

CG 16/14

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Core Group on the Consultative Forum 5th meeting 6 March 2014 London, United Kingdom

Preparations for the 4th Consultative Forum

Background

- 1. The attached document has been prepared to assist the Core Group in considering the preparations for the 4th Consultative Forum, including the date, format, dissemination and sponsorship. The Chairman of the Forum will propose that the 4th Forum could consider how best to ensure that financing from donors meets the needs of producers, with representatives from multilateral agencies such as development banks and other donors invited to discuss this topic.
- 2. As proposed by the Core Group, all Members are encouraged to include relevant government finance and risk management experts in their delegations to expand the range of expertise available and support the Core Group in its work.

Action

The Core Group is invited to consider this document.

PREPARATIONS FOR THE 4th CONSULTATIVE FORUM

I. DATE OF NEXT FORUM

1. The 4th Consultative Forum could take place during the 113th Session of the Council, which will be held in London during the week of 22 to 26 September 2014.

II. FUTURE FORUM FORMATS

- 2. At previous meetings, the Core Group has noted that options for future Forum events could include the following:
- Panel discussion and exchange of views
- Workshops
- Engaging a professional facilitator
- Breakout groups
- Internet platforms
- Holding the Forum outside London in a producing country
- Force field problem-solving model
- 3. The Core Group has also noted the value of substantive discussion within the Core Group, where advisors and relevant government experts in finance and risk management could engage and debate relevant topics with a view to identifying issues for inclusion in a future Forum event. ICO Members would be encouraged to attend and observe these discussions.

III. TOPICS FOR DISCUSSION

4. The terms of reference for the Forum (document ICC-110-13) provide that it shall facilitate consultations 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 and local communities in coffee producing areas, including risk management; access to credit; financial tools and services; and sources of finance and partnerships for coffee development activities. Topics discussed during the first three Forums are listed below:

(a) 1st Forum (September 2011)

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, 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? (see <u>ED-2121/11</u>).

(b) 2nd Forum (March 2012)

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 more workable, for small- and medium-sized growers (see <u>ED-2130/12</u>).

(c) 3rd Forum (September 2013)

To identify best practices and disseminate information about farmer aggregation as a platform through which access to finance and risk management could be achieved more effectively (see <u>ED-2159/13</u>).

- 5. The reports of the three Forums are contained in documents <u>CF-1/11</u>, <u>CF-2/12</u> and <u>CF-10/13</u>, and presentations are available on the ICO website. Issues for future discussion and exploration raised during the first three Forum events and by the Core Group include:
- Measures to be taken to meet the need to raise small- and medium-scale growers'
 understanding of, and access to, risk management tools, and the institutions or
 mechanisms that should be engendered or improved to develop the activities
 required.
- Further study of mitigation mechanisms, particularly those supported through producer associations and government action. The Governments of Mexico and Brazil, who had taken measures to mitigate price volatility, had undertaken to provide information on their experiences in this area. The experience of producer associations in countries such as Colombia and Guatemala should also be taken into account.
- Identification of specific mechanisms or tools that may warrant more in-depth analysis and serve as topics for focussed discussion in future Consultative Forums, including potential instruments that could help small- and medium-scale producers to protect themselves against the effects of challenges such as climate change.

- Ways in which to develop a typology of best practices in this field for adaptation and
 use in different legal and institutional frameworks, particularly for countries that are
 in the early stages of developing finance and risk management programmes for their
 coffee sectors.
- The interaction between institutional actors, such as cooperatives and growers associations, with overall government policy.
- Forms of stimulating grower participation in risk management and financing schemes, for example through improving growers' financial literacy and understanding of programme benefits as well as through incentive schemes.
- The need for transparency and understanding of respective roles and risks throughout the supply chain in order to promote cooperation and win-win solutions among different actors in the supply chain.
- The role governments can play in creating enabling environments to encourage innovation solutions to address growers finance and risk management needs.
- Focus on financing mechanisms on coffee renovation (see <u>CG-9/12</u> and <u>CG-13/13</u>).
- Priority driving and restraining forces and related implementing strategies identified at the 3rd Forum on aggregation (see CF-10/13).

Priority driving forces:

- Market incentives: How to create economic incentives for organizing farmers,
 for example identifying a common buyer.
- Examples of successful cooperatives: How to create excitement around the idea of farmer aggregation in order to encourage others to join in.
- Management and leadership skills: How to enhance the administrative capacity of farmer organizations to improve their capabilities.

Priority restraining forces:

- Lack of female participation: How to address the disenfranchisement of women from engaging in the running and composition of cooperatives.
- Lack of education about cooperatives: How to inform both members of a cooperative and the broader community about the benefits and details of organization.
- Poor legal framework and corruption: Although considered one of the most important impediments to successful aggregation, there is a limit to the extent of potential actions. Any programmes in this area need to be well targeted with tenable objectives.

- Risk aversion and risk management: Farmers may be risk averse and therefore unwilling to join a cooperative, and price risk management affects coffee farmers across the spectrum, not just in cooperatives.
- 6. The Core Group will consider topics for the 4th Forum and future Forums. The Chairman of the Forum has proposed that the 4th Forum should consider how best to ensure that financing from donors meets the needs of producers. Representatives from multilateral agencies such as development banks and other donors would be invited to participate in the next Forum.

IV. SPEAKERS

- 7. Annex I lists presenters and experts who were invited to speak at or participate in previous Forums as well as the expert panel and workshop on coffee sector finance held to prepare for the implementation of the Forum. The Core Group has previously noted that participants should be of both genders and different geographic / coffee growing regions (see <u>CG-10/13</u>). The Core Group is invited to consider potential speakers for the 4th Forum and future Forums from the following or other categories:
- Member and non-Member Governments
- Core Group advisors
- Intergovernmental bodies
- Multilateral development banks
- Bilateral development agencies and similar institutions
- Financial institutions (public sector and private sector)
- Non-governmental organizations
- Private sector coffee associations
- Commodity and futures exchanges
- Representatives of the coffee industry and trade
- Investment funds
- Research institutions / universities
- Others with relevant expertise

Suggestions for specific presenters:

- Government of Costa Rica: for the topic of coffee renovation (see <u>CG-13/13</u>)
- FAST: to present the results of the Financial Literacy Toolbox developed for the coffee sector in English. The tool has already been successfully implemented in Kenya, and will be adapted and implemented in Tanzania in 2014 (see <u>CG-13/13</u>).

V. PREPARATIONS

8. The Group may wish to consider establishing a small working group to assist the Chairperson with the preparations for the Forum. In the case of the 3rd Forum, the Chairperson and facilitator were assisted by a working group comprising Brazil, Colombia, Guatemala, Mexico, the USA, the National Coffee Council of Brazil and the World Bank, which was open to other Members interested in participating in it.

VI. DISSEMINATION

Current arrangements

- 9. Following the first three Forums, the following arrangements are currently in place for dissemination of the Forum results:
- Presentations, reports and press releases are translated and posted in all four languages on the home-page and the Forum section of the ICO website.
- Audio recordings of speakers are posted on the ICO website, where available.
- ICO press releases are issued to national and international media and Members.
- Journalists covering coffee are invited to attend Forum events free of charge and are briefed about the outcomes at a press briefing.
- Presentations, reports and press releases are 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 are also encouraged to issue press releases to publicize
 the results of the Forum and generate interest in it in their countries.
- Relevant international organizations are 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 are prepared with all Forum materials and are disseminated by the Executive Director and members of staff on missions and conferences.
- CoffeeClub posts links to the Forum and is in the process of creating a community for the Forum, mediated by an expert.
- Social media: the ICO Facebook page includes links to the Forum (https://www.facebook.com/pages/International-Coffee-Organization/196425447100713).
- A summary of the main points and themes of each Forum for distribution on missions – a one-two page Executive Summary will be included as the first page of future reports and/or as a stand-alone document.

