

MISSION

The International Coffee Organization (ICO) is the main intergovernmental organization for coffee, bringing together 77 exporting and importing countries to tackle the challenges facing the world coffee sector through international cooperation. It makes a practical contribution to the world coffee economy and to the improvement of living standards in developing countries by:

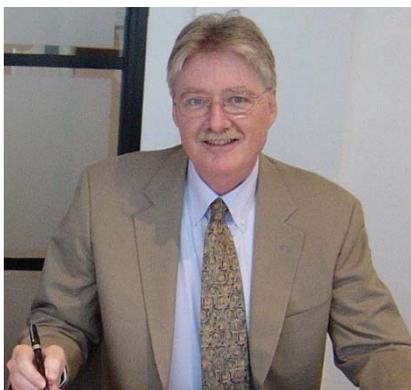
- Enabling government representatives to exchange views and coordinate coffee policies and priorities at regular high-level meetings.
- Encouraging a sustainable world coffee economy.
- Initiating coffee development projects to add value and improve marketing.
- Increasing world coffee consumption through innovative market development activities.
- Promoting the improvement of coffee quality.
- Working closely with the global coffee industry through a 16-strong Private Sector Consultative Board which tackles issues such as food safety.
- Ensuring transparency in the coffee market by providing objective and comprehensive information on the world coffee sector by means of statistics and economic studies.

CONTENTS

2	Foreword by the Chairman of the Council
4	Overview by the Executive Director
6	World coffee market
10	International Coffee Agreement 2007
12	Coffee development projects
17	Sustainability
18	Portfolio projects
19	Pipeline projects
20	Cooperation with other agencies
20	Promoting consumption
23	Private sector cooperation
24	Positively Coffee Programme
24	Healthcare Professions – Coffee Education Programme
26	Coffee Quality-Improvement Programme (CQP)
27	Statistics
29	Conferences, seminars and workshops
31	Economic studies
33	Information services
35	Finance and administration
36	Office holders

Front and back cover: Coffee plantation in Chikmagalur, Karnataka State, India
Inside front cover: World map: MAPS IN MINUTES™

FOREWORD BY THE CHAIRMAN OF THE COUNCIL



Dr David Brooks
Chairman of the Council

Looking back over coffee year 2008/09, it is important to recall that it began under the shadow of a serious international financial crisis. We started the year knowing that the economic repercussions would be broad; there already was evidence of downward pressure on all commodity prices. Fortunately, the year ended with encouraging signs of economic recovery in many countries, along with some evidence that the impact of the crisis on coffee was less severe than anticipated.

Some points to note about the coffee market include: consumption, production and exports all increased in comparison with the previous year, although output declined for some producers, in part as a consequence of weather damage and high fertilizer costs. Finally, the ICO composite indicator price ended the year more or less where it began, although the annual average was below that for 2007/08.

However, while consumption was sustained in most markets, this was a year during which we were reminded that coffee producers, both large and small, face many tribulations: continuing economic pressures including unfavourable exchange rates, increases in production costs and difficulties in finding affordable financing for their operations. Changing weather patterns create additional short-term problems, including increased risk of loss from pests and diseases; forecasts of climate change suggest that many of these challenges may continue in the long term.

In this context, the work of the ICO – reporting on coffee market conditions; conducting studies; project work; and promoting sustainable consumption and production of coffee – is more important than ever.

Over the past year, the Council reviewed regular reports on the ICO's critically important work to provide timely information on coffee prices, production, consumption and trade and examined ways to enhance the ICO's contribution to market transparency by collecting additional information. The Council also reviewed studies on fertilizer prices, consumption in non-member countries, the effects of climate change on producing countries, and coffee price volatility. The relevance and usefulness of these studies is clear from their titles alone.

The ICO also continued its important project work. Through the Virtual Screening Committee the Council is taking an increasingly active role in guiding the development of projects in order to ensure that approved projects are likely to be funded, successful and of value to many Members. The Council heard reports on projects under implementation including a project to pilot test short- and medium-term finance for small-scale farmers in Kenya. The project results were impressive, and of obvious relevance to other ICO Members. This is an excellent example of ICO project activities at their best.

A major event in 2010 will be the World Coffee Conference in Guatemala. The Council monitored progress on the preparations and provided guidance on the programme and speakers. The Conference theme: 'Coffee for the future: Towards a sustainable coffee sector' is

especially relevant as we emerge from an international financial crisis and contemplate the challenges of promoting development and protecting the environment.

The ICO organized two important meetings in conjunction with Council Sessions. The first was a Seminar on the Coffee Berry Borer. The Seminar's presentations reported on the results of initiatives to combat the pest, developments in control measures and different regional experiences. It was designed to assist in efforts to disseminate the results of completed projects and to guide the development of new projects. It was successful in these objectives.

The second meeting was a workshop to assist the Council in preparations for the Consultative Forum on Coffee Sector Finance under the ICA 2007. With the international financial crisis as a backdrop, issues of finance for the coffee sector, particularly for small-scale farmers, are especially relevant. The workshop's presentations focused on the coffee sector work of bilateral development assistance agencies and the Common Fund for Commodities. The ensuing discussion highlighted potential contributions of the Forum, and the importance of the new Agreement.

During the year, the Council completed nearly all of the work to prepare for the entry into force of the new Agreement. The year saw some progress in the ratifications needed to bring the Agreement into force and we ended the year very close to the point when the Council will be operating under the ICA 2007. This is good news. Although the year ended with the departure of one ICO Member, news that there are new Members waiting to accede to the ICA 2007 provides more than a counterbalance. This is indeed evidence that, as was intended, the ICA 2007 increases the attractiveness of the ICO by building on its existing strengths while introducing changes to improve its effectiveness and relevance.

When the United States rejoined the ICO in early 2005, I focused on doing my part to help ensure that the United States was an active, constructive Member, contributing to all aspects of the Organization's work. In the course of doing that, I learned a great deal about coffee and the ICO. I also had the pleasure of working with, and getting to know other Members, and the Secretariat. I did not anticipate the pleasure that would come from holding the Council's gavel.

The position of Chairman involves work as well as pleasure, but the pleasure outweighs the burden. Chief among the pleasures is the opportunity to work closely with the Executive Director and the Secretariat. The Organization's staff are its greatest asset, and I want to take this opportunity to thank them for their patience and for their assistance to me during my time as Chairman. Finally, I want to wish the incoming Chairman, Mr Rodolfo Trampe, great success. I know that the Council is in good hands for the coming coffee year.

Dr David J. Brooks

Chairman of the International Coffee Council 2008/09

**Director for Natural Resources Policy,
Office of the U.S. Trade Representative**

OVERVIEW BY THE EXECUTIVE DIRECTOR



Dr Néstor Osorio
Executive Director

Coffee year 2008/09 saw significant progress in meeting the requirements for entry into force of the International Coffee Agreement (ICA) 2007. At the end of September 2009, importing Members had already fulfilled these requirements, but some exporting Members required more time to complete the necessary internal procedures. The deadline for completion of formalities has therefore been extended and I am confident that, during 2009/10, a sufficient number of exporting Members will have finalized all the necessary arrangements for the formal entry into force of the ICA 2007.

Meanwhile, the Council was active in laying the groundwork for the functioning of the Organization under the new Agreement. It finalized terms of reference for the Finance and Administration, Projects, and Promotion and Market Development Committees, as well as for advisory bodies, such as the Private Sector Consultative Board and the Consultative Forum on Coffee Sector Finance. This last body is an innovation in international commodity organizations. It was the subject of a workshop in September, which highlighted some of the potential contributions of the Forum to the work of the ICO and the long-term health of the world coffee sector.

I am also pleased by the progress in preparing for the World Coffee Conference, to be held in Guatemala in February 2010. The theme of the event will be: 'Coffee for the future: Towards a sustainable coffee sector'. The organizing committee, which is personally chaired by the President of Guatemala, H.E. Mr Álvaro Colom, has made comprehensive preparations for a successful Conference. The presenters will cover the three key aspects of sustainability (economic, environmental and social). As with the previous two Conferences, I am sure that the diverse and high quality speakers will give us much food for thought on the future of coffee.

The world coffee market continued to perform positively in 2008/09, despite concerns over the possible effects of the world economic crisis on coffee consumption. In fact, preliminary data suggest that demand has not been significantly affected by the economic downturn. However, some consumption patterns appear to have changed, especially the acceleration in the growth rate of consumption in the home, as opposed to more expensive drinks in coffee shops.

On the production side, the year was marked by a significant reduction in the availability of Mild Arabicas, particularly from Colombia, mainly as a result of excessive rainfall. Premiums for this type of coffee spiked sharply upwards in early 2009, but are now gradually falling as supply normalizes. Although the shortfall in Mild Arabicas was made up by increased shipments from Brazil and Vietnam, the low production and reduced availability of stocks demonstrate that the world coffee market is in a delicate balance, which may be disturbed by factors such as climatic events.

Prices, as measured by the ICO composite indicator price, fell slightly in comparison with 2007/08, from 126.67 to 111.80 US cents per lb, a drop of 11.7%. More significantly, the profitability of many growers has suffered due to the decline in the exchange rate of the US dollar in relation to currencies of major coffee exporting countries and increased costs, especially those related to inputs (fertilizers, transportation, etc.) and labour. Current prices appear to be sufficiently attractive to maintain production at existing levels, but not high enough to motivate growers to make the investments necessary to meet the expected growth of consumption in the future. Thus, the economic sustainability of coffee production continues to be a source of concern in the longer term.

During coffee year 2008/09, the ICO furnished Members and the world coffee community with important technical information, including studies on climate change and coffee, the volatility of coffee prices, the behaviour of fertilizer prices and obstacles to the consumption of coffee. These constitute essential background material for decision-makers in the world coffee industry.

The Organization's support for coffee development projects continued during the year. After technical analysis by the Virtual Screening Committee, the Council decided to approve four new projects for submission to funding agencies. In addition, the Common Fund for Commodities (CFC) agreed financing for an important project in Africa, which had been approved by the Council in 2007/08. The ICO will continue to collaborate closely with the CFC, while also seeking to broaden its sources of project finance.

Work continued on ICO initiatives related to the promotion of consumption. I particularly welcome the progress in stimulating demand for coffee in producing countries, much of which stems from the ICO Step-by-Step Guide to Promote Coffee Consumption. Since its launch in 2003, the original investment of US\$300,000 by the ICO Promotion Fund has served as a catalyst in attracting investments of more than US\$30 million from all over the world. The ICO CoffeeClub Network, an Internet-based social network for coffee activities is also continuing to develop into a useful tool for fostering growth in world consumption.

Finally, I would like to express my gratitude to the Chairman of the Council, Dr David Brooks of the USA, and the Chairman of the Executive Board, Mr G.V. Krishna Rau of India. With diligence and competence, they ensured the smooth running of our meetings and contributed to the substantive results achieved. My thanks also go to Ms Florence Rossillion for ably chairing the PSCB.

I am confident that the ICO has made substantial progress in preparing for new responsibilities under the 2007 Agreement and will continue to play its essential role in serving the world coffee community.

