

**Report of the Core Group on the Consultative
Forum on the meeting held on 6 March 2014**

1. The Core Group, chaired by Mr Juan Esteban Orduz of Colombia, met in London, United Kingdom, for the fifth time under the International Coffee Agreement 2007.

Item 1: Adoption of the Agenda

2. The Group adopted the draft Agenda contained in document [CG-15/13 Rev. 2](#).

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

3. The Group took note of the report on the 4th meeting of the Core Group contained in document [CG-14/13](#).

Item 3: 3rd Consultative Forum on Coffee Sector Finance

4. Mr Robert Nelson made a presentation on the 3rd Forum which took place in Belo Horizonte on 10 September 2013, and was attended by over 100 participants including 22 experts. A copy of his presentation is available on the ICO website ([presentation 3rd Forum](#)). The objectives of the 3rd Forum were to add to the body of knowledge on the topic of aggregation, use new methodology and achieve actionable results. Prior to the Forum, qualitative research had been undertaken which indicated that farmer aggregation was a key element in facilitating access to credit and risk management. The Forum participants had received presentations and discussed seven case studies of cooperatives at various stages of development. Recurring themes included governance and management, capacity and training, quality versus quantity, sustainability, and risk management and price volatility. A force field problem-solving model had been used to identify 105 forces which were conducive to farmer aggregation (driving forces) and 82 restraining forces. The Group had then identified three priority driving forces (market incentives for farmers to organise; examples of successful cooperatives and management and leadership skills), and four

priority restraining forces (lack of female participation; lack of education about cooperatives; poor legal frameworks and corruption, risk aversion and risk management). Implementing strategies had been identified to strengthen the driving forces and weaken the restraining forces. These ranged from preparing short videos with examples of successful cooperatives, to educating people both inside and outside coffee communities about cooperatives and farmer organizations. Finally, Mr Nelson said that opportunities to take forward the outcomes of the 3rd Forum included gaining more insight into the driving and restraining forces, setting up task forces to address them, and for the ICO to act as a catalyst such as by contacting relevant agencies and raising awareness of the need for support in key areas. In response to a question about how to assist small groups in countries with less infrastructure, he said that the impetus for establishing the groups needed to come from producers rather than governments, and that as few as five to six people were needed to form a group. There were many ways to help countries, such as through assistance from experts and the ICO could help to develop ideas to facilitate this.

5. The Group took note of this information and of document [CF-10/13](#) containing a report of the 3rd Forum, and expressed its great appreciation to the All Japan Coffee Association (AJCA), the World Bank and the United States Agency for International Development (USAID) for their generous sponsorship of the 3rd Forum. The Group also thanked Mr Robert Nelson for his excellent work in organizing and facilitating the 3rd Forum.

6. The Group noted that the Organization could provide information and knowledge and act as a bridge between producers and multilateral agencies. The ICO had participated in an interagency mission to Nicaragua in 2013, together with the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and other agencies. The mission had evaluated the coffee sector at the request of the Government and was a useful model of how the ICO could assist associations and support the development of the coffee sector in producing countries.

Item 4: 4th Consultative Forum on Coffee Sector Finance

7. The Group welcomed the representative of the Inter-American Development Bank (IDB) to the meeting and noted that the IDB was interested in collaborating with the ICO and supporting the coffee sector in the future, and the representative would be available to discuss the work of the Bank with interested delegates after the meeting.

8. The Chairman introduced document [CG-17/14](#) containing his proposal for the 4th Consultative Forum, which would take place in London in September 2014 during the 113th Session of the Council. The aim of the Forum was to focus on the needs and well-being of small- and medium-scale producers and communities in coffee producing areas. One of the problems that farmers faced was access to finance for infrastructure and developing the

coffee sector. With a view to achieving practical outcomes and facilitating a dialogue with multilateral donors, he proposed that the topic of the 4th Forum should be 'How producing countries can engage effectively with financial multilateral institutions and donors, and ensure that financing from those organizations meets the needs of producers'. Donor organizations were very willing to support coffee communities but did not always know who to assist, and farmers needed resources but did not know who to approach for finance. The ICO could act as a bridge and facilitate tangible assistance from donors for producers. It was expected that the outcomes of the event would include dialogue with financial institutions and producing countries on opportunities for accessing finance for specific projects and helping farmers to leverage resources. Finally, he noted that the Forum was self-financing and he had already initiated discussions with potential sponsors with a view to obtaining support for the event. He encouraged all Members to inform the ICO of organizations and companies in their countries that would potentially be interested in sponsoring the 4th Forum.

9. In discussions on this item, the point was made that bilateral development agencies had long-term strategies and resources for development; however coffee was not always at the forefront of their priorities. Agencies often preferred to undertake the projects directly; however there was an opportunity for the ICO to contribute to their strategies and advise them about concrete actions to assist the coffee sector. This could be an inexpensive way of helping to leverage resources from financing agencies. The Group further noted that the IDB and Clinton Foundation were interested in the outcomes of the 4th Forum and the ICO could help to facilitate resources for implementing coffee projects in the future. The National Federation of Coffee Growers of Colombia (FNC) had expertise in organizing communities and had cooperated with both institutions to assist with the organization of coffee communities in Haiti, such as through secondments and bringing groups of farmers from Haiti to Colombia to introduce them the model used by the Federation.

10. The Group took note of this information and of documents [CG-16/14](#) and [CG-17/14](#), relating to the preparations for the next Forum, and expressed its appreciation to the Chairman for his proposal. It agreed to recommend to the Council that the 4th Forum should address the topic of 'How producing countries can engage effectively with financial multilateral institutions and donors, and ensure that financing from those organizations meets the needs of producers'.

Item 5: Study on risk and finance in the coffee sector

11. The Head of Operations said that the World Bank was working on case studies for the joint ICO/World Bank study on risk and finance in the coffee sector, and the ICO was in regular communication with it and had provided assistance with contacts. The study should be finalized by summer 2014 and would be presented to Members in September 2014.

Item 6: Considerations for future Forum events

12. No additional considerations for future Forum events were raised.

Item 7: Core Group

13. The Group noted that the Executive Director would contact Core Group members and experts to discuss the preparations for the 4th Forum before the next meeting.

Item 8: Advisors for 2014/15

14. The Group noted that the term of office of the four advisors to the Group would expire in September 2014. 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 for 2013/14 were Marc Sadler of the World Bank, Noemí Pérez of the Finance Alliance for Sustainable Trade (FAST), Silas Brasileiro of the National Coffee Council (CNC) of Brazil and Nicolas Tamari of Sucafina S.A. The Head of Operations confirmed that all four advisors were willing to be reappointed for a further year, and invited Members to inform the Executive Director of any additional nominations for advisors for 2014/15. The Group took note of this information.

Item 9: Next steps

15. The Group noted that the Chairman of the Core Group would report to the Council on this meeting.

Item 10: Other business

16. The Group noted that FAST had proposed considering a mechanism to attend meetings virtually (see [CG-13/13](#)). The Secretariat would investigate upgrading technical equipment and hoped to provide this possibility in the future.

Item 11: Date of next meeting

17. The Group noted that its next meeting would take place in London at the time of the 113th Council in September 2014.