



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC 126-6

19 June 2020
Original: English

E

**Decisions and Resolutions adopted
at the 126th Session of the
International Coffee Council**

4 and 5 June 2020

Opening of the 126th Council

Item 1:	Adoption of the Agenda	2
Item 2:	Votes and credentials	2
Item 3:	Report on the work of the ICO and market situation	2
Item 4:	Review of the International Coffee Agreement (ICA) 2007	9
Item 5:	Special Fund.....	12
Item 6:	Financial and administrative matters	14
Item 7:	Other business.....	24
Item 8:	Date of the next Session.....	24
Item 9:	Closing remarks	25

The 126th Special Session of the International Coffee Council was chaired by His Excellency Iman Pambagyo of Indonesia. Due to social distancing restrictions, the Council took place virtually on the online platform GoToWebinar on 4 and 5 June 2020. The Chair noted that, due to technical restrictions, the session was only held in English.

Item 1: Adoption of the Agenda

1. The Council adopted the draft Agenda contained in document [ICC 126-0 Rev. 3](#).

Item 2: Votes and credentials

Item 2.1 Redistribution of votes for coffee year 2019/20

2. The Head of Operations introduced and reported on the document [ICC-126-1 Rev. 1](#) on the redistribution of votes for coffee year 2019/20, which had been calculated in accordance with Articles 12 and 21 of the International Coffee Agreement (2007). The Council took note of the report.

Item 2.2 Credentials

3. The Head of Operations informed the Council that the Credentials received from Members had been examined and found to be in good and due form. The full report would be issued in due time.

- | |
|---|
| <ol style="list-style-type: none">4. The Council approved the verbal report on credentials. |
|---|

Item 3: Report on the work of the ICO and market situation

Item 3.1 Interim report

5. The Executive Director presented an interim report (October 2019 to May 2020) on the work of the Organization, highlighting the progress, achievements, challenges and opportunities with a focus on the impact of the covid-19 pandemic on the work of the ICO and the world coffee sector.

6. The Executive Director explained the impact of covid-19 on the ICO's operations. The ICO Statistics and Economics sections had started working on the effects of the pandemic, while the Organization was working on providing a forum for discussion among exporting and importing Members to create awareness with the aim of unlocking technical and financial support.

7. ICO meetings and operations: As of 23 March 2020, all ICO staff were instructed to work from home, in accordance with the guidance received from the host government. The physical International Coffee Council session (originally scheduled for April 2020) had been cancelled and this Special Virtual Session was held instead. The World Coffee Conference, originally scheduled to be held in September 2020 in India, had been postponed. Therefore, a decision format and dates of the 127th Session of the ICC and CEO & Global Leaders Forum would be taken by the Council.

8. Coffee Public-Private Task Force (CPPTF): the in-person meetings of the Task Force had been cancelled due to restrictions arising from the covid-19 pandemic. Even though the nature of the Task Force required interaction among the “sherpas”, online meetings would take place in order to avoid further delays to the process. The first meeting of the Task Force was scheduled for 30 June 2020.

9. Coffee market trends and covid-19: The Executive Director presented recent coffee market trends and highlighted daily coffee prices from the start of the current coffee year. Prices during this time had been below the long-term average of the ICO composite indicator, despite brief rallies in December and March. Furthermore, although prices had risen shortly after the WHO declared the covid-19 outbreak to be a global pandemic, in recent weeks prices had trended downwards and the price situation continued to be unsatisfactory.

10. The volume of global exports of all forms of coffee continued to be high, although they had fallen in recent months.

11. Covid-19 presents a significant additional challenge to the global coffee sector. Since January 2020, international coffee prices have fallen and are highly volatile. A preliminary analysis of the survey recently carried out by the ICO on the impact of covid-19 on ICO exporting Members, highlighted the following:

- On the supply side, the impact pathways include: the disruption of supply chains caused by delays in shipments, lack of containers and social distancing measures in ports of origin. The spread of the virus in coffee-exporting countries could also reduce labour supply and disrupt local economies, thereby affecting production and supply chain processes. The lack of liquidity, with reduced investment in the sector, including foreign direct investment and reduction of public services (e.g. extension, research and development) and private sector technical assistance, could negatively affect productivity in the medium- and long-term.

- On the demand side, the impact pathways include: Slowing economic growth and recession that could lead to lower coffee consumption, even though demand for coffee is inelastic. Consumers could become more price-sensitive. Social distancing could lead to lower out-of-home consumption, although at-home consumption could offset this reduction to a certain extent. Additional non-fundamental factors include currency devaluations that could impact the competitiveness of exporters on the world market (e.g. the Brazilian real and Colombian peso devalued against the US dollar). Further information could be found in the Organization's new 'Coffee break' series, which analysed matters of topical interest.
- Responses to covid-19 should bear in mind the three P's (Protect lives, Protect livelihoods & incomes; and Protect previous investments in sustainable supply chains). Producing countries need to implement safety guidelines that protected farmers and workers along the value chain during the upcoming harvest period. Countries with lower institutional capacity needed to be supported in the adoption of best practices.
- The Inter-African Coffee Organisation (IACO), with the ICO and CAB International (CABI) were working to establish a special fund, the Africa Coffee Facility (ACF), to assist in addressing the challenges of Africa's coffee value chain. Work on the ACF was now being refocused to take into account the response to covid-19.

12. The Executive Director also reported on the work of the Organization in 2018/19 for the implementation of the implementation of the Five-year Action Plan 2017-2022:

- Strategic Goal I: Delivering world-class data, analysis and information to the industry and policy-makers. Reports on the compliance of Members with their obligations to furnish statistics to the ICO are scheduled for September. A planned statistics workshop in Asia had been postponed due to travel restrictions and the cancellation of the World Coffee Conference. Data in the ICO statistical database has been updated and quality has improved through better estimation techniques, extension of time series, and supplementing missing information with other sources. The upgrade of ICO statistical database is continuing, with rollout forecast for September.
- Delivering world-class data, analysis and information to the industry and policy-makers. The ICO flagship report, the Coffee Development Report 2020, is under development and is being adjusted to take into account the impact of covid-19 on the sustainability and resilience of the coffee value chain.

- Strategic Goal II: Using the Organization’s convening power to provide a forum for dialogue between and within the public and private sector. The Executive Director reported on the ICO’s efforts to reach out to Members in persistent arrears, with success in terms of repayment plans proposed by the Democratic Republic of the Congo and Malawi. The Organization continued to pursue cooperation with partners (African Fine Coffees Association, Global Coffee Platform, Sustainable Coffee Challenge, International Women’s Coffee Alliance) and stronger linkages with regional/international sector associations (including the Inter African Coffee Organization, European Coffee Federation, National Coffee Association of USA and the Specialty Coffee Association), in addition to engaging with the signatories of the London Declaration as well as international organizations, donors and non-governmental organizations (including the World Bank, Food and Agriculture Organization of the United Nations, UNCTAD, International Trade Centre, United Nations Industrial Development Organization, United Nations Development Programme, International Food Price Research Institute and CAB International).
- Progress on the Coffee Public-Private Task Force. Bilateral consultations had been held with ICO Members and the signatories and supporting organizations of the London Declaration, as well as with relevant international and regional organizations. Sherpas had been nominated by ICO Members (regional representatives) and by signatories and support organizations. The process had been supported by a consultancy funded by the Governments of Switzerland (SECO) and Germany (BMZ/GIZ). Consultation with sherpas was ongoing and the first meeting of the Task Force would take place online at the end of the month.
- Strategic Goal III: Facilitating the development of projects and promotion programmes through public-private partnerships. For the project ‘Promoting domestic consumption in Africa’, IACO was granted a portion of the ICO Special Fund totalling US\$454,021 to develop project activities in Africa under the supervision and monitoring of the ICO. For the project ‘Sustainable coffee sector in Gabon’, the ICO was providing technical assistance to design the coffee sector strategy.
- Communications and International Coffee Day (ICD) 2020: ICO was modernizing its communications (social media, [new Council website](#), virtual Council); also a new series of video interviews, called ‘Coffee Sounds’, with leaders in the global coffee industry had been established.

The theme of ICD 2020 would be “A celebration of coffee – Make a date with your coffee companion” and would be put into effect in the near future.

13. The Chair of the Council thanked the Executive Director for the report on the ICO’s accomplishments from October 2019 to May 2020 and invited participants to make interventions.

14. One Member thanked and congratulated the Executive Director and his team for their impressive work. He also expressed concerns about the future, since the Secretariat might not be able to continue engaging in such a wide array of activities. He considered that priorities needed to be established. He praised the ICO for the Seminar on covid-19 held on 3 June, the ‘Coffee Break’ research papers and the ‘Coffee Sounds’ videos, noting that these were very good initiatives.

15. Another Member congratulated the Secretariat for all the work done in the past months to assist Members in assessing and mitigating the impact of covid-19. The ICO had adjusted quickly to the new circumstances. She asked the Executive Director if there had been any feedback from the private sector. What had been their initial reactions?

16. The Executive Director responded that the private sector had responded positively to the Coffee Private-Public Task Force. He noted that private sector sherpas were working closely with the NewForesight consultancy under ICO leadership. He further noted that that the work had not progressed as rapidly as desired due to the covid-19 pandemic. The Secretariat was also awaiting imminent start of the Task Force Coordinator, a full-time and free-cost expert attached to the ICO and funded by Germany’s GIZ.

17. Another delegate congratulated the Chair of the Council on his election for the role and thanked the Executive Director for the presentation. He also thanked the ICO for the seminar on covid-19. He expressed belief in cooperation between Members and the private sector, as well as with international organizations. These partnerships would be important for the ICO in these difficult times.

18. Another Member thanked the Executive Director and the ICO. She also thanked Germany and Switzerland for their contribution to the work of the Task Force. She referred to the mention of the African Development Bank and requested information on ICO mobilization of other organizations from Latin/Central America.

19. The Executive Director commented that this was a work in progress and that the main focus of collaboration with Africa is the promotion of domestic consumption (with resources from the Special Fund). The equivalent project in Latin America was being conducted by PROMECAFE. The ICO was ready to support other initiatives in the region and had held preliminary discussions with the Central American Bank for Economic Integration (CABEI).

20. Another delegate commented that these are hard times for everyone, including the ICO. His delegation was facilitating the efforts of the ICO with PROMECAFE and CABEI. He further stated that it was time to consider establishing a programme for Central and South America on the same lines as the African Coffee Facility.

21. The Executive Director thanked the delegate for his support in this matter and reaffirmed that the ICO would continue to work closely with Members in the region to mobilize resources.

22. The Chair suggested that the Council take note of the report and the presentation and thanked the Executive Director and his team.

Item 3.2 Interim report on Obstacles to consumption: tariff and non-tariff and their impact on the coffee sector

23. The Council received a presentation from the Chief Economist on a study which contained updated information on tariff and non-tariff measures to enable the Council to assess compliance by Member countries with the provisions of Article 24 'Obstacles to consumption', contained in document [ICC-126-2](#).

24. The Chair of the Council thanked the Chief Economist for his presentation on tariff and non-tariff measures. The Council took note of the presentation.

Item 3.3 World Coffee Conference

25. The delegate of India reported on the situation concerning the 5th World Coffee Conference (WCC), which had been scheduled to take place in Bengaluru, India, from 7 to 9 September 2020.

26. Due to covid-19, India had decided to postpone the WCC. India would continue to monitor the global situation and then discuss with the ICO, in consultation with its Members, plans to hold the 5th WCC.

27. The Chair of the Council invited the Council to comment, and the report was noted.

Item 3.4 Impact of covid-19 on the coffee sector

28. The Head of Operations reported on the seminar on ‘Covid-19: Impact on the world coffee sector and mitigation measures’, held on 3 June. The Seminar was part of the overall response of the ICO to impact of covid-19. He thanked the Chair for opening and closing the Seminar and also the high-level representatives of key international organizations and representatives of the private sector who shared with ICO Members and over 500 people worldwide their views and solutions with regards to impact of covid-19 pandemic and possible mitigation measures and funding opportunities. The Seminar had highlighted the impact on the coffee supply chains, how to increase resilience, different scenarios for funding for covid-19 mitigation measures.

29. He noted that the Seminar had two sessions and that it was attended online by over 70 countries. The recording of the Seminar would be available on the [Seminar's webpage](#) and a summary report would be made available in due course.

30. The Head of Operations noted that Mr Leonard Mizzi, Head of Unit, Directorate-General (DG) for International Cooperation, European Commission, had reiterated the EU's strong support for the ICO and invited the ICO to advocate for the coffee sector at the forthcoming EU-Africa Summit. Furthermore, the European Commission was ready to work with the ICO and its Members on the African Coffee Facility. Mr Mizzi suggested that a meeting on this subject should be organized in the near future and suggested to look together at other funding options for the coffee sector, including the Agri-Business Capital (ABC) Fund, managed by the EC and the International Fund for Agricultural Development.

31. The Head of Operations further pointed out that the speaker from the World Bank, Martien Van Nieuwkoop, Global Director of Agriculture and Food Global Practice, had stressed the renewed interest of the Bank to work with the ICO to support and facilitate access to finance for the global coffee sector and explore how to involve and support ICO stakeholders. The representative of the World Bank also indicated the Bank's readiness to work with the ICO and its Members and invited the ICO to approach the Bank in order to help its Members to gain access to the Food Systems, Land Use and Restoration (FOLUR) Impact Program.

32. The Seminar, according to the Head of Operations, was a demonstration of the ICO's ability to advocate for the coffee sector and mobilize key institutions such as the FAO, World Bank, European Commission and donors in general. These institutions saw the ICO as an international neutral honest broker between exporting and importing countries and the public and private sectors.

33. The Head of Operations concluded that the ICO would look at the options offered by the World Bank and the EU and continue working with donors and the Task Force.

34. The Chair of the Council thanked the Head of Operations for presenting the main points discussed at the Seminar and opened the floor to comments from the Council.

35. Delegates congratulated and thanked the Head of Operations and the Secretariat for organization of the Seminar. The Seminar was rich in content while being low in cost. Digital platforms should continue to be explored since they were efficient and inexpensive. The suggestion was made that the Secretariat should consult Members on topics and speakers in the future.

36. The Chair of the Council thanked the Secretariat for the Seminar and said that he looks forward to more cost-effective seminars. The Council took note of the report.

Item 4: Review of the International Coffee Agreement (ICA) 2007

37. The Chair of the Council introduced this item and invited the Chair of the Working Group on the Future of the International Coffee Agreement (WGFA), Ms Stefanie Küng, of Switzerland to report.

38. The Chair of the WGFA stated the Group had met six times and had lively debates with active participation from many Members. During these meetings, delegates had made a preliminary review of the entire text of the Agreement and found many areas of convergence, although decisions on some important issues had been deferred.

39. The Working Group had also discussed broader questions relating to the purpose and mission of the ICO. Some participants in the Working Group had stressed the need for additional time to complete the review of the agreement and make further recommendations. They especially noted the impact of the coronavirus pandemic, which had restricted internal meetings in Member countries. These delegations suggested that the current Agreement be extended for one year in order to provide the necessary time to build consensus around a new text.

40. The Chair of the WGFA encouraged those Members who had not yet submitted any proposals to do so. She emphasized that Members needed to think about what they want from the ICO, what they expect from it and how they want to amend and change its founding treaty.

41. She concluded by noting that the next meeting of the Working Group was scheduled for 24 June and any suggestions by Members on how to proceed with this work were very welcome.

42. The Chair of the Council thanked the Chair of the WGFA for the report and asked the Council for comment.

43. One Member thanked the Chair of WGFA for conducting the discussions of the Group. He stated that this was the time to rethink the Organization in-depth and that working methods and rules had to be reviewed. Members wished to see more tangible outputs, such as the seminar held on 3 June. This was an existential question for the survival of the Organization. The ICO needed to adapt to a changing world and produce tangible benefits for its Members. He proposed to organize informal brainstorming meetings in order to help this process, while noting that a one-year extension of the current Agreement was necessary to allow for meaningful discussion.

44. Another delegate stated that he recognized the work and efforts of the Secretariat and the Working Group; however, under the current circumstances, it is important to have time to reflect on the Organization's future. Coffee stakeholders needed a more resilient, sustainable coffee sector, while the ICO needed to modernize to face current challenges. It was time for discussions on fundamental questions, such as the need for the private sector to be involved with a transparent and meaningful role. His delegation supported the proposal to extend the Agreement for one more year, as long as there were meaningful and clear goals, a purpose and an end result to this process.

45. Another delegate also supported a one-year extension, especially in light of the current covid-19 emergency and its impact on the coffee sector. This extension would allow time for the discussion of fundamental matters. For his country, it was important to focus the discussion on how to support coffee farmers. This was a key element for consideration.

46. Another delegate congratulated the Chair of the Working Group on her skills in conducting the committee's meetings. He commented that this was an opportunity to think out of the box, define objectives, goals and what Members wished the ICO to be. Members could find a way together, while focusing first on the essence and then work on the development of the text. He reiterated his country's commitment to the Organization.

47. Another delegate also congratulated the Chair of the WGFA on her work. He stated that his delegation was open to all kinds of ideas for this treaty, but that these would need to be implemented through the Secretariat. He stressed the issue of timing since the Agreement would end in eight months. For some countries, a one-year extension would be a simple administrative measure; however the internal procedures required were more complicated in his case. He referred to the issue of the financial sustainability

of the ICO. A decision needed to be taken with regard to the non-payment of contributions in order to ensure the support of his delegation for an extension without amendment. He reiterated his concerns for the staff of the ICO and thanked the Secretariat.

48. Another delegate reaffirmed his country's support for an extension of the Agreement, while stating that the payment of contributions was a separate matter. All Members were obliged to pay contributions. His delegation agreed with the suspension of countries in persistent arrears. However, he did not agree with increasing contributions or with paying the contributions due from other Members. Countries needed to decide if they wish to be part of international organizations. An extension was inevitable and had nothing to do with payment of contributions.

49. Another delegate also congratulated the Chair of the Working Group for her excellent work and stated that this was the most important issue in the Organization. His country had presented some proposals. The ICO needed to adapt to changing times. He agreed with the proposal to extend the current Agreement for one year. This would enable necessary changes in the ICO to be made.

50. Another delegate commented that he understood the proposal to extend the Agreement for one year. However, it made no sense to grant this extension if no funds were available to pay the salary of staff. Members should be conscious of this.

51. Another delegate stated that she had no issue with extending the Agreement. However, she noted that the meeting of the Finance and Administration Committee had revealed that the ICO was in a precarious financial situation. She urged the Council to take this into account.

52. The Chair of the Council commented that the Working Group for the ICA 2007 continued to meet and was making good progress. He noted that a proposal had been made to extend the Agreement for an additional year, i.e. until February 2022. However, there were different aspirations for the future of the Organization. He suggested to close this item and to discuss this matter further within the Working Group. He noted that the Working Group was open for anyone to join if interested and that Members could provide inputs.

53. A delegate commented that the Working Group had made progress with a view to strengthening the Organization. His delegation supported the suggestion to bring the ideas to the Working Group for more in-depth discussion.

54. Another delegate reiterated that Members needed to address the financial sustainability of the organization before taking any decision to extend the Agreement. The draft Resolution on Members in persistent arrears (contained in [WP-Council 304/20](#)) was a step in that direction and the Council needed to approve it during this Session. If this Resolution were adopted, the Finance and Administration Committee would be in a position to prepare a budget for 2020/21 that included the condition that no Members would have their contributions increased. He also addressed the issue of timing, noting that the internal procedures required for extension were quite lengthy and complicated in his particular case. He noted that Members must agree on moving in the right direction and that the bottom line was the financial balance of the ICO.

55. A delegate stated that priority should be given to the Resolution on Members in persistent arrears and to other measures related to the financial sustainability of the ICO.

56. The Chair of the Council suggested that the Chair of the WGFA report back to the Council in September and provide recommendations. He stressed again the fact that no increases in contributions should result as the consequence of the adoption of the Resolution on Members in persistent arrears. He also noted that questions related to the financial sustainability of the Organization would be discussed further in the Finance and Administration Committee. He expressed his thanks to the WGFA and urged all Members to participate actively in its work. On behalf of all Members he thanked the Chair of the Working Group, Ms Stefanie Küng, for her outstanding performance. He again thanked for the Council for its cooperation.

57. The Chair of the WGFA thanked the Chair of the Council and all Members for their kind words and affirmed her readiness to continue working in that capacity.

Item 5. Special Fund

58. The Chair of the Council invited the Executive Director to introduce this item.

59. The Executive Secretary of PROMECAFE, Mr René León Gómez, was invited to report on the project to promote domestic consumption in Latin America conducted by PROMECAFE. The project aims to contribute to increased income for coffee growers, and is now in its fourth and final year. Through the project they have organized a network of technicians, based on ICO's Step-by-Step Guide to Promote Coffee Consumption in Producing Countries. The results of the project are in PROMECAFE'S webpage. As a result of the covid-19 pandemic, the conclusion of the project had been delayed and a no-cost extension had been requested.

60. The Executive Director informed that the request from the Executive Secretary of PROMECAFE, contained in document [SF-44/20](#), had been circulated to all Members. Since the extension did not entail any financial implications of the extension, he had approved the extension after receiving the support of the spokesperson for exporting Members.

61. A delegate from the region congratulated PROMECAFE and its Executive Secretary as well as the ICO for this example of cooperation. He supported the extension of the project.

62. The Council then received a report from Mr Frederick Kawuma, Secretary General of the Inter-African Coffee Organisation (IACO), on implementation of the Special Fund project in the African region.

63. Mr Kawuma presented the status of the ICO project on domestic coffee consumption in Africa. He noted that successful seminars and workshops to promote consumption had been organized in the region, especially highlighting a seminar on coffee and health. These activities have motivated countries in the region and the project will continue to support domestic consumption in Africa.

64. The Chair then invited the spokesperson for exporting Members to report on the Special Fund project for the Asia-Pacific region.

65. The spokesperson for exporting Members expressed his pleasure in announcing that the Asia-Pacific region had reached a joint position on the use of the resources of the Special Fund. The concept note for the region could be found in document [SF-45/20](#). Activities will include achieving greater insight into the capacity building need of stakeholders, developing training materials and developing promotional activities for local markets. He noted that further discussion within the group of Members from that region was still needed on certain details.

66. A delegate from the group thanked the spokesperson for exporting Members for presenting the proposal for the use of the Special Fund in the Asia-Pacific region. He thanked all the Members in the region, ably assisted by the Executive Director, for their efforts to achieve a consensus. His country was pleased to support the proposal.

67. The Chair of the Council thanked the delegate. He noted that the Asia-Pacific group had agreed to the direction that they wanted to take and emphasized the need to promote domestic consumption under these special circumstances of covid-19.

68. The Chair of the Council noted that there were no further comments. The Council noted the report and approved the extension of the Project in Latin America and the concept note for Asia-Pacific region contained in document [SF-45/20](#).

Item 6: Financial and Administrative Matters

Item 6.1: Finance and Administration Committee

69. The Chair of the Council invited the Chair of the Finance and Administration Committee (FAC), Mr N. N. Narendra, of India, to report on the financial situation of the Organization and the draft Administrative Budget for the financial year 2020/21. The Council would be invited to consider the report. The documents were contained in reports [FA 237/20](#) and [FA 231/20](#).

70. The Chair of the FAC informed the Council about the extensive meetings that had taken place on 1 and 2 June, which were very constructive and lively. They covered issues of producing nations, covid-19, the implications of financial situation for the sustainability of the Organization and the need to put in place tangible measures, particularly cost reductions, to tackle this critical situation.

71. The Chair of the FAC continued with the analysis of the financial situation ([FA-237/20 Rev. 1](#)) and noted the Executive Director's statement on the financial situation, shortage of funds and the sustainability of the Organization. He emphasized that contributions should be paid promptly by Members in order to ensure the sustainability of the Organization. He noted that the Secretariat will continue its efforts to reduce spending. Members of the FAC had agreed to meet intersessionally as many times as necessary to review the financial situation until the Council Session in September. The Committee had also requested the preparation of a contingency plan on the financial situation. He further repeated that all Members should make the best effort to pay their contributions to the Organization as quickly as possible, while commenting that the ICO should come up with tangible measures to help exporting Members.

72. With regard to the draft Administrative Budget, the FAC had evaluated the contents of document [FA-231/20](#). However, the Committee had noted that since March, when the budget was drafted, the economic situation of Members had worsened due to the covid-19 pandemic and the costs of the ICO had also changed. The Committee considered that the budget needed to reflect these developments as well as the issue of temporary suspension of Members in persistent arrears. The draft budget, therefore, needed further revision.

73. The Chair of the Council thanked the Chair of the FAC and invited delegates to comment.

74. A delegate stated that his country was conscious of the need to pay contributions. A partial payment of his country's arrears had been made on that very day and he expected the balance to be paid in the near future. He noted that the outstanding debt of Members to the ICO stood at approximately £1.3 million, which represented almost half of the budget. He added that the full impact of covid-19 was still to be seen and that it was impossible to know how much governments would have to allocate to combat the economic damage. He would propose measures to cut costs in order to ensure the survival of the organization.

75. The Chair of the Council stated that the situation in his country was similar. He asked the Executive Director to comment.

76. The Executive Director informed that the Secretariat had already taken steps to adjust to the new situation. On the expenditure side, many measures were being taken to reduce expenditures, especially on personnel and travel. As a result, significant savings would be made on this year's budget. A revised budget for 2020/21 would be prepared, taking into account all the issues in the FAC and Council to seek additional savings while attempting to minimize the impact on the ICO's output. On the revenue side, he noted the unprecedented support received from donors, international organizations, and the private sector. He especially thanked Germany and Switzerland for funds and in-kind contributions.

77. The Executive Director stressed that the ICO was relevant in the work to advocate on behalf of the coffee sector. The Organization was seen as a neutral and honest broker between producers and consumers, as well as between the public and private sectors. The Executive Director urged the Members to consult the [Annual Review](#) to take stock of all the work performed by the ICO during the last coffee year. He reminded delegates of the results of the covid-19 seminar. An important example was the statement by the representative of the European Union of its intent to expand cooperation with the ICO, including the support for the African Coffee Facility, access to the Agri-Business Capital Fund, and to focus on coffee at the 2021 EU-Africa Summit. He also expressed his satisfaction with the World Bank's willingness to work with the ICO in helping Members to access resources, including through the Food Systems, Land Use and Restoration (FOLUR) Impact Program.

78. The Executive Director concluded by reminding Members that, despite all these efforts to reduce expenditures and increase revenues, the Organization still needed the payments of contributions to ensure its financial sustainability.

79. Another delegate thanked the efforts made to pay contributions. She suggested 'zooming back a little' and reminded that the withdrawal of the USA had left a substantial hole in the Organization's budget. She mentioned the coffee price crisis that had begun in 2016 and commented that the ICO has done some outstanding work in engaging the private sector through the Coffee Public-Private Task Force and research. This was the type of work Members wanted to see. She highlighted that the Secretariat could not make grand plans if its very financial survival was at stake. Her delegation fully supported the adoption of the Resolution on Members in persistent arrears, without prejudice to the need for the Secretariat to find creative ways of addressing the financial stress. She agreed with the Chair of the Council that international cooperation was needed now more than ever, both producers and consumers needed to find solutions together. She added that her country had demonstrated its support for the ICO by providing voluntary contributions in addition to their ICO membership fees.

80. The Chair of the Council added that all Members shared the same point of view: the importance of the ICO to the coffee sector.

81. A Member joined other delegates to voice concern about the position of ICO. The economic implications of covid-19 would increase the difficulties for Members to pay their contributions. The key issue, in terms of finance, is that the Organization faces a serious cash flow problem. Members needed to think in terms of long-term sustainability for the ICO, while allowing the Organization to focus on core areas such as boosting coffee consumption and boosting productivity.

82. Another delegate agreed with previous speakers. The ICO had to reinvent itself in a responsible way. It was a unique forum for dialogue between coffee-exporting and -importing countries. In the current economic and political climate, international organizations were even more important than before, but they had to renew themselves. More measures would have to be taken, especially in terms of cutting costs. His delegation would submit proposals to this effect in writing.

83. A delegate supported the ideas of the previous speaker and empathized with the view of the Executive Director in facing challenges in mobilizing financial resources. His delegation understood that coffee prices and covid-19 are affecting the global coffee sector and are hindering the efforts of Members to pay their contributions to the ICO. He encouraged the Secretariat to be more active, and get donor agencies to support for activities.

84. Another delegate stated that although the Executive Director was doing a good job in reducing costs, more needed to be done. Countries wanted to see benefits of remaining in the Organization. This was an important forum for meeting with the whole coffee sector and sharing opinions with everybody, but further thinking was required about the future of the Organization.

85. Another delegate stressed the importance of holding physical, as opposed to online, meetings. He emphasized the need to cut travel costs. The Executive Director must be given time to think on how to proceed. His delegation was concerned about proposals to reduce translation costs, since translated documents were important for Members to participate effectively in the Organization.

86. The Chair of the Council noted that there were no further interventions and moved on to the next item. He concluded by saying the Finance and Administration Committee should continue with their work on a revised budget and that key words to keep in mind were 'Be creative, innovative and prioritize work'. The Chair thanked all Members for their comments and moved on to item 6.2. He gave the floor back to the Chair of the Finance and Administration Committee.

Item 6.2. Report on the implementation of Resolution 466, Members in persistent arrears

87. The Chair of the Finance and Administration Committee noted that the Executive Director had made a report on persistent arrears. Some progress had been made in this regard, namely from the Malawi and the Democratic Republic of the Congo, who had submitted plans to pay their arrears in instalments. These proposals were contained in [WP-Council 305/20](#) and [WP-Council 306/20](#), respectively. The FAC recommended that the Council approve both draft resolutions.

88. The Executive Director reminded the Council that it was considering two draft resolutions, one proposed by Malawi and one by the Democratic Republic of the Congo, with repayment plans for their arrears. This is a result of intensive effort by the Secretariat. He was grateful that these countries were disposed to re-establish links with the ICO. and hoped that the Council would approve the two resolutions.

89. The Council approved the draft Resolution on the restoration of voting rights of the Democratic Republic of the Congo ([WP-Council 306/20](#)) and of Malawi ([WP-Council 305/20](#)) which were subsequently published as [ICC Resolution 469](#) and [ICC Resolution 468](#), respectively, copies of which are attached to these Decisions.

**Item 6.3. Draft Resolution on temporary suspension of
Members in persistent arrears**

90. The Chair of the Council moved on to item 6.3 and invited the Chair of the FAC to provide his report.

91. The Chair of the Finance and Administration Committee noted that the Executive Director had presented the draft Resolution on temporary suspension of Members in persistent arrears contained in document [WP Council-304/20](#), and that that it had been debated extensively in the FAC without a final conclusion being reached. Delegates had agreed on the need to neutralize the contributions from Members in persistent arrears while also noting that contributions from other Members should not be increased. Further review was needed.

92. A delegate stated that he endorsed the report. However, his understanding of the conclusion was different. He considered that the Resolution should be adopted now and not revised. He agreed that suspension did not mean exclusion. This Resolution had been discussed for several years and its adoption would facilitate the work of the Secretariat. The key issue was to understand that by adopting the Resolution, the ICO will have to cut its budget. Additionally, approval of the draft Resolution was necessary in order for his delegation to undertake the necessary internal procedures to allow for an extension of the Agreement in September. He added that it was important to achieve consensus on this matter and stressed the need to further discuss the budget.

93. The Chair of the Council reminded delegates that the suspension would entail only a temporary suspension of benefits of membership in the ICO.

94. A delegate emphasized the importance of this discussion, which should not be avoided. He agreed that suspension did not mean exclusion. He added that his county would not be able to support the Organization if contributions were increased, and suggested moving forward without raising contributions.

95. Another delegate supported the comment that suspension did not entail exclusion. They noted that the proposed Resolution was fair for ICO Members and staff. His delegation would support it, as long as contributions were not increased.

96. A delegate stated that he was pleased to confirm that this Resolution did not necessarily imply any increase in contributions. If the objective was the sustainability of the Organization, the option for 18 months as the definition of persistent arrears needed to be considered. The resulting reduction in the budget would be around £200,000.

97. The Chair of the Council reminded the Council that suspension did not mean exclusion and that no increase in contributions was foreseen. He raised the question of how to fix the hole in the budget and motivate Members to contribute.

98. Another delegate stated that they appreciated the debate that was now taking place. Their delegation agreed with the draft Resolution but would prefer that the definition included a delay in payment of 24 months.

99. Another delegate stated that the redistribution of votes was already in place. The Secretariat needed to prepare a new budget where voting rights were redistributed but the contribution per vote was reduced. He added that this was needed to avoid the liquidation of the Organization. The budget needed to be realistic and to take into account contributions that would be paid.

100. The Chair of the FAC informed that a meeting of the Committee was planned for 2 July. This topic would be discussed at length. The draft Resolution was unambiguous and related only to temporary suspension.

101. The Executive Director stated that he saw considerable convergence in opinions but that agreement on some details was still required. As a compromise, he suggested that the Council should adopt a decision in principle on the subject of the redistribution of votes and contributions without coming to a conclusion on the number of months. This would help any delegation that faced internal bureaucratic hurdles.

102. A Member reiterated that his delegation would not be able to agree to the extension of the Agreement if a decision on temporary suspension of Members in persistent arrears was postponed to September. With regard to the number of months used for the definition of persistent arrears, he proposed to stick with 18 months. This would be the most responsible way to address the financial situation of the Organization.

103. The Chair of the Council suggested coming back to this issue with a possible solution of 'Endorse in Principle', leaving the FAC to clarify issues such as the number of months before temporary suspension. The Chair of the Council asked whether the Member would be prepared to go along with this proposal, always bearing in mind that no increases in contributions would occur.

104. The delegate in question stated that he felt that was an excellent idea and that he wanted to facilitate this process. He again stressed that he wanted something solid confirmed by 2 July 2020.

105. The Chair of the Council noted that the Council would take note of the comments and the date of 2 July 2020.

106. A delegate agreed with the suggestion that the Resolution should be adopted in principle, subject to the FAC receiving all the necessary clarifications by 2 July. He noted that the new draft budget should therefore be circulated to all Members before 2 July, to leave time for all Members to study it.

107. The Chair of the FAC noted the need to reach a decision on 2 July. He requested to the Executive Director to circulate a draft of the revised Administrative Budget and scenarios for contributions as soon as possible.

108. The Executive Director reminded the Council that two points still remained to be clarified. The first related to the number of months required for a Member to be temporarily suspended (resolving clause number 1). Should it be 18, 24 or 36 months? The second point was resolving clause number 4, which provided that the suspension of voting rights was either automatic or subject to a decision by the Council. He requested that a decision needed to be reached on these two points.

109. Delegations were split on whether to use 18 or 24 months as the definition of persistent arrears.

110. As a compromise, the Chair of the Council suggested the use of 21 months.

111. A delegate that favoured 18 months commended the Chair for his proposal and stated his willingness to go along with this compromise. However, the limit of his flexibility was 21 months.

112. The Chair of the Council proposed that the Council come to a decision. He noted 21 months had been adopted as a compromise. He requested that Members move into a 'solution mode' and for everyone to make an effort to address the challenges faced by the Organization. Seeing no objection, the time limit of 21 months was approved.

113. The second issue mentioned by the Executive Director related to the automaticity of temporary suspension. He opened the floor for discussion.

114. Members concluded that suspension should be automatic and to maintain the wording 'unless Council decides otherwise' in resolving clause number 4.

115. The Chair of the Council concluded that the Council adopted the draft Resolution on temporary suspension of Members in persistent arrears ([WP-Council 304/20](#)) ‘in principle’ subject to clarification by the FAC on outstanding issues. The Resolution was subsequently published as [ICC Resolution 470](#), a copy of which is attached to these Decisions.

Item 6.4. Administrative Accounts of the Organization for the financial year 2018/19 and the Report of Auditors

116. The Chair of the Finance and Administration Committee stated that the FAC had deliberated on the Administrative Accounts and the Report of the Auditors and recommended the document for approval for Council.

117. The Chair of the Council invited delegations for comments on approval of the Administrative Accounts for 2018/2019 and the Report of the Auditors.

118. A delegate stated that he was ready to approve and endorse the auditor’s report. He stated that Members should take the time to read the reports so that Members can see the opinion of auditors. He commented that it was the duty of Members to support this exercise.

119. The Chair of Council noted that there were no further comments and that the report had been approved.

120. The Council approved the Administrative Accounts and the Report of the Auditors contained in document [FA-233/20](#).

Item 6.5. Accounts of the Special Fund for the financial year 2018/19 and Report of the Auditors

121. The Chair of the Finance and Administration Committee presented the Accounts of the Special Fund for 2018/19 (document [FA-234/20](#)). He commented that the FAC had recommended the accounts of the Special Fund (2018/19) and the Report of the Auditors for approval by the Council.

122. The Chair of the Council invited the Council to approve the document. There were no objections.

123. The Council approved the accounts on the Special Fund and the Report of the Auditors contained in document [FA-234/20](#).

Item 6.6: Accounts of the Coffee Sustainability Projects Trust Fund for the year 2018/19 and Report of the Auditors

124. The Chair of the Finance and Administration Committee presented the Accounts of the Coffee Sustainability Projects Trust Fund and the Report of the Auditors contained in document [FA-235/20](#) and asked for approval from the Council.

125. The Chair of the Council noted no objections and that the Council had approved the document.

126. The Council approved the accounts of the Coffee Sustainability Projects Trust Fund and Report of the Auditors contained in document [FA-235/20](#).

Item 6.7. Promotion Fund

127. The Chair of the Council noted that, as decided in September 2010, this item is not audited but circulated to all Members under the document [FA-236/20](#).

128. The Chair of the Finance and Administration Committee presented the report submitted by the Secretariat and stated that the report has been noted by the Committee.

129. The Council took note of the report contained in document [FA-236/20](#).

Item 6.8. Appointment of Auditors

130. The Chair of the Finance and Administration Committee began the presentation of the item by discussing the current Auditors. Members had taken note of the documents [FA-240/20](#) and [FA-241/20](#). The first document contained a communication from the auditors declining an invitation to attend the FAC meeting, while the second contained the Auditors' reply to questions raised by Uganda. Both documents had been considered unsatisfactory by the Committee. He requested the Secretariat to take further steps to satisfy Members. The Chair of the FAC also noted that the Committee proposed Barnes Roffe LLP as Auditors for coffee year 2020/21 onwards.

131. A delegate stated that the situation required more information and clarification. As discussed in the FAC, transparency was a paramount consideration. He commented that the problem with the former Auditors might be repeated in the future.

132. Another delegate stated that some issues needed clarification. He noted that there had been challenges with the outgoing Auditors. In his opinion, some of the most important issues that an auditor should examine had not been duly taken into

consideration. Before approving a new Auditor, he wanted to make sure key issues would be addressed. He emphasized the need to clarify the issues mentioned in the FAC. He suggested that the Secretariat should write to the auditors to seek further clarifications at no additional cost, since these issues should have been addressed as part of the audit.

133. The Chair of the Finance and Administration Committee stated that the Committee has recorded these problems.

134. The Chair of the Council stated that Members should be able to seek clarification from former Auditors. He requested the Secretariat to facilitate this process in the name of transparency and clarity. He then asked the Council to consider the approval of Barnes Roffe LLP as the auditor for coffee years 2020/21.

135. A delegate stated that the new Auditor would be concerned about the quality of the account. He suggested that the Council needed to appoint this Auditor and that a decision needed sooner rather than later. With regard to the outgoing Auditors, even though clarification was needed, item 6.6 and the report had already been adopted. Therefore, the Council should move on from this item.

136. The Executive Director noted that the FAC had asked the Secretariat to clarify issues related to ad hoc fees with Barnes Roffe LLP. Their reply has been transmitted to the Chair of the FAC.

137. The Chair of the Finance and Administration Committee confirmed that the new auditor, Barnes Roffe LLP, had provided a satisfactory reply to the questions raised by the FAC.

138. The Chair noted no further comments from the Council. He stated that the Secretariat would seek clarification on the work of the former auditors. He thanked the Council for its cooperation and closed item 6.8.

<p>139. The Council approved the proposal of the FAC to nominate Barnes Roffe LLP as Auditors for coffee year 2020/21 onwards.</p>
--

Item 6.9. Salary scales and the basis for contributions to the Provident Fund for staff in the General Services and Professional and higher categories

140. The Chair of the Finance and Administration Committee presented Item 6.9 ‘Salary scales and the basis for contributions to the Provident Fund for staff in the General Services and Professional and higher categories’ and noted it comprised three

documents, namely [FA-226/20](#), [FA-227/20](#) and [FA-238/20](#), which had been discussed in FAC and recommended for approval by the Council.

141. A delegate requested clarification, noting that the FAC had agreed to postpone and review the budget. He wanted to know how salaries could be discussed if no budget had been approved.

142. The Executive Director responded that these salary scales and tables were already provided for in the current year's budget and would be taken into account during the revision of the 2020/21 budget. He added that the remuneration of staff, of which the salary scales and basis for pensionable remuneration were an integral part, was governed by the Staff Regulations and Staff Rules. Failure to apply these tables would be a breach of the obligations of the Organization to its staff.

143. The Chair of the Council proposed that the Council approve this item. He suggested that Members could request further clarifications if needed. If there were no further objections, the document was approved. He thanked the Council for their understating and cooperation.

144. The Chair approved the Salary scales and the basis for contributions to the Provident Fund for staff in the General Services and Professional and higher categories contained in documents [FA-226/20](#), [FA-227/20](#) and [FA-238/20](#).

Item 7. Other Business

145. No other business was proposed.

Item 8. Date of the next Session

146. The Chair of the Council stated that the next Session was originally scheduled to take place in India from 10 to 12 September 2020, immediately after the World Coffee Conference. However, considering the covid-19 pandemic, the Council Session in India had been cancelled. Therefore, new dates and modalities for the next Council Session and the 2nd CEO and Global Leaders Forum needed to be found. He invited the Executive Director to make proposals.

147. The Executive Director reviewed the options for the 127th Session of the International Coffee Council and associated meetings. He noted that public gatherings of more than two people were prohibited in the UK and that travel could be an issue. Another important consideration is the quarantine on international visitors of 14 days for passengers arriving in the country. Furthermore, covid-19 was still spreading in other

parts of the world and attendance of all delegates could not be guaranteed. With regards to a venue, the Secretariat had been in contact with the International Maritime Organization, which had been forced to delay its own meetings. Therefore, the IMO was unable to host the ICO in September. Other venues had been approached but were costly and required a non-refundable deposit on booking. In view of all these uncertainties, as well as the successful virtual meeting currently being held, he suggested that the next Session of the ICC be held online.

148. The Chair of the Council suggested that Members consider the suggestion to conduct the next session virtually. He understood the importance of working physically, but highlighted that these were special circumstances.

149. There were no comments from Members.

150. The Chair stated that the next meeting would be held online from 7 to 11 September. He also invited Members to put forward topics for the meeting and to transmit suggestions for the improvement of future meetings.

Item 9. Closing remarks

151. The Chair of the Council thanked all present for attending. He congratulated the Executive Director, the ICO staff and Members. He stated that good progress had been made, while highlighting that Members gained insight into pending issues that need to be settled once and for all.

152. Members congratulated the Chair for his leadership and the Executive Director and all the staff of the Organization for organizing a successful meeting. They were particularly impressed by the seminar on covid-19 and the smooth experience made possible by digital technology.

153. The Chair of the Council thanked the Chair of the WGFA and the Chair of the FAC for their work, as well as the Executive Director, the Head of Operations, the Secretariat and Communications Officer and all the staff of the ICO.

154. The Executive Director stated that, despite the challenges involved in organizing this first virtual meeting, it turned out better than expected. The ICO would send out a questionnaire to ascertain ways in which to make the experience of Members even better and asked for the collaboration of Members in filling out the survey. The Executive Director thanked the ICO staff for their tireless efforts. Finally, he thanked the Chair of the Council and his team.

155. The Chair of the Council closed the 126th Special Session of the ICC.



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC Resolution 468

5 June 2020

Original: English

E

International Coffee Council

126th Session (Special)

4 and 5 June 2020

London, United Kingdom

Resolution Number 468

APPROVED AT THE SECOND PLENARY MEETING,
5 JUNE 2020

RESTORATION OF VOTING RIGHTS OF MALAWI

WHEREAS:

Paragraph (2) of Article 21 of the International Coffee Agreement 2007 provides that, “If any Member fails to pay its full contribution to the Administrative Budget within six months of the date on which the contribution is due, its voting rights and its right to participate in meetings of specialized committees shall be suspended until its contribution has been paid in full. However, unless the Council so decides, such Member shall not be deprived of any of its other rights nor relieved of any of its obligations under this Agreement”;

As at 20 May 2020 Malawi had outstanding contributions amounting to £58,656 for 2019/20 and previous years;

Malawi has submitted a proposal for the payment of its arrears as shown in document FA-242/20 (attached); and

In recognition of the commitment by Malawi to pay the arrears in accordance with the instalment scheme shown in document FA-242/20, it is deemed appropriate to restore its voting rights,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To allow Malawi to pay its outstanding contribution of £6,520 for coffee year 2019/20 to the Administrative Budget immediately and the remaining outstanding contributions to be paid in three equal instalments of £17,379 over the next three coffee years, each payable on 1 July.
2. To restore with immediate effect the voting rights of Malawi for as long as the above payment plan is maintained and future contributions are paid in accordance with the provisions of Article 21 of the 2007 Agreement.
3. That this Resolution shall not constitute a precedent in respect of the waiver of obligations relating to contributions under the provisions of Article 21 of the 2007 Agreement.
4. To request the Executive Director to inform the Finance and Administration Committee of Malawi's compliance with its obligations under paragraph 1 of this Resolution.



Finance and Administration Committee
38th Meeting
1 and 2 June 2020
London, United Kingdom

Malawi

**Payment of arrears in contributions
to the Administrative Budget**

RESTRICTED

Background

1. As indicated in the document concerning the situation of outstanding contributions affecting voting rights (document [ICC-126-1](#)), Malawi has outstanding arrears of £58,656 as at 26 May 2020.

2. The Coffee Association of Malawi (CAMAL) has submitted a letter dated 20 May 2020 (see attached Annex I) requesting the ICO to consider ways of paying its arrears. The Secretariat has proposed the following payment plan to which they have agreed (Annex II):

- (a) The current contribution of £6,520 for coffee year 2019/20 to be paid in full immediately.
- (b) The first instalment of £17,379 to be paid on 1 July 2021.
- (c) The second instalment of £17,379 to be paid on 1 July 2022.
- (d) The third instalment of £17,379 to be paid on 1 July 2023.

Action

The Committee is requested to consider whether this proposal is acceptable as a means of settling the arrears of Malawi, and to make a recommendation to the Council in connection with the votes of Malawi in view of efforts being made to repay its outstanding contributions

COFFEE ASSOCIATION OF MALAWI (CAMAL)

20 May 2020

Mr José Sette
Executive Director
International Coffee Organization
222 Gray's Inn Road
London WC1X 8HB

Dear Mr Sette,

Outstanding contributions to the International Coffee Organization

Further to my conversation with your Personal Assistant, Mrs Hamida Ebrahim, concerning the outstanding contributions of Malawi to the Administrative Budget of the ICO, I have communicated the matter to members of the Coffee Association of Malawi and have also requested further information from the Ministry of Trade and Industry.

Looking at the cumulative arrears over several years and taking into consideration the current challenges facing the world coffee sector, as well as our own current financial position, Malawi is not in a position to pay this amount in one lump sum.

The coffee sector in Malawi faces important financial challenges. Although new members have joined the Coffee Association, they are not yet in the production stage. We have just smallholders in cooperatives and two or three larger estates in production. This has weighed heavily on us.

In light of the above, we request the assistance of the ICO Secretariat in preparing a Draft Resolution containing a repayment plan on the following terms:

1. The current contribution for coffee year 2019/20 to be paid in full immediately; and
2. The remaining outstanding contributions to be paid in instalments over the next three coffee years.

I look forward to your assistance in this matter.

Yours faithfully,

Signed: Bernard B. Kaunda
Chairman
Coffee Association of Malawi

ANNEX II

MZUZU COFFEE PLANTERS COOPERATIVE UNION LIMITED

26 May 2020

Mr José Sette
Executive Director
International Coffee Organization
222 Gray' s Inn Road
London WC1X 8HB

Dear Mr Sette,

I refer to your response for our request to the proposition made.

We agree to the arrangement on the payment plan proposed.

Yours faithfully,

Signed: Bernard B. Kaunda
 Chairman



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC Resolution 469

5 June 2020

Original: English

E

International Coffee Council

126th Session (Special)

4 and 5 June 2020

London, United Kingdom

Resolution Number 469

APPROVED AT THE SECOND PLENARY MEETING,
5 JUNE 2020

RESTORATION OF VOTING RIGHTS OF THE DEMOCRATIC REPUBLIC OF THE CONGO

WHEREAS:

Paragraph (2) of Article 21 of the International Coffee Agreement 2007 provides that, “If any Member fails to pay its full contribution to the Administrative Budget within six months of the date on which the contribution is due, its voting rights and its right to participate in meetings of specialized committees shall be suspended until its contribution has been paid in full. However, unless the Council so decides, such Member shall not be deprived of any of its other rights nor relieved of any of its obligations under this Agreement”;

As at 28 May 2020 the Democratic Republic of the Congo had outstanding contributions amounting to £23,016 for 2019/20 and previous years;

The Democratic Republic of the Congo has submitted a proposal for the payment of its arrears as shown in document FA-243/20 (attached); and

In recognition of the commitment by the Democratic Republic of the Congo to pay the arrears in accordance with the instalment scheme shown in document FA-243/20, it is deemed appropriate to restore its voting rights,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To allow the Democratic Republic of the Congo to pay its outstanding contribution of £7,824 for coffee year 2019/20 to the Administrative Budget immediately and the remaining outstanding contributions to be paid in two instalments of £7,824 and £7,368 payable on 1 July 2021 and 1 July 2022, respectively.
2. To restore with immediate effect the voting rights of the Democratic Republic of the Congo for as long as the above payment plan is maintained and future contributions are paid in accordance with the provisions of Article 21 of the 2007 Agreement.
3. That this Resolution shall not constitute a precedent in respect of the waiver of obligations relating to contributions under the provisions of Article 21 of the 2007 Agreement.
4. To request the Executive Director to inform the Finance and Administration Committee of the Democratic Republic of Congo's compliance with its obligations under paragraph 1 of this Resolution.



Finance and Administration Committee
38th Meeting
1 and 2 June 2020
London, United Kingdom

Democratic Republic of the Congo
Payment of arrears in contributions
to the Administrative Budget

RESTRICTED

Background

1. As indicated in the document concerning the situation of outstanding contributions affecting voting rights (document [ICC-126-1 Rev. 1](#)), the Democratic Republic of the Congo has a total amount outstanding of £23,016, being £7,824 for the current coffee year and arrears of £15,192 as at 28 May 2020.

2. The Minister of Agriculture of the Democratic Republic of the Congo has submitted a letter dated 9 May 2020 (see attached Annex I) requesting the ICO to consider ways of paying its arrears. The Secretariat has proposed the following payment plan to which they have agreed (Annex II and III):

- (a) The current contribution of £7,824 for coffee year 2019/20 to be paid in full immediately.
- (b) The first instalment of £7,824 to be paid on 1 July 2021.
- (c) The second instalment of £7,368 to be paid on 1 July 2022.

Action

The Committee is requested to consider whether this proposal is acceptable as a means of settling the arrears of the Democratic Republic of the Congo, and to make a recommendation to the Council in connection with the votes of the Democratic Republic of the Congo in view of efforts being made to repay its outstanding contributions

**DEMOCRATIC REPUBLIC OF THE CONGO
MINISTRY OF AGRICULTURE**

9 May 2020

Mr José Sette
Executive Director
International Coffee Organization
222 Gray's Inn Road
London WC1X 8HB

Dear Mr Sette,

Contribution of the Democratic Republic of the Congo to the Administrative Budget of the ICO for 2019/20

I refer to your letter dated 1 October 2019 addressed to the Director General a.i. of ONAPAC and I note that the contribution of the Democratic Republic of the Congo to the ICO's Administrative Budget for 2019/20 amounts to £7,824, and its arrears to £15,192.

In consequence, I can assure you that my country intends to gradually clear the above amounts by paying its contribution of £7,824 to the Budget for 2019/20 in June 2020, while the arrears will be paid in two instalments of £7,596 each from October 2020.

Please accept, Mr Executive Director, the assurances of my highest consideration.

Signed: Joseph Antoine Kasonga Mukuta
Minister of Agriculture



JOSÉ SETTE
Executive Director

ACC/038

22 May 2020

Joseph Antoine Kasonga Mukuta
Ministry of Agriculture
Croisement Boulevard du 30 juin et Avenue Batetela
Commune de la Gombe
Kinshasa
Democratic Republic of the Congo

Dear Mr Mukuta,

I refer to the letter addressed you sent me on 9 May 2020 outlining the Democratic Republic of the Congo's proposal to settle its outstanding contributions to the Organization's Administrative Budget for 2019/20 and prior years.

We are grateful for your offer to settle the amount due by the Democratic Republic of the Congo, which currently amounts to £23,016, by paying £7,824 in June 2020 and arrears of £15,192 under a repayment plan.

This would therefore mean that, in addition to the amount of £7,824 to be paid by 1 June 2020, two instalments of £7,824 and £7,368 relating to previous years would be payable on 1 July 2021 and 2022, as shown in a table in Annex A. This is of course subject to the approval of the Finance and Administration Committee and the Council.

I would be most grateful if you could inform us about your agreement to this proposal in writing with Annex A. We would then be prepared to submit a draft Resolution to the Finance and Administration Committee during the upcoming Council Session scheduled for 1 to 5 June 2020.

In the meantime, I remain at your disposal to answer any questions you may have.

Yours sincerely,

Signed: José Sette
Executive Director



**INSTALMENT PLAN
DEMOCRATIC REPUBLIC OF THE CONGO**

As of 22 May 2020

Repayment Year	Amount (£)
Immediately	7,824
By 1 July 2021	7,824
By 1 July 2022	7,368

**DEMOCRATIC REPUBLIC OF THE CONGO
OFFICE NATIONAL DES PRODUITS AGRICOLES DU CONGO**

28 May 2020

Mr José Sette
Executive Director
International Coffee Organization
222 Gray's Inn Road
London WC1X 8HB

Dear Mr Sette,

Subject: Payment Plan for arrears to the ICO

We refer to your letter No. ACC/038 dated 22 May 2020 stating that our debt to the ICO amounts to £23,016.

Regarding your concerns, we confirm that we agree with your proposal as set out in Annex A of your letter. Therefore, our debt will be settled as follows:

1 st instalment paid by 1 June 2020:	£7,824
2 nd instalment paid by 1 July 2021:	£7,824
3 rd instalment paid by 1 July 2022:	<u>£7,368</u>
Total:	£23,016

We therefore make the firm commitment to comply with this timetable in order to contribute financially to the smooth operation of our common institution as a Member country.

Please accept, Mr Executive Director, the assurances of our highest consideration

Signed: Simon N'Siona Malamba
Director General a.i.



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC Resolution 470

5 June 2020

Original: English

E

International Coffee Council

126th Session (Special)

4 and 5 June 2020

London, United Kingdom

Resolution Number 470

APPROVED IN PRINCIPLE, SUBJECT TO
FURTHER CLARIFICATION BY THE FINANCE AND
ADMINISTRATION COMMITTEE,
AT THE SECOND PLENARY MEETING,
5 JUNE 2020

TEMPORARY SUSPENSION OF MEMBERS IN PERSISTENT ARREARS

CONSIDERING:

That paragraph (2) of Article 21 of the International Coffee Agreement (ICA) 2007 provides that: “if any Member fails to pay its full contribution to the Administrative Budget within six months of the date on which the contribution is due, its voting rights and its right to participate in meetings of specialized committees shall be suspended until its contribution has been paid in full. However, unless the Council so decides, such Member shall not be deprived of any of its other rights nor relieved of any of its obligations under this Agreement”;

That outstanding contributions owed to the Organization have risen over time;

That some Members are in persistent arrears, having accumulated outstanding contributions over more than one year;

That persistent failure to pay contributions significantly impairs the operation of the ICA 2007, both in terms of the execution of the Administrative Budget in the short term and the liquidity of the Organization in the long term,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To define, for the purposes of this Resolution, Members in persistent arrears as those with more than 21 months of outstanding contributions to the ICO at the time the distribution of votes is determined by the Council at the beginning of each coffee year.
2. To instruct the Executive Director to contact, as soon as possible, all Members to which this Resolution refers and inform them of their condition, while also providing support to such Members to enable them to pay in full their contributions, including drawing up a repayment plan for submission to the Finance and Administration Committee.
3. To instruct the Executive Director to provide regular reports to the Council on the situation of each Member in persistent arrears, including draft repayment plans.
4. In addition to the suspension of voting rights and of the right to participate in meetings of specialized committees in accordance with the provisions of paragraph (2) of Article 21 of the ICA 2007, to suspend temporarily the membership of all Members in persistent arrears, unless the Council decides otherwise.
5. To relieve Members that have been temporarily suspended of their obligations to contribute to the Administrative Budget of the Organization.
6. To reinstate the membership of Members that have been temporarily suspended upon payment in full of their outstanding contributions or upon the approval of a repayment plan through a Resolution agreed by the Council. Each payment received from a Member shall be applied against the longest outstanding contribution(s) due to the ICO from that Member.
7. To determine contributions at the beginning of each coffee year based on the redistribution of votes within each category of Members (whether exporting or importing) resulting from the temporary suspension of membership, in accordance with the provisions of paragraph (7) of Article 12 of the ICA 2007.
8. To determine the contributions of any temporarily suspended Member that has been reinstated in accordance with the provisions of paragraph (3) of Article 20 of the ICA 2007.