somers, 2011, p. 3). Therefore, it is important that civil society organizations continuously play an important role as a collaborative partner. However, one should also recognize that NGOs are fully dependent on donations and subsidies, which restricts their focus to the most pressing cases. Fortunately, it seems likely that civil society organization will at some point regain their interest in the sector once the industry's progress towards the sector-wide and individual commitments is insufficient or their own new approach to have broader agenda with thematic issues does not deliver desired outcomes. Most likely, this will initiate new activities for industry 'watch-dogs' in civil society. In this context Simons argues "[s]ometimes existing players pull out and then we need new impulses again", which will draw them back into discussion (Depuydt & Somers, 2011). There is, thus, a continuous need for the sector to include all players in the multi-stakeholder cooperation.

8. Conclusion

This thesis has presented a qualitative study of the Dutch coffee sector's governance in the context of sustainable development from a past-, present-, and future perspective. Within a multi-stakeholder context, public-, private-, and civil society organizations have enhanced sustainable development into a key driver within the entire sector. The research was set out to answer the following overall research question:

How can sustainable development be enhanced as a key driver within the multi-stakeholder governance context of the Dutch coffee sector?

To frame the discussion, the Contextual Interaction Theory (CIT), including its three distinctive contextual layers, has been applied to this case study. This model has structured the research by providing a solid theoretical framework, but also ensuring practical applicability in the multi-stakeholder context of the Dutch coffee sector.

Throughout contemporary history various key moments have been crucial for triggering the process of sustainable development in the Dutch coffee sector. This historical analysis has been structured according to two main indicators of the specific context in the CIT model, namely previous decisions and specific case circumstances, to explain this historical process. In retrospective it can be concluded that the first signals, which put sustainability on the agenda can be traced back till the late 1960s when alternative trade organizations were initiated, which stimulated the spread of Third World movements and World Shops throughout the Netherlands. In the early 1970s, 'fair' coffee was introduced and quickly proved to be a product through which a political message could be spread since spread within the alternative trade network, which was highly connected with religious groups and churches. Nevertheless, it took until the introduction of Max Havelaar/ Fairtrade, after the collapse of the regulated coffee market in the late 1980s, which placed sustainable development in a different context within the coffee sector. Via a system of certification, Max Havelaar introduced an innovative and alternative way to guarantee a 'sustainable' income for coffee farmers. However, this concept did not trigger the Dutch coffee industry to step into the certified coffee market. Throughout the 1990s it only managed to reach a relatively small niche market rather than changing the mainstream coffee market in the Netherlands. The situation changed when, in the early years of the 21st century, the global coffee market was affected by the coffee crisis, as a result of extreme price drops, making it very difficult for coffee farmers to make a living. This revealed the pressing need to stimulate sustainable development at the beginning of the coffee value chain.

In finding solution to the crisis, various stakeholders in the global coffee sector recognized and stressed the need to stimulate sustainability throughout the entire value chain. A variety of private certification and verification initiatives, such as Fairtrade, Utz Certified, and Rainforest Alliance were established and gained importance as stakeholder in the process of sustainable development in the global coffee market. These initiatives, which work towards methods to stimulate sustainable development at farm-level, were introduced in the global coffee market to develop sustainability standards and are progressively being used to 'measure' sustainable development.

Currently, the sense of urgency to embrace and enhance the process of sustainable development is highly recognized within the multi-stakeholder governance context of the Dutch coffee sector. This sector consists of a wide variety of public-, private-, and civil society actors, which all play a considerable role. For instance, even though the coffee market is no longer a regulated market with export quota, public institutions, at different levels and scales, continue to play a role to support and stimulate sustainability in the sector through its facilitative- and coordinative role. In addition, civil society organizations are also important stakeholders in the governance context of the Dutch coffee sector. These players have seen their role within the coffee sector change quite radical from being watchdogs of the industry towards being a knowledge broker and implementation partners in development programs. However, industry players should be seen as the main drivers of change and increasingly perceive sustainable development as core business and as a form to cover issues such as supply security and product traceability. Overall, this interplay between stakeholders in the Dutch coffee sector has triggered a strong and effective strategy towards continuous improvements in the process of sustainable development throughout the coffee value chain.

Based on the active involvement of a wide variety of stakeholders and the relatively large share of sustainable certified coffee in the Dutch market (40%), it is commonly understood that the Dutch coffee sector qualifies, in comparison to other sectors in the food industry and coffee sectors in other coffee consuming countries, as a global frontrunner in terms of sustainable development. However, an inherent aspect of any governance context is the fact that the problem perception and objectives often vary between the various stakeholders in the sector, let alone the views on the most appropriate strategies and instruments to stimulate sustainable development most effective and efficient as possible. The clear willingness to cooperate and collaborate among stakeholders has, despite these challenges within the complex governance context, been an essential push to enhance the process of sustainable development in the entire sector.

Whereas sustainable development has become a key driver among stakeholder in the Dutch coffee sector, the sector is influenced by a wide variety of challenges, which puts pressure on the supply side of the market for sustainable certified. The challenges include, on the one hand, an increase of coffee consumption in upcoming economies, such as China and India, and, on the other hand, an increase in demand for sustainable certified coffee in coffee consuming countries in Western Europe and North-America. In addition, at the origin of the coffee value chain, the production of coffee can be organized more effective and more efficient and, thereby, tackling key environmental-, economic-, and social challenges, such as dealing with climate change, labor conditions, the organization of smallholder farmers, access to finance, and the local implementation of standards. However, it is increasingly recognized that challenges regarding sustainability in the origin of the value chain are heavily dependent on local contexts of the producing countries. Therefore, initiatives to stimulate sustainable development cannot apply a 'one-size-fits-all' approach, but should increasingly be embedded into the local context.

These challenges emphasize the fact that the Dutch coffee sector does not operate in isolation of the international coffee sector and that the leverage of the Dutch coffee sector in the international context of the world

coffee market is rather limited. Based on this research, it can, therefore, be concluded that the Dutch coffee sector should continuously strive for improvements and perceive sustainable development as an infinite process. Consequently, the overall outcome of this research and, at the same time the main recommendation for stakeholders in the Dutch coffee sector, is that the international challenges in the process of sustainable development at the origin of the value chain calls upon them to step it up a notch and acknowledge the limited leverage of the Dutch coffee sector within the international context in which it operates. International cooperation can therefore be seen as a key mechanism through which the leverage of sustainability initiatives can be enhanced. This can be achieved by striving for enhanced cooperation with international chain initiatives, but also to stimulate small scale projects, which aim to embed sustainable development into the local context of coffee producing countries and regions.

To conclude, this research has presented an overarching perspective and ample of new insights and explanations the process through which sustainable development has become a key driver in the Dutch coffee sector, which fills up a gap in the scientific research on the sustainable development in a multi-stakeholder governance context. The strong focus on qualitative research methods has provided clear practical insight of experts in the Dutch coffee sector, which has been complemented with scholarly insights into the issue of sustainable development within the international coffee market. Nevertheless, the strong focus on this single case and qualitative research design should also be identified as the main limitations of the research. This is mainly caused by the fact that the research outcomes strictly apply to the research context, being the Dutch coffee sector, and cannot be generalized to other research contexts. Moreover, the relatively small number of interviews, which have been conducted, does not necessarily represent the entire Dutch coffee sector. In addition, the main theoretical concepts, sustainable development and governance, which have formed the foundation of this research are rather broad and difficult to define. For instance, the fact that sustainable development entails an endless process of social-, economic, and environmental improvement at the origin of the coffee value chain, there always maintain to be ample areas for further research. Whereas this research has limited its focus and scope on the promotion of sustainable development in the origin of the coffee value chain, further research could be conducted at sustainability efforts in, for instance, energy efficiency in the processes of transport or production in the coffee value chain. However, the triangulation of the data and the strict focus on a single case study provided the added value of this research and has considerably increased the relevance and richness of the outcomes for all stakeholders in the Dutch coffee sector.

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10. Appendix A

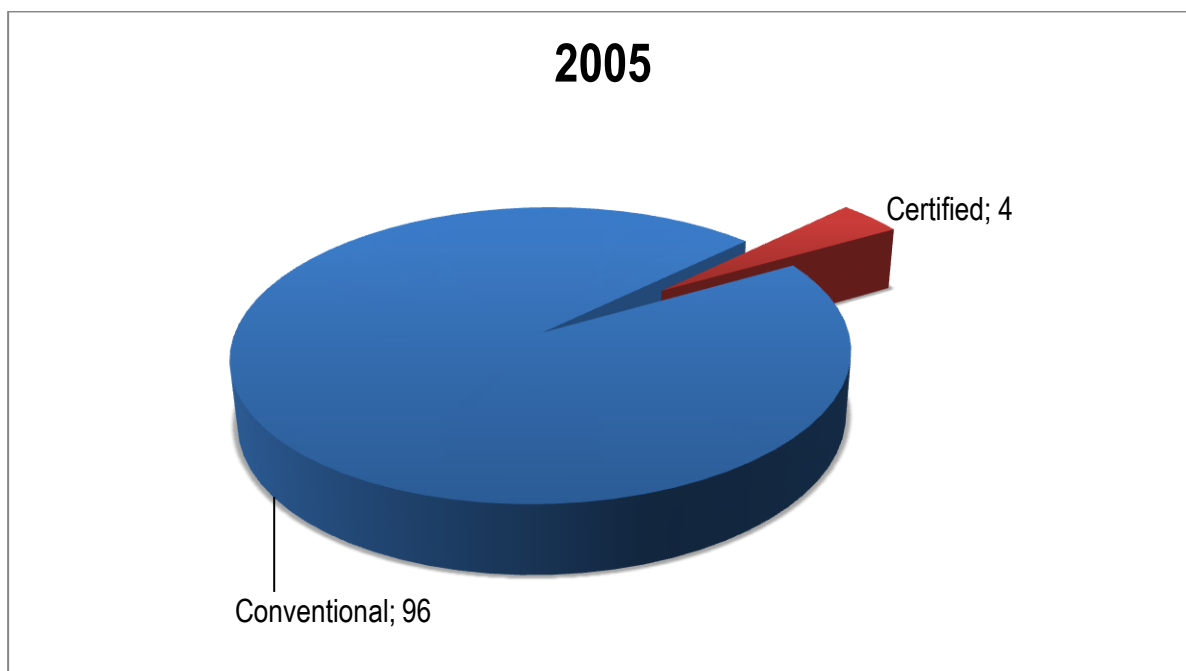
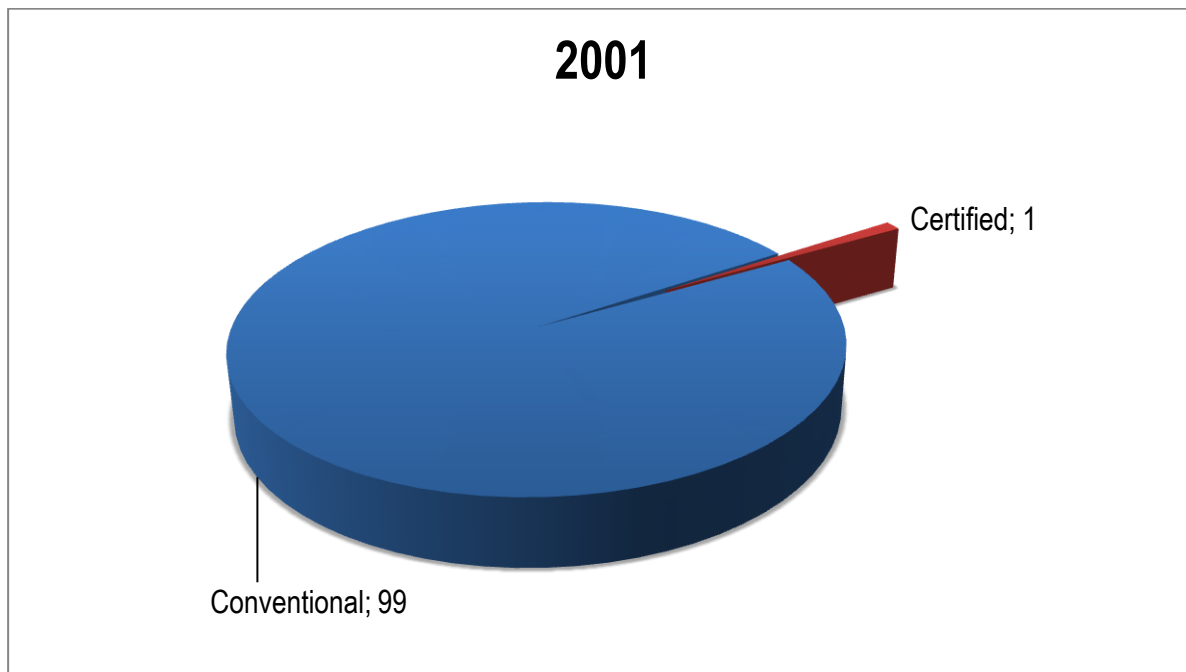
1. Schematic overview over four main coffee certification initiatives

