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**Statement by the Executive Director of  
the International Coffee Organization,  
made at the opening ceremony of the  
127<sup>th</sup> Session of the Council**

Mr Iman Pambago, Chair of the International Coffee Council  
Excellencies, distinguished delegates, colleagues, ladies and gentlemen,

Welcome to the 127<sup>th</sup> Session of the International Coffee Council, which is being held online for reasons of which we are all aware.

Since the beginning of the year, the world has been turned upside down by the coronavirus pandemic. We all hoped that this would be only a passing phase and that normality would quickly return. As time goes by, it is becoming increasingly clear that covid-19 is not a short-term phenomenon, but will exert a lasting influence on our lives. Here in London, where the ICO is based, there are signs that business activity is picking up, but the streets are still relatively empty. This downturn is affecting the coffee business; leading chains of coffee shops are announcing large-scale redundancies. Almost 125,000 retail jobs have disappeared this year in the United Kingdom. We can no longer take for granted the small pleasures that were once part of our daily life, like chatting with a friend over a cup of coffee at our local coffee shop. I extend my deepest condolences to all those who have lost loved ones and friends to this devastating disease.

Inevitably, our professional life at the ICO has also been affected. Since the British government, on March 23, instructed everybody to stay at home, our staff has been working online from their residences. Today, we will complete 171 days of working from home. In coming weeks we plan to cautiously start to return to the office. But normality, whatever this will mean from now on, is still far away.

The coronavirus has also complicated our relationship with you, our Members. Large public meetings are still prohibited in the UK. In fact, new measures to restrict social gatherings are being put into operation. Instead of meeting personally twice a year in Council Sessions, we have been forced to move to the electronic medium. I regret not being with all of you in person. Although the technology for online meetings has improved significantly, it cannot replace the warmth and directness of face-to-face interaction.

This is the case today. Since our June meeting, the first online Council session in the history of the Organization, we have changed to a different electronic platform. The main advantage of this software is that it allows for interpretation, which helps us to understand each other better and brings us together. I am delighted that we are reunited with our team of interpreters.

We also are disappointed that the pandemic has disrupted the work of our advisory bodies: the Projects, Statistics, and Promotion and Market Development Committees. They met on Tuesday, but only with a reduced agenda that focused on urgent measures requiring immediate attention.

Meanwhile, the staff has been working hard from home. Even though online work has many challenges, I applaud their professionalism in maintaining a high level of output in very difficult circumstances. I will be presenting a more detailed interim report on the achievements of the Organization since last September under Item 3 of the Council agenda, so I will not discuss this subject now, in the interests of time.

This brings us to the major initiative that the secretariat started in response to Resolution 465 on coffee price levels, which the Council passed in September 2018, and the Council's decision last year to establish a Task Force to take this matter forward. At that time, leading private sector stakeholders decided to participate in the process, as demonstrated by the signing of the London Declaration.

Despite delays and challenges caused by the covid-19 pandemic, much work to shape the focus of the Task Force has been undertaken.

First of all, a Sector Coordination technical work stream has been set up to synthesize the work of developing the Roadmap. This group has a very specific role to play, because it is translating the Resolution 465 and the London Declaration into a coherent and ambitious theory of change.

The group has quite a balanced representation, including ICO Members, signatories of the London Declaration, supporting organizations and civil society. The participants of this group have dedicated their time to providing the Task Force with inputs and guidance.

The major output from this Sector Coordination work is a preliminary shared problem and vision statement that has enabled the development of a Roadmap that has seen many rounds of consultation and revision across Task Force members during July and August.

Other technical work streams are also making progress.

However, going forward, to comply with one of the key principles of this initiative, which is inclusion, we need to involve also the voice of those who have not yet been part of this process by means of a broader stakeholder consultation and the validation of the theory of change and Roadmap.

To conclude, the Task Force is progressing, although not yet a full speed, and a communiqué that includes the Roadmap proposal will be presented to you during this session, so that the next steps can be taken for its implementation.

The Coffee Public-Private Task Force is the embryo of a much bigger project: the greater involvement of the private sector in the work of the ICO. This is one of the main subjects of discussion within the Working Group on the Future of the Agreement, which I have been following with great attention. Many interesting suggestions have been put forward, especially on how to integrate the private sector into the work of the ICO. The Group has made important progress in recent months and I look forward to the completion of its work in the coming coffee year. The ICO staff and I am anxious to work with you all on the text of a new Agreement that will take the Organization to a higher level.

During our meeting in June, I stated my confidence that the coffee world will come out of the coronavirus pandemic in good shape. I am conscious that we still must wait for some time to know its true impact, but I continue to believe that coffee production, trade and consumption will emerge stronger. Even though it seems more and more likely that we will experience some short-term pain in terms of lost consumption, my expectation is that this will only be a passing phase. One of the strongest features of the demand for coffee is its inelasticity, since drinking coffee is an ingrained habit that is very resistant to change. I am, therefore, optimistic that covid-19 is not a long-term threat to coffee as a whole. We must all take heart from the recent rise in prices. The ICO composite indicator is now around 120 US cts/lb, a rise of more than 22% since September of last year. Let us hope this welcome trend is maintained.

Despite this optimism, covid-19 is a powerful threat to small organizations and businesses, such as the International Coffee Organization. Today, policy-makers all over the world continue to focus on emergency support measures for their hard-hit economies, all of which have a heavy financial cost. Furthermore, many currencies have devalued against the US dollar and the pound sterling, increasing the cost of contributions to the ICO in local currency even more.

As I warned in June, the lack of payment of contributions has a corresponding impact on the Organization's cash flow. During the last three months, we have received some contributions, for which I am deeply grateful. However, more than 25% of the contributions for the current coffee year remain unpaid. As a result, the ICO is facing significant cash-flow difficulties: a challenge it shares with many businesses and organizations worldwide due to a reduction in income as result of the measures adopted to fight the pandemic.

We have attempted to contact all Members in arrears in recent days. In the majority of cases, our designated contacts inform us that, despite their best efforts to expedite payment, the situation in their countries is such that payment of international organizations is not considered a high priority when compared with the emergency measures necessary to combat the coronavirus pandemic. Indeed, the budgets of many countries are under extreme pressure from looming recession and unforeseen expenditures in the fight against covid-19.

Even so, we must urgently address the ICO's critical cash-flow situation; if not solved promptly it threatens the very existence of the Organization. This would seriously damage the coffee sector at a time when a strong institution is required to support its

stakeholders and advocate for the sector in international forums, and when all the ICO's information, data and expert analysis are of crucial importance and serve as an essential reference for analysts and the media.

We must all join together to overcome this challenge of reducing expenditures and raising revenues in the short term. On the side of management, we have taken a series of measures to cut cash outflows. Overall, as we explained in greater detail to the Finance and Administration Committee, we will make significant savings on the 2019/20 budget and we have proposed significant cuts in next year's budget.

We have also renewed our efforts to attract voluntary contributions from the other sources. Last year, we managed to attract more than £72,000 in direct contributions from the private sector to support the Structured Sector-wide Dialogue. More contributions are being received this year, amounting to over £200,000. In addition, we have been successful in drawing extra-budgetary support from Members. I wish to particularly thank the governments of Germany and Switzerland for supporting the implementation of the Programme of Activities, especially the Coffee Public-Private Task Force, with consultants and a cost-free expert, who joined the Secretariat two months ago.

Furthermore, after the conclusion of the upgrade of ICO statistical database, which is expected to occur before the end of the year, we shall be able to provide enhanced services to our subscribers and revise the fee for our services, with an expected increase of revenues.

All of these measures will be helpful to cut expenditures and raise revenues from other sources, but we also need the assistance of our Members. The ICO can only overcome this cash-flow crisis if it receives the contributions that are due. Without this, the financial sustainability of the Organization comes into question. I am sure that you recognise what is at stake and will respond positively to this appeal.

So, I urge all representatives of countries in arrears to redouble your efforts to ensure that contributions are paid. I know that times are difficult, but we need to think creatively. For example, many donor agencies and private sector enterprises are expanding their support for developing countries to combat the pandemic; Members in arrears should investigate the possibility of mobilizing part of these funds to pay ICO contributions to ensure their participation in and benefit from membership in the ICO. The Secretariat is available to assist Members in this context.

Why must we act quickly?

The Organization's cash balance is only sufficient to finance its operations for a few months and there are no reserves. For the foreseeable future, the Organization will continue to depend heavily on contributions from its Members for the vast majority of its revenues. I therefore urge all delegates representing Members in arrears to do everything you can to ensure that contributions are paid, so that we can continue to build the future of coffee collectively. I am sure that you recognise what is at stake and will respond positively to this appeal.

Dear delegates,

I want you to think long and hard about the consequences of the disappearance of the Organization. The coffee sector would be weakened and lose a unique forum that brings together exporters and importers, producers and consumers. This is especially true now that we are entering a promising phase of dialogue between the public and private sectors, following the London Declaration and the establishment of the Coffee Public-Private Task Force. If you do not believe in public-private partnerships, in innovation, in new forms of integration of stakeholders and in the UN development agenda, how exactly do you intend to make the coffee sector more sustainable?

Without the ICO, the private sector will stop engagement and we will have no chance to find a common vision and reach common ground. Without the ICO, governments, industry, the research community and media will no longer have access to neutral data statistics and analysis, weakening the visibility of coffee and the capacity to advocate on its behalf in the multilateral system.

This distinctive status of the ICO as a neutral forum within the coffee world is shown by the presence of high-level representatives of the World Bank and other prominent international financial institutions at yesterday's open session of the CEO and Global Leaders Forum. Those who attended the event will have noted the high regard in which the ICO is held by these organizations. Coffee risks losing the support of key financial institutions and supporting development partners, as well as consumers, if we show that we are divided and unable to work together.

I know that the coronavirus has had a massive impact on all countries, big and small, coffee exporters and importers. I sympathize with all your predicaments, especially the many exporting Members who are Least Developed Countries. In times such as these, it is tempting to turn inwards and push the outside world aside. However, we must think in the long term and preserve the ties that bind us together in the coffee family, here inside the ICO.

Thank you.