



**Decisions and Resolutions adopted
at the 119th Session of the
International Coffee Council**

13 – 17 March 2017

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1. The International Coffee Council, chaired by Ms Tanya Menchi of the United States, met in London, United Kingdom from 13 to 17 March 2017.

In Memoriam: Mr Robério Oliveira Silva (1963 – 2016)

2. The Council paid tribute to Mr Robério Oliveira Silva, Executive Director of the ICO for his outstanding contribution to the Organization and the world coffee community. In her introductory remarks, the Chairperson expressed the Council's deep sadness at the news of the sudden and untimely passing of Mr Silva on 30 December 2016 at his family home in Belo Horizonte, Brazil. The Council requested the Secretariat to convey their condolences to his family. The Council observed one-minute's silence. The Chairperson announced that a Memorial Mass was planned for Wednesday 15 March 2017 at 14:30 in Westminster Cathedral. The Chairperson requested the Secretariat to send a letter of condolences, on behalf of Members of the ICO, to the family. The Council took note of this information.

Item 1: Adoption of the agenda

3. The Council adopted the draft agenda contained in document [ICC-119-0 Rev. 2](#).

Item 2: Admission of observers

4. The Chief Economist introduced document [ICC-119-2](#) containing details of the observers approved by the Council in September 2016 for admission to Sessions in 2016/17 who had advised that they wished to attend the 119th Session of the Council. There were no new requests for observer status for this Session. The Council decided that, as per normal practice, items on finance would not be open to observers.

5. Document [ICC-119-2](#) also contains a list of observers who had been admitted to previous Sessions. It was suggested that these observers also be admitted to Sessions in 2016/17. The Council approved the document.

Item 3: Votes and credentials

Item 3.1: Votes for coffee year 2016/17

6. The Council took note of the situation of outstanding payments affecting voting rights as at 15 March 2017 contained in document [ICC-119-1 Rev. 1](#).

Item 3.2: Credentials

7. The Chief Economist informed the Council that the credentials received from Members had been examined and generally found to be in good and due form. The Secretary requested that all Members who had not yet submitted the original copy of their credentials do so at their earliest convenience. The Council approved the verbal report on credentials¹.

¹ The report was subsequently circulated, together with the List of Delegations, as document ICC-119-19.

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

8. The Head of Finance and Administration reported that since the 116th Session of the Council in Ethiopia no new Members had joined the Organization. However, the Secretariat had been informed that Nepal would be depositing an instrument of accession in the course of the week².

9. The Council took note of this information and approved the report on membership contained in document [ICC-119-3](#).

Item 5: Post of Executive Director

Item 5.1: Report of the Chairperson of the Pre-Selection Committee on the selection of candidates for the post of Executive Director

10. The Chairperson reported on the meeting of 28 February 2017 and noted that nine candidates met the requirements set out in the terms of reference. In order to reach a consensus, members of the Committee had been asked to select their preference for five candidates anonymously. As a result of the process the following candidates had been shortlisted:

- Ms Delima Hasri Darmawan (Indonesia)
- Mr Eduardo Montauban Urriaga (Peru)
- Mr José Dauster Sette (Brazil)
- Mr Rodolfo Trampe Taubert (Mexico)
- Mr Remigi Winzap (Switzerland)

11. The Council noted that the selection was not based on a geographical division between exporting and importing countries, or a regional distribution, but on the basis of Members' assessment of the qualifications of the candidates.

Item 5.2: Voting procedures and *modus operandi* for the post of Executive Director

12. The Head of Finance and Administration introduced document [WP-Council 278/17](#) which contained the voting procedures for the post of Executive Director and [WP-Council 279/17](#) which contained the *modus operandi* for candidates to make their presentations in order to ensure an equitable and open procedure.

² Nepal deposited an instrument of accession on 17 March 2017, see documents [DN 132/17/ICA 2007](#) and [ICC-119-15](#).

