



**INTERNATIONAL
COFFEE
ORGANIZATION**

WGFA 47/21

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**Report of the 9th Meeting of the Working
Group on the Future of the International
Coffee Agreement
15 December 2020**

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1. The Working Group on the Future of the International Coffee Agreement (WGFA) met for the ninth time on 15 December 2020. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants and thanked the delegates for their effort and cooperation for working virtually.

2. Representatives of the following Members were present online using the Zoom software: Brazil, Colombia, Cuba, El Salvador, European Union (Germany, France and Ireland), Honduras, Indonesia, Japan, Kenya, Mexico, Nicaragua, Papua New Guinea, Peru, Russian Federation, Rwanda, Switzerland and Togo.

Item 1: Adoption of the Agenda

3. The agenda contained in document [WGFA-45/20 Rev. 1](#) was adopted.

Item 2: Report of the 8th meeting of the Working Group held on 2 September 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-44/20](#).

5. The Working Group took note of the report.

Item 3: Communication received from the Government of Brazil

6. The Chair noted that the communication contained in document [WGFA-46/20](#) 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.

7. The delegate for Brazil highlighted the importance of integrating the private sector and civil society (third sector) into the International Coffee Organization. In regards to the Coffee Public-Private Task Force (CPPTF), he stated that that two years is too short a period for the CPPTF to achieve its goals.

8. The delegate for the EU agreed that the private sector was important to renew the Organization, but that there was also a need for caution and safeguards to protect the credibility of the ICO and ensure that the ICO's actions would not only be in the interest of the private sector.

9. The delegate for Peru proposed that the system of integration of the private sector should include the payment of fees and the exclusion of private actors from the right to vote in order to maintain the intergovernmental nature of the ICO.

Item 4: International Coffee Agreement survey results

10. The Chair moved to Item 4 '[International Coffee Agreement Survey Results](#)' (see the attached Annex) The discussion was structured around the presentation prepared by the Secretariat. She invited the Executive Director to present the results.

11. The Executive Director noted that while the survey mainly aimed to narrow down options for the new International Coffee Agreement in the field of the Organization's governance, it also allowed for Members to voice their opinions on fundamental questions regarding the purpose and mission of the ICO. The online survey had been emailed to Members on three dates, 17, 24 and 30 November 2020, in all four official languages.

12. The Executive Director reminded Members that during the 8th meeting of the WGFA, held on 2 September, the Secretariat had presented the discussion paper [WGFA-43/20: Proposal on the reform of the International Coffee Agreement](#). That document analysed the institutional frameworks and the decision-making processes of the International Telecommunication Union (ITU) and the United Nations World Tourism Organization (UNWTO), the only two Intergovernmental organizations in which the private sector and other key stakeholders were formally integrated as members. The ICO carried out an assessment of modalities and models of other international commodity bodies with a view to streamlining and increasing the efficiency of the ICO's current institutional and decision-making set up, including the International Coffee Council and its advisory bodies, their functions, chairmanship and membership, as well as the voting and budget systems. The Executive Director noted the recent ICA survey complemented this previous analysis highlighting the ways in which the private sector has been integrated into intergovernmental organizations.

13. The Executive Director explained that the survey was divided into three aspects of the International Coffee Agreement: (A) Governance structure; (B) Votes and contributions; and (C) Participation of the private sector. The Executive Director gave an overview of the survey, in which he highlighted the following results.

(A) Governance structure

- Council should meet twice a year (76%)
- The merger of Committees (62%)
- Duration of the mandate of Chair and Vice-Chair of Council one or two years (>50%)
- Frequency of the World Coffee Conference (48%)

(B) Votes and contributions

- Maintain distinction between exporting and importing Members (84%)
- Maintain the system of votes and contributions (84%)
- Use (also) VALUE component in calculation of votes and contributions (79%)

(C) Participation of the private sector

- Consider better integration of private sector (81%)
- ICA should include trade associations and individual corporations (71%)
- Applications of private sector members must be approved by Members/Council (64%)
- Creation of new category of 'Sector' or 'Affiliate' membership (>50%)

14. The Chair invited the participants to express their comments on the outcomes of each section of the survey, Section (A), (B) and (C). She noted that not all Members had replied to the questionnaire and that the WGFA should not feel that its results were binding. However, they were a useful guide to understand the prevailing views of Members and should be borne in mind.

15. The delegate for the European Union remarked that some questions of the survey were closed-ended and that it would have been useful to be formally informed about each choice's consequences. He highlighted the importance of clarifying and streamlining the work of the ICO.

(A) Governance – *Frequency of Meetings*

16. The delegate for Brazil supported the option of holding meetings of the International Coffee Council (ICC) twice a year. He highlighted that the Council represented a great opportunity for private sector participants. He also noted that, in the post-covid future, some meetings could continue to be held online, since this modality had worked well in 2020. He noted that the ICO would gain a different dynamic with the integration of the private sector.

17. The delegate of the European Union reminded Members of the ICO's financial constraints. Although two in-person ICC events might be preferable, it might be best to continue holding one online session of the ICC every year. He noted the importance of streamlining the work of the Organization.

18. The delegate of Colombia suggested that the ICO should allow Members the option of holding one Council meeting online and one in-person, but this didn't need to be specified within the text of the new Agreement.

19. The delegates of Japan and Nicaragua also supported the proposal to hold two ICC meetings per year.

(A) Governance –Mandate of the Chair and Vice-Chair

20. The delegate for Brazil stated that a two-year mandate would be better to achieve efficiency and retain knowledge and added that the Chair should have a political vision and influence the agenda. He also emphasized that the Organization needs to have a political, not bureaucratic, drive.

21. The delegate for Honduras stressed that when a Chair was designated by their country they already had the necessary capacity to fulfil their responsibilities, therefore no 'learning period' was required.

22. The delegates for Brazil, Colombia, Nicaragua, the European Union, Japan and Papua New Guinea expressed their support for a one-year mandate, in order to encourage rotation and active participation. The delegate of Papua New Guinea suggested 'a maximum of two years', which would enable the Chair to serve a two-year term if mutually desired. The delegate of Nicaragua stressed that the Chair should lead the Organization with a collective view and follow the Council's political agenda.

23. The delegate for Colombia suggested that role of the Vice-Chair should be more active and better defined.

24. The Chair noted that some International Commodity Bodies followed the practice of automatically promoting the Vice-Chair to Chair in the following year and that this could be considered by the ICO. The delegate of the European Union agreed that this transfer of charge from Vice-Chair to Chair after one year could be a good compromise.

(A) Governance – Merger of Committees

25. The delegate for the European Union stated that for the sake of efficiency it would be better to have fewer committees. The delegate of Japan agreed to the merger of the committees.

