



**9<sup>th</sup> Consultative Forum on  
Coffee Sector Finance**

**Background and programme**

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Coffee prices are notoriously volatile. **The market has been experiencing a continued downward trend since 2016** and coffee prices today are 30% below the average of the last ten years. Many of the over 12 million coffee farms worldwide struggle to cover their operating costs, while prices decrease and inputs, compliance and transaction costs rise. As a result, farm incomes decline and the livelihoods of coffee-producing households, the majority of which are smallholders in low- and middle-income countries, are increasingly at risk.

In September 2018, during its 122<sup>nd</sup> Session in London, the International Coffee Council adopted Resolution 465 on 'Coffee Price Levels'. **This Resolution provides the ICO with a strong mandate to respond to price levels and volatility by launching a structured sector-wide dialogue.** The dialogue comprises a stakeholder consultation process with five consultative events<sup>1</sup> organized by the ICO with support of Member governments, and in partnership with the coffee industry and the international development community.

This phase of the dialogue culminates with the ICO's first **CEO and Global Leaders Forum**, to be held on 23 September as part of the 125th Session of the International Coffee Council in London. Here, high-profile coffee sector and policy leaders will review the outcomes of the stakeholder dialogue and seek to converge towards (a) measurable commitments for the sustainable future of coffee growers and of the whole coffee sector in line with the UN Sustainable Development Goals; and (b) concrete programmes, funds and actions.

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<sup>1</sup> *The consultative events were held in Nairobi (March), two at the UN in New York (April), EXCO Rome (May), and EU Commission in Brussels (June).*

The **9<sup>th</sup> Consultative Forum on Coffee Sector Finance** will support the implementation of Resolution 465 by gathering experts to validate solutions in the area of price risk management that are being identified as part of the Sector Dialogue and discuss practical ways of implementing them.

Participants in the Consultative Forum on Coffee Sector Finance will explore how innovative and market-based approaches can improve farmers' resilience against price volatility and price shocks – especially for the most vulnerable group of smallholders and female producers – and how risks can be shared more equally among all links in the value chain, including roasters, traders and input providers.

Participants will be invited to discuss the potential of innovative price risk management solutions for smallholder farmers and identify structural, technological and institutional barriers to their widespread adoption. The participants will debate how some of the existing barriers can be overcome, for example through farmer aggregation or improved access to development finance and technical cooperation.



As at 23 September 2019

## 9<sup>TH</sup> CONSULTATIVE FORUM ON COFFEE SECTOR FINANCE

### 'EFFECTIVELY MANAGING PRICE RISKS IN THE COFFEE VALUE CHAIN: A RESPONSE TO THE COFFEE PRICE CRISIS'

24 September 2019

International Maritime Organization, London

09:30 – 9:45

#### **Welcome and keynote**

- Kirill Matrenichev, Chair of the Consultative Forum, Russian Federation
- José Sette, Executive Director, ICO
- Aly-Khan Jamal, Global Head of Agriculture & Food Security, Dalberg

09:45 – 11:00

#### **Panel 1: Innovation in price risk management at farm and cooperative level**

The objective is to review price risk management options available to smallholder farmers either individually or through cooperatives. The discussion will evolve around successful risk management tools employed in coffee and in other agricultural sectors, as well as new technology based solutions.

Moderator: Denis Seudieu, Chief Economist, ICO

- Florent Baarsch, Environmental & Climate Economist, West and Central Africa Division, International Fund for Agricultural Development (IFAD)
- Aly-Khan Jamal, Global Head of Agriculture & Food Security, Dalberg
- Sara Mason, Founder and Principal Consultant, SHIFT Social Impact Solutions
- Dominic Strano, Senior Investment Manager, IDH the Sustainable Trade Initiative
- Hugo Villela, Coordinator, Price Risk Management (PRM) Initiative

11:00 – 11:30

#### **Coffee break**

11:30 – 12:45

#### **Panel 2: Sharing price risks with economic agents along the value chain**

The discussion will identify ways of sharing price risks assumed by growers with supply chain actors, including coffee buyers and providers of agricultural inputs. The panel will explore ways of crowding-in value chain finance by reducing the perceived risks (including default risk) of providing credit to farmers through novel contractual arrangements, strengthened institutions and public guarantee schemes. Supply chain innovations such as direct trade will be assessed.

Moderator: Christoph Sanger, Senior Economist, ICO

- Hans Bogaard, Manager of Farmers Finance and Africa, The Netherlands Development Finance Company (FMO)
- Giacomo Celi, Sustainability Director, Mercon Group
- Joao Moraes, Global Crop Manager Coffee, Yara International ASA
- Rocco Macchiavello, Associate Professor of Management, Department of Management, London School of Economics (LSE)

12:45 – 13:00

#### **Concluding remarks: outcomes and next steps**

- Kirill Matrenichev, Chair of the Consultative Forum, Russian Federation