Item 5.3: Candidates for the post of Executive Director

13. The Council took note that the candidate of Peru, Mr Eduardo Montauban Urriaga, had withdrawn his candidacy. The candidates of Brazil, Mexico and Switzerland were introduced by their governments and made their presentations in the order selected at random by the Chairperson followed by questions from Members. The candidate from Indonesia, Ms Delima Hasri Darmawan, had not been able to travel to London, so her presentation was made by the delegate from Indonesia, but she was able to respond to Member questions virtually. The Council took note of these presentations, copies of which were circulated as documents [ICC-119-10](#), [ICC-119-11](#), [ICC-119-12](#) and [ICC-119-13](#).

14. The Chairperson highlighted the need to reach a consensus, as provided for in the ICA 2007, and to ensure that the selected candidate was broadly endorsed by Members. Following consultations and informal meetings the candidate of Indonesia decided to withdraw her candidacy.

15. Following a series of further informal, private consultations between the Chairperson and representatives from each delegation, the candidates of Mexico and Switzerland decided to withdraw their candidacies. Members noted that all candidates had outstanding personal and professional qualities. The Council decided to appoint by consensus Mr José Dauster Sette of Brazil as Executive Director, noting that he would take up his post for a five-year term on 1 May 2017. The Council further authorized the Chairperson to sign his contract on the same terms that had been applicable to the previous incumbent. In view of the vacancy of the Head of Operations position and the retirement on 31 March 2017 of Mr David Moorhouse, Head of Finance and Administration, who had been acting as Caretaker Manager of the Organization since 23 January 2017, the Council decided that Mr Denis Seudieu, Chief Economist, should act as Executive Director a.i. from 1 to 30 April 2017. Finally, the Council placed on record its warm appreciation for the efforts of the Chairperson who had worked tirelessly and impartially to achieve this outcome.

16. Several Members paid tributes to the candidates of Mexico and Switzerland in particular for being prepared to sacrifice their bids to become Executive Director in the interests of the ICO.

17. The delegate of Brazil extended sincere thanks to Members and those countries which had put forward candidates. The delegate from Mexico urged Members to support the management of the ICO and extended thanks to the Chairperson for her commitment to the selection and recruitment process.

18. Mr José Sette delivered a speech³ to Members. He commented that the ICO needed urgent attention on a wide range of issues, and that he intended to commence work at the ICO on 1 May 2017. Throughout the consultations this week, he had taken note of concerns raised by Members, in particular about inclusivity, and the need for the representation of all Members. The ICO must be a modern commodity body. He thanked all candidates, and confirmed that he would begin consultations immediately after commencing his new role. He concluded by commenting that coffee is a powerful instrument of social good, and thanked Members for the opportunity to work at the ICO.

Item 6: Annual Review 2015/16

19. The Chief Economist presented the Annual Review for coffee year 2015/16. He made reference to several notable events including the 6th Consultative Forum on Coffee Sector Finance, the 4th World Coffee Conference held in Addis Ababa from 6 to 8 March 2016 and International Coffee Day.

Item 7: Coffee market situation

20. The Chief Economist gave a presentation on the current coffee market outlook. The highest monthly average of the ICO composite indicator price for the past two years was recorded in November 2016 at US cents 145.82. Since then prices have decreased. In February 2017, the monthly average of the ICO composite indicator was down by 1% to 137.68 US cents/lb compared to 139.07 US cents/lb in January.

21. He mentioned that the dynamics in international exchange rates had been crucial in determining the movement of domestic coffee prices and their effect on the profitability of coffee growing. Depreciation against the US dollar implied that exporters selling their coffee in dollar denominated prices earn more in their domestic currency, *ceteris paribus*. However, he noted, after seeing significant depreciation against the US dollar, both the Colombian peso and particularly the Brazilian real have rallied over the last few months, recapturing some of their previous value.