26. The delegate for Nicaragua agreed that although streamlining is important, it was necessary to be careful to preserve the interactive participation of Members.

27. Regarding the committees, the delegate for Colombia felt that fewer committees were better but that they must represent the diversity of ICO membership.

(A) Governance – Frequency of the World Coffee Conference

28. With regard to the frequency of the World Coffee Conference, the delegate of Japan stated that the current wording should be maintained so that it can be organized in a flexible way.

(B) Votes and contributions

29. The delegate for Colombia expressed concerns about using a 'Value' component in the calculation of votes and contributions. He stated that Colombia would not support a system that penalized producers who produced a high quality product with high production costs and low margins.

30. The delegate for the European Union considered it very important to examine concrete scenarios when discussing important topics such as contributions and votes. In order to make informed decisions, Members needed to be aware of the consequences of the adoption of each criterion.

31. The delegate for Japan highlighted that there was a contradiction between Members' responses: while 84% of Members voted not to change the current method of calculation of votes and contributions (based on the volume of imports and exports), 79% wanted to include the value of imports and exports in this calculation

32. In response to these points, the Chair requested the Secretariat to produce scenarios demonstrating the consequences of changing the current method of calculation of votes and contributions.

33. The Executive Director noted that the ICO Statistics team would be asked to prepare a technical note and scenarios including the inclusion of value as a criterion; this should not be an unsolvable technical problem. Furthermore, having more than one criterion would help to stabilize contribution shares over time. The Executive Director noted that the Secretariat did not hold any preferences regarding the arrangements for contributions; this was a matter for the convenience of Members.

34. The delegate for Brazil endorsed Colombia's position and added that the calculation of votes and contributions should be simplified as much as possible and the different scenarios should also take this into account. The delegate of Japan supported maintaining the current method of the calculation as the volume of exports and imports was the most concise criteria for the calculation.

(C) Integration of the Private Sector

35. The delegate for Brazil emphasized the importance of the ICO retaining its character as an intergovernmental Organization and preserving its governance. However, he also highlighted that farmers' associations are an important part of the private sector and should be integrated into the Organization. He considered that trade associations and individual corporations should also be included. He noted that the private sector's major role will be to contribute to debates and to formulate proposals, rather than financing activities of the ICO. Furthermore, contributions should be approved by the Council with the purpose of not prioritizing one country or region.

36. The delegate of Colombia stated that decision making and control of the agenda should remain in the hands of governments and the Council.

37. The delegate of the European Union encouraged the Secretariat to prepare scenarios about how the integration of the private sector could work.

38. The delegate of Papua New Guinea stated that it was necessary to engage in a dialogue with the private sector and establish if and how they desired to engage with the Organization. The delegate for Nicaragua supported this position.

39. The Executive Director stated that Members needed to narrow down options for the integration of the private sector before moving forward.

40. The delegate of Mexico stressed the urgency of deciding on how to integrate the private sector.

41. The delegate of the Russian Federation agreed that the private sector should be included, but underlined that it was the responsibility of Members to fund all core activities. Moreover, there should be a separate status for the private sector as a body that provides recommendations to the Council.

42. The delegate for Indonesia encouraged the Secretariat to do a mapping exercise of the benefits for the private sector to join the ICO. She highlighted the importance of engaging farmers into these bodies. She suggested that contributions from the private sector should not be compulsory and should be integrated through a system of direct contributions to the activities of the Organization.

43. The delegate of Japan requested that before considering the creation of a new category of membership, details of the activities to be joined by the private sectors, the role of the private sector as well as the benefit for the ICO and the private sector should be framed. In addition, she requested that the Secretariat circulate to Members all replies to open-ended questions on the Survey.

44. The delegate for Colombia proposed the creation of a small sub-group to work with the Secretariat to consult the private sector through a survey distributed among industry, producer associations and civil society.

45. The Chair endorsed Colombia's proposal and expressed her availability to support the Secretariat in the setting up of this sub-group.

46. The delegate of Brazil emphasized that, before reaching out to the private sector, the modalities of its integration within the work of the Organization should be agreed by Members. Furthermore, he suggested inviting to the next WGFA meeting the Chair of the Private Sector Consultative Board (PSCB), Mr Anil Bhandari (Indian Coffee Trust), to provide his insights into the private sector's ideas on how and why they would be willing to participate. He also requested that the Secretariat investigate how the private sector was integrated in other international organizations, such as the International Maritime Organization and the International Whaling Commission, in terms of contributions and regulations.

47. The delegate of Papua New Guinea invited participants to reflect on the reasons why the CPPTF was fulfilling the expectations of ICO Members while the PSCB was not. He suggested that these could be found in the different approaches of the two bodies; while the private sector had power and responsibilities in the CPPTF, within the PSCB it did not. He concluded that the private sector was willing to play a meaningful role in the Organization.

48. The Head of Operations reiterated that the Council must establish safeguards (firewall) to ensure that the integration of the private sector did not threaten the intergovernmental nature of the Organization. He added that the participation of farmer associations needed to be explicitly mentioned as they are the key players in the coffee value chain.

49. The Chair concluded that she would immediately start to work with the Secretariat to frame the work of the sub-group committee, based on proposal made by Colombia and the expressions of interest in participation made during the current meeting. She would inform the WGFA of progress at the next meeting.

Item 5: Next steps

50. The Chair summarized the agreed next steps on governance structure, votes and contributions, and participation of the private sector.

(A) Governance structure

51. The Council would continue to meet twice a year, with the flexibility to hold one meeting online.

52. The Secretariat will propose Terms of Reference for different options to merge and streamline the Committees.

53. With regard to the duration of the mandate of the Chair and Vice-Chair of Council, the Chair of the WGFA noted that further discussion was required on the suggestion that the Vice-Chairman should be either more involved and/or automatically promoted to Chair of Council after one year.

54. With regard to the frequency of the World Coffee Conference, the option of maintaining the flexibility of the current wording was considered optimal.

55. The Chair asked the Secretariat to take note of the next steps.

(B) Votes and contributions

56. The Chair remarked that, although results of the survey indicated a majority preferred to use 'value' as a component in the calculation of votes and contributions,

after further discussions in the meeting, she asked the Secretariat to prepare scenarios for the next meeting. However, the Chair noted that, during the current meeting, many members had expressed reluctance to change the current system for calculations of votes and contributions.

(C) Participation of the private sector

57. The Chair invited the Head of Operations to present his views regarding the process of integrating the private sector into the ICA and the Organization.

58. The Head of Operations was against creating another working group and instead, based on a standard practice in the multilateral system, he suggested creating a sub-group to enable interested Members to engage in informal consultations with the private sector and report back to the WGFA.

59. The delegates for Brazil, Colombia, European Union, Mexico, Papua New Guinea and Peru expressed their willingness to be part of the sub-group.