Dr Néstor Osorio
Executive Director
International Coffee Organization

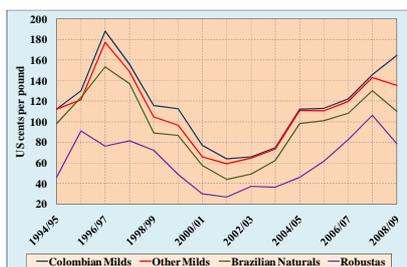
WORLD COFFEE MARKET

Prices

ICO composite indicator price
Annual averages:
Coffee years 1994/95 to 2008/09



Group indicator prices
Coffee years 1994/95 to 2008/09



Differential between the Colombian Milds group indicator and the average of the 2nd and 3rd positions of the New York futures market



Price developments during coffee year 2008/09 marked a break with the upward trend for coffee prices recorded since 2004/05. With the exception of Colombian Milds, prices for all coffee groups recorded downward corrections. The annual average of the ICO composite indicator price was down by 11.7% from 126.67 US cents per lb in coffee year 2007/08 to 111.80 US cents per lb in 2008/09 (Table 1). Price levels remained relatively steady, however, although the weak US dollar reduced the benefits of this firmness in terms of the prices paid to growers in local currency in many exporting countries. This relative firmness was particularly marked in the case of Colombian Milds, since supplies were affected by climatic problems and structural issues linked to the implementation of the coffee tree rejuvenation programme in Colombia.

Table 1: ICO indicator and futures market prices
Coffee year averages 2000/01 to 2008/09

Coffee year	ICO composite	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	New York*	London*
2000/01	47.84	77.05	65.81	57.53	29.88	66.24	27.27
2001/02	45.46	63.74	59.21	43.72	26.85	52.36	21.83
2002/03	52.17	65.89	64.89	48.94	37.23	65.89	34.56
2003/04	57.77	74.41	73.51	62.07	36.37	73.24	33.16
2004/05	85.30	112.29	111.22	98.22	46.05	108.03	42.72
2005/06	91.44	113.04	110.84	100.86	61.45	108.17	54.61
2006/07	104.24	122.08	120.08	108.35	82.73	118.70	74.71
2007/08	126.67	145.79	142.98	130.44	106.36	140.37	98.28
2008/09	111.80	164.41	135.47	110.16	78.68	122.16	71.43
% change 2007/08 to 2008/09							
	-11.7	12.8	-5.3	-15.5	-26.0	-13.0	-27.3

In US cents per lb

*Average of 2nd and 3rd positions

As a result, the differential between prices of Colombian Milds and those of the other types of coffee widened considerably, particularly the differential between indicator prices of Colombian Milds and the average of the 2nd and 3rd positions in the New York futures market, which increased by 680% (Table 2). Otherwise, despite the high volatility indices noted in some months of coffee year 2008/09, price volatility was lower than in 2007/08.

Table 2: Price differentials
Coffee year averages 2000/01 to 2008/09

Coffee year	Colombian Milds	Colombian Milds	Colombian Milds	Colombian Milds	Other Milds	Other Milds	Brazilian Naturals	New York*
	Other Milds	Brazilian Naturals	Robustas	New York*	Brazilian Naturals	Robustas	Robustas	London*
2000/01	11.24	19.52	47.17	10.81	8.28	35.94	27.65	38.97
2001/02	4.54	20.03	36.90	11.38	15.49	32.36	16.87	30.53
2002/03	1.00	16.95	28.66	0.00	15.95	27.67	11.72	31.33
2003/04	0.90	12.33	38.04	1.17	11.43	37.13	25.70	40.08
2004/05	1.07	14.07	66.24	4.26	13.01	65.18	52.17	65.31
2005/06	2.21	12.18	51.59	4.87	9.97	49.39	39.41	53.57
2006/07	1.99	13.73	39.35	3.38	11.73	37.36	25.62	43.98
2007/08	2.81	15.35	39.43	5.42	12.54	36.62	24.08	42.09
2008/09	28.95	54.25	85.74	42.26	25.30	56.79	31.49	50.72
% change between 2007/08 and 2008/09								
	930.1	253.4	117.4	680.0	101.8	55.1	30.8	20.5

In US cents per lb

Market fundamentals during coffee year 2008/09 were characterized mainly by a relative balance between supply and demand. Despite a high level of production, low stocks in producing countries and the continuing dynamic growth of world consumption supported prices.

Production for crop year 2008/09 totalled 128.1 million bags, representing an increase of 7.7% compared to crop year 2007/08, when production totalled 118.3 million bags. This is mainly attributable to the larger production of Brazilian Naturals, which was up from 31.6 million bags in 2007/08 to 41.3 million bags in 2008/09, an increase of 30.6%. Robusta production rose by 7.7%, reaching 49.5 million bags in 2008/09 compared to 45.9 million bags in 2007/08 (Table 3).

**Table 3: Total production by group and by region
Crop years 2005/06 to 2008/09**

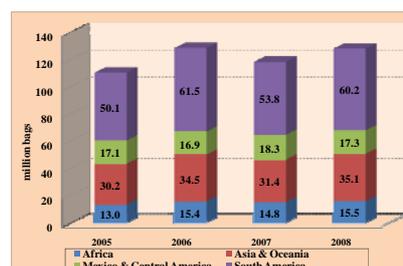
Crop year commencing	2005	2006	2007	2008
Group Volume (000 bags)				
TOTAL	110 417	128 380	118 327	128 073
Colombian Milds	13 723	13 876	13 674	10 306
Other Milds	25 264	27 210	27 103	26 992
Brazilian Naturals	29 159	38 830	31 618	41 300
Robustas	42 271	48 465	45 932	49 475
% share in total				
TOTAL	100.00	100.00	100.00	100.00
Colombian Milds	12.43	10.81	11.56	8.05
Other Milds	22.88	21.19	22.91	21.08
Brazilian Naturals	26.41	30.25	26.72	32.25
Robustas	38.28	37.75	38.82	38.63
Region Volume (000 bags)				
TOTAL	110 417	128 380	118 327	128 073
Africa	13 026	15 385	14 810	15 493
Asia & Oceania	30 215	34 530	31 410	35 055
Mexico & Central America	17 118	16 937	18 294	17 305
South America	50 058	61 529	53 813	60 220
% share in total				
TOTAL	100.00	100.00	100.00	100.00
Africa	11.80	11.98	12.52	12.10
Asia & Oceania	27.36	26.90	26.54	27.37
Mexico & Central America	15.50	13.19	15.46	13.51
South America	45.34	47.93	45.48	47.02

Market fundamentals

**World production
Crop years commencing 2005 to 2008**

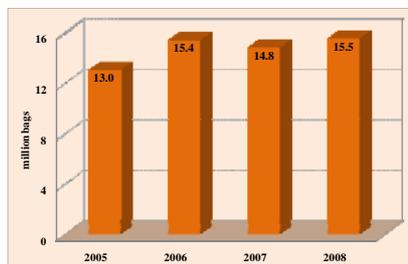


**World production by region
Crop years commencing 2005 to 2008**

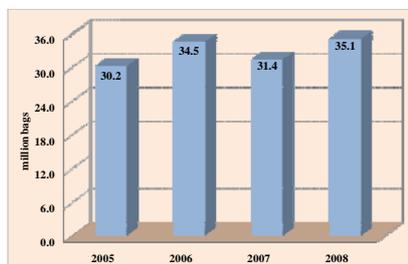


Production by region
Crop years commencing 2005 to 2008

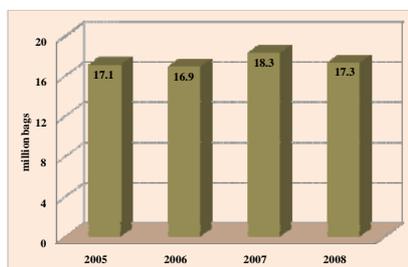
Africa



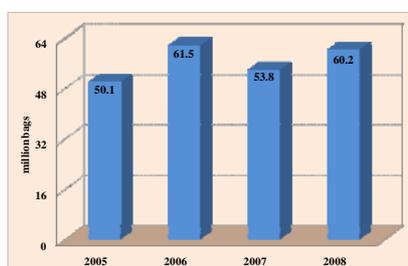
Asia/Oceania



Mexico and Central America



South America



At regional level, production increased by 4.6% in **Africa**, up from 14.8 million bags in 2007/08 to 15.5 million bags in 2008/09. Africa's share of world production in 2008/09 was 12.1% compared to 12.5% in 2007/08. Apart from Ethiopia and Uganda, all African countries recorded an increase in production. Ethiopia is still Africa's leading producer, with production totalling 4.4 million bags in 2008/09, followed by Uganda (3.1 million bags).

In **Asia/Oceania** production totalled 35.1 million bags in 2008/09 compared to 31.4 million bags in 2007/08, an increase of 11.6%. This increase was attributable mainly to Indonesia (9.4 million bags) and Vietnam (18.5 million bags). India recorded a slight fall in production, from 4.5 million bags in 2007/08 to 4.4 million bags in 2008/09. The region's share of world production increased from 26.5% in 2007/08 to 27.4% in 2008/09.

In **Mexico and Central America** production in crop year 2008/09 fell by 5.4% from 18.3 million bags in 2007/08 to 17.3 million bags. Falls were recorded in Honduras (22.5%), El Salvador (12.4%), Costa Rica (11.8%), Guatemala (9%) and, to a lesser extent, Nicaragua (5.9%); in Mexico, however, production increased by 12%. The region's share of world production in 2008/09 was 13.5% compared to 15.5% in 2007/08.

Boosted by output in Brazil and Peru, production in **South America** increased by 11.9% in 2008/09 to 60.2 million bags compared to 53.8 million bags in 2007/08. The region's share of world production increased to 47% compared to 45.5% in 2007/08. Crop year 2008/09 was particularly marked by a significant fall in Colombian production, which was down by around 30.7%, at 8.7 million bags, the lowest figure since crop year 1973/74. Climatic problems and the coffee tree rejuvenation programme accounted for this pronounced fall in Colombian production.

Stocks

Opening stocks in exporting countries for crop year 2008/09 were estimated at around 17 million bags, confirming the steady downward trend recorded since 2000/01, with the exception of crop year 2003/04. The volume of stocks held in importing countries increased, however, and was estimated at around 26 million bags at the end of September 2009.

Exports

Total exports for coffee year 2008/09 were 97.6 million bags, an increase of 1.6% in relation to 96.1 million bags in 2007/08. Exports of Brazilian Naturals and Robustas increased by 13.8% and 1.4% respectively, while exports of Colombian Milds and Other Milds fell by 20.9% and 5.4% respectively. The value of total exports during coffee year 2008/09 is estimated at around US\$13.5 billion compared to almost US\$15 billion in coffee year 2007/08. Levels of export earnings since coffee year 2004/05 have improved considerably, although the benefits from this have been diminished by the devaluation of the US dollar and increases in the costs of inputs and labour.

