



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

ICC 107-3

1 July 2011
Original: Spanish

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International Coffee Council
107th Session
26 – 30 September 2011
London, United Kingdom

Post of Executive Director

**Submission from
Mr Rodolfo Trampe Taubert, Mexico**

Background

At its 106th Session in March 2011, the Council decided that candidates for the post of Executive Director could make written submissions which should reach the Secretariat by the suggested date of 1 July 2011, to enable these to be translated and circulated and give Members sufficient time to consider these in their capitals (see document ICC-106-15 Rev. 1). The attached written submission has been received from Mr Rodolfo Trampe Taubert of Mexico, in addition to his nomination and *Curriculum Vitae* which were circulated in March 2011 in document ICC-106-10.

Action

The Council is requested to consider this document.

Mexico DF, 30 June 2011

International Coffee Organization
22 Berners Street
London W1T 3DD

Distinguished Members of the Council,

The performance of the ICO is of fundamental importance for the attainment of the objectives of the International Coffee Agreement 2007. For this reason, there is a clear need to strengthen the capacity of the Organization to provide guidelines on sustainable coffee development in all Member countries.

For stakeholders in the value chain, it is vital to have greater certainty on the coffee agenda in relation to matters such as climate change, technological development, socialization of information, risk management and market development, among others, given the impact of these issues in its day to day decision-making.

In accordance with the procedures for the appointment of the Executive Director set out in document ICC-106-15 Rev. 1, as the Candidate put forward by the Government of Mexico, I have the honour to submit a Draft Programme of Work for your consideration. The main proposals in this Programme are designed to provide a new sense of relevance for the Organization.

Although this Programme has been prepared from a personal perspective, it takes into consideration the key proposals of Member countries, coffee bodies, consultants and research institutions involved in the sector; as well as the requirements, ideas and proposals of various stakeholders in the coffee value chain, with whom I have been privileged to exchange views on the future of the coffee sector. I am grateful to all those who have made a contribution and anticipate the need for their collaboration in helping me to put into practice the activities proposed.

Please accept the assurances of my highest consideration.

Rodolfo Trampe Taubert

PROGRAMME OF WORK
TOWARDS A COMPETITIVE AND SUSTAINABLE COFFEE SECTOR

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EXECUTIVE SUMMARY

Through this Draft Programme the Candidate of Mexico reaffirms his commitment to working towards the aim of **“providing a new sense of relevance for the ICO”**, concentrating efforts on strategies and actions which will have measurable impacts on the structure of the global coffee sector.

The major challenge facing the Organization can be assessed in terms of its capacity for innovation in response to the new realities of the global coffee sector, enabling it to conduct collective action with equitable treatment in terms of stakeholders and gender, and making it credible as a source of reference for the value chain. The proposals contained in this Draft Programme of Work focus, therefore, on reassessing and redimensioning the sector by strengthening the capacity of the ICO to propose public policies and promote investment as the anchor of collective development.

To this end, it is proposed to guide the implementation of the strategic action plan for the Organization with a view to promoting a competitive and sustainable coffee sector, focussing on three specific areas: the strategic agenda; the internal framework of the ICO; and indicators for results-based management.

Competitiveness, development of knowledge and transparency are the key issues for the first area. Proposals will be made for specific priority activities designed to make the ICO a reference for the development and implementation of public policy activities for the sector, for example by encouraging the establishment of a Global Observatory of Public Policies related to coffee, covering both Member countries and national and intergovernmental coffee agencies.

With regard to the internal framework, measures are proposed for reorganizing the substantive work of the Organization, increasing its global reach and strengthening its administrative and managerial capacity. This would provide support for promoting activities considered in the framework of the strategic agenda. For this purpose, the budgetary structure would need to be revised to produce savings of up to £300,000 to cover the activities proposed in this Programme, which are considered indispensable for the reorganization of the substantive work of the ICO.

In the area of results-based management indicators, it is proposed to take active measures to develop and implement guidelines that will enable Members to measure and evaluate the performance of the ICO in carrying out its substantive tasks and contributing to the achievement of the objectives of the International Coffee Agreement.