60. The Chair stated that she will have a call with the Secretariat and the delegate for Colombia and discuss how to set up the sub-group. Any other Members that were interested in participating should contact the Secretariat.

Item 6: Other business

61. No requests for Other Business were made.

Item 7: Date of next meeting

62. The Executive Director noted that the next WGFA Meeting would be held on 11 February 2021.

ANNEX

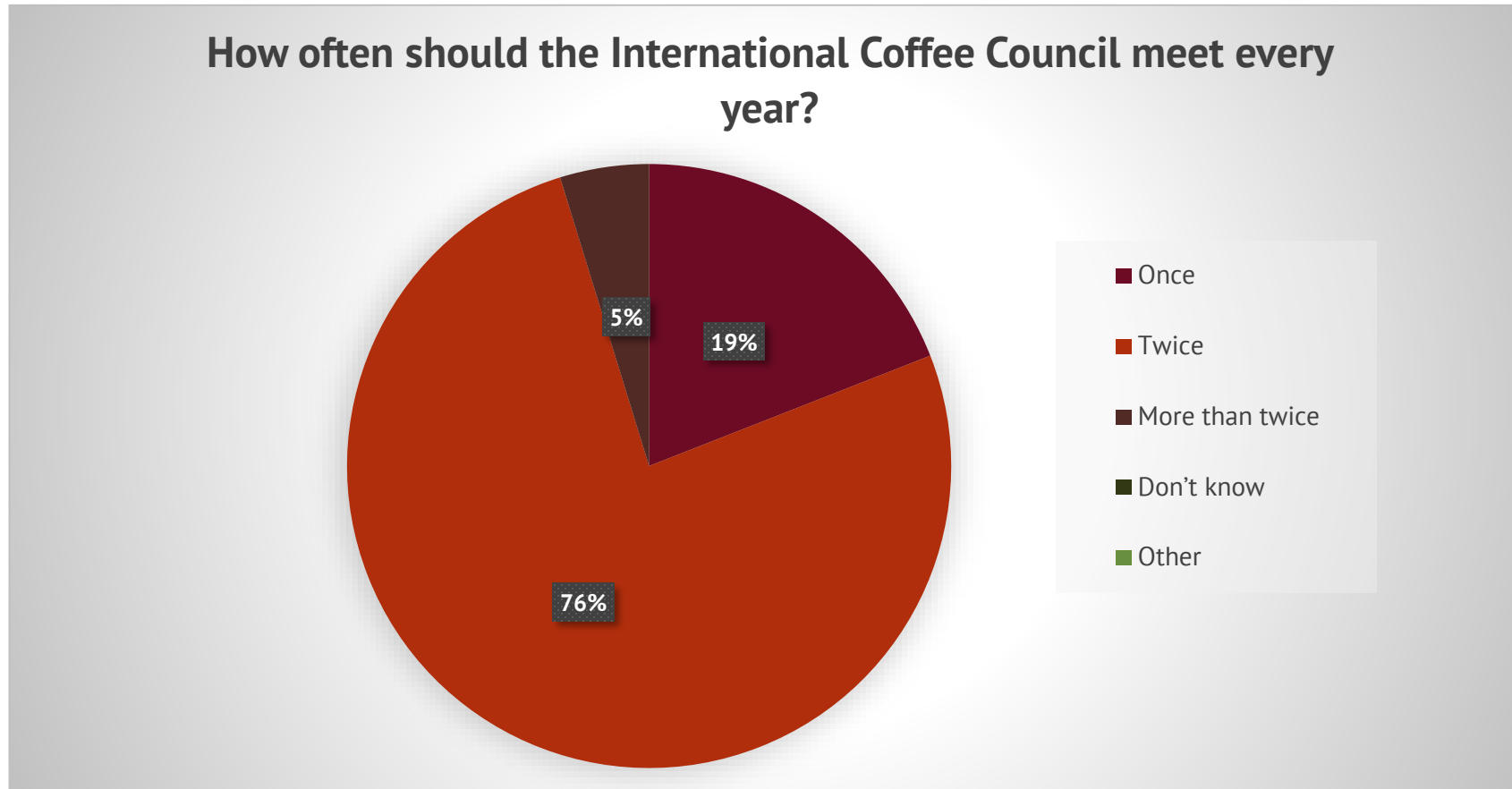
International Coffee Agreement Results of Survey



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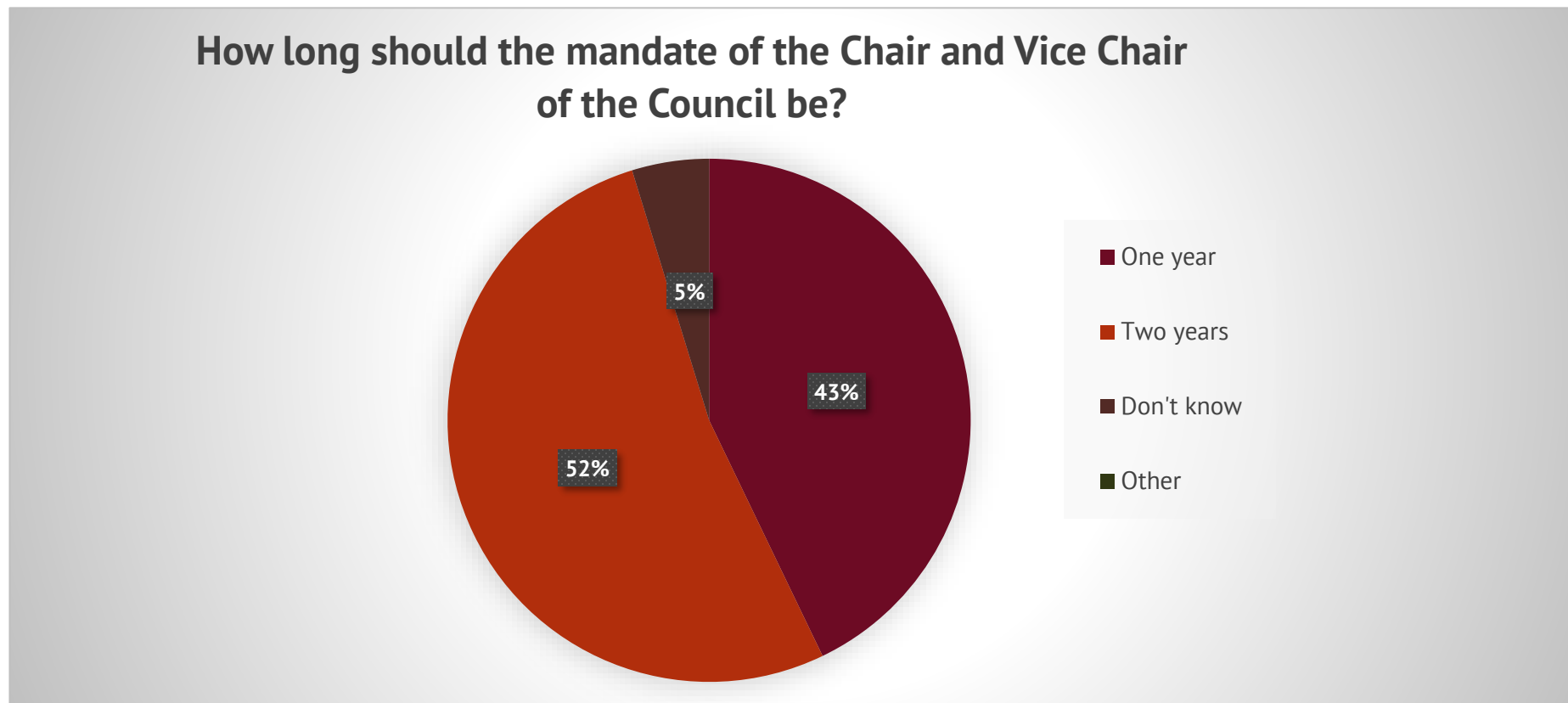
A. Governance structure: *International Coffee Council*