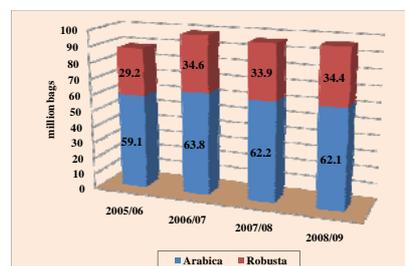
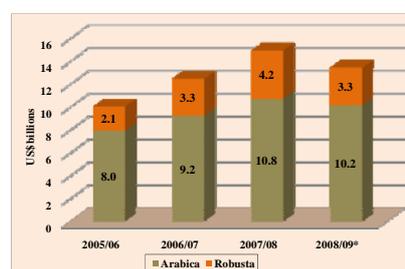
Table 4: Volume and value of exports
Coffee years 2005/06 to 2008/09

Volume (000 bags)				
	2005/06	2006/07	2007/08	2008/09*
Total	88 254	98 382	96 078	97 584
Colombian Milds	11 885	12 514	12 706	10 051
Other Milds	20 495	21 471	22 193	20 986
Brazilian Naturals	26 679	29 786	27 271	30 973
Robustas	29 195	34 611	33 908	35 574
Arabicas	59 059	63 771	62 170	62 010
Robustas	29 195	34 611	33 908	35 574

Value (US\$ billion)				
	2005/06	2006/07	2007/08	2008/09*
Total	10.07	12.50	14.97	13.50
Colombian Milds	1.80	2.02	2.43	2.02
Other Milds	2.87	3.20	3.92	3.52
Brazilian Naturals	3.29	4.03	4.45	4.61
Robustas	2.12	3.25	4.17	3.35
Arabicas	7.95	9.24	10.80	10.15
Robustas	2.12	3.25	4.17	3.35

Volume in million bags - value in billion US\$

* Estimated

Volume of exports
Coffee years 2005/06 to 2008/09**Value of exports**
Coffee years 2005/06 to 2008/09**Consumption**
Coffee years 2005/06 to 2008/09

Consumption

World consumption continued on an upward trend despite the economic downturn and was estimated at around 130 million bags in coffee year 2008/09 compared to 127.2 million bags in 2007/08. This growth is attributable mainly to domestic consumption in exporting countries, which account for around 28% of total demand.

Conclusion and prospects

Coffee year 2008/09 was particularly marked by the tight supplies of coffee from Colombia and an unprecedented increase in the premium for this origin, leading to a widening of differentials with other types of coffee. Despite the downward corrections recorded in the case of the other coffee groups, prices remained relatively firm. Market fundamentals continue to favour this firmness in prices. Opening stocks in exporting countries in 2008/09 were at low levels while stocks in importing countries increased considerably. Despite some risk of reduced consumption of emerging markets, as a result of the unstable macroeconomic environment, world demand maintained its buoyancy, particularly in some exporting countries.

INTERNATIONAL COFFEE AGREEMENT 2007

Progress on membership

As at 30 September 2009, in just 20 months since the ICA 2007 opened for signature, 44 Governments had signed the Agreement, 21 of which had completed membership procedures by depositing instruments of ratification, acceptance or approval, or notifications of provisional application. They include the EC with 27 member States, effectively bringing the number of signatory Governments and Contracting Parties already represented under the 2007 Agreement to 71 and 48 respectively.

Five new members

New Members include Liberia, Timor-Leste, Turkey and Yemen. In September 2009 the Ambassador of Tunisia informed the Organization that Tunisia would also sign the ICA 2007 (subsequently signing on 5 October 2009). It will be classed as an importing Member, with annual consumption of around 235,000 60-kg bags.

Entry into force

The requirements for entry into force of the 2007 Agreement have almost been met. In the case of importing Members, Governments with 91.6% of the votes of importing Members had signed and deposited instruments of ratification, acceptance or approval as at 30 September 2009. In the case of exporting Members, 18 Governments with 45.5% of the votes of exporting Members had completed all the procedures, and a further 22 Governments with 50.2% of votes in this category had signed the Agreement.

The ICO has continued to fulfil its duties as Depositary of the 2007 Agreement, a responsibility it assumed in 2008 under Council Resolution 436. The Executive Director issued 32 Depositary Notifications during the coffee year, which have been posted on the website, together with photographs of signature ceremonies.

Extension of deadlines

At its 103rd Session in September 2009, the Council approved Resolution 443 extending the 2001 Agreement for a further year to enable countries to complete the legal procedures for the ICA 2007. The Resolution includes provision for the 2007 Agreement to enter into force as soon as the conditions for this are met. The Council also approved Resolutions 441 and 442 extending the deadlines for signature and ratification, acceptance or approval of the 2007 Agreement until 25 September 2010. The Council noted with regret that Japan would not accept the extension of the ICA 2001 or ratify the ICA 2007 due to budgetary pressures, while welcoming the interest of its private sector in continuing to participate in the ICO Private Sector Consultative Board.

Signatories to the ICA 2007 as at 30 September 2009

Exporting countries:	India*	Importing countries:	<i>Netherlands</i>
Angola*	Indonesia*	European Community*	<i>Poland</i>
Benin	Kenya*	<i>Austria</i>	<i>Portugal</i>
Brazil	Liberia	<i>Belgium</i>	<i>Romania</i>
Burundi*	Madagascar	<i>Bulgaria</i>	<i>Slovakia</i>
Cameroon	Malawi	<i>Cyprus</i>	<i>Slovenia</i>
Central African Republic	Mexico	<i>Czech Republic</i>	<i>Spain</i>
Colombia*	Nicaragua*	<i>Denmark</i>	<i>Sweden</i>
Congo, Dem. Rep	Nigeria	<i>Estonia</i>	<i>United Kingdom</i>
Costa Rica	Panama*	<i>Finland</i>	Switzerland*
Côte d'Ivoire*	Papua New Guinea	<i>France</i>	Turkey
Cuba*	Rwanda	<i>Germany</i>	USA*
Ecuador*	Tanzania*	<i>Greece</i>	
El Salvador*	Thailand*	<i>Hungary</i>	
Ethiopia	Timor-Leste*	<i>Ireland</i>	
Gabon*	Togo	<i>Italy</i>	
Ghana*	Uganda	<i>Latvia</i>	
Guatemala	Vietnam*	<i>Lithuania</i>	
Guinea	Yemen	<i>Luxembourg</i>	
Honduras	Zambia	<i>Malta</i>	
	Zimbabwe		

* Signatories which had completed membership procedures by 30 September 2009

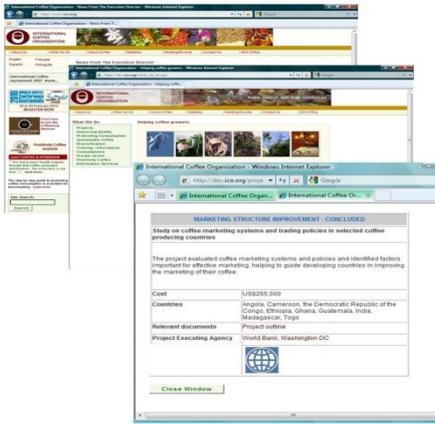
During 2008/09 the Council considered a draft development strategy for coffee and a strategic action plan for the first five years of the Agreement. The former identifies and prioritizes coffee development issues in order to assist with formulating projects for consideration by the CFC. The strategic action plan outlines 27 actions under four broad strategic goals to enable the ICO to achieve its mission of strengthening the global coffee sector and promoting its sustainable expansion in a market-based environment for the betterment of all participants in the sector. The Council established a small task force of Members to review both strategic documents during coffee year 2009/10. It also made good progress on finalizing terms of reference for new advisory bodies and committees under the 2007 Agreement: the Consultative Forum on Coffee Sector Finance, the Promotion and Market Development Committee, the Projects Committee and the Finance and Administration Committee. These documents will be approved by the Council at its first Session under the ICA 2007.

The Council approved revisions to the Rules on Certificates of Origin and Statistical Reports as well as to the Rules of the Organization and Financial Regulations and Financial Rules of the Organization. All new Rules will take effect upon the entry of the 2007 Agreement. Finally, as described on page 30, the Executive Director chaired a workshop to advance preparations for the implementation of the Consultative Forum on Coffee Sector Finance. The latter is a significant innovation which will facilitate consultations on topics related to finance and risk management in the coffee sector, with a particular emphasis on the needs of small- and medium-scale producers and local communities in coffee producing areas.

Long-term strategy**New Rules**

COFFEE DEVELOPMENT PROJECTS

Coffee development projects and the mission of the ICO



ICO webpage for projects:
www.ico.org/what_we_do.asp

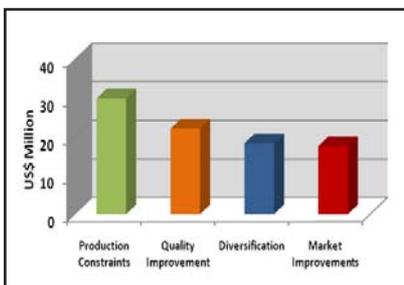
ICO project activities contribute to the Organization’s mission by strengthening the entire coffee value chain and especially by helping to improve living standards of coffee farmers in producing countries. They continue to be characterized by a funding scheme whereby the Common Fund for Commodities (CFC) contributes around 50%, with the balance provided by bilateral and multilateral donor institutions in respect of co-financing and by the beneficiary countries in respect of counterpart contribution (often in kind).

The funding that the ICO has secured from the CFC over the last 15 years has allowed it to strengthen its partnership with the Fund, collaborate with other international agencies, consolidate in-house procedures for appraising and prioritizing project proposals prior to their submission for funding and improve methods for supervising and monitoring project implementation activities so as to ensure the delivery of results.

Projects approved by the CFC

As at 30 September 2009, the ICO has sponsored and secured financing for 31 coffee development projects with a total value of US\$88.5 million, some US\$47.5 million of which has been financed by the CFC, with the balance of US\$22.6 million provided by bilateral and multilateral donor institutions, in the form of co-financing, and around US\$18.4 million by the beneficiary countries, in the form of counterpart contributions. In total, 19 projects have been concluded and 12 are being implemented. The value of the projects portfolio increased by US\$4.6 million in 2008/09 with the approval by the CFC of one new project. In addition to this, the CFC financed the Impact Evaluation of the project ‘Integrated management of the coffee berry borer’ concluded in May 2002.

Project portfolio (US\$88.5 million) by area of action



The graph on the left shows how the current portfolio is distributed by the main strategic areas of action. Details of the portfolio by project can be found on the ICO website.

An outline of the new project approved by the CFC together with a summary of the main results of a diversification project that will conclude in the near future, and the outcomes of an Impact Evaluation of an important project are presented below.

Building capacity for coffee certification and verification in Eastern Africa (approved 04/09 – to be started)

This project originated as the result of a study to set up a fine coffee certification programme in Eastern Africa financed by the CFC in 2005, and aims to improve the skills of farmers to meet certification standards. It is expected that farmers who are trained in good agricultural and sustainability practices will be better equipped to produce socially acceptable, environmentally-friendly and economically successful coffee and will be better able to meet certification and verification standards.

The total cost of this five year project is US\$4.6 million, of which the CFC is contributing US\$2 million, the EC is providing US\$1.6 million in co-financing and the participating countries US\$996,000. The Eastern African Fine Coffees Association (EAFCA) will act as the Project Executing Agency (PEA) and, in collaboration with the national coffee institutions in Burundi, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe, will work towards increasing the quality and quantity of certified/verified coffee produced and processed in EAFCA producing countries. A specialized agency will be appointed to provide technical assistance.

Diversification of production in marginal areas in the State of Veracruz, Mexico (03/06 – to be concluded 12/09)

The aim of this project was to ensure diversification from coffee with viable crops in marginal areas for coffee production in the State of Veracruz, Mexico. The total cost of the project was US\$4.5 million, of which the CFC contributed US\$1 million as a grant and US\$1.5 million as a loan. The Government of Veracruz contributed US\$1.1 million in co-financing and the University of Veracruz provided the balance as in-kind counterpart contribution. The immediate beneficiaries of the project were the coffee farmers located in marginal coffee producing areas in the State of Veracruz. A review of the project looked at the following four aspects.

Technical and institutional innovations

New prototype machinery was developed for drying guava leaves (used for the production of phyto-medicines), adapted for harvesting and processing allspice (*pimienta dioica*) and new latex products developed from *Castilloa elastica* ‘vegetable skin’ (*piel vegetal*).

