



**INTERNATIONAL
COFFEE
ORGANIZATION**

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English only

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International Coffee Council
119th Session
13 – 17 March 2017
London, United Kingdom

Post of Executive Director

Presentation by Mr José Sette, Brazil

Background

A copy of the presentation made to the 119th Session of the Council by Mr José Sette of Brazil, is attached.

Action

The Council is requested to take note of this document.

JOSÉ SETTE - BRAZIL

Madame Chair, distinguished delegates, ladies and gentlemen,

1. I would like to start by remembering the tragedy that brings us together today. Robério Oliveira Silva was a dedicated civil servant, whom I had the privilege of knowing for 30 years. His untimely passing at the young age of 53 is a stark reminder of our own mortality and the randomness of life. During his tenure at the ICO, Robério introduced some important innovations in the work of the Organization, which, I am sure, will remain as his legacy.
2. Despite these sad circumstances, I am delighted to return to this forum after an absence of more than four years. As many of you know, I worked at the ICO from 2007 to 2012, mainly as Head of Operations, but also as Executive Director *ad interim* during the 2010/11 coffee year. When I last spoke to you in September 2012, I could not conceive that one day I would come back as a candidate for the post of Executive Director. At that time, I was convinced that my cycle at the ICO was finished forever and that I needed to confront new professional challenges.
3. My opportunity came sooner than I imagined, and from an unexpected quarter. Shortly after my departure from London, I applied for the vacant position of Executive Director at the International Cotton Advisory Committee (ICAC), the equivalent for cotton of the ICO. To my delight, I ended up being selected. I have been Executive Director of the ICAC since January 2014. During my tenure, the financial administration of the ICAC has been restructured, with significant savings for the organization's members. At the same time, important new members have joined, as is the case of Bangladesh, the world's largest importer of cotton, or are in the process of concluding accession formalities, as is the case of the European Union. Meanwhile, the technical work of the organization has been maintained at a high level. I wish to take this opportunity to thank all the members of the ICAC, as well as the organization's staff, for their support throughout my tenure. I consider my time at the ICAC has been most instructive.
4. I was about to enter my fourth year as Executive Director of the ICAC when I received the tragic news of the passing of Robério Silva. In the following days, I was approached by people I respect highly, from both the public and private sectors in Brazil, who sounded me out about my willingness to be a candidate for the vacancy at the ICO. I thought about this possibility for a long time. Although still a relative newcomer, I was moved by the warm welcome received from world cotton sector and was happy with my work at the ICAC. However, my longstanding ties to coffee and deep affection for the ICO eventually led me to accept the nomination of the Brazilian government as a candidate.
5. You may ask: Why do I consider myself a suitable candidate for the post of Executive Director of the ICO?
6. In the first place, I meet all the qualifications listed in the vacancy announcement. I have almost 40 years of professional experience, the

overwhelming majority of which involving issues related to international trade. I have acquired a strong technical background in agricultural commodities from more than 30 years of practice in this field, including work in private companies, trade associations, a government regulatory agency, a multilateral development bank and two international commodity bodies. So, my experience spans both the private and public sectors, which gives me important insights into the specific roles that each can play.

7. In my work at the ICO and the ICAC, I confronted many of the management issues that the new Executive Director will have to face. I exercised executive responsibility at a senior level in both organizations, including management of personnel and budgets. My experience at the ICAC, a smaller organization than the ICO where the Executive Director has to take a more hands-on approach, has been especially enriching for me. As a result, I feel much better equipped to handle the administrative side of management than before. Especially relevant in the current circumstances will be my experience in fostering team spirit within a staff drawn from diverse national and cultural backgrounds.

8. As a result of working in two international commodity bodies, I have built up a wide range of knowledge and contacts in the environment in which the ICO operates, including national governments, international organizations, sustainability initiatives and the private sector in general. These contacts will come in useful as Executive Director of the ICO.

9. In addition, I also further developed the communications skills necessary to promote the messages of the Organization, while representing the ICO itself and the ICAC at events all over the world. During my travels, I have found that people appreciate highly if you are able to communicate with them in their native language. So, my command of all four official languages of the ICO would be another important asset for the post.

10. Just as important as my qualifications is my vision for the ICO. How do I see the future of this organization?

11. When I first arrived at the ICO, at the end of 2007, one of my first tasks was to draft a strategic action plan for the organization, given that the International Coffee Agreement (ICA) 2007 had recently been approved. For those who may be interested, the results of my work can be found in document WP Council 173, a revised version of which was adopted by the Council, as ICC 105-19, two years later. In addition to coffee-specific activities, this paper identified four broad strategic goals for the organization:

1. to serve as a forum for the development of international coffee policies;
2. to enhance the transparency of the coffee market;
3. to encourage the development and dissemination of knowledge on the world coffee economy; and
4. to promote a sustainable coffee sector.

