



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC 132-2

1 April 2022
English only

E

International Coffee Council
132th Session
Virtual Session
31 March and 1 April 2022
London, United Kingdom

**Statement by the Executive Director of
the International Coffee Organization,
made at the closing ceremony of the
132th Session of the Council**

Your Excellency Iván Romero, Chair of the International Coffee Council

Honourable delegates,

Ladies and gentlemen,

Just over five years ago, I had the honour to be chosen by you to be the Executive Director of the International Coffee Organization during the 119th Session of this Council. This, the 132nd Session, will be the last one at which I will join you in that capacity. I think now is an opportune moment to take a first look backward at what happened to the ICO in the five intervening years under my administration.

Let's begin with the situation I found upon my arrival: my predecessor had passed away unexpectedly; the key posts of Head of Operations and Head of Finance and Administration were vacant; and several professionals had resigned in a protest against management. In short, the Organization was in disarray and a wide-ranging administrative reform was necessary.

During my first weeks in office, I contacted many delegates and industry leaders. By coincidence, I was struck by how two friends, coffee veterans that I have known for a long time and respect very much, told me exactly the same thing: "You are taking on the toughest job in coffee". At that time, I did not take them seriously. I knew that I faced a rebuilding period, but was confident that the restructuring of the Organization would be accomplished over time.

However, I would soon come to realize that time was in short supply and had an opportunity to reconsider my views, as we headed into what can be called a 'perfect storm'.

The first manifestation of this storm was the low price cycle that formed the backdrop to the first four years of my term of office. In 2016, the year before I took over, the annual average of the ICO Composite Indicator Price was 127 US cts/lb, which is not a very remunerative amount in many parts of the world. During the next four years, prices fell even lower and dropped as low as 100 US cts/lb in 2019. Persistent low prices led many stakeholders and observers to question the capacity of the world coffee sector as currently structured, and here I include the ICO, to deliver a fair income to all segments in the value chain, especially to the most vulnerable, the farmers at the base of the value chain.

The second wave of the storm was the withdrawal of the United States of America in 2018. Although the reasons for the exit of the USA predated my time as Executive Director, the political and financial impact of the departure of the largest consuming market in the world was significant. In terms of the administration of the Organization, other importing Members partially offset the financial gap arising from the withdrawal of this important contributor to the budget and from the awkward provisions of the International Coffee Agreement. However, significant cuts in both staff and expenditures were still required. Of the twenty-one posts in the Organization's Establishment Table, seven were abolished.

Just when we were starting to adapt to this changed situation, a third major disruption occurred in early 2020: the covid-19 pandemic. Starting in March 2020, ICO staff had to work from home for 16 straight months, following the guidance of the government of the UK. After a brief reopening in July 2021, we were subjected to another lockdown in October of that year, after the emergence of the Omicron variant. These measures were finally relaxed just over a month ago. Throughout this difficult time, the Secretariat has maintained a high productivity and found ways to cope with meeting remotely. The ICO was one of the first international organizations to adopt Zoom technology, which was even used effectively to cope with the challenging circumstances of the appointment of a new Executive Director.

Here we are, almost exactly two years after the World Health Organization declared a pandemic and we are still meeting online. Although modern technology has shown itself

capable of handling the challenge of virtual meetings, I am sure that you all miss as much as I do the opportunities for personal interactions that were an integral part of ICO meetings in pre-pandemic days. I hope that some semblance of normality will return soon and that you will soon be able to join the ICO team in London.

The pandemic made unprecedented demands on the public sector to provide assistance to their economies during extended lockdowns. The consequent fiscal squeeze was such that several Members insisted on significant reductions in their contributions to the Organization. Their request was granted, even though the principle of equal treatment meant that the reduction would have to apply to all Members. As a consequence, the ICO budget for 2020/21 was reduced by 18%. To achieve this cut, more posts were abolished and other posts left vacant or were filled by temporary consultants.

We are now in the second year of emergency budgets, whose deep cuts put an enormous pressure on the ICO staff, each of whom has had to cover the work of two or three. I myself have been without a personal assistant to run the office and maintain institutional contacts with Members. In effect, I have been forced to be my own secretary and cover these tasks, which means less time is available for more strategic work.

This was the difficult context in which the ICO operated over the last five years. Let's turn now to our response.

Here, I benefited from the work of the Working Group on the Strategic Review, chaired by Ambassador Aly Touré. The work of the Group was almost complete when I arrived and the resulting Strategic Action Plan remains a useful tool to guide the Organization.

You will recall that the Plan contains three goals:

- 1) Delivering world-class **data and analysis** to stakeholders and policy-makers;
- 2) Providing a **forum for dialogue** between and within the public and private sectors; and
- 3) Facilitating the **development of projects and promotion programmes**.

Let's take these three goals one-by-one.

During my presentation to Members as a candidate for the post of Executive Director, I stressed the need for a thorough upgrade of the Organization's **first** strategic goal: to deliver **world-class data and analysis**. Significant advances have been made in both areas.

With regard to **data**, we have recently launched the new World Coffee Statistics Database, which is unique in the world and provides an easy-to-use one-stop shop for all coffee-related statistics as an online platform. The key feature of the database is its ability to generate reports on a disaggregated basis, thereby providing in-depth insights into the production, trade, consumption and prices of coffee. I hope you make good use of this excellent tool, which is the result of years of hard work.

With regard to **analysis**, we innovated by creating an annual theme, around which our analytical work was concentrated, in contrast to the previous ad hoc selection of studies. The first theme was a pioneering work on gender equality in coffee. Since then, the annual theme has been expressed in the form of the Coffee Development Report, whose themes have been: economic viability as a catalyst for a sustainable coffee sector; and the sustainability, inclusiveness and resilience of the coffee global value chain. I have seen a draft of the latest report, which focuses on youth and coffee, and can assure you that it lives up to the high standards of its predecessors. I am also excited by next year's theme, the circular coffee economy and look forward to reading the report, preferably on the beach.

As can be seen, important improvements were made in the statistical and analytical functions of the Organization, even though the cuts in staff were a limiting factor. For example, we have been forced to discontinue the series of articles we called 'Coffee Breaks' due to the lack of human resources. More investment in human capital is necessary to recover our analytical capacity.

Let's turn now to the **second** of the three strategic goals: Providing a **forum for dialogue** between and within the public and private sectors. I have already touched on how the prolonged phase of low prices led many to conclude that the world coffee sector faced structural challenges that required new approaches. In September 2018, ICO Members adopted Resolution 465 on coffee price levels. The resolution instructed the ICO "to promote dialogue among all stakeholders in the coffee value chain to ensure the economic sustainability of the coffee producers" and tasked the Executive Director with strengthening "ties with the international roasting industry ... in order to gain support for the implementation of this resolution".

This was the starting point of a long process of building a unique model of partnership with unprecedented system for governance and action, which is the object of study by other industries and organizations, both in the commodity sector and in the intergovernmental space. It started with a structured sector-wide dialogue in 2019, with six events in Africa, North America and Europe, an unprecedented stakeholder consultation with the participation of more than 3,000 coffee and development experts. The process engaged all the links in the coffee value chain, as well as the international community and civil society.

This dialogue bore three important fruits: the London Declaration, the CEO and Global Leaders Forum and the Coffee Public-Private Task Force. I think most of you are familiar with these three initiatives, but let me present a summary.

The London Declaration on price levels, price volatility and the long-term sustainability of the coffee sector was signed on 23 September 2019 and expressed the commitment of its signatories, many of the leading coffee roasters and traders in the world, to concrete shared and individual time-bound actions. In particular, the Declaration focused on long-term and transformational solutions to:

- 1) Promote competitive and sustainable production;
- 2) Foster responsible and equitable growth and increased market transparency;
- 3) Promote responsible consumption; and
- 4) Promote public-private dialogue regarding policy development.

The London Declaration was signed during the first meeting of the CEO and Global Leaders Forum, a new annual event that brings together leading private sector actors across the coffee value chain. This first edition in 2019 was the only time that the Forum was able to meet physically. The two subsequent meetings were held online due to the pandemic and were unable to fulfil the full potential of this important body, but I hope that this situation will change as the world emerges from the shadow of covid-19.

The third fruit of the sector-wide dialogue is its operational arm, the Coffee Public-Private Task Force. This body is a recognition that the challenges faced by coffee are beyond the capacity of the public or private sectors by themselves and that joint actions are necessary at a pre-competitive level. The very composition of the Task Force mirrors this joint commitment: the public and private sectors are represented in equal numbers

(the so-called ‘sherpas’) and decision-making is by consensus. We also have the valuable participation of multi-stakeholder initiatives and civil society. The Task Force has spawned a Roadmap, containing a shared vision and concrete targets to be achieved by 2030, as well as five technical workstreams, which tackle structural issues, such as living and prosperous income, market transparency, responsible sourcing, responsible consumption and sector transformation, looking at the policies and institutions of both exporting and importing countries.

The journey from Resolution 465 in 2018 and the Task Force today has been a long one. The first two years of the Task Force’s existence were mainly occupied by building a joint strategic direction, establishing a governance structure and engaging stakeholders and conducting analysis, in order to provide a coherent basis for its future work. With the necessary foundations laid, the Task Force is now starting a new and exciting phase of ‘action on the ground’. Never have the private sector and civil society been so closely integrated in the work of the ICO. This is a legacy that must be built on and I am confident that this forum will only continue to grow in importance.

So, we have just seen how the ICO has worked to achieve its strategic goal of serving as a forum for debate on coffee by taking the lead in providing the most important forum for dialogue in coffee.

This brings us to the third strategic goal of the ICO’s Strategic Action Plan: facilitating the **development of projects and promotion programmes**. As you are all aware, the ICO is not in itself a development agency that funds specific development projects. The ICO budget that you provide has no allocation of capital or funds to disburse as loans or grants to Members and their farmers. The single exception is the balance of the Special Fund, which has been almost exhausted after being distributed during my administration to exporting Members for implementing campaigns to promote domestic consumption.

Even though it has no capital of its own, the ICO can still play an important role as a facilitator and help attract project funding to the world coffee sector. For fifteen years, the Organization had a strong relationship with the Common Fund for Commodities and helped channel more than US\$100 million in grants and loans from the CFC to coffee-producing countries. After the CFC changed its policies in 2012, the ICO found itself without a natural partner with which to collaborate on development projects. As a result, ICO-sponsored projects dwindled.

Through much hard work, this situation has started to change. One example is the funding for the Coffee Market Development Toolkit, an updating of the ICO's successful Step-by-Step Guide to Promote Coffee Consumption. I am sad to be leaving you before the Toolkit is ready, but I am sure that it will be a useful instrument for the development of domestic consumption in coffee-producing countries. In addition to adding value inside producing countries, a strong domestic market can also provide a buffer against instability in export markets.

More funding has been found to support the functioning of the Coffee Public-Private Task Force, both in its overall coordination and in the functioning of its Technical Workstreams.

I am grateful to all those who have aided the work of the Task Force with contributions in cash and in kind. I could not fail to single out for mention the development agencies of Germany and Switzerland, who have always supported the work of the Organization. But they were not the only ones. The private sector has also made important contributions through the Coffee Sustainability Projects Trust Fund, another innovation of my administration.

Overall, the financial support from outside sources received by the Organization in 2021 was about £550,000; this year, this figure is expected to rise to £1.5 million and the plan is to mobilize 18 million euros during the period 2022-26. This is great news, but these sums are earmarked for specific projects. For the foreseeable future, payment for the central coordination role played by the ICO must still come from its Members.

Let's now look forward.

In addition to making significant progress towards the achievement of the ICO's three strategic goals, you have also drafted a new International Coffee Agreement. After three years years of effort, the Working Group on the Future of the International Coffee Agreement has presented the results of its labours to the Council. I attended every one of the Working Group's 28 meetings, and many other side meetings as well. This fascinating experience gave me a unique perspective on international negotiation, the nuances of language and the need to find consensus. While preserving the inter-governmental nature of the Organization, the new text has several interesting modernizations, including: an increased role for the private sector and civil society; a restructuring of the method of calculation of votes and contributions to be fairer and to

increase financial sustainability; the inclusion of the Coffee Public-Private Working Party based on the current Task Force; a streamlined governance structure; and a greater focus on farmers and their prosperity. The text has important innovations that take into account the new forms of interaction among coffee producers and consumers to reflect the reality of the coffee global value chain today. I thank all the delegates involved, I learned a lot from you. I would like to extend my particular thanks to the three delegates who chaired the Working Group at various times: Ambassador Hermano Telles Ribeiro, Stefanie Küng and Mick Wheeler.

I am delighted to see the draft text of the new Agreement being circulated to Members during this, my last Council session. I am also fully aware that the task is still not complete; consensus must still be reached on some important points. Nevertheless, your work is very far advanced and the new Agreement, after ratification, will serve the Organization well in the future.

The same needs to apply to the finances of the ICO. After two years of running on so-called 'emergency' budgets, it is now time for Members to go back, although not yet fully, to the pre-crisis level of contributions and to invest in your Organization: You are the ICO, we are only the Executive Director and Secretariat that are here to serve you and to execute your decisions. In this spirit, I have proposed a draft budget for the next coffee year that reverts the unsustainable downward trend in contributions, in order to improve the performance of the ICO. I know that this draft will be refined in coming months and will also benefit from the inputs of the new Executive Director, but I am sure that it is a step in the right direction of renewing and strengthening the technical capacity of the Organization to carry out its work.

Delegates,
Ladies and gentlemen,

After four years of painfully low prices, the outlook has become more encouraging in recent months. The Composite Indicator Price is now at about 195 cts/lb, the highest level in 10 years. We should never forget that these rises come at a cost to some, especially the farmers in Brazil whose plantations were damaged by a severe frost last year. Even though higher coffee prices are welcome, in the current geopolitical and military turbulence we run the risk of seeing gains in income being eroded by inflation, especially of fertilizer and energy inputs. This makes it even more important that farmers invest their increased income wisely, above all in increasing productivity, since we know

that the coffee market is cyclical and that low prices will follow high ones. Meanwhile, the coffee sector has an interesting window of opportunity during this up cycle and must make the best of it.

As a result of this positive price environment, the end of April will be a propitious moment for me to hand over the post of Executive Director to Vanúcia Nogueira. In many ways, the appointment of Vanúcia is a sign of the changing times in which we live and, especially, of the growing importance of the private sector in the work of the ICO. In the past, Executive Directors have all been men with experience in the public sector or international organizations. Not only is Vanúcia a woman, but her entire work experience has been in the private sector. I have placed myself at her disposal in order to assure a smooth hand-over at the end of this month and I am certain that all delegates will give her the same support that you gave me.

As I remarked earlier when presenting the ICO's accomplishments in the last five years, there is already a strong base on which to build a newer and better Organization. This is not to say that the incoming Executive Director will not face challenges. In addition to ongoing administrative reform, we must strive to increase membership, by attracting countries that have withdrawn from Agreement during my administration, namely the USA, Guatemala and Uganda, as well as emerging coffee powers, such as China. Attracting new Members requires much patience and the development of personal contacts. These activities were sharply curtailed by the pandemic; let us hope they can be resumed more effectively from now on.

Looking at the wider context, we live in times when the multilateral system is under attack. The current conflict in Eastern Europe threatens to make us turn inwards and promote regional, as opposed to global, approaches. All of this makes me sad, because I am a firm believer in the capacity of multilateral institutions to promote the common good and bring the world closer together. I am convinced that this Organization is one such instrument. In the words of one respected industry leader: "If the ICO didn't exist, it would have to be invented". However, the Organization needs to be nurtured. I am not talking about just contributing more funds –although money is important–, but something much more essential: your active participation. I have had many opportunities to witness your enthusiasm and active involvement in the work of the ICO, but even more engagement is required.

I have also experienced personally, in my visits to Member countries, your warm hospitality and the heightened focus on the coffee sector that comes from being associated with the ICO. Visiting Member countries and learning more about their coffee sectors is one of the great privileges of my post. Nothing compares with being present on the ground and seeing with one's own eyes.

One of the worst consequences of the covid-19 pandemic was the wide array of restrictions on travel, even just outside our own homes but also internationally. I regret that I have been stuck here in grey London for the last two years and not been able to become better acquainted with even more Members. In this regard, I must confess my special frustration in not having the opportunity to visit Cameroon. Twice I was about to board a plane to visit Yaoundé and twice I did not make it to the destination. I will have to be content with following Cameroon's football team, the Indomitable Lions, in the upcoming World Cup. All this being said, my experience in the countries I did manage to visit during the first three years of my mandate was truly unforgettable. I would like to thank all of you who received me so kindly.

I would like to extend a special thank you to those Members who hosted meetings of the Council. These are precious moments to promote your coffee sectors and to give delegates insights into the widely varying economic realities of the coffee global value chain. For these reasons, I am deeply thankful to Côte d'Ivoire, Mexico and Kenya. I salute Colombia for reviving this tradition later this year.

Meanwhile, one of the great regrets of my term in office is that we were unable to hold the Fifth World Coffee Conference, again due to covid-related circumstances. I greatly enjoyed my preparatory visits to India and the close interaction with our hosts, both in the private and public sectors. Unfortunately, the Conference suffered a succession of covid-related postponements and has now been rescheduled till next year. This will undoubtedly be an event to remember.

Above all, I wish to thank all of you, dear delegates, for all your help and collaboration. I have absorbed much from all of you and feel an immense sense of privilege for having the opportunity to serve you during these five years. I am always amazed by how such a small bean can bring together so many diverse and interesting actors.

It is a happy and symbolic coincidence for me to have here by my side your supreme representative for this coffee year, the Chair of Council, Ambassador Iván Romero. His

extensive diplomatic experience and sound judgment are pillars that I have consistently relied on. Much more than this, Iván has shown himself to be a true friend and helped me during a very difficult period of my life. I am sure that the incoming Executive Director will also benefit from his qualities during the rest of this coffee year.

I am also grateful for the involvement of non-governmental actors from all over the world who are not members of the Organization, especially those who are active in the Coffee Public-Private Task Force. Your participation has brought new meaning to this Organization, although much work remains to be done.

I cannot thank enough all the staff for their hard work and unstinting support in all my five years. These have been turbulent and difficult years internally, due to external factors that precipitated an administrative reform. Only two of today's staff were part of the Organization when I re-joined in 2017. During these five years, I had to make many difficult decisions that led to the departure of people that I had come to know well during my previous spell with the ICO, from 2007 to 2013. Throughout these difficult times Members have always been able to count on staff giving everything in their power to make this Organization work. We must always bear in mind that staff members also showed their sensitivity to the financial strains on Members in recent years by voluntarily waiving many of their benefits, at a considerable cost.

When talking about staff, I could not fail to give a special mention to the Head of Operations, Gerardo Pataconi. When I recruited Gerardo, I was looking for someone capable of projecting the Organization in the multilateral sphere and with experience in public-private partnerships. These qualities he certainly brought to the table, as can be seen by the creation of the Coffee Public-Private Task Force. But Gerardo became much more than that. We bounce ideas off each other. We challenge each other. We don't always see eye to eye and are different in temperament, but we complement each other and our dialogue enriches the final result. The whole is greater than the sum of the parts. Thank you, Gerardo.

That being said, I hesitate to single out any one of the staff for praise, because you have been excellent throughout. I am sorry we have had so little time together in the last two years. I salute your professionalism and dedication and am sure that you will serve the incoming Executive Director equally well as we move forward.

Dear delegates,
Ladies and gentlemen,

I am still digesting internally the meaning of these five years. Five years may seem like a long time, but they have gone by in a blur and more time is still necessary to attain a greater perspective. What I **can** say is that the comment I referred to earlier about the post of Executive Director being “the toughest job in coffee” is only partially true. I admit to having gone through some frustrating times, especially with regard to the finances of the Organization, but they were far outweighed by the rewards of this fascinating position. So, tough as it may be, this is also one of the most internally rewarding jobs in coffee. I also strongly believe that professionalism, integrity and commitment can bring success only if allied with a strong passion: that is what I am, that is what I made available by serving you as ICO members.

I thank you all for the privilege of having been able to work for you and look forward to seeing you in different circumstances – hopefully at my childhood haunts, the beaches of Rio de Janeiro, which are calling me back.

Thank you.