New methods to manufacture ‘Seakna paper’ (produced from agricultural waste products) and the processing and conservation of tropical fruits (not absorbed by the market during harvest periods) were introduced at communal level.

A training workshop format was established, with methodological manuals of geomatic systems for delineating and monitoring areas involved in the project.

New project to be started



Project to be concluded



Diprocafe Bulletin
www.diprocafe.org.mx



Prototype machinery for drying guava leaves



Training of cooperatives in Veracruz

Partnership achievements

Collaborative networks involving farmers' organizations and rural savings banks were established and are operating under recognized legal status: to provide help with loan requests for marketing, to promote increased added value for the products obtained, and to construct storage centres and local processing plants.

Training workshops were organized to promote traditional knowledge, which, together with collective editorial drafts, have facilitated the development of new proposals related to regional culture and conservation of the region's natural wealth and traditional skills.

Two regional nurseries were established (with installed capacity for 250,000 plants p.a.) for the production of high-quality and high-yielding plants for reforestation (including *Jatropha curcas*, cinnamon, mahogany and cedar, among others) in project areas. Beneficiaries will save time and transport costs and gain from the reduction of stress in vegetative material before sowing.

Regular consultations have taken place between government agencies and institutions involved in the project to assist with productive reforestation. Progress on this includes:

- i) extension of the project to other tropical municipalities in the country;
- ii) establishment of a Regional Technical Commission for Productive Diversification (partly composed of project technicians) to monitor agro-ecological, conservation, and economic and social activities in project areas; and
- iii) constitution of the *Consejo Veracruzano de Diversificación Productiva* to assist in the development of public policies for productive diversification in the Veracruz region.

Impact of the project as perceived by stakeholders

The perceptions of producers after participating in 15 project activities in the technical, socio-economic and business areas were evaluated by carrying out 180 surveys in 37 cooperatives located in the municipalities of Atzalan and Zozocolco. The results were as follows:

- (a) with regard to prices, quality and quantity of products provided by the project through agricultural credits and training in organization of social enterprises, 60% to 70% of those surveyed were very satisfied; and
- (b) with regard to the order of priority assigned by producers to the five activities offered by the project, the results were as follows: 37.4% for group work, 16.9% for promoting producer organization, 15.6% for assistance with the legal constitution of the group, 15.3% for ways of adding value and improving prices for the product and 14.8% for provision of forest plants.



Regional nurseries in Zozocolco, Veracruz



Training workshops on diversification

Output and impact

This project has shown positive results in efforts to address poverty-reduction by promoting labour-intensive growth in marginal areas for coffee production, targeting social and environmental services and promoting an entrepreneurial culture among producers, in particular by achieving:

- (a) successful diversification of the targeted low-productive coffee plantations in Veracruz with productive options (forestry and agricultural products such as pepper, vanilla and ornamental plants – flamingo flower and parlour palm) that generate greater economic value and guarantee the producers a rise in their income levels; and
- (b) creation of an Integrating Company, recognized as the overall body responsible for providing specialized services to support administration of transformation processes for the social enterprises, application of quality controls, market research, and training for associate producers, as well as bulk purchasing of inputs, increasingly efficient value networks, and marketing of the products of the enterprises involved. The Integrating Company comprises around 1,500 producers from 59 producer organizations.



Ornamental plant as part of the diversification project



Accessories made from 'latex natural' promoted by the diversification project in Veracruz

**Concluded project –
Impact evaluation**

Impact evaluation of the integrated management of the coffee berry borer (CBB) project (Concluded in 2002)

The concluded project was expected to promote sustainable development by introducing an effective integrated pest management (IPM) system and reducing the use of chemical pest control methods. It was also designed to enhance productivity and competitiveness through producing higher quality coffee and reducing heavy production losses caused by the CBB worldwide.

The total cost of the project was US\$5.4 million. Of this, the CFC contributed US\$2.9 million as a grant, with US\$850,000 of co-financing given by CIRAD, ODA and USDA. An additional US\$1.6 million was provided as a counterpart contribution by the participating countries, namely Colombia, Ecuador, Guatemala, Honduras, India, Jamaica and Mexico. CABI International acted as the PEA.

The impact evaluation found that in general the project had a positive impact, particularly in disseminating information on the nature of IPM using the very successful Farmers' Participatory Method. The outcome was an increased adoption of improved cultural practices which significantly reduced losses that otherwise would have arisen from CBB infestation. On the other hand, in spite of the weight given to this component in the project, the results of the use of biological controls were disappointing, since this technology proved to be insufficiently developed to be easily adopted by farmers.



CBB entering the coffee cherry and infected with the fungus *Beauveria bassiana* which is used for CBB biological control (Photo courtesy of Aixa Ramirez Lluch)



CBB insect photo taken with an electronic microscope (Photo courtesy of Eric Erbe, USDA)

Recommendations



Artisanal 'Alcohol' for CBB trap

Nevertheless some cases of success were found and indicate that efforts in this field, particularly in view of technical advances in mass-rearing technologies, should be continued.

The major recommendations emanating from the impact evaluation are:

- Farmers' participatory methods should be central to any further projects to be conducted.
- Priority should be given, within an IPM framework, to minimizing the use of chemicals for CBB control.
- Farmers in certain parts of Indonesia need to be organized in farmers' groups and be empowered to understand and apply sound IPM techniques against CBB.
- Future initiatives, such as new projects, should assess the possible impact of climate change in areas where such initiatives are proposed.
- The formation of an international consultative group or working party on CBB research should be encouraged.

Pipeline

As the Organization's project activities provide tangible benefits to producing countries, Governments and specialized agencies are increasingly interested in addressing specific coffee development issues through ICO projects. The 2007 Agreement strengthens project activities by establishing a Projects Committee which, together with a new Consultative Forum on Coffee Sector Finance, will assist in further promoting international cooperation and securing funding for proposals aimed at improving living standards for coffee farmers.

Fourteen project proposals have been approved by the Council and are currently in the pipeline. Funding amounting to almost US\$62 million is being sought for the proposals which address the needs of coffee producing countries. Responding to these needs is the ultimate goal of project development activities at the ICO.

Proposals in the pipeline can be divided into two categories: projects that relate directly to activities that are in line with CFC priorities and projects that involve basic research or promotion which are not eligible for CFC funding. In the first case, the ICO continues to rely on support from the CFC, while in the second case, new avenues must be explored to involve strategic partners who can provide financial and/or practical support. The search for new sources of project finance will be a priority under the new Agreement.

Details of projects currently in the pipeline are given in the table on page 19, where project proposals are classified into projects under consideration by the ICO, reformulation and consideration by the CFC. During the last coffee year, six project proposals were evaluated by the Virtual Screening Committee (VSC), of which four were endorsed by the Council for submission to potential donors and two were recommended for revision.

SUSTAINABILITY

The development of a sustainable coffee sector is a priority for the ICO which encourages sustainable development and poverty reduction in producing countries through projects which:

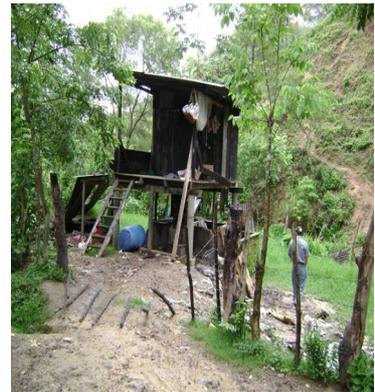
- Promote stability and reasonable living standards for those involved with coffee by securing adequate returns to producers.
- Ensure that adequate care is given to maintaining quality rather than the quantity of coffee produced.
- Encourage – without intervening in the market – the development of a balance between supply and demand, particularly through developing consumption.
- Support the use of environmentally-friendly technologies throughout the production and processing chain.
- Explore alternative sources of income through diversification programmes (both horizontal and vertical) in established coffee-growing communities.
- Explore synergies and establish partnerships with other bodies also engaged in promoting sustainability in order to avoid duplication of efforts.

Coffee projects to improve quality and reduce the risk of low coffee prices through diversification are part of the ICO's strategic vision in the fight against poverty as they offer coffee farmers knowledge and concrete prospects to improve their living conditions by:

- Encouraging production of gourmet coffee in Central American highlands that is marketed at a premium in Italy and other European markets, at the same time increasing supplies of high quality coffee on the market.
- Reverting coffee farms affected by El Niño in Ecuador into diversified family units with profitable and viable crops and husbandry in order to increase food security, additional income and climate change adaptation.
- Encouraging the adoption of environmentally-friendly technology in order to re-establish agro-forestry systems, reduce the use of chemicals, use water efficiently and recycle processing by-products.
- Preserving biodiversity, organic production, environmental protection of river basins, thereby promoting the local natural heritage and creating conditions for recreational opportunities such as eco-tourism.
- Testing spin-offs from the project in Mexico that can be developed from experimental diversification into concrete collective enterprises which can be scaled up with the support of local authorities.
- Strengthening networking and technology transfers among beneficiaries in producing countries to increase understanding of the methodologies used, achievements obtained and – above all – chances to scale up successful project activities.
- Increasing employment opportunities on farms throughout the year in order to reduce the rural exodus to urban centres.

Contributing to sustainable development

CFC/ICO project for the rehabilitation of coffee wet processing facilities damaged by Hurricane Mitch and civil war in Honduras and Nicaragua



