

Common Fund for Commodities



ICO Workshop on Implementing the Consultative Forum on
Coffee Sector Finance
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Coffee Value Chain/ Coffee Supply Chain – What is the difference?



- What kind of resources are required by the coffee sector – This will determine the financial product. CF1
 - ◆ Cost of land and land clearing
 - ◆ Planting costs and cost of seedlings.
 - ◆ 3 years cost of maintaining the plantation without income – disease control, irrigation, labour etc
 - ◆ Cost of Harvesting and Processing Coffee
 - ◆ Export and trade cost – transport and insurance costs and related cost

Sources of Development Finance



- **Direct Government Budget**
 - ◆ Stimulus package – create money – Human creativity
 - ◆ Deficit financing
 - ◆ Loan guarantees to Agricultural Banks supporting coffee
- **Development Finance Institutions**
 - ◆ World Bank, Inter-American Development Bank, Caribbean Development Bank, African Development Bank, Asian Development Bank European Investment Bank, International Fund for Agricultural Development and Common Fund for Commodities and many other not mentioned.

Sources of Finance



- **Bilateral Aid – Ministries of Development in OECD countries have agencies like (Few Examples)**

- ◆ DFID in UK
- ◆ GTZ in Germany
- ◆ CIDA – Sweden
- ◆ USAID – United State
- ◆ DANIDA – Denmark
- ◆ NORAD – Norway

Private National Banks

- ◆ They mostly provide “Structured Finance Products” they want to know the off-taker or buyer of the coffee.

What should be the Agenda for ICO Consultative Forum on Coffee Sector Finance?



- ◆ Lobby National Government to increase budget for coffee development within the allocation for agriculture. Make the case using contribution of coffee exports as compared to total agricultural exports.
- ◆ Lobby Multi-lateral Institutions – What is the Agricultural portfolio of African Development Bank, Asian Development Bank etc and how much is coffee in that portfolio and compare it with coffee exports. Income security versus food security.
- ◆ Lobby bilateral agencies – Provide export statistics and show how debt servicing is achieved by coffee exports

The Strategy for Lobbying



- Gather financial requirements from each producer country and analyze the data.
- Arrange and attend Annual Meeting of major Multi-Lateral Agencies and present papers which show the contribution of coffee to export earnings.
- Organize side events at AfDB, ADB and World Bank Meetings to highlight the importance of coffee and its contribution to development.
- Meet bilateral Agencies to make the case for coffee finance in the development budget.
- Help countries prepare information memorandum to help them lobby for coffee finance in their countries.