22. In terms of coffee production, the ICO estimated total production in crop year 2016/17 at 151.6 million bags, which was only marginally higher than last year. Arabica production increased by 7.9% while total Robusta output was estimated lower by 10.7%. Focusing on Brazil, the ICO predicted a lower 2016/17 crop, which started in April, to around 50.4 million bags, compared to 55 million bags in the previous year. In Colombia, production had been increasing steadily over the last five years, estimated to reach 14.5 million bags in 2016/17. Preliminary data on the value of exports by all exporting countries in coffee year 2015/16 are

³ Subsequently circulated as document [ICC-119-16](#).

now available, coming to an estimated US\$20.1 billion for a volume of 104.8 million bags. This value is 5.9% higher than 2014/15 despite a 1.4% lower total export volume, reflecting the increase in prices recorded over the last year.

23. Regarding world consumption, he reported that the ICO estimated world consumption for coffee year 2015/16 remained broadly stable at around 155 million bags, which is a marginal decrease of 0.4% compared to last year. Furthermore, inventories in importing countries had been well replenished to 23.1 million bags, which represents their highest level in recent years. This had left the market well supplied with available coffee, and prevented prices from mounting any significant rally.

24. As a conclusion, the Chief Economist mentioned that the ICO had estimated a deficit in the market for the third consecutive year, which was being filled by stocks accumulated over the two previous years. The concerns about Robusta supply seem to be alleviated in view of a positive outlook for both Brazil and Vietnam.

Item 8: National coffee policies

25. The representative of the African Fine Coffees Association (AFCA) updated delegates about the AFCA Conference and Exhibition which took place in February 2017 and the future AFCA Conference in Uganda scheduled from 14 to 18 February 2018.

26. The delegate of Colombia advised Members that he had attended the AFCA's Conference in Addis Ababa in February 2017 and would highly recommend it to other Members.

27. The Council took note of the presentation which is available on the technical presentations page of the [ICO website](#).

28. The delegate of Peru updated the Council on his country's coffee policy. The National Coffee Council had been resurrected which brings together the government, coffee growers and other relevant stakeholders in the national coffee production chain. They intend to play a more pro-active role in international coffee matters going forward.

Item 9: Session of the Council in Côte d'Ivoire

29. The delegate of Côte d'Ivoire, on behalf of the Minister of Trade, updated the Council on preparations made for the 120th Session of the Council taking place in September 2017. Firstly, condolences were extended to Mr Robério Oliveira Silva's family and the ICO. He explained that coffee is very important in Côte d'Ivoire, historically it was the 3rd biggest global producer, but production had fallen substantially because of many factors. The government

is currently undertaking an ambitious reform programme but needs to work further towards sustainable coffee production. They share problems with many other coffee producing countries, including social issues and the impact of climate change on the coffee industry. The government is looking pro-actively at ways to reform coffee practices by working on the promotion of domestic consumption and dedicated money to further research into the effects of climate change on coffee production.

30. The delegate confirmed that Côte d'Ivoire is delighted to host the 120th Session of Council and his government wishes to reassure delegates that great importance is attached to this.

31. The Chief Economist confirmed that a manual for delegates for those wishing to attend the session in Côte d'Ivoire would be available in due course.

Item 10: World Coffee Conference

32. The Secretariat had requested that Members submit their bids to host the 5th World Coffee Conference (WCC). India had submitted its bid to host the 5th WCC and the delegate of India delivered a presentation to support the request which is available on the technical presentations page of the [ICO website](#).

33. The delegate of India explained that the WCC has been held in other regions, but never Asia; hosting the event in Asia would be of benefit to the entire region.

34. The delegate of Mexico explained that it had initially considered submitting a bid, however to ensure inclusivity across all regions, they now fully support India's proposal. Many delegates offered their support to India. The Council approved India's bid to host the next WCC.

Item 11: Consultative Forum on Coffee Sector Finance

35. The Chairperson of the Consultative Forum reported on the 10th meeting which took place on Wednesday 15 March 2017. During this meeting, the reports contained within documents [CG-28/16](#) and [CF-14/17](#) were approved.

36. The Chairperson had invited Members of the group to propose topics for the 7th Consultative Forum on Coffee Sector Finance due to take place in September 2017. They had suggested that the Forum focus on the challenges to coffee sustainability and how technology can support the coffee community.

