



International Coffee Council
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**Updated Report on the implementation of
Resolution 465 on Coffee Price Levels –
Implications on the work of the Secretariat and
actions taken**

BACKGROUND

1. The adoption of Resolution 465 on Coffee Prices Levels during the 122nd Session of the International Coffee Council gave a strong and challenging mandate to the ICO and its Executive Director, with substantial implications on the work of the Organization taking into account its current level of human and financial resources.

2. In order to implement the decisions contained in Resolution 465, the Secretariat has reviewed, in terms of activities and funds allocated, the following:

- The Decisions contained therein.
- The approved Programme of Activities for coffee year 2018/19 contained in document [ICC-122-18](#).
- Actions taken by the ICO during previous coffee price crises.
- Inputs by Members and stakeholders gathered through informal consultations (October 2018 – February 2019).

3. Based on this review, the Secretariat prepared an initial work plan and budget and started to carry out some of the identified priority activities. An overview of the Work Plan and status of implementation was presented to the 32nd Meeting (Intersessional) of the Finance and Administration Committee on 24 January 2019, receiving strong and encouraging support from Members.

4. The Work Plan is based on the following general considerations:

- a) The implementation of Resolution 465 requires additional resources for the ICO to carry out all the actions planned.
- b) The Programme of Activities 2018/19, as approved by the 122nd Session of the International Coffee Council, can be partially adjusted to implement some of the decisions contained in the Resolution. However, the available budget for 2018/19 is not sufficient to carry out all the new activities, therefore, extra-budgetary resources need to be secured. An active fundraising campaign is underway and positive feedback has been received from regional coffee federations, importing Member governments, the private sector and development partners.
- c) The actions taken by the ICO to address the previous coffee price crises (Annex II) were reviewed to verify their applicability in the current context. The review clearly showed that at that time a significant budget was allocated and that the ICO Secretariat had a much larger number of staff to cover communications, economics and statistics analytical capacity and project development.
- d) To facilitate dialogue among all coffee stakeholders, an ad hoc mechanism such as an Expert Working/Advisory Group, should be set up as soon as possible, with nominations from Members. This Group should support the Secretariat in monitoring the market situation and in the process of identification and review of possible market-based options and short- and medium/long-term solutions to address coffee price levels and volatility, and sustainability at large.
- e) In order to address the impact of coffee price levels on smallholder farmers, the ICO Secretariat is intensifying the mobilization of national, regional and international public and private organizations and enterprises to (co-)finance development projects.
- f) The ICO is also appealing to Members, the international community, the private sector and consumers to provide voluntary funding to contribute to the implementation of Resolution 465 and to the ICO Coffee Sustainability Projects Trust Fund (CSPTF). The Trust Fund was established by the International Coffee Council, as per decision 12/121, to finance the development of technical cooperation, capacity-building and research projects that address the challenges faced by coffee producers, especially smallholder farmers.

5. The strategy to implement Resolution 465 is based on the grouping of the issues and decisions contained therein into four main areas of intervention:

- A) **Advocacy and communication**
- B) **Mobilization of coffee stakeholders**
- C) **Research, knowledge building and transparency**
- D) **Promotion of coffee consumption**

6. The strategy includes the following macro-activities:

- Build a stronger sector-wide dialogue engaging all coffee stakeholders, the development partners and civil society to identify solutions and build consensus and set measurable commitments towards a sustainable future for coffee growers and the whole coffee sector to achieve by 2030 the Sustainable Development Goals (SDGs). This is being achieved by direct discussion with industry representatives and by organizing a series of events (Nairobi, New York, Rome, Brussels) that are intended to provide solutions to be reviewed by the private sector, through a Coffee CEOs' Forum and the 125th Session of the International Coffee Council in September 2019.
- Increase transparency and produce high-level and relevant independent research and data, including the publication of the first flagship report on economic sustainability with scenarios on the future of coffee as well as the benchmarking of coffee farmers' costs and profitability.
- Mobilize financial and in-kind resources to implement the action plan and identify innovative ideas to promote coffee consumption, sensitize consumers on the issues faced by the coffee sector, while projecting a positive image of coffee and to advocate for coffee in the most relevant international forums.

