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INTERNATIONAL
COFFEE
ORGANIZATION

ICC 112-16

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**Decisions and Resolutions adopted
at the 112th Session of the
International Coffee Council**

3 – 7 March 2014

1. The International Coffee Council, chaired by Mr Jawaid Akhtar of India, met in London from 3 to 7 March 2014.

Item 1: Adoption of the Agenda

2. The Council adopted the draft Agenda contained in document [ICC-112-0 Rev. 2](#) and took note of the schedule of meetings.

Item 2: Admission of observers

3. Rule 5 of the Rules of the Organization provides that at the start of each Session, the Council shall decide on the acceptance of observers and designate the items on the Agenda open to accepted observers. The Secretary introduced document [ICC-112-2](#) containing a list of observers approved by the Council for admission to Sessions in 2013/14, who had advised the Executive Director of their attendance and the meetings they wished to attend.

4. The Council noted that the list of observers for admission to this Session contained in Annex I of document [ICC-112-2](#) would be revised to include Algeria and the International Women's Coffee Alliance. It decided that the observers should be accepted for admission to the 112th Session and to Committees which were open to observers, except for items relating to finance and administration which should be restricted to Members only.

Item 3: Votes and credentials

Item 3.1: Votes for coffee year 2013/14

5. The Council took note of the situation of outstanding payments affecting voting rights as at 27 February 2014 contained in document [ICC-112-1](#). The Council further noted that Gabon had paid its contribution for 2013/14 during the 112th Council Session.

Item 3.2: Credentials

6. The Council noted that the Secretariat had examined the credentials received from Members and had advised the Chairperson of the Council that they had been found to be in good and due form. The Council decided to approve the report on credentials which was subsequently circulated, together with the List of Delegations, as document ICC-112-15.

Item 4: Membership of the International Coffee Agreement (ICA) 2007

7. The Executive Director introduced document [ICC-112-3](#) containing a report on the status of membership of the ICA 2007 and said that the deadline for the deposit of instruments of ratification, acceptance, approval or accession was 30 September 2014. As at 3 March 2014, there were 39 exporting and 6 importing Members. The Plurinational State of Bolivia, Colombia and Papua New Guinea were still applying the Agreement provisionally. An original instrument of accession was awaited from the Republic of Congo and a revised instrument of acceptance was awaited from Benin. He had contacted the InterAfrican Coffee Organisation (IACO) to request its assistance with membership of African countries. With respect to non-members, he had visited the Republic of Korea in November 2013 to discuss the benefits of membership. He was also in contact with the China Coffee Association and was planning a mission to China to discuss membership. The All Japan Coffee Association (AJCA) was an active member of the Private Sector Consultative Board, and he was in contact with the Government of Japan regarding the possibility of rejoining the ICO. Peru had settled its outstanding contributions in 2012/13 with a view to rejoining the ICO and a number of other countries had indicated their intention to become Members, including Lao People's Democratic Republic, Nepal, the Russian Federation and Sri Lanka.

8. The Council took note of this information and of document [ICC-112-3](#). It expressed its appreciation to the Executive Director for his efforts to increase membership of the Organization and urged all Members of the 2001 Agreement which were not yet Members under the 2007 Agreement to complete the necessary procedures as soon as possible.

Item 5: Annual Review 2012/13

9. The Executive Director introduced the [Annual Review](#) for 2012/13 which contained a report on the activities of the Organization during the last coffee year. Highlights included the 50th anniversary meetings in Brazil which had culminated in the adoption of the Belo Horizonte Declaration; a successful 3rd Consultative Forum on the topic of aggregation, and the Seminar on trends in new coffee consuming countries. The Review also included reports on the regular activities of the ICO in important areas such as promotion, statistics and projects as well as the work of the Private Sector Consultative Board. The Council took note of the Review.

Item 6: Coffee market situation

10. The Head of Operations introduced the monthly report on the coffee market for January 2014. A copy of his presentation is available on the ICO website ([World Coffee Market Outlook](#)). Following a significant rally in prices as a result of the drought in Brazil, the ICO composite indicator price stood at 157 US cents/lb, an increase of around 42% in the last month. Further information was needed about the extent of damage to production which would only be known at the start of the harvest. The drought would also have an impact on the following year's crop. The market was very volatile and unpredictable, and prices could increase further if the drought continued, or decrease if there was rain. In the case of arbitrage between the New York and London futures markets, the normal trading band over the last 10 years was between 40 to 80 US cents/lb but had reached nearly 90 US cents/lb by the end of February 2014. Another key variable was exchange rates, where strong depreciation against the US dollar in countries including Brazil, Indonesia and India had increased the incentive to export coffee. World coffee production for 2013 was estimated at 145.8 million bags, slightly up on 2012. The gap between the on-off cycle of coffee production in Brazil was narrowing due to production methods which in turn reduced the global surplus or deficit in production. In the case of leading producing countries, production for 2013/14 was expected to fall in Brazil and Indonesia by 3.3% and 8.3% respectively, and increase by 5.1% in Colombia and 24.8% in Vietnam. In Central America, production was expected to be down by 24% in 2013/14 compared to 2012/13 because of coffee leaf rust which had severely affected countries in the region. Stocks in exporting countries were around 20 million bags with similar levels in importing countries. The stocks/use ratio in importing countries was only 2.5 months which was low given that severe weather conditions could affect production significantly. Exports in 2013 were slightly down at 109.3 million bags compared to 110.8 million bags in 2012, and export revenues had fallen in 2012/13 by 17.5% compared to 2011/12. Certified stocks on the New York futures market were around 3 million bags while on the London market they had fallen