37. It was agreed that these two topics should be included in the next Forum, and this might also include looking at pests and diseases in addition to data management. The best

format for the Forum would be to have presentations. It was also agreed that they should invite technological experts who could explain what technology already exists which could be beneficial to the coffee industry. The group would like to receive further suggestions from Members and to start identifying suitable sponsors.

38. The Council took note of the report.

Item 12: Programme of Activities

39. The Chief Economist presented the final report on the implementation of the Programme of Activities for 2015/16 as contained within document [ICC-119-4](#). He confirmed that all activities had been subject to an internal assessment on implementation completed by the Secretariat.

40. An updated summary of the status of ongoing ICO projects is detailed in document [PJ-110/17](#).

41. A Programme of Activities for coffee year 2017/18 will be produced once recommendations have been received from the Working Group on the Strategic Review.

42. The delegate of Japan sought clarification on the Programme of Activities for 2016/17. The Chief Economist confirmed that the main activity for 2016/17 had been to prepare a five-year Action Plan and to follow the work of the Working Group on the Strategic Review. Consequently a Programme of Activities has not been prepared in relation to coffee year 2016/17.

43. The Council considered and approved the final report on the Programme of Activities for 2015/16 contained in document [ICC-119-4](#).

Item 13: Strategic Review of the ICO

44. The Chief Economist presented a progress report on the Strategic Review of the ICO detailed in document [WG-20/17](#). Another meeting of the Working Group on the Strategic Review will take place in June 2017.

45. The Council took note of the report.

Item 14: Cooperation with other agencies

46. The Chief Economist introduced the draft Memorandum of Understanding (MoU) contained within document [WP-Council 276/17](#) between the ICO and the African Fine Coffees Association (AFCA). The Chairperson of AFCA asked delegates to support this initiative by approving the MoU.

47. The delegate of Brazil commented that the MoU was an example of good practice which should be replicated in other regions; that Brazil fully supported the initiative; and would continue to support similar exercises in future for the benefit of other regions.

48. The Council considered and approved the MoU contained in document [WP-Council 276/17](#)⁴.

49. The Executive Director of the Global Coffee Platform (GCP) provided delegates with an update on their recent activities and started by offering sincere condolences to the ICO and Mr Silva's family. A great deal of activity had occurred over the last seven months and the GCP wished to continue to work in partnership with the ICO.

50. Significant funds are being dedicated to coffee sustainability, but there is room for improvement to ensure that the necessary impact is achieved. The GCP intends to focus on members' investment and profitability. It will do so in three stages: bringing people together, aligning agendas and then action and sharing. The GCP strongly wished to bring together private industry with governmental and non-governmental organizations.

51. Members of the GCP currently have three distinct areas of concern: economic viability of coffee farming, gender and youth and climate change.

52. The GCP was currently working on a global progress framework and is regularly invited to report on progress in this area. The GCP also operates an online community, enabling access to existing knowledge and information which is useful to help overcome fragmentation. Specific progress since 2016 includes: holding the first membership assembly in October 2016; approving the annual budget and plan; signing the strategic partnership agreement; signing an MoU with the sustainable coffee challenge leading to a joint working group in which the ICO has agreed to participate; and taking part in an interactive session during the AFCA Conference in February 2017.

53. The next steps for the GCP are: to update the MoU with the ICO to continue to work on Vision 2030 with essential ICO input, to invite the ICO to attend GCP board meetings and to participate in GCP's Seed to Cup Conference.

54. The delegate of Brazil noted that Brazil sees this initiative as innovative, as it is addressing important issues such as sustainability. The goal is for coffee to become the first fully sustainable commodity. Candidates for the role of Executive Director at the ICO have mentioned the importance of sustainability, and going forward the ICO will be able to provide critical information to the GCP so that they can play an important role in the matter of sustainability.

⁴ The MoU was subsequently circulated as [ICC-119-18](#).