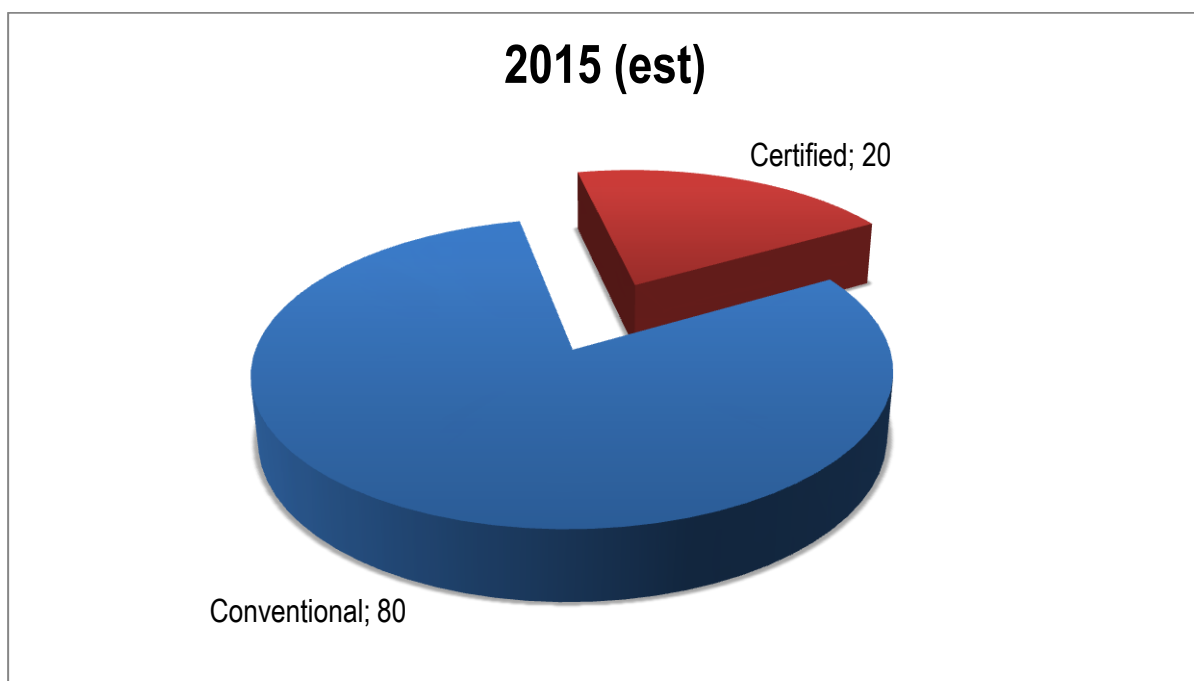
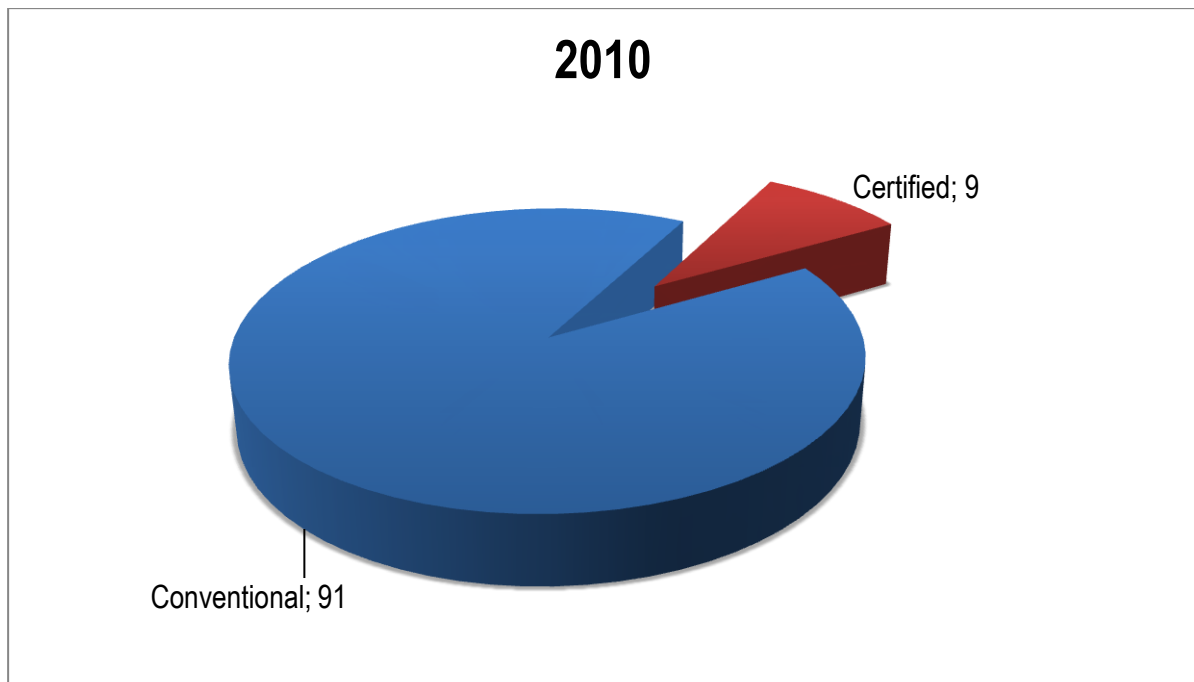
				
	Fairtrade	Organic (EKO)	Rainforest Alliance	Utz Certified
Mission	Ensure equitable trading arrangements for disadvantaged smallholders who are organized into co-operatives.	Create a verified agriculture system that produces food in harmony with nature, supports biodiversity and enhances soil health.	Integrate productive agriculture, biodiversity conservation and human development.	Implement a global decency standard for responsible coffee growing and sourcing.
Commercial conditions	Pre-financing and long-term relationship. Assurance of a Fairtrade premium, internalization of social and environmental costs. Contribution to balance demand and supply.	High assurance of demand, with a market price premium.	Good balance between production and demand. Price premium depends on market demand.	Strategic balance between supply and demand. Price premium depends on market demand.
Supply chain coverage and traceability	Coverage focused at Producers' level, trader standards applicable.	Separate criteria on processing and handling.	Coverage of standards focused at producers' level, transactions registered at electronic marketplace.	4 inspection levels (producer, certificate holder, nursery, storage); separate chain of custody code. High traceability, web based.
External control	Certification centralized through FLO-Cert in Germany, based upon checklist of local inspectors.	Accreditation and certification, by private and governmental bodies.	Certification by Sustainable Agriculture Network (SAN) members.	Independent third-party control by approved bodies, local and international.
Multi-stakeholder	Revision of governance structure, to balance stakeholder participation from producers' side. Difficult to enter for new producer groups.	Federation of 750 member organizations ranging from organic producers, retailers and NGOs to (large) companies with indirect influence on standards bodies.	Standards developed by environmental NGOs of the SAN network, together with local stakeholders and international experts.	Two-yearly evaluation of standards in multi-stakeholder consultation process. At local level there is a weak relationship with labor unions.
Consumer communication	B2C concept with active communication.	B2C message by 95% Organic.	2 types of B2C communication: (1) label 100% RA coffee; (2) label minimum 30–90% RA coffee with a seal indicating the exact %	B2B communication. Assurance label used on pack when at least 90% is Utz certified

Retrieved from: Kolk (2011).