- 76% of respondents prefer to continue holding the International Coffee Council twice per year.



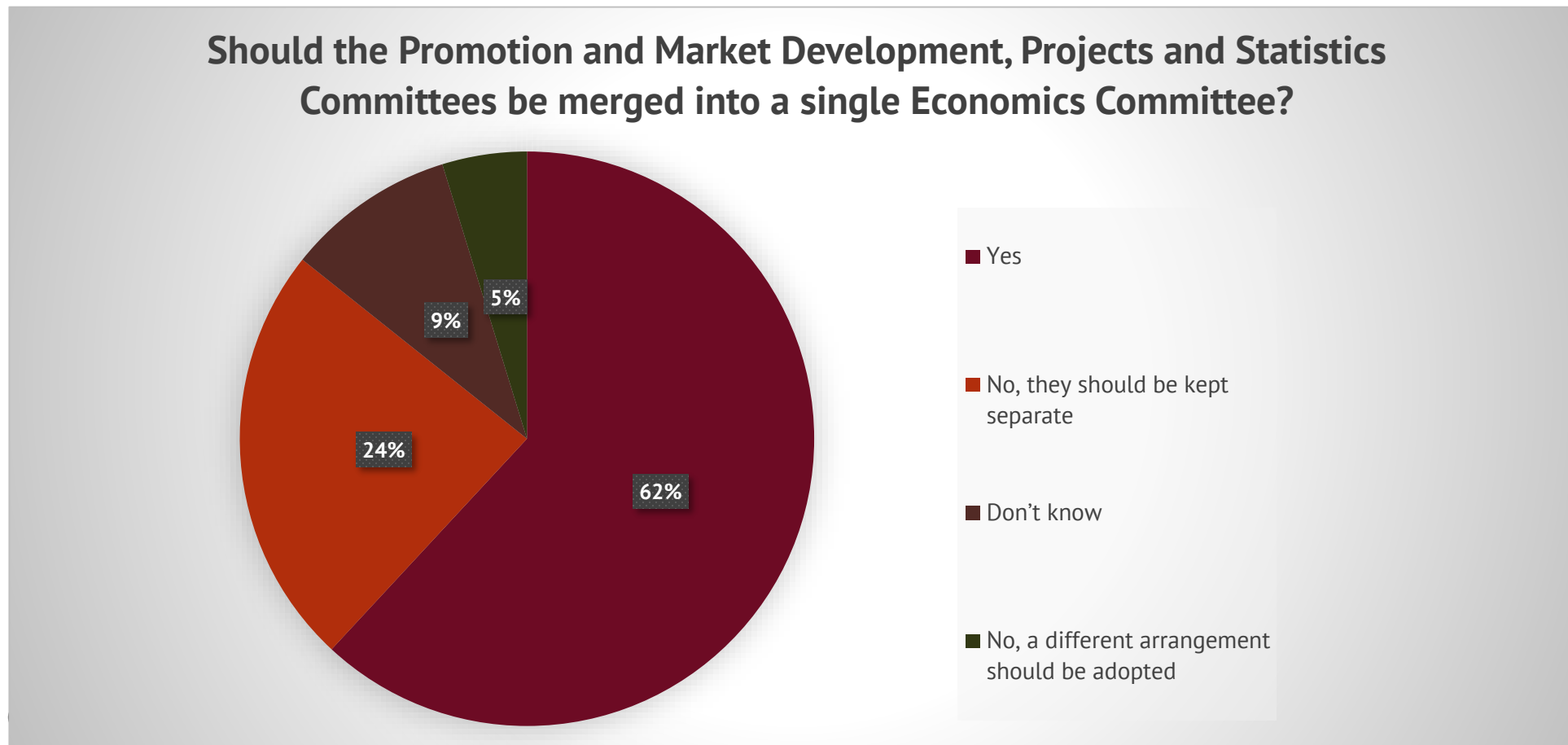
A. Governance structure: *Terms of the Chair & Vice-Chair*

- 52% of respondents suggest that the Chair and Vice Chair term should be two years, while 43% suggest to continue with one year terms.