Before



After

Adaptation to climate change in Ecuador



Planning the reconversion of coffee farms in Ecuador

PORTFOLIO PROJECTS	Total cost	CFC	Co-fin.	CC	STATUS OF PROJECT IMPLEMENTATION*		
					1995/96 - 2006/07	2007/08	2008/09
	(in thousand US\$)						
PROJECTS CONCLUDED (19)	43,630	21,371	13,689	8,570			
Development of gourmet coffee potential (10/96 - 05/00)	1,412	1,018	110	284	Concluded		
Integrated management of the coffee berry borer (10/96 - 05/02)	5,467	2,968	850	1,649	Concluded		
Study on coffee marketing systems and trading policies in selected coffee-producing countries (04/97 - 05/00)	289	244	0	45	Concluded		
Coffee market development and trade promotion in Eastern and Southern Africa (10/97 - 09/07)	9,101	5,012	2,540	1,549	Concluded		
Improvement of coffee production in Africa by the control of coffee wilt disease (tracheomyces) (04/98 - 02/08)	8,952	3,517	4,349	1,086	Concluded		
Characteristics of the demand for Robusta coffee in Europe (10/98 - 2001)	29	29	0	0	Concluded		
Enhancement of coffee quality through prevention of mould formation (10/98 - 09/05)	5,593	2,526	2,067	1,000	Concluded		
Coffee processing study – Rwanda (10/99 - 05/00)	68	68	0	0	Concluded		
Strengthening the commercial, financial, management and business capacity of small coffee producers/exporters in Mexico and Nicaragua (10/00 - 12/05)	5,330	910	3,468	952	Concluded		
Coffee price risk management in East Africa (10/01 - 2002)	60	60	0	0	Concluded		
Study of the potential for commodity exchanges and other forms of market places in COMESA countries (10/01 - 06/03)	60	60	0	0	Concluded		
Workshop on structured short- and medium-term finance to small-scale farmers in Africa (10/00 - 04/01)	30	30	0	0	Concluded		
Workshop on coffee quality through prevention of mould formation in Ecuador (10/01 - 2001)	65	60	0	5	Concluded		
Integrated white stem borer management in smallholder coffee farms in India, Malawi and Zimbabwe (10/01 - 06/07)	3,104	2,262	123	719	Concluded		
Regional workshop on the coffee crisis in Central America (04/03 - 09/03)	40	40	0	0	Concluded		
Sustainable coffee development in Eastern Africa (07/03 - 09/05)	30	30	0	0	Concluded		
Worldwide comparative analysis of coffee-growing areas (10/03 - 09/06)	120	60	60	0	Concluded		
Improving coffee quality in East and Central Africa through enhanced processing practices in Rwanda and Ethiopia (04/04 - 02/08)	2,937	2,029	122	786	Concluded		
Robusta quality and marketing improvement by optimal use of coffee terroirs (10/02 - 03/08)	943	448	0	495	Concluded		
PROJECTS ONGOING (12)	44,856	26,106	8,923	9,827			
Pilot rehabilitation of the coffee sectors in Honduras and Nicaragua (04/00 - ongoing)	6,837	4,220	505	2,112	Ongoing		
Pilot rehabilitation of neglected coffee plantations into small family production units in Angola (10/00 - ongoing)	8,530	4,750	2,980	800	Ongoing		
Coffee price risk management in Eastern and Southern Africa (04/01 - ongoing)	2,529	1,829	0	700	Ongoing		
Pilot short- and medium-term finance to small-scale coffee farmers in Kenya (10/01 - ongoing)	3,045	1,445	1,000	600	Ongoing		
Diversification of production in marginal areas in the State of Veracruz, Mexico (04/05 - ongoing)	4,467	2,552	1,118	797	Ongoing		
Reconversion of small coffee farms into self-sustainable agricultural family units in Ecuador (10/05 - ongoing)	3,199	1,118	458	1,623	Ongoing		
Enhancing the potential of gourmet coffee production in Central American countries (04/07 - ongoing)	1,874	618	1,257	0		Ongoing	
Developing the potential of Gourmet Robusta coffee in Gabon and Togo (04/07 - ongoing)	2,469	1,842	0	626		Ongoing	
Increasing the resilience of coffee production to leaf rust and other diseases in India and four African countries (10/07 - ongoing)	4,014	2,919	0	1,096		Ongoing	
Access to finance for the development of diversification crops in coffee producing areas (10/07 - ongoing)	3,007	2,693	0	314		Ongoing	
Enhancing competitiveness of the African coffee sector (04/09 - ongoing)	284	120	0	164		Ongoing	
Building capacity for coffee certification and verification in Eastern Africa (04/09 - ongoing)	4,601	2,000	1,605	996		Ongoing	
PORTFOLIO TOTAL (31)	88,486	47,477	22,612	18,397			

* The starting point for portfolio projects is the date of approval by the CFC Executive Board.

CC = Counterpart contribution

PIPELINE PROJECTS	Total Cost	CFC	Co-fin.	CC	STATUS OF PROJECT CONSIDERATION*		
					2000/01 - 2006/07	2007/08	2008/09
	(in thousand US\$)						
UNDER CONSIDERATION BY THE CFC (7)	34,280	20,739	2,924	10,579			
Competitive coffee enterprises programme for Guatemala and Jamaica (ICO: 05/07)	4,750	2,500	1,000	1,250			CFC CC
Trifinio sustainable coffee project (ICO: 05/08)	2,729	1,836	894	0			CFC CC
Study of the potential for commodity exchanges and other forms of market-places in West Africa (ICO: 05/08)	106	94	0	13			CFC CC
Integrated management of the Coffee Berry Borer (CBB) with a quality and sustainability component for coffee-growing in Central America (ICO: 05/08)	11,216	4,420	0	6,796			CFC CC
Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification (ICO: 09/08)	3,000	2,183	650	166			CFC CC
Qualitative and quantitative rehabilitation of coffee with the aims of improving living conditions of coffee farmers afflicted and displaced by war and their restoration to their areas of origin as well as the protection of their biophysical environment in the Democratic Republic of Congo (ICO: 03/09)	3,801	2,319	380	1,064			CFC CC
Improving coffee quality in Eastern and Central Africa: Scaling up of enhanced processing practices in Ethiopia and Rwanda (ICO: 03/09)	8,678	7,387	0	1,290			CFC CC
UNDER REFORMULATION (3)	21,484	13,923	4,068	3,492			
Enhancing use of coffee germplasm - an African perspective (ICO: 05/01)	10,930	8,566	0	2,363			Reformulation
Improvement and diversification of coffee production of smallholders in Central America (ICO: 09/02)	7,858	3,790	4,068	0			Reformulation
International research and development services for the durable genetic control of two destructive diseases affecting Arabica coffee (ICO: 09/07)	2,696	1,567	0	1,129			Sources of funding to be sought
UNDER CONSIDERATION BY THE ICO (4)	6,140	5,483	556	101			
Raising Vietnamese coffee farmers' income through increased farming efficiency and quality management (ICO: 03/08)	1,345	788	456	101			VSC
Characterization, enhanced utilization and conservation of <i>Coffea</i> germplasm diversity (ICO: 08/08)	3,000	3,000	0	0			VSC
Coffee genetic resources conservation and sustainable use: global perspective (ICO: 08/09)	473	473	0	0			VSC
Enhancing the potential of Robusta gourmet coffee production in Uganda (ICO: 08/09)	1,322	1,222	100	0			VSC
PIPELINE TOTAL (14)	61,904	40,145	7,548	14,172			

* The starting point for projects under consideration by the CFC and other donors is the ICO Council approval date, and the submission date in the case of projects under consideration by the ICO.

CC = Counterpart contribution CFC CC = Consultative Committee of the CFC VSC = Virtual Screening Committee

COOPERATION WITH OTHER AGENCIES

Cooperation with specialized coffee agencies and other international organizations continued to be important during coffee year 2008/09, enabling the ICO to benefit from the experience and expertise of relevant bodies.

The Organization sought technical assistance from specialized international development agencies, such as the Food and Agriculture Organization of the United Nations (FAO) and the International Trade Centre UNCTAD/WTO (ITC), to assist Member countries in preparing project proposals and encouraging enterprise-oriented aspects of coffee trade development, respectively. It also explored new avenues of cooperation with the United Nations Environment Programme (UNEP) on issues related to the environment, and initiated discussions with the African Development Bank (ADB), with a view to securing alternative sources of funding or co-financing for projects as appropriate.

In the case of Codex Alimentarius, the Organization participated in an electronic working group on Ochratoxin A (OTA) and actively contributed to drafting a code of conduct for managing this mould. The recommendations of the working group were subsequently adopted by the Codex Alimentarius Commission as a Code of Practice for the Prevention and Reduction of OTA Contamination in Coffee (see ED-2074/09).

PROMOTING CONSUMPTION

ICO CoffeeClub Network

The ICO CoffeeClub Network (www.coffeeclubnetwork.com), a collaborative web-based community funded by the ICO Promotion Fund with the aim of promoting coffee worldwide, was launched in May 2008. Membership has more than tripled in the last twelve months, expanding from 200 to over 700 members from 155 countries while the number of communities has doubled from 30 to 60, with the assistance of some 30 expert mediators. In 2008/09 the Network attracted 25,000 visitors from 155 countries, and received 95,000 page views.

Diversity of coffee interests

The topics discussed on the Network span a diverse range of interests ranging from coffee promotion ideas to women in coffee. Some of the 30 communities established during the last coffee year include:

- Brazil sustainable coffees
 - Climate change and coffee
 - Coffee books review
 - Coffee machines
 - COFFEEDIA – world coffee encyclopaedia
 - Developing a coffee drinking culture in Uganda
 - Ethiopian Forest Coffee Development
 - India International Coffee Festival
 - Jamaica Blue Mountain coffee
 - The café hunter
-

CoffeeClub Network: Visitors by geographical area



25,579 visits came from 155 countries/territories

Detail Level: City | Country/Territory | Sub-Continent Region | Continent Dimension: **None**

The Network acts as a source of information and resources such as videos, presentations and news. It is also a valuable facility for problem-solving, developing coffee connections and transacting business. During the last year, for example, coffee growers have started offering coffee for sale including certified organic Arabica from Cundinamarca in Colombia, quality Arabica and Robusta coffee from India, and Luwak coffee from Sumatra, Indonesia. Companies providing other products such as coffee equipment are also starting to offer their services on the Network.

The next steps will be to develop web 2.0 service tools, and customize the Network to meet participants' needs, and strengthen contacts with coffee-related websites and networks.

The ICO launched the Step-by-Step Guide to Promote Coffee Consumption in 2003 with funding from the Promotion Fund of US\$300,000. Since then the Guide has proved to be a valuable tool in raising awareness of the potential for increasing coffee consumption in producing countries, and has served as a catalyst for investments of more than US\$30 million in domestic consumption programmes to date.

New business opportunities

Step-by-Step Guide to Promote Coffee Consumption

Although originally designed for application in coffee producing countries, the Guide offers an effective model which can also be usefully applied to new and emerging markets for coffee such as China. In the case of positioning coffee in both types of countries, low-income groups are in the majority and specific approaches need to be developed, such as functionality (health/sports/attention), pleasure and socialization. In developing programmes, countries need to take into account three key steps:

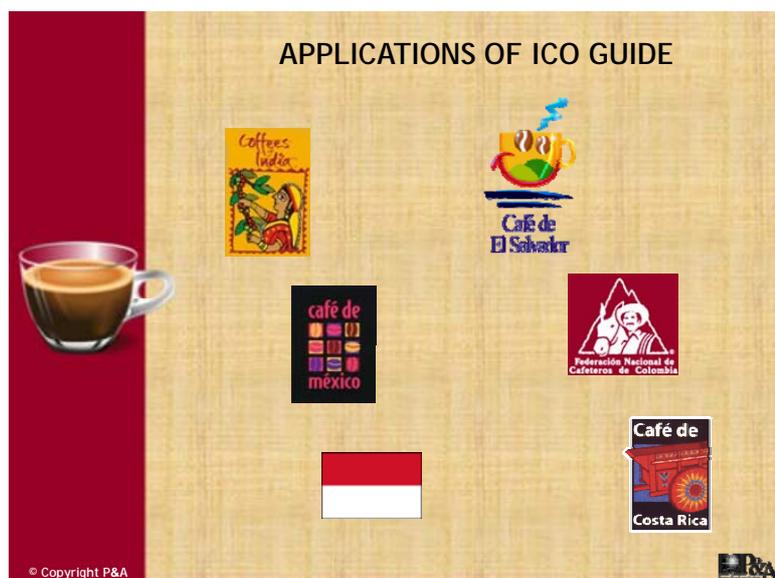
- Obtaining the support of all the different interest groups in the coffee sector.
- Designing programmes before seeking funds to implement them.
- Contracting professional coordinators to manage programmes.

Practical applications of the Guide

Colombia, Costa Rica, El Salvador, India, Indonesia, Mexico and Nicaragua have already used the Guide to initiate domestic consumption programmes and surveys. Vietnam and several African Members are also investigating the potential of such actions.

A range of tools has been used to attract consumers. India, for example, has developed small packs with individual servings ranging from 10 to 100 grammes, and has offered samples door-to-door with great success. In Mexico, simple messages about coffee have been communicated to young people through comic books, and theatre groups have conveyed the benefits of coffee to the public in shopping malls and other public areas. El Salvador has offered coffee in backpacks, and Colombia has promoted coffee through the radio and the use of coffee vans.

