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**Draft terms of reference for the
3rd Consultative Forum on Coffee Sector Finance**

1. The Executive Director presents his compliments and attaches a document containing draft terms of reference for the 3rd Consultative Forum, developed in consultation with the working group established by the Core Group at its meeting in March 2013 to work intersessionally on the preparations for the 3rd Forum, including participants and financing.
2. The Forum will take place in Belo Horizonte, Brazil during the 111th Council Session from 9 to 12 September 2013, and is scheduled for Tuesday 10 September.
3. Members are invited to send comments on the draft terms of reference no later than **28 June 2013**, following which appropriate speakers will be identified and contacted by the ICO in consultation with the Core Group.

**3rd CONSULTATIVE FORUM ON COFFEE SECTOR FINANCE: AGGREGATION
BELO HORIZONTE, BRAZIL – 10 SEPTEMBER 2013**

DRAFT TERMS OF REFERENCE

Background

1. The International Coffee Agreement 2007 provides for a Consultative Forum on Coffee Sector Finance to 'facilitate consultation on topics related to finance and risk management in the coffee sector, with a particular emphasis on the needs of small- and medium-scale producers.'
2. The 1st Consultative Forum took place in September 2011 and discussed 'what mechanisms, tools or strategies exist, or could be developed or improved, to help small- and medium-sized producers manage the risk of green coffee price volatility' and 'what are the challenges for each of the mechanisms, and how can those challenges be overcome to make the tools/strategies more accessible and useful for small- and medium-sized producers. The 2nd Consultative Forum took place in March 2012, and discussed the role that producer associations, governments and other entities (e.g. the private sector, non-profit organizations or public-private partnerships) play, or could play, in making risk management and financing tools more accessible and workable for small- and medium-sized growers. The reports and presentations of both events are available on the ICO website (www.ico.org).
3. In March 2013, the Core Group on the Consultative Forum agreed that the topic for the 3rd Forum should be aggregation. The Group noted that well-organized, successful farmer groups could be a vehicle for managing risk and access to finance, as well as delivering other benefits to farmers, such as training, general education and information dissemination. Aggregation could help producers to more effectively navigate the complexities of identifying and managing risk and accessing finance, and could be adapted to the cultural frameworks that existed amongst small- and medium-scale producers.
4. In March 2013, the Core Group decided to establish a small working group comprising Brazil, Colombia, Guatemala, Mexico, the USA, Core Group experts and the Chairperson of the Forum who would work intersessionally on the preparations for the 3rd Forum, including participants and financing.

Date and venue

5. The 3rd Consultative Forum will take place at the Expominas Conference Centre in Belo Horizonte, Minas Gerais, Brazil from 09:00 – 17:30 on Tuesday 10 September, during the week of the 111th Session of the International Coffee Council. The Forum will be chaired by Ms Mary Estelle Ryckman, Senior Policy Advisor, Trade and Development – Women's Issues, Office of the US Trade Representative, who is also the Chairperson of the Core Group.

Objective

6. The objective of the 3rd Forum is to identify best practices and disseminate information to Members about aggregation as a platform through which access to finance and risk management could be achieved more effectively. The Forum will attempt to formulate concrete strategies that can be employed to build the capacity and enhance the development of farmer organizations. The outcomes may be incorporated in an ICO declaration setting out priorities and recommendations for the coffee sector. The objective will be achieved through the discussion of case studies and the application of a force field problem solving model.

Scenarios

7. A diverse set of case studies will be used as the basis for small group discussions amongst delegates and experts. Case studies will range from scenarios wherein farmers have a desire to organize but are not yet organized to scenarios about farmer organizations that are struggling to be more efficient, to scenarios where farmers are managing highly successful organizations. The purpose of the scenario exercise is to engage the entire audience in the identification of best practices and the challenges that farmers face in developing farmer organizations or efficiently achieving the objectives of their organizations.

Force field problem-solving model

8. The Forum will also employ a force field problem-solving model to identify current environmental forces that lend themselves to farmer aggregation (driving forces) and those that create barriers to aggregation (restraining forces). Driving forces promote change and restraining forces inhibit change. The identification of driving and restraining forces will provide an opportunity to explore strategies for strengthening aggregation and weakening barriers to aggregation.

Structure

9. The Forum will take place in a large plenary room with participants sitting in groups of 10 at round tables. In the morning, all participants will be assigned to specific tables to ensure experiential and geographic diversity at each table. The make-up of the groups will be altered for the afternoon session.

