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USAID AND THE COFFEE SECTOR

OVERVIEW

The U.S. coffee industry is responsible for nearly 1.7 million American jobs and \$225 billion of national Gross Domestic Product, but is almost entirely dependent on overseas coffee production by farmers in predominantly low- and lower-middle-income countries—60 percent of coffee supply comes from smallholders with less than five hectares of land. USAID works in partnership with U.S. and international coffee companies, other sector actors and non-profit organizations to enable the world's at-risk coffee producers to improve their livelihoods while providing a reliable supply of high-quality coffee.

USAID's work in coffee spans many countries on three continents. Together with our partners, we are combating threats posed by the climate crisis that endanger global coffee crops while ensuring that coffee production protects forests and the climate. Through partnerships with the private sector, we are working to drive investment in sustainable production, and improve the environmental and economic benefits of conservation for local communities. We are also working to mitigate some of the root causes driving irregular migration, which among other factors has been clearly linked to shocks to the coffee industry in Central America. USAID is connecting coffee farmers to regional and international buyers and helping them improve quality and yields, so they can reliably access global markets and supply chains. Access is not enough to ensure a stable supply chain for companies or better incomes for farmers, which is why we take a holistic approach to help small-scale farmers and related enterprises boost productivity, improve quality, and meet international standards to compete in global markets.

This is a win-win: Coffee is not only a popular beverage consumed by over three-quarters of U.S. consumers, it is also a critical source of income for some 12.5 million farmers in developing countries and an important source of foreign exchange for these countries. By investing in efforts that help smallholder coffee producers in Africa, Latin America and the Caribbean, and Asia boost their productivity and incomes, we are transforming lives while supporting U.S. jobs and helping ensure a steady supply of quality coffee to the United States.

To learn more about ways to partner with USAID, please visit USAID's [Private Sector Engagement page](#).

REGIONAL PROGRAMS

Feed the Future Partnership for Sustainable Supply Chains - (2020 - 2023) The Feed the Future Partnership for Sustainable Supply Chains (PSSC) is a Global Development Alliance (GDA) implemented by Root Capital with support from Keurig Dr Pepper and Ezra Charitable Trust. It has enabled smallholder-based small and growing agricultural businesses (agri-SGBs) in twelve countries in **Latin America, Africa, and Asia** to stay afloat during the COVID-19 pandemic and rebuild in its wake through business management advisory services, debt relief, and a resilience grant fund.

Through the end of FY22, PSSC had supported 62 agri-SGBs, provided business management advisory training to 470 individuals (38% women), and extended nearly \$81,000 in debt relief to agri-SGBs. With co-funding from Keurig Dr Pepper, PSSC also issued resilience grants to 20 agri-SGBs. With this support, these agri-SGBs have been able to continue serving and buying from smallholder farmers in their communities, including those who grow coffee and other commodities for sale and consumption. In FY22, Root Capital lending clients who received business advisory services realized \$143,852,179 in sales, and Root Capital extended \$184,830,290 in financing to agri-SGBs.

Coffee Smallholder Livelihoods Facility - (2019 - 2034) In October 2019, the world's largest green coffee service group—Neumann Kaffee Gruppe—introduced NKG BLOOM, a long-term sustainable-sourcing initiative designed to address poverty in coffee communities, financially empower coffee farmers and ensure a healthy future for coffee. To form the core of NKG BLOOM, NKG led the creation of a Coffee Smallholder Livelihoods Facility—an innovative \$25 million revolving facility involving leading European investment banks ABN AMRO, Rabobank, and BNP Paribas. And for the first time, the partner banks are sharing the direct risks on farmer defaults. The facility is further backed by two complementary default guarantees by USAID and IDH, the Sustainable Trade Initiative.