2. Overview sustainable certified coffee in international market

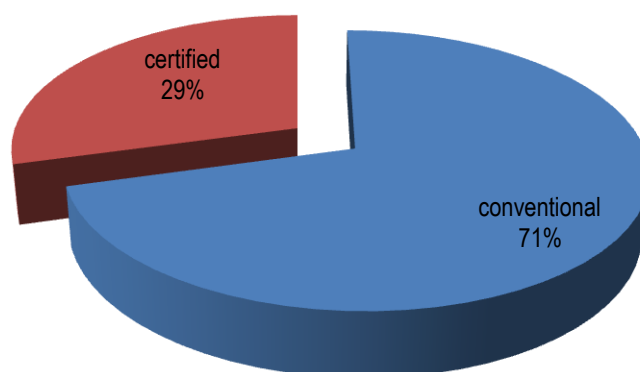
Source: Committee on Sustainable Assessment (COSA)



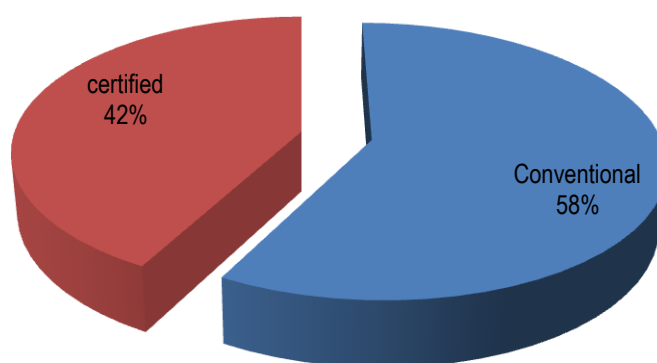


3. Figures on sustainable coffee in the Dutch coffee market

**Share of certified coffee in Dutch market
2010**



**Share of certified coffee in Dutch market
2011**



4. Declaration of Intent (DOI) Royal Dutch Association for Coffee and Tea



Intentieverklaring - 9 november 2010: Naar drie kwart duurzame koffie in 2015

Aanleiding

Koffie is het op één na belangrijkste exportproduct van ontwikkelingslanden na aardolie. Koffie wordt geproduceerd in 70 landen. Veel daarvan zijn in belangrijke mate afhankelijk van koffie voor hun inkomsten uit export. Wereldwijd zijn meer dan 100 miljoen mensen in de koffieproducerende gebieden direct of indirect afhankelijk van koffie voor hun inkomsten en nog eens miljoenen anderen verdienen hun brood in de handel, bewerking en distributie. Een duurzame koffiesector is in het belang van alle partijen die onderdeel uitmaken van de keten.

De Nederlander drinkt gemiddeld 148 liter koffie op jaarbasis. Dat zijn ruim 3 kopjes koffie per hoofd van de bevolking per dag. Hiermee neemt ons land mondiaal een 5^{de} plek in. Nederland is wereldwijd koploper waar het gaat om de consumptie van duurzame koffie, dit blijkt ondermeer uit het feit dat keteninitiatieven als Max Havelaar en UTZ Certified ontstaan zijn uit een samenwerking tussen de Nederlandse koffiehandel en producenten in oorsprong. Daarnaast dronk de Nederlander in 2008 een kwart duurzame koffie¹. Dit aandeel groeit jaar op jaar.

In de koffiesector vertoont de vraag een langzame, gestage groei, maar fluctueert het aanbod aanzienlijk. Het afgelopen decennium zijn er periodes van forse overproductie geweest en dat is gepaard gegaan met lage prijzen en het risico van teruglopen van de kwaliteit. Bovendien zijn de leefomstandigheden van de meest kwetsbare koffieboeren verslechterd. Door te werken aan duurzaamheid kan deze neerwaartse beweging doorbroken worden en de sector gezonder gemaakt worden, voor mens en milieu. Dit is in het belang van producenten (meer bestaanszekerheid) en de industrie (verzekering diversiteit en kwaliteit van koffieleaanbod). Met deze intentieverklaring wil de sector inzichtelijk maken wat de huidige en toekomstige inspanningen zijn voor het verduurzamen van de koffieketen.

Samenwerking in de keten: van oorsprong tot koffiekopje



Oorsprong De Nederlandse koffiesector werkt samen met ondermeer internationaal erkende keteninitiatieven aan het realiseren van een duurzame koffieteelt in oorsprong. Hierbij wordt gestreefd naar een evenwichtige relatie tussen mens, milieu en economie. De sector staat voor de uitdaging om bij de wereldwijd toenemende vraag voor voldoende aanbod aan duurzaam gecertificeerde koffie te zorgen. Hiertoe zijn uitbreidingen nodig met publiek-private projecten en samenwerking met autoriteiten en sectororganisaties in landen van oorsprong. Ook moet gewerkt worden aan een vermindering van de kosten van certificering voor koffieboeren door afstemming en onderlinge erkenning van de verschillende keteninitiatieven. Daarnaast is de ontwikkeling van een onafhankelijke impactmeting van het effect van keteninitiatieven (op het milieu, de arbeidsomstandigheden en de levensstandaard van koffieboeren) essentieel voor het bereiken van de gemeenschappelijke doelstellingen.



Transport Door middel van slim transport door de keten heen streeft de Nederlandse koffiesector naar een reductie van met name het aantal vrachtwagenkilometers. Hierbij kan gedacht worden aan vervoer over water of per spoor, gecombineerd vervoer of het optimaliseren van locaties voor magazijnen of distributiecentra. Hiermee werkt de sector aan het verminderen van haar kooldioxide uitstoot.



Productie De verantwoordelijkheid van koffiebedrijven voor een duurzame productie beperkt zich niet alleen tot de teelt en de zogenaamde primaire bewerking in de landen van oorsprong, maar geldt tevens voor de verdere verwerking in Nederland. Vermindering van de milieubelasting door verpakkingen en energiebesparing spelen hierbij een belangrijke rol. In het kader van de Meerjarenaafspraken Energie-efficiency (MJA3) heeft de sector zich gecommitteerd aan ambitieuze doelstellingen voor energie-efficiënte productie door procesoptimalisatie maar ook door innovatie door middel van projecten die zich richten op het behalen van milieuwinst in de keten. Zoals het gebruik van koffiedik als grondstof voor verpakkingsmateriaal of voor het opwekken van groene energie.



Consumptie Bij de stimulering van duurzame koffieconsumptie speelt betrouwbare informatie richting de consument een belangrijke rol. De Nederlandse koffiesector wil zich – samen met de betrokken ketenpartners – optimaal inzetten voor goede informatie naar de consument. Ook voorlichting en kennisdeling binnen de branche en daarbuiten speelt een belangrijke rol. Het zetten en warm houden van koffie, zowel thuis als op het werk, veroorzaakt een aanzienlijk deel van het energiegebruik in de keten. De sector wil samen met andere industriepartners werken aan productinnovaties die gericht zijn op energiezuinig koffiezetten.

In aanvulling op bovenstaande doelstellingen en toezeggingen wil de Nederlandse koffiesector – samen met alle betrokken ketenpartners – verder werken aan het verduurzamen van de Nederlandse koffieconsumptie. Voor het volume aan duurzame koffie streven we naar de volgende mijlpaal:

- In 2015 wordt drie kwart van alle koffie gedronken/verkocht op de Nederlandse markt duurzaam gecertificeerd.

N.B. als gevolg van internationale ontwikkelingen in de vraag naar en aanbod van duurzame koffie of andere relevante marktontwikkelingen, kan in overleg de haalbaarheid van de doelstellingen worden getoetst.

De Nederlandse overheid kan middels haar inkoopbeleid een belangrijke bijdrage leveren aan het bereiken van de in deze intentieverklaring opgenomen doelstellingen. De Nederlandse koffiesector biedt op haar beurt middels deze intentieverklaring een handreiking voor wat inkopers onder 'duurzame koffie' kunnen verstaan in het kader van het duurzaam inkoopbeleid van overheden.

Dit initiatief sluit goed aan bij de samenwerking zoals die plaatsvindt rondom het Platform Verduurzaming Voedsel en het Initiatief Duurzame Handel (IDH). Afstemming en samenwerking – ook tussen verschillende sectoren – wordt gezocht waar dit mogelijk en wenselijk is.

Een expertwerkgroep is onder toezicht van het KNVKT bestuur betrokken bij de uitvoering en de monitoring van de opgenomen doelstellingen. De intentieverklaring wordt verder uitgewerkt in een concreet actieplan waarover periodiek wordt gerapporteerd. Verschillende ketenpartners zullen betrokken worden bij de implementatie en (tussentijdse) evaluatie van het actieplan.

1. Bron: TCC Coffee Barometer 2009. Onder duurzame koffie wordt verstaan koffie die voldoet aan de eisen van één van de keurmerken Max Havelaar, Biologisch, UTZ Certified, Rainforest Alliance of die geproduceerd is onder de systemen van de leden van de ISAL Alliance.

Gehanteerde begrippen
Duurzame consumptie en productie: Het begrip duurzame ontwikkeling zoals door de Brundtland Commissie uitgewerkt, schepet ook voor koffie het kader: een ontwikkeling die inspeelt op de behoeften van nu zonder de mogelijkheden te kort te doen van toekomstige generaties om in hun behoefte te kunnen voorzien. Het rapport heeft de drie welbekende elementen van duurzaamheid geïntroduceerd: ecologisch, sociaal en economisch (g'd besaaieling – people, planet, profit). Essentieel in het concept van duurzaamheid is de onderlinge samenhang tussen deze drie elementen: geen van de drie mag ten koste gaan van de andere.

Internationaal erkende keteninitiatieven: Een verzamelbegrip voor initiatieven die gericht zijn op het verduurzamen van de koffieketen. Voorbeelden zijn Max Havelaar, Biologisch, UTZ Certified en Rainforest Alliance of de leden van ISAL Alliance.

Publiek-private projecten: Een samenwerkingsverband waarbij (lokale)overheden, particuliere bedrijven en maatschappelijke organisaties hun krachten bundelen om gemeenschappelijk knelpunten te adresseren in de koffieketen.

Impactmeting: Onafhankelijk (wetenschappelijk) onderzoek naar het effect van keteninitiatieven op de sociaal, economische en milieuomstandigheden in koffieproducerende landen. Een voorbeeld is de Committee on Sustainability Assessment (COSA).

ONDERSTEUND DOOR:


 Koninklijke Nederlandse Vereniging voor Koffie en Thee
 R.W. Koller, voorzitter


 Ministerie van Economische Zaken, Landbouw en Innovatie


 Rainforest Alliance


 IDH Initiatief duurzame handel


 EKO


 Fairtrade


 Rainforest Alliance


 UTZ CERTIFIED
 Good by product


 biologica


 Solidaridad


 Oxfam Novib


 Hivos
 people unlimited

5. Sustainability as an ‘Essentially Contested Concept’

Note to the reader: This short essay has been written in support of this master thesis as part of a Masterclass Methodology, as a theoretical discussion and application of the notion of ‘essentially contested concepts’ in the research context of the governance sustainability in the Dutch coffee sector.