12. Although many of the specific actions proposed in that document have been surpassed by events and are no longer relevant, these four broad goals continue to provide pertinent guidelines for the ICO. In fact, ICC 105-19 went through its third revision as recently as 2014 and remains the basis for the organization's long-term strategy.

13. I am glad to see that the preliminary findings of the Strategic Review that is currently being undertaken at the ICO represent a refinement, but not a negation, of the above approach. First, the four goals have been reduced to three, by transforming goal 4 (the promotion of a sustainable coffee sector) into the overarching mission that guides all of the ICO's activities. Second, the goals have been renamed and reordered. I highly value this Strategic Review because it provides a "bottom-up" perspective of the activities of the organization from the viewpoint of Members and other stakeholders, instead of a "top-down" approach coming from the Secretariat. As Executive Director, I will seek to integrate the conclusions of the Strategic Review, once it is finalized, into a new Strategic Action Plan for the ICO.

14. The Strategic Review's transformation of the **promotion of a sustainable coffee sector** into the overarching mission of the ICO reflects the inclusiveness and importance of this objective. The ICO must strike the right balance among all three dimensions of sustainability: economic, social and environmental. Many times, sustainability work focuses too narrowly on social and environmental questions, while the economic welfare of growers is relegated to a secondary plane. The interactions among all three types of sustainability still require much investigation and the ICO must contribute to this discussion. Above all, sustainability must be "growercentric", since farmers are the basis of the entire coffee value chain.

15. Within the field of sustainability, special attention needs to be dedicated to questions involving climate change. Coffee is more vulnerable than many other commodities to changes in global temperature. As Executive Director, I will continue to raise awareness about the consequences of climate change for coffee, not only in the United Nations Framework Convention on Climate Change, but also in other forums. I will return to this relevant topic.

16. Let us now look at some of the ways in which to accomplish the three functions identified in the Strategic Review: delivery of world-class data, analysis and information; serving as a forum for dialog on coffee; and facilitation of coffee development projects.

17. The first goal, enhancing market transparency, is primarily accomplished by improving the quality of the **statistics and economic analysis** produced by the ICO. Efforts must be concentrated on the Statistics Section, which has not received the attention it deserves and whose capacity needs strengthening, both in terms of personnel and infrastructure (hardware and software), in order to provide the types of products that will be useful to Members.

18. One should note, however, that the work of the Statistics Section depends heavily on data submitted by Members. Unfortunately, the information sent to the

ICO is often incomplete, out of date or unreliable. A two-pronged approach is necessary. First, the ICO must help Members to build up their capacity to provide data by organizing workshops and providing reference materials. At the same time, the ICO should resort to a wider range of sources of information when gaps appear in the Organization's statistical coverage.

19. When it comes to statistics, especially coffee statistics, many people consider me a "nerd" because of my passion for this seemingly dry subject. My fondness for statistics began early in my career. As a research assistant at the Inter-American Development Bank, one of my first jobs, my most important assignment was to build a database of Latin American balance of payment statistics. Even today, one of the projects I have set aside for my retirement is a historical analysis of Brazilian coffee export statistics. So, you will find that I am an enthusiastic participant in all the work necessary to improve the data and analysis offered by the ICO.

20. With regard to the second goal, the ICO's role as a **forum for the discussion of coffee matters** must be enhanced. I am especially in favor of bringing the ICO closer to Members, especially those that produce coffee, by holding more meetings outside London. Such meetings provide an opportunity for the host country to show its coffee sector to the world and for delegates to see with their own eyes the hard work required to produce coffee in different environments. I am mindful that hosting a Council meeting is a considerable expense for any country and can also raise the travel expenses of the delegates attending the event. So, the majority of ICO meetings should still be held at headquarters, but advantage should still be taken of suitable opportunities to hold meetings elsewhere.

21. New forms of interaction among members between Council sessions, such as seminars and workshops, should also be encouraged. Possible topics of these events that come to mind are value addition, increasing productivity, quality improvement and risk management. Members and interested parties may have their own suggestions for topics that they find relevant.

22. Meanwhile, efforts must continue to be made to broaden the membership of the Organization in order to increase its effectiveness as the most important forum for discussion of coffee matters. The number of members has increased in recent years, such that the ICO's membership already includes almost all coffee producing countries and more than 80% of the world's consumption of coffee. Even so, some important countries, especially on the importing side, remain outside the ICO. As Executive Director, I will focus on trying to bring countries such as China and South Korea into the Organization.