Like any enterprise, smallholder coffee farmers require inputs, finance, and access to markets to stay in business. Private companies in the coffee sector see opportunities to help—in part to protect their supply of sustainable, quality coffee—but are deterred by the high risks of lending in the sector. This guarantee with NKG, which comes at no financial cost to USAID, provides a powerful combination of first-loss capital and a credit guarantee to "buy down" those risks. NKG is able to use funding from investment banks to fully support smallholder coffee farmers. This activity supports up to \$100 million of in-kind and cash lending to farmers in eleven countries in **Africa, Asia and Latin America**. The goal is to reach at least 100,000 smallholder farming families over the 15-year period of the guarantee.

Farmer-to-Farmer - (2019 - 2023) USAID's Farmer-to-Farmer (F2F) program provides technical assistance from U.S. volunteers to farmers, farm groups, agribusinesses, and other agriculture sector institutions in developing and transitional countries. NCBA CLUSA, an implementing partner of F2F, is working on coffee systems in **Peru, Ecuador, and Honduras**. They build the capacity of producers, associations, cooperatives, and small enterprises to improve sustainable coffee systems through better production and postharvest handling practices, as well as organizational strengthening. In Ecuador, the project focuses primarily on the coastal and Amazonian regions and is working with approximately 10 coffee organizations, including growers, associations, input suppliers, and other businesses. Peru activities focus on cooperatives in Huánuco and San Martín, providing volunteer expertise in topics such as production and processing, business strategy, and organizational development. Activities in Honduras have provided assistance in coffee exportation and marketing, organic fertilizer production, improving process efficiency, carbon footprint reduction, and business planning.

Partners of the Americas, another implementing partner, works on coffee activities in **Guatemala and Myanmar**. In Guatemala, Partners of the Americas places volunteers to assist farmer groups in the Western and Central Highlands. The activity works on coffee processing and marketing, with clients ranging from large cooperatives exporting globally to small groups producing niche coffees. In Myanmar, Partners of the Americas supports coffee propagation, harvesting,

disease management and value-added processing, as well as marketing and export assistance.

Farmfit Fund - (2019 - 2036) IDH, The Sustainable Trade Initiative manages the Farmfit Fund, which offers affordable financial resources to start, sustain, and grow businesses that sustainably engage with smallholders in **Africa, Asia, and Latin America**. The project is structured as a blended finance fund with \$100 million of the funding as first loss capital for up to 20% of any transaction. The Dutch Ministry of Foreign Affairs, Raboank, Mondelez, Jacobs Douwe Egberts, and Unilever are providing first loss funding with a 50% USAID/DFC credit guarantee of up to \$250 million. Coffee is an important commodity for the Fund.

Cooperative Development Project - (2018 - 2024) Equal Exchange's Cooperative Development Project, funded by USAID, is working with the coffee association Finca Triunfo Verde coffee association in **Mexico** to improve the quality and productivity of organic, specialty coffee. Equal Exchange is supporting the association in facilitating exchanges between producers to model best practices in shade diversification, soil conservation, and pest and disease control. Additionally, Equal Exchange is working with Finca Triunfo Verde to foster young people's interest in coffee production by extending technical training to youth and assisting them in establishing their own model farms.

The Business Case for Collective Landscape Action - (2021 - 2026) The Business Case for Collective Landscape Action brings together the private sector, governments, and local landscape actors to reduce commodity-driven deforestation, increase restoration, conserve biodiversity, and improve livelihoods in key tropical ecosystems. It is working to drive investment in sustainable production in these ecosystems by developing landscape partnerships and action plans, connecting these to disclosure and reporting systems, and developing financial products. Key commodities include coffee, cacao, palm oil, cattle, and soy in **Peru** (Lamas, San Martin Department), **Ecuador** (Sucumbios and Orellana Provinces), **Colombia** (Caqueta), and **Indonesia** (Sintang, West Kalimantan).

This work is facilitating the development of local landscape partnerships and action plans, connecting these to international reporting and financing systems, and developing the financial products (e.g. funds) needed by international investors to direct growing reservoirs of funding for sustainable production towards sourcing in these target landscapes. In doing so it will channel \$30 million in private investment towards sustainable production, help companies meet sustainability goals, and improve the environmental and economic benefits of conservation for local communities and beyond.