Introduction

Discussions about social justice and fair trade practices in the global coffee supply-chain often results in a conceptual debate about the true meaning of notions like ‘fairness’ and ‘sustainability’ (Giovannucci & Ponte, 2005; Giovannucci et al., 2012). In methodological terms this issue, being a lack of common agreement on specific concepts, has already been recognized in a 1956 essay by the philosopher W.B. Gallie, who has coined the notion of ‘essentially contested concepts’ (Connolly, 1974; Miles, 2012; Ruben, 2010). Even though Gallie wrote his essay almost sixty years ago, it is still highly relevant for to consider in the context of conceptual confusion within certain discussions, most particularly in the case of empirical research in social science.

The origins of Essentially Contested Concepts

The notion of ‘essentially contested concepts’ entails that certain concepts are not set in stone but are highly dependent on the specific context and perspective on the matter. As Connolly (1974, p. 10) explains, “[w]hen the disagreement does not simply reflect different readings of evidence within a fully shared system of concepts, we can say that a conceptual dispute has arisen”. Some traditional examples of, which are endlessly debated are, amongst many others, democracy, art, culture, science, or sovereignty (Miles, 2012). Generally speaking, one can conclude that all there are too many conflicting stances on these concepts, which makes it difficult, if not impossible, to identify broadly accepted definitions. As a results, the inclusion of ‘essentially contested concepts’ in a particular research one would want to conduct, poses considerable methodological issues. If there is no common ground about some of the fundamental concepts in the research, how should the researcher carry out his empirical work in an objective manner? Nevertheless, the debates are needed to develop and apply theories in fields, which are contextualized by this conceptual confusion (Miles, 2012). Miles (2012, p. 286) adds, “[i]f conceptual confusion persists within a field of research, the development of the field is hampered, as researchers spend efforts debating these fundamental elements. This also hampers cross-discipline debate as different literatures adopt different definitions and conceptual understandings”. To overcome this, an important methodological consideration to deal with this issue is to provide a clear contextual framework, in which the research is carried out and emphasize the various conflicting approaches to the concepts with form a central role in their research.

Sustainability as essentially contested concepts

The concept of sustainability can easily be seen as an epitome of an 'essentially contested concept'. A large variety of scholars have attempted to find a common understanding of these concepts, resulting a multitude of conflicting definitions (Davison, 2008). Moreover, due to the fact that the concept is rather unstructured and ill-defined, issues related to sustainability are often characterized as, so-called, wicked problems (Stoker, 1998; van Zeijl-Rozema et al., 2008). According to Davison (2008), the complexity and multiplicity, which is common to all essentially contested concepts, makes sustainability an 'extraordinarily elastic concept'. In addition, Thompson (2011, p. 2) points out that "[s]ustainability is problematical, not because there are all sorts of villains and ignoramuses out there who are bent on unsustainability, but because people—virtuous and thoughtful people—have different and mutually irreconcilable ideas of just what is sustainable and what is not". On the extreme ends of the spectrum we find on the one hand people who believe almost all human activity as unsustainable, and therefore believe we should reproduce as little as possible. At the other extreme end of the spectrum people hold a more rational 'survival of the fittest' type of thinking, in the sense that "[i]f something is unsustainable it will stop" (Thompson, 2011, p. 2). Of course there is a very wide range of definitions, objectives and strategies in between.

In order to work towards consensus on how a concept like sustainability should be understood, people often refer to international institutions, such as the United Nations (UN), to come with solutions to challenging conceptual issues as such. In this particular case of 'sustainability' people often refer to a definition of 'sustainable development', which has been coined in a 1987 report of the UN World Commission on Environment and Development, commonly known as the Brundtland report, in which 'sustainability' is defined as "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs" (PSCB, 2011, p. 1). To make the latter somewhat measurable the three dimensions, 'People, Planet, Profit' (3 Ps), are discussed as elements which need to be in balance when striving for the goal of sustainable development as set out in the Brundtland report. Nevertheless, throughout the last decade these dimensions are often seen as overly-simplified and too often used by organizations as a framework in which corporate 'window-dressing' can be implemented (Connelly, 2007; Jordan, 2008; Kemp et al., 2005). Thus, whereas the Brundtland report is often cited in discussions about sustainability, it cannot and should not be considered as a generally accepted definition of the concept of sustainability. The strong emphasis in Brundtland's report on the process of sustainable development takes away the emphasis on defining the conceptual meaning of sustainability itself. As early as 1988, Professor Richard Norgaard from the University of Berkley emphasized that, "[...] with the concept meaning 'something different to everyone, the quest for sustainable development is off to a cacophonous start' (Davison, 2008, p. 191). Additionally, the Brundtland report does not stipulate the road towards sustainable development and, as Jordan (2008, p. 17) argues, "[...] it is hardly surprising that the world is still struggling to solve the riddle of sustainability twenty years after the landmark Brundtland report". The latter makes sense when one considers that, in the context of policy making in the post-80's era, environmental protection has often clashed with the desire for economic prosperity. Whereas Manning, Boons, von Hagen, and Reinecke (2011) claim that there is consensus on how the concept of sustainability can be defined in generic terms, I would argue

that the 'essentially contested' nature of the concept makes it impossible to develop a universally accepted definition of the term, especially when it is considered in a context where different stakeholders are active within systems of consumption and production with individual objectives. Brundtland's emphasis on the process of sustainable development maintaining full ambiguity regarding what entails the goal of reaching 'sustainability' is often criticized for its limited scope and the lack of addressing the how and why in terms of realization. Furthermore, as Thompson (2011) argues, one should always keep in mind that any use of an operational definition of the concept of sustainability, is merely a social construction of the relationship between human and nature. Thus, any attempt to develop some sort of 'baseline' definition will always be context specific, which are restricted to the goals and objectives of the stakeholders involved. Moreover, from a philosophical point of view, it is important to consider that it will be inevitable and explicable that the concept is inherently ambiguous, of which the exact meaning will always be contested (Connelly, 2007).

Sustainability in the global coffee sector

One can easily argue that the global trade in coffee has, especially throughout the last two decades, been increasingly influenced by sustainability. Nevertheless, there continues to be considerable disagreement and conflict in approaches to what sustainability in the coffee sector entails or should entail, let alone how it can be achieved. Yet, it does contextualize and frame the entire sector and thereby create considerable disagreement among stakeholders. Ever since the quota system did not return to regulate (ICO, n.d.). After the collapse of the regulated market, the prices in the liberalized market rapidly dropped and initiated a crisis on the coffee market, which had huge impact on the social and economic well-being of the coffee farmers (Jaffee, 2007; Selfa, 2009). Tukker (2010, p.179) emphasizes that "[...] liberation of the market in the 1990s caused a 'race to the bottom' at the production side, threatening basic minimum social and environmental standards". In response, one of the earliest mechanisms to stimulate 'sustainability' in the coffee sector was the 'Max Havelaar' coffee standard setting system. The Dutch civil society organization 'Solidaridad' worked this idea out into the first private certification scheme for the coffee sector, which was quickly replicated as the well-known 'Fair Trade' label in multiple coffee consuming countries (Fairtrade Foundation, n.d.). Ever since, the influence of 'sustainability' in the global coffee sector has been steadily increasing. The development of certified coffees has gone through an explosive growth since the early 21st century. Besides the well-known Fair Trade organization, more private and voluntary sustainability initiatives, such as Utz Certified and Rainforest Alliance, have been established. Yet, the wide variety of certification and verification schemes all have their own focus and strategy in terms of the level of social-, economic-, environmental standard setting and monitoring. The main point of criticism towards the Fair Trade/ Max Havelaar system is that their guaranteed minimum price does not bring 'sustainable' economic prosperity for the local farmers. Apart from these standard setting bodies, other powerful actors in the coffee sector, like the major roasters, public-private partnerships, NGOs, etc. are actively promoting sustainability throughout the value-chain, having their own goals and objectives and a specific view on what sustainability entails or should entail (Auld, 2010; G. Fridell, 2007; M. Fridell et al., 2008; Kolk, 2011, 2012). The latter provides a lot of input for other ongoing discussions on how 'fairness' in the context of 'sustainability' in the coffee sector

should be defined and what is the most effective way in achieving the sustainability targets. The actual impact of the various standard setting systems is, amongst other challenges, actually relatively hard to measure on a large scale, thus various important stakeholders in the global coffee sector doubt whether these initiatives can continue to enhance long-term sustainability in the mainstream coffee market, which emphasizes the essentially contested nature of sustainability as a concept in the context of the global coffee market and far beyond. (Bond et al., 2001; Giovannucci et al., 2008; Marete, 2007; Utting, 2009; Valkila & Nygren, 2010).

Conclusion

To summarize, in this short essay the notion of sustainability as an essentially contested concept has been discussed. This notion presents a classic methodological issue in researching issues in the context of sustainability in the global coffee sector. Apart from being a ‘buzz’ word in the context of corporate social responsibility and the trade in quality certified coffees, sustainability is largely influencing policy-making in the coffee sector. Nevertheless, different actors in the field approach this issue from various perspectives and with wide-ranging objectives, making it extremely difficult to find common ground. An extremely broad definition of sustainability and sustainable development was coined in a 1987 report by the UN World Commission on Environment and Development. Ever since Brundtland and his colleagues wrote up their report, the social-, economic-, and political context of has dramatically changed, nevertheless, their definition is often used to provide a framework for sustainability initiatives. However, this definition is extremely ambiguous and vague, and is mainly focused on the process of sustainable development rather than looking at the concept of sustainability. Moreover, due to the essentially contested nature of the concept, the quest towards finding agreement of a conceptual discussion as such will be endless yet not useless as it forces key players to define their position regarding issues in the context of sustainability. What we currently see is that many large public and private players feel the need to be ‘sustainable, yet the inherent conceptual ambiguity has resulted in a “[...] shared expectation across a wide range of contesting positions that new ethical or technical ideals provide the starting point for the journey to more sustainable futures” (Davison, 2008, p. 197). What this future exactly entails heavily depends on the contextual situation, which will be marked with continuous conceptual conflict and confusion among the actors involved.

6. Overview and interviewees and interview schedule

The following table provides an overview of the various stakeholders from different sectors and organizations who have been interviewed for this research.