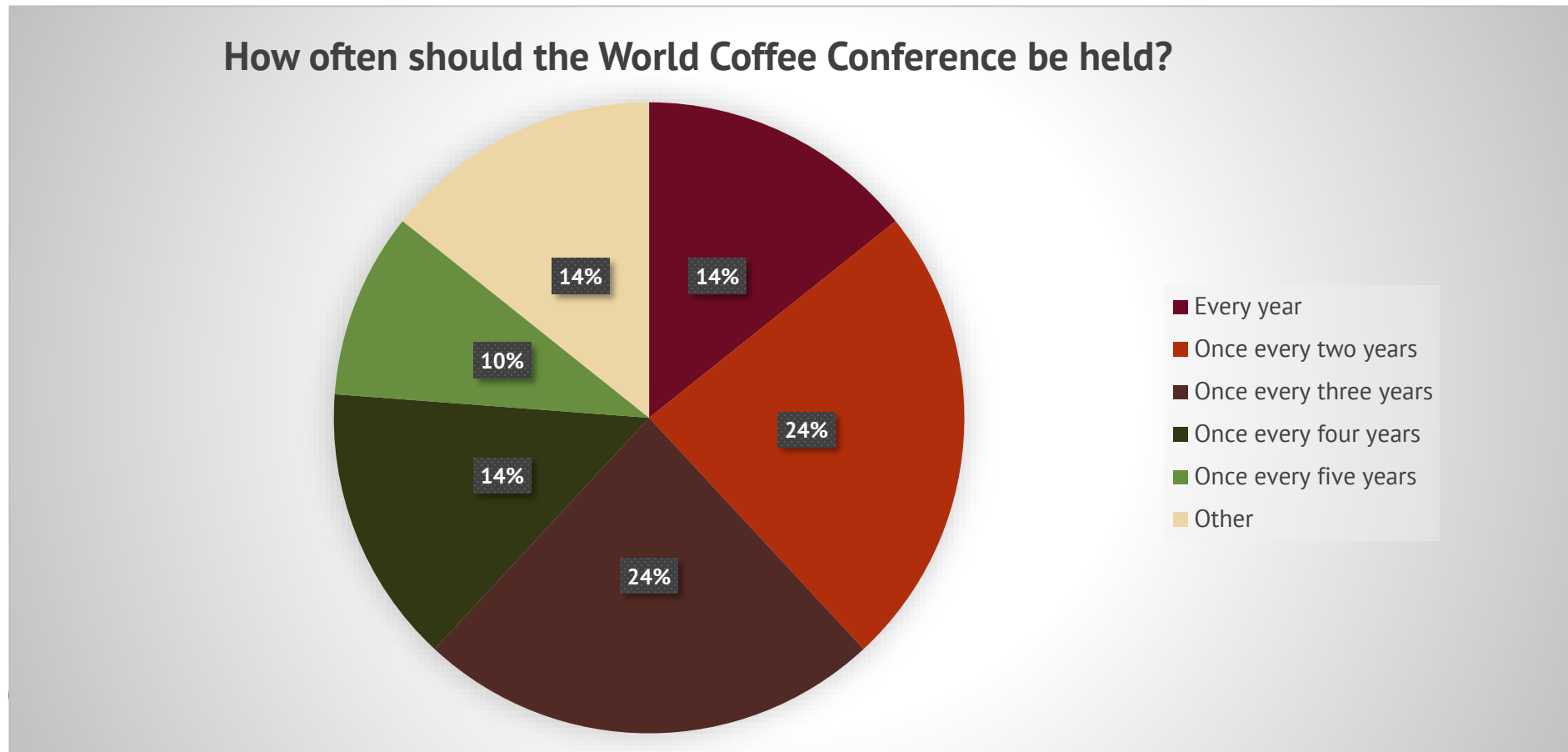
A. Governance structure: *Committees*

- 62% of respondents want to merge the committees into a single Economics Committee.
- Two Members prefer to merge into two committees; Statistics and Projects merged, but Promotion and Market Development separate.



A. Governance structure: *World Coffee Conference (WCC)*

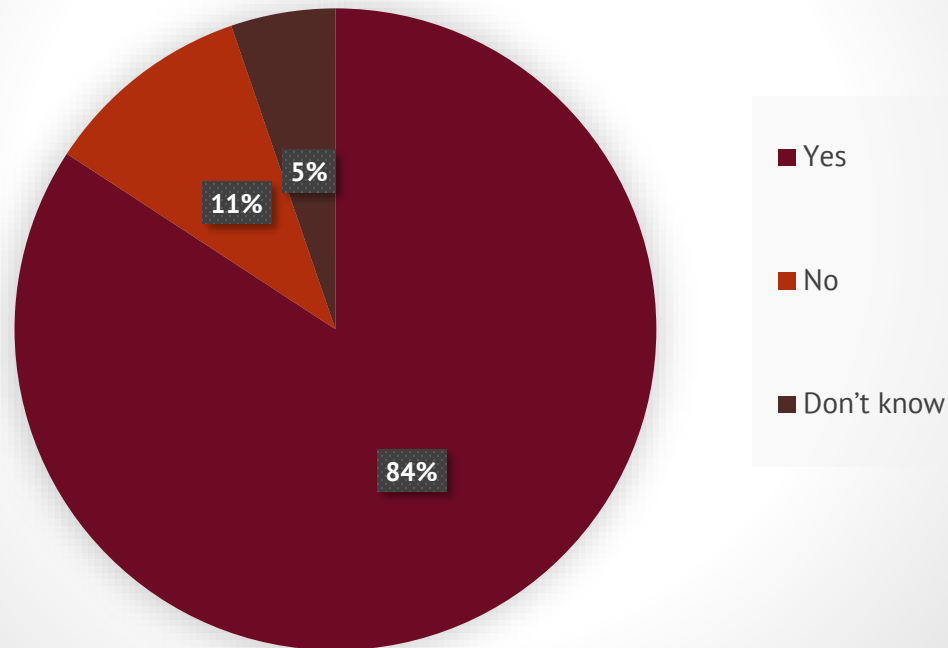
- 48% state that they would like to hold the WCC once every 3 to 5 years and 24% suggested once every two years.
- In the 'Other' category, some suggested to maintain the current flexibility of wording to hold the WCC at 'appropriate intervals'.



B. Votes and contributions: *Exporting and Importing Members*

- 84% of respondents prefer to continue dividing ICO Members into the Exporting and Importing categories.

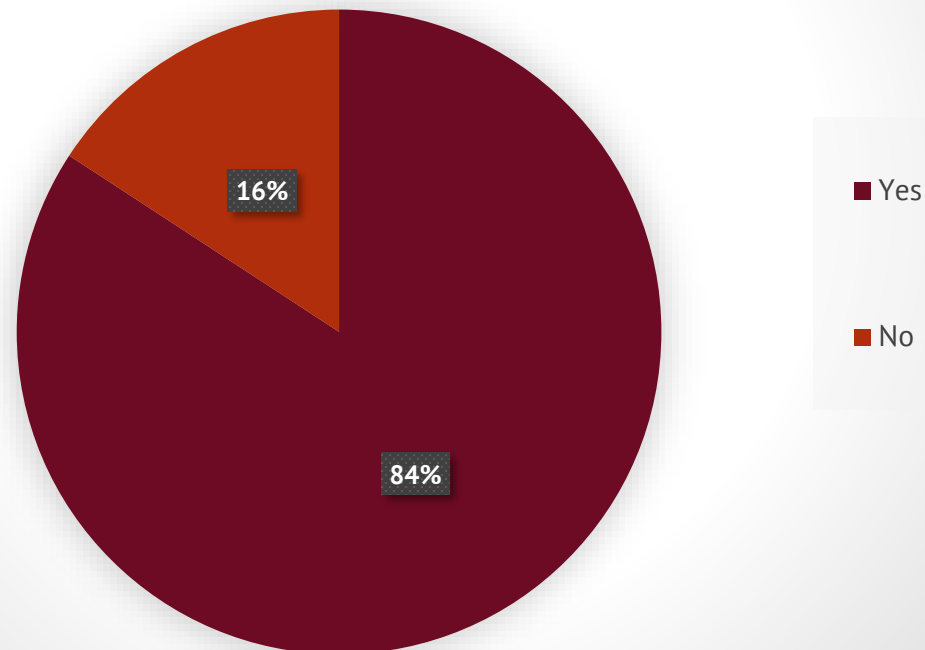
Within the current International Coffee Agreement, Members are divided into two categories: exporting and importing. Should this division be maintained in the new Agreement?