Though not focused exclusively on coffee production, the activity is providing support to sustainable coffee farming and value-chain development in San Martin, Peru and Caqueta, Colombia. This will improve sustainable production yields and family income, while reducing forest loss within the broader landscape.

Amazonia Connect - (2022 - 2027) Amazonia Connect seeks to reduce commodity-driven deforestation and improve biodiversity conservation in high biodiversity regions of the Amazon that house the supply sheds of international and domestic agro-commodity companies. The activity works in coffee, livestock (beef and dairy), and oil palm value chains in **Brazil, Colombia, and Peru**, in regions with the highest commodity-driven deforestation, greenhouse gas (GHG) emissions, and biodiversity impact.

By harmonizing and scaling successfully implemented approaches, Amazonia Connect promotes adoption of Low Carbon Agriculture (LCA) and Deforestation-Free Production (DFP) models by producers in key Amazon jurisdictions. The activity advances adoption of monitoring systems by companies to enable deforestation-free sourcing and biodiversity monitoring; unlocks finance and incentives for producers to enable the transition to LCA and DFP models, in conjunction with jurisdictional and private sector mechanisms; and turns research into actionable knowledge for

policymakers, companies, and multi-stakeholder platforms to scale the project's impact in the region.

In Peru, Amazonia Connect works to build the capacities of 1,000 coffee producers to adopt LCA practices in San Martin, covering 6,500 hectares of land in the supply shed of Volcafe, a coffee trader, during the project's five-year implementation period. Majority of producers are independent and do not belong to producer associations or cooperatives. For this reason, the activity builds and leverages the capacities of producer community leaders, private sector technicians, and the San Martin Regional Government to train other producers to adopt LCA practices (utilizing a 'train-the-trainer' approach). In Colombia, 1,841 coffee producers covering 68,927 hectares in Nespresso's supply chain receive training and technical assistance in LCA practices.

Green Invest Asia - (2017 - 2023) USAID's Green Invest Asia supports mid-growth agriculture and forestry companies with business strategies, environmental assessments, and advice to improve their sustainable commodity production and business practices. The focus has been on key commodities linked to deforestation in **Southeast Asia**, such as rubber, timber, coffee, coconut, and cacao. Green Invest Asia facilitates increased sustainability in the transforming coffee sector. For a company to implement net-zero targets, the first critical step is a carbon baseline study, which is more accurate and cost-effective if done with a pre-competitive collaboration among key players. The project convened the coffee sector by partnering with coffee roasters and buyers, Nestlé, JDE Peet's and Lavazza, as well as 11 of their suppliers. Together, they account for more than half of the world's top coffee roasters. The project advised them on sustainable sourcing strategies to cut GHG emissions in **Vietnam and Indonesia**, where production accounted for nearly one quarter of global coffee production. Nestlé, JDE Peet's, and Lavazza's operations in the two countries cover one million hectares of land. In collaboration with the Global Coffee Platform, the project disseminated the strategies through sustainable coffee dialogues to strengthen climate collaboration in the coffee industry. The results influenced companies to strategically develop plans and policies that contribute to global sustainability and reduced emissions. These systemic industry shifts improve smallholder supplier livelihoods, supply chain transparency and traceability while mitigating climate change impacts and preventing deforestation.

Sustainable Coffee Challenge - USAID serves on the Advisory Council of the Sustainable Coffee Challenge. Convened and facilitated by Conservation International, the Challenge is a dynamic and diverse coalition of more than 170 partners united in the vision to make coffee the world's first sustainable agricultural product. The Advisory Council also includes private companies such as Starbucks, Keurig Dr Pepper, Oxi, Neumann and McDonalds, as well as several non-profits and industry associations.

Other finance-related activities - The following three activities include the coffee sector in their list of commodities.

