



**Strategic Review of the ICO  
Progress Report**

**Background**

1. At its 115<sup>th</sup> Session in September 2015 in Milan, Italy, the International Coffee Council adopted Resolution 457 which calls for a Strategic Review of the activities undertaken by the International Coffee Organization.
2. The purpose of the Strategic Review is to assess, in close consultation with Members of the Working Group, other Members of the ICO and the Secretariat, the strategic focus and priorities of the Organization and their implementation, to propose areas for improvement.
3. In coffee year 2015/16, the Secretariat carried out the first phase of the Strategic Review. The process was facilitated by SustainAbility, a consultancy, and comprised a broad desk study, a comprehensive multi-stakeholder consultation process and a comparison with other International Commodity Bodies based in London. The results of the first phase are contained in the report of the Strategic Review (see document ICC-117-15, attached as an Annex) which includes recommendations on the strategic goals and priority actions to be implemented by the ICO to achieve its mission as set out in the International Coffee Agreement.
4. During its Session in September 2016, the Council approved the recommendations of the Strategic Review including specific strategic objectives. In line with the recommendations, the ICO should focus on:

- a) Delivering world-class data, analysis and information to inform both policy makers and the industry
- b) Using its convening power to provide a forum for dialogue between and within the public/private sectors, and
- c) Facilitating development projects and programmes through public-private partnerships and other means.

### **Progress made during coffee year 2016/17**

5. With the approval of the recommendations by the Council, the first phase (conceptual) has been concluded and the second phase commences (implementation). The objective of this phase is to identify and outline the steps necessary to enable the Organization to deliver on the objectives defined under the Strategic Review. The outcome of the first year of the implementation phase will be a revised five-year Action Plan. This document will contain concrete activities, timelines and an estimate of budgetary requirements. The revised five-year Action Plan will be presented for approval by the Council at its 120<sup>th</sup> Session.

6. In view of the complexity and scope of tasks related to the implementation of the recommendations in coffee year 2016/17, the Secretariat has decided to carry out the work in three separate sub-strategies:

#### ***i. Data & analytics strategy***

7. The aim of this strategy is to identify ways to improve the ICO's capacity in collection, analysis of data and dissemination of results. The Secretariat is currently reviewing processes for data collection in order to increase the quality of raw data received. To this end, on 10 November a workshop with a specialized consultancy was held at the ICO premises. Next steps include establishing which resources (skills, software, hardware) are required to increase the efficiency of data handling, and broaden the scope of economic analysis.

#### ***ii. Membership & third-party engagement strategy***

8. The objective of this strategy is to identify concrete steps the Secretariat needs to undertake in order to increase the engagement of Members and third-parties with a view to strengthen the ICO as the forum for discussion of coffee matters between Members and with the private sector. A core activity, which is currently carried out, is the benchmarking of other membership organizations to identify best practices relevant to the ICO.

**iii. Partnership for development projects and promotion strategy**

9. The goal of this strategy is to lay out a roadmap in order to enable the ICO to partner effectively with other organizations and donors with a view to facilitate promotion and development projects and programmes. Specific actions currently carried out are defining the role of the ICO in the area of projects (e.g. raising the profile of the coffee sector vis-à-vis donors and supporting countries to draft proposals) and promotion of consumption, and a needs assessment to establish resource requirements.

10. The three strategies cover a planning horizon of five years. A broad timeline for the intended work as part of the Strategic Review in coffee year 2016/17 is presented below. The three sub-strategies are considered under Activity 1. The results of the sub-strategies (set of activities, timeline budget and KPIs) will provide the building blocks for the five-year Action Plan.

11. The next step is the definition of activities leading to relevant outcomes and conditions for the achievement of each of the three strategic goals.

12. It is envisaged that the work on the sub-strategies will be completed by May 2017. This will enable the Working Group to discuss main outcomes during the 120<sup>th</sup> Session of the Council and provide guidance to support the future work of the Secretariat.

13. It is suggested that a draft of the five-year Action Plan to the Working Group is presented during a meeting in June 2017. After incorporating feedback from Members, a final document will be presented to the Working Group for endorsement prior to the 120<sup>th</sup> Session of the Council where final approval is envisaged.