Sector	Organization(s)	Representative(s)	Position(s)	Comments
Public	IDH –Sustainable Trade Initiative	Jenny Kwan	Senior Program Manager Coffee	May 23, 13:30 IDH, Utrecht
	Ministry of Economic affairs, Agriculture, and Innovation (EL&I)	Lucie Wassink (ICO)	Policy coordinator	June 8, 10:00 EL&I, the Hague
Private	Douwe Egberts Foundation	Don Jansen	Program Manager DE Foundation Wageningen University	June 5 10:30 WUR
	Simon Lévelt	Paula Koelemij	Manager purchasing & quality assurance	June 13, 11:30 SL, Haarlem
		Hans Levelt	Former CEO Simon Lévelt	August 13, 9:30 SL, Haarlem
	United Coffee	Hilke van den Bosch	Manager Sustainable Development (United Coffee)	June 29, 10:00 United Coffee Den Bosch
	European Coffee Federation (ECF)	Roel Vaessen	Director ECF	July 27, 15:00
	Royal Dutch Coffee and Tea Association(KNVKT)	Tijmen de Vries	General Secretary KNVKT	1 st July 4, 14:00
	Tropical Commodity Coalition (TCC)	Mieke van Reenen	Former Program Manager	May 24, 10:30 Hivos, Den Haag
Others	TIO Uni. of Applied Sciences PUM Netherlands	Stefan Durwael	Current: Lecturer (TIO) Senior CSR Expert (PUM) Past: Management positions within FTO, EFTA, Max Havelaar, TransFair International, etc.	July 12, 12:00
	Next Generation Coffee	Ward de Groote	Current: Starting new sustainability initiative 'Next Generation Coffee' Past: Founder Utz Certified Ahold Coffee Company	July 11, 15:30
	Joost Pierrot Consultancy	Joost Pierrot	Consultant with long history and experience in Dutch coffee sector, e.g. Simon Lévelt CBI (consultant)	Skype: 1 st June 14, 12:00 2 nd July 2, 12:00

7. Development of sustainability in the Dutch coffee sector 1960's – 1980's

Note to the reader: This analysis has provided an extended analysis of the historical development of sustainability in the Dutch coffee sector between the 1960s and mid 1980s. Due to its depth it is too lengthy to be included in the data analysis section of the thesis. However, a summary, which includes the key points of the historical framework of the analysis (1960s – 1980s), can be found in chapter 5.

Introduction

The following in-depth analysis will provide an extended chronological and historical background, which will explain the social context that eventually led to the introduction of the first certification scheme in the global mainstream coffee industry. Even though it provides a rather wide historical background, it is essential to get a clear contextual understanding about the underlying reasons which has triggered development of sustainability as an important issue in the Dutch coffee sector. The central research question which will guide the analysis is:

To what extent have civil society organizations in the Netherlands been an important convener in the introduction of sustainability in the Dutch coffee sector between the 1960s and the 1980s?

In the order of appearance this background chapter will discuss: first, the rise of alternative trading organizations and political activist groups throughout 1960's and 1970's in the Netherlands; second, the development of World Shops as outlet for products from developing countries; third, the pressure on the Dutch coffee industry through coffee boycotts; forth and last, the introduction of 'fair' coffee by ATOs in the Dutch market.

The early development of the Alternative Trade Organizations

In order to get a clear understanding about the development of sustainability in the Dutch coffee sector, it is important to start the discussion in the aftermath of the Second World War, when religious organizations and charities in the United States and Western Europe started to recognize the need for development aid in developing countries in the global South (G. Fridell, 2004a; Moore, 2004; Young, 2003). Initially the concept of alternative trade started in 1946 in the United States, where the Mennonite Central Committee (MCC) started to trade with poor communities in the South. This Christian relief organization, which was founded in 1920, was the first organization, which started to bring back handicraft product from missionary trips to Puerto Rico, which were sold on a very small scale. This project was named SELFHELP and grew out to become what is currently known as the non-profit organization 'Ten Thousands Villages', which has mainly focused on the sales of crafts. Whereas grass roots initiatives as such were slowly establishing throughout the US, it was the start of "[...] international development and solidarity movements [...] particularly in the Netherlands, Belgium, and the UK in the 1950's and 60's", which led to more encompassing mechanism for the promotion of alternative trade and what is currently known as the 'fair trade movement' (Moore, 2004; WFTO, 2012; Young, 2003, p. 4). In the UK these

efforts were led by Oxfam, which had shifted their attention to alternative trade with Southern producers after having been actively involved in relief aid in Germany in the aftermath of World War II (G. Fridell, 2004a). In 1964, Oxfam UK established the first formal Fair Trade Organization (WFTO, 2012).

Another key player and pioneer in the development of this global fair trade movement has been the Dutch Catholic group 'Stichting S.O.S.'⁵² (hereafter referred to as SOS) (Beerends, 1993; G. Fridell, 2004a; WFTO, 2012). Currently known as Fair Trade Original, this organization was initially founded in 1959 as a 'regular' development foundation "[...] by a group of youth members of a Catholic political party in the Dutch town of Kerkrade" (G. Fridell, 2007, p. 40). In the first years of the organization's existence it mainly focused on charity through fundraising and development aid projects in developing regions. These projects were aimed to enhance the economic independence of the people in the developing countries through the provision workshops and vocational training and creating jobs (Fichtl, 2007; Young, 2003) However, Fichtl (2007) points out that SOS soon found out that the producers in the Southern countries could not rely on local markets to sell their manufactured products. The sales potential of the small local market was insufficient". In order to solve this problem the foundation in 1967 became an importing organization, which started to purchase products directly from producer groups in developing countries (G. Fridell, 2007; WFTO, 2012). Consequently, rather than focusing on development aid, SOS the same approach as the upcoming ATOs in the US (SEFLHELP and SERRV) and the UK (Oxfam) (Durwael, 2012).The organization started to import handicrafts and needlework produced by people in the South or refugees, thereby bringing the producers in the global south 'closer' to the consumers in the global north within an alternative trade network (M. Fridell et al., 2008). However, important to take into account is the fact that "[i]n the Europe of the 1960's, public interest in Third World issues was fairly limited" (EFTA, 1995). The latter is supported by the former director of Fair Trade Original and the World Fair Trade Organization (WFTO) Stefan Durwael, who emphasizes that in those days 'Third World' and 'developing countries' were relatively unknown concepts. Nevertheless, a common feature of the rise of Alternative Trading Organizations (ATO) in Europe and the US was that, "[t]hese agencies were driven by their religious commitments to social justice and Christian solidarity, and sought to provide an outlet for the goods of highly marginalized producers as a means to help these communities prosper" (Fichtl, 2007, p. 4). In response to the development of SOS many so-called Third World groups were created in the Netherlands, of which a vast majority was connected with churches and these groups became. In addition to mail orders and missionary exhibitions, the Third World groups provided a perfect outlet for SOS, which sold their products via churches in order to collect money for the needy in poor countries (EFTA, 1995).

⁵² The abbreviation S.O.S. stance for 'Steun voor Onderontwikkelende Streken' and is later changed into 'Steun Ontwikkelings Streken', which means support for developing regions. The name of this organization has been changed multiple times throughout history. Once the organization started to import and sell products from developing region the name changed into S.O.S. wereldhandel, the latter meaning world trade. In the 90s it changed into 'Fair Trade Organisatie, and more recently into 'Fair Trade Original'.

World Shops as an outlet for 'Trade not Aid'

During the United Nations Conference on Trade and Development (UNCTAD) in 1968 in New Delhi, it was concluded that "Trade not Aid" would provide the most economic prosperity for developing countries (Beerends, 1993; G. Fridell, 2007; Wilkinson, 2007). In order to achieve this, Western countries should active dismantle the tariff barriers with which they were protecting their own markets but also blocking the developing countries from accessing these markets. However, this statement was not put into practice as the political will to apply the concept in reality was lacking (Beerends, 1993; WFTO, 2012). In response to the failed UNCTAD conference, the Dutch journalist Dick Scherpenzeel coined the idea in the media to open up World Shops. The first World Shop was opened by a Third World group in Breukelen and this new form of outlet for the products of SOS rapidly spread throughout the Netherlands. Within the following four years a network of almost 200 World Shops was established in the Netherlands.

Moreover, apart from being an outlet for products from developing countries, they also served as an important network to channel political protests and public campaigns of various left-wing activists groups (WFTO, 2012; Young, 2003). The latter had established themselves throughout the 60's various and tried to put pressure on the (international) governments and large businesses. An important example as such was the cane sugar campaign, during which cane sugar was sold as an example of how the world trade functions and how rich countries in the West systematically raise high tariff barriers on the export of products from developing countries. The cane sugar was sold in the World Shops with the message "by buying cane sugar you give people in poor countries a place in the sun of prosperity" (WFTO, 2012, p. 1).

In 1970, the Cane Sugar Committee, SOS and the World Shops established the National World Shops foundation, which and needed to give more structure to this rapid growth in the number of World Shops in order to ensure a 'common' policy. The latter was changed into the National World Shops Association in 1974. Rather than being only restricted to development issues, it also became involved in environmental issues, peace and security and local politics. Nevertheless, amongst the various World Shops and associated political- or trade organizations there was a difference in the vision on the work of the 'fair trade' movement. Basically, one can argue that two competing approaches had developed within in the alternative trade movement. On the one hand there was the 'solidarity' approach, whereas on the other hand there was the 'development' approach. Dergousoff (2009, p. 5) emphasizes that "[t]he fundamental difference between 'solidarity' and 'development' trade is that one wants to change the rules and practices of conventional international trade, an agenda which can be understood as 'solidarity' with marginalized producers, while the other wants to develop the fair trade industry with conventional market strategies which are in accordance with 'development' policy". The latter type actively aimed to change the way in which business on a global scale is conducted (Young, 2003). This new, more political, approach in the context of 'no trade but aid' was clearly emphasized in a small information booklet, which was published in 1969 by Sjaloom⁵³, arguing:

⁵³ Sjaloom was a left-wing political activists group, which in 1967 initiated the 'cane sugar campaign' in the Netherlands.

“Het moge bij voorbaat duidelijk zijn: wie meedoet aan de rietsuikeractie doet niet mee aan een nieuwe liefdadigheidsaktie, een verkapte kollektievorm die geld beschikbaar stelt voor arme landen; nee, hij of zij doet mee met een politieke actie, gericht op het veranderen van de maatschappij-inrichting op sociaal-ekonomisch gebied. En dat geldt dan voor de wereldmaatschappij zo goed als voor de Europese en Nederlandse” (Reckman, 1969, P. 17)⁵⁴.

Overall, various organizations in the Netherlands, including the World Shops, the ATOs, as well as various NGOs, have played an important role in the development what we currently know as the fair trade movement. Soon after the SOS had started their import organization in the Netherlands, SOS established 'subsidiaries' in Germany, Austria, Switzerland and Belgium (EFTA, 1995). Also the concept World Shops, or Fair Trade shops, rapidly spread throughout Western Europe and the US. By the late 1980's and early 90's various major international associations were established, through which the efforts of the local and national ATOs would be consolidated (Raynolds & Murray, 2007; WFTO, 2012; Wilkinson, 2007).