B. Votes and Contributions: *Method of Calculation*

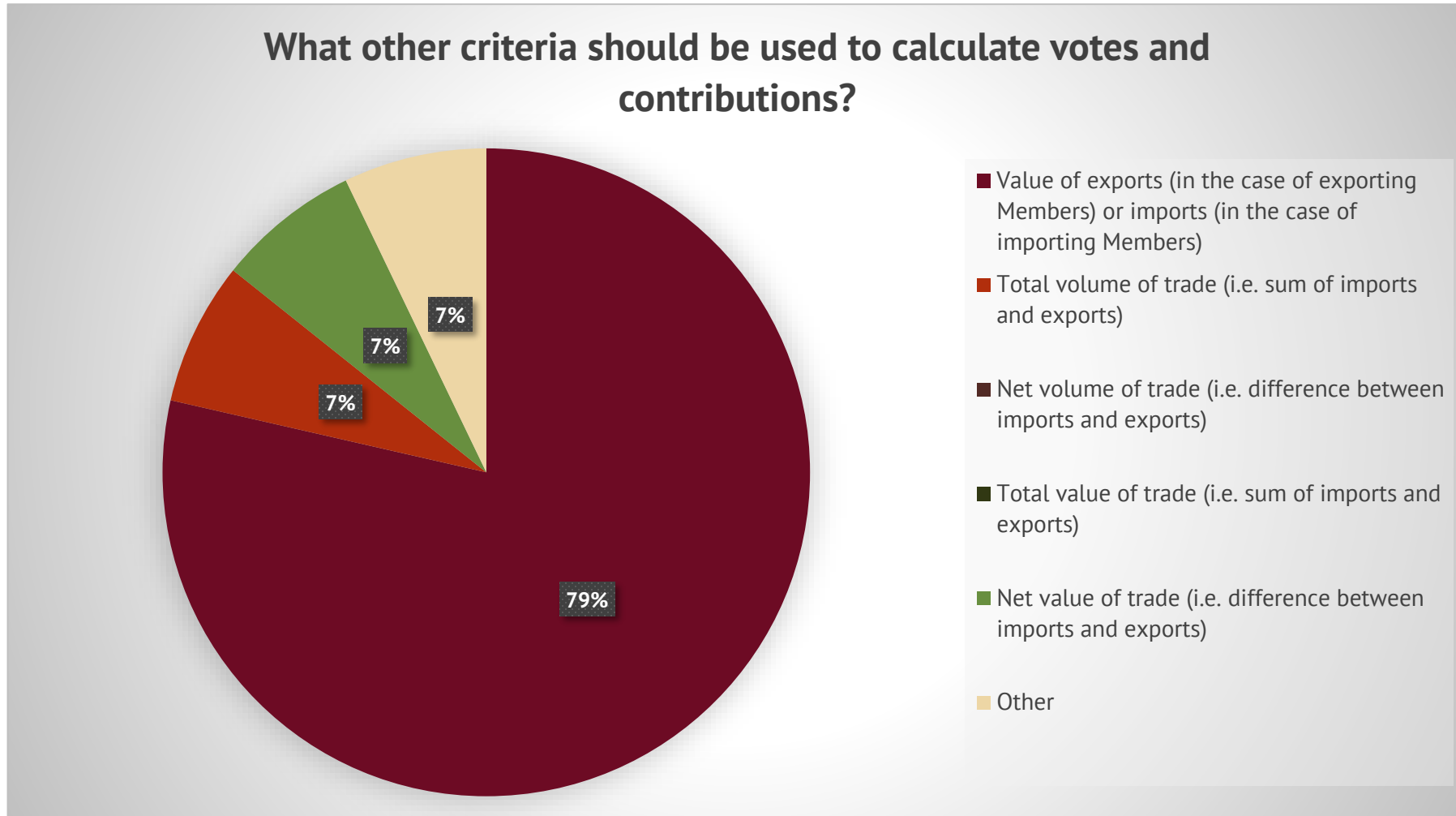
- 84% of respondents would like to maintain the current method of calculation of votes/contributions.

Within the current International Coffee Agreement, votes and contributions are based on the volume of exports (in the case of exporting Members) or imports (in the case of importing Members). Should this method of calculation be maintained in the new Agreement?



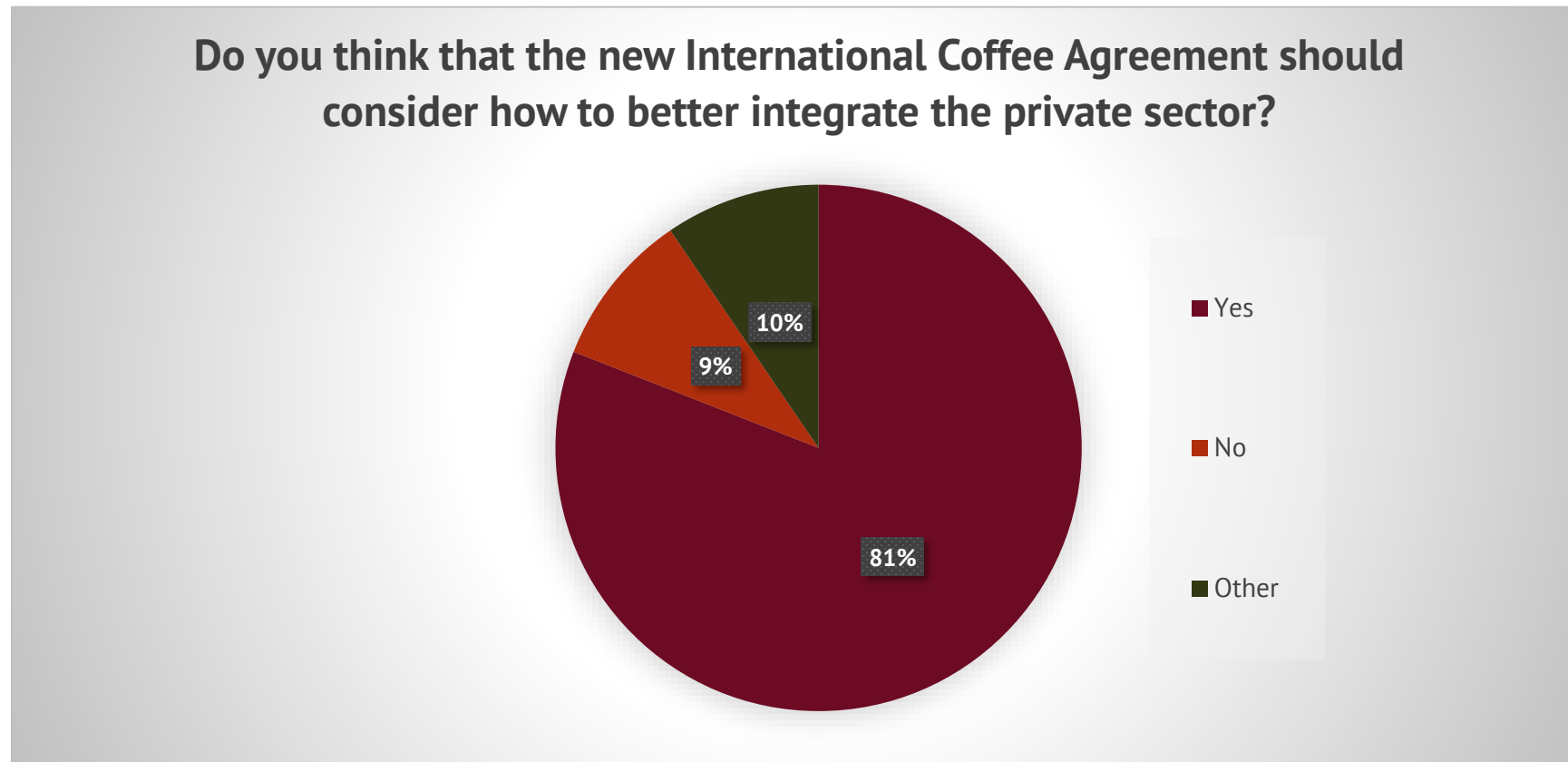
B. Votes and Contributions: *Criteria for Calculation*