**Timeline Strategic Review of the ICO (Coffee Year 2016/17)**

Activity	October	November	December	January	February	March	April	May	June	July	August	September
1. Developing 3 sub-strategies ("Data & Analytics"; "Membership & third-party engagement"; "Partnerships for promotion and project") to inform development of 5 year Action Plan ( <i>Output: Proposed set of activities including timeline, budget, KPIs</i> )												
2. Drafting 5 year Action Plan ( <i>Output: Draft document including activities, timeline, budget, KPIs</i> )												
3. Incorporating comments and to finalise 5 year Action Plan ( <i>Output: Document including activities, timeline, budget, KPIs</i> )												
4. Incorporating comments into 5 year action plan to be presented for Council approval at the 120th Session ( <i>Output: Final document</i> )												
Progress report presented during meetings of the Working Group (verbal)						X			X			X



ICC 117-15

5 October 2016  
Original: English

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International Coffee Council  
117<sup>th</sup> Session  
19 – 23 September 2016  
London, United Kingdom

## Report on the Strategic Review of the ICO

### Background

1. The Strategic Review of the ICO was conducted against the backdrop of growing challenges in the coffee sector such as the impact of climate change on producers worldwide and in view of the emerging global political agenda established by the Sustainable Development Goals (SDGs). In light of the above, Members recognised that to maintain the ICO's relevance in the coffee sector, a revised strategy needed to be developed allowing the Organization to adjust to an ever-changing coffee market and dynamic political conditions.
2. The Report contained in this document was developed by the Secretariat with the support of SustainAbility, and was approved by the Council at its 117<sup>th</sup> Session from 19 to 23 September 2016. These recommendations will be incorporated in the new five-year Action Plan for 2017-2021.

## STRATEGIC REVIEW OF THE ICO

### SECTION 1: OBJECTIVE AND METHODOLOGY

#### Objective

1. The purpose of the Strategic Review was to assess, in close consultation with Members of the Working Group, other Members of the ICO and the Secretariat, the strategic focus and priorities of the Organization and their implementation, to propose areas for improvement.
2. The recommendations derived from the Strategic Review are the starting point for the development of a revised strategy which will enable the Organization to focus existing resources, strengthen operations, establish agreement around intended goals and outcomes, and assess and adjust the Organization's direction in response to a changing environment.
3. In the context of this exercise, the term Organization is understood as referring to the International Coffee Council (ICC), its subsidiary bodies and the Secretariat.

#### Methodology

4. According to document WP-Council 266 Rev. 2, the Strategic Review should include (i) the evaluation of the global context in which the ICO operates, (ii) the review of progress achieved to date and resources used to implement the ICA 2007; and (iii) a set of recommendations to sharpen the strategic focus of the ICO.
5. The Secretariat carried out the Strategic Review in close consultation with the Working Group on the Strategic Review and Members. The process was facilitated by SustainAbility, a consultancy with long-standing experience in stakeholder consultation processes and strategic management as well as expertise in the coffee sector. The Working Group on the Strategic Review was involved in all stages of the review process, including the selection of the consultant.
6. To this end the Secretariat developed a methodology for the Strategic Review comprising a broad desk study, a comprehensive multi-stakeholder consultation process and a comparison with other International Commodity Bodies based in London.

### *Desk study*

7. The desk study aimed to analyse the global context, i.e. challenges facing the coffee sector in the next five years. In order to reflect the current state of research, the analysis was conducted by reviewing the ongoing debates in the coffee sector.

8. The starting point for the desk study was the Action Plan for the International Coffee Organization, document ICC-105-19 Rev. 3. The analysis of the global context conducted in preparation of that document was reviewed and updated to reflect changes in the operating environment.

9. Furthermore, the ICO's achievements under the ICA 2007 were assessed based on the Annual Reviews published by the ICO and the annual progress reports on the Programme of Activities for coffee years 2013/14, 2014/15, 2015/16 (interim report to be submitted to the Council at its 117<sup>th</sup> Session). A budgetary analysis was carried out in order to quantify the level and distribution of resources with respect to the strategic goals and proposed activities included in the Action Plan of the ICO. Finally, a SWOT (strengths, weaknesses, opportunities and threats) analysis relating to the Organization, including aspects of the Secretariat, was undertaken.

### *Consultation process*

10. Informed by the findings of the desk study, the Secretariat engaged in consultations with Members, selected third parties and ICO staff (the 'Stakeholders'). The consultation process comprised: (i) an online survey of Members and third parties, (ii) one-on-one interviews with Members and third parties, (iii) the ICO staff survey and workshop, and (iv) the Stakeholder Workshop where the results of the first three steps were discussed.

#### (i) Online survey

- The online survey was launched on 27 May and was closed in the week of 10 June. The survey was made available to Members and third parties in all official ICO languages.
- The purpose of the online survey was to assess (a) perceived general membership benefits, relevance of the ICO and quality of the services delivered; and (b) the relevance attributed to the ICO's current strategic objectives in view of the emerging challenges in the sector.
- In total 4,700 individuals among Members, third parties and individuals related to the ICO's activities were invited via email to participate in the survey. The Secretariat received 436 valid responses representing a participation rate of circa 10%, which is deemed to be satisfactory in the context of online surveys.

(ii) One-on-one interviews

- On 1 June the Secretariat invited all 50 Members, 23 Private Sector Consultative Board (PSCB) Members, and 16 selected third parties to indicate their interest by scheduling a time-slot for an interview.
- The aim of the interview was to obtain an in-depth understanding of the Members' views on the future strategic direction of the Organization.
- By 15 August the Secretariat had conducted interviews with 24 Members (representing 85.1% of the membership), 3 members of the PSCB and 7 selected third parties. For a complete list of participating countries and organisations, please refer to Annex I.

(iii) Staff survey and workshop

- A survey was designed to seek the ICO's staff's views on challenges and opportunities related to the Organization and the role of the Secretariat in delivering value to ICO Members. The participation rate was 70%.
- The survey was complemented by a half-day workshop with the ICO staff, which was facilitated by the consultant and took place on 28 June (participation rate: 70%).
- The main purpose of the workshop was to discuss the results from the staff survey as well as the outcomes of other stages of the consultation process. As a result, the ICO's staff developed suggestions to improve the Secretariat's services and analysed implications for potential resource allocation.

(iv) Stakeholders' workshop

- The Stakeholders' workshop was held at the ICO's premises on 7 July 2016.
- The objective of the workshop was to discuss findings of the consultations with Stakeholders and preliminary recommendations to sharpen the strategic focus of the ICO which were developed by the consultants based on the results from the surveys and interviews.
- In total 20 Members and 4 selected third parties attended the workshop. For a complete list of participating countries and organisations, please refer to Annex II.

*Comparison of other International Commodity Bodies*

11. As a final stage in the review process, a comparison of other London-based international commodity organizations such as the International Sugar Organization (ISO), the International Grains Council (IGC) and the International Cocoa Organization (ICCO) was undertaken. The objective of this analysis was to (i) compare similar organisations with respect to their mission, staffing, main activities, and services provided to Members and (ii) derive conclusions relevant to the strengthening of the ICO's strategic focus. This comparison was based on qualitative interviews carried out with members of the senior management of the ISO, IGC, and ICCO. The results were taken into account by the consultant in developing recommendations.

## SECTION 2: RESULTS

12. This section contains the main results of the review process which are: (i) the updated analysis of the global context in which the ICO operates; (ii) the progress made in achieving the objectives of the ICA 2007; (iii) the resources used in the implementation of the ICA 2007; (iv) results of the SWOT analysis for the ICO; and (v) the main results of the comparison of International Commodity Bodies based in London.

### Global context

13. Coffee continues to be the world's most widely traded tropical product, produced in over 50 transition and developing countries; it provides a livelihood for 25 million farmers and their families and accounts for up to 50% of export earnings of some countries. The results of the assessment indicate that many of the challenges facing the world coffee sector which were identified in document ICC-105-19 Rev. 3 remain valid. Nevertheless, a shift in the prioritisation of the strategic objectives seems necessary as not only has the sector evolved, but also more research on specific issues such as the impact of climate change on the coffee sector has become available.

14. At the same time the global coffee sector has embraced the concept of sustainability more thoroughly as a guiding principle for all activities along the coffee value chain including coffee production, trade and processing. This is evident as new sector-wide sustainability initiatives have been founded and are gaining support from key industry players and non-governmental organisations (NGOs) (e.g. Sustainable Coffee Challenge, Global Coffee Platform).

15. On a political level important steps have been the adoption of the SDGs in 2015 and the 21<sup>st</sup> Conference of the Parties in Paris (COP21) which led to a new climate change agreement. These political milestones will define to an important degree the operating environment of the ICO in the coming years.

16. For the sector as a whole, the key challenge in the long term will be to increase coffee production in an economically, environmentally and socially sustainable way to meet the growing world-wide demand. The increased output will have to derive mainly from higher productivity on existing farms in order to minimise the need for additional land.

17. The challenges facing the world coffee sector have been grouped into three categories, according to the three pillars of sustainability, namely economic, social and environmental:

### *Economic challenges*

- Productivity at farm level is low in many producing regions, resulting from limited access to skills, input, and credit.
- Costs of production, especially for labour and inputs such as fertilisers and pesticides, are steadily increasing.
- The coffee price remains volatile with pronounced boom and bust cycles which discourage investment, especially in the absence of widely available risk management tools for small and medium coffee growers.
- The coffee value chain can be long and complex, with a distribution of returns which is skewed towards downstream players.
- The persistence of measures that affect the international trade of coffee, such as tariffs and non-tariff barriers, can limit opportunities in exporting countries for growth in value added, especially from processed coffee.

### *Social challenges*

- There is a significant gender gap for access to land, credit, pesticides and fertiliser as well as extension services.
- Young people are less inclined to become coffee farmers in view of low profitability and limited access to land.
- Social standards for farm workers are low in some coffee producing regions.

### *Environmental challenges*

- Climate change will have a negative impact on the availability of land suitable for coffee production.
- Increasing prevalence of extreme weather events, and threat from pests and diseases, prompting the need for improved research into and distribution of resistant coffee varieties.
- Water scarcity and need for water management at all stages of the coffee value chain.

### **Progress achieved to date under the ICA 2007**

18. The progress achieved under the 2007 International Coffee Agreement, which entered into force in February 2011, can be established by examining the following reference documents:

- The ICO's Action Plan ([ICC 105-19 Rev. 3](#)).
- Annual Reviews for Coffee Years 2010/11 to 2014/15.
- Progress reports on the annual Programme of Activities for coffee year 2013/14 and 2014/15 ([ICC-114-4](#) and [ICC-116-7](#)).

- Interim report on the Programme of Activities for coffee year 2015/16 (ICC-117-7) to be considered by the Council at its 117<sup>th</sup> Session in September 2016.

19. The Action Plan sets out the strategy of the ICO for the advancement of the objectives of the ICA 2007. It contains a set of four broad goals and 29 activities, which are derived from the objectives of the Agreement.

20. The Action Plan was first approved by the Council at its 105<sup>th</sup> Session in September 2010 and revised at its 109<sup>th</sup> Session in September 2012 and at its 112<sup>th</sup> Session in March 2014.

21. The Action Plan provides the context for the development of an annual Programme of Activities which prioritises and allocates resources for specific items. The first Programme of Activities which comprised specific actions under the ICA 2007 was approved by the Council at its 105<sup>th</sup> Session in September 2010 ([ICC-105-21](#)). Initially, the programme was a continuation of existing activities under the ICA 2001 but also made provision for activities relating to the 2007 Agreement which entered into force in February 2011.

22. Following a request by the Council at its 112<sup>th</sup> Session in March 2014, the Secretariat commenced reporting on an annual basis on the implementation of the Programme of Activities. The first report on the Programme of Activities for Coffee Year 2013/14 was prepared for consideration by the Council at its 114<sup>th</sup> Session in March 2015 ([ICC-114-4](#)).

23. To date the key achievements of the Organization under the four strategic goals are:

*Serving as a forum for the development of policies and solutions to strengthen the global coffee sector*

- Increased membership from 65 countries in 2011 to 77. The Membership of the ICO accounts for 98% of world coffee production and 83% of world consumption.
- Continued cooperation with the private sector through the 16 PSCB Members which regularly advise the International Coffee Council on food safety, sustainability, promotion and coffee consumption, and other coffee matters.
- Since 2011, organised global gatherings for the coffee community such as the 4<sup>th</sup> World Coffee Conference held in Ethiopia with more than 1,000 participants from the public and private sectors; the Global Coffee Forum in Milan, and five meetings of the Consultative Forum on Coffee Sector Finance. The 6<sup>th</sup> Consultative Forum will take place during the week of the 117<sup>th</sup> Session of the International Coffee Council in September 2016.

*Assessment:* the ICO has served as a global forum for discussions of coffee matters but stronger engagement of Members between the regular meetings as well as increased presence in producing countries is desirable. Furthermore, the ICO should strengthen its engagement with stakeholders including private sector players, in order to be more active in driving the agenda of the coffee sector's debates.

*Enhancing transparency of the coffee market and enabling economic decisions to be taken on the basis of accurate and timely data*

- Compiled and disseminated detailed and authoritative statistics on trade in coffee (around 20,000 records processed each year).
- Regularly published two in-depth studies on coffee economics per coffee year.

*Assessment:* the ICO remains a reliable and unbiased source for coffee market information but the accuracy of the data could be increased. There is still room for the ICO to enhance its data analysis capacity as the potential for research partnerships in the preparation of more economic studies (e.g. evaluation of coffee policies, in-depth analysis of the coffee market) has not been fully explored.

*Encouraging the development of communications, public outreach and dissemination of knowledge on the world coffee economy*

- Secured US\$19 million in financing for 3 projects and completed 14 projects totalling US\$39.7 million since February 2011.
- Regularly published in-depth studies on coffee economics, monthly coffee reports and quarterly bulletins.

*Assessment:* the restructuring process undertaken by the Common Fund for Commodities (CFC) has left the ICO without its main source for project funding. The Africa Coffee Facility which is being jointly developed with the African Development Bank (AfDB) and the InterAfrican Coffee Organisation (IACO) together with other partners from the private and public sectors, is a step in the right direction in order to revive the Organization's project function.

