



**Report of the 8th Meeting of the Working
Group on the Future of the International
Coffee Agreement
2 September 2020**

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1. The Working Group on the Future of the International Coffee Agreement (WGFA) met for the eighth time on 2 September 2020. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants and thanked the delegates for their effort and cooperation for working virtually. She informed Members that it was the first day of the week of Council and Associated Meetings and that there was a lot of work to get through.

2. Representatives of the following Members were present online using the Zoom software: Brazil, Burundi, Cameroon, Colombia, Côte d'Ivoire, Cuba, Democratic Republic of Congo, Ecuador, El Salvador, Ethiopia, European Union, Gabon; Guatemala, Honduras, India, Indonesia, Japan, Kenya, Madagascar, Malawi, Mexico, Nepal, Nicaragua, Papua New Guinea, Peru, Philippines, Russian Federation, Sierra Leone, Switzerland, Tanzania, Togo, Uganda and Viet Nam.

Item 1: Adoption of the Agenda

3. The agenda contained in [WGFA-41/20](#) was adopted.

Item 2: Report of the 7th meeting of the Working Group held on 24 June 2020

4. The Chair presented a summary of the work of the WGFA to date, in particular the report of the last meeting contained in the document [WGFA-40/20](#).

5. She informed the Working Group that the 7th WGFA Meeting was divided into five categories: (1) Objectives of the ICO; (2) Functions of the ICO; (3) Partners required to implement the ICA; (4) Resources required to implement the ICA; and (5) Policy-making structure.

6. The Working Group took note of the report.

Item 3: Communication received from the Government of Brazil

7. The Chair noted that the communication contained in document [WGFA-42/20](#) had been circulated to Members at the request of the Government of Brazil in preparation of the meeting. Members were asked to consider the submission made by Brazil. She invited the delegate for Brazil to comment.

8. The delegate for Brazil noted that the paper had been drafted by the main leaders of the Brazilian private sector and was approved by the Ministry of Agriculture and the Ministry of Foreign Affairs. He stated that Brazil's position was clearly outlined in the communication concerning the renovation and future steps of the Organization. He added that if the year-long extension was approved, this would give more time for discussion regarding the communication, as well as the paper drafted by the Secretariat, the ITU model and other important topics. He concluded by stating his enthusiasm to participate in the new ICO in order to enhance the whole coffee value chain.

9. The Executive Director summarized the contents of Brazil's communication and noted that it was divided into four sections. Regarding the section on Statistics, he noted that since the beginning of his mandate, the renovation of the ICO's statistical capacity had been a priority. This process had started with the restructuring of the personnel involved and then the establishment of a new database, which would be rolled out in the near future. Regarding Promotion of Global Coffee Consumption, he noted that the ICO already engaged in International Coffee Day and had received important support from private sector associations and companies (e.g. the All Japan Coffee Association and illycafé). He added that the ICO had prepared new Terms of Reference for the revision of the Step-by-step Guide to Promote Coffee Consumption in Producing Countries, which would be submitted to the Council during the following week. He ended by asking for clarification on the point raised by Brazil 'Enabling Dispute Resolution', while adding that the document was ambitious and questioning the resources available for this activity in the short term.

10. The delegate for Brazil responded that the private sector in Brazil wanted more from the Organization. He noted that the paper was very general, but could be used as a basis for discussion. He gave an example, stating that the private sector in Brazil was concerned about protectionist measures on a unilateral basis. This subject could be discussed inside the Organization with the private sector present. He noted that the ICO should be a focal point for business and the private sector, which should therefore be integrated into the next agreement.

11. The delegate for Indonesia stressed that the proposal would be an important piece to guide the discussion in the future. Indonesia agreed with most of the points raised in the document. He shared the feeling that restructuring the ICO and making the ICA more efficient and dynamic was necessary. He mentioned that the move to 'business intelligence' would be relevant for Members. The delegation of Indonesia also sought clarification on the role of the ICO in 'resolution of disputes'.

12. The delegate for Brazil stated that the Brazilian delegation would prepare a written paper with some clarifications on the ‘resolution of disputes’, which could be discussed in the next meeting.