Practical applications of the ICO Step-by-Step Guide to Promote Coffee Consumption

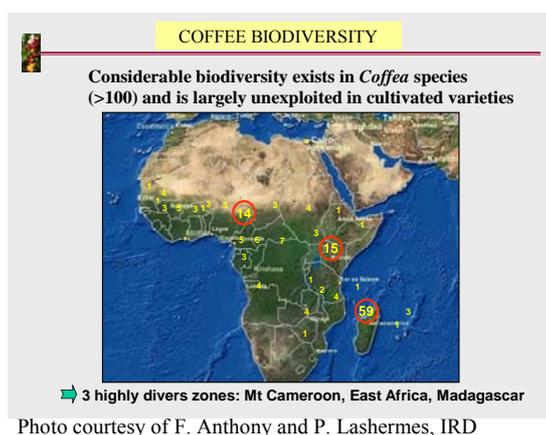


PRIVATE SECTOR COOPERATION

The Private Sector Consultative Board (PSCB), chaired by Ms Florence Rossillion of the European Coffee Federation, met on two occasions during the year and discussed a wide range of coffee matters.

External speakers invited to make presentations included representatives from the NYSE Euronext on the Exchange's new Robusta futures and options contracts; the International Coffee Genome Network on its work in studying the genetic composition of the coffee plant and its importance in ensuring higher yields and quality; and the ICO CoffeeClub Network. Further presentations made to the Board covered such subjects as the World Coffee Conference 2010, the work of the International Women's Coffee Alliance, the Consultative Forum for Coffee Sector Finance, and the work of the Coffee Issues Management Forum which is sponsored by the National Coffee Association of the USA and the Guatemalan National Coffee Association (Anacafé).

Presentation by the International Coffee Genome Network



The Board has continued to support the Positively Coffee Programme which was set up under the auspices of the PSCB and is funded by the Institute for Scientific Information on Coffee (ISIC) and the ICO Promotion Fund. This programme was reviewed this year in the light of feedback from local coffee associations in developed markets, as well as from those in producing countries, which expressed strong interest in the Programme's message. The latest available scientific and clinical evidence was also taken into account. The Board supports the Healthcare Professions – Coffee Education Programme which is also funded by ISIC and a number of European national coffee associations. Both programmes are designed to ensure that scientifically sound information is disseminated in the public domain, and are examined in greater detail on pages 24 and 25.

The PSCB continued to review a wide range of issues which may affect both the private and public sectors of the coffee world. These items include food safety aspects such as prospective legislation and the latest scientific evidence on OTA, acrylamide and furan. Other important issues included the use of pesticides in growing coffee, steps to eradicate child labour in the coffee sector, the supply of private sector statistical data, the Coffee Quality-Improvement Programme, and Geographical Indications for coffee.

POSITIVELY COFFEE PROGRAMME

Positively Coffee website



The Positively Coffee Programme continues to provide up-to-date scientific information about coffee, caffeine and health to industry and other audiences. Coffee industry associations, ICO Members, and other audiences from consuming and producing countries increasingly want access to the latest clinical information in a format that can be easily understood.

Positively Coffee's key objective is to provide an ongoing scientific communications service via a website www.positivelycoffee.org which is available in all four ICO languages.

In 2009 the website was comprehensively revised to ensure that 'Statements', 'Fact Sheets' and 'Questions and Answers' reflected the latest scientific data. In addition, new topics of current interest including information about coffee and pregnancy, coffee and Parkinson's and coffee and cancer were added to the site. Other topics include the role of coffee and caffeine in relation to hydration, physical and mental performance, safer driving, Parkinson's disease, diabetes and liver function.

HEALTHCARE PROFESSIONS – COFFEE EDUCATION PROGRAMME (HCP-CEP)

In 2003, ISIC identified a strategic need to become more proactive in informing medical and healthcare professional audiences about the current scientific knowledge and understanding of the role of coffee and health.

Market research data concerning coffee and health, among both the general and medical audiences, has shown that where negative views about the effects of coffee and health exist, this may affect consumer attitudes about coffee consumption. These views often persist because audience understanding is based on outdated scientific literature and a lack of awareness of current and authoritative scientific findings.

The HCP-CEP complements activities undertaken by national coffee trade associations and company efforts. The Programme was initially conducted in four national coffee markets in Europe (France, Finland, Italy and the UK) and has now been extended to Portugal, Spain and the Russian Federation.

Communication objectives

Communication objectives are:

- To dispel misinformation and myths that associate drinking coffee with poor health or specific diseases.
- To promote balanced scientific messages in relation to health effects of moderate coffee consumption.

In 2009, HCP-CEP themes included the role of coffee in a balanced diet. In some countries communications were also targeted around specific medical topics including cardiovascular disease, diabetes, Alzheimer's and physical and mental performance.

Key audiences targeted by the HCP-CEP programme in 2009 included general practitioners, nutritionists, nurses, medical students and medical and healthcare media. Medical and healthcare professionals are frequently bombarded with information from many sources and have little free time to assess all the different sources. The success of HCP-CEP activities depends on finding cost-effective ways of gaining their attention. A variety of materials were produced including newsletters, brochures and websites. Attendance at key scientific, medical and health seminars and conferences also provided national coffee associations with the opportunity to reach a wide range of healthcare audiences.

HCP-CEP programmes are monitored and evaluated to ensure the work being undertaken in countries is helping to improve knowledge and attitudes. In Spain, for example, attitudes have improved significantly since the programme began in 2008. Health professionals interviewed in a Spanish survey conducted in 2009 reported that moderate coffee consumption is now considered as being 3-4 cups instead of 1-2 cups (as reported in 2007).

The establishment of an independent scientific task force and use of third party endorsement to support the dissemination of key messages has been adopted by all programmes and is fundamental to the success of the programme as a whole.

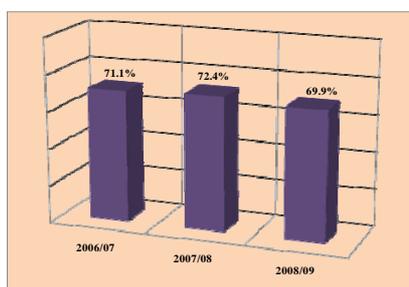
The availability of up-to-date, published, authoritative data, made available on a regular basis, has stimulated an awareness and interest in the role of coffee in relation to health and disease prevention amongst medical professional audiences. However, to sustain and grow that interest and acceptability, an ongoing commitment from the national organisations concerned is important.

COFFEE QUALITY-IMPROVEMENT PROGRAMME (CQP)

The objectives of the ICO Coffee Quality-Improvement Programme (CQP) comprise raising quality standards for both Arabica and Robusta coffees and making the coffee, through its quality, more attractive to both retailers and consumers. The CQP is regulated by Resolution 420, which came into effect in June 2004 and superseded Resolution 407. Since this Resolution entered into force, 28 exporting Members have provided information on the quality of the coffee they export, through Certificates of Origin. It is important to note that the parameters set out in Resolution 420 are voluntary and do not imply any restrictions to the coffee trade. Resolution 420 simply requests exporting Members to declare the quality of the green coffee being exported, through appropriate codes in Certificates of Origin that identify certain basic quality parameters relating to number of defects and moisture content.

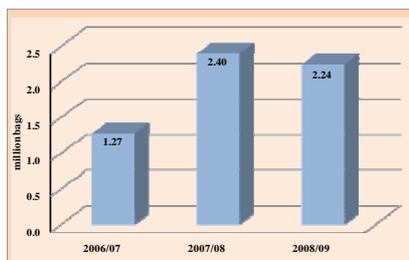
In coffee year 2008/09 exporting Members volunteering the information on the quality of their green coffee exports accounted for just over 67% of world exports. The total volume of green coffee exported by all exporting countries in 2008/09 amounted to 90.4 million bags, while the volume of green coffee exported by the countries participating in the CQP amounted to 60.8 million bags. However, two Members effectively failed to provide information on the quality of their exports in the reporting period. Furthermore, 24 Members participating in the CQP provided complete data for this period. On the basis of the information extracted from Certificates of Origin, the volume of green coffee exported by the Members consistently providing information regularly amounted to 57 million bags, of which 52.8 million bags (92.6%) were Arabica and 4.2 million bags were Robusta (7.4%).

Share of green coffee exports in full compliance with Resolution 420



As well as monitoring the quality of coffee through information entered into the Certificates of Origin, the ICO also publishes regular reports on the quality of coffee tendered at the two main futures markets.

Liffe gradings results deemed to be below the CQP standards

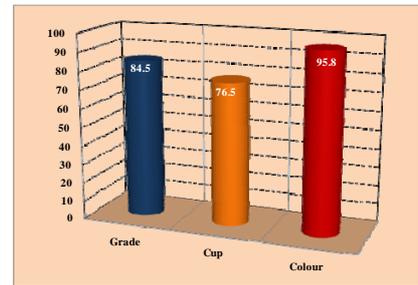


With regard to the gradings carried out by NYSE Euronext (Liffe), in 2008/09, 2.24 million bags were deemed to be below the CQP standards, of which 72% originated from Vietnam. However, during this coffee year, an additional tenderable grade was included in the NYSE Euronext classification. This new grade received a classification 'P', for *Premium Class*, and refers to coffee that exceeds the usual classification standards grades 0 to 4. In 2008/09, a total of 175,667 bags were classified as *Premium Class* coffee, of which 147,500 bags – equivalent to 84% – were from Vietnam. The other origins with some coffee under this premium classification include Cameroon, India, Indonesia, Togo and Uganda.

The Inter-Continental Exchange (ICE), also posts monthly results on tendered coffee by grade and, in addition, by cup flavour and bean colour. High pass levels were achieved on a monthly basis in coffee year 2008/09. This is encouraging for Arabica producers who can be justifiably pleased by their accomplishments with regard to quality.

Compliance with CQP standards is expected to eventually result in higher consumption by ensuring that the intrinsic characteristics of coffee are enjoyed by the consumer at cup level. At the same time, the introduction of strict quality standards acts as a tool to help prevent the presence of certain biological contaminants in coffee shipments.

Pass rates of the original gradings results by ICE in 2008/09



STATISTICS

In March 2009 the Council finalized revisions to the Rules on Certificates of Origin (document ICC-102-9) and the Rules on Statistical Reports (document ICC-102-10), which will enhance the Organization’s database so that more detailed reports can be presented in the ICO’s regular statistical publications. The new rules will become effective when the 2007 Agreement comes into force and Member countries will then have 12 months to adapt to changes in the requirements.

Amendments to the Rules on Certificates of Origin refer mainly to the provision, on a voluntary basis, of additional information in box 17 of the Certificate. Exporting Members will be requested to provide data on coffee with special characteristics (such as speciality coffees and those covered by certification and verification programmes), on the value of shipments and relevant Harmonised System (HS) identification codes. The Rules also allow for greater flexibility in respect to the value of shipments, since Members will have the option to report the value in national currencies, US dollars or euros.

The Rules on Statistical Reports have been expanded to require exporting Members to furnish more detailed information on their national coffee sectors, such as the area planted with coffee, the number of trees in production and the number of new trees. Exporting Members will also be obliged to report on the volume and value of their imports of coffee by origin, form and type. If possible, exporting countries should also identify the coffee exported by its relevant HS code.