55. The Chairperson thanked Brazil for its supportive statements and the Council noted the activities of GCP.

Item 15: Report by the Chairmen of ICO bodies

Item 15.1: Private Sector Consultative Board (PSCB)

56. The Vice-Chairman of the PSCB provided a report on the meeting which took place on 14 March 2017. He had chaired the meeting in the absence of the Chairman.

57. During the PSCB meeting the Chairman of illycaffè s.p.a, Mr Andrea Illy, made a presentation on the Global Arabica Plan (GAP).

58. The GAP is still in its conceptual phase, and envisages a private-public initiative with the aim of addressing the challenges which climate change poses to the production of Arabica coffee, including the detrimental effects for stakeholders along the value chain. The purpose of the initiative will be to organize three critical activities which can accelerate the process of adapting Arabica coffee production to a changing environment: fundraising via public-private partnerships to mobilise resources from industry, institutions and philanthropists; knowledge transfer, including adoption of new technologies such as genomic research, existing artificial intelligence and water management; and coordination of existing and future activities in coffee producing countries in order to minimise duplication of efforts and increase efficiency.

59. The GAP has received initial support from the Swiss Coffee Trade Association and the Union Bank of Switzerland (UBS). It is hoped that the ICO will also engage with the conceptual and preparatory work leading up to the launch of the GAP and become an institutional partner. It was suggested that the GAP is taken into account in the Strategic Review of the ICO, and that the Secretariat would follow up with Mr Illy on potential next steps.

60. The Chief Economist updated the PSCB on preparations for International Coffee Day (ICD) 2017, and members emphasized the importance of early stakeholder engagement to assist the Secretariat in promoting the ICD.

61. The PSCB had also been updated about the interest from India to host the 5th World Coffee Conference.

62. The Council took note of this report.

Item 15.2: Promotion and Market Development Committee

63. The Head of Finance and Administration reported that Ms Vera Espíndola Rafael of Mexico would continue as Chairperson and Ms Amy Schnabel as Vice-Chair of the Promotion and Market Development Committee which took place on 15 March 2017.

64. The Chairperson reported that the Chief Economist had updated the Committee on the status of preparations for International Coffee Day (ICD) 2017, which has a current working title of 'Coffee for you and me'. The Committee had noted that there should be more private sector involvement at the next ICD, and steps will be taken to ensure this happens.

65. The Chairperson noted that the agenda for the Promotion and Market Development Committee was too short, and that the Committee should seek to expand it for future meetings.

66. Ethiopia had requested to join the Promotion and Market Development Committee, but membership for 2016/17 had obviously been confirmed. However, the Committee would welcome ideas and vision from Ethiopia.

67. The Chief Economist confirmed that, in the PSCB, the private sector was committed to contributing to ICD 2017. Further discussions will take place in 2017 and will be fed back to the Secretariat at that point.

68. The next meeting is scheduled to take place during the 120th Session of the Council in September 2017.

69. The Council took note of this report⁵.

Item 15.3: Statistics Committee

70. The Chairperson of the Statistics Committee reported on the meeting of 14 March 2017. Mr Piotr Krawczyk of the EU-Poland will continue as Chairperson, and Mr Juan Esteban Orduz of Colombia was elected as Vice-Chairman.

71. The Senior Economist presented document [SC-70/17](#) containing a review of three economic studies, which complemented the economic work carried out by the Secretariat. The reviews covered issues such as the relationship between coffee prices and family labour, income diversification as a way of mitigating coffee price shocks and the potential benefit of innovative mobile phone based financial services for coffee farmers.

72. These reports will remain a standing item on future Statistics Committee Agendas.

⁵ It was subsequently circulated as [PM-52/17](#).

73. The Committee considered document [SC-71/17](#), which contained the most recent report regarding statistical compliance of Members. This showed a significant improvement in overall compliance, partly attributable to increased efforts on behalf of the Secretariat who have been contacting exporting Members. The report confirmed that 25 out of 42 exporting Members had generally full, good or part compliance which amounted to 93.9%. The receipt of data from Indonesia and Vietnam has contributed towards these statistics.