*Promoting a sustainable coffee sector*

- The ICO has facilitated global action on sustainability issues through its participation in Vision 2020, the global sustainability platform jointly developed with the Global Coffee Platform (formerly 4C Association and the Sustainable Coffee Programme of IDH). Furthermore, it has raised awareness regarding the impact of climate change on coffee growing by representing the coffee sector at the COP21 on the United Nations Framework Convention on Climate Change and contributing to the report entitled

‘The impacts of climate change on coffee: trouble brewing’ produced by the Earth Institute of Columbia University for the Global Coffee Forum, an event co-hosted with Illycaffè and Lavazza.

- Encouraged coffee consumption through global initiatives such as International Coffee Day (ICD) launched on 1 October 2015.

*Assessment:* the ICO’s involvement in the debate about sustainability in the coffee sector has contributed to laying the foundations for a public private partnership under Vision 2020 yet it is still early to assess its concrete impact. Meanwhile, the launch of International Coffee Day has been a milestone for effective and cost-efficient promotion of coffee consumption.

### Resources used in the implementation of the ICA 2007

24. This section provides an overview of the resources used in the implementation of the 2007 Agreement since it entered into force in 2011.

25. The table below contains the revenue and expenditure of the ICO. Since coffee year 2010/11, the budget of the Organization has remained relatively stable at roughly £3 million. The main source of revenue is Members’ contributions, accounting for on average 94.3% for coffee years 2010/11–2014/15. Indeed, Members contributions, as determined by the budget, have not increased for the last five coffee years. Income from other sources has contributed on average 5.7% of the total revenue during the same period.

REVENUE AND EXPENDITURE (IN THOUSAND GBP)						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*
<b>Revenue</b>						
<b>a) Members’ Contributions</b>	<b>2,814</b>	<b>2,907</b>	<b>2,943</b>	<b>2,942</b>	<b>2,996</b>	<b>2,988</b>
<b>b) External sources</b>						
Rental of conference facilities	140	147	135	127	127	100
Interest	35	28	11	9	8	6
Other income	20	17	19	23	35	18
<b>Total from external sources</b>	<b>195</b>	<b>192</b>	<b>165</b>	<b>159</b>	<b>170</b>	<b>124</b>
<b>Total revenue</b>	<b>3,009</b>	<b>3,100</b>	<b>3,108</b>	<b>3,101</b>	<b>3,166</b>	<b>3,112</b>
<b>Total expenditure</b>	<b>2,889</b>	<b>3,191</b>	<b>3,160</b>	<b>2,813</b>	<b>2,804</b>	<b>2,507</b>
<b>Exceptional amount set aside</b>	<b>-100</b>	<b>100</b>	<b>24</b>			
<b>Surplus/Deficit</b>	<b>20</b>	<b>9</b>	<b>-28</b>	<b>288</b>	<b>362</b>	<b>605</b>

\* YTD as of 31 July 2016 based on management accounts

26. The breakdown of expenditure by item is presented in the table below. The highest expenditure in the budget is personnel which accounts for 61.4% of total expenditure in coffee years 2010/11 to 2014/15. The second highest is premises. However, due to cost savings on premises, sub-letting of the second floor, expenditure on premises has decreased from 28.1% in coffee year 2010/11 to 21.7% in coffee year 2014/15.

27. Item 3 'Special Contracts' includes expenditure related to the implementation of the Programme of Activities. For the period of the ICA 2007, the expenditure varied between £10,800 (in coffee year 2012/13) and £50,000 (projected expenditure in coffee year 2015/16). On average 1% of the Organization's budget was allocated to the implementation of the Programme of Activities.

<b>SUMMARY OF EXPENDITURE BY ITEM (IN THOUSAND GBP)</b>							Avg. Share in total expenditure (2010/11- 2014/15)
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	
1. Personnel	1,687	1,959	1,925	1,747	1,804	1,634	61.4%
2. Language services under contract	116	108	116	109	99	52	3.7%
3. Special contracts	77	54	62	140	81	73	2.8%
4. Travel	51	49	61	47	60	65	1.8%
5. Communications	23	24	23	25	23	17	0.8%
6. Official representation	5	7	6	6	7	5	0.2%
7. Premises	810	893	874	650	609	568	25.8%
8. Other operating costs	85	73	69	66	79	60	2.5%
9. Furniture and equipment	0	0	2	1	1	4	0.0%
10. Computer related costs	35	24	22	23	41	29	1.0%
<b>Total</b>	<b>2,889</b>	<b>3,191</b>	<b>3,160</b>	<b>2,814</b>	<b>2,804</b>	<b>2,507</b>	100.0%

\* YTD as of 31 July 2016 based on management accounts

### **SWOT Analysis of the Organization**

28. The ability of the ICO to deliver on all aspects of the Action plan depends on a number of internal and external factors. The results of the SWOT analysis conducted are summarised in the table below.

## SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Established and well-regarded Organization with over 50 years of experience in dealing with coffee matters at a global level.</li> <li>• Unique public sector membership base and good outreach to private sector.</li> <li>• Public sector status comes with legitimacy and the ability to be perceived as an ‘honest broker’ for discussing coffee matters at both a global level and within and between public and private sectors.</li> <li>• Secretariat comprises experienced staff with strong technical expertise and broad knowledge of the coffee industry.</li> <li>• Unique statistical database on the coffee market.</li> <li>• Members’ contributions provide a stable budget and predictable income for the ICO.</li> </ul>	<ul style="list-style-type: none"> <li>• The ICO’s strategic focus is too broad given its size and available resources.</li> <li>• Difficulty in reaching agreement on which should be the ICO’s priorities because of differing views and needs amongst consuming and producing countries.</li> <li>• High dependency on a unique funding source for projects and the Secretariat’s limited ability to develop a donors/funders portfolio to provide alternatives for project development in exporting Members.</li> <li>• The ICO’s annual budget devoted to implement its Programme of Activities is insufficient to perform its core functions and deliver output expected by Members.</li> <li>• Low Member engagement in between the biannual meetings.</li> <li>• The strategic planning framework used by the Secretariat is limited and it lacks Key Performance Indicators (KPIs).</li> </ul>
Opportunities	Challenges
<ul style="list-style-type: none"> <li>• Effectively engage Membership in between meetings.</li> <li>• Harness status as an ‘honest broker’ and provide unique data and value added services to third parties including conferences and workshops.</li> <li>• Increased engagement with private sector.</li> <li>• Increased collaboration with private sector sustainability initiatives, e.g. Vision 2020.</li> <li>• Leverage the Secretariat’s resources (e.g. for research) by building partnerships (e.g. with research centres, universities, etc.) for in-depth economic analyses.</li> </ul>	<ul style="list-style-type: none"> <li>• The ICO’s revenue depends predominantly on Members’ contributions.</li> <li>• The ICO’s relevance could diminish as other public-private organisations/initiatives become more visible in areas like climate change, sustainability and coffee and health amongst others.</li> <li>• The Statistics Section’s outdated IT systems could compromise its ability to collect, store and analyse coffee market statistics.</li> <li>• The Statistics Section is affected by key man risk, i.e. the threat posed to a company/entity/organization from over-reliance on the skills of one or a few individuals.</li> <li>• Potential negative economic implications of ‘Brexit’ (e.g. weak pound, increasing inflation) on the Secretariat’s operating environment.</li> </ul>

### **Comparison of International Commodity Bodies based in London**

29. The comparison of the ICO's London-based sister organisations, which is based on qualitative interviews carried out with members of the senior management of the respective organisations (ICCO, ISO, IGC), revealed a number of similarities but also significant differences.

30. Results:

- All organisations share broadly similar goals (e.g. fostering international cooperation, promoting trade, increasing transparency in the respective commodity markets) but the ICCO is the organisation which is most similar to the ICO, especially with regard to the mandate (and the underlying commodity agreement).
- All three organisations are significantly smaller than the ICO (both in terms of the annual budget and the number of staff).
- In terms of their main activities, all three organisations have a narrower focus than the ICO. Similar to the ICO, the core activity of the ISO, IGC and ICCO is the provision of market information through publication of statistical data and the preparation of well-regarded conferences. Beside those activities, the ISO conducts in-depth economic analysis while the ICCO focuses on cocoa development projects.

### SECTION 3: RECOMMENDATIONS

31. Based on the information gathered and the views sought during the survey/interview process, the Secretariat assisted by SustainAbility, developed a set of recommendations aimed to help the ICO to sharpen its focus and to improve its ability to deliver results and generate value for its stakeholders under a set of refined strategic goals.

32. The recommendations presented in this section are in line with the strategic objectives established under the ICA 2007, and are in alignment with the Belo Horizonte Declaration, which recognises a continuing need for the ICO to support measures aimed at ensuring the economic, social and environmental sustainability of the sector.

33. As part of the development of a revised strategy, the ICO should establish a common understanding of what constitutes a 'sustainable coffee sector'. This understanding should then be regarded as a guiding principle allowing the ICO to define key activities that will contribute to its Members' achievement of the SDGs identified as being relevant to the coffee sector.

#### Strategic proposals

34. In order to encourage the development of a sustainable and inclusive global coffee sector and contribute to the achievement of the SDGs, the ICO should focus on:

- (a) Delivering **world-class data**, analysis and information to inform both policy makers and the industry
- (b) Using its **convening power** to provide a forum for dialogue between and within the public/private sectors

35. In addition, the ICO could facilitate development **projects and programmes** through public-private partnerships and other means provided that they are sufficiently funded.

36. To achieve these objectives the ICO needs to:

- (a) Strengthen its **capacity** to collect, analyse and interpret data, and deliver policy advice.
- (b) Seek to **engage** with its Members and third parties more effectively and consistently.
- (c) Take opportunities to **collaborate** with key public and private actors to align objectives and activities, lead programmes where possible (revenue generating), and contribute to others' programmes where practical.

37. To enable the Secretariat to implement these actions it will be crucial to (i) grow and protect resources, (ii) address organizational weaknesses and (iii) foster Member engagement.

38. Furthermore, the Secretariat should undertake a **review** to address perceived organisational weaknesses as detailed in the SWOT Analysis. This includes the development of a comprehensive strategic planning framework. This framework will enable the Secretariat, based on the strategic recommendations contained in this document, to (i) formulate a strategy by defining high-level goals, (ii) execute the strategy by translating the high-level goals into actions and activities, and (iii) keep track of progress made by continuous evaluation of results. The Secretariat already has the starting point for items i) and ii) in the form of the Action Plan contained in ICC-105-19 Rev. 3 and the various Programmes of Activities approved by the Council. Item iii) on the other hand, remains to be developed.

39. To this end, next steps will comprise: (i) the preparation of a new five-year Action Plan, implemented via annual Programmes of Activities; and (ii) the use of metrics for evaluation and reporting including the development of KPIs. The new Action Plan and the first Programme of Activities under the revised strategy, shall be developed during coffee year 2016/17.

40. As a result of following the recommendations outlined in paragraphs 38 and 39, the number of strategic goals, as defined in the Action Plan contained in document ICC-105-19 Rev. 3, will be reduced to three by using goal 4 as the overarching mission which guides all of the Organization's activities. At the same time the number of actions under each of the goals (currently 29 in total) will be reduced to reflect the main priorities resulting from the consultation process. Sustainability should be a core underlying principle in all of the ICO's goals and actions.

41. Members' roles and responsibilities, together with the Secretariat's duties related to Member engagement should be reviewed with a view to strengthening their contribution to the effectiveness of the ICO. This includes exploring ways to incentivise the timely and consistent provision of data, to achieve consistent engagement of Members between regular meetings through more active Member management, and to improve meeting attendance (both formal and informal meetings).

## **Specific recommendations regarding future key functions of the ICO**

### *Economics and statistics*

42. The ambition should be to (i) become the global leader for statistical provision and analysis of the coffee sector, and to (ii) maximise the ICO's impact through the provision of accurate, widely accessible data.

43. To realise this goal a timed and costed plan needs to be developed to modernise skills and systems (hardware, software). However, besides the necessary internal infrastructure and skill sets, the quality of data received by Members needs to be improved. To this end, the Secretariat should explore incentives for Members to submit timely and accurate data. Data provided by Members should be complemented with additional information gathered with the support of specialised service providers. Partnerships with academia and companies should be built to improve data analysis.

### *Forum for discussion of coffee matters*

44. The ambition should be to strengthen the ICO's position as the global authority on coffee-related matters (e.g. state of the coffee market, socio-economic topics, coffee policies, food safety and MRL's) through the facilitation of high level meetings. To this end it needs to be ensured that results and outcomes from high-level meetings and events (e.g. World Coffee Conference, Consultative Forum on Coffee Sector Finance) are disseminated and follow up actions defined and implemented.

45. To foster the ICO's role as a global forum, different meeting formats including workshops and seminars should be developed. The ICO should consider a stronger presence in Member countries and in London. Higher visibility between Council sessions would also increase Member engagement which is crucial for a vibrant Organization. Finally, it is strongly suggested to deploy staff strategically to advocate on coffee matters at high profile forums (e.g. UN, ILO, FAO, WHO and industry events) and invite external experts to ICO events.

### *Coffee development projects*

46. The ambition should be to undertake a relatively small number of high impact projects and only if additional funding can be obtained.

47. To reinvigorate the project function of the ICO, the Secretariat needs to develop a strategy for projects which defines the Organization's role in the design, funding, execution, and evaluation of projects. The activities undertaken by the Secretariat under this strategy will be determined by the resources available. Depending on the Members' expectations, the Secretariat may need to build capacity to engage effectively with donors, successfully bid for project funding, and better communicate results.

*Promotional activities*

48. The focus should primarily be on International Coffee Day and on making it the most impactful day in the coffee calendar. The Organization should also explore ways to build partnerships with Member country governments and the private sector for promoting consumption in producing countries. Finally, the ICO should strengthen further its website and social media presence.

49. To achieve this, the ICO should highlight existing promotional activity being driven by Members. Established partnerships (e.g. with the SCAE) should be leveraged with the private sector to establish ICD.