Aceli Africa (2019 - 2024) is a "market incentive facility" that unlocks increased private sector lending for inclusive agricultural enterprises in **East Africa**, through targeted financial incentives, with specific impact priorities including strengthening food security, addressing climate change and creating opportunities for women. Aceli aims to mobilize \$600 million in financing for agricultural small and medium enterprises (SMEs) from more than 25 commercial banks and impact investors, to improve livelihoods for over 1 million farmers and workers.

Clarmondial (2018 - 2030) manages a Food Securities Fund, a credit channel between qualified investors and emerging market agricultural companies that uses a blended finance product to make loans available to companies committed to sustainable practices.

Barak (2015 - 2025) manages the Lending for African Farming Company, which provides agricultural short-term working capital loans.

COUNTRY PROGRAMS

Colombia - In **Amazon Alive** (2021 - 2026), USAID works in protecting tropical dry forest through best practices for coffee production with two grantees: the Asociación de Productores Ecológicos de la Sierra Nevada (ASOPROSIN) from the Arhuaco ethnic community and the Asociación Productores Agroecológicos Kankuamos (ASOPROKAN) from the Kankuamo ethnic community on the Cesar side of Sierra Nevada de Santa Marta. The activity also established purchase agreements with Colombia's Coffee Growers Federation, and coffee traders Racafé and CI Colors. As a result, with ASOPROSIN, 466 indigenous people received economic benefits, 1,578 hectares are under improved natural resource management, and total sales amounted to \$364,498. In the case of ASOPROKAN, 587 indigenous people received economic benefits, 3,826 hectares are under improved natural resource management, and total sales amounted to \$270,942.

Amazon Alive is supporting the development of a certificate scheme for coffee that combines biodiversity conservation criteria with the application of traditional knowledge. The certificate is called "Productos Ancestrales Indígenas de Conservación (CERTPAIC). This effort is integrated with a marketing and communications campaign to connect CERTPAIC with international markets. As this certification is for traditional knowledge and conservation practices, it can be applied to any product developed by indigenous communities, allowing them to receive a premium price through niche markets.

The **Land for Prosperity (LFP)** (2019 - 2024) activity works on public-private partnerships with coffee in the south of Tolima, north of Cauca and soon in Catatumbo. The focus has been commercial strengthening and guaranteeing purchases with discounts and/or sales of specialty coffees. LFP has impacted more than 7,500 producers from 17 grassroots organizations and 2 commercial allies. The actions developed by the program include: characterization of coffee beneficiaries, implementation of *Escuelas de Campo* (ECA) field schools to strengthen organizations' marketing abilities, support for feasibility studies and designs for the construction of a drying plant in Chaparral, and organization of workshops to improve capacities in coffee sensory skills. In Tolima, 310 women received Margure Certification, which promotes the use of water and soil conservation in coffee cultivation. Furthermore, in Caldon, Cauca, LFP has teamed up with the National Federation of Coffee Growers to formalize the land titles of 300 coffee-growing families. As an overall result, the activity has mobilized close to \$7.6 million to strengthen the coffee value chain.

The **Community Development and Licit Opportunities (CDLO)** (2017 - 2023) activity promotes socio-economic development in 12 municipalities of five departments of Colombia, by strengthening coffee-producer families to foster legal economic growth opportunities. The program and its implementing partners provide technical assistance to improve postharvest processes and product quality that enable marketing and business development of specialty coffees with private allies.

Democratic Republic of the Congo - The goal of the **Gorilla Coffee Alliance (GCA)** (2021 - 2026) is to promote sustainable and regenerative agricultural practices on smallholder coffee farms and support enterprises that incentivize conservation action, with a focus on building the capacity of coffee washing stations to meet buyer quality requirements, serve as responsible stewards of natural resources, and uphold gender equality. Over five years, this initiative will enable 8,500 farming households to improve their coffee production and sales and reduce poaching and deforestation around Kahuzi-Biega National Park (KBNP) in the Democratic Republic of the Congo's (DRC) South Kivu province.

GCA is initiated through USAID'S Health, Ecosystems and Agriculture for Resilient, Thriving Societies (HEARTH) and has brought together an innovative partnership between Nespