



Working Group on the Strategic Review of the ICO
11th Meeting
14 August 2017
London, United Kingdom

**Strategic Review of the ICO
Draft Five-Year Action Plan**

Background

1. The document contains the draft Five-Year Action Plan for the International Coffee Organization pursuant to the recommendation of the Working Group on the Strategic Review. Five years after the entry into force of the International Coffee Agreement of 2007, which occurred on 2 February 2011, Members recognized the need to assess the role and function of the Organization in the light of the changing economic, social and environmental context.
2. The aim of the draft Five-Year Action Plan is to set out the overall direction, priorities and key performance indicators (KPI) of the Organization for the next five years in order to address the increasing challenges faced by the coffee sector. The draft Five-Year Action Plan provides the context for the development of annual programmes of activities, which will prioritize and allocate relevant resources.

Action

The Working Group is requested to consider, if appropriate, to approve the draft Five-Year Action Plan.

STRATEGIC REVIEW OF THE ICO DRAFT FIVE-YEAR ACTION PLAN

INTRODUCTION

At its 115th Session in September 2015 in Milan, Italy, the International Coffee Council adopted [Resolution 457](#) which calls for a Strategic Review. The purpose of the Strategic Review is to assess the International Coffee Organization (ICO), with the goal of sharpening the strategic focus and defining better the priorities of the Organization and their implementation, to propose areas for improvement and to provide guidance to the Secretariat. The Resolution provided for the establishment of a Working Group, chaired by Mr Aly Touré of Côte d'Ivoire, which was given the responsibility of coordinating the strategic assessment. At its 117th Session the Council adopted document [ICC-117-15](#), containing the recommendations of the Working Group including the three strategic goals. The ICO's overarching mission of promoting a sustainable world coffee sector is to be accomplished by:

- I. Delivering world-class data, analysis and information to the industry and policy-makers.
- II. Using the Organization's convening power to provide a forum for dialogue between and within the public and private sectors.
- III. Facilitating the development of projects and promotion programmes through public-private partnerships.

The draft Five-Year Action Plan emphasizes the contribution of coffee to the achievement of the Sustainable Development Goals (SDG) through income generation and poverty alleviation in coffee-producing countries heavily dependent on coffee. The draft Five-Year Action Plan focuses on the above-mentioned three strategic goals while including a number of key performance indicators (KPIs) to track progress over time. As such, it provides guidance on the overall direction of the ICO, in terms of both policy initiatives and project activities, and will form the basis for developing the annual programme of activities.

This draft Five-Year Action Plan is composed of three sections. The first section presents an overview of the challenges faced by the world coffee sector. The second section outlines strategic goals and proposed actions for the Organization. The final section provides the KPIs as an indicative approach for Member countries to monitor and evaluate the subsequent actions established to achieve the three strategic goals of the Organization.

SECTION 1: CHALLENGES FACED BY THE WORLD COFFEE SECTOR

Coffee is the world's most widely traded tropical product and is produced in over 50 developing countries. It makes an important contribution to socio-economic development and poverty alleviation and is of exceptional importance to exporting countries, some of which rely on coffee for over half their export earnings. For the 25 million smallholder farmers and their families who are responsible for 80% of world production, coffee is a major source of cash income and generates significant employment. Working towards securing a healthy world coffee economy is therefore important economically, socially and politically, both to improve living standards in producing countries and to enlarge the value chain worldwide. However, the coffee sector faces an increasing number of challenges that can be grouped into three categories, according to the three pillars of sustainability, namely economic, environmental and social.

