



International Coffee Organization  
Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

WP Council 181/08

6 August 2008  
Original: English

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International Coffee Council  
101<sup>st</sup> Session  
22 – 26 September 2008  
London, England

**Preparations for the ICA 2007**

**Comments by the African Group**

## **Background**

This document contains comments by the African Group on the International Coffee Agreement (ICA) 2007, draft terms of reference for new ICO bodies, representation of Africa on committees and full membership of the InterAfrican Coffee Organisation (IACO) in the International Coffee Organization.

## **Action**

The Council is requested to consider this document.

## **Comments by the African Group on the International Coffee Agreement 2007 and draft Terms of Reference of ICO bodies**

### **1. Background**

The present document contains comments by the African Group on the International Coffee Agreement (ICA) 2007 and draft terms of reference of the different ICO bodies. The initiative is intended to reflect the inclusion of Africa's concerns in the final draft terms of reference and its representation on each committee to enhance its contribution to the Council and the sustainable development of the global coffee sector.

It is worth mentioning at this juncture that the comments given here are additional inputs and the African Group acknowledges those concerns already raised by different representatives during the 100<sup>th</sup> Council session from 19 to 23 May 2008 in London.

### **2. General comments on the International Coffee Agreement 2007**

The African Group generally welcomes the ICA 2007 and encourages all African member States to sign and ratify it before the deadline of 31 August 2008. On the other hand, the Group has gone through the document and taken notes on certain Articles, specifically Article 11 (Sessions of the Council), Article 12 (Votes), Article 30 (The World Coffee Conference) and Article 36 (Sustainable coffee sector, specifically concerning the role of ICO in coffee genetic resource conservation and sustainable use) for consideration in the next Agreement.

### **3. Comments on the draft Terms of Reference of the new ICO bodies**

The comments given here include only those paragraphs requiring deletion, addition or modifications and the African Group assures acceptance of all the remaining text as stipulated in the draft terms of reference.

#### **3.1 Consultative Forum on Coffee Sector Finance**

##### **3.1.1 Composition**

**Paragraph (3):** The African Group proposes a second sentence in paragraph (3) to underline the importance of the involvement of financial institutions as non-voting active participants in the Forum. The financiers may assist the Forum in providing information on the mode of

finance, procedures for requesting financial support and the rules and regulations of financial institutions. They should therefore not be considered as having equal status with interested non-member countries and others indicated in paragraph (4). Therefore, we propose a second sentence as follows:

*‘The Forum shall also be composed of prospective financiers who shall be non-voting active participants’.*

**Paragraph (4):** In the first line of the first sentence, the word ‘composed’ used to describe the involvement of participants other than the Forum members is not appropriate. In the second sentence of this paragraph, we propose that the Chairman of the Forum should consult not only the Executive Director but also members of the Forum when inviting representatives. Such transparency by the Chairman is useful to ensure common understanding among the Forum members. Therefore, we propose that paragraph (4) should read as follows:

*‘The Forum shall also be **open for participation** by representatives of intergovernmental organizations, the private sector, non-governmental organizations, interested non-member countries and others with relevant expertise. The Chairman of the Forum, in consultation with the Executive Director **and other members of the Forum**, shall invite representatives of these categories to the Forum and inform the Council of such invitations’.*

In addition, the African Group proposes two new paragraphs below paragraph (4). The first paragraph is intended to clearly specify that the Forum is open to all Members as observers, and the second paragraph proposes the number of core members that form the Forum since these are not indicated in the draft terms of reference. Concerning the number of representatives, as stipulated in the draft terms of reference, the purpose of the Forum largely focuses on exporters. Nevertheless, since importers also play a considerable role in financing, we propose an equal number of eight representatives from each of the exporting and importing Members. Based on the above proposals the new paragraphs would read as follows:

*‘The Forum shall be open to participation by all Members as observers’.*

*‘The Forum shall be composed of eight representatives from each of the exporting and importing Members’.*

### 3.1.2 Office-holders

**Paragraph (5), second sentence:** The term of service of the Chairman and Vice-Chairman is not specified. In addition, other core members of the Forum are not invited to the Council session as observers. Therefore, we suggest that the second sentence of this paragraph be modified as follows:

*‘The Chairman and Vice-Chairman shall be appointed by the Council and may serve a **one-year term with the possible extension of one more year** as deemed necessary. The Chairman, Vice-Chairman and **other core members** of the Forum shall be invited to participate in meetings of the Council as observers’.*

### 3.1.3 Meetings/procedures

**Paragraph (6):** The phrase, ‘at appropriate intervals’, does not describe the frequency of the meetings of the Forum per coffee year. We suggest modification of the paragraph as follows:

*‘The Forum shall be convened by the Council **twice a year at six-monthly intervals which coincide with the regular Council session**. However, if adequate and critical agendas for discussion are not available, the Forum may be held **only once in some years**. This shall be determined upon discussion between the Executive Director, the Chairman and the Vice-Chairman’.*

**Paragraph (7):** When the Forum is self-financing, there must be an upper body which approves and monitors the proper utilization of any amount of money by the Forum. To address this concern, the African Group proposes the modification of paragraph (7) as follows:

*‘Unless the Council decides otherwise, the Forum shall be self-financing **and any amount of money spent should be approved by the Council and fully accountable**’.*

**Paragraph (8), third line:** The Group feels that the phrase ‘additional costs’ is not quantified. This phrase must be clearly defined by the ICO to enable the host country to know what kind of costs are involved. This would assist any interested country in deciding whether to host the Forum or not.

**New paragraph (13): Date of the meeting:** The Consultative Forum deals with financial and risk management issues which are delicate and require debate to reach a consensus among the Members. Therefore, the African Group suggests that the meeting should take

place a day before the regular Council session in order to give enough time for the Forum and the preparation of a well thought-out and coherent report that would be presented to the Council session. Therefore, paragraph (13) could be worded as follows:

*‘The meeting of the Forum shall commence a day before the regular session of the Council’.*

**New paragraph (14): Quorum:** We propose five representatives from each of the exporting and importing Members, stated in paragraph (14) as follows:

*‘The quorum required for the meeting shall be five representatives from each of the exporting and importing Members’.*

## **3.2 Projects Committee**

### **3.2.1 Purpose**

**New paragraph (e):** In Article 36 of the Agreement, the concern of sustainable development of coffee resources in general is indicated giving responsibility to ICO Member countries, but without any mention about the role of the ICO in coordinating and supervising the implementation of the activity as a sole upper body for coffee at the international level. In this regard, the African Group gives special emphasis to coffee genetic resources which are the basis for improving the production, productivity and quality of coffee and its sustainability over generations.

At present, these valuable coffee genetic resources which solely reside in the tropical rainforests of Africa are dwindling at an increasingly alarming rate owing to various human and natural calamities. There is no single organization that is well aware of the real situation and ready to reverse the tragedy. We believe that the ICO is the relevant organization and should take the lead in collaboration with IACO to encourage and support such conservation projects to ensure the sustainable development of the coffee sector. In this regard, the Projects Committee could be one of the relevant bodies which could handle this important issue. Therefore we propose paragraph (e) below as one of the functions or purposes of the Committee:

*‘(e) Ensuring coffee genetic resources conservation and use’.*

### **3.2.2 Composition**

**Paragraph (3):** Under this paragraph, it was suggested that the composition of the Committee should be six or eight representatives from both exporting and importing Members. Most ICO/CFC projects are related to developmental research rather than

marketing. In addition, project funds are largely required by developing countries/exporting Members rather than by importing Members. We therefore recommend eight and four representatives of exporting and importing Members, respectively.

### **3.2.3 Office-holders**

**Paragraph (5), second sentence:** This sentence indicates the need for an invitation by the Chairman for the participation of non-member countries and relevant organizations. To simplify the process and reduce the burden of the Chairman in identifying and dispatching invitation letters to different organizations, we suggest replacing the second sentence of paragraph (5) by the following sentence:

*‘The Committee meeting shall be open to other observers approved by the Council for that particular ICO meeting’.*

**Paragraph (13), Quorum:** The quorum required for the meeting is not indicated in the draft terms of reference. We suggest four representatives of exporting members and two representatives of importing Members based on the proportion of the composition of the two categories suggested above in section 3.2.2.

## **3.3 Promotion and Market Development Committee**

### **3.3.1 Composition**

**Paragraph (2):** The composition of the representatives of the exporting and importing Members is not specified in the draft terms of reference. We suggest eight representatives from each of the exporting and importing Members. We suggest this number of representatives to facilitate the collection of diverse views as the task or purpose of the committee is quite wide.

**Paragraph (4), last sentence:** We do not support the proposition that the Chairman should have the sole prerogative of inviting non-member countries and relevant organizations to participate in the meeting as observers. Therefore, we suggest the second sentence should be modified as follows:

*‘Representatives of non-member countries and relevant organizations who have been participating in the Council sessions may also participate as observers’.*

**Paragraph (12), Quorum:** The required quorum is not specified in the draft terms of reference. We suggest four representatives from each of the exporting and importing Members.