- 10. Suggestions raised by the Core Group have included the following:
- All Members were encouraged to issue press releases to publicize the results and generate interest in the Forum in their countries (incorporated into dissemination plan).
- The proceedings could be prepared in a formal publication, with information presented thematically, possibly like the Annual Review, which could be widely disseminated and used to inform policy making (approximate cost: £3,900 £4,100).
- Social networking sites could be used to disseminate the results, including Facebook, Twitter, LinkedIn and the CoffeeClub. In the case of the latter, it was suggested that a community could be established, mediated by an expert who could help to monitor content posted on the site. A list of resource persons who could assist with answering questions could be developed (incorporated into a dissemination plan).
- The possibility of webcasting could be explored for a future Forum, although this could have cost implications (approximate cost: £1,100 £1,400).
- The ICO could prepare a one or two page fact sheet distilling the main points and themes of each Forum, which could be distributed on missions (*incorporated into dissemination plan*).
- The issue of dissemination should be included as a regular item on the agenda for future meetings of the Core Group (regular agenda item added).
- The need to ensure policymakers were informed of these important issues and tools was highlighted. It was suggested that the ICO could contact all producer associations and invite them to raise these issues with policy makers in their countries. It would be useful to know what Members thought of the tools provided by institutions and cultural aspects were relevant. It was suggested that a proposal could be developed for September on how to raise awareness among different Governments on risk management and finance issues in the coffee sector (see below).
- FAST has offered to disseminate the report through its members in 31 countries and partners around the world through its website, newsletters, etc., which will reach out to thousands of stakeholders including financial institutions, producer organizations, certification bodies and other key stakeholders of the coffee sectors and the sustainable industry. A webinar, presented by the World Bank, could be organized by FAST to present the results among its 20 socially and environmentally oriented members who are actively lending to the coffee sector. The Progreso Network and Communicaffe International could also assist with disseminating the results (see communication from FAST circulated as CG-13/13).
- Disseminate results through Members' newsletters and websites and present results at different coffee conferences (Sintercafe, African Fine Coffees Association (AFCA), etc.) (see communication from FAST circulated as <u>CG-9/12</u>).

Raising awareness among Governments on risk management and finance issues

- As with the submission to the G-20 in June 2012, submissions outlining the work of the ICO in finance and risk management can be prepared for future Forums and relevant world or regional summits, such as the G-20, World Trade Organization (WTO), UN Conferences, etc. Copies would be sent to Members to circulate to their delegations attending these events.
- Encourage Members to invite Ministers and Vice-Ministers from Member countries to attend Forum events and/or to brief them about Forum outcomes afterwards.
- Encourage Members to include relevant government finance and risk management experts in their delegations to expand the range of expertise available and support the Core Group in its work.
- Members may wish to consider establishing links on the websites of relevant coffee institutions to the Forum.
- Establish a subscriber link for interested parties to receive updates and reports on the Forum.
- The Executive Director can brief high-level Government officials and national press on overseas missions about these issues.
- Introduce briefing papers on new and emerging risk and finance issues to be posted on the website and sent to Members.
- 11. The Core Group is invited to consider the above suggestions for raising awareness among Governments on risk management and finance issues.

Public relations strategy for the Forum

12. Members are also invited to consider the issue of the target audience for the Forum, and how to best describe the purpose and benefits of the Forum and communicate the outcomes in ways that will generate interest among the different audiences.

Other ideas

13. The Core Group will consider other ideas for dissemination at its meeting in March 2014.

VII. SPONSORSHIP

Costs

14. Article 31 of the 2007 Agreement provides that unless the Council decides otherwise, the Forum shall be self-financing. The costs of the first and second Forums amounted to approximately £4,300 each and were covered by sponsorship. Both excluded

the travel and accommodation costs of speakers, which were met by their organizations or their Governments. The costs of the third Forum amounted to approximately £25,000, including travel and accommodation costs of speakers, which were met either by sponsorship from the All Japan Coffee Association (AJCA) and World Bank, or by their organizations or Governments. Costs of future Forums could include the following:

Item	Estimated cost
Translation of documents and presentations / Rapporteur	£2,200 – £2,500
Printing of documents / postage	£400 – £600
Reception (optional)	£3,700
Coffee and coffee bar attendants (if held outside a Council session) @ £210 per day	£210
Travel (economy-class return flight) and per diems (£292 per day for two days) for 7 speakers, one from each of the different regions unable to meet their costs ¹ : UK: £120 Europe: £250 Asia: £1,000 Africa: £900 North America: £725 South America: £1,500 Central America: £1,100	£4,008 (per diems) £5,595 (flights)
Interpretation (if held outside a Council session) @ £3,760 per day	£3,760
Webcasting (based on 50 – 100 viewers, on-demand viewing for up to 50 views for one week is an additional £40 per week)	£1,100 – £1,400
Formal publication (like Annual Review)	£3,900 – £4,100
TOTAL	£24,953 – £25,953

Benefits to sponsors

- 15. In return for support for the Forum, the ICO could offer the following opportunities to sponsors:
- Company would be associated with a respected international organization dedicated to tackling the issues facing small and medium-sized growers such as poverty reduction and sustainability.
- Possibility to reach key national and international audiences (Governments and private sector from consuming and producing countries).
- Company logo included on the programme of the Forum.
- Company literature included in delegates' packs or in Council Chamber.

¹ Estimate only – exact costs of travel will depend on timing and countries of participating speakers.

- Acknowledgement by the Chairperson of the Forum in opening and closing remarks and during Council session.
- Media coverage (logo could be included on press release, journalists attending Forum).
- [x] free places for representatives of sponsors at the Forum.
- [x] invitations to reception following Forum (if applicable).
- [x] banner(s) displayed in the lobby of the ICO on the day of the Forum.
- Private meeting with the Executive Director and Chairperson of the Forum.

Suggestions for sponsors

16. Suggestions for potential sponsors could be discussed by the Core Group on a regular basis, and the Core Group or Chairperson of the Forum should approve the sponsors to be approached for each Forum. A list of potential sponsors is attached as an Annex, together with a list of previous sponsors for ICO events.

Approaches and timeframe

- 17. It is suggested that, following agreement by the Core Group on potential sponsors to be approached, informal contacts could be made by the Executive Director and/or representatives of Member Governments or the PSCB associations using personal contacts where possible, with a formal approach subsequently made by the Executive Director (letter or meeting as appropriate).
- 18. It is suggested that, once the Core Group has agreed the theme and identified speakers for the next Forum which will enable costs to be estimated, approaches should be made to sponsors, ideally 9 to 12 months before the event to enable companies and organizations to take this into account in their budgets.

Potential sponsors

- 19. Sponsors could be approached from the following categories:
- Previous sponsors of ICO events: Annex II contains a list of companies which have sponsored World Coffee Conferences, Forums and other events in the past.
- Suppliers of the ICO: Annex II contains a list of companies used by the ICO which may be interested in being associated with the Forum.
- Private sector: with the assistance of PSCB associations, consideration could be given to approaching companies in the coffee sector, in both producing and consuming countries.

- Banks / financing institutions in Member countries the suggestions and contacts of Members will be appreciated.
- Bilateral Members may wish to explore sources of funding with relevant departments and agencies (e.g. international development, trade, finance, etc.).
- Multilateral other international organizations such as the FAO or World Bank may be interested in co-hosting a Forum event, or institutions which have acted as Project Executing Agencies.