Item 4: Future of the International Coffee Agreement

13. The Chair moved to Item 4 ‘Future of the International Coffee Agreement’. The discussion was structured around the paper prepared by the Secretariat and contained in document [WGFA-43/20](#).

14. The Executive Director thanked the ICO Administrative Officer, and the Head of Operations for their collective and constructive contributions to the discussion paper. He gave an overview of the document, which contained a review of practices in similar international commodity bodies and the examination of two relevant international organizations that had integrated the private sector into their organization.

15. The Head of Operations made a presentation highlighting the key elements of the paper. He noted that, during the last WGFA meeting, Members requested some research on suitable models for the integration of the private sector into the revised International Coffee Agreement. The Head of Operations noted two specialized agencies of the United Nations –the United Nations World Tourism Organization (UWTO) and the International Telecommunication Union (ITU)–, had integrated the private sector. The paper also included an analysis of the ICO’s sister agencies, the international commodity bodies, to understand the legal instruments and processes needed to integrate the private sector.

16. The Head of Operations discussed the model adopted by the International Telecommunication Union (ITU). The ITU was an intergovernmental organization that allowed for the participation of the private sector, which also contributed financially to the organization without compromising its intergovernmental nature. The ITU, similarly to the ICO, was ‘sector-specific’, since that organization was based on a specific ‘industrial’ sector i.e. telecommunications. The ITU was composed of 193 Members States, Sector Members and Associates, all of whom had financial obligations towards the Union. The private sector was able to participate in the work of the Union by becoming Sector Members. The Sector Members, who were integrated into the decision-making process at ‘sector level’, needed to be approved by the Members States concerned, and were able to attend meetings of governing bodies as observers. He stressed also the importance of associates (NGOs and other associations) that could participate in specific instances upon invitation.

17. The Head of Operations then discussed the United Nations World Tourism Organization (UNWTO), a specialized agency in which private sector members are incorporated in the work of the organization. UNWTO Affiliate Members form an integral part of the Organization's membership and have the status of Members. Of the two models available, the ITU was potentially the most suitable for the ICO.

18. The Head of Operations then described the role of the private sector in the International Commodity Bodies (ICBs). Some, such as the ICO, recognized the importance of the private sector, but only in a consultative/advisory function. The ICBs and their governing Agreements did not consider the private sector to be an integral part of the governing, institutional or financial structure.

19. The Head of Operations continued with recommendations on how to incorporate the private sector (entities or organizations other than Governments) in a new International Coffee Agreement as members with financial obligations.

20. The Head of Operations noted that Members needed to decide on:

- (a) **Definition of the ICO:** A definition of the ICO confirming its intergovernmental nature and mentioning how Member States and Sector Members cooperated to fulfil the purposes of the Organization would be advisable.
- (b) **Objectives of the ICA:** The objectives/purposes of the ICA should be amended to not only provide 'a forum for consultations on coffee matters among governments', as the ICA already does in its Art 1, but to commit to '*promote and enhance the participation of entities and organizations in the activities of the Organization and foster fruitful cooperation and partnership between them and Member States for the fulfilment of the overall objectives as embodied in the purposes of the Organization*'.
- (c) **Definition of Member States and Sector Members:** The new ICA to provide a clear definition of both Member States and Sector Members.
- (d) **Rights and Obligations:** The new ICA had to clearly and separately define the rights and obligations of both Member States and Sector Members, while reserving the right to vote only to Member States.
- (e) **Admission/withdrawal procedure for private sector members:** The ICO needed to consider if it wished to admit entities and organizations from the private sector only from Member States or also from non-members. An admission procedure for 'Sector Members' from non-member states could also be established. Withdrawal procedures needed to be set up.

- (f) **Associates:** The ICO should consider the admission of Associates and outline their rights and obligations, as well as the admission procedure.
- (g) **Financial obligations of the private sector:** The manner in which the private sector would contribute to ICO activities needed to be decided. He stressed that the private sector was already contributing to the CPPTF.
- (h) **Benefits for the private sector:** ICO to revise benefits of joining the Organization so as to attract the private sector and encourage its participation and justify financial contributions to the ICO.