Coffee boycotts as political pressure on the coffee industry

Before coffee was introduced as an actual product on the shelves of these stores, it entered the World Shops through political campaigns. Two successive coffee boycotts, namely the Angola boycott in the early 1970s and El Salvador boycott in early 1980s show how numerous left-wing political activist groups started to connect the global trade in coffee with the political situation in the country of origin. Consequently, due to pressure of the political activists, roasters and retailers in the Netherlands were forced to think about the social and political situation in which these products were produced.

The first boycott was initiated in response to the enduring Portuguese colonial regime in Angola, which was one of the last remaining colonies in the world (Balvers et al., 1997). In the Netherlands a group of left-wing activists, which were mainly politically active, students had formed the 'Angola Committee' (Beerends, 1993). Whereas this group had already been established in 1961 (source), they became well-known and successful in the early 1970's with their public campaign in which they actively started to boycott the import and sales of coffee from Angola by Dutch coffee roasters and grocery stores. In those days the Dutch coffee sector consisted of around 45 small or medium sized coffee roasters and there were just a couple large firms, such as de Gruyter, van Nelle, and Douwe Egberts. Coffee roasters bought their coffee via big traders and the farmers were not adequately remunerated. However, the roasters were hardly aware of this. To clearly illustrate the latter, Hans Levelt recalls that at some point in the late 1960's someone, who was involved in the World Shop initiatives, visited the Simon Lévelt factory in Amsterdam. "When he saw the coffee bags of coffee from Angola in the factory he became furious and said: 'How dare you to buy coffee from Angola?'. In my ignorance of those days, that evening I had to check a map to see where Angola was located and then realized that this was Portuguese colony". The latter clearly indicates the

⁵⁴ Translated: It should be clear in advance: who participates in the cane sugar action does not contribute to a new charity action, a disguised collection of money for poor countries. No, he or she joins a political action aimed at changing society device in the socio-economic field. And this applies to the world community as well as for the European and Dutch.

unawareness of coffee roasters in those days towards the social, political, and economic situation at the origin of their product. The Angola Committee wanted to boycott the import of coffee from Angola as long as Portugal continued their colonial regime. Levelt actively supported the activists, by informing them when and where the cargo ships with coffee from Angola would arrive in the harbors, which allowed them to plan their demonstrations in advance. Many of the other roasters and distributors were not thankful to Levelt's involvement and support of the Angola Boycott, or to put it more specific "Albert Heijn could suck my blood". The latter is not surprisingly as the Angola Boycott campaign got a lot of attention as specific players, such as Douwe Egberts and Albert Heijn, were individually addressed and penalized in the media for their continuous involvement in the import and sales of Angola coffee.



Figure 1: campaign posters of the Angola coffee boycott (Internationaal Instituut voor Sociale Geschiedenis, 1972, 1973)

The second call for a boycott came in the early '80 when the El Salvador committee, together with the World Shops and a research group, tried to get public attention for the human rights situation under the military regime in El Salvador. For the Dutch coffee roasters and retailers this became a sensitive issue when they, as members of the VNKT⁵⁵, were approached to establish an import boycott of coffee from El Salvador.

Compared to the Angola committee, the El Salvador committee focused much more on the creation of dialogue with large players in the industry, in order to achieve their goals. One could argue that the industry, most notably Albert Heijn, had learned from the Angola Boycott and realized that the public campaigns of the activist groups could possibly be harmful to their organizations (Balvers et al., 1997). The VNKT entered the dialogue with the El Salvador committee, since they realized that developments in society have caused that the industry cannot exclude themselves from these discussions (VNKT, 1981). Nevertheless, the VNKT decided that a coffee boycott by a relatively small player in the global market, which is the Dutch coffee industry is, would most likely not diminish the human rights infringements in El Salvador and would do more harm than good to the coffee farmers (VNKT, 1982). However, when on March 17 1982 four Dutch journalist were brutally killed in El Salvador a heavy public discussion erupted (Beerends, 1993). Consequently, the VNKT reconsidered their position, arguing that

⁵⁵ Those days coffee industry was grouped together in the Vereniging voor Nederlandse Koffiebranders en Theepakkers (VNKT), being the trade association for all coffee roasters and tea packers in the Netherlands. Since 2010 the association merged with the Coffee and Tea Trade Associations becoming the Royal Dutch Association for Coffee and Tea

“[...] we cannot ignore developments in society, with which in the future the industry will more often be confronted with” (VNKT, 1982, p. 1). In response the members of the VNKT decided to temporary stop the import of coffee from Angola, which lasted until October of the same year.

Dutch ATOs as pioneers in ‘fair’ coffee

Alongside these political campaigns and boycotts, which were often channeled via the network of World Shops, SOS had started the import of ‘fair’ coffee directly from the producers in the South. Whereas the sales of handicrafts and cane sugar provided a kick start for an international Fair Trade movement, it was the introduction of ‘fair’ coffee in 1973 that “led to an enormous acceleration of developments in fair trade, and coffee turnovers exceeded those of handicrafts shortly afterwards” (G. Fridell, 2004a; Thonen, 1973).

In the autumn of 1973, soon after the Angola boycott, SOS introduced for the first time ‘zuivere’ (fair) through the network of World Shops on the Dutch market (Durwael & Levelt). SOS had approached a number of small coffee roasters in the Netherlands, whether they would be interested to buy beans, which SOS could directly import from an association of coffee cooperatives in Guatemala, named Fedecocagua. In those days direct relations with the producers was very unusual. One of the respondents explained that in those days “[t]here were many traders where you bought green coffee, either 10 bags, 15 bags, 40 bags and so on” (Levelt). The latter meant that the roasters had little to do with the producers and, as the example of the Angola boycott showed, had often little insight in where their coffee came from since the roasters had to do business with the coffee traders.

Nevertheless, only a small number of coffee roasters were interested in the direct trade of coffee via the channels of SOS. This was the first time that small roaster, even though indirectly, got connected with the producers in the coffee production countries. For them this was an eye-opener as the roasters learned about the situation on the coffee farms and the fact that farmers received little money for their crop.

Throughout the 70’s and early 80’s, the ATOs established relationships with a number of producers in South and the network of World Shops became a small stable channel for the outlet of this coffee (M. Fridell et al., 2008). Whereas the first type of ‘fair’ coffee was imported by SOS from Guatemala, soon other types and origins of coffees were imported from countries various countries throughout Latin America as well as Tanzania in Africa. These coffees were introduced in the World Shops. Types of ‘fair’ coffee, such as ‘Indio’, ‘Solidariteit koffie’, and ‘Cafe Orgánico’ (figure 2) were now available in the consumer market. As pointed out before, the sales of ‘fair’ coffee led to an enormous acceleration of developments in fair trade, and coffee turnovers exceeded those of handicrafts shortly afterwards” (Durwael (G. Fridell, 2004a)). As a consequence, coffee quickly became the main product and symbol of the global Fair Trade movement, which it still is (Wilkinson, 2007). Beerends (1993) recalls that some radical and activists oriented World Shops had taken the original products, like handicrafts and cane sugar, from the selves and only focused on the sales of coffee and literature. Nevertheless, to put matters in perspective, before the introduction of Max Havelaar it only managed to get a market share of 0.2 percent in the

Dutch coffee market. In addition, since the coffee could often only be bought via SOS in small quantities it was rather difficult to ensure the quality of the different types of ‘fair’ coffee.



Figure 2: promotion posters of various types of ‘fair’ coffee

In 1984 the partnership religious initiative ‘Interkerkelijk Overleg Wereldvoedselvraagstuk’ (IOW) was set up, which consisted of a variety of Christian missionaries and charity organizations (Beerends, 1993). Initially this partnership was focused on poverty reduction and hunger in developing countries. One of the organizations in this partnership was Solidaridad, became actively involved in the promotion of ‘fair’ coffee. In 1986 they developed a campaign (figure 2) for consumer, through which “[...] they tried, just like the World Shops had been doing, to stimulate municipalities and provinces to switch to coffee which came from co-operations with smallholder coffee farms” (Beerends, 1993, p. 100).

The mainstream coffee industry was rather critical towards the way in which the Solidaridad’s public campaign communicates about ‘zuivere’ coffee. The latter “suggest that all other coffees are not ‘zuiver’ (fair), consequently discrediting many coffee roasters in the Dutch sector”, which the VNKT found unjustified and they did not consider to be impossible to take a common stance in political discussions as such (VNKT, 1986).

Whereas some small roasters in the Netherlands, such as Baco and Simon Lévelt, had been relatively supportive towards the direct trade of ‘fair’ coffee via alternative trading channels, by the late 1980s it had only managed to cover around 0,2 to 0,3 percent market share within the Dutch coffee market. Consequently, the relatively small market share of ‘fair’ coffee in the World Shops proved to be ineffective to change the situation of producers on a large scale. The need to introduce ‘fair’ coffee in the mainstream business channels was therefore recognized by

some as a solution. Altogether, the introduction of 'fair' coffee by SOS, as argued by Giovannucci, amongst many others, has made the Netherlands one of the pioneering countries for fair trade coffee.

Conclusion

On the basis of this historical analysis a number of conclusions can be drawn, which explain how and why sustainability has been an important issue in the Dutch coffee sector for such a long time already. First, the initiatives undertaken in the late 60's and beginning 70's to shift the focus of 'alternative' trade from 'solidarity' towards 'development' through trade has been groundbreaking. Organizations like SOS and the World Shops did not strictly emphasize the help for the needy and poor in the developing countries, but also saw the economic potential to work out the "No Aid, But Trade" philosophy.

In the 1960's a number of events and initiatives in the Netherlands came together, which made the Netherlands a pioneer in the global 'fair trade' movement, as many respondent have emphasized. One of the main reasons for this is, as argued by Vaessen, that "[i]n the Netherlands there has always been a strong connection between religious organizations and politics", which have stimulated the institutionalization in the development sector. In addition, the collaboration and cooperation among different stakeholders has often been broad forward by the interviewees as a key characteristic of the Dutch coffee sector. To illustrate the latter, already at an early stage in the development of World Shops throughout the Netherlands the ATO SOS, representatives of the World Shops, and the Cane Sugar Committee, came together to set up a national coordination point of the different World Shops. Beerends (1993) emphasizes the fact that, even though the different stakeholders had different views towards the goals and the means of the World Shops, they managed focus on their common interests. The latter led to the establishment of the National Foundation of World Shops in 1970, which changed the 'Foundation' into an 'Association'. Nevertheless, internal conflict about the actual purpose, goals and means of the World Shops in relation to developing countries as well as to the mainstream market has always been existent and also influenced the introduction of Max Havelaar in the Dutch coffee sector. Throughout 70's and 80's the fair trade movement quickly expanded throughout Western Europe and the North America, nevertheless, yet always occupying a relatively small market share in the coffee industry. The introduction of Max Havelaar, as the first private sector certification scheme in the global coffee industry, has been groundbreaking and has led to the introduction of various different certification schemes and other sustainability initiatives in mainstream coffee markets all over the world.