PRESENTERS / EXPERTS AT PREVIOUS FORUM EVENTS

Javoid Albton Chairman Coffee Board of India	2 nd Forum (2012)
Jawaid Akhtar, Chairman, Coffee Board of India	2 nd Forum (2012)
Edilson Alcântara, Director, Coffee Department, Ministry of Agriculture, Livestock and Food Supply, Brazil	2 nd Forum (2012)
Jos Algra, NovoTRADE Consult bv, Netherlands	3 rd Forum (2013)
Nicola Arbace, Managing Director, and Massimo Battaglia, Coffee Area Officer, Istituto Agronomico per l'Oltremare, Italian Ministry of Foreign Affairs, Italy	Workshop on implementing the Forum (2009)
Harrison Banda Kalua, Chairman of AFCA and Head of Mzuzu Coffee Cooperative, Malawi	3 rd Forum (2013)
Michael Barrow, Director, Infrastructure Finance Division, Private Sector Operations Department, Asian Development Bank	Expert panel on Coffee Sector Finance (2010)
David Browning, Senior Vice President, Strategic Initiatives, Technoserve USA	1 st Forum (2011) 3 rd Forum (2013)
Xinia Chaves, Vice Minister of Agriculture and Livestock, Costa Rica	2 nd Forum (2012)
Edgar Cordero, Executive Vice President, Colombian Coffee Federation, Inc.	1 st Forum (2011)
Caleb Dengu, First Project Manager, Common Fund for Commodities	Workshop on implementing the Forum (2009)
Dave D'haeze, Regional Representative, Embden Drishaus & Epping Consulting GmbH Representative Office Asia Pacific, Vietnam	3 rd Forum (2013)
Ernesto Fernández Arias, Undersecretary of Agriculture, Ministry of Agriculture, (SAGARPA), Mexico	2 nd Forum (2012)
Steven Frondriest, Agricultural Officer, US Agency for International Development, USA	3 rd Forum (2013)
Professor Christopher Gilbert, Dipartimento di Economia, Universitá Degli Studi di Trento, Italy	1 st Forum (2011)
Han de Groot, Executive Director, UTZ Certified	3 rd Forum (2013)
Vicente González Cano, Executive Director, Fundación ETEA para el Desarrollo y la Cooperación, Spain	Workshop on implementing the Forum (2009)
José Gerardo Fontelles, Executive Secretary, Ministry of Agriculture, Livestock and Food Supply (MAPA), Brazil	Expert panel on Coffee Sector Finance (2010)
Matt Horsbrugh, Head of Trading, Twin Trading Company	2 nd Forum (2012)
John Horton, Agricultural Economist, Inter-American Development Bank	3 rd Forum (2013)
Alvaro Llobet Toledo, Coffee Analyst, Costa Rica	3 rd Forum (2013)

Tadesse Meskela, Managing Director, Oromia Farmers Coop Union, Ethiopia	3 rd Forum (2013)
Robert Nsibirwa, Treasurer, Board of Directors, AFCA, Uganda	3 rd Forum (2013)
Juan Esteban Orduz, President, Colombian Coffee Federation, Inc., FEDECAFÉ	3 rd Forum (2013)
Roy Parizat, Senior Economist, Agricultural Finance and Risk Management Team, World Bank	3 rd Forum (2013)
Carlos Alberto Paulino da Costa, President, Cooxupe	3 rd Forum (2013)
Noemí Pérez, Executive Director, Finance Alliance for Sustainable Trade (FAST)	Expert panel on Coffee Sector Finance (2010)
Elena Rueda, Programme Officer for Social and Ecological Standards, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, Germany	Workshop on implementing the Forum (2009)
Melanie Rutten-Suelz, Executive Director, 4C Association	3 rd Forum (2013)
Marc Sadler, Team Leader, Agricultural Finance and Risk Management Unit, Agriculture and Rural Development Department, World Bank	Expert panel on Coffee Sector Finance (2010) 2 nd Forum (2012)
Rodrigo Sánchez Mújica, Director General, Fideicomisos Instituidos en Relación con la Agricultura, Mexico	Expert panel on Coffee Sector Finance (2010)
Oscar Schaps, Managing Director, Global Soft Commodities, INTL Hencorp Futures LLC	1 st Forum (2011)
Max Schnellmann, Counsellor (Economics Affairs, Commodities), Embassy of Switzerland (on behalf of State Secretariat for Economic Affairs (SECO))	Workshop on implementing the Forum (2009)
Alex Serrano, Vice President, Program and Business Development, National Cooperative Business Association, CLUSA International	3 rd Forum (2013)
Moenardji Soedargo, Member of Indonesia Coffee Exporters Association (GAEKI)	3 rd Forum (2013)
Thaleon Termain, Pachamama Coffee Cooperative, USA	3 rd Forum (2013)
Lakshmi Venkatachalam, Vice President, Private Sector and Cofinancing Operations, Asian Development Bank	3 rd Forum (2013)
Anne Williams, Team Leader, Agriculture Policy Economic Growth, Agriculture and Trade, U.S. Agency for International Development	Workshop on implementing the Forum (2009)
Michael Wheeler, Overseas Representative, Papua New Guinea Coffee Industry Corporation Ltd.	3 rd Forum (2013)
Miguel Zamora, Director of Coffee, Innovation & Producer Relations, Fair Trade USA	3 rd Forum (2013)
Dan Zook, Citi/Skoll Project Leader, Dalberg, Global Development Advisors	3 rd Forum (2013)