74. He also confirmed that full compliance was being achieved by importing Members, but it was emphasized that all Members need to provide the Secretariat with timely and accurate data.

75. During the meeting the Chief Economist had confirmed that the Statistics Roundtable had taken place on 23 November 2016. It consisted of seven experts who discussed trade data, stocks and the production and consumption in Brazil, Vietnam, Colombia, Indonesia, Ethiopia and India. The next Statistics Roundtable will take place in mid-2017.

76. The Chief Economist also confirmed that a Statistical Workshop will take place during the week of the September 2017 meetings.

77. The Committee was notified that the country profiles for Cameroon, Ghana and Italy would be available to Members in September 2017.

78. The Committee considered Document [SC-72/17](#) which dealt with new market shares and the weightings for the four groups of coffee used in the calculation of the ICO composite and group indicator prices. A review of these weightings occurs every two years, and the proposed revised market shares and weightings will come into effect from 1 October 2017. The Committee recommended that the Council approved this update⁶.

Item 15.4: Projects Committee

79. The Projects Committee held its 13th meeting on 14 March 2017 and appointed Mrs Ina Grohmann of EU-Germany as Chairperson and H.E. Mr Iván Romero-Martínez of Honduras as Vice-Chairman for coffee year 2016/17.

80. The Committee approved the report contained in document [PJ-108/16](#) and took note of the report contained in document [PJ-110/17](#) which summarized projects sponsored by the ICO.

81. The Council took note that the Common Fund for Commodities (CFC) had issued its 10th call for proposals, due to close on 30 April 2017. It was also noted that the Secretariat can assist Members in drafting their applications if required.

⁶ It was subsequently circulated as ICC-105-17 Add. 3.

82. The Chief Economist updated the Committee about two ongoing projects which are set out in the annexes of document [PJ-111/17](#). These are as follows:

Promoting a sustainable coffee sector in Burundi

83. This is a typical example of private-public collaboration, which aims to increase the yield and living conditions of those working in the sector, and ensuring sufficient coffee is available for exporting purposes. The initiative has since developed with the help of the ICO. It has secured US\$1.6 million to help finance the project and is being replicated in Rwanda and Uganda.

84. The Committee noted that this kind of partnership with the private sector was beneficial and that the Secretariat should continue to explore other opportunities.

Qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the Democratic Republic of Congo

85. This project is making good progress specifically in relation to coffee quality improvement through micro-washing stations and the bringing together of coffee growers into specialised coffee cooperatives. VECO, a Belgian NGO is implementing the project. The CFC visited the project area and an ICO supervision mission has been postponed until this year.

86. The Chief Economist also updated the Committee about a project entitled ‘Empowering women and youth to participate in the coffee value chain through partnerships with a coffee roasting company and eco-tourism in Uganda’ which aims to improve the standard of living of women and youth growing coffee through improved and sustainable production, value addition and marketing systems. The Secretariat had provided technical assistance in designing the project, which was subsequently approved by the CFC in January 2016. The CFC is now looking for a development impact partner before organizing the launching of the project activities. The Representative of the CFC explained the approach of Impact Development Bonds as a new strategy to strengthen project impact on the living conditions of rural communities.

87. The Committee noted a report about the concluded project ‘Sustainable credit guarantee scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda’. Details of this report are contained in document [PJ-112/17](#). The project aimed to promote better access to credit and banking services for smallholder coffee farmers in Ethiopia and Rwanda guaranteed by collateral provided by the CFC. The project had a significant impact on coffee processing and quality in both countries. The credit guarantee scheme was more successful in Ethiopia. The World Bank has since referred to both countries as case studies in their Report on Risk and Finance in the Coffee Sector. It was requested that project results be disseminated to other Members via workshops, and that the Secretariat should facilitate this.

88. The Chief Economist updated the Committee about the Africa Coffee Facility, an instrument designed to finance coffee development project activities in Africa through the African Development Bank Group. The facility is now known as the Africa Coffee Fund. A meeting, coordinated by Sucafina S.A., is scheduled for the following week in Geneva between the President of the African Development Bank and senior managers of leading European coffee traders and roasters.