## INTERVIEWS CARRIED OUT AS PART OF THE CONSULTATION PROCESS

### **Members**

Angola  
Bolivia  
Brazil  
Cameroon  
Colombia  
Côte d'Ivoire  
Democratic Republic of the Congo  
El Salvador  
European Union  
Honduras  
Indonesia  
Japan  
Mexico  
Nicaragua  
Panama  
Papua New Guinea  
Poland  
Russian Federation  
Switzerland  
Tanzania  
Uganda  
United States  
Vietnam  
Yemen

Share of votes: 85%

### **Private Sector Consultative Board**

African Fine Coffees Association, Mr Samuel Kamau  
National Coffee Association, Mr Bill Murray  
Specialty Coffee Association of America, Mr Ric Rhinehart

### **Third parties**

Coffee Quality Institute, Ms Kimberly Easson  
Finance Alliance for Sustainable Trade, Ms Noemí Pérez  
Global Coffee Platform, Ms Annette Pensel  
IACO, Mr Fred Kawuma  
IDH, Mr Ted van der Put and Ms Jenny Kwan  
Sustainable Coffee Challenge, Mr Niels Haak and Ms Bambi Semroc  
World Bank, Mr Roy Parizat

### ATTENDEES OF THE STAKEHOLDERS' WORKSHOP, 7 JULY 2016

- Angola: **Mr Diogo Cristiano**, Counsellor, Embassy of Angola
- Bolivia:
  - **Mr Arturo Suárez Vargas**, Embassy of Bolivia
  - **Ms Paula Asport**, Embassy of Bolivia
- Brazil:
  - **Ms Ana Paula Silva**, Minister Counsellor, Embassy of Brazil
  - **Mr Joaquim Penna**, Counsellor, Embassy of Brazil
- Colombia: **Mr Juan Esteban Orduz**, President, Colombian Coffee Growers Federation
- Costa Rica: **Mr Jorge Aguilar**, Minister Counsellor, Embassy of Costa Rica
- Côte d'Ivoire: **Mr Aly Touré**, Permanent Representative to the International Commodity Organisations in London, Embassy of Côte d'Ivoire
- Democratic Republic of the Congo: **Mr Corneille Tabalo**, Permanent Representative to the ICO, Embassy of the Democratic Republic of the Congo
- El Salvador:
  - **Ms Rosella Badía**, Minister Counsellor Economic Affairs and International Organisations, Embassy of El Salvador
  - **Ms Gilda Velásquez**, Business Attaché, Embassy of El Salvador
- European Union: **Mr Salvatore Sabatino**, Economic and Commercial Office, Embassy of Italy
- Honduras: **H.E. Mr Iván Romero-Martínez**, Embassy of Honduras
- Mexico: **Ms Sofía Flota Cárdenas**, Multilateral Affairs, Embassy of Mexico
- Nicaragua: **H.E. Ms Giuselle Morales**, Embassy of Nicaragua
- Papua New Guinea: **Mr Mick Wheeler**, Overseas Representative, Papua New Guinea Coffee Industry
- Peru: **Mr Eduardo Choroco**, Second Secretary, Embassy of Peru
- Russian Federation: **Mr Kirill Matrenichev**, Senior Economic Adviser, Trade Delegation of the Russian Federation in the United Kingdom
- Switzerland: **Mr Conradin Rasi**, First Secretary, Embassy of Switzerland
- Uganda: **Mr Henry Ngabirano**, Managing Director, Uganda Coffee Development Authority (UCDA)
- United States of America:
  - **Ms Tanya Menchi**, Director of WTO and Multilateral Agriculture Affairs, Office of the U.S. Trade Representative;
  - **Ms Amy Diggs**, Foreign Affairs Officer, Agriculture, Biotechnology and Textiles Trade Affairs

#### Selected Third Parties

- Global Coffee Platform: **Ms Annette Pensel**, Interim Executive Director
- IACO: **Mr Fred Kawuma**, Secretary General
- National Coffee Association: **Mr Bill Murray**, President
- Sustainable Coffee Challenge: **Mr Niels Haak**, Manager Sustainable Coffee Policy, Conservation International Europe

**ICO Staff Members**

- **Mr Robério Oliveira Silva**, Executive Director
- **Ms Hamida Ebrahim**, Personal Assistant to the Executive Director
- **Ms Marcela Urueña Gómez**, Head of Operations
- **Mr David Moorhouse**, Head of Finance and Administration
- **Mr Denis Seudieu**, Chief Economist
- **Mr Sean Garden**, Finance and IT Officer
- **Mr Christoph Sängler**, Senior Economist
- **Mrs Mirella Glass**, Documents Officer
- **Mr Vicente Partida III**, Communications Officer
- **Ms Claire Selden**, Secretariat Officer