



**Report of the Core Group on the  
Consultative Forum on the meeting  
held on 5 March 2013**

1. The Core Group, chaired by Ms Mary Estelle Ryckman of the USA, met in London on 5 March 2013 for the third time under the International Coffee Agreement 2007.

**Item 1: Adoption of the Agenda**

2. The Group adopted the draft Agenda contained in document CG-6/12 Rev. 1.

**Item 2: Report of the last meeting of the Core Group**

3. The Group took note of the report on the 2<sup>nd</sup> meeting of the Core Group contained in document CG-5/12.

**Item 3: 3<sup>rd</sup> Consultative Forum on Coffee Sector Finance**

4. The representative of the National Coffee Association of the USA (NCA) introduced document CG-8/13 containing a concept paper for the 3<sup>rd</sup> Consultative Forum which would take place in Brazil in September 2013, and which proposed 'aggregation' (organization at various points along the value chain) as a topic for the event. The Group took note of this information and expressed its appreciation to the representative of the NCA for preparing this document. The Group also took note of document CG-9/13 containing a communication from the representative of the Finance Alliance for Sustainable Trade (FAST) who was unable to attend the meeting, which proposed 'Financing coffee renovation' as a potential topic.

### *Topic*

5. The Group expressed broad support for the idea of aggregation, noting that the aim would be for the ICO to identify best practices and disseminate information about this topic, rather than actually setting up organizations. Well organized, successful farmer groups could be a vehicle to not only manage risk and access finance, but to deliver other types of benefits to farmers, such as training, general education and information dissemination. Aggregation could help small and medium-scale producers to more effectively navigate the complexities of identifying and managing risks and accessing finance, and could be adapted to the cultural frameworks that existed amongst small- and medium-scale producers.

6. The event would be organized in a way that would result in concrete actions and strategies that could be taken forward, and would provide an excellent opportunity to make use of the wealth of experiences of Members in this field. Suggestions for issues to be covered included the core factors for success; what worked well as well as what did not work in different countries and in other commodities; different models; capacity-building for producers and also financial service providers to help them better understand the risks and the opportunities involved and productivity (e.g. sustainable production and yields). The point was made that profitability and sustainability were key to the success of organizations as viable businesses. The Group also noted the need for issues of agricultural and collateral finance to be addressed as part of the Forum, as aggregation alone was not a solution but rather a platform through which access to finance and other issues could be achieved more effectively. These points would be taken into account in the more detailed planning of the event.

7. With respect to the topic of 'financing coffee renovation', the Group noted that aspects of this might be discussed during the Forum such as during discussions on the World Bank studies on risk and finance management, which included finance on renovation. It could also be considered as a topic for a future Forum.

### *Format*

8. The Group noted that a force field problem-solving model would be used in the Forum. This would identify the current situation on aggregation, as well as driving and restraining forces which respectively promoted or inhibited change, and explore strategies for strengthening or weakening these forces. The Forum would begin with a plenary meeting during which the representative of the NCA would facilitate a brainstorming session. This would be followed by breakout groups, comprising experts and delegates who would discuss the issues and challenges identified in the plenary meeting and solutions for addressing these. Each breakout group would subsequently present its conclusions to the

plenary meeting. The challenges in organizing the Forum included selecting appropriate experts and creating an environment conducive to stimulating creative discussions. In terms of logistics, details would need to be worked out. Further information on the facilities available in the Conference Centre in Belo Horizonte was also needed before finalizing the arrangements.

#### *Participants*

9. The Group noted that it was proposed to invite experts with extensive expertise in aggregation from different geographical regions, and from organizations ranging from finance institutions to cooperatives. Participants should be of both genders and all the different coffee growing regions should be represented. Suggestions for individuals or organizations who could either present or participate included the Inter-American Development Bank which had undertaken relevant projects in the Central American region; the International Fund for Agricultural Development; women cooperatives; organizations which could provide examples of best practices such as a cocoa cooperative in Ghana; a United States Agency for International Development (USAID) initiative in Malawi on the coffee value chain which had brought different parties together and enabled lenders to become aware of opportunities in coffee, and individual farmers and farmer groups that were successful and could share their successes as well as failures.

#### *Sponsorship and costs*

10. With respect to sponsorship, the Group noted that the All Japan Coffee Association (AJCA) was potentially interested in contributing to the costs of the Forum and the World Bank was willing to assist with the costs of bringing four or five experts through the Multi-Donor Trust Fund financed by the Governments of Switzerland and the Netherlands.