## 4.4 Finance and Administration Committee

### 4.4.1 Purpose

We feel that this Committee could play a considerable role in assisting the Secretariat in building the capacity of the Organization in both human resources and facilities. In this regard, we propose the inclusion of the following additional purpose of the Committee:

*‘iv) The approval of staff establishment (recruitment) of the Organization’.*

### 4.4.2 Composition

**Paragraph (2):** Issues related to administration and finance are largely internal to the Organization and are more understood by the Secretariat than outsiders. Therefore, it may not be necessary to have a large number of representatives from exporting and importing Members. We propose that six representatives from each of the exporting and importing Members should be adequate.

### 4.4.3 Meetings/procedures

**Paragraph (11), Quorum:** The quorum required for the meeting is not indicated in the draft terms of reference. We suggest the presence of three representatives from each of the exporting and importing Members.

## 5. Representation

### 5.1 Representation of Africa on ICO bodies

Africa requests representation by at least two representatives in the Consultative Forum on Coffee Sector Finance, the Projects Committee and the Promotion and Market Development Committee and representation in the Finance and Administration Committee based on the Council decision. The former three committees are by-and-large important for developing countries like those in the African region, particularly for achieving sustainable development and poverty eradication as enshrined in the Millennium Development Goals. The African Group feels that the request is fair and legitimate taking into account the regional criteria (Latin America, Africa, Asia and probably the Pacific regions) and could be justified from many angles.

- a) Currently, there is an increasing need for project financing by exporting countries, mainly African countries, to revitalize coffee production and quality in the region which have steadily fallen during the last two to three decades because of various

reasons, including civil war with consequent displacement of innumerable coffee households, coffee diseases and pests, aged coffee trees, use of traditional varieties, lack of courage by the coffee growers owing to fluctuating and low prices, lack of credit systems to enable resource-poor smallholder coffee producers to apply proper management practices, etc. These and several other problems of the coffee sector in Africa could be better explained in the case of project financing with the representation of the region.

- b) Based on the types of coffee produced, Africa can be divided into two zones, the Arabica zone that mainly covers the cool highlands of Eastern and Southern Africa and the Robusta zone that mainly covers the hot lowlands of Central and Western Africa. These coffee zones experience different coffee production constraints and may also require different strategies to mitigate the problems with respect to management and processing practices, yield and quality improvement, disease and pest problems, etc. It is believed that these and several other problems and their possible solutions could be better explained to the committees and the Council only by appropriate representation of corresponding experts from Africa in the various committees.
- c) The contribution of Africa to the coffee sector is considerable. The region comprises over 25 coffee producing countries that currently contribute over 12.3% to total coffee exports regardless of the various constraints mentioned earlier. The African coffee sector also sustains the livelihoods of millions of resource-poor smallholder coffee households which depend heavily on coffee income and are also responsible for about 90% of the total coffee production in the region.
- d) Africa, being endowed with rich coffee genetic diversity and favourable climate for wild forest coffee genetic resources to flourish, is responsible for conserving coffee genetic resources which are the sole basis for the sustainable development of the coffee sector and continuous improvement of the production, productivity and quality of coffee. At present these valuable coffee genetic resources are being eroded at an increasingly alarming rate. Representation of Africa in the various committees may assist in raising awareness of the Finance Committee, the Council, donors and relevant policy-makers of the need to launch comprehensive long-term coffee genetic resources conservation and use programmes for the benefit of humankind.

In view of the aforementioned points, the African Group believes that such representation would enable it to reflect the realistic issues of the African coffee sector and maximize its contribution to the sustainable development of the global coffee industry and participation in ICO activities.

## **5.2 IACO's membership of the Council**

The African Group requests full membership of IACO in the Council, with five basic votes like other sovereign ICO Members. The representation of IACO as a full Member of the Council is useful for the region in many ways:

- a) IACO is an intergovernmental organisation of 25 coffee producing member countries with over 40 years of experience in the identification of regional coffee production and marketing problems, project development, fund mobilization, coordination and monitoring. This experience would benefit the Organisation in raising pertinent and applicable regional coffee sector issues.
- b) IACO member States which may also be ICO Members cannot represent the region as such as their knowledge on a broad regional basis is limited to raising pertinent issues and may consequently prejudice regional affairs in favour of national interests depending on where they come from. On the other hand, many ICO African Member countries do not usually always attend regular Council and committee meetings for various reasons and this may have negative repercussions for addressing emerging regional issues.
- c) Despite the presence of African member States, and cognizant of the role that IACO plays as an intergovernmental organization, the Chairman of the IACO General Assembly has officially requested the Council Chairman to consider IACO's full membership and at present this application is on the Agenda of the Council.

The African Group strongly believes that full membership of IACO would be very useful to communicate the collective views of its member countries on a regional basis and maximise the contribution and active participation of Africa in ICO activities and the development of the coffee sector.