8. Civil society's and industry's response to Max Havelaar

Apart from many critical remarks from industry players, as will be discussed in the following sub-section, a variety of civil society organizations also expressed strong criticism towards the ideas of Solidaridad. Especially a majority of the network of World Shops was unpleasantly surprised about the plans to introduce 'fair' coffee in the mainstream coffee market. In one of their internal monthly newsletters, representatives from some World Shops argued that "[o]n the hand it is important for the producers in the Third World to find a good outlet for their products. On the other hand, until now World Shops have based their existence mainly on the sales of coffee. This could possibly be taken over by the large chain stores, which would easily diminish the market share of the World Shops" (Ontzet, juli/aug. 1987, p.11). In addition, they strongly criticized the idea that the 'fair' coffee could be found on the shelves of Albert Heijn, which in their eyes symbolized all negative elements of global capitalism what they were trying to combat (Beerends, 1993). The latter is contextualized by Young (2003, p. 10), who correctly argues that "[t]wenty years ago most international development agencies were extremely critical of business and many saw it as an agent of underdevelopment". Moreover, various respondents emphasized that the World Shops considered it to be one of their main tasks to raise awareness among consumers about the situation of the coffee producers. Since they would lose their monopoly in 'fair' coffee, they feared that this task would not be copied in the mainstream market. Even though Roozen (2001) tried to take away the doubts and criticism, the members of the National Association of World Shops initially voted in a referendum against the idea to cooperate with the introduction of Max Havelaar as a public brand. Nevertheless, in the end Max Havelaar managed to get minimal support from the World Shops to introduce Max Havelaar as a certification (van der Hoff & Roozen, 2001).

From a historical point of view the negative attitude towards the introduction of 'fair' coffee in the mainstream market is quite ironic, since the latter was actually also the initial idea of the cane sugar sales in the late 1960's, which initiated the concept and rapid spread of World Shops throughout the Netherlands. In 1969, Piet Reckman⁵⁶ already argued that "[f]irst of all it is about stimulating the sales of cane sugar via the regular channels. The cane sugar campaign is most successful when we achieve that as many stores as possible want to sell cane sugar and as many people as possible want to use cane sugar" (Reckman, 1969, p. 54). Thus, in an early stage of the fair trade movement's development it was already recognized that mainstream actors should be involved in order to fulfill its purpose. However, looking back on the development of Max Havelaar within the mainstream coffee market, one can conclude that the hesitation among the World Shop's was, to a certain extent, valid. Young (2003, p. 10) for example critically argues that "Fair trade has also now been adopted by the commercial sector, not as a principle for business, but as a useful marketing tool which differentiates them in the market and has some benefit to the producer too. Fair trade has become one of the tools in the CSR armament rather than a basis for doing business". Nevertheless, the pressure, tensions and internal conflict within fair trade movement, caused by the introduction of Max Havelaar, also enhanced institutionalization by emphasizing the

⁵⁶ Well known figure in the third world movement in the Netherlands and the first Secretary of the National Foundation of World Shops '70 – '72.

need for professionalism and business-oriented approach within the movement (Beerends, 1993; Wilkinson, 2007). The fact that Max Havelaar would be introduced as a label rather than a public brand, which would appear on the coffee packages of a number of roasters, took away some of the criticism among the World Shops and led to the support of the Max Havelaar initiative.

The industry players initially took a rather defensive attitude towards the initiative of the Max Havelaar Foundation (Ingenbleek & Reinders, 2012) (appendix B.8,9,10). The underlying reasons why the roasters perceived the Max Havelaar foundation as a threat to their businesses was generally based on the following arguments. First, the majority of the VNKT members found that they had valid reasons to take such a defensive position, since the global coffee market, including the coffee prices, was regulated via the International Coffee Organization (ICO). This international government body, as argued in an annual report of the (VNKT, 1986, p. 3), strives to achieve “[...] an as stable and profitable price as possible for all coffee producing countries, which is very important for the economy of those countries”. It is emphasized that through a quota system, as formulated in International Coffee Agreements (ICA), the governments of coffee producing countries receive steady income for the export of their coffee, which arguably is beneficial for all parties in the chain. Nevertheless, in those days the perceived boundaries between the responsibilities of public (e.g. national governments, ICO) and private actors (e.g. VNKT, roasters) changed drastically, once, in September 1989, the controversial quota system for the global trade in coffee collapsed (ICO, n.d.). This suddenly left the coffee prices to be determined by neoliberal market mechanisms. The prices in the liberalized market rapidly dropped and initiated a crisis on the coffee market, which had a huge impact on the social and economic well-being of the coffee farmers (Jaffee, 2007; Selfa, 2009). One can easily argue that the collapse of the regulated coffee market caused a ‘race to the bottom’ for coffee farmers, as social-, economic-, and environmental standards became heavily threatened (Tukker, 2010)

Nevertheless, also after the collapse of regulated coffee market, the coffee industry in the Netherlands was not very enthusiastic about the Max Havelaar certification initiative. This defensive attitude was caused, as pointed out by Ingenbleek and Reinders (2012, p. 5), by the fact that “[...] the Netherlands was the first country and the coffee industry was the first industry where a mainstream Fair Trade product was being launched, the initiative was fundamentally new: company managers within the industry had no reference points from other industries or countries”. Moreover, as various interviewees have pointed out, there was also a strong cognitive difference between the NGOs and the industry in the late 1980s led to a situation in which the two camps had no common interest, which resulted in a strong sense of ‘enemy-thinking’ at both ends of the spectrum. Logically this defensive attitude did not stimulate cooperation between the various stakeholders. Levelt emphasizes that the lack of professionalism and sense of absolutism within the Max Havelaar Foundation caused that the key industry players did not see the need to collaborate (appendix B.13, p.111).

One could, therefore, question to what extent the industry players were, at that time, willing to cooperate with civil society organization whatsoever. However, having learned from the political campaigns, such as the Angola- and El Salvador boycott, the roasters knew the extent to which NGOs could influence consumer behavior. Therefore, the trade association started to cooperate with the IOW, when, in October 1986, the IOW, of which Solidaridad

was an active member, approached the VNKT “[...] to have a thorough conversation about the effects of the coffee production and the coffee trade for the poorest people in the Third World” (VNKT, 1986, p. 2). The IOW wanted to motivate the industry players, including both roaster and retailers, to take their responsibility within the global coffee market and buy a share of their coffee directly from the producers in the South (Beerends, 1993, appendix B.12, p. 101). In the months to follow, various meetings took place during which issues like social standards, such a fair and certain price, as well as environmental issues, like organic cultivation, were discussed. Ward de Groote⁵⁷, former managing director of Ahold Coffee Company (ACC), emphasizes that in those days the roasters and large retailers in the Netherlands were not in all cases aware of the conditions under which their coffee was produced, since the chain was filled with many large and small player who were involved in the trade (appendix B.11, p. 87). Durwael, former director of Fair Trade Orginal, points out that the meetings between the IOW and the members of the VNKT initiated a dialogue about the need to enhance equality in the power relations among all stakeholders in the value chain (appendix B.11, p. 101). The VNKT was supportive towards the cooperation with the IOW, however in this context, it was also considered that “[...] for businesses, where many people with individual opinions and views work, [it is] impossible and incorrect in case political choices need to be made” (VNKT, 1986, p. 4). In spite of this, after extensive consultation, the VNKT and the IOW officially came to a collaborative agreement in which the roasters committed themselves to improve the living conditions of these producers and market access to the global coffee market through the purchase of coffee directly from small farmer cooperatives (VNKT, 1988).

However, not even six months later, the IOW decided to put a hold to its cooperation with the industry players. Within the multi-stakeholder cooperation it proved to be an extremely difficult task to meet “[...] the idealistic desires of the IOW, while maintaining the businesslike and commercial responsibilities of the roasters” (VNKT, 1988, p. 5). Former VNKT general secretary, Roel Vaessen, emphasizes that the roasters were aware of the fact that they were expected to take a socially positive and involved approach to these sensitive issues. Yet, rather than continuously having an internal discussion about the pros and cons of the Max Havelaar initiative, the VNKT wanted to stimulate the discussion about the possibilities, but also the impossibilities, of roasters to influence the position of farmers (appendix B.9, p. 74). However, Ingenbleek and Reinders (2012, p. 5) emphasize that “[m]ost companies considered their relationships with alternative trade movements to be in the category of ‘damage control’”. Consequently, the members of the VNKT saw the need to be involved in the public discussion about the direct trade with small farmers. This led to the creation of the Foundation for Roaster and Planter, which continued the efforts which were initially agreed upon with the IOW in late 1988, meaning that the roasters would establish direct trade relations with numerous small farmer cooperatives. After the first three years, the start-up phase of this foundation was considered be a successful initiative of the industry. As can be seen for table 1 increasing quantities of coffee from a variety of producing countries was imported directly from small farmer cooperatives. After three years the VNKT decided that continued efforts were left to the individual

⁵⁷ would later be closely involved in the establishment of Utz Kapeh/ Certified

roasters (VNKT, 1992). Nevertheless, others have argued that this initiative was mainly aimed to as a corporate tool for the roasters to avoid damage to their reputation (Ingenbleek & Reinders, 2012).

Another important why many other roasters, most importantly the market leader DE, were not too keen on cooperating with Max Havelaar system, was because of the fact that it would cause “[...] an unworkable situation to buy a certain share of their coffee against at higher prices” (VNKT, 1989, p. 3). It seemed to be irrational to pay a different price to a farmer who is connected to Max Havelaar even though they deliver the same product as their neighbor who is not certified (appendix B.9, p.74). Throughout the development of Max Havelaar and even today, the issue of the minimum price continued to be problematic and is by a majority of the interviewees seen as a major flaw in this sustainability initiative. Levelt emphasizes that he quickly realized that the minimum price was not a sustainable component of the standard, since the economies of scale are highly depend on the context in which the coffee is produced (appendix B.13, p. 110). Nevertheless, continuous efforts to remove the guaranteed minimum price in the development stage of the initiative was out of discussion, since it would take away the main incentive of the producers to sell their coffee via Max Havelaar rather than on the world market.

