



International Coffee Council
125th Session
23 – 27 September 2019
London, United Kingdom

**Progress report on achieving the objectives
of the 2007 Agreement**

Background

1. Article 35 of the International Coffee Agreement (ICA) 2007 provides that the Council shall examine the progress made by the Organization in achieving the objectives of the Agreement as specified in Article 1, to assist it in examining the possibility of negotiating a new International Coffee Agreement.
2. The 2007 Agreement, like its predecessors, is a particularly important instrument for international cooperation and development: its Preamble recognizes the exceptional importance of coffee to the economies of many countries that are largely dependent on coffee for their export earnings and for the achievement of their social and economic development goals.
3. This progress report covers a period of eight years, from the entry into force of the current Agreement in February 2011 to July 2019, and supplements the regular updates on the Organization's activities presented to and endorsed by the International Coffee Council, and at individual briefings held with Members during each coffee year.

Action

4. Members are invited to note this document, in consideration of the decision to extend or renegotiate the current International Coffee Agreement.

OBJECTIVES OF THE INTERNATIONAL COFFEE AGREEMENT 2007

Article 1 of the International Coffee Agreement 2007 states that the objective of the Agreement is to strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the sector by:

- (1) promoting international cooperation on coffee matters;
- (2) providing a forum for consultations on coffee matters among governments, and with the private sector;
- (3) encouraging Members to develop a sustainable coffee economy sector in economic, social and environmental terms;
- (4) providing a forum for consultations seeking understanding with regard to structural conditions in international markets and long-term trends in production and consumption that balance supply and demand, and results in prices fair both to consumers and to producers;
- (5) facilitating the expansion and transparency of international trade in all types and forms of coffee, and promoting the elimination of trade barriers;
- (6) collecting, disseminating and publishing economic, technical and scientific information, statistics and studies, as well as the results of research and development in coffee matters;
- (7) promoting the development of consumption and markets for all types and forms of coffee, including in coffee producing countries;
- (8) developing, evaluating and seeking finance for projects that benefit Members and the world coffee economy;
- (9) promoting coffee quality with a view to enhancing consumer satisfaction and benefits to producers;
- (10) encouraging Members to develop appropriate food safety procedures in the coffee sector;
- (11) promoting training and information programmes designed to assist the transfer to Members of technology relevant to coffee;
- (12) encouraging Members to develop and implement strategies to enhance the capacity of local communities and small-scale farmers to benefit from coffee production, which can contribute to poverty alleviation;
- (13) facilitating the availability of information on financial tools and services that can assist coffee producers, including access to credit and approaches to managing risk.

REPORT ON PROGRESS IN ACHIEVING THE OBJECTIVES OF THE 2007 AGREEMENT

For reasons of clarity this report has categorized the implementation of the ICA 2007 (from February 2011 to July 2019) using the three Strategic Goals of the current Five-Year Action Plan¹ and the corresponding objectives of the current Agreement to which each activity relates.

Strategic Goal I: Delivering world-class data, analysis and information to the industry and policy-makers

This Goal is related to ICA (2007) Article 1: (4), (5) and (6)

The Organization has worked actively to improve its standing as a world-leading and respected authority on coffee statistics, by providing access to comprehensive statistical data, as well as high quality analytics related to the world coffee economy. To achieve this, the ICO has focused its activities on closer engagement with Members and the private sector.

A – Priority actions to improve raw data collection, storage and handling

The ICO Rules on Statistics² set out Members' reporting requirements to provide data on a monthly, quarterly and annual basis to the Secretariat, although Member compliance continues to be a challenge to the Organization's ability to provide accurate global data. On average around 52% of exporting Members regularly provide monthly trade reports, while around 37% of Members do not submit any data to the ICO. Compliance for importing Members is higher overall. New compliance indicators were introduced in coffee year 2017/18 to allow Members to quickly ascertain compliance both at the overall level as well as at the country level. This information has also enabled the ICO to identify areas for improving compliance and, thus, the overall quality of the ICO statistical database, as well as to compare performance over time.

The Secretariat has taken the following measures to improve the quality of data:

- i. Understanding, and where possible, acting on reasons for non-compliance*
ICO research among Members has demonstrated the existence of several reasons for non-compliance, including: potential under-reporting of exports when coffee is traded informally across land borders; lack of resources (both in terms of personnel and

¹ Five-Year Action Plan for the International Coffee Organization: [ICC-120-11](#).

² Rules on Statistics – Statistical Reports: [ICC-102-10](#); Rules on Statistics – Certificates of Origin: [ICC-102-9 Rev. 1](#).

finance) due to weakened institutions responsible for reporting to the ICO; and disruption to or untimeliness of data submission due to changes in personnel or the need to coordinate with other agencies; as well as the volume and frequency of the reports to be submitted.

ii. *Training statistical staff from Member countries and the private sector*

The ICO has provided bespoke training programmes for statisticians from Member countries at the ICO Headquarters, in order to increase compliance with statistical information requirements. This valuable face-to-face interaction with Members has not only resulted in improved communication with the Secretariat, but notable improvements and thus higher quality data in reports submitted by Members.

Statistics workshops for Members and private sector representatives, held in November 2011 (Kenya), September 2017 (Côte d'Ivoire) and February 2019 (Rwanda), have helped to focus attention on the Rules on Statistics, Members' compliance with these Rules and the benefits of accurate and timely statistical data for effective decision-making and policy development.

iii. *Amending the Rules on Statistics to improve efficiencies*

The ICO Rules on Statistics: Certificates of Origin³ have been amended, in order to provide more flexibility to accommodate changing production patterns and technical upgrades in export reporting systems used by authorities.

iv. *Working with other organizations to enhance data quality*

The Organization has actively engaged with third parties to improve the quality and the coherence of ICO statistical data. This cooperation was manifested in the establishment in 2013 of the ICO Statistics Roundtable, which brings together ICO statisticians with private sector analysts from the coffee sector, in order to share supply and demand data from a global perspective.

In order to implement the recommendations of the Statistics Roundtable, the Secretariat analysed ICO statistics and supplemented its data from other sources when information received from Members was delayed, incomplete or inconsistent. As a result, the quality of ICO data has substantially improved, as attested by the Chair of the Statistics Roundtable to the 15th Meeting of the Statistics Committee in September 2018.

³ Rules on Statistics – Certificates of Origin: [ICC-102-9 Rev. 1](#)

v. *Research seeking views of Members and other users of statistical data on the relevance of the variables collected by the ICO*

Feedback from a survey carried out in November 2017 has demonstrated that ICO data is a fundamental source of information for Members, as well as identifying new variables for inclusion in the ICO's statistical database. The ongoing Delta Project, in collaboration with Global Coffee Platform, Better Cotton Initiative and International Cotton Advisory Committee, will also help to develop a framework for collecting statistics related to sustainability.

vi. *Technical analysis of the ICO statistical database to gain a better understanding of the characteristics and quality of ICO data*

A systematic assessment of the ICO statistical database was made in 2018 in order to identify the primary areas of concerns with the Organization's statistical data. In order to address many of these concerns, the database needs to be upgraded. Meanwhile, the Organization has undertaken efforts to increase the efficiency of the Secretariat's work and the quality of services provided to Members by streamlining, standardising and automating data collection, processing and dissemination.

The ICO also issued in July 2019 a tender for a technical consultancy to improve the accessibility and effectiveness of the database, as well as the quality of data and analytical methodologies.

B – Priority actions to disseminate statistical data and analytics

To enhance market transparency, the Organization has analysed a wide range of information and data on the world coffee sector, and published comprehensive and expert economic, technical and scientific research.

This work includes: production and distribution of 12 monthly Coffee Market Reports each coffee year over the last eight years, currently with a mailing list of 1,000 stakeholders, widely shared on social media and regularly cited in third party publications; publication of quarterly Trade Statistics every year; and regular presentations on the coffee market to each Session of the International Coffee Council, external events and both international, regional and national forums.

Sharing expertise through studies and publications

The Organization has carried out numerous independent economic studies, including with academic institutions and other international organizations, as follows:

2011-2013	2014-2016	2017-2019
Re-exports of coffee by Germany (2013)	Future coffee farmers – the challenge of generational change in rural areas in African countries (2016)	Futures markets: the role of non-commercial traders (2019)
World trade of soluble coffee (2013)	Assessing the economic sustainability of coffee growing (2016)	Profitability of coffee farming in selected Latin American countries – interim report (in collaboration with the University of California Davis Coffee Center, United States of America – 2019)
Coffee in China (2013)	Risk and finance in the coffee sector: A compendium of case studies related to improving risk management and access to finance in the coffee sector (in collaboration with the World Bank – 2015)	Survey on the impact of low coffee prices on exporting countries (2019)
Re-exports of coffee (2012)	Sustainability of the coffee sector in Africa (2015)	Emerging coffee markets: South and East Asia (2018)
Trends in coffee consumption in selected importing countries (2012)	The impact of the price of oil and the US dollar exchange rate on coffee prices (2015)	Guide to Access Green and Climate Funding: The Global Environment Facility (2018)
Drinking patterns in selected importing countries (2012)	Coffee in China (2015)	Gender equality in the coffee sector (2018). In recognition of the Organization's thematic focus on gender equality in coffee year 2017/18, this study was published in a different design and formally launched at a reception hosted by the Embassy of Brazil in London on International Coffee Day on 1 October 2018.
The effects of tariffs on the coffee trade (2011)	Coffee in the Russian Federation (2015)	Role of the coffee futures market in discovering prices for Latin American producers (in collaboration with the University of Göttingen – 2018)
Volatility of prices paid to coffee growers in selected exporting countries (2011)	Factors to achieve a balanced market (2014)	Development of coffee trade flows (2018)
Drinking patterns in selected importing countries (2011)	Coffee and climate change (2014/15)	Value addition in the African coffee sector (2017)
Relationship between coffee prices in physical and futures markets (2011)	World coffee trade: a review of the markets, challenges and opportunities facing the sector (2014)	
Volatility of retail prices of roasted coffee in selected importing countries (2011)	Comparative analysis of world coffee prices and manufactured goods (2014)	
Coffee value chain in selected importing countries (2011)	World coffee trade 1963-2013 (in cooperation with the Food and Agricultural Organization of the United Nations – 2014)	

2011-2013	2014-2016	2017-2019
The Coffee Exporters Guide, which was compiled by the International Trade Center with support from the ICO and other organizations, covers trends such as niche markets, organic and Fairtrade labelling, codes of conduct and environmental issues (2011)		
Outlook for the coffee market 2010-19 (2011)		

From March 2019 ICO studies have been first distributed to Members only, in advance of wider publication. The Organization plans to present the studies in a more public-facing design to promote the work of the ICO. Currently all studies are available to the public for free, although charging for non-members is under consideration.

To improve the visibility of individual countries in the world coffee economy and to identify important characteristics and current issues, the ICO publishes country coffee profiles in cooperation with Member countries. Country coffee profiles on El Salvador (2016), Italy (2017), Cameroon (2017), Ghana (2018), Kenya (2019), Uganda (2019) and Viet Nam (2019) have been published.

As a contribution to increasing independent and rigorous knowledge of the coffee sector to ICO Members, coffee stakeholders, development partners, academia, civil society and consumers, and further promote ICO as a knowledge centre on coffee matters and economic analysis, the Organization will publish its first flagship report in 2019. The '*Coffee Development Report 2019*', to be formally launched on 1 October as part of International Coffee Day, will present a rigorous analysis of future trends in the sector and an assessment of the feasibility of key short-term and long-term solutions to address the impact of low coffee prices, volatility and the long-term sustainability of the coffee sector.

Strategic Goal II: Using the Organization’s convening power to provide a forum for dialogue between and within the public and private sectors

This Goal is related to ICA (2007) Article 1: (1), (2) and (4)

The Organization has taken great strides to strengthen its proactive engagement with Members, positioning itself as the only global forum on coffee matters that brings together exporting and importing governments, as well as the private sector.

A – Priority actions to strengthen membership engagement

The ICO is the depositary for the International Coffee Agreement 2007 and deals with all expressions of interest in membership. Since the entry into force of the ICA 2007, the ICO has welcomed the following Members: Japan, Nepal, Peru, Russian Federation, Sierra Leone, Tunisia and Venezuela (the Bolivarian Republic of). While the United States and Turkey have sadly withdrawn from the 2007 Agreement and therefore left the Organization, membership has in fact increased from 34 (29 exporting Members and 5 importing Members) in February 2011 to 50 Members today – representing 98% of world coffee production and nearly two-thirds of world consumption.

Letters of welcome and information packs are furnished to new designated contacts of ICO Members in order to provide them with background information about ICO activities. Meetings with the Executive Director are regularly arranged for all new London-based representatives and Ambassadors.

A global forum

Issues are discussed by ICO Members at regular meetings of the International Coffee Council, which meets twice a year and attracts high-level representation, often at ambassadorial and ministerial level, and at a bilateral level with the Executive Director. Since February 2011, the Secretariat has organized 19 sessions of the International Coffee Council, as well as intersessional meetings of advisory bodies and working group⁴ activities.

In addition to those held at the seat of the Organization in London, Council sessions have been generously hosted by Member countries, including Brazil⁵, Côte d’Ivoire, Ethiopia, Mexico and Kenya – thereby promoting a sense of ownership in the Organization and providing a valuable opportunity to promote their national coffee sector to a global audience.

⁴ Working Group on the Strategic Review and the Working Group on the Future of the International Coffee Agreement 2007.

⁵ This Session marked the 50th Anniversary of the ICO, including the publication of the History of the ICO.

Members are invited to give reports on national coffee policies at Council sessions twice a year. Since February 2011, the following Members have made reports on their national coffee policies: Brazil, Bolivia, Cameroon, Central African Republic, Côte d'Ivoire, Ecuador, Gabon, Ghana, India, Mexico, Nicaragua, Peru, Tanzania, Uganda and Viet Nam.

Reporting on removal of obstacles to trade and consumption, quality and food safety

In accordance with Article 24 of the 2007 Agreement, Removal of obstacles to trade and consumption, the Executive Director has prepared periodically a survey and submitted reports to the Council in 2011, 2012, 2014 and 2017. According to the Rules on Statistics Statistical Reports, Members are requested to notify the Organization of any measures adopted in their countries in connection with the provisions of this Article, and of any changes to current level of taxes and duties on coffee exports and/or imports.

In accordance with Article 27 of the International Coffee Agreement 2007, Members are required to prohibit the sale and advertisement of products under the name of coffee if such products contain less than the equivalent of 95% green coffee as the basic raw material. Within this context, the Executive Director has submitted to the Council, in 2014 and 2018, reports on compliance with this Article.

The International Coffee Organization is committed to keeping Members informed about food safety issues, particularly regarding the Maximum Residue Limits (MRLs) of pesticides applicable to coffee. These limits, as well as other sanitary, phytosanitary and technical requirements (SPS and TBT), may affect the trade of green, roasted and soluble coffee. The Executive Director has submitted reports, in 2013 and 2018, to the Council on this subject.

The Secretariat is committed to publishing periodic reports (2013 and 2018) on national quality standards for coffee in Member countries, including information on grading and certification systems. The aim of the report is to collate information on the various legislations and regulations concerning national quality standards in Member countries.

Listening and acting on the concerns of Members

Listening and acting on the priorities, needs and concerns of Members is of paramount importance to the ICO. The Organization's swift response to Resolution 465⁶ on coffee price levels is testament to this, as demonstrated by the development and launch of a detailed implementation plan presented to the Finance and Administration Committee in October 2018, which included a comprehensive sector dialogue that delivered five successful

⁶ In September 2018, during its 122nd Session in London, the International Coffee Council adopted Resolution 465 on 'Coffee Price Levels'. This Resolution provided the ICO with a strong mandate to respond to price levels and volatility and the ICO promptly responded with a detailed implementation plan that led to the launching of a structured sector-wide dialogue

consultative events, bringing together 80 technical experts and over 2,000 participants. The outcomes of the discussions at these events are expected to converge to a Declaration of intent and a detailed Road Map with concrete solutions and actions to address the impact of low coffee prices on smallholder farmers and the long-term sustainability of the coffee sector. The first CEO and Global Leaders Forum of the coffee sector in September 2019 will be a unique opportunity to gather top executives of coffee industry and leading policy-makers to agree on priority solutions and actions. The overall coffee sector-wide dialogue and the CEO and Global Leader Forum, as well as the preparation of the first Coffee Development Report (2019), were made possible by the support of the coffee industry, its associations and the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

An online survey was launched to collect information on different economic and social issues from exporting Members and to assess the impact of recent low coffee price levels on the livelihood of coffee growers (document ED-2291/18). Although it is still too early to assess the full impact of current low price levels, the survey provides some factual evidence that coffee-exporting countries, especially those with limited additional income-generating activities, have already been severely affected. Further analysis and continuous monitoring will contribute to producing a more comprehensive report that would include full understanding and a benchmarking of farmer production costs and revenues and a comparison with the cost of living and the cost of coffee growers' basic needs, such as food, clothing, education and health.

Engaging with Members

During every coffee year, the Executive Director and senior ICO staff also undertake missions to Member countries, providing valuable opportunities to strengthen cooperation in areas such as capacity-building, technical cooperation and policy development.

Since February 2011, the Executive Director and senior staff have undertaken missions to meet high-level representatives of government (and the private coffee sector) and to participate in national and international coffee events in 32 Member countries, including: Austria, Belgium, Brazil, Burundi, Cameroon, Colombia, Costa Rica, Côte d'Ivoire, El Salvador, Ethiopia, France, Germany, Honduras, Hungary, India, Indonesia, Italy, Kenya, Laos, Mexico, Netherlands, Nicaragua, Nigeria, Peru, Panama, Republic of Korea, Rwanda, Spain, Sweden, Switzerland, Tanzania, Togo, Uganda, United Kingdom and Viet Nam. A large number of missions of the Executive Director and senior staff have been funded by the inviting governments or institutions.

Sharing information and good practice

The ICO provides a forum to share information and good practices, not only among Members but also across the public and private sectors, through workshops and seminars with expert speakers presenting the latest findings, and all presentations disseminated to the world coffee sector through the ICO website.

2011-2013	2014-2016	2017-2019
Workshop on pollination and crop protection for coffee (2013)	Workshop on climate change and coffee (2015)	Role of futures markets (2019)
Seminar on trends in new coffee-consuming markets (2013)	Seminar on achieving sustainable supply in the coffee market (2014)	CEO and Global Leaders Forum (2019)
Seminar on economic, social and environmental impact of certification on the coffee supply chain (2012)		Meeting the SDGs: challenges for the coffee value chain. Shared solutions to coffee price levels, volatility and long-term sustainability (2019)
		Price volatility and sustainability: development challenges and solutions for smallholder farmers in the coffee value chain (2019)
		Addressing risk and mobilizing investment in the coffee sector: Policy, coordination and financing solutions (2019)
		Financing sustainable and inclusive investment in agricultural value chains: The case of the coffee sector (2019)
		Seminar on “Coffee: How sustainable is our future?” (2019)
		Thematic workshop on women in coffee (2018)
		Donors Forum (2018)
		Partnership Fair (2018)
		Dissemination workshop on coffee leaf rust (2018)
		Dissemination workshop on coffee and health (2018)

During coffee year 2017/18 the Organization also hosted two innovative events to expose Members to best practices and organizations supporting coffee sector development projects, their priorities and funding mechanisms. The Donors Forum included high-level representatives from key bilateral and multilateral agencies and one regional trade institution: Standards and Trade Development Facility/World Trade Organization, the European Commission, Global Environment Facility, International Fund for Agricultural Development, Italian Ministry of Foreign Affairs and International Cooperation, and the

African Export-Import Bank. The presentations made clear that there were numerous financing instruments already in place for the coffee sector, including development assistance across coffee-producing countries particularly for smallholder farmers.

The following Partnership Fair provided a further platform for international cooperation agencies, donors and partners to share with delegates their programmes, tools and funding opportunities for the coffee sector and the procedures for partnership and application. Presentations were given by representatives from the following cooperation agencies and international organizations: Deutsche Gesellschaft für Internationale Zusammenarbeit, Global Environment Facility, International Fund for Agricultural Development, International Trade Centre, Japan International Cooperation Agency, Standards and Trade Development Facility, Twin, Twin Trading, United Nations Development Programme, and the United Nations Industrial Development Organization,

To respond to the demand for further assistance by Members following the publication of the ICO's *Guide to Access Green and Climate Funding: The Global Environment Facility*⁷, published in cooperation with the Sustainable Coffee Challenge, the Organization will produce a comprehensive guide on how to access support provided from other multilateral and bilateral funding institutions.

Discussions on finance and risk management

Held every year, the ICO's Consultative Forum on Coffee Sector Finance is a significant world coffee event intended to facilitate discussion on topics related to finance and risk management in the sector, particularly the needs of small- and medium-scale producers and coffee communities. Since February 2011, high-level technical experts from across the globe have participated in eight forums on the following topics:

1. Harnessing technology and innovation for investments in the coffee sector (2018)
2. Creating an enabling environment for high productivity in coffee farming (2017)
3. Global challenges and co-responsibility in the coffee sector (2016)
4. How to effectively structure a project in order to obtain financing (Follow-up session to 4th session – 2015)
5. How producing countries can engage effectively with financial multilateral institutions and donors, and ensure that financing from those organizations meets the needs of producers (2014)
6. Identifying best practices and disseminating information to Members about aggregation as a platform through which access to finance and risk management could be achieved more effectively (2013)

⁷ ICC-122-9: *Guide to Access Green and Climate Funding: The Global Environment Facility*, August 2018.

7. The role that producer associations, governments and other entities (e.g. the private sector, non-profit organizations or public-private partnerships) play, or could play, in making risk management and financing tools more accessible, and more workable, for small- and medium-sized growers (2012)
8. Mechanisms, tools or strategies to help small- and medium-sized producers manage the risk of green coffee price volatility, the challenges for each of the mechanisms, and how can those challenges be overcome (2011)

The 9th Consultative Forum, scheduled for 24 September 2019, will focus on ‘Responding to the coffee prices crisis by effectively managing price risks in the coffee value chain’.

Communications

In addition to face-to-face communication and engagement with Members, information is provided to Members via digital communications. Currently all ICO documents, including the Annual Review, are distributed to Members electronically, and updated on the ICO website. A monthly ICO newsletter was introduced from 2014-2016 to engage more closely with Members, providing updates on actions in between Council and committee meetings. The re-introduction of a newsletter, in addition to the delivery of a refreshed ICO website with improved accessibility and functionality, will help to further strengthen engagement with Members, and wider stakeholders. In preparation for the 125th Session of the International Coffee Council, for example, a bespoke website is in development to promote the status of the Council sessions and wider events, to make information more accessible and also to invite feedback from delegates to improve the quality of ICO events.

Accountability to Members/Improvements to governance

The ICO’s annual programme of activities supports the implementation of the Five-Year Action Plan 2017/21 ([ICC-120-11](#)), which sets out the overall direction of the Organization to address the increasing challenges faced by the coffee sector. The Secretariat tracks and reports on the progress of the annual Programme of Activities and the results achieved in relation to the Five-Year Action Plan at each session of the International Coffee Council, as well as in each Annual Review published every coffee year. In coffee year 2017/18 a new reporting framework, using a set of Key Performance Indicators, was approved, in order to demonstrate and evaluate more clearly the ICO’s success in achieving its objectives and goals. The New Framework is being tested in coffee year 2018/19.

Members play a central role in shaping the direction of the Organization. A working group composed of Members was established in 2015 to conduct a strategic review of the Organization, which led to the development and subsequent approval of the current Five-Year Action Plan 2017/21. In 2018/19, a working group of Members was established to review the future of the current International Coffee Agreement, which expires in February 2021.

An annual thematic focus was introduced in 2018 to guide the work of the Organization during each coffee year, not only for internal purposes to streamline existing resources and achieve synergies between the Secretariat's functions, but also externally to position the ICO as an agenda-setting organization in the coffee and wider political sector with a strategy in alignment with the 2030 Agenda for Sustainable Development and reporting cycle. The thematic focus for coffee year 2017/18 was gender equality, and economic sustainability is the focus for the current coffee year 2018/19.

To foster more effective governance and closer communication with Members, particularly in between meetings of the Council, a Permanent Secretary from the ICO staff was assigned to each advisory body as of 2018.

B – Priority actions to strengthen engagement with third parties

To strengthen the global coffee sector and promote its sustainable expansion, the ICO has worked actively with governments, non-governmental organizations and the private sector through international partnerships and advocacy.

Engagement with non-member countries

To promote the benefits of ICO membership, missions have been undertaken to non-Member countries, including China, Nigeria, Republic of Korea, Thailand and the USA. Active steps have also been taken to engage with other non-members, including the Dominican Republic, Guinea, Jamaica, Laos and Myanmar, the representatives of which have been invited to attend Council sessions as a guest of the Executive Director. The Memorandum of Understanding with the African Fine Coffees Association (AFCA) also provides an opportunity to engage with non-members from the African continent at AFCA-led events.

Memorandums of Understanding

Over the last eight years the ICO has signed Memorandums of Understanding with the:

- International Women's Coffee Alliance – IWCA (2018): to promote women empowerment and inclusion as a means of achieving sustainable development through social and economic progress in coffee-producing countries while protecting natural resources.
- Sustainable Coffee Challenge (SCC) under the auspices of the Conservation International Foundation (2018): to improve the collection, exchange, integration and dissemination of key data on coffee sustainability to help actors across the sector to better understand the need for renovation and rehabilitation of coffee as well as to map spatial distribution of coffee production and forest cover in coffee-producing countries. Since signing this MOU, the ICO and SCC collaborated on the development of the *Guide to Access Green and Climate Funding for the Coffee Sector: The Global Environment Facility*.

- Global Coffee Platform – GCP (2017): this collaboration includes a joint project (Delta Project), with the participation of the Better Cotton Initiative and the International Cotton Advisory Committee, to create a sustainability indicator framework to measure progress towards the Sustainable Development Goals and trigger the development of value-adding services for farmers. The ICO is also an active participant in the Global Coffee Sustainability Conference and GCP’s Collective Action Networks to push for positive impact relating in particular to the economic viability of farming, climate smart agriculture, and gender and youth. On 1 October 2018 (International Coffee Day), the ICO held a joint workshop with GCP to highlight the gender gap in the coffee supply chain and explore how to effectively address these gaps through collaboration. As a Global Event Partner, the GCP was also one of the co-organizers of the ICO’s Joint Sustainability Seminar held during the 124th Session of the International Coffee Council in Nairobi on 25 March 2019, along with the Government of Kenya.
- African Fine Coffees Association – AFCA (2017): to promote technical and scientific cooperation with African coffee-producing countries. This has included preparation of coffee profiles of African countries and the Organization’s participation in AFCA events, most recently the 17th African Fine Coffee Conference and Exhibition in February 2019, where the ICO also led a statistical workshop to train statisticians in African countries.

In addition, a Joint Declaration with the United Nations Industrial Development Organization (UNIDO) was signed in May 2019 to strengthen cooperation on programmes and activities to support inclusive and sustainable development of the coffee value chain.

Bilateral discussions with international organizations

Representatives of international organizations, non-governmental organizations and wider stakeholders are regularly invited to participate in Council sessions, seminars and workshops organized by the ICO each year.

Recently the Organization has been actively engaging with key development players to support the coffee sector, particularly in relation to the structured sector-wide dialogue to address the coffee price crisis – which has benefited from the support of multilateral organizations such as the European Commission (EC), the United Nations Department for Economic and Social Affairs (UNDESA) and the International Fund for Agricultural Development (IFAD) – but also to enhance access to development funding. Links have been strengthened with a number of UN organizations, some of which participated in the sector dialogue events and the ICO’s Donors Forum and Partnership Fair held during the 122nd Session of the International Coffee Council in September 2018, including: United Nations Development Programme (UNDP), International Trade Centre (ITC), United Nations

Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), Food and Agricultural Organization of the United Nations (FAO), the International Atomic Energy Agency (IAEA), the United Nations Office on Drugs and Crime (UNODC) and a number of development finance funding opportunities, including both grants and loans.

The Executive Director and senior ICO staff have participated in expert meetings with international organizations to explore avenues of cooperation, for example on the diversification of production and exports in commodity-dependent developing countries, organized by UNCTAD in 2011. In 2012 the Executive Director made a submission to the G-20 presented to the President of Mexico, highlighting the importance of addressing risks associated with trading coffee and other commodities. In 2014 the Executive Director attended the United Nations Framework Convention on Climate Change, to discuss the challenges coffee farmers are facing with changing global climate. In 2015, at the United Nations Climate Change Conference (COP21), the Executive Director addressed the plenary session setting out the challenges and ways to mitigate the impact of global warming on coffee farmers, hosted a side event 'Climate change and coffee', and participated in a session 'Role of agro-ecology in exploring innovative, viable adaptation measures for resilient smallholder coffee' – the largest event to take place on the margins of COP21.

In January 2019 the Executive Director and ICO senior staff participated in the Berlin Agriculture Ministers' Conference. More recently the Organization has hosted two side events at the United Nations in New York as part of the sector dialogue and, following an ICO symposium hosted by the European Commission in June this year, the Executive Director made a presentation to the European Council's Working Party on Commodities (PROBA) on the coffee price crisis, to engage with EU Member State governments. The Organization will continue to mobilize support from multilateral entities, such as the G-7, G-20 and General Assembly of the United Nations, as well as additional resources to facilitate fundraising, implementation and monitoring of the actions identified to address the coffee price crisis.

International Commodity Bodies

In May 2018 and June 2019, as an ICO initiative, the ICO hosted two sessions of the International Commodity Bodies (ICB) Forum, which brings together representatives from its sister organizations dedicated to cocoa, grains, sugar, rubber, zinc, lead, nickel, copper, cotton, bamboo and rattan, to share information and good practices on governance and wider policy issues, as well as identifying possible areas for future cooperation, including common positions on topics such as gender and child labour. ICB representatives are also invited to attend Council sessions as observers.

Roasting sector

To facilitate dialogue among all actors across the coffee value chain – not just Member governments – the ICO actively engages with the roasting sector and industry stakeholders, with direct links to consumers. The Executive Director and senior staff regularly make presentations and participate in international coffee industry events and congresses, providing reports on the coffee situation and ICO actions, including the Coffee Shop Expo, World of Coffee, Sintercafé, Semana Internacional do Café, Asia International Coffee Conference, 1st Pu'er International Specialty Coffee Expo, India International Coffee Festival, Café Seoul Show, Milano Coffee Festival and World Coffee Producers Forum. In collaboration with the Italian Government's Ministry of Agricultural and Forest Policy, the Italian Coffee Committee, EXPO Milan 2015, Fiera Milano Congressi and with the support of Italy's leading coffee companies, the ICO organized the first Global Coffee Forum from 30 September to 1 October 2015 in Milan, Italy. The Forum offered an interesting and distinguished array of speakers from various disciplines across both the public and private sectors. It culminated with the official launch of International Coffee Day at Expo Milan 2015. The ongoing sector dialogue has afforded the Organization to engage closely with the coffee industry to explore collective action to ensure the long-term sustainability of coffee.

Supporting observer status

From February 2011 observer status has been granted to the following organizations: 4C Association, Arthur Dobbs Institute, Agence des Cafés Robusta d'Afrique et de Madagascar, Conservation International and Indo-Islamic Chamber of Commerce.

Promoting coffee-related research within the academic community

Raising the profile of coffee-related issues within the academic community is an important step in working jointly to create an understanding of the economics of coffee production, not only to ensure that the ICO employs state-of-the-art methods and produces high quality output, but also to provide solutions to improve the livelihoods of producers as well as to manage environmental challenges in coffee production. For this reason, the ICO professional staff has conducted a series of missions to leading universities, most recently the University of Göttingen (Germany), University of Leuven (Belgium) and the UC Davis Coffee Center, (United States of America) and Queen Mary University (UK), providing campus-wide talks on the economics of coffee as well as meeting students and faculty and engaged in cooperation with the London School of Economics, University of Newcastle and Politecnico di Torino.

The library of the International Coffee Organization has a unique collection of resources on all aspects of coffee, welcoming a steady stream of visitors from students, authors and enthusiasts, helping to inform research topics, such as risk management, sustainability, certification, applications of ecology to coffee growing, obstacles to consumption, re-exports

and the soluble coffee market, impact of natural disasters on coffee, Members and non-members, history of the ICO, science and future of coffee, role of coffee in Angolan independence and civil war, Robusta coffee, Arabica coffee, Bolivian coffee, Indonesian coffee.

To promote the work of the Organization and to inspire the leaders of tomorrow, the ICO has hosted numerous visits from students of academic institutions on the work of the Organization.

In 2018 the ICO launched its new rolling internship programme which provides an insight into the day-to-day working environment of an international organization. In the same way the ICO benefits from fresh input to its work and its operations. To date the Organization has welcomed interns from Angola, Brazil, Colombia, Côte d'Ivoire, France, Honduras, Italy and the United Kingdom.

Engaging with the public and the media

During each Council session, briefings for the media are arranged at which the Executive Director, Chair of Council, spokespeople and key heads of delegation inform the press about the outcome of ICO meetings.

The Organization has increased its engagement with the coffee and wider media, including regular briefings and interviews with key publications across the globe, such as Global Coffee Report, Coffee & Cocoa International, Financial Times, Wall Street Journal, BBC, CNN, Agence France Presse, El Pais, Al Jazeera, Bloomberg, Thomson Reuters and Euronews. This year, Global Coffee Report has introduced a dedicated ICO feature on statistics and economics in each edition, with a circulation of 7,000 and newsletter readership of 16,000. Later this year BBC Worldwide, with an audience of 372 million, will be broadcasting its 'Made on Earth' series which features a programme on the coffee trade and an interview with the Executive Director of the ICO.

The Organization provides a free public information service to the coffee industry, academics, the media and others, answering on average over 2,000 queries a year, with a response time that has been reduced from seven days to one day as of 2019.

In July 2019, the ICO website registered 20,000 hits a day on average. The Organization also has an increasing social media presence on Facebook, Twitter, LinkedIn and Instagram. To boost its profile and engagement with the public, the Organization has introduced livestreaming of its events. For example, the livestreaming of the ICO-led symposium hosted by the European Commission in June 2019 was watched by over 1,000 viewers.

Strategic Goal III: Facilitating the development of projects and promotion programmes through public-private partnerships

This Goal is related to ICA (2007) Article 1: (3), (5), (7), (8), (9) and (10)

A – Priority actions to facilitate coffee sector development projects

The Organization works with governments and the private sector to develop, implement and monitor technical cooperation projects to enhance the capacity of local communities and smallholder farmers to benefit from coffee production, which can make a significant contribution to poverty alleviation. These coffee development projects include technology transfer and training components to assist smallholders in enhancing productivity and competitiveness. Projects are either pilot projects or can be replicated so as to have an impact in a large number of countries. Project materials and best practices are disseminated to all Member governments. The coffee berry borer, coffee wilt disease, white stem borer and leaf rust are examples of pests and diseases tackled through projects.

From 1995 to 2014, as the designated international commodity body for coffee, the ICO enjoyed a fruitful relationship with the Common Fund for Commodities (CFC), which helped channel, with additional support from bilateral and multilateral donor institutions through co-financing and the beneficiary countries in the form of counterpart contributions, more than US\$100.3 million to the following coffee development projects:

- Monitoring implementation of Sustainable Development Goals via the Delta Project (due for completion 2021): collaborative initiative between the ICO, Global Coffee Platform, the Better Cotton Initiative and the International Cotton Advisory Committee to develop a commonly agreed sustainability performance measurement and reporting framework.
- Satellite remote sensing for improved and sustainable coffee production: Colombia (due for completion 2020): Collaboration brings together a British SME, a Colombian SME, the ICO and the Colombian Coffee Growers Federation to develop use of satellite data for mapping and monitoring changes in coffee plantations, as well as monitoring the condition of the crop in relation to pests and diseases and deterioration due to climate change.
- Supporting a sustainable coffee sector in Uganda (fund raising ongoing). The ICO has provided technical expertise to assist the Government of Uganda to develop concrete steps to implement the Uganda Coffee Roadmap, which aims to raise the value of exports from its current level of US\$544 million to 2 billion.
- Africa Coffee Facility (fundraising ongoing).

- Promoting a sustainable coffee sector in Burundi (ongoing).
- Empowering women and youth to participate in the coffee value chain: Uganda (fundraising ongoing).
- Qualitative and quantitative rehabilitation of coffee: Democratic Republic of Congo (concluded 2018)
- Sustainable credit guarantee scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda (concluded 2016)
- Building capacity in coffee certification and verification for specialty coffee farmers in AFCA countries (concluded 2014)
- Competitive coffee enterprises programme for Guatemala and Jamaica (concluded 2014)
- Increasing the resilience of coffee production to Leaf Rust and other diseases in India and four African countries: (concluded 2013)
- Developing the potential of Gourmet Robusta coffee in Gabon and Togo (concluded 2013)
- Pilot rehabilitation of neglected coffee plantations into small family production units in Angola (concluded 2013).
- Promoting the intensification of coffee and food crops production using animal manure in areas covered by the project CFC/ICO/30 in Burundi (concluded 2013)
- Economic crises and commodity-dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises (concluded 2013)
- Building a Financial Literacy Toolbox to enhance access to commodity finance for sustainable SMEs in emerging economies (concluded 2013).
- Reconversion of small coffee farms into self-sustainable agricultural family units in Ecuador (concluded 2012)
- Improving coffee productivity in Yemen (concluded 2012)
- Access to finance for the development of diversification crops in coffee producing areas: Development and implementation of a sustainable credit programme for diversification in coffee-producing areas (concluded 2012) Enhancing competitiveness of African coffee through a value chain analysis (concluded 2011)
- Enhancing the potential of gourmet coffee production in Central American countries (concluded 2011)
- Pilot rehabilitation of the coffee sectors in Honduras and Nicaragua (concluded 2011).

In 2015, the CFC implemented major changes in its lending policies, which had serious consequences for the work of the ICO and other international commodity bodies, namely a switch from financing based on grants to repayable loans for projects that can generate profits. Since the new profile of CFC projects was incompatible with the priorities of most ICO Members, this change led the Organization to emphasize the building of relationships with other financial institutions, the facilitation of access to donors and directing projects to appropriate institutions.

In order to assist governments of producing countries to understand the opportunities and the mechanisms to access funding from the Global Environment Facility (GEF) so as to address coffee sector challenges, the ICO published the *Guide to Access Green and Climate Funding: The Global Environment Facility*⁸ in August 2018, which was developed in collaboration with the Sustainable Coffee Challenge. The GEF included coffee in the list of commodities eligible for funding in its 4th year replenishment cycle GEF-7, with an allocation of US\$4.1 billion. GEF-7 therefore provides an invaluable opportunity for countries to prioritize investments in development programmes, not only to enable sustainable coffee production, but also to have a positive impact on nature conservation, as well as the livelihoods of coffee-producing communities. Following the positive response from Members and others to the GEF guide, the ICO is now producing an extended guide to support Members to access wider sources of funding.

In order to foster investment in the promotion of the economic, social and environmental sustainability of the coffee sector, particularly the challenges faced by coffee farmers, the Organization established a Coffee Sustainability Projects Trust Fund in 2018. Through this Fund the ICO's focus is to sensitize potential donors and mobilize adequate funds and resources to better assist Member countries in a number of key areas, including project identification and development, monitoring and evaluation of development projects in the coffee sector, identifying and disseminating good practices and capacity building.

To date the Trust Fund has played a pivotal role in financing the ICO-led structured sector-wide dialogue to address the coffee price crisis and the long-term sustainability of the coffee sector.

⁸ ICC-122-9: *Guide to Access Green and Climate Funding: The Global Environment Facility, August 2018.*

B – Priority actions to stimulate promotion programmes through public-private partnerships

Promoting coffee consumption and developing markets for all types of coffee can make an important contribution to achieving a balanced and more sustainable world coffee economy. The ICO produces regular reports and studies on global consumption trends to guide strategic actions in this field.

Promoting quality and the health benefits of coffee

The Private Sector Consultative Board (PSCB) is an ICO advisory body that provides a platform for the representatives of private sector organizations of exporting and importing countries. Established in 1999, it consults with and advises the Council on issues relevant to the coffee sector, either on request or on its own initiative. Representatives of the PSCB are invited to participate as observers at International Coffee Council sessions and, in some cases, are included in official delegations of Member countries to the Council. At meetings, PSCB representatives review a range of coffee issues, including sustainability initiatives, food safety, quality and coffee and health. The PSCB has agreed that its main mission and objective should be to increase the world coffee market in value and volume. One of the constraints for increasing coffee consumption is the misconception that coffee is bad for your health held by part of the population. On the contrary, significant scientific information on various positive health benefits associated with coffee drinking is available.

Phytosanitary matters are regularly reviewed by the Private Sector Consultative Board and the Council, which receive reports on food safety issues and legislative developments, ranging from maximum residue levels of pesticides permitted by importing countries to acrylamide and Ochratoxin A.

Promoting domestic consumption

Promoting domestic consumption of coffee in producing countries can help not only to strengthen producers, but also assist in alleviating poverty and increase value addition. The Regional Cooperative Programme for the Technological Development and Modernization of Coffee Cultivation (PROMECAFE) is implementing a three-year project, funded by the Special Fund,⁹ to promote and increase domestic consumption in Costa Rica, the Dominican Republic,

⁹ *The Special Fund was established under the ICA 1976 and continued under the International Coffee Agreement to finance additional measures required to ensure that relevant provisions of the Agreements could be implemented. The Fund was built up by a levy on each bag of coffee exported to importing Members, payable by exporting Members. As market control mechanisms were no longer in force in the subsequent International Coffee Agreements of 1994, 2001 and 2007, the use of the Special Fund was not required. The Fund was therefore liquidated to allow for distribution of the fund totaling US\$1.37 million as at 30 September 2016 among the three coffee-producing regions (African, Asia and Latin America) on projects, focusing in particular on the promotion of consumption.*

El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua and Panama. To date the project has included regional workshops, with the participation of Member countries, coffee experts, and representatives of the coffee industry. The remaining cycle of the project is focusing on the development of regional promotional materials to showcase the links between coffee and health, and coffee and sports as potential ways of improving the domestic consumption strategy in each country. On behalf of the African region, the Interafrican Coffee Organization has been granted approval for use of the share of the Special Fund designated for Africa to promote domestic consumption in the continent.

The ICO Step-by-Step Guide to Promote Consumption in Producing Countries is a valuable resource that has generated investments of some US\$30 million in promotion programmes and workshops in producing countries, with further funding in the pipeline. Published originally in 2004, it has provided the template for programmes to promote domestic consumption in several countries, including Colombia, Costa Rica, El Salvador, India, Indonesia and Mexico. During its 17th meeting in March 2019, the ICO's Promotion and Market Development Committee agreed on the need to update the Guide, not only to incorporate both positive and negative experiences, but also to reflect the changes in methods of communication since it was first published. Currently the Committee is seeking input from governments and the private sector to inform the revision of the Guide.

Education programmes

From 2015-2016 the ICO partnered with the Specialty Coffee Association to host an education programme of 'Coffee sessions' to drive interest in coffee quality, to improve standards and to shorten the distance between the farmer, roaster, barista and consumer. These events also provided networking opportunities for professionals and consumers alike.

International Coffee Day

Initiated by the PSCB, International Coffee Day was launched at the Global Coffee Forum on 1 October 2015 as a platform to promote and celebrate coffee on a global scale. Now in its fifth year, the profile of International Coffee Day (ICD) continues to gain momentum with Member governments, coffee associations, coffee shops and consumers engaging more and more, either through pledging support or posting details of events using the hashtag #internationalcoffeeday across social media and the dedicated International Coffee Day website (www.internationalcoffeeday.org).

With over 100 events taking place across 50 countries, last year's ICD campaign centred on the positive contribution of women in the coffee value chain, reflecting the introduction of the ICO's new thematic focus for coffee year 2017/18: gender equality. The ten short-listed entries for the photography competition were chosen by a judging panel, by delegates at the

122nd Session of the International Coffee Council and by over 2,000 online voters, featuring on the front cover of the ICO's Annual Review 2017/18. As a benchmark, the ICD video has had almost 6,000 views. An ICD event, hosted by the Brazilian Embassy in London on International Coffee Day in celebration of women in coffee, provided a platform not only for the ICO to present its research on gender equality, but also for female coffee growers and producers in Brazil to set out the obstacles and opportunities that exist for women in today's coffee sector.

This year's campaign, focusing on the economic sustainability and the challenges to coffee farmers caused by low coffee prices, is kindly supported by the All Japan Coffee Association, the Ernesto illy Foundation and the EU Delegation to Rwanda. As a call to action we are inviting the public to sign the [#coffeepledge](#) in support of a living income for coffee farmers. The aim is to reach one million signatures by 1 October. Through this initiative we also hope to build a conscious coffee movement of interested individuals with whom directly to engage on a more regular basis on the challenges and opportunities facing the coffee sector. The Organization is grateful to the Embassy of Switzerland for hosting an ICD reception on 1 October 2019, providing the ICO with an opportunity to formally launch its first *Coffee Development Report 2019* to a global audience. The International Coffee Day campaign is funded through a voluntary contribution by the All Japan Coffee Association (AJCA).

Conclusions

The above report demonstrates that substantial progress has been made towards achieving the objectives of the ICA 2007 and the three Strategic Goals set out in the Five-Year Action Plan. Nonetheless, significant challenges remain in terms of: enhancing the quality of data and the analytical capability of the Organization; strengthening of the convening power of the ICO; attracting more financial resources to the world coffee sector; and promoting coffee consumption.

It should be noted that the ICO capacity to implement the ICA 2007 has been hampered by reductions in budget and staff. The budget has been reduced from £3,185,000 in 2011/12 to £2,635,000 in 2018/19 and the number of staff fell from 28 to 14 in the same period. The achievements were possible only thanks to the competence and dedication of all its staff.