Economic challenges

Economic pressures are both external and internal to the coffee sector: a volatile macro-economic environment, fluctuations in world coffee prices, the increasing cost of inputs (e.g. fertilizers and energy), shortages in supply of labour coupled with higher costs, and the decreasing availability of land for new coffee plantations are among the economic challenges. More specifically:

- Productivity at farm levels is low in many producing regions, resulting from inefficient practices, small farm size and limited access to capacity-building, inputs and credit.
- The lack of appropriate structures at farm level that allow greater aggregation of small farmers into more efficient larger organizations, thus enabling greater access to the benefits of economies of scale.
- Costs of production, especially for labour and inputs such as fertilizers and pesticides, are steadily increasing.
- Coffee prices remain volatile with pronounced boom and bust cycles that discourage investment, especially in the absence of widely available risk management tools for small- and medium-size coffee growers.
- The coffee value chain can be long and complex, with a distribution of returns that is skewed towards downstream players.
- The persistence of measures that hamper the international trade of coffee, such as tariffs and non-tariff barriers and internal measures affecting market structures, can limit opportunities in exporting countries for growth in value-added products, especially processed coffee.
- The need for the continual improvement of quality in order to promote increased consumption.

- The need for research into coffee production, new coffee varieties and the coffee genome, to ensure the future economic, environmental and social sustainability of the coffee sector.
- Economic and institutional difficulties facing producers who wish to improve their efficiency and effectiveness in organizing supply to the international market, including management of stocks, and thereby participate more actively in the coffee price formation process.

In some countries, the profitability of coffee farming has become questionable as a result of the increasing costs of production and the volatility of green coffee prices.

Social challenges

- In many coffee-producing countries, there is a significant gender gap in access to land, credit, pesticides and fertilizers, as well as extension services.
- Young people are less inclined to become coffee farmers in view of low profitability, limited access to land, which is sometimes exacerbated by complex land tenure systems and livelihood opportunities in urban areas.
- Social standards for farm workers are low in some coffee-producing regions.
- The need to improve the social conditions of coffee producers, especially smallholders.
- Misconceptions about coffee held by some consumers, such as the negative impact of coffee and health, can act as a constraint to increasing consumption.

Environmental challenges

- As a result of the adverse impacts of climate change, increasing coffee production to meet the growing demand will become a serious challenge. Changes in global weather patterns, particularly rising temperatures, may affect the viability of coffee production in certain areas by reducing 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.
- The need for more efficient use of environmental resources throughout the supply chain.

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 growing worldwide demand. Increases in output will have to derive mainly from higher productivity on existing farms in order to minimise the need for additional land.

SECTION 2: STRATEGIC GOALS AND PROPOSED ACTIONS

In order to achieve these strategic goals a number of actions are proposed for implementation within the next five years.

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

A core function of the Organization is to be the world's most respected coffee statistical authority, enhancing market transparency by providing Members and third parties with easy access to accurate and comprehensive statistical data, and high quality analytics related to the world coffee economy to the benefit of all stakeholders in the coffee supply chain, including decision-makers responsible for coffee policy. This function can be accomplished by improving the quality of the statistics and economic analysis produced by the Organization. It should be noted, however, that the quality of the Organization's statistical work depends heavily on data submitted by Members.

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

- Identify reasons for poor compliance with data submission requirements by Member countries.
- Address constraints resulting in poor compliance by Member countries (e.g. capacity-building in Member countries and streamlining processes related to data submission).
- Reinforce the linkage to national statistics institutions in charge of data collection and, where necessary, identify alternative sources of data and explore a wider range of sources of information when gaps appear in the Organization's statistical coverage.
- Promote public-private partnerships to enhance the collection of data on certified coffees (organic coffee, specialty coffee, fair trade coffee, etc.).
- Establish a robust approach with commonly agreed framework and indicators for assessing and improving the adequacy of the statistical data collected by the ICO to ensure:
 - Quality (timely, accurate, consistent).
 - Comprehensiveness (relevance of variables collected).
- Ascertain and address the needs and priorities of Members and subscribers.
- Improve data management (e.g. upgrade IT solutions for data management and related internal processes) in order to increase efficiency of data input, handling, storage, and dissemination.
- Engage with experts from the private and public sectors to review and, if appropriate, address discrepancies in ICO statistical data.