10. The Forum will open on the morning of Tuesday 10 September with brief introductory remarks, an overview of the current state of farmer aggregation and a review of basic principles of cooperative development. Participants will then engage in small group dialogue about pre-developed, pre-circulated scenarios that contain discussion questions. The small table discussion groups will report their findings back to the larger plenary group. The scenario exercise will be followed by a brainstorming exercise designed to identify the driving and restraining forces, as referred to above. The day will end with the participants developing strategies, based on the learnings from the scenario and brainstorming exercises, that could be implemented to either strengthen the driving forces or weaken the restraining forces. Throughout the day, the small discussion groups will report their findings back to the larger plenary group.

11. Issues to be covered will include:

- Core factors for success.
- What works well as well as what does not work in different countries and in other commodities.
- Different models for aggregation.
- Capacity-building for producers as well as financial services on offer to help them better understand the risks and the opportunities involved.
- Productivity (e.g. sustainable production and yields).
- Agricultural and collateral finance issues (as aggregation alone is not a solution but rather a platform through which access to finance and other issues could be achieved more effectively).

Outline programme

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| 08:30 – 9:00 | Briefing meeting for experts |
| 09:00 – 09:30 | Opening remarks by Chairperson and ICO Executive Director followed by an overview of the day presented by the facilitator |
| 9:30 – 10:00 | Expert remarks on the state of farmer aggregation and a review of the basic principles of cooperative development |
| 10:00 – 12:30 | Scenario exercise |
| 12:30 – 14:00 | Lunch |
| 14:00 – 17:15 | Force field problem solving exercise |
| 17:15 – 17:30 | Concluding remarks |

Participants

12. The event will be attended by ICO Members and observers and private sector representatives. In addition, around 20 individuals with extensive expertise in farmer aggregation will be invited who will form an 'Expert Nucleus' for the session.

13. The Expert Nucleus will include experts of both genders and from different geographical and coffee-growing regions from organizations including:

- Non-profit organizations
- Development banks/financial institutions
- Development agencies
- Cooperative representatives
- Traders
- Roasters
- Certifiers
- Technical assistance agencies
- Other experts as appropriate

Logistical arrangements

14. The Forum will take place in the same room as the Council Chamber, however the seating layout will be changed to 20 round tables each seating 10. The front of the room will have a stage, set with a podium and podium microphone, flip chart easels and flip charts

(along with multi-colored markers). A wireless microphone will be available for the facilitator. In addition, a few hand held microphones will be used for the small groups to report back to the plenary group.

15. Interpretation will be available in the four official languages of the ICO (English, French, Portuguese and Spanish) for the introductory comments, the opening expert remarks and for the facilitator's comments, but not for the small table discussion groups which will need to work either in English or in groups using a single official language. However, interpretation will be available for the small group presentations of findings to the plenary. Further, the actual scenarios will be translated into the four official languages.

Additional information

16. The World Bank is developing three studies on global best practices on risk management and finance applicable to coffee in collaboration with ICO Members. The studies are aimed at producers, the commercial sector and governments (see document CG-7/13). An interim report on the studies will be presented to the Council during the 111th Session.

Follow up

17. The Chairperson of the Forum, the Executive Director and the facilitators will work together to prepare a document reporting the results from the Forum. At its meeting on 12 September, the Core Group will consider the strategies and conclusions of the Forum and will finalize the draft document for submission for approval by the International Coffee Council.

18. The outcomes of the Forum will then be used by the ICO to execute (or act as a catalyst for) risk management and finance solutions as well as for a roadmap for future Core Group discussions or Forum activities/topics.

Dissemination of Forum results

19. The results of the 3rd Forum will be disseminated as follows:

- Copies of the Declaration, presentations, reports, press releases, news items and audio recordings of speakers will be posted in all four languages on the home-page and the Forum section of the ICO website. They will also be distributed electronically to Members, PSCB and non-member countries with a request to disseminate the

results of the Forum as widely as possible to representatives of the coffee sector and policy-makers in their countries. Members will also be encouraged to issue press releases to publicize the results of the Forum and generate interest in it in their countries.

- The Declaration, presentations, reports and press releases will be issued to national and international media.
- Journalists covering coffee will be briefed about the outcomes at a press briefing on 12 September.
- Relevant international organizations will be requested to post materials on their website (e.g. Common Fund for Commodities (CFC), Food and Agriculture Organization of the United Nations (FAO), International Trade Centre (ITC), World Bank, USAID).
- CD-Roms will be prepared with all Forum materials and disseminated by the Executive Director and members of staff on missions and conferences.
- CoffeeClub will post links to the Forum and may create a community for the Forum, mediated by an expert.
- A summary of the proceedings of the Forum will be included in the Annual Review.
- Social media: the ICO Facebook page will include links to the Forum (<https://www.facebook.com/pages/International-Coffee-Organization/196425447100713>).
- A one-two page Executive Summary or fact sheet distilling the main points and themes of the Forum will be prepared for distribution on missions by the Executive Director and his staff.