21. The Head of Operations concluded that, in order to incorporate the private sector with financial obligations in the revision of the ICA 2007, amendments and provisions would have to be introduced both in the Agreement and in the Financial Rules and Financial Regulations of ICO, while ensuring the intergovernmental character of the Organization was preserved.

22. The delegate for Brazil congratulated the Secretariat for presenting an important and objective document. He agreed that the model of the ITU could be adapted to the ICO, with minor adjustments to be discussed at a later date. In addition to the private sector, the ICO should incorporate the so-called third sector, consisting of organizations representing civil society, in order to address issues related to social, environmental and economic sustainability. Incorporating civil society would guarantee the value chain's commitment to sustainability. He also agreed on the need to include research institutes and academia and that the ICO should preserve its intergovernmental status. He noted that the ICA had been written 60 years ago and that it was time to update the Agreement with the participation of the private sector.

23. The delegate for Colombia congratulated the Secretariat for their work, especially for the recommendations to integrate the private sector into the ICO. He agreed that the ICO should keep its intergovernmental status. He noted that the United States was the world's biggest market for the consumption of coffee, and therefore the private sector of non-member States should be incorporated. He agreed with the delegate for Brazil that civil society should have its place in the Organization.

24. The delegate for the European Union thanked the Secretariat for the paper. She had not yet consulted the Member States, so therefore gave only her personal reactions. She showed appreciation for the streamlining, reinforcement of functions and emphasis on efficiency. She was concerned that the ITU model would be a major change and therefore would require considerable time to be processed by all 27 EU Member States.

She noted that there are many other ways to integrate the private sector; she gave the example of the Committee on World Food Security (CFS), an inclusive international and intergovernmental platform which integrates also the civil society and the private sector¹ but without financial obligation.

25. The delegate for Mexico thanked the Secretariat for the document which was an important base for discussion. Mexico agreed in principle with the elements which were fundamental for modernizing the Organization, firstly by including the private sector with financial obligations and integrating civil society and, secondly, by reducing costs and making the Organization more efficient. Mexico emphasized reducing the number of committees to two and for the Council to meet once a year. The voting system should be revised to reflect new realities. The adoption of the ITU model would create a stronger relationship with all partners, improving the scope of the ICO, but required further discussion.

26. The delegates for Honduras and Peru agreed that the participation of the private sector was very important.

27. The delegate for Indonesia declared that the integration of the private sector should not in any way change the structure and nature of the ICO as an intergovernmental organization. The adoption of the ITU model would be a solution to improve the difficult situation faced by the ICO. The role and the function of the private sector should be limited to providing advice and the private sector should be obliged to pay financial contributions towards the financial sustainability of the Organization. The policy-making structure of the new ICA should be streamlined, in order to reduce costs and make the Organization more efficient – by holding fewer annual meetings, amalgamating the functions of existing committees, and using online platforms.

28. The delegate for the Russian Federation supported the integration of the private sector into the ICO. He noted that there were other ways of integrating the private sector (such as trust funds, voluntary contributions, project finance etc.) without introducing a new category of membership. The right balance between the Member States, the Organization and the private sector needed to be found. Building support among the Member States for such a significant change in the mandate of the Organization would be required.

¹ *Private sector represented through private sector associations and private philanthropic foundations.*

29. The delegate for Nicaragua expressed that their country had experience with the public and private sectors working together in the development of national policy. The document was an important contribution but required further discussion. She defended the need to evaluate the added value of the integration of the private sector as Members. This would constitute a significant change and needed to be fully justified.

30. The delegate for Colombia agreed with Nicaragua. He believed delegates should go back in history and think about how and why the ICO was born. The Organization was created to support the weakest link in the value chain, the coffee producer. Colombia was very supportive of the ICO; however, the ICO did not exist for itself but for its Members. The Organization existed to promote and support the sustainability of the coffee value chain. He suggested concentrating on adding value to the value chain in producing and consuming countries in order to attract the private sector. He noted that the ICO had an important role, at the policy and governmental level, but the private sector should be involved to add value to the chain.

31. The Chair concluded that Members generally positively received the integration of the private sector; some delegations supported the ITU Model but others voiced the need for more discussion. She asked delegates to submit written comments to help move the discussion forward.

32. The Head of Operations proceeded with an overview of the governance, voting and budget of International Commodity Bodies. The key point was not only to align visions of producing and consuming countries but also of the private sector.

33. With regard to voting rights, most ICBs shared a similar structure. Votes were divided into two groups: producing/exporting and consuming/importing countries. This was a relic of the era of market regulation by ICBs. All decisions in ICBs were taken by consensus. Only the International Sugar Organization and the International Cotton Advisory Committee did not make a distinction between exporting/producing countries and importing/consuming countries.

34. He moved on to the determination of the budget. In all ICBs, the expenses necessary for the administration of the respective Agreements were met by assessed annual contributions from Members. This amount was supplemented by income from subscriptions, organization of events, management of projects and provision of other services.

35. He suggested following the example of many UN agencies, which divided the budget into two pillars, the regular and operational budgets. The regular budget was based on the contributions of Members, and the operational one based on income derived from services rendered, voluntary extra-budget contributions by donors and the private sector, etc. The costs of staff and other resources would be divided between the regular and operational budgets. This would not only add flexibility but also uncertainty, since the operational budget depended on the generation of outside income.

36. Regarding the distribution of votes, the Head of Operations questioned whether the existing division into exporting and importing Members still reflected the reality of the coffee sector and a value chain approach. The application of alternative schemes for the calculation of votes and/or contributions and comparisons with the existing ICO scheme would require additional research based on the interest of Members. He noted that moving to a new voting/contribution system would generate 'winners' and 'losers', so careful analysis of the implications was required.

37. The Head of Operations noted that the ICO had the most complex governance structure of all ICBs. The document proposed changes such as: holding only one Council session per year; the Chair and Vice Chair should hold office for two years to capitalize on their experience; merging the Statistics, Projects, Economics and Market Development Committees into a single 'Economics' Committee; adding more emphasis on standards, conformity assessment and regulations; and building on the experience of the Coffee Public-Private Task Force. The Private Sector Consultative Board should be maintained and meet once a year.

38. He concluded with a chart showing the existing governance structure of the ICO and another with the recommendations under a new ICA.

39. The Chair noted that not all of the elements needed to be included in the Agreement, some decisions could be decided by the Council. She then opened the floor for comments.

40. The delegate for Brazil noted that the document proposed important changes, but there was one year to move ahead and achieve the results that Members desired. He suggested circulating a questionnaire to Members to assess their position on themes such as: their vision of the role of the ICO, and how private sector should be integrated into the Organization's work. He appreciated the presence of the Task Force and PSCB inside the revised structure of the Organization, with only two committees; this was a slimmer and more efficient way to organize the ICO.

41. The Chair suggested that the Secretariat could draft a new Agreement if Members felt able to agree on a broad range of the recommendations, which could be used as the basis for the next meeting. She also agreed with the suggestion to circulate a questionnaire regarding the governance structure of the Organization.

42. The delegate for the European Union questioned the proposed way forward, since more consultation was still needed. Other models needed to be examined. The related questions of voting and contributions required the careful attention of Members, who would need to consult capitals. She asked that the PowerPoint presentation be shared with EU Members, with a list of the options for decisions. It was too early to draft the new Agreement.

43. The delegate for the Russian Federation agreed with the European Union. He stressed the importance to understand the links between structure, governance, contributions and function. Before deciding on a model, Members should assess if they supported the distribution of votes and contributions. Regarding streamlining, he deemed the task important in terms of restructuring the committees; however, the changes in functions needed to be discussed first. Adding normative functions to the ICO would be an important alteration and raised many questions, including the composition of membership. He stressed the need for key stakeholders to be included.

44. The delegate for Mexico agreed in principle with the suggested structure; however, it required further analysis. He also agreed that the current division between importers and exporters did not reflect the current reality. In Mexico, 2.8 million bags were exported and 2 million imported, therefore using total trade would be a truer reflection of reality.