23. Historically, the ICO's third strategic goal, development and dissemination of knowledge on the world coffee economy, has been primarily achieved through the sponsorship and supervision of **coffee development projects**. As we are all aware, the primary source of funding for such projects in the past, the Common Fund for Commodities (CFC), is no longer available and the identification of new sources of project finance has proven to be an arduous task. For this reason, the Strategic Review assigns a lower priority to this function than to the ICO's work as a forum for

discussion of coffee matters and provider of statistics and economic studies. However, we should still work hard to fulfill the role of the ICO in coffee development projects. The ICO must seek new sources of project funding, even though I do not underestimate the difficulties we face in this regard. Since the change in focus of the work of the CFC, all international commodity bodies have been searching for the holy grail of new resources for development projects. Success in this quest has been limited, as demonstrated by my own experience at the ICAC. However, opportunities do exist. For example, it has come to my attention the Inter-African Coffee Organization (IACO), with the support of the ICO, has proposed an Africa Coffee Facility with the African Development Bank. I intend to explore ways in which to make this program a reality and, if viable, replicate it in Latin America and Asia. Despite the complexities involved, alternative sources of project funding must continue to be explored, even as we should prepare the ICO internally to play a well-defined role in the project cycle.

24. One such source of project funding that must be explored is the Green Climate Fund (GCF), for which advanced economies have formally agreed to jointly mobilize USD\$ 100 billion per year by 2020. Although the ICO is not a project execution agency and, therefore, cannot act directly with the GCF, it can and should help coffee-producing countries by making them aware of available credit lines and help them with project design.

25. In addition, we must strive to find creative ways of bringing together countries in need and countries and institutions with capabilities to address pressing issues. Above all, as an intergovernmental organization, the ICO is uniquely qualified to assist governments in addressing issues related to systemic competitiveness that go beyond the farm gate, namely the creation of an enabling environment for coffee growers.

26. An important factor in the new Strategic Action Plan that I will propose will be the establishment of **key performance indicators** (KPIs), so that Members can assess the progress of the Organization in meeting its targets. In the private sector, the establishment of KPIs is relatively simple, given that performance is usually closely linked to financial results that are easily quantifiable. In the public sector, in which I include intergovernmental organizations such as the ICO, the choice of indicators is often not easy and the indicators of success are hard to define. These organizations do not produce a clear profit-and-loss balance sheet; their products are mostly intangible and it is hard to attribute a value to them. I look forward to working with ICO Members to put together a set of objective performance indicators that can be used to evaluate the performance of the Executive Director and the Secretariat on a continuous basis.

27. Potential sources of ideas on changes in the way the ICO works include **other international commodity bodies** (ICBs). Although each commodity has its own peculiarities, many of the issues they confront cut across individual products. For example, concern about gender empowerment, retaining youth in the agricultural workforce and improving access to financial services is not limited to coffee but applies to sugar, cocoa, cotton and so on. The ICBs can also learn from each other

about internal administrative issues. For example, it would be interesting to examine the experience of other ICBs in raising revenue through the sales of subscriptions to publications, subscriptions to statistical products and also fees for participation in events. As Executive Director, I intend to promote regular meetings with my colleagues in the ICBs to discuss solutions to the common issues we face.

28. I know from personal experience of at least one cotton initiative that could be adapted to the ICO. In 2009 the ICAC instituted a Researcher of the Year Award to recognize the lifetime achievements of outstanding scientists working in the area of cotton production research. This Award raises awareness of the importance of research in the world cotton sector, while simultaneously helping promote the visibility of the ICAC. My proposed ICO award need not be for scientific research, I am using this just as an example. Whatever the specifics, awards are a relatively cheap and cost-effective way to help project an organization's image.

29. Similarly, the ICO must reach out and strengthen its **relations with the private sector and civil society**. The Private Sector Consultative Board (PSCB) is a valuable instrument that makes important contributions to the work of the ICO. But we must go beyond the PSCB and find ways to collaborate with the private sector and civil society, especially in issues related to sustainability, without ever losing sight of the fact that the Organization's primary stakeholders are its Member governments.

30. The ICO must also upgrade its **communications strategy** and the manner in which it projects its public image. The results of the Organization's work must become more visible. Significant steps were taken in the recent past to enhance the Organization's presence on the Internet and social media, but these must be reinforced even further, so that the ICO becomes the leading reference for all types of information on coffee.