CHAIRPERSONS / FACILITATORS	
Néstor Osorio, Executive Director, ICO	Workshop on implementing the Forum (2009)
David Brooks, Director for Natural Resources Policy and Environmental Reviews, Office of the US Trade Representative, USA	Expert panel on Coffee Sector Finance (2010)
Mick Wheeler, Overseas Representative, Papua New Guinea Coffee Industry Corporation Ltd., Papua New Guinea	1 st Forum (2011)
Amy Karpel, Director for Environment and Natural Resources, Office of the US Trade Representative, USA	2 nd Forum (2012)
Mary-Estelle Ryckmann, Senior Policy Advisor, Trade and Development – Women's Issues, Office of the U.S. Trade Representative, USA	3 rd Forum (2013)
Robert Nelson, CEO of the National Coffee Association of USA (Facilitator)	3 rd Forum (2013)
Juan Esteban Orduz, President, Colombian Coffee Federation, Inc., Colombia	4 th Forum (2014)

PREVIOUS SPONSORS (FINANCIAL OR IN-KIND)

ABIC	2 nd World Coffee Conference
All Japan Coffee Association (AJCA)	3 rd Consultative Forum
Banco Alemán Platina	1 st World Coffee Conference
Banco do Brasil	2 nd World Coffee Conference 2 nd Consultative Forum
Banco Cooperativo do Brasil (Bancoop)	2 nd World Coffee Conference
BM&F Brasil	2 nd World Coffee Conference
Bunn	3 rd World Coffee Conference
Cafés do Brasil	1 st World Coffee Conference
Café de Colombia	1 st , 2 nd and 3 rd World Coffee Conferences
Café de México	3 rd World Coffee Conference (in-kind)
Conselho Nacional do Café	2 nd Consultative Forum
Coffee Network	3 rd World Coffee Conference
Fococafe	1 st World Coffee Conference
Cafcom	3 rd World Coffee Conference (in-kind)
Hencorp Coffee Group	2 nd and 3 rd World Coffee Conferences
Inguat	3 rd World Coffee Conference (in-kind)
Itochu	3 rd World Conference
Nestlé	1 st and 3 rd World Coffee Conferences
Neumann Kaffee Gruppe	1 st World Coffee Conference
Probat Burns	3 rd World Coffee Conference
Rabobank	World Bank/ICO High-level Round-table – reception
Rainforest Alliance	3 rd World Coffee Conference
Sistema de Cooperativas de Crédito do Brasil (SICOOB)	2 nd World Coffee Conference
Solidaridad	3 rd World Coffee Conference
Starbucks	3 rd World Coffee Conference
Tchibo	1 st World Coffee Conference
UCC Ueshima Coffee Co. Ltd	3 rd World Coffee Conference
Utz Certified	3 rd World Coffee Conference
World Bank	3 rd Consultative Forum

COMPANIES LINKED WITH THE ICO

Banco de Bilbao y Vizcaya Argentaria (BBVA)	Bank
Banco do Brasil	Bank
Cooperative	Bank
Rabobank	Bank
Sebanken	Bank
Smith & Williamson	Auditors