to a record low of around 460,000 bags, due to Vietnamese producers holding on to their crops. Consumption was estimated at 146 million bags in 2013. It was interesting to note that exporting countries and emerging countries accounted for around 50% of consumption in 2013 compared to 37% in 1990, a trend which was expected to continue. Factors affecting supply included the uncertain outlook for the Brazilian crop, the loss of 24% of coffee production in Central America since 2011, and future threats from climate change and extreme weather events. Demand continued to grow strongly, however consumption in emerging markets and exporting countries would depend on economic growth. The increase in prices of almost 50% since the start of 2014 was still only at the levels of October 2012 and would need to be sustained to benefit producers.

11. Members took note of this information and of the impact of climate change on production which was a matter for concern. The Council took note of document [ED-2175/14 Rev. 1](#) containing the final official production data for the Brazilian coffee crop for 2012/13, together with the 4th production estimate for 2013/14 and the first production estimate for the 2014/15 crop. It further noted that the figures in this document were subject to change as they did not reflect the impact of the drought on production which had yet to be quantified.

Item 7: Studies and reports

12. The Head of Operations introduced documents [ICC-111-5 Rev. 1](#), [ICC-112-4](#) and [ICC-112-8](#) respectively containing an updated report on the World coffee trade (1963–2013), a study on Coffee consumption in East and Southeast Asia: 1990–2012, and a Comparative analysis of world coffee prices and manufactured goods.

13. In discussions on this item, Members noted the importance of coffee for the economies of producing countries and the continuing volatility of coffee prices. The ‘Comparative analysis of world coffee prices and manufactured goods’ study concluded that some coffee exporting countries had become suppliers of manufactured goods to industrialized countries, which would further reduce the impact of declining terms of trade. Exporting countries had to produce more and export other products to maintain their earnings. Historically, the role of the ICO had been to introduce and manage initiatives designed to improve the functioning of the global coffee market through international cooperation. Producing countries were concerned about price volatility, deterioration of terms of trade, incomes and increase in production costs, all of which required careful consideration by the ICO. The ICO was not fulfilling its *raison d’être* as producers were receiving lower prices while the end price for consumers in importing countries continued to rise, and the profits went to the exchanges and traders who were not represented at the

ICO. Producers needed to meet independently to develop common policies to obtain better prices for their products. The issue of remunerative prices for growers had been discussed in September 2013. One of the objectives of the 2007 Agreement was to provide a forum for consultations seeking understanding with regard to the structural conditions in international markets and long-term trends in production and consumption that balance supply and demand, and result in fair prices to both consumers and to producers. This objective was difficult to achieve, but needed to be addressed. It was not a question of reintroducing economic clauses but of looking for innovative solutions. Document [ICC-111-5 Rev. 1](#) focussed on sustainability, a matter of great importance, and highlighted the disparities in the share of producers in the coffee value chain. The study could stimulate reflection on innovative approaches to discussing prices that were fair for both producers and consumers and protected growers against volatility and loss of earnings. It was also suggested that rather than imposing a deadline, it would be useful to allow for a broad timescale and framework for discussions on this issue. The point was also made that the Seminar on achieving sustainable supply had focussed on consumers; however, there was a need to look at what could be done to ensure prices were sustainable to meet production costs and safeguard the livelihoods of small growers, who would not otherwise continue to produce coffee. The general laws of supply and demand were clearly in operation in the coffee sector with prices responding quickly to uncertainty about the weather and the impact on future supplies.

14. The Council took note of this information and further noted that the studies had been prepared with a view to stimulating discussions and finding areas of agreement between producers and consumers. Work was already underway to improve the livelihoods of coffee communities which were essential to producing countries and which had insufficient income. In looking at how to improve the distribution of income in the coffee value chain, the ICO could only do so much as the market was involved. It could, however play a unique role in being able to bring all parties to the table and facilitate regular dialogue on these matters between producers and consumers as well as access to practical support to farmers through putting coffee on the agendas of development and financing agencies. The 4th Consultative Forum would bring multilateral donor organizations such as the Inter-American Development Bank (IDB), World Bank and others to the ICO for discussions with producing and consuming countries and could help to leverage resources for producers. The question of terms of trade and the involvement of the private sector could be discussed during the Forum. Apart from the issue of access to financing and aggregation to assist small producers, there was a need for actionable documents which could come out of the 4th Forum so that the findings could be taken forward at higher levels. Members noted that during the next six months, building on these studies, the Executive Director undertook to develop ideas to involve the trade on

world coffee sector issues and address the low share of producers in the value chain. Finally, the Council noted the suggestion that this topic should be dealt with during the 4th World Coffee Conference, and that there was a need for all actors in the coffee chain to discuss this issue.