Table 1: Direct sales of coffee from smallholders by Foundation for Roasters and Planters			
Year	Imported coffee in KG	Dutch market share	Origins
1989	2.391.750	4 %	Mexico, Costa Rico
1990	4.244.250	3 %	Brazil, Colombia, Costa Rica, Guatemala, Mexico
1991	5.000.250	3.5 %	Brazil, Costa Rica, Guatemala, Uganda, Rwanda

Data retrieved from annual reports (VNKT, 1989); VNKT, Vereniging van Nederlandse Koffiebranders en Theepakkers (1990); (VNKT, 1991).

Last, considerable hesitation among industry players was caused by the fear of losing control over their brands when introducing Max Havelaar would become part of it (appendix B.9, p. 74). The roasters and retailers did not want to run the risk that the Max Havelaar certificate would become more important than the brand itself. Especially large multinationals were not willing to have their brand influenced or controlled by another organization since this could potentially be harmful. In addition, as pointed out before, introducing Max Havelaar coffee as ‘fair’ coffee in the mainstream market could possibly discredit those brands or blends which were not certified. Moreover, some CEOs of coffee roasters wanted to ‘keep politics outside the company’, since it could possibly disrupt the entire industry and have a negative effect on the sacred and valuable image of coffee in Dutch society (van der Hoff & Roozen, 2001).

9. Background discussion DE vs. Fairtrade

In contrast to the fact that the large variety of stakeholders in the Dutch coffee sector generally complement and strengthen one another in the process towards sustainable development, it should also be recognized that some difference in problem perception and objectives regarding sustainability have led to severe issues between public and private stakeholder in the Dutch coffee sector. Most notably one could highlight what different media called the 'coffee war between Dutch governments and Fairtrade against Douwe Egberts'. The latter entails a series of lawsuits between DE and various public institutions (provinces and municipalities) about the inclusion of sustainability requirement in public procurement tenders for coffee in the public institutions.

The latter had been caused by the fact that these public institutions demanded certain requirements to the production conditions of their coffee and tea to which only Max Havelaar and EKO/Organic certified coffee would adhere. Scholten - Verheijen (2011, p. 319) clearly explain the requirements:

The province of Groningen respectively the municipalities of Den Helder and Alkmaar initiated an open European tender procedure – in accordance with Directive 2004/18/EC – for the supply, maintenance and service of hot drinks machines (coffee, tea, cocoa, hot water) [...] the tenders were to be assessed on grounds of exclusion criteria, selection criteria and award criteria. In the terms of reference the governments require that the coffee and tea should have a Fairtrade label [...]. At least the following specific criteria should be fulfilled:

- *Coffee/ tea/ cacao will be purchased from small farmers co-operations;*
- *Prices that aim at covering the costs of sustainable production (according to social and environmental standards);*
- *An additional Fairtrade premium based on the world market price;*
- *Advance credit, enabling coffee farmers to do the necessary investments;*
- *Longer term trade relationships.*

As a consequence of the strict interpretation by provinces and municipalities of the government's SPP guidelines, DE saw a threat to their commercial position in the out-of-home market, as they did not offer Fairtrade/Max Havelaar certified coffee. Only those certification initiatives that would meet these objectives would be considered equivalent to Max Havelaar, which Utz Certified did not. Consequently, DE argued that the preference for Fairtrade certified coffee in public tenders was unlawful as it led to unfair competition, thereby creating a monopoly for the Max Havelaar certification initiative in public procurement and neglecting sustainability efforts of industry players which hold other certifications, such as DE and Utz Certified. Nevertheless, the various local courts in the Netherlands did not agree with DE and "[...] judged the approach taken by municipalities, namely to select Fairtrade coffee providers, as consistent with the Dutch government and EU policies. It was justified as a focus on system criteria taken from Fairtrade that were deemed relevant characteristics of products and processes (such as minimum price and pre-financing) and that other suppliers and standards could adopt in principle as well" (Kolk, 2012). Nevertheless, specifically addressing the procurement case of the Province of North Holland, the EC did not agree with the ruling of the national court and started an infringement procedure

against the Netherlands, which was eventually taken up to the European Court of Justice (ECJ)⁵⁸. Without including too much legal details, the latter ruled in May of this year that, in public tendering procedures the contracting party is not allowed to require specific certification initiatives, in this case Max Havelaar and EKO (Organic), “[...] without providing the detailed specifications they stand for” (Turmo, 2012). Moreover, as Turmo (2012) continuous, “[e]nvironmental and social characteristics, such as those underlying the EKO and Max Havelaar labels, may also be part of the award criteria, so long as they refer to the goods to be supplied themselves, and not to the general purchasing policy of the tenderers”. Thus, as long as the public institutions clearly emphasize the production characteristics of the coffee, which can be verified through specific certification initiatives, they are free exclude parties who other are certified with a different label.

As of January 2011, which was even before the ECJ handled the case, DE already started to supply Fairtrade certified coffee and tea especially for their out-of-home market. By doing so, it seems that DE has decided to opt from a strategy in which they, “[...] like other roasters, and as adopted by its US location years ago for its institutional customers buy enough Fairtrade-certified coffee as needed to meet demand in specific markets, and adopt that as a niche approach” (Kolk, 2012, p. 88). Even though this seems inconsistent with DE’s strategy towards mainstream and large scale sustainability, it does emphasize the influential role of players in the out-of-home market, most notably public institutions. In contrast, Gijs Westerings -former president of Douwe Egberts’ out-of-home division, Douwe Egberts Coffee Systems (DECS)- emphasized that DE’s efforts to enhance the recognition of multiple sustainable certification initiatives has been achieved and will stimulate the overall process towards sustainable development in the sector (van Unen, 2011)

Nevertheless, the long process of appeals and infringements did not indicate the cooperative and multi-stakeholder attitude with which the sector is continuously trying to ensure progress. Van Reenen emphasized that it has caused more harm than good to the process of sustainable development in the coffee sector. Therefore, it clearly indicates the diversity in problem perception within various governance levels and between different stakeholders, which will be discussed in the next section. Nevertheless, from a positive perspective, “[t]he Netherlands could be a testing ground as sustainable procurement policies are expected to be adopted in other EU member states and perhaps beyond in coming years” (Kolk, 2012, p. 88).

⁵⁸ In its judgment in *Case C-368/10, European Commission v The Netherlands*, the Court had to examine the alleged infringement, by the Netherlands, of several provisions of *Directive 2004/18* (Turmo, 2012).

10. Overview sustainability commitments top 4 roasters in Europe

Mondeléz International

From: <http://www.mondelezinternational.com/DeliciousWorld/sustainability/coffeemadehappy.aspx>

Now we're going even further with a commitment that's bigger, braver and bolder than ever before. Coffee Made Happy – our latest sustainability initiative -- will invest a minimum of \$200 million to empower one million coffee-farming entrepreneurs by 2020. It's an inspirational program that's a huge leap forward for us, and for the coffee industry.

Accelerating progress

We're already well on our way to achieving our commitment to sustainably source 100% of our European coffee brands by 2015. In fact, we're nearly half way to our goal. But there's an urgent need to accelerate efforts to improve the skills, crop yields, and quality of life for small-scale coffee farmers.

Nestlé

From: http://www.nestle.com/csv/ruraldevelopment/coffee#.ULcx8-_zORM

Through The Nescafé Plan, we will increase this volume by 2015 to approximately 180 000 tonnes a year. These coffees will be 4C compliant in accordance with The Code of Conduct of The Common Code for the Coffee Community (4C). This is a multi-stakeholder association of which Nestlé is a founding member and which we strongly support. 4C is a unique organisation with members across trade and industry, producers, civil society and companies active in the coffee supply chain.

The Nestlé Supplier Code is an integral part of any green coffee contract. Our Nestlé Quality Control Centres (NQCCs) carry out quality assurance before shipment and also periodic spot-checks on exporters and their premises to ensure compliance. We are continuing to expand our technical assistance programme, which incorporates training on aspects contained within the Supplier Code and covers more than 10 000 farmers a year.

D.E MASTERBLENDEERS 1753

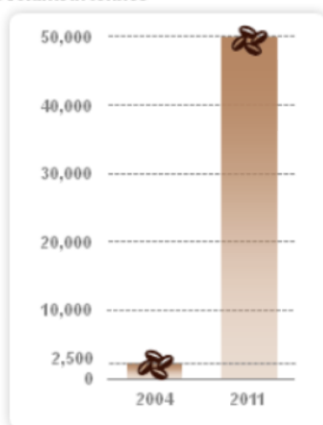
From: <http://www.demasterblenders1753.com/en/Sustainability/Responsible-sourcing/UTZ/>

UTZ Certified – our preferred partner for certification

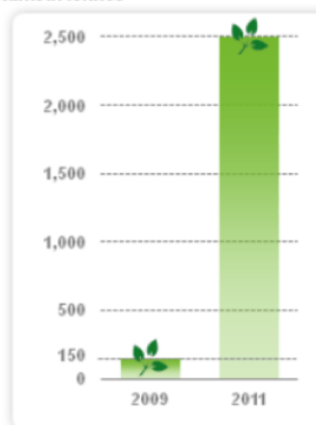
Certification proves the origin of a product and that it has been produced in a socially and environmentally-friendly way. While we respect other certification programmes, our preferred partner is UTZ Certified. In 2011, we sourced 50,000 tons of coffee, making us the number one buyer of UTZ Certified coffee. We have committed to increase these volumes, and in 2015 we intend to have more than 20% of our entire annual coffee certified as sustainable. In the area of tea we are pioneers, as we were the first to bring UTZ Certified tea to the market in 2009. In 2011, we procured 2,500 tons of UTZ Certified tea, which is already 40% of our total volume worldwide.

D.E MASTERBLENDEERS 1753 is No. 1 buyer of UTZ certified coffee & tea

Coffee volume in tonnes



Tea volume in tonnes



Source: D.E MASTERBLENDEERS 1753

Tchibo

From: <http://www.tchibo-nachhaltigkeit.de/csrweb/servlet/print/648658/print#>

Our goal: 100 per cent sustainably produced coffee

The ultimate aim of our commitment is to use exclusively raw coffee that has been cultivated in a ecologically and socially responsible manner. It will be a difficult journey to this 100 per cent goal – but we will keep going, step by step. The year 2015 promises to be an important milestone. By this date, we intend to be sourcing as much raw coffee as possible from sustainable cultivation. Standards associations and their local partner organisations are our crucial allies in our attempts to educate coffee farmers on more sustainable practices and ensure their long-term application.

11. Appendix B – Interview Transcripts

Considering the fact that (potentially) sensitive issues have been discussed during the interviews, the interviews transcripts will only be publically shared with external readers upon special request. By doing so, the researcher respects the privacy concerns of the interviewees. For more information or insight into the transcripts the researcher can be contacted via: niels_haak@hotmail.com.