



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
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21 September 2009
London, England

**Consultative Forum on
Coffee Sector Finance – concept paper**

Background

The attached concept paper on the Consultative Forum on Coffee Sector Finance has been developed by the National Coffee Association (NCA) of the USA. Although it is not a formal proposal, it is designed to act as a catalyst for discussion on the Forum by the PSCB and to demonstrate what the Forum could look like.

Action

The PSCB is requested to consider this document.

ICO Forum on Finance **Concept Paper**

The Forum on Finance presents a vehicle that, if designed and used wisely, can be an effective component in continuing to re-position/re-brand the ICO as a vibrant entity that delivers palpable value. Such repositioning is critical to the long-term existence of the Organization. Two objectives should be center in designing the ICO Forum on Finance (Forum): execute the Forum in accordance with the Agreement and Terms of Reference, and deliver concrete value to producers, especially small and medium-scale producers.

The Agreement and Terms of Reference mandate a Forum with a broad scope, limited only by the wide ranging disciplines of finance and risk management. Participation by a broad array of individuals with distinct expertise, needs and interests is also mandated.

The Consultative Forum on Coffee Sector Finance...shall facilitate consultation on topics related to finance and risk management...including the following: (a) risk management; (b) access to credit; (c) financial tools and services; and (d) sources of finance and partnerships for coffee development activities.¹

The Forum shall include representatives of members, intergovernmental organizations, financial institutions, the private sector, non-governmental organizations and others with relevant expertise...²

As such, a multi-dimensional Forum will be required to ensure the effective exchange of information among stakeholders/participants. A multi-dimensional approach will also create a variety of environments/mediums where information can be better collected, analyzed and distributed in forms most appropriate to ultimately deliver value and actionable knowledge to producers. Although the Forum appears to be described in the Terms of Reference as a meeting that takes place once annually, the Terms of Reference and Agreement do not preclude a more productive, multi-dimensional design. In fact, the multi-dimensional approach set forth herein strongly aligns with the overall objective/intent of the Agreement.

Multidimensional Design

The Forum on Finance would consist of five different components. All would work in harmony to achieve the ultimate goal of delivering value to producers in the disciplines of finance and risk management. The five components are: Steering Committee; Bi-lateral Development Agency Group; Facilitated Problem Solving/Issues Management Strategy Development Sessions; Information Dissemination Workshops/Seminars; and the ICO secretariat which would be responsible for paper/proceedings development, communicating knowledge to producers and producer organizations, and strategy/project execution.³ In addition, interaction with the ICO Project Committee is critical to ensure the integration of the Forum into the over all project scheme of the Organization and visa versa.

¹ Terms of Reference paragraph one (1)

² Terms of Reference paragraph three (3)

³ See Diagram Two on page 5

Steering Group Responsibilities: This group would be responsible for developing strategy for the entire multi-dimensional Forum and coordinating the other components of the Forum. In this role, the Steering Group would identify possible issues and problems that could be addressed during the facilitated, Strategic Problem Solving/Issues Management Strategy Development Sessions. Further, it would identify the diverse group of participants for the facilitated sessions, based, in part, on the subject matter of any given session. In addition, it would coordinate, in conjunction with the Secretariat and the Project Committee, the execution of actions/solutions identified during the Problem Solving/Issues Management Strategy Development Sessions. Finally, it would continually evaluate the process and outcomes for the purpose of making improvements to the overall Forum process, and assist the Council in identifying sources of support for ICO projects, studies, and other related activities undertaken by the Organization.

Steering Group Membership: The main criteria for membership on the Steering Committee would be expertise in coffee/tropical plant financing. In identifying members of the Steering Group, a high priority must be placed on diversification in its broadest form. The selection of members would take into consideration, among other criteria, the geographic regions of members, finance expertise, level of supply chain, size of organization, and sector affiliation (public or private). In addition, attributes such as leadership, strategic thinking, creative thinking, and analytical capability would be considered.

Bi-lateral Development Agency Group Responsibilities: This group would be made up of representatives from the development assistance agencies of member countries. It would serve as a body to exchange information and possibly coordinate activities among the agencies. When appropriate, the output from this group would be circulated back to the Steering Committee where it could be incorporated into their thinking and possibly inform issues that might be subsequently addressed by the Problem Solving/Issues Management Strategy Development Sessions. The Group would also be able to directly feed in information to the Strategic Problem Solving Sessions through its members participation in the sessions. Likewise, through participation in the Information Dissemination Workshops information would flow back and forth between the sessions and the group.

Problem Solving/Issues Management Strategy Development Sessions: These facilitated sessions would utilize small and large group formats to create solutions for finance/risk management challenges faced by small and mid-scale producers, as well as develop issues management strategies and action plans to address finance/risk management challenges/issues. The problems/issues addressed in these sessions would be identified by the Steering Committee, although the session participants might also be involved in setting priorities/selecting key issues from the issues presented by the Steering Committee. The effectiveness of this group will be dependent on three factors: having the “right people” in the room with regard to diversity, expertise and thinking styles; effective identification of the issues/problems to be addressed; and, an effective facilitator.

Information Dissemination Workshops/Seminars: These workshops would take the form of the typical ½ day workshops held at ICO. Information and solutions developed at the facilitated Problem Solving/Issues Management Strategy Development Sessions would be presented at the workshops. The audience would be broad in scope and would include representatives of

Member countries, intergovernmental organizations, financial institutions, the private sector, non-governmental bodies, interested non-member countries and others with relevant expertise. The information discussed at these workshops, which, in part, would include the output from the Problem Solving/Issues Management Strategy Development Sessions (possibly including presentation of proceedings and any papers developed by the secretariat as an outcome of the sessions), would be transmitted to the Steering Committee to be taken into consideration as they plan for the next Problem Solving/Issues Management Strategy Development Session.

ICO Secretariat: The Secretariat would be responsible for publishing white papers and/or proceedings from the facilitated Problem Solving/Issues Management Strategy Development Sessions, as well as executing strategies and projects created as a result of the sessions. The Secretariat would also be responsible for publishing the documents on the Web and coordinating the dissemination, to producers and producer organizations, of material developed as a result of all other Forum components. It could also be responsible for facilitating learning environments for the producers. Finally, recognizing that it is Council who sets policy, it is critical that the Secretariat staff appropriately take a proactive role in the execution of the Forum and all its components. As such, it is important that Council gives latitude to the Secretariat so that the Secretariat can proactively and effectively manage the Forum's execution.

Expediting Execution

Anacafe and NCA recently concluded an extensive Issues Management Forum (IM Forum) where an issues management strategy was developed for producer sustainability. Finance and risk management is one of the sub-issues for which a strategy was developed. This output from the IM Forum could be infused into the ICO Forum on Finance and serve as a catalyst for discussion at the Steering Committee level. In a sense, it could informally serve as the first facilitated Problem Solving/Issues Management Strategy Development Session output and feed into an ICO workshop where the proceedings might be presented and then into the Steering Committee process as they strategically discuss and identify challenges to be addressed by future ICO Problem Solving/Issues Management Strategy Development Sessions. Additionally, the Steering Committee, in conjunction with the Project Committee, could utilize the results and action plan contained in the IM Forum Proceedings to involve ICO in the execution of appropriate action steps, thereby positioning ICO as an organization that is delivering concrete value.

Long-Term Success

Long-term success will ultimately be dependent on forward thinking policy decisions made by Council, sound issue/problem identification and strategic direction by the Steering Committee, and a staff at the secretariat with the skills and attitude necessary to proactively drive execution.

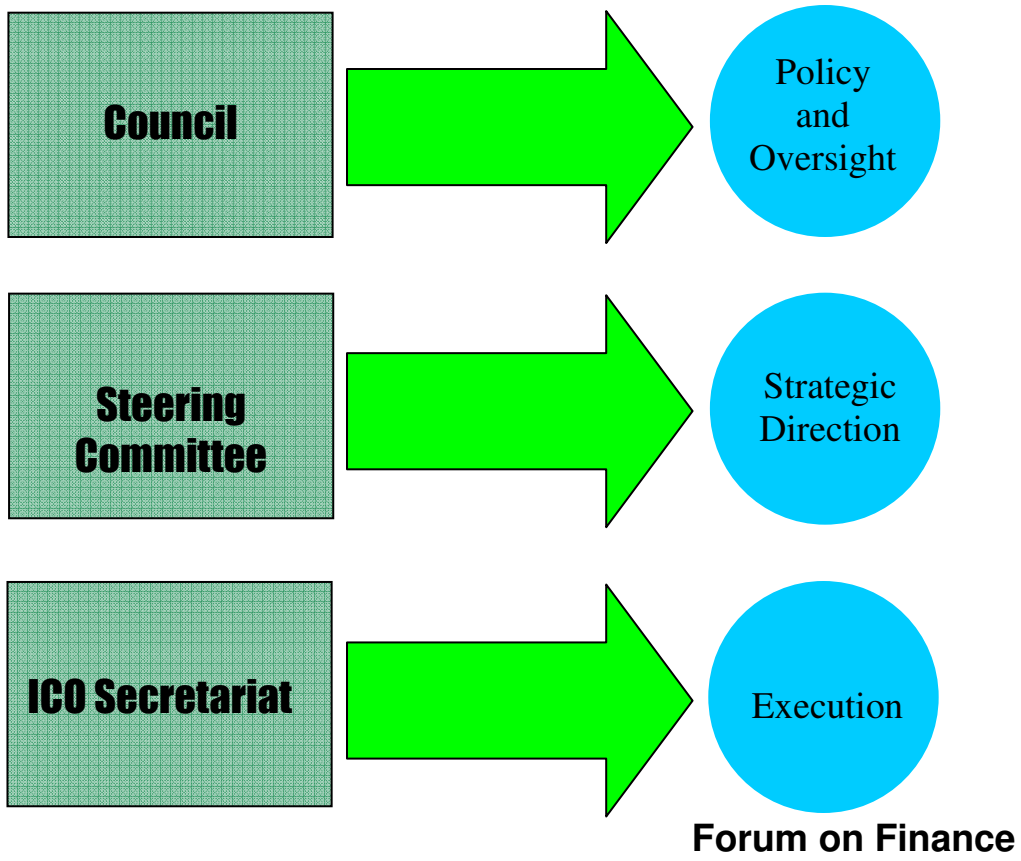


Diagram 1

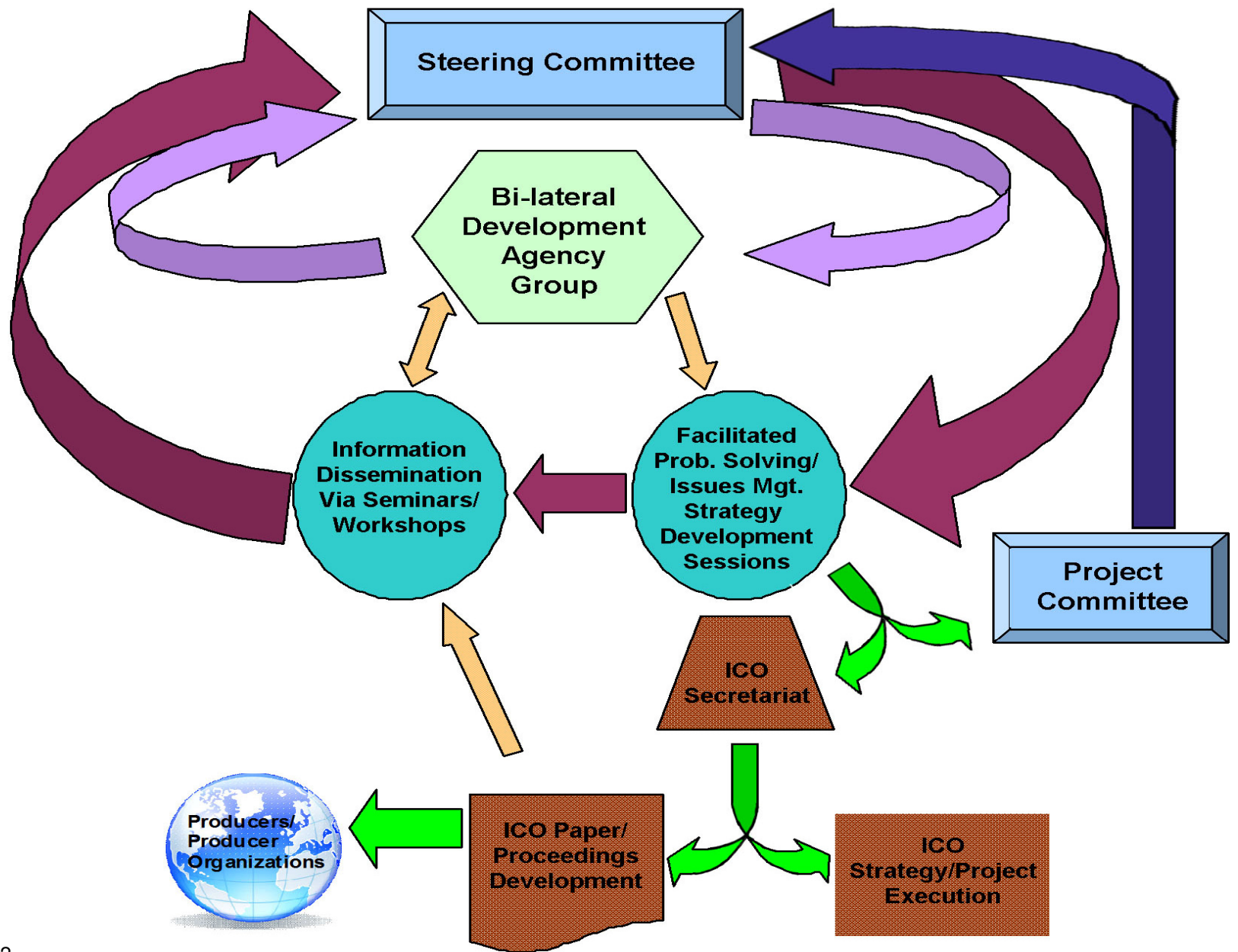


Diagram 2