B – Priority actions to disseminate statistical data and analytics

- Make relevant and accurate statistical data on the coffee sector (e.g. market and production statistics) available to Members and third parties.
- Prepare and disseminate studies on emerging issues in the global coffee sector, socio-economic aspects of coffee production, and impacts of agricultural policies.
- Establish partnerships with universities and research institutions.
- Strengthen partnerships with other organizations (FAO, UNCTAD, IFAD, Agrinatura, etc.) to conduct economic analyses, as well as creating and sharing of knowledge.
- Encourage Members to provide their national coffee strategies and country coffee profiles to share best practices among Members.
- Arrange presentations by experts on coffee-related matters during ICO meetings.

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

The Organization should strengthen its role as the forum for discussion of coffee matters between Members and with the private sector by acting as a convener, catalyst and source of reference, so as to improve the consistency of coffee policy-making on a global level. It should also identify the particular actions necessary to increase the engagement of Members and third parties with a view to providing better coordination of the various initiatives that address the major challenges facing the coffee sector.

A – Priority actions to strengthen membership engagement

- Provide a forum for dialogue on coffee-related issues.
- Organize Council sessions and other ICO meetings in Member countries at appropriate intervals.
- Organize a session of the Consultative Forum on Coffee Sector Finance once a year.
- Organize self-funding seminars on relevant topics in selected Member countries.
- Organize the World Coffee Conference in conjunction with the host country.
- Organize press briefings during Council Sessions and special events with national and international media to brief them about the ICO and coffee issues.
- Promote close contacts with representatives of Members based in London by holding special briefings on the ICO agenda prior to each Council session.
- Develop links with senior government representatives when visiting ICO member countries.
- Expand, develop, and improve the ICO website content and outward communication.
- Organize webinars on coffee-related matters.

- Organize activities on the ICO website on coffee-related matters.
- Prepare a fact-video providing information on Member countries' national coffee sectors.
- Organize missions to Member countries.
- Participate in national and international coffee events.
- Organize missions to non-member countries with a view to inviting their accession. Promote close contacts with non-members based in London by holding special briefings on coffee and the ICO.

B – Priority actions to engage third parties

- Foster the ICO's role as the leading coffee authority ensuring that it is seen as the global forum for discussions on coffee matters.
- Enhance cooperation and communication on coffee policies and actions with the private sector.
- Organize coffee events in partnership with the private sector and NGOs.
- Participate in coffee events organized by regional and national coffee organizations or associations.
- Enhance collaboration with coffee research institutions.
- Invite external experts to ICO events.
- Strengthen links with United Nations institutions, international and regional development banks, other development finance institutions in order to mobilize capital flows into the coffee sector.
- Strengthen links with NGOs, sustainability initiatives, and other organizations working in the field of international development and poverty alleviation.
- Raise awareness of coffee-related issues through award competitions.
- Maintain close contact with the media through regular press releases and briefings.

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

In order to address specific challenges that constrain the development of the coffee sector in Member countries, the Organization shall facilitate and actively promote the development and implementation of coffee development projects. Furthermore, the ICO shall work towards promoting coffee consumption both in exporting and importing Member countries.

A – Priority actions to facilitate coffee sector development projects

- Identify, in collaboration with development agencies, the key areas where coffee can play a major role in promoting sustainable development.
- Support the design and implementation of national coffee strategies and encourage sharing of best practices.
- Assist in the preparation of coffee sector development project proposals.
- Identify and mobilize funds for coffee sector development projects.
- Support research and development of new technologies.
- Actively support initiatives that encourage entrepreneurship in rural communities.
- Contribute to capacity-building of farmers' organizations.
- Raise awareness of the profile of the coffee sector in the donor community.
- Share results from policies, and individual projects/interventions widely among the development community (donors, stakeholders, implementing parties, etc.).