ICO Certificate of Origin

1. Exporter (originator) (name/code)		Certificate of Origin	
2. Notify address		3. Internal reference No.	
6. Country of destination (name/code)		7. Date of export (DD/MM/YYYY)	
8. Country of trans-shipment (name/code)		9. Name of carrier (name/code)	
10. ICO identification mark		11. Shipped as: <input type="checkbox"/> Bags <input type="checkbox"/> Bulk <input type="checkbox"/> Containers <input type="checkbox"/> Other	
14. Description of coffee (specify when relevant): Green Arabica <input type="checkbox"/> Green Robusta <input type="checkbox"/> Toasted <input type="checkbox"/> Soluble <input type="checkbox"/> Liquid <input type="checkbox"/> Other <input type="checkbox"/>		12. Net weight of shipment <input type="checkbox"/> kg <input type="checkbox"/> lb	
15. Method of processing: <input type="checkbox"/> Uncaffeinated <input type="checkbox"/> Organic <input type="checkbox"/> Certified <input type="checkbox"/> Uncertified		13. Unit of weight	
16. It is hereby certified that the coffee described above was produced and processed in the country named in box 1 of this certificate and has been exported to the date mentioned. This certificate is intended solely for the statistical purposes of the ICO and does not affect coffee origin in coffee.		17. Additional information: a. Quality standards in green coffee (ISO Standard 4020) b. Full compliance with the target defect and moisture standards <input type="checkbox"/> 'ND' Coffee does not conform to the target defect standard c. Full compliance with the target moisture standard <input type="checkbox"/> 'NDM' Coffee does not conform to the target defect and moisture standard	
18. Special characteristics (please specify name and code)		4. Value (FOB) of the shipment	
19. Harmonised System (HS) code		5. National currency <input type="checkbox"/> US-dollars <input type="checkbox"/> Euro	
20. Additional information			

During coffee year 2008/09 the Statistics Committee held two meetings. The main topics discussed were:

- Compliance with the provision of statistical data: on average, exporting Members achieved 85% satisfactory or full compliance with the Rules on Statistics, whereas importing Members achieved 98%.
- Technical assistance: workshops in Indonesia and Vietnam were approved, with a view to training local staff who prepare statistical reports for the ICO. The workshops will be held during coffee year 2009/10. In addition, the Brazilian research institute Embrapa offered to provide technical assistance to African countries through its agency in Accra, Ghana. Angola and the Democratic Republic of Congo have already expressed their interest in such assistance.
- Statistics on organic coffee exports: reports were produced based on data available for this sector in world trade. Efforts will be made to expand the information to include other niche markets when the new statistical rules come into force.
- Exports of coffee to exporting countries: the Organization continued to monitor and prepare reports on these trade flows, which are increasingly important. Exporting Members will be required to make available data on the volume and value of their imports of coffee by origin under the new statistical rules.
- Costs of production: exporting Members were requested to send information on their costs of production.
- Coefficients for conversion into green bean equivalent: Members have been requested to send their views on the introduction of a coefficient of 1.05 to be applied on the conversion of green decaffeinated coffee into green bean equivalent. This matter will be reviewed in 2009/10.

Share of the markets in each group of coffee and their weightings in the calculation of the ICO composite indicator price from 1 October 2009			
	Market %		
Group	New York	Germany	France
CM	45	55	
OM	40	60	
BN	23	77	
R	17		83

The calculation of the ICO composite indicator price will be weighted as follows:

Colombian Milds (CM):	13%
Other Milds (OM):	23%
Brazilian Naturals (BN):	30%
Robustas (R):	34%

In September 2009, on the recommendation of the Statistics Committee, the Council approved new weightings and market shares for use in the calculation of group and composite indicator prices. The new shares of the markets for each group of coffee and their weightings in the calculation of the ICO composite indicator price came into effect on 1 October 2009.

CONFERENCES, SEMINARS AND WORKSHOPS

In March 2009, the Council elected the President of Guatemala, H.E. Mr Álvaro Colom Caballero, as the Chairman of the World Coffee Conference 2010 which will take place from 26 to 28 February 2010, in Guatemala City. The event is being organized by the Guatemalan National Coffee Association (Anacafé), the ICO and a high-level task-force of Members. In August 2009, the President of Guatemala confirmed that the necessary preparations to achieve a successful Conference were in hand and noted the significance of this global event for Guatemala.

The objective of the 2010 Conference is to bring together high-level stakeholders to analyse ways of ensuring a sustainable future for the world coffee economy in the light of the exceptional importance of coffee to the livelihoods of millions of people. The Conference will take as its theme **‘Coffee for the future: Towards a sustainable coffee sector’** and will comprise four sessions: Economic Sustainability: the economics of production; Economic Sustainability: the economics of demand; Environmental Sustainability; and Social Sustainability.

It will be inaugurated by the President of Guatemala, Presidents and Ministers from Member countries, and high-level representatives of multilateral organizations including the Secretary-General of UNCTAD and the Managing Director of the Common Fund for Commodities. Over 35 expert speakers and moderators have already confirmed their participation and it is anticipated that the Conference will facilitate a free exchange of views and ideas with some of the most influential decision-makers in the industry. More information is available on the Conference website (www.wcc2010guatemala.com).

The ICO held a Seminar on the Coffee Berry Borer (CBB) on 17 March 2009 to inform Members about results of initiatives to combat the CBB, developments in control measures, and measures to mitigate its impact on the coffee industry. The Seminar arose as the result of a survey on coffee pests and diseases (document EB-3948/08), which identified the CBB as ‘clearly the most prevalent pest’ affecting coffee.

The event was chaired by Dr Romano Kiome, Permanent Secretary, Ministry of Agriculture, Kenya. Presentations were made by 12 international experts from CABI Bioscience, CIRAD, CFC, Coffee Research Institute of India, Coffee Research Foundation of Kenya, ICIPE, Embrapa, ECOSUR, Indonesian Coffee and Cocoa Research Institute, Cenicafe and the US Department of Agriculture. The Chairman presented a summary report to the Council (document ICC-102-5) with the following conclusions:

- The CBB is very difficult to control because of its small size and cryptic lifestyle. The economic losses to the coffee sector are estimated at around US\$0.5 billion per year (over 3% of earnings from coffee exports by producing countries in 2008).

World Coffee Conference 2010

**2010 WORLD COFFEE
Conference
Guatemala**



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

Anacafé[®]
GUATEMALAN NATIONAL COFFEE ASSOCIATION

Seminar on the Coffee Berry Borer



Photo courtesy of Gerrit van de Klashorst

- An Integrated Pest Management (IPM) approach using cultural, chemical and biological controls is the preferred approach to mitigate the harmful effects of the CBB.
- There is already considerable practical experience and knowledge in this area. Strategies available include cultural controls (hand-picking, removal of fallen berries); chemical controls (use of crop protection products, which are increasingly called into question on health and safety grounds); and biological controls (manipulation of natural predators, release of parasitoids, use of fungi and attractants to trap the borer).
- Promising areas of new research were presented, such as: use of the Wolbachia infection to reduce the fecundity of the female borer; ways in which the CBB absorbs caffeine; vulnerability of the CBB to fungi; development of better attractants for traps; development of CBB repellents; roles of endophytes; establishment of fungal insect pathogens as systemic endophytes; use of mass emergence devices; and other natural enemies of the CBB from Africa and Latin America.
- Another approach is the development of varieties of coffee resistant to the CBB through traditional methods of breeding or genetic modification. However, the development of these varieties takes time (at least 15 to 20 years).
- The problem of the CBB is likely to become even more prevalent in the future, as the result of changing global weather patterns. Studies have already noted the presence of the CBB at altitudes at which it did not exist in the past.
- The wide variations in the success of the same control measures applied in different countries demonstrate the need to take into account local conditions when designing control measures. The presence of strong agricultural research institutions and extension services are of particular importance.

**Workshop on the
implementation of the
Consultative Forum on Coffee
Sector Finance**

The ICO held a workshop on the implementation of the Consultative Forum on Coffee Sector Finance on 22 September 2009, chaired by the Executive Director, Dr Néstor Osorio. The objective of the workshop was to advance preparations for the Consultative Forum, which will begin operating when the ICA 2007 comes into force.

Representatives from the CFC and five bilateral agencies (*Istituto Agronomico per l'Oltremare*, Italian Ministry of Foreign Affairs, Italy; *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ) GmbH, Germany; ETEA Foundation for Development and Cooperation, Spain; State Secretariat for Economic Affairs (SECO), Switzerland; and the U.S. Agency for International Development) made presentations on assistance to the coffee sector and the work of the Forum, which were followed by discussions by Members on the potential contributions of the Forum.

Copies of presentations made at the above events are available on the ICO website (www.ico.org/workshop.asp).

ECONOMIC STUDIES

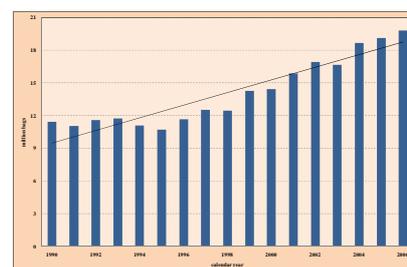
Consumption of coffee can make a significant contribution to maintaining a sustainable balance between world coffee supply and demand. The study contained in document ICC-102-1 assessed the extent to which coffee consumption in non-member countries could contribute to increasing world demand. In the period 2000 to 2006, non-member countries, which account for 46% of the world's population and represent around 3 billion people, consumed on average 18 million 60-kg bags per year (compared to 97 million bags consumed annually by 54% of the world's population represented by ICO Members). Annual consumption in these countries increased by almost 6% from 2000 to 2007 compared to 2% in Member countries. The main non-member consuming countries are Algeria, Argentina, Australia, Canada, the Gulf States, Republic of Korea, Russian Federation, Serbia and Ukraine. Other countries with significant consumption growth include Israel, Morocco, South Africa, Taiwan and Turkey. Consumption in non-member importing countries is thus an important variable in the future development of the world coffee market. However, it should be noted that opportunities for rapid expansion may be limited by the fact that most non-member markets are characterized by a large and rapidly growing population with a low per capita consumption and low per capita GDP.

While the availability of arable land is constantly diminishing, the world's population continues to rise. As a consequence, the demand for energy is increasing, exerting pressure on cereal crops grown for the production of bio-fuels and thereby reducing the quantities available for human and animal consumption. Fertilizers are therefore used to enrich soils and provide plants with essential nutrients to promote growth and improve yields. The study contained in document ICC-102-2 contained a survey of fertilizers used in coffee farming and explored recent trends in their prices as well as their impact on coffee production.

Fertilizers used in agriculture can be classified into two main types: organic and mineral. Organic fertilizers are from animal or plant origins. Mineral fertilizers are developed using naturally occurring deposits of phosphates and potassium as well as chemically manufactured fertilizer. Mineral fertilizers, including nitrogen, phosphate and potassium, are the most widely used to enrich soils and improve yields. The prices of these fertilizers increased substantially in the first half of 2008 when oil prices were high. The need for efficient farming has been an important factor in increasing demand, which put pressure on prices. This increase in fertilizer prices threatens to undermine the efforts of coffee exporting countries to increase and maintain their productivity. However, the impact in specific cases depends on the intensity of fertilizer use in coffee farming and a country's dependence on fertilizer imports.