89. The Committee agreed that similar initiatives could take place in Latin America and Asia. However, this would require an assessment of the coffee sector challenges in those regions. Results of these assessments will be presented in September 2017. The Secretariat will start designing the facility for other Members, with the support of participating countries.

90. The Committee took note of these reports, and noted that the next meeting would take place during the 120th Session of the Council in September 2017.

91. The Council took note of the report of the Projects Committee⁷.

Item 16: Financial and administrative matters

Item 16.1: Finance and Administration Committee

92. The Chairman of the Finance and Administration Committee provided a report on the meeting held on 14 March 2017. Mr Abdoulaye Nana of Cameroon had been appointed Chairman and Ms Stephanie Küng of Switzerland had been appointed Vice-Chairman.

93. The Head of Finance and Administration had reported that income for the first five months of the year showed a negative variance of £42,229 as a result of cancelled pre-booked meetings for the conference facilities. Expenditure for the first five months showed a positive variance of £42,670, as a result of savings in personnel, travel, computer related costs and other operating costs. There was a negative variance in special contracts which was attributable to legal fees incurred in connection with the new premises and consultation on the draft Staff Regulations and Staff Rules.

94. The net result of this was a surplus of £441 above what was expected from the budget.

95. Document [FA-151/17](#) was introduced which contained the audited accounts of the Administrative Fund. This demonstrated increased expenditure of £157,000 compared to the previous year. This was a result of increases in the service charge payable to the current landlord, the education grant, and installation costs for internationally recruited staff. Expenditure was £46,397 over budget, with savings in personnel being offset by legal costs.

⁷ It was subsequently circulated as document [PJ-113/17](#).

96. The net surplus of £173,000 had been credited to the Reserve Fund.
97. The Committee reviewed the audited accounts of the Special Fund detailed in document [FA-152/17](#). A small amount of interest had been earned and the only cost was the audit fee. The balance of the Special Fund is currently US\$1,376,233.
98. It was reported that the Latin American group had received its portion of the Special Fund during the financial year 2016/17.
99. The Committee reviewed the unaudited accounts of the Promotion Fund, which had a balance of US\$1,119. The delegate of the European Union had suggested this balance be transferred to the Administrative Fund.
100. The Head of Finance and Administration introduced the draft budget for 2017/18 (document [FA-154/17](#)). The Committee had been asked to note the draft budget at this stage and not yet to recommend it to the Council for approval.
101. Expenditure is budgeted to reduce by £188,000 to £2,830,000, a reduction of 6.2%. This was due primarily to significant savings which are forecast in premises and language services.
102. The proposed contribution for 2017/18 remains at £1,471 per vote, which is the same as in 2016/17.
103. The Committee also noted the proposal to move the Documents Section to the Finance and Administration Division, which is a more appropriate fit and creates a better balance within the ICO.
104. The Committee decided to await the appointment of the new Executive Director, the recruitment of several posts, the finalization of the Programme of Activities and completion of the Strategic Review of the ICO before a final decision is made on the draft Budget. This decision could be made in September 2017.
105. The Committee had noted that the receipt of contributions from Members had been slow, with the level of contributions currently 25% less than the previous year. Concerns were expressed about the serious effect this has on the ICO's cash flow.
106. The Finance and IT Officer had introduced document [FA-155/17](#) which relates to salaries and Provident Fund contributions for staff in the Professional and higher categories. The proposals follow the new salary scheme adopted by the United Nations. The former was on the 'no gain, no loss' basis whilst the latter would involve additional costs of around £4,900, which could be met from within the current budget.

107. The Chairperson of the Working Group on Staff Regulations and Staff Rules had introduced document [FA-133/16 Rev. 2](#). The Committee had discussed the document and a revision to Rule 105.5 was agreed, and it was agreed that the original text of Rule 111.11 should be followed, capping termination payments at nine months. Document [FA-133/16 Rev. 3](#) was recommended to the Council for approval.

108. The Committee also discussed whether additional remuneration might be given to senior members of staff.

109. The Committee recommended that the Council approve document [FA-155/17](#) relating to salary scales and the basis for contributions to the Provident Fund for staff in the Professional and Higher categories.

110. The Council approved document [FA-155/17](#).

Item 16.2: Administrative Accounts of the Organization for the financial year 2015/16 and Report of the Auditors

111. The Committee recommended that the Council approve the Administrative Accounts of the Organization for the financial year 2015/16 contained in document [FA-151/17](#).

112. Exporting Members of the Council were asked to approve documents [FA-152/17](#) and [FA-153/17](#). However, the delegate of Papua New Guinea expressed concern about the proposal to transfer the balance of the Promotion Fund to the Administrative Fund. After some discussion, Members agreed not to transfer the balance of the Promotion Fund Account.

113. The Council approved this approach.

Item 16.3: Premises

114. The Head of Finance and Administration had advised the Finance and Administration Committee that the lease for the new premises had now been signed. Refurbishment of the new offices would be completed by the end of March, which is predicted to be on time and within budget.

Item 16.4: Staff Regulations and Staff Rules

115. Document [FA-133/16 Rev. 3](#) was recommended to the Council for approval with the proviso that the European Union would be allowed four weeks to review the document. If the European Union had no additional comments, the document would not need to be resubmitted to the Council for further approval.

116. The Council approved the recommendation from the Working Group contained in document [FA-133/16 Rev. 3](#).

Item 17: Special Fund

117. Council [Resolution 459](#) wound up the Special Fund account, and allocated the funds to exporting countries, with each of the three regions being entitled to a third.

118. The producers' spokesperson reported on the Special Fund. There had been progress in the Latin American region regarding the allocation of resources under the umbrella of PROMECAFE. Projects are now underway.

119. The Council took note of the report.

Item 18: Other business

Additional remuneration of members of senior management

120. Members raised the issue of additional remuneration being paid to existing members of staff currently carrying out extra duties as a result of both the Executive Director and Head of Operations posts being vacant. Members mentioned that there was a precedent for paying staff extra salary when acting as the Executive Director and therefore this should be followed.

121. The Chairperson of the Council sought clarification as to whether it was appropriate to decide on this matter, given that it had not come to the Council in advance as a matter for approval. It was agreed that it could be considered, but would require a separate decision of the Council. The Head of Finance and Administration and the Chief Economist left the meeting to enable Members to discuss the matter further.

122. The Finance and IT Officer provided guidance concerning the provisions of the Staff Regulations and Staff Rules which apply to this matter. The rules permit that staff serving in acting roles, including the Chief Economist, who is currently acting as the Head of Operations, receive additional remuneration from the 4th consecutive month of taking on such additional duties onwards. The matter for the Council to decide related to the Head of Finance and Administration, who had been acting as Caretaker Manager of the Organization.

123. Members queried whether the Head of Finance and Administration was the acting Executive Director, or more of a 'manager'.

124. After further discussion, Members agreed that regardless of title, the Head of Finance and Administration should receive remuneration as acting Executive Director from 23 January 2017 to 31 March 2017.

Other business

125. It was confirmed that the new Executive Director would take office on 1 May 2017.

126. It was noted that coffee served during the meetings was provided by Colombia, Honduras, Kenya, Mexico, Peru and Tanzania.

127. Members thanked the Secretariat for their work at the ICO during this difficult time of transition.

128. The Chairperson extended special thanks to Mr David Moorhouse, the Head of Finance and Administration, for 13 years of dedicated service, as he is retiring shortly.

Item 19: Future meetings

129. The Council were invited to consider the revised dates of meetings in 2017/18 as set out in document [WP-Council 277/17](#).

130. The delegate of the USA noted that the dates should not be approved without a full understanding of the budget implications. The Chairperson clarified that the Council was being asked only to note the document at this stage.

131. Members were invited to suggest topics for presentations during the next Session, and for inclusion in the agenda.

132. The Council noted document [WP-Council 277/17](#).