31. More efficient communications will also help the ICO to fulfill its mandate to **promote consumption of coffee** all over the world. The International Coffee Day (ICD) should continue to receive support and grow. Innovative marketing strategies, such as the ICD, can help boost the image of coffee without the need to resort to massive expenditures.

32. And this brings me to another crucial task at hand: as your Executive Director I will strongly focus on how to bring innovative technologies to the ICO. I shall invite a group of experts to present a list of the most recent technologies in the fields, ranging from statistics to market intelligence and export promotion.

30. Before dealing with these longer-term challenges, the new Executive Director must first set the house in order. Through a series of circumstances, staff morale is at a low point and many vacancies have opened. My first-hand experience of working at the ICO, during which I came to know the strengths and weaknesses of almost all the current staff, will be a valuable asset in overcoming this turbulent situation. My most pressing task as Executive Director will be to fill the vacancies and integrate new staff members in such a way as to form a harmonious and tightly knit team. Management of international organizations is a complex task that can

only be learned by doing. Textbooks are not a substitute for practice. In this regard, I feel that my managerial experience in the ICO and ICAC provides me with skills that are impossible to acquire by working only in a monocultural environment. Believe me, there is a lot to learn about management in an international organization and the process is not always smooth. As Executive Director, I would be able to act quickly to rebuild the ICO team so that it can provide the services of high quality that Members demand.

31. Last but not least, I want to lead the ICO because of my passion for coffee and my fervent belief in the benefits that coffee brings to the world. In producing countries, coffee is a much-needed source of foreign exchange, rural income and a contributor to food security. At the same time, as consumers we all value the glow and sociability that coffee brings. Coffee is, however, much more than a business, it is an exciting way of life, full of interesting people from all over the globe who are drawn together by this small bean.

32. I started my professional life in coffee and became immediately fascinated by the product. Although I had some spells in other industries along the way, I always seem to end up returning to coffee. For me, the ICO occupies a unique place in the coffee world, which must be preserved and even strengthened. This is why I would be honored to return and put my passion for coffee at the service of an institution I have admired and respected since the beginning of my career.

33. In conclusion, my aim is to see the ICO where it belongs, at the forefront of all current issues confronted by the world coffee sector. I look forward to gaining your support in order to allow me to accomplish this over the next five years.

MY VISION FOR THE ICO

José Sette
London
13 March 2017

QUALIFICATIONS

- ⊗ Almost 40 Years Professional Experience
- ⊗ More than 30 Years Experience in Agricultural Commodities
- ⊗ Spanning Private & Public Sectors
- ⊗ Senior Level Executive Responsibility
- ⊗ Network of Contacts: Gov't, Int'l Organizations, Sustainability Initiatives & Private Sector
- ⊗ Communications & Language Skills

STRATEGIC ACTION PLAN

☼ WP Council 173 → ICC 105-19

1. Forum for the Development of International Coffee Policies
2. Transparency of the Coffee Market
3. Development and Dissemination of Knowledge on the World Coffee Economy
4. Promotion of a Sustainable Coffee Sector

STRATEGIC REVIEW 1

- ☼ “Overarching Mission: Promotion of a Sustainable Coffee Sector
- ☼ Strike Balance between Economic, Social and Environmental Sustainability
- ☼ Sustainability Must Be “Growercentric”
- ☼ Special Emphasis on Climate Change

STRATEGIC ACTIONS 2

- ⊗ Statistics and Economic Analysis
 - ❖ Reinforce Statistics Section
 - ❖ Increase Capacity of Members
 - ❖ Diversify Sources of Statistics

STRATEGIC ACTIONS 3

- ⊗ Forum for Discussion of Coffee Matters
 - ❖ Bring ICO Closer to Members
 - ❖ New Forms of Interaction with Members
 - ❖ Increase Membership

STRATEGIC ACTIONS 4

- ⊗ Coffee Development Projects
 - ❖ Lack of Funding – Changes in CFC
 - ❖ New Sources of Funding:
 - Multilateral Development Banks
 - Green Climate Fund
 - Others
 - ❖ Create Enabling Environment for Coffee

OTHER ACTIONS

- ⊗ Establish Key Performance Indicators (KPIs)
- ⊗ Learn from Other ICBs
 - ❖ e.g. Awards
- ⊗ Strengthen Ties with Private Sector & Civil Society
- ⊗ Communications Strategy
- ⊗ Promote Coffee Consumption
- ⊗ Innovative Technologies
- ⊗ Short-term: Strengthen and Motivate ICO Staff

THANK YOU