Item 8: World Coffee Conference

15. Article 30 of the 2007 Agreement provides that the Council shall appoint the Chairperson of the World Coffee Conference, and decide on the form, title, subject matter and timing of the Conference, in consultation with the Private Sector Consultative Board (PSCB). In September 2013, the Council agreed that the Executive Director should invite Members interested in hosting the Conference to submit their proposals in writing to him by 31 December 2013, to enable a decision to be taken in March 2014. The Executive Director had circulated ED-2168/13 and its [revision](#) informing Members about this deadline, and had received proposals from Italy (document [ICC-112-5](#)), Ethiopia ([ICC-112-6](#) and its [revision](#)) and Colombia ([ICC-112-7](#)). As the Conference had already been held three times in Latin America, Colombia had subsequently decided to withdraw its proposal, in order to give other regions the opportunity to host the event. The Council took note of this information and expressed its appreciation to Colombia for its generous action.

16. The representatives of Italy introduced the proposal to host the 4th Conference in Milan at the time of Expo 2015 (document [ICC-112-5](#)). A copy of the presentation is available on the ICO website ([presentation Italy](#)). The representatives of Ethiopia introduced the proposal to host the 4th Conference in Addis Ababa (see documents [ICC-112-6](#) and its [revision](#)), and made a statement (document [ICC-112-9](#)). A short video was also shown.

17. Following consultations, the Council decided to hold the 4th World Coffee Conference in Addis Ababa, Ethiopia, in March 2016 together with the 116th Session of the Council. The Council further decided to accept the proposal by the Italian Government to hold the 115th Session of the Council in Milan, Italy, in September 2015 on the occasion of EXPO MILANO. The Council noted with appreciation the Italian Government's will to host on the same occasion, in agreement with the European Union, a Global Coffee Forum with the participation of the Members of the ICO. The Council further noted that the Organization would be present at the launch of the 1st International Coffee Day in EXPO MILANO.

18. The Council took note of statements by the representatives of Italy and Ethiopia (see document [ICC-112-13](#)), and expressed its appreciation to all those who had been involved in reaching consensus on this issue. Members noted further that the Council could meet during the week of 28 September to 2 October 2015 to enable the 1st International Coffee Day to take place during EXPO MILANO. The Council would need to appoint the Chairperson of the Conference and consider the form, title and subject matter of the Conference in more

detail at its next Session. The option of establishing a working group to assist the Chairperson with the preparations could be considered at this time. The Executive Director would consult Members about all these issues which would be discussed further in September 2014.

Item 9: Action Plan

19. The Head of Operations introduced document [ICC-105-19 Rev. 3](#) which proposed revisions to the Strategic Action Plan, including renaming it 'Action Plan', in order to separate strategy from action items. A strategic review would be undertaken separately. Other changes included inserting wording on communications and public outreach as part of the overall strategic goals, and proposing two new priority actions with respect to continuing with the round table on statistics and developing a fundraising strategy based on specific, measurable, attainable, relevant and time-bound (SMART) criteria. The Council took note of this information and approved the revisions to the Plan¹.

Item 10: Programme of Activities for 2014/15

20. The Head of Operations introduced document [WP-Council 242/13](#) containing a draft programme of proposed activities in coffee year 2014/15 which was based on the Action Plan (document ICC-105-19 Rev. 2). Proposed activities included updating the style and format of ICO publications and redesigning the ICO website, developing it as a promotional tool to include blogging and the CoffeeClub; acquiring a Bloomberg Terminal to strengthen analytical work, and investigating alternative sources of statistics with a view to improving statistical output. With respect to actions for 2013/14, expenditure on activities had been put on hold until the restructuring process had been completed.

21. In discussions on this item it was suggested that to assist Members in considering the Programme of Activities for the next coffee year, it would be useful to prepare a short report on the implementation of the Programme for the previous coffee year for the March Session each year, as well as to provide an update on the state of implementation of the current year's Programme at each Council Session. When there were significant changes in the Programme of Activities from the previous year, it would be helpful to include an explanatory note about why certain activities were no longer included. It would also be useful to introduce expected outputs for activities and measurable indicators, rather than just the type of indicator. In response to questions, the Head of Operations said that the 2014/15 plan only listed 12 activities compared to 23 in 2013/14 as some routine activities had been removed and others had been completed.

¹ It was subsequently issued as [ICC-105-19 Rev. 3](#).

22. The Council took note of this information and further noted that the Secretariat would prepare a report on the implementation of the Programme of Activities for the next Session and would also prepare indicators and expected outputs, including outputs for activities which were routine, to help measure performance. The Chairperson said that the draft programme for 2014/15 contained in document [WP-Council 242/13](#) could be approved. The Council noted that any suggestions for future activities could be sent after the Session in writing, including suggestions for a topic for a seminar in 2015.