45. The delegate for Indonesia noted that they would provide their comments at a later stage, after further study of the document. Indonesia had an open mind to making the ICO stronger to serve the interest of its Members. He stressed the importance of structuring the discussion so as to allow inclusive participation of all Members.

46. The delegate for Peru agreed with Brazil regarding the necessity to strengthen the Organization. She suggested having a document with different proposals for Members to evaluate.

47. The Chair summarized the discussion: Members agreed that more consultations were needed in their capitals, requested that more information be delivered by the ICO and that a questionnaire be prepared with proposals to guide future discussions. She invited the Executive Director to comment.

48. The Executive Director agreed on the need to look at a wider set of options, such as the Food and Agriculture Organization of the United Nations (FAO) or the International Maritime Organization (IMO), for the integration of the private sector. With regard to the governance structure, there appeared to be little divergence among Members. Therefore, this could be the subject of a survey with various questions regarding structure and committees. He noted that the Council was set to extend the Agreement, but that a year goes by very fast. Another suggestion would be to create a small drafting group to try and move forward on that basis.

49. The delegate for Honduras shared the views of the Executive Director. He agreed with the proposal of Brazil for the ICO to send out a survey with preliminary ideas. The creation of a small drafting group might be useful in advancing discussions.

50. The delegate for Colombia shared his mixed feelings. The questionnaire would take considerable time and might not benefit the Organization. However, the idea of having a small drafting group might be more effective. He suggested that Members send in proposals, congregating them into one place, and then further discussing.

51. The delegate for Switzerland agreed with the idea of a small drafting group.

52. The delegate for Mexico agreed with the Executive Director and the delegates for Colombia and Switzerland on the creation of a small drafting group. This procedure could be helpful in making the discussion more concrete.

53. The delegate for the European Union was in favour of all options, including the survey, drafting group, and circulation of the PowerPoint slides. She requested the Secretariat to also integrate the results of the last Task Force meeting in the PowerPoint slides, so that Members could assess and decide on the governance model that fitted best. She agreed that a survey was ideal for the governance structure but that Member States should be able to add textual comments.

54. The delegate for Papua New Guinea stated that no consensus had been reached on ways to integrate the private sector. He suggested that, before organizing a small drafting group, Members needed to agree on how the private sector should be involved in the Organization. He also questioned the practicality and productivity of a small group working online. He suggested looking into alternative models and templates before establishing a drafting group.

55. The Chair summarized the discussion, the first option was to ask the Secretariat to send the PowerPoint presentation, with the governance structure, the ITU model and the outcomes of the Task Force. In addition, she requested Members to send in their feedback on the discussions held in the meeting. She further tasked the Secretariat with creating a survey regarding the governance structure. Members would reconvene on a future date to discuss the outcome of the survey and the feedback. A small drafting group would be created at a later date.

56. The delegate for Brazil agreed with the Chair's suggestion, while stressing the importance of including open-ended questions in the survey regarding the ITU model and the role of the private sector.

57. The Executive Director agreed with the Chair's suggestions. He commented that the discussion paper was on the agenda of the meeting of the Private Sector Consultative Board that would be held during the following week; this would be an opportunity for the private sector to give its opinions. He separated the discussion in two paths, (1) maintaining things as they were with certain modifications and having the private sector involved only in an advisory role, which was the case in other ICBs; or (2) a fuller integration of the private sector, for which very few models existed, except those of the ITU and UNWTO. The survey needed to be precise, open-ended questions were sometimes left unanswered. The Executive Director thought it would be better to focus the survey on objective questions with some space for qualitative responses.

58. The Chair summarized that the ICO would request feedback from its Members in order to provide further elements for discussion.

Item 5: Next steps

59. The Executive Director suggested leaving more time to digest the proposals that had been made. The Secretariat would circulate the documents from the Task Force and the PowerPoint file presented by the Head of Operations. The survey would also be sent to Members.

Item 6: Other business

60. No requests for Other Business were made.

Item 7: Date of next meeting

61. The Chair noted the date for the next meeting as 1 December 2020.