11. The Group expressed its appreciation to the AJCA and the World Bank for their generous offers and further noted the need to consider how to cover the costs of other experts attending and interpretation for the event, as under Article 31 of the 2007 Agreement, unless the Council decided otherwise, the Forum should be self-financing.

#### *Working Group*

12. The Group agreed to establish a small working group comprising Brazil, Colombia, Guatemala, Mexico, the USA, the National Coffee Council of Brazil (CNC) and the World Bank to assist the Chairperson of the Forum with the preparations for the 3<sup>rd</sup> Forum, including participants and experts to be invited, other arrangements including developing

materials and information to assist with discussions, and the format of an ICO declaration with recommendations for initiatives and programmes. The Group would be open to other Members interested in participating in it and the Chairperson would report to the Group on the outcome of these consultations.

**Item 4: Typology of best practices**

13. In September 2012, the Core Group agreed that three studies looking at risk management and financing in the coffee sector would be developed by the World Bank in collaboration with the ICO. The Executive Director had circulated document ED-2146/12 containing a concept note about the studies in December 2012, requesting Members to provide assistance and data to the consultants appointed to prepare the studies.

14. The representative of the World Bank introduced document CG-7/13 outlining the approach being taken to the studies and their likely contents, which included an Annex containing a draft risk matrix. The documents would be directed at three different target audiences: policy-makers and regulators, traders and exporters and producers. They would be accessible and informative and would cover the impact of the availability and cost of finance of policy and regulation frameworks, different risks at the producer level and at the intermediate or trade level. Interim drafts would be presented during the 3<sup>rd</sup> Consultative Forum in September 2013, and the final reports would be published in 2014. He welcomed comments on the outline contents and said that many countries had considerable expertise in this field and it would be critical to the success of the studies to receive information about different experiences and existing practices. Members were invited to send information on case studies, initiatives, funding schemes and other relevant information which would be useful to the preparation of the reports as well as to nominate a contact person in their countries that the World Bank consultants could approach for further information. Comments on the outline contents, information on existing practices and contact details should be sent to the ICO Head of Operations no later than **28 March 2013** (email: [galindo@ico.org](mailto:galindo@ico.org)).

15. The Group took note of this information and expressed its appreciation to the World Bank for this report. The Group also requested the World Bank to send a copy of the draft documents to the Group before the 3<sup>rd</sup> Forum.

**Item 5:                   Dissemination**

16. The Group noted that there would be concrete deliverables for the September meetings including the outcome of the 3<sup>rd</sup> Forum and the interim drafts of risk management and finance studies which would be widely disseminated to Members.

**Item 6:                   Considerations for future Forum events**

17. The Group noted that issues relating to future Forum events would be considered once the arrangements for the 3<sup>rd</sup> Forum in September 2013 had been finalized.

**Item 7:                   Core Group**

18. With respect to the functioning of the Core Group and how best to organize future meetings and utilize its expertise, the Group noted that the Chairperson, the Executive Director and the four advisors would hold quarterly video-conferencing meetings to expedite the work of the Group. The first video-conference would take place at 15:00 (GMT) on 12 June 2013. The Chairperson would report to the Group on the outcome of these discussions.

**Item 8:                   Advisors for 2013/14**

19. The Group noted that the term of office of the four advisors to the Group would expire in September 2013. The terms of reference for the Group provided that at the Council Session six months prior to the expiry of the term of office, the Group should recommend to the Council the names of individuals who could serve as advisors. The four advisors appointed for 2012/13 were Marc Sadler of the World Bank, Noemí Pérez of FAST, Silas Brasileiro of the CNC and Nicolas Tamari of Sucafina S.A. The Group noted that all four advisors were willing to be reappointed for a further year and further noted that Dr Richard Belo Kipsang, Managing Trustee and CEO of the Coffee Development Fund of Kenya, was proposed for consideration as an advisor to the Group in the future.

**Item 9:                   Next steps**

20. The Group noted that the Chairperson of the Group would report to the Council on the meeting and would highlight the request for Members to provide comments on the contents of the studies on risk management and finance contained in document CG-7/13, to nominate a contact who could be approached for further information, and to send the ICO information which could be useful to the preparation of the reports, by **28 March 2013** (email: [galindo@ico.org](mailto:galindo@ico.org)). The Chairperson, the ICO Secretariat, and the working group will continue working via email and phone to advance thinking and planning of the 3<sup>rd</sup> Consultative Forum scheduled for September 2013.

**Item 10: Other business**

21. There was no other business to discuss.

**Item 11: Date of next meeting**

22. The Group noted that its next meeting would take place in Belo Horizonte, Brazil, during the week of the 111<sup>th</sup> Session of the Council from 9 to 12 September 2013.