- 79% of respondents would also like **value** of exports/imports to be used to calculate votes/contributions.



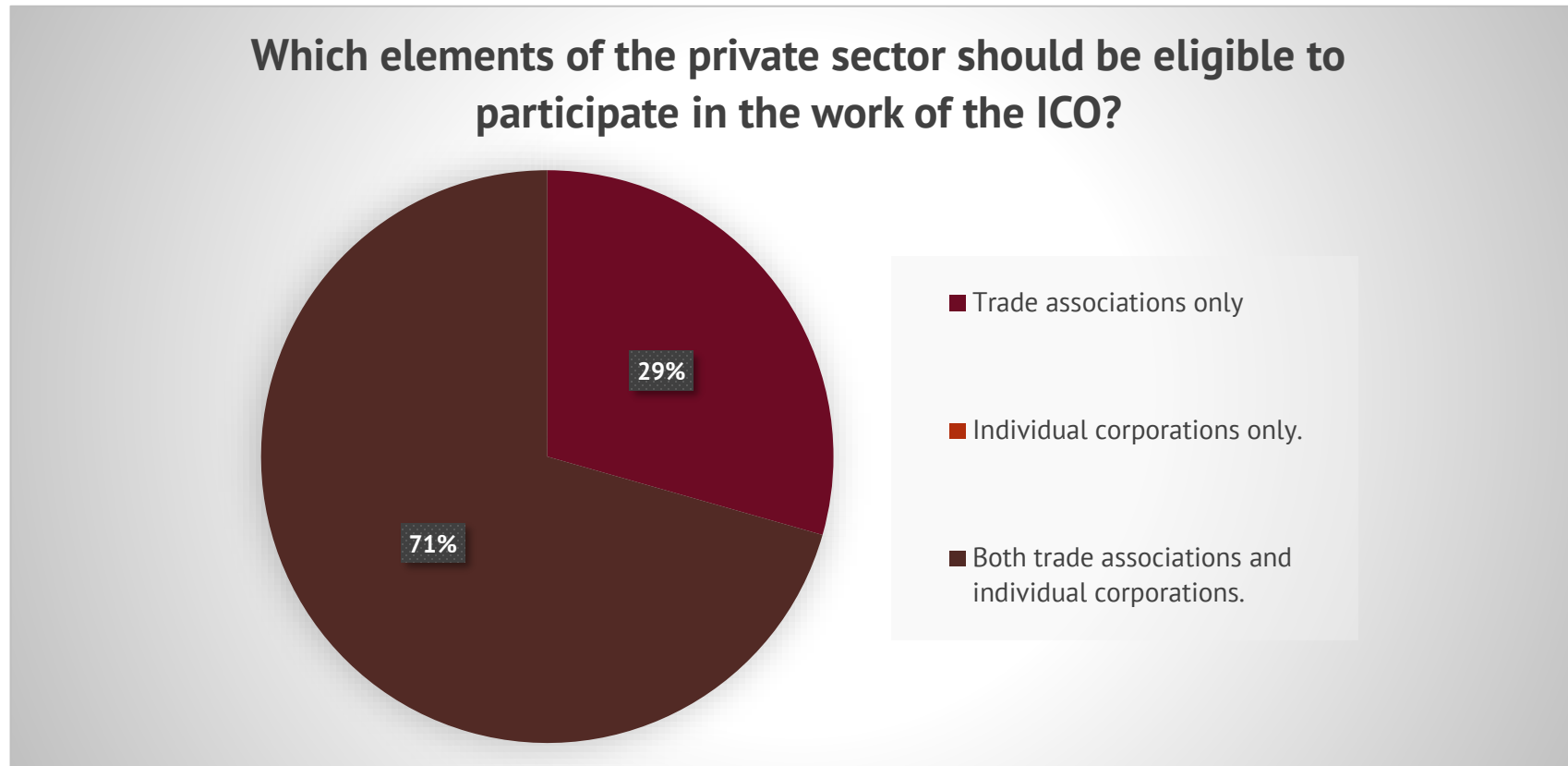
C. Participation of the private sector

- 81% of respondents would like ICO to consider better ways to integrate the private sector.
- Two respondents mentioned that ICO should maintain its intergovernmental nature but still take into account private sector recommendations.