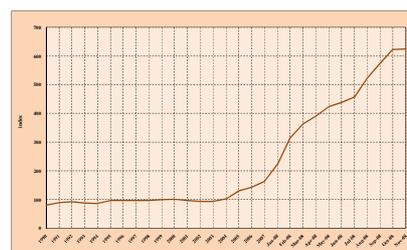
Coffee consumption in non-member countries

Consumption in ICO non-member countries
Calendar years 1990 to 2006



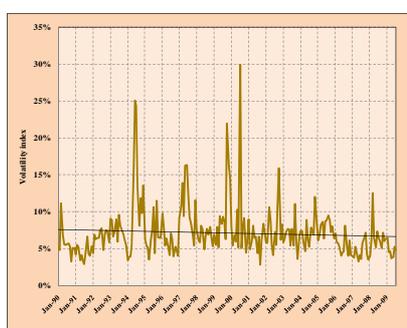
Fertilizer prices

Index of potash prices
Calendar years 1990 to 2007



Coffee price volatility

ICO composite indicator price volatility index



Climate change and coffee

One of the main conclusions of the study was that dwindling arable land will maintain pressure on demand for fertilizers used to improve yields. With the development of bio-fuels, the need to intensify agriculture will increase this pressure on demand, and only an increase in supply could cushion the impact on prices. Nevertheless, concerns regarding protection of the environment could lead to greater use of organic fertilizers or the use of chemical fertilizers in optimal conditions with regard to water and environment pollution.

Price volatility is a source of uncertainty in regard to export earnings for exporting countries, making it difficult to plan and carry out effective sales policies. It is also a major source of economic vulnerability for many developing countries dependent on primary commodity exports. Volatility is also a problem in importing countries, particularly for roasters who find it difficult to control their production costs, and affects the profit margins of traders and stockholders, increasing their exposure to risk factors. The study contained in document ICC-103-7 analysed coffee price behaviour since 1990, using an index of historical volatility, to determine whether coffee prices have become more volatile in recent years and whether changes in the value of the US dollar, a reference currency for transactions, have affected coffee price volatility. It appears from the results that volatility has not changed markedly over time. The general trend is rather a slight reduction in volatility despite the emergence of occasional peaks from time to time as a short-term response to exogenous impacts. As for the influence of fluctuations in exchange rates, partial analysis based on monthly variations indicates that a fall in the value of the US dollar in relation to the euro has resulted in an increase in coffee prices. However, further analysis is required to confirm this conclusion.

The Organization prepared a study on climate change and coffee (document ICC-103-6 Rev. 1) to inform Members and assist with preparations for the United Nations Framework Convention on Climate Change Conference in Copenhagen in December 2009. The study summarizes how climate change affects agriculture in general, illustrating the diverse methodological approaches currently used for assessing its impact. It then presents the possible effects of global warming on the coffee sector, the most important of which have been identified as quality; yields; pests and diseases; irrigation and global output.

The document outlines the four most likely climate change scenarios. These vary according to whether or not substantial reductions in CO₂ emissions are achieved, thus stabilizing global warming in such a way that the increase from today until the year 2100 does not exceed 2°C. In any case, strategies for both mitigation and adaptation will have to be implemented, in order to prepare coffee producers for the challenges of a changing environment. Mitigation strategies involve taking actions to decrease greenhouse gas emissions and to enhance sinks to reduce the extent of global warming. In contrast, adaptation measures involve taking actions to minimize the effects of global warming.

Most efforts in the coffee sector will be aimed at adaptation, since coffee cultivation tends to have a largely beneficial footprint on the overall sustainability of the ecosystem and thus no major mitigation issues arise. Adaptation strategies for coffee include detailed monitoring of changes in climate and production; mapping likely climate changes within coffee regions; northward or southward migration of production (latitudinal expansion) in search of more appropriate climate conditions; estimating the impact on quality of coffee production; facilitating diversification out of coffee when appropriate; introducing available adaptation techniques, such as shade management systems, planting at high densities, vegetated soil and irrigation; and breeding new varieties that are less vulnerable to high temperatures.

Ultimately, climate change requires coffee growers to develop a new understanding of sustainable coffee farming. It is no longer sufficient to ensure that agricultural techniques are in accordance with any single set of ecological standards. A changing environment demands an overall assessment of the mid- and long-term viability of coffee plantations using the best available climate models.

INFORMATION SERVICES

Library/Information Section

Since its inception in the late 1960s, the Organization's Library/Information Section has evolved into a comprehensive source of information for the entire global coffee community, with researchers from government and non-governmental organizations, the coffee industry and academe all benefitting from this unique facility. The identification, acquisition and indexing of all relevant new media is one of the key responsibilities of Section staff, enabling them to conduct targeted research to facilitate the Organization's various activities and to respond to requests for information from the Organization's global network of stakeholders.

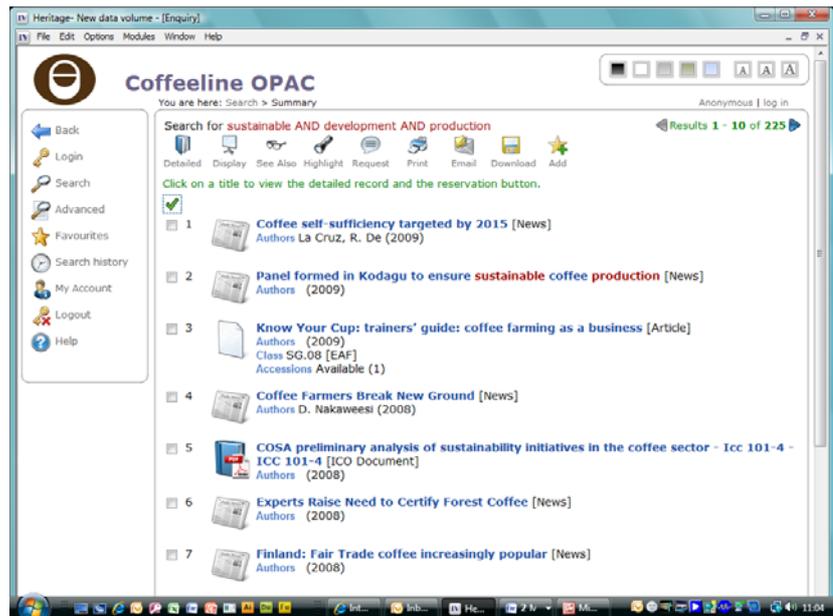
The Organization's principal research tool is the *Coffeeline* database, a searchable online catalogue of material identified and processed by the Section from 1973 through to the present, which is accessible via the ICO website. In order to enhance the section's overall efficiency, the Organization has replaced its thirty-year-old library software with a new integrated library management system that incorporates the entire range of media into a single, state-of-the-art, user-friendly information storage and retrieval facility.

The *Heritage* Library Management System was selected to fulfil the Section's future needs and establish a flexible platform for the enhancement of information services. As well as facilitating universal access to *Coffeeline*, the system incorporates ICO documents and photos, which together currently amount to more than 48,000 records. Through the use of hyperlinks it connects the Organization's information resources to the wider research community, establishing the ICO as the hub of a worldwide online network of coffee-related information.

New library management system

Following installation and extensive testing, the new system will ‘go live’ in early 2010, with the launch and instructions for its use being announced on the Organization’s website. It is intended to make the system the engine of a proactive outreach initiative to stakeholders in all areas of the global coffee community, who will be urged to regard *Coffeeline* as an essential information resource.

The new library management system



The ICO is continuing efforts to identify as broad a range of information as possible and, as part of that drive, is urging Members’ cooperation in expanding its library collection by providing all available information on their coffee sectors, including institutional arrangements. These measures will further enhance a unique and comprehensive information service, steadily building the Organization’s worldwide network of users and helping to maintain its reputation as the hub of the global coffee community.

FINANCE AND ADMINISTRATION

The Organization employs 28 people of 12 different nationalities and is headed by the Executive Director, Dr Néstor Osorio. Its headquarters are at 22 Berners Street, London W1T 3DD where it has been based for 45 years. The Organization is financed by contributions from Member Governments. Members in each category of producing and consuming countries pay a contribution based upon their average coffee exports or imports as a percentage of total exports or imports. The total expenditure budget in 2008/09 was £2.9 million.

Two long-serving members of staff retired during the year: Mr Trevor Nash, Head of Reprographic Services, and Ms Pilar Mora, Statistical Assistant, who served the Organization for over 39 and 26 years respectively.

The ICO has extensive conference facilities at its London headquarters which were modernized and upgraded in terms of audio-visual capabilities two years ago. The conference facilities host the Organization's regular meetings and seminars/workshops, but are also hired out to other international organizations and commercial entities: use of the facilities has increased over the last two years because the conference rooms represent not only an attractive venue for parliamentary style meetings and presentations, but also constitute one of the few facilities in the United Kingdom which can provide simultaneous interpretation.

Council Chamber



Photo courtesy of John Ross

OFFICE HOLDERS

International Coffee Council (2008/09)

Chairman: Dr David Brooks (USA) ■ **1st Vice-Chairman:** Mr Brendan Nevin (Ireland) ■ **2nd Vice-Chairman:** Mr Juan Lucas Restrepo (Colombia) ■ **3rd Vice-Chairman:** Mr Abdoulaye Nana (Cameroon)

Executive Board (2008/09)

Chairman: Mr G.V. Krishna Rau (India) ■ **Vice-Chairman:** Mr Hartojo Agus Tjahjono (Indonesia) ■ **Exporting Members:** Brazil, Colombia, Honduras, Indonesia, Kenya, Mexico, Uganda, Vietnam ■ **Importing Members:** European Community (EC, Belgium, Germany, Italy, Spain), Japan, Switzerland, USA

Private Sector Consultative Board (2007/08 – 2008/09)

Chairperson: Ms Florence Rossillion (ECF) ■ **Vice-Chairman:** Mr Rodolfo Trampe Taubert (AMECAFE) ■ **Producer representatives:** **Colombian Milds:** Asociación de Exportadores de Café de Colombia (ASOEXPORT) ■ Eastern African Fine Coffees Association (EAFCA) ■ **Other Milds:** Asociación Mexicana de la Cadena Productiva del Café (AMECAFE) ■ Asociación Nacional del Café (Anacafè) ■ **Brazilian and Other Natural Arabicas:** Conselho dos Exportadores de Café do Brasil (CeCafè) ■ Conselho Nacional do Café (CNC) ■ **Robustas:** Association of Indonesian Coffee Exporters (AEKI) ■ Bourse du Café et du Cacao (BCC) ■ **Consumer representatives:** All Japan Coffee Association (AJCA) ■ Coffee Association of Canada ■ European Coffee Federation (ECF) ■ Institute for Scientific Information on Coffee (ISIC) ■ National Coffee Association of the USA (NCA) ■ Specialty Coffee Association of America (SCAA) ■ Speciality Coffee Association of Europe (SCAE)

Promotion Committee

Chairman: Mr Mick Wheeler (Papua New Guinea)

Statistics Committee (2008/09)

Exporting Members: Mr Thiago Siqueira Masson (Brazil), Ms Marcela Uruña Gómez (Colombia) ■ **Importing Members:** Mr Rob Simmons (LMC International Ltd., UK), Mr Neil Rosser (Neumann Kaffee Gruppe, Germany) ■ **Executive Director:** Dr David Brooks (USA), Mr Corneille Tabalo (Democratic Republic of Congo)

Finance Committee (2008/09)

Chairman: Mr Mick Wheeler (Papua New Guinea) ■ **Exporting Members:** Brazil, Colombia, Côte d'Ivoire, Papua New Guinea ■ **Importing Members:** EC – Spain, Japan, Switzerland, USA

Virtual Screening Committee

Chairman: Executive Director ■ **Exporting Members:** Brazil, Côte d'Ivoire, Guatemala, Indonesia ■ **Importing Members:** Germany, Italy, Spain, USA