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

- Provide effective promotion of International Coffee Day, thereby reinforcing the ICO's status as the international organization for coffee.
- Encourage actions related to the promotion and consumption of coffee.
- Strengthen partnerships with the private sector to host relevant coffee events.
- Ensure effective media coverage of ICO events.
- Collaborate with exporting Members to encourage an effective growth in domestic consumption.

SECTION 3: KEY PERFORMANCE INDICATORS (KPIs)

The Five-Year Action Plan provides direction on measures to attain the objectives of the ICA 2007. This will be accomplished by the Organization in cooperation between the various ICO Committees, the Secretariat, the private sector and Members themselves. The ICO Secretariat will use the strategic goals and priority actions as a reference framework for the development of the annual programme of activities. This constitutes the mechanism for the implementation of the Five-Year Action Plan and matches the priorities of the ICO with the resources available for the period under consideration.

ICO Committees and Members will be able to use the contents of the Five-Year Action Plan to assist in drafting policies and making recommendations about projects and other activities to the ICO Council. In turn, the Plan will serve as a basis for the Council in its decision-making and in the evaluation of the activities undertaken by the Organization. Therefore, the

following KPIs will be used as a monitoring and evaluation system to assess the progress of the implementation of the Five-Year Action Plan with regard to outputs and outcomes. The execution of this plan will be carried out through annual programmes of activities that will be evaluated against the relevant outputs and KPIs. In addition to certain qualitative evaluation, it is also proposed that quantitative and qualitative measures of the degree to which the strategic objective is being achieved are prepared via an annual programmes of activities.

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

Key performance indicators (KPIs)

- Quality of statistical data:
 - Compliance of Members in providing data (timeliness of data submission, accuracy, completeness and consistency of data submitted).
 - Comprehensiveness of database (e.g. number of variables collected by the ICO).
 - Statistics Roundtable meetings on a regular basis.
- Dissemination of data:
 - Number and category (e.g. roasters, traders, analysts, etc.) of subscribers to ICO statistical reports.
 - Use of the statistical section of the ICO website.
 - Number of successfully handled individual requests for ICO statistical data.
 - Satisfaction among users (e.g. Members, subscribers, wider public, etc.) of ICO data regarding usefulness and quality improved from []% to []% by the end of coffee year 2021/22.
- Analytical output:
 - Number of publications produced (e.g. Coffee Market Reports, economic studies, etc.).
 - Quality/impact of analytical output
 - Number of studies presented in policy fora & at research conferences
 - Use of ICO data and citation of ICO analytics by external stakeholders (media, research institutions, private sector, public sector, etc.) has increased by []% by coffee year 2021/22.
 - Number of MoUs/partnership agreements signed and followed up on with research institutions/organizations.

Strategic Goal II: Promoting membership and third-party engagement by using the Organization's convening power to provide a forum for dialogue between and within the public and private sectors

Key performance indicators (KPIs)

- Change in membership.
- Number of Member countries attending ICO meetings.
- Level of attendance at ICO meetings.
- Number of partnership agreements implemented has increased by []%.
- Number of third parties attending ICO meetings/events.
- Share of ICO meetings/events held outside ICO headquarters.
- Media coverage of the ICO.

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

Key performance indicators (KPIs) for facilitating coffee sector development projects

- Funds mobilized by or through the ICO.
- Number of relevant project proposals developed in partnership with third parties and submitted to donors.
- Number of project proposals approved by donors.
- 100% of ICO facilitated projects and programmes address the key challenges identified (coffee sector challenge mapping) by coffee year 2021/22.
- 100% of ICO facilitated projects and programmes contribute towards achieving SDGs (SDG mapping) by coffee year 2021/22.

Key performance indicators (KPIs) for facilitating promotion programmes through public-private partnerships

- Coverage of International Coffee Day (ICD).
- Number of companies/associations celebrating ICD (e.g. number of events registered on the ICD website).
- Number of Agreements with third parties to implement common programmes.
- Number of events (e.g. cuppings, SCA coffee sessions) hosted at the ICO.
- Number of national coffee events in which the ICO participated.