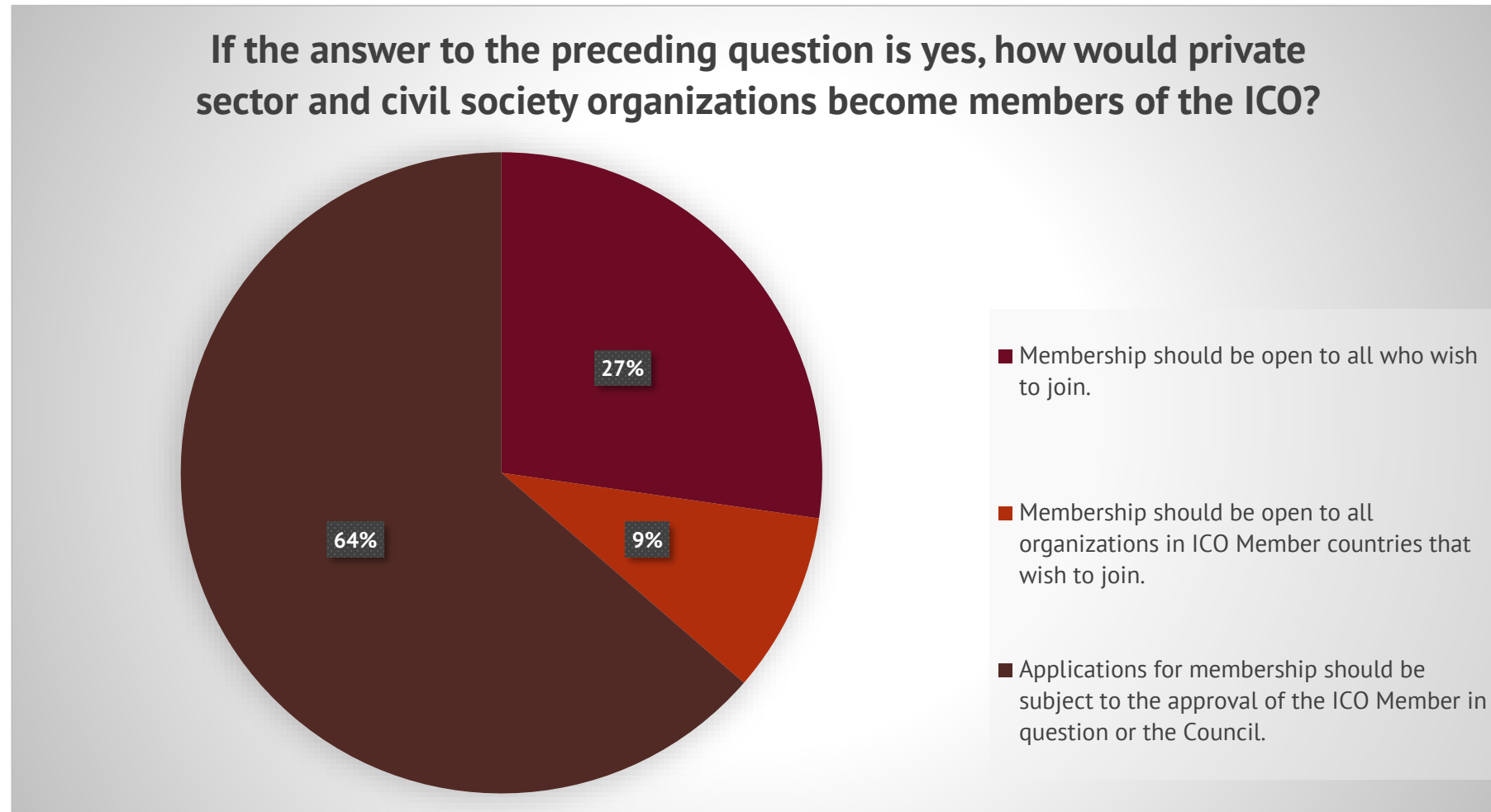
C. Participation of the private sector: *Eligibility*

- 71% of respondents suggest that both trade associations and individual corporations should be eligible to participate in the work of ICO.



C. Participation of the private sector: *Approval Process*

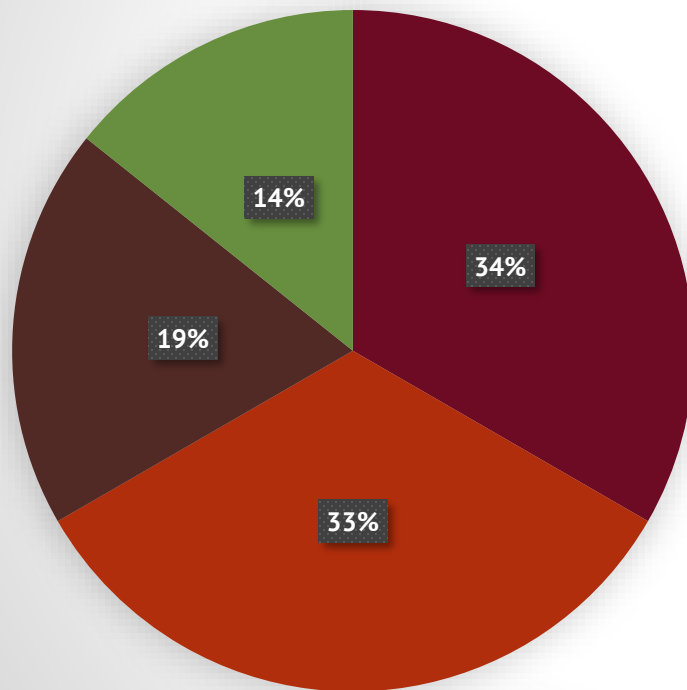
- 64% suggest approval should go through the member country or the Council and 27% of respondents suggest Private Sector and Civil Society membership should be open to all who wish to join.



C. Participation of the private sector: *Membership Categories*

- 34% would like the PS and CS to become formal members while 33% want them to have a purely advisory capacity. 19% would like the CPPTF to become a formal part of the ICA.
- The 'other' responses included requests for greater discussion on 'how' the private sector would be integrated.

Do you think the ICO should create a new category of “Sector” or “Affiliate” membership, without voting rights, for private sector and civil society stakeholders?



- Yes, the private sector and civil society should have the opportunity to become formal members of the ICO, while maintaining the Organization's intergovernmental nature
- No, the private sector and civil society should continue to be involved in the ICO in a purely advisory capacity, for example, through the Private Sector Consultative Board.
- The Coffee Public-Private Task Force should become a formal part of the Agreement and have the capacity to make formal recommendations to the Council for consideration and endorsement.
- Other

Conclusions

A. Governance

- ***Council should meet twice a year (76%)***
- ***Merger of Committees (62%)***
- Duration of mandate of Chair and Vice Chair of Council (>50%)
- Frequency of World Coffee Conference (48%)

B. Votes and contributions

- ***Maintain distinction between exporting and importing Members (84%)***
- ***Maintain system of votes and contributions (84%)***
- ***Use VALUE component in calculation of votes and contributions (79%)***

C. Integration of private sector

- ***Consider better integration of private sector (81%)***
- ICA should include trade associations and individual corporations (71%)
- Applications of private sector members must be approved by Members/Council (64%)
- Creation of new category of “Sector” or “Affiliate” membership (>50%)