Item 11: International Coffee Day

23. The Executive Director introduced document [WP-Council 244/14](#) containing a proposal for a date for an International Coffee Day, together with themes and principles, as requested by the Council at its last Session. Members had been invited to confirm their preferred date, and 1 October had received the most nominations.

24. In discussions on this item, the point was made that 1 October coincided with International Cocoa Day. It would be preferable to choose a date that did not clash with other commodities. An alternative date could be 29 September as this marked the end of the crop year for some countries, and the beginning of other crop years in some cases. A search on the Internet indicated that this date was frequently mentioned as an International Coffee Day. Members noted that there were synergies between this initiative and other ICO and world coffee events in 2015. The Day could be used to raise awareness of coffee and potentially to raise funds for a charity which could use the resources to undertake activities in producing countries.

25. Following further consultations with Members, the Council agreed that the 1st International Coffee Day should take place on 1 October 2015, during the Council Session and Global Coffee Forum which would take place in Milan, Italy from 28 September to 2 October 2015. The Executive Director would consult Members before the next Session and the Council would consider a theme for the Day, possible events and other arrangements at its next Session. The possibility of establishing a small working group to develop more detailed ideas and activities could also be considered at that time.

Item 12: Consultative Forum on Coffee Sector Finance

Item 12.1: Vice-Chairperson of the Forum and Core Group for 2013/14

26. The Council appointed Mr Manfred Brandt of the European Union as the Vice-Chairperson of the Forum for 2013/14.

Item 12.2: Consultative Forum

27. The Chairperson of the Core Group, Mr Juan Esteban Orduz of Colombia, said that the Group had met on 6 March 2014. The report of this meeting was subsequently circulated as document [CG-18/14](#). The Group had discussed the outcomes of the 3rd Forum and the need to assist producing countries in improving basic services and incomes of farmers. The ICO could be of practical help in acting as a bridge between multilateral institutions and producers and facilitating support to resources. It was proposed that the 4th Forum in September 2014 should bring the different parties together to enable coffee growers to have access to donors and learn about their priorities, and donors to learn about opportunities for investing in the coffee sector. Preliminary contacts had been made with a number of multilateral institutions and foundations, all of which were interested in participating in the event. The representative of the Inter-American Development Bank (IDB) had attended the Core Group meeting and would participate in the 4th Forum. The IDB was interested in extending its support for the coffee sector in Haiti to countries in the Latin American region, and had had a productive discussion with representatives of some Latin American countries. It had been suggested that the ICO could put the issue of coffee and development on the agenda of development agencies, with a view to helping to leverage resources for developing countries and generating practical support for the coffee sector. As the Forum was self-financing, the Chairperson had initiated discussions with potential sponsors and he encouraged all Members to assist him with efforts to obtain sponsorship.

28. The Council took note of this report, and of document [CF-10/13](#) containing the report of the 3rd Consultative Forum. It decided 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’. Members further noted that the ICO/World Bank study on risk and finance in the coffee sector would be presented in September 2014 and that the current advisors to the Core Group were willing to be reappointed for a further year, and any additional nominations for 2014/15 could be sent in writing to the Executive Director.

Item 13: Report by Chairpersons of ICO bodies

Item 13.1: Private Sector Consultative Board (PSCB)

29. The Vice-Chairperson of the PSCB, Mr Ric Rhinehart of the Specialty Coffee Association of America (SCAA), said that the PSCB had met on 5 March 2014. The report of this meeting was subsequently circulated as document [PSCB-140/14](#). The PSCB had welcomed representatives of two non-member countries which were interested in

membership of the ICO: Lao People's Democratic Republic and the Republic of Korea. Members had received presentations on the coffee market in both countries, and had noted that there was great potential for developing a coffee drinking culture in Lao People's Democratic Republic and that in the Republic of Korea, coffee accounted for 53% of the beverage market, and had increased in value by 265% since 2007. The PSCB had also received an update on coffee leaf rust (CLR) in India and had noted that the Coffee Rust Research Centre (CIFC) in Portugal was the largest bank of knowledge and capacity for coffee testing. Funding had recently come to an end and it was critical to find ways of financing these activities which had great potential to develop solutions to the current crisis of CLR. Members had also received a presentation on the review by the European Food Safety Authority of health claims of caffeine products, including products such as energy drinks. The Board also reviewed the Coffee Quality-Improvement Programme (CQP), and noted the need to re-examine how effective it had been. The Speciality Coffee Association of Europe (SCAE) and the Secretariat would look at the CQP in closer detail and report back in September. Finally, the PSCB noted that it was proposed that the Council should designate the International Women's Coffee Alliance (IWCA) as an alternate exporting association.

30. In discussions on this item, Members noted the importance of looking into financial support for the CIFC before the next meeting in view of the importance of its work on CLR for producing countries. The Council noted that the EU would look into this but could only provide information on potential sources of finance to which requests could be channelled. The Council took note of document [WP-Council 238/13 Rev. 1](#) concerning the designation of the International Women's Coffee Alliance (IWCA) as a new association on the PSCB and decided to designate the IWCA as an alternate to the PSCB for 2013/14 and 2014/15.

Item 13.2: Promotion and Market Development Committee

31. The Chairperson of the Promotion and Market Development Committee, Mr Andrea Illy of EU-Italy, said that the Committee had met on 5 March 2014 and had re-elected him as Chairperson and elected Mr Belisario Domínguez Méndez of Mexico as Vice-Chairperson for coffee year 2013/14. The report of this meeting was subsequently circulated as document [PM-35/14](#). He had made a presentation on Expo 2015 which would be held in Milan over a period of six months and would be the largest coffee event ever held. The ICO was one of the partners for the Coffee Cluster and the event would be an important part of the Organization's strategy to promote coffee consumption. The Committee had also received a report on the ICO Multi-Stakeholder Network and noted that volunteers from eight countries had agreed to participate in it. The ICO had engaged a communications expert to assist with enhancing communications. In the short-term, the aim was to engage existing

and new audiences on social media and develop relationships with the media. In the medium-term, a new communications strategy would be developed and the ICO website would be redesigned and incorporate the CoffeeClub. In the long-term it was proposed to engage the key audiences of the ICO, journalists, and bloggers in ICO programmes and information to become the international research and extension hub of the coffee sector worldwide. Members had also noted that the ICO was considering a proposal to assist it in undertaking a strategic review of the Organization with a view to developing a draft strategy for the next ten years which would be presented to Members in September 2014. Regarding the Special Fund, exporting Members had agreed that there should be a fair and equitable division of resources between the three coffee producing regions and had decided to establish a Core Group to manage the resources. The funds would be used in exporting countries in keeping with priorities to be decided on by each region, and could include promotion of consumption. The Committee had also received reports on the Coffee Quality-Improvement Programme (CQP) and on gradings for Arabica and Robusta coffees for calendar years 2005-2013, and had noted that the SCAE would discuss with its members how the CQP could be more effectively implemented and report back to the ICO on the outcome of the discussions. Finally, the Committee had considered the composition of a Steering Group on Promotion for 2013/14 and 2014/15. Indonesia was interested in participating and further nominations could be made during the 112th Session of the Council.

32. The Council took note of this report and noted that no additional nominations for the Steering Group had been received. The Executive Director would consult Members during the next six months and this matter would be discussed again in September 2014.

Item 13.3: Statistics Committee

33. The Chairperson of the Statistics Committee, Mr Brendan Lynch of the USA, said that the Committee had met on 5 March 2014 and had elected him as Chairperson and Mr José Cassule Mahinga of Angola as Vice-Chairperson for coffee year 2013/14. The report of this meeting was subsequently circulated as document [SC-36/14](#). The Committee took note of reports on compliance with statistical rules, exports to exporting countries, exports of organic coffee, and inventories of green coffee. Members discussed the provision of technical assistance to exporting countries. The ICO had offered workshops in the past, most recently in Vietnam, and was keen to organize more in the future, particularly in new Member countries. Accurate statistics were a valuable resource for Members and the coffee sector and the Committee supported the idea of holding more workshops. The Committee had received a report on an informal statistics round table which had met in recent months, following the request of Members in March 2012 for the Secretariat to engage with statistical experts to discuss the Organization's statistical data. Two statistical experts had

been invited to give updates on the work of the round table to the Committee. Mr Steve Wateridge of Tropical Research Services had presented information comparing volatility in the cocoa and coffee markets over the last few years, and Mr Euan Mann of Complete Commodity Solutions had provided information on the methodology the statistical experts had been using to calculate consumption. Both had emphasized the difficulty of determining exact statistical data. They praised ICO data but also noted some differences between ICO data and figures provided by other leading statistical analysts. The issue of consumption levels in the EU was discussed in particular. The Committee proposed that the statistics round table should be formalized to analyse ICO statistics over recent years, particularly EU consumption data, and to make recommendations to correct the differences. The round table was open to all participants; with the only rule being that participants should share their data with the group and that the figures would be confidential to the meeting. Finally, the Committee reiterated the need for all Members to provide timely and accurate data which was in the interests of increasing market transparency.

34. The Council took note of this report and decided to approve the statistics round table as a formal mechanism for improving the accuracy of ICO statistics.

Item 13.4: Projects Committee

35. The Chairperson of the Projects Committee, Ms Ina Grohmann of EU-Germany, said that the Committee had met on 6 March 2014 and had elected her as Chairperson and Mr Oke Nurwan of Indonesia as Vice-Chairperson for coffee year 2013/14. The report of this meeting was subsequently circulated as document PJ-73/14.

36. The Committee had noted that the ICO had re-submitted 25 projects to the Common Fund for Commodities (CFC), which had advised that it would not consider them for funding. Members had received reports on approved and concluded projects and the representative of the CFC had reported on CFC policies and developments. The ICO had developed a database of donor organizations which would be made available on a new Members only section of the ICO website. The Chief Economist had made a presentation on addressing new challenges for projects. It was proposed that coffee development projects should include a profitability component and that the role of the Secretariat in project design should be enhanced to make use of its expertise in this area. In addition to developing a list of potential donors, it was proposed to establish closer relationships with financial institutions. The ICO could also develop its role as a Project Executing Agency (PEA) to directly implement some projects or studies, or training sessions. ICO guidelines and project assessment criteria would need to be adapted and Members would also need to consider whether projects in the pipeline were still current or should be removed from the pipeline. A discussion ensued on the validity of projects older than one year. Members agreed that

projects lose their value over time and quickly become irrelevant and out of date. The Committee had supported a collective endeavour to review projects in the pipeline and to look into the terms of reference of the Virtual Screening Subcommittee (VSS), project assessment documents and other project procedures. Colombia and Ecuador were willing to participate on the task force and the Secretariat had been requested to prepare guidelines on how the task force would operate to enable Members to decide whether they had the capacity to participate in it. Members interested in participating in the task force should provide the name of their representative within the next four weeks. Members had raised the need for caution about developing the role of the ICO as PEA as this would require resources and many donors had expertise in this field already. The ICO should consider the added value involved, as this was a complex area which required additional costs and expertise in procurement. The ICO should also look carefully at the added value it could provide through screening projects to justify the costs involved. There could be value for it in acting as a clearing point or centre of reference of priorities of other agencies. Where there was a match with the priorities and projects, these could then be submitted to donors for funding. Finally, the Committee had taken note of a report on technical cooperation between Cameroon and the Brazilian Agency for Cooperation (ABC).

37. The Council took note of a statement by the representative of the Central African Republic requesting assistance with reconstructing the coffee sector following the violent and difficult period in this country (see document [ICC-112-12](#)). Members noted that this request underscored the importance of the 4th Consultative Forum and ensuring that the appropriate actors participated. It was vital that ICO Members should inform the ICO of relevant donor organizations who could be invited to participate in the Forum, and this information should be sent in writing to the Head of Operations as soon as possible.

Item 13.4.1: Projects for approval by the Council

38. The Council noted that the Projects Committee had considered document [PJ-67/14](#) containing the report and recommendations of the VSS on one revised and three new proposals. The Committee had agreed that projects which did not come with a clear recommendation for approval from the VSS should not go forward for approval as they might otherwise be incomplete in preparation and add to the number of projects already in the pipeline. Two of the new proposals would be revised and resubmitted as there was no clear recommendation for approval. On the recommendation of the Committee, the Council decided to approve the proposal entitled 'Improving the participation of women in the coffee value chain in Cameroon' for submission to the CFC (document [PJ-66/14](#)). In the case of the 'Valorization of the Ethiopian coffee origins for marketing improvement' project, the Council noted that the proposal had been sent directly to the CFC by the proponents who would welcome guidance from the ICO on looking for matching funds for this project.

Item 14: Seminar on achieving sustainable supply in the coffee market

39. The Chairperson of the Seminar, Mr Conradin Rasi of Switzerland, said that the ICO had held a Seminar on achieving sustainable supply in the coffee market on 4 March 2014. The programme was contained in document [ED-2174/14](#) and a copy of the report on the Seminar will be available on the ICO website. Nine presenters had made presentations on four sub-themes: Global production and trade overview; Capitalizing on new trends, new markets and new product development; Price forecasts, currency fluctuations and solutions available for managing price volatility and Supply-side outlook. The Seminar had generated considerable interest and had been attended by a wide range of representatives from private trading companies, financial institutions, Members, non-member countries and other stakeholders in the coffee sector. This showed the potential of the ICO to position itself as the leading forum for discussion and exchange of knowledge on coffee-related matters, and to develop partnerships with important actors in the sector. The Seminar was a success because it generated interesting results and contributed to raising the profile of the ICO as a key player in the coffee world. He encouraged the Secretariat to continue this approach, and requested it to inform the Council of the financial aspects of the Seminar at the next Session.

40. In discussions on this item, it was suggested that the allocation of free places for Seminars should be increased to four per country instead of two, to enable more delegates to attend. The Council took note of this report and expressed its appreciation to the Chairperson of the Seminar for chairing the event which was very successful. Finally, the Council noted Members were invited to send the ICO suggestions for future Seminars and further noted that the presentations and video-recordings were available on the ICO website ([seminar presentations](#)).

Item 15: Food safety

41. The Head of Operations said that in September 2013, the Council had considered a document summarizing Regulation (EU) No. 1169/2011 dealing with the labelling of origin, and its potential implications for the coffee sector (document [ICC-111-7](#)). The Regulation had entered into force on 12 December 2011 and applied from 13 December 2014, with provisions concerning nutritional declarations applicable from 13 December 2016. The European Union was currently drafting implementing rules on this regulation and there was no further information to report since the last Session. The Council took note of this information.

Item 16: Cooperation with other agencies

42. The Executive Director reported that in November 2013, he had attended the World Coffee Leaders Forum in Seoul, Republic of Korea, the LXXIX National Coffee Congress of Colombia in Bogota, Colombia, and the 2nd International Ethiopian Coffee Conference in Addis Ababa, Ethiopia, and in January 2014 he had participated in the 5th India International Coffee Festival in Bangalore, India. The Head of Operations had delivered a message on his behalf at the 1st African Coffee Symposium and 53th General Assembly of IACO in November 2013, and had invited IACO to expand membership to other African countries with good potential for coffee consumption. The Head of Operations had also attended the Andean Corporation for Development in Spain in November 2013, the Annual General Meeting of the Common Fund for Commodities in December 2013, and had visited the IDH to discuss its work and project facilities. A report would be given to the PSCB on cooperation on 'Vision 2020 for a sustainable coffee sector', an initiative developed by the 4C Association to develop a vision for a global sustainability platform for the coffee sector. Finally, the Economist had participated in the 3rd Macquarie Global Agriculture Conference held in London in November 2013.

43. In discussions on this item, Members noted the point that discussions on sustainability were of great importance and the proposal for a sustainable coffee sector in 2020 was interesting. The issue of cooperation with other agencies was crucial given the changes at the CFC. The ICO needed to be strategic in assisting countries in channelling resources for coffee projects, and should be supported in its efforts to develop alternative sources of finance and synergies with other organizations. New ideas and a strategic plan were needed to access funding for projects, and all Members should contribute to discussions on this. Regarding the visit to the IDH, Members noted that the aim was to learn more about its operations and funding arrangements for projects, which required 70% funding from the private sector. The IDH had around US\$100 million for projects in a range of commodities including coffee, and a link to its website giving details of its work could be found on the ICO website.

44. The Council took note of the request for the Executive Director to explore with the World Bank, Asian Development Bank and other institutions the possibility of funding at below market rates for projects related to the livelihoods of those involved in the coffee sector. The Council further noted that cooperation with multilateral development agencies and other foundations which supported coffee development projects would be developed through the 4th Consultative Forum (see Item 12.2), and that if needed, a mandate could be given to the Executive Director to explore resources for producing countries.

Item 17: National coffee policies

Cuba

45. The Council noted that a Coffee Cocoa Congress and related events would take place from 14 to 17 April 2015 in Havana, Cuba and all Members were invited to participate in the Congress.

Gabon

46. The Council took note of document [ICC-112-10](#) concerning changes to national coffee policies through a Strategic Plan for coffee.

Vietnam

47. The Council took note of document [ICC-112-11](#) concerning severe damage to coffee production in Vietnam caused by changeable weather.

Item 18: Financial and administrative matters

Item 18.1: Finance and Administration Committee

48. The Chairperson of the Finance and Administration Committee (FAC), Mr Aly Touré of Côte d'Ivoire, said that the Committee had met on 3 March 2014 and had elected him as Chairperson and Mr Brendan Lynch of the USA as Vice-Chairperson for 2013/14. The report of the Committee was subsequently circulated as document [FA-82/14](#). The Committee had received a report on the financial situation as at 31 January 2014 (document [FA-81/14](#)) and had noted that this was satisfactory. Members had also reviewed the draft Budget for 2014/15 and a cost analysis summary (documents [FA-79/14](#) and [FA-80/14](#) respectively). Overall expenditure in 2014/15 would be reduced by 3.3% and the proposed contribution for 2014/15 would remain unchanged at £1,471 per vote. The surplus generated would be used to replenish the Reserve Fund, as agreed by the Council when it authorized the use of the Fund for refurbishment costs in 2012/13. The Committee had decided to recommend approval of the draft Budget to the Council.

49. Regarding outstanding contributions, the Committee had noted that Sierra Leone had not been able to make payments in accordance with the provisions of [Resolution 450](#), however the representative had confirmed that payment would be made shortly. The Committee had recommended that while Sierra Leone's votes should remain suspended, its votes should be restored if payments were resumed. Members had requested the Secretariat to produce an analysis of the delays of payments by Members, for example at the time of the March and September meetings over a period of years, and to continue

discussions with former Members such as Guinea to reduce the balance of long overdue arrears. The Committee had also decided to recommend approval of proposals for revisions to salary scales and the basis for contributions to the Provident Fund for staff in the General Service category and proposals for revisions of salary scales for staff in the Professional and higher categories (documents [FA-74/13](#) and [FA-78/14](#) respectively). The former involved an increase of 1.9%, and had already been included in the current year's Budget. The latter was on the 'no loss – no gain' basis and had no financial implications. With respect to the premises, the ICO's lease would expire on 31 March 2017. The Committee had agreed that the Secretariat could undertake some preliminary research into property prices in this area, and possibly other areas, and start initial discussions with the Landlord. The Executive Director would report on the findings of this research to the Committee in September 2014.

50. In discussions on this item, the point was made that there were arrears of up to 50% of contributions which was a high level and a matter for concern. The Secretariat should report at the next meeting on the historical development of the arrears and on the amount of interest lost as a result. Several Members expressed appreciation for the financial situation of the ICO. The Organization was doing more with less resources, the contributions of Members had not been increased and the Reserve Fund would be replenished. It was suggested that given that the ICO was in a good financial situation, consideration could be given to decreasing contributions.

51. The Council took note of this report. On the recommendation of the Committee, the Council decided to approve the proposals for revisions to salary scales and the basis for contributions to the Provident Fund for staff in the General Service category contained in document [FA-74/13](#), and the proposals for revisions of salary scales for staff in the Professional and higher categories contained in document [FA-78/14](#). Finally, the Council decided to approve the draft Administrative Budget for 2014/15 contained in document [FA-79/14](#)².

Item 18.2: Administrative Accounts of the Organization for the financial year 2012/13 and Report of the Auditors

52. On the recommendation of the FAC, the Council decided to approve the Administrative Accounts of the Organization for the financial year 2012/13 and the Report of the Auditors contained in document [FA-75/13](#).

53. The Chairperson of the FAC said that the Committee had recommended that the Accounts of the Special Fund and Report of the Auditors for the financial year 2012/13

² Subsequently distributed as document [ICC-112-14](#).

contained in document [FA-76/13](#) should be approved by exporting Members and had noted that, as decided in September 2010, the Accounts of the Promotion Fund (document [FA-77/14](#)) had not been audited but were circulated for information. The Council took note of this information and further noted that exporting Members approved the Accounts of the Special Fund and Report of the Auditors for the financial year 2012/13 contained in document [FA-76/13](#), and took note of the Accounts of the Promotion Fund contained in document [FA-77/14](#).

Item 18.3: Restructuring of the ICO

54. The Chairperson of the FAC reported that one aspect of the Executive Director's mandate on his election had been to examine the structure and operations of the ICO and to undertake any necessary changes. During meetings in September 2012 and 2013, Members had voiced concerns about some of the ICO's services, particularly projects and statistics. Given the changes implemented since 2011 within the CFC, funding requirements would need economic profitability criteria and require someone with a thorough understanding of private sector sources and public/private partnerships. Changes were needed in statistics to cope with a more volatile market and an economic environment which demanded different skill-sets to provide supply/demand projections and increased cooperation with the private sector, amongst other things. The Executive Director had reluctantly concluded that three posts should be abolished. The posts were abolished in accordance with the Organization's Rules and Regulations and legal advice taken by the ICO had endorsed these actions. Disciplinary action had been initiated against one of the individuals, but this was a separate issue. The three individuals had hired lawyers and sent letters to Members. Legal advice supported the actions taken by the ICO and judged the chances of the three individuals' success to be minimal, however legal action might be protracted. In the meantime the Executive Director would aim to keep legal costs to a minimum. In the future there would be a need to recruit people with different skill-sets and experience. The Committee had discussed the issue in some detail. Members expressed concern about the possible costs of such legal action and the impact on the ICO's operations. The Secretariat shared these concerns but emphasized that this was in no way driven by, or under the control of, the ICO which was reacting to events. Several delegates expressed their support for the principle that the Executive Director was the sole administrative officer of the ICO and control over all day-to-day operations was delegated to him. They also expressed support and confidence in him personally in the exercise of his duties, as well as in the continuing review and restructuring of operations.

55. Support was expressed for the Executive Director's efforts to restructure the Secretariat which could involve redundancies to ensure a team with the necessary skills to

deliver services. Members requested the Secretariat to be as transparent as possible on restructuring and recruiting new staff. Several delegates noted that it was highly inappropriate for the three ex-employees to write to Members. This was an administrative matter and the ICO and its lawyers should handle communications rather than individual Members or the FAC, to avoid interfering in the legal process. The FAC and all Members should be updated on the negotiations and legal costs before the next Session to enable Members to give their perspectives. Regarding a suggestion that the FAC might review reports of both parties, Members noted that they could not act as mediators.

56. The Council noted that Members firmly supported the restructuring efforts of the Executive Director; the restructuring should be based on a plan and there should be transparency in informing Members about this. There was a strong desire to give a chance for the matter to be settled amicably. The ICO traditionally operated on the basis of consensus and this option should be explored to avoid future legal action and save time and resources. The Council also noted that the Executive Director had agreed to have a constructive dialogue with the three individuals. While every effort should be made to avoid going to court, the ICO should be able to defend itself if necessary. In the event that there was further legal action with implications for finances, the FAC and Council should be kept informed.

Item 19: Other business

Drought in Brazil

57. The representative of CABI made a presentation on the drought in the State of Minas Gerais, Brazil, a copy of which is available on the ICO website ([presentation Minas Gerais drought](#)).

Item 20: Future meetings

58. The Council took note of document [WP-Council 243/14](#) containing the dates of meetings in 2014/15 and 2015/16 and noted that its next Session would take place in London, United Kingdom from 22 to 26 September 2014.