7. A detailed Action Plan for the implementation of the decisions contained in Resolution 465 and the actions already undertaken or under implementation – updated to 12 February 2019 – are presented in Annex I. Actions undertaken by the ICO during the previous coffee price crisis (1999-2004) are presented in Annex II.

Action

The Council is requested to take note of this document.

ACTION PLAN FOR THE IMPLEMENTATION OF RESOLUTION 465

In order to operationalize the Resolution and implement the decisions contained therein, the actions have been grouped into four main areas of intervention:



A) Advocacy and communication

Res-465/Decision 1: *“To launch a **global communication plan** targeted at consumers, together with producers, the coffee industry, opinion makers, and other stakeholders, using social media and other means of communications in order to show the economic reality of the coffee sector – from the producer to the final consumer – as of the International Coffee Day, 1 October 2018”.*

To launch a “global” communications campaign requires major efforts and funding¹ to be able to reach consumers in both exporting and importing countries. The ICO has a very limited communication capacity and the tiny budget available for 2018/19 mainly cover the organization of International Coffee Day (ICD), which is possible thanks also due to the generous voluntary contribution of the All Japan Coffee Association (AJCA).

¹ As an indicative example please refer to: www.Forbes.com - The Top Five Challenges Of Creating A Global Marketing Campaign – reported that “A good thing to do here is to present the historical costs from the campaigns of each region when working with local agencies against the cost of a single implementation estimate. It is actually an easy sell: If the cost of a local campaign is around US\$400,000, multiplied by 50 countries, then an expected cost is US\$20,000,000. The cost of using enterprise content management and translation tools can often pay for itself in a single campaign”.

Proposed activities

A.1 Preparation for launch of a global consumers campaign	A.1 Action taken 11/02/2019	A.1 Costs
a) Develop a project proposal on promoting coffee sustainability by sensitizing consumers on the economic realities of coffee and promote consumption.	<ul style="list-style-type: none"> • Project brief prepared for fundraising (done) • Contacts with communication experts/companies (ongoing). • Negotiation with the private sector, countries & development agencies for co-funding (ongoing). 	Existing resources.
b) Establish linkages with consumer associations and coffee sector associations and identify the most appropriate platforms for a global advocacy campaign.	<ul style="list-style-type: none"> • Contacts established (ongoing). 	Existing resources.
c) Contract a communications company to define the key messages of the promotion campaign and to design and implement an advocacy plan to mobilize all coffee stakeholders on the sustainability of the coffee sector and on price volatility in particular.	<ul style="list-style-type: none"> • Identification of PR/communication agencies/consultants with experience in non-profit social campaigns (ongoing). 	Funds for Contract PR/communication agency/consultant with experience in non-profit social campaigns (est. £20K).
d) Implementation of a pilot campaign, mainly using social media, and preparation of a proposal for implementation at global level for seeking additional funding.	<ul style="list-style-type: none"> • Planned. 	Funds for Pilot/test implementation and fundraising for global campaign (est. £30K).
A.1 Estimated extra-budgetary resources (contract and pilot campaign):		£50,000

A.2 Advocate for the coffee sector at international forums and events	A.2 Action taken 11/02/19	A.2 Costs
a) Establish contact with and mobilize G-20 leaders to bring to their attention the impact of current coffee price levels on smallholder farmers and to request: <ol style="list-style-type: none"> Assistance and funding to reduce impact on poverty, migration and future sustainability of the coffee sector. Inclusion of coffee as one of the commodities of the Agriculture Market Information System (AMIS), an inter-agency platform to enhance food market transparency and encourage international policy coordination in times of crisis. It was established at the request of the G20 in 2011. 	<ul style="list-style-type: none"> • Contact established with hosting countries: Argentina for G20/2018 and with Japan G20/2019 (ongoing) and with FAO and EU. 	Existing resources. Ad-hoc advocacy travel budget (to G-20 members, FAO, and the G-20 Summit, 28–29 June 2019 in Osaka, Japan) (est. £10,000).
b) Executive Director participation in the XXVI Ibero-American Summit in Antigua, Guatemala 2018.	<ul style="list-style-type: none"> • Not implemented. 	N/A

A.2 Advocate for the coffee sector at international forums and events	A.2 Action taken 11/02/19	A.2 Costs
c) Discussion of options for advocacy events on current price levels and fund mobilization with UNDESA at United Nations HQ in New York.	<ul style="list-style-type: none"> Negotiations and advocacy efforts on-going. 	Existing resources.
d) Executive Director/Staff participation in the 2019 Global Forum for Food and Agriculture to networking/advocacy in current price level.	<ul style="list-style-type: none"> 1st time invitation to participate. Bilateral meetings/ discussions with AfDB, IFAD, WB, EU, Panama, Ecuador, FAO. 	Existing resources.
e) Sustainability Seminar during the March 2019 ICO meetings.	<ul style="list-style-type: none"> Under preparation with GCP and Government of Kenya. 	Existing resources and Kenya contribution to hosting the Council.
A.2 Estimated extra-budgetary resources (additional advocacy funding):		£ 10,000

B) Mobilization of coffee stakeholders

Res-465/Decision 2: *To instruct the ICO to promote **dialogue among all stakeholders** in the coffee value chain to ensure the economic sustainability of the coffee producers.*

Res-465/Decision 3: *To instruct the ICO to ensure that there is an effective **exchange between Member countries** of national public policy initiatives promoting economic sustainability*

Res-465/Decision 7: *To urge the Executive Director to further **strengthen ties with the international roasting industry** as a matter of urgency, in order to gain support for the implementation of this resolution.*

B.1 Advocate for and find common solutions to increase coffee sector sustainability	B.1 Action Taken	B.1 Costs
a) To facilitate dialogue among all coffee stakeholders, ad hoc mechanisms, such as a task force or an informal working group, could be set up to assess and monitor the market situation and to advise on possible market-based strategies to address coffee price levels and volatility and the sector's sustainability as a whole.	<ul style="list-style-type: none"> Under discussion. 	Existing resources.
b) Mobilize leading roasters and other industry stakeholders through: (i) Direct contact. (ii) Holding of two consultations events to identify solutions to address low price levels and volatility (USA and Europe), leading to a CEOs' Forum during the ICO Council 09/19 in London.	<ul style="list-style-type: none"> Discussions with EU, UN and leading private sector companies, ECF, NCA and SCA. Planning of two consultative events: tentatively UN New York (16/04) and EU Brussels (06/06) (ongoing). 	Each event £30,000 including background paper. Logistics, travel.
c) Establish contact with and mobilize the United Nations, UN Specialized Agencies, Development Finance Institutions (DFIs) and multilateral/	<ul style="list-style-type: none"> Bilateral discussions with: 	Existing resources.

B.1 Advocate for and find common solutions to increase coffee sector sustainability	B.1 Action Taken	B.1 Costs
bilateral donors and their members to increase development assistance and financing to reduce the social and economic impact of low coffee price levels and implications on the implementation of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).	FAO, IFAD, UNIDO, GIZ/BMZ, Italian Cooperation, Belgium, EC, AfDB. • Workshop with FAO, IFAD, UNIDO, Italian Cooperation on joint coffee project, Rome 16 May 2019.	Ad hoc advocacy travel budget required £6,000.
d) Assessment of policy/best practices on coffee prices and preparation of a policy brief: 'National coffee policies for coffee growers' (Emergency relief as a response to low coffee prices and coffee sector development and sustainability policies).	• Assessment ongoing.	Existing resources.
B.1 Estimated extra-budgetary resources (3 events):		£66,000

The Executive Director engaged many key actors



As result of the first round of consultations with the private sector, it emerged that:

- All parties shared their concerns on the economic sustainability (short-/long-term) of the coffee sector.
- They welcomed the solution-oriented initiative of the ICO which is regarded as a natural forum to identify solutions based on shared values among exporting/importing countries and the public and private sectors.
- The consulted private sector companies confirmed their interest in participating in the consultative process leading to the CEO's Forum scheduled for September 2019, and their readiness to contribute to identifying and implementing market-based solutions to address current price levels and volatility, and long-term sustainability issues.

Research, knowledge building and transparency

Res-465/Decision 4: *To change the priorities of the ICO Strategic Plan to address 'Profitability: Consumption and Productivity' in coffee year 2018/19*

The ICO Strategic Plan (i.e. the 5-year Action Plan 2017-2021, document [ICC-120-11](#)) already addresses economic sustainability and specifically issues related to profitability, consumption and productivity.

In order to comply and respond to Decision 4 (above), the ICO's thematic focus for 2018/19, the first ICO flagship report and the International Coffee Day 2019 campaign will concentrate on economic sustainability, by providing an independent assessment of the 'economic reality of the coffee sector – from the producer to the final consumers'². All the proposed research and studies would be used as basis for the proposed global communications campaign as per Decision 1 (above) and for mobilizing coffee stakeholders and development partners.

C.1 Research and Studies to address <i>Profitability: Consumption and Productivity and the economic sustainability of coffee</i>	C.1 Action taken	C.1 Costs
a) To increase its analytical capacity, the ICO Secretariat would pursue stronger partnerships with universities, research institutions, coffee sector public and private partners and other international organizations.	<ul style="list-style-type: none"> ICO is working together with University of California at Davis Coffee Center and the Georg-August-University of Göttingen. 	Existing resources.
b) Updated document ICC-89-5-Rev. 1 'Impact of the coffee prices on poverty in producing countries' , originally presented to the Council in 2003. The above document summarized the responses received from Members in response to a request for information set out in an ED communication (Impact of international coffee prices in exporting countries).	<ul style="list-style-type: none"> Online survey launched of exporting Members on the impact of international coffee prices, to show how low prices negatively affect the economic sustainability of coffee at origin, including impacts on incomes, employment and other variables, and consequently on poverty. 	Existing resources.
c) New ICC document on 'Coffee prices and economic development' to provide empirical evidence on the socio-economic effects of coffee prices on ICO exporting Members (GDP growth, poverty rates, employment, migration, Investment etc.).	<ul style="list-style-type: none"> Under development. 	Existing resources.
d) Assessment of price volatility through comparison of trends between coffee and other commodities (cocoa, sugar etc.).	<ul style="list-style-type: none"> Under consideration. 	Existing resources.
e) ICO Flagship Report: to be published on 1 October 2019, will analyse in detail the following topics related to coffee price volatility and coffee price levels:	<ul style="list-style-type: none"> Study Futures markets: the role of non-commercial traders (under finalization). 	Additional resources needed. External experts.

² Direct linkages with the study under preparation by Prof. Jeffrey Sachs, co-financed by the ICO, will be pursued.

C.1 Research and Studies to address <i>Profitability: Consumption and Productivity and the economic sustainability of coffee</i>	C.1 Action taken	C.1 Costs
(i) Determinants of coffee prices (market fundamentals, as well as the impact of speculation and concentration in the roasting industry). (ii) Price risk management tools available at farm level and ways to foster risk-sharing across the value chain through the involvement of traders and roasters. (iii) Potential for increasing value addition in coffee-producing countries resulting from rising domestic consumption.		
f) Global benchmarking of production costs: to launch the collection of global data ('typical farm' approach) on: (i) production systems, and (ii) production costs, in order to compare performance of individual countries and help to understand the key drivers of profitability and economic viability.	<ul style="list-style-type: none"> Additional resources needed (main target: the private sector). 	Additional resources needed (main target: the private sector).
C.1 (a-e) Estimated extra-budgetary resources (contract additional research partners):		£15,000
C.1 (f) Estimated cost for benchmarking in four producing countries/capacity building		£200,000

D) Promotion of coffee consumption

Res-465/Decision 5: To include the *promotion of consumption* as a guideline in all action plans of the ICO aiming to implement the 2030 Agenda for Sustainable Development.

Res-465/Decision 6: (i) To encourage *exporting Members* to adopt programmes to further raise their *internal consumption level* and (ii) encourage the ICO to support initiatives to explore *alternative uses for low-grade coffee*, in line with Item 9, Resolution 420.

D.1 Promotion of Coffee Consumption	D.1 Action taken	D.1 Costs
a) Promotion of consumption is included in all actions and documents/studies prepared by the ICO and is part of the global campaign.	Existing resources.	Existing resources.
b) Review the <i>existing ICO Step-by-step Guide to Promote Coffee Consumption in Producing Countries</i> .	Engaging experts and associations and prepare a proposal for updating the ICO Guide.	Additional resources needed. Expert(s)' contract £15,000.
c) Update the ICO study on alternative uses of low grade coffees.	Additional resources needed.	Additional resources needed. Expert(s)' contract £15,000.
d) Promote the development of initiatives and technical cooperation projects.	Existing resources.	Existing resources.
D.1 Estimated extra-budgetary resources (Expert(s)' contracts):		£30,000

E. Conclusions

Many of the activities envisaged for the implementation of Resolution 465 can be covered by reassignment of existing resources, but others require resources not available in the current Administrative Budget. The total amount of extra-budgetary resources required is estimated at £371,000 (Table I).

Table I: Summary of estimated extra-budgetary resources required

Cost items	Cost (£)
A.1 Contract PR/communication company and pilot campaign	50,000
A.2 Additional funds for advocacy travel (i.e. G-20, bilaterals, international organizations events etc.)	10,000
B.1 Organization of two consultative events (UN NY and EU Brussels) and a coffee programme development Workshop, including additional funds for advocacy travel	66,000
C.1 (a-e) Contract additional research partners	15,000
C.1 (f) Benchmarking production costs in four producing countries and capacity-building	200,000
D.1 Contracts for (i) reviewing the ICO Step-by-Step Guide to Promote Coffee Consumption in Producing Countries; (ii) updating the ICO study on use of low-grade coffee; and (iii) Project development facility	30,000
Total estimated extra-budgetary funding	£371,000

KEY ACTIONS TAKEN DURING THE PREVIOUS LOW PRICE CYCLE (2000-2005)

I. Study on improving the global coffee supply/demand balance through measures designed to eliminate low-grade coffees (document EB-3778/01)

The document was based on two studies:

- Economic study of the impact of removing low grade coffees on prices, through a contract with a research team led by Professor Christopher Gilbert of the Economic and Social Institute of the Free University of Amsterdam
- Study on alternative uses of low grade coffees, through a contract with the Natural Resources Institute, United Kingdom by a team led by Dr R.T. Paterson

The two studies are presented as annexes to document **EB-3778/01**.

II. Resolutions

Following the approval of the above-mentioned studies by the Council, **Resolution No. 406**, requesting the establishment of a *Coffee Quality Committee* was adopted by the Council to analyse the proposals of the two studies. Members of the Quality Committee included Brazil, Colombia, Mexico, Indonesia and four representatives from the private sector.

The Quality Committee made its recommendations in January 2002 (**document EB-3806/02**). Following the recommendations of the Quality Committee the Council adopted **Resolution 407** requesting producing countries to take measures to reduce the availability of defective coffee beans from 1 October 2002 onwards (**document Resolution No. 407**).

Resolution 407 was reviewed in May 2004 and replaced by **Resolution No. 420**, which reduced the restrictions on exports of lower grade beans.

III. Advocacy Events

Coffee crisis: Ideas and initiatives: ICO/World Bank High-level Roundtable held on 19 May 2003, in search of solutions to the coffee crisis (Document ICC-88-5)

IV. Advocacy Actions: Submissions to International Bodies

- ICO submission to the World Summit on Sustainable development, Johannesburg, 2002
- Letter from Central American Governments to President G.W. Bush (**ED-1875/03**)
- ICO submission to the G-8 Summit, Evian, France, June 2003 (**ED-1876/03**)
- ICO submission to the 5th Ministerial Conference of the World Trade Organization, Cancun, Mexico September 2003 (**ED-1893/03**)
- ICO submission to XI UNCTAD Conference, 13-18 June 2004, São Paulo, Brazil (**ED-1922/04**)
- ICO submission to the G-8 Summit, Gleneagles, Scotland, July 2005 (**ED-1959/05**)
- ICO submission to UN General Assembly Summit to review the Millennium Development Goals, New York, 14-16 September 2005 (**ED-1966/05**)
- ICO submission to the G-20 Summit, Los Cabos, Mexico, 18-19 June 2012 (**ED-2133/12**)
- Presentation to the World Food and Farming Congress, London, 26 November 2002
- **Cartagena Declaration**: The 89th Session of the Council from 17 to 19 September 2003 issued a declaration on the coffee price situation. The Cartagena Declaration was adopted at the 90th Session of the Council in May 2004 (ICC-90-8)
- Press release following the Executive Director's address at the Coffee Conference in Bengaluru, India (**Document PR-260/03**).