The ICO can and should play a decisive role in the development and adoption of instruments and public policies, which will promote the valorization of the global production chain and so provide the Organization with a renewed sense of institutional relevance.

I. INTRODUCTION

Almost fifty years after the establishment of the International Coffee Organization (ICO), the process for the appointment of a new Executive Director provides an opportunity to reflect on past achievements but, above all, to develop a strategy for the future.

In this context, the Programme in this document uses the ICO strategic action plan as a point of reference, taking into consideration the challenges facing the world coffee sector and the basic expectations of stakeholders in the value chain to propose courses of action under three strategic agendas designed to facilitate the achievement of the objectives of the International Coffee Agreement 2007. Specific priority activities are proposed for each of these three agendas, together with measures to reorganize the substantive work of the Organization, increase its global reach and strengthen its administrative and management capacity.

The Candidate of Mexico reaffirms the commitment he gave in March during the 106th Council Session **"to provide a new sense of relevance for the ICO"**, seeking measurable impacts on the structure of the global coffee sector.

Competitiveness, development of knowledge and transparency are the issues that constitute the linchpin of each of the three agendas, which require the combined action of all members of the coffee sector for their successful implementation.

II. BACKGROUND

The text of the 2007 Agreement, the seventh since 1962, is the result of proposals and ideas agreed upon through the combined efforts of Member countries. It is, therefore, an important instrument of collaboration for development and provides the legal framework for the basic activities to be carried out by the Organization in future.

In its capacity as an intergovernmental organization, the ICO operates as a body for promoting international cooperation between the Contracting Parties to the Agreement, as well as a link between Member countries and other stakeholders and bodies that are not directly related to the Agreement but are definitely part of the coffee world.

In accordance with the procedures indicated in document ICC-106-15 Rev. 1 approved during the 106th Council Session, the Draft Programme of Work presented by the Candidate of Mexico aims to be a means of grouping and organizing actions for carrying out the work

of the ICO in future, seeking to ensure that its activities have a practical and relevant meaning for producers, traders, manufacturers, processors, roasters or consumers who are associated with the Organization through official bodies or Governments.

To this effect, the Programme was prepared on the basis of a thorough analysis of the current outlook for coffee, gathering opinions, revisiting studies, harmonizing proposals and, above all, reflecting on and questioning our role in relation to the challenges of the future. The proposals made still need to be evaluated by Council Members and would certainly be enriched by the contributions of each and every one of the stakeholders in the coffee chain interested in contributing to the development of coffee.

Coffee is consumed practically throughout the world and is produced in over 50 countries at different stages of economic development. As a commodity, it makes a significant contribution to the incomes of producing countries and poverty alleviation in many of the world's regions, while also providing an engine for the growth of the food and beverage industry in most consuming countries. For this reason, a healthy balance between supply and demand, an adequate correlation between prices and profits in the coffee chain and appropriate value distribution are stabilizing factors that must be taken into account to ensure the development of the world coffee sector.

The Programme of Work here presented has been developed from this perspective.

III. THE CHALLENGE FOR THE ICO

The world coffee economy faces many challenges, which call for new and coordinated responses from the public and private sectors to deal with unpredictable factors such as climate change and price volatility and so avoid jeopardizing the sustainability of the sector. The ICO is by its very nature the most appropriate forum for channelling efforts in this respect.

The major challenge facing the Organization can be expressed in terms of its capacity for innovation to respond to the new realities of the global coffee sector, undertaking collective action, and becoming acknowledged for its credibility as a benchmark for the coffee value chain.

This proposal focuses on reassessing and remodelling the sector by strengthening the capacities of the ICO, with the aim of proposing public policies that promote investment, mainly in public assets¹, as the linchpin of collective development.

¹ *Public assets can be defined as collectively-owned assets, expressed in services or equipment, which are made available to the sector and whose use will not jeopardize their future availability. The connotation of 'public assets' is, by definition, their availability to the public, hence their source is not circumscribed solely to government provision but may also be social, private or mixed.*

IV. ICO STRATEGIC ACTION PLAN

The strategic action plan for the ICO, approved at the 105th Council Session, was prepared pursuant to the objectives set out in the 2007 Agreement, which were reflected in the setting of four strategic goals and 27 priority actions. The Plan also provides for a number of indicators to evaluate the progress and achievement of outcomes.

Taking the above mentioned considerations as a background frame of reference, it is proposed to guide the implementation of the strategic action plan for the Organization by focussing on three areas for attention: the strategic agenda; the ICO internal framework; and results-based management indicators.

IV.1. Strategic Agenda

Firstly, the various actions will be grouped under three main subject headings:

a) **Competitiveness:** Including actions and activities that determine the continued participation of stakeholders in the coffee value chain.

- Quality
- Risk management
- Financing
- Market development

b) **Knowledge:** Including actions needed to develop and socialize the capacities of stakeholders as a whole, as a basis for facing the challenges threatening the sustainability of the coffee sector.

- Training and technical assistance
- Research and technological development
- Productive investment

c) **Transparency:** This refers to actions that promote confidence and equity among the various components of the coffee value chain.

- Statistical information
- Standardization
- Costs and value distribution

These ten priority actions should be seen from a viewpoint focussing on the setting up and definition of recommended public policies which would serve as an international reference or benchmark. This reference would have the advantage of being sufficiently flexible to recognize imbalances and adapt recommendations for the implementation of coffee policies and strategies by Member countries. In this way, the ICO would demonstrate its practical capacity for innovation.

IV.2. Internal Framework

Implementation of the ICO strategic action plan depends on the reorganization of the organizational structure. For this purpose, it is necessary to redirect the substantive work of the Organization, extend its global reach and strengthen its administrative and management performance.

IV.2.1 Redirection of Substantive Work

a) Developing public policies

The proposal envisages an institutional framework which is more focussed on analysis, planning and the development of useful tools for the effective implementation of public policies geared mainly towards public assets.

b) Identifying new financing sources and schemes

The ICO has cooperated closely with the Common Fund for Commodities. Nevertheless, it is essential to identify and promote the participation of alternative sources of financing and innovative investment schemes in the coffee sector.

c) Increasing institutional service capacity

An issue of particular relevance relates to the institutional framework of Member countries. It must be recognized that the change to a more liberalized market entailed the dismantling of institutions and consequently the loss of their capacity to provide services to members of the coffee chain. History has also shown that countries with less vulnerable structures, which are capable of promoting investment, cooperation and incentives for production and quality, have proved to be more competitive. The ICO could work along these lines, not only increasing the effectiveness of its own capacity for providing services, but also transferring the successful experiences of existing institutional arrangements.

IV.2.2 Increasing Global Reach

a) Collaboration with Member and non-member countries

ICO membership is large but not universal. Maintaining contacts with representatives of Member and non-member countries should be part of a high-priority and, above all, permanent programme. The role of being a global and inclusive organization is in itself an enormous challenge, since its reach must extend to organizations of producers, traders, exporters, the industry and consumers. Collaboration with national coffee institutions is extremely important since it facilitates dialogue with their respective Governments.

b) Collaboration with other intergovernmental bodies

This aspect requires decisive action on the part of Member countries, given the limitations peculiar to a commodity organization like the ICO. The capacity to improve the level of consultation and exchange of information is fundamental, since it not only requires better coordination and cooperation with other bodies but also, more importantly, the identification of synergies between them. The ICO can promote the combining of efforts between international organizations to establish an Observatory to ensure coherence between different recommendations, especially with regard to issues related to coffee development.

c) Strengthening Communication

As indicated, the Organization will only be relevant to the extent that it is able to generate measurable impacts on global coffee activities. Communication is at the heart of this task. Talks, interviews, presentations, etc. should be part of a professionally focussed communication strategy. The aim should be to raise the public profile and visibility of the ICO.

IV.2.3 Strengthening Administrative and Management Performance

a) Financial Reorganization in relation to Budgetary Provisions

The Organization is facing a serious budgetary deficit. Although there is a balance between total income and expenditure (£3,215,000), the rent for premises accounts for around 27.4% of total budgetary expenditure. The Reserve Fund of £1,625,949 is sufficient to meet any foreseeable costs involved in the liquidation of the Organization.

In these circumstances, it is proposed to make provision for a sum of £300,000 to cover the implementation of this Draft Programme of Work; for this purpose, it is suggested that the following measures be taken:

- Depending on the results of prior cost/benefit analysis, vacate the first or second floors of the premises to achieve savings of £300,000.
- The costs of remodelling one floor and vacating the other would be financed temporarily from the Reserve Fund.
- Reimbursement of the Reserve Fund would be made within a period of five years.
- The funds available would be reallocated to the substantive activities of the Organization.
- Every effort would be made to increase additional sources of income, particularly income from subletting the Council Chamber. The target is to reach a balance estimated at around £225,000. At present income under this item totals around £125,000.

b) Strengthening Committees

The International Coffee Agreement 2007 provides for the establishment of four Committees (a Projects Committee, a Promotion and Market Development Committee, a Finance and Administration Committee and a Statistics Committee) and two Consultative bodies (the Consultative Forum on Coffee Sector Finance and the Private Sector Consultative Board) which, together with the ICO Secretariat, represent the basis for the efforts needed to respond effectively to the legitimate expectations of Member countries. The following measures are proposed:

- Creation of incentives for the proper functioning of these bodies with part of the available resources indicated above.
- Both Committees and Consultative bodies will encourage the participation of experts, facilitators, consultants and leading stakeholders in the coffee value chain during their working sessions.

- The ICO Executive Director will encourage the concept of horizontal working for these bodies to avoid duplication and increase productivity in the Organization. This approach will be essential for developing any public policies and recommendations that may be proposed in future.

c) Personnel Structure

The staff is the most valuable asset of the International Coffee Organization. In the light of the reorganization of substantive work described in Section IV.2.1, the organizational structure will need to be revised in terms of job descriptions, functions and responsibilities.

IV.3 Results-based Management Indicators

Although the activities of the ICO are aimed at attaining the objectives of the International Coffee Agreement, in today's world it is essential for all Member countries to have enhanced means of measuring and evaluating its work, in order to support the new sense of relevance sought for the Organization.

One of the main challenges facing the administrative management of the ICO is the establishment of indicators for measuring the outcomes of the substantive tasks carried out in the various operational areas of the Organization vis-a-vis the objectives of the Agreement. What is required in this context is not the evaluation of ICO management in terms of profitability, productivity or share of the market but the development of tools to assist in understanding and clarifying the requirements of Member countries.

For this purpose, it is proposed to develop and adapt a Balanced Score Card system as a methodological basis for evaluating the attainment of the strategic objectives of the Organization in terms of specific objectives and expectations, both on the part of Members and of the staff working in the ICO. The monitoring framework would involve the following procedures:

- Development of a relationship matrix for specific actions and strategic agendas (diagnosis of relevant activities).
- Preparation of the strategic map of the Organization.
- Establishment of key outcomes indicators.
- Adoption of the indicator monitoring system.

V. CONCLUSIONS

The anniversary of the ICO coincides with the imperative need to strengthen and expand international cooperation. Commemoration of the date itself provides an opportunity for communicating the added value which the Organization brings to coffee. The proposals contained in this Draft Programme of Work reinforce the idea of belonging and closeness that an organization of this kind should offer its members.

A pause on the road and a process of reflection on the construction of a more vigorous structure of international cooperation in the light of new challenges and paradigms is vital, given the incidence of factors such as climate change, deregulation of markets, changes in consumption patterns and new technologies, among others.

The ICO can play a focal role in the development and adoption of instruments and public policies which, by providing for the valorization of the global coffee production chain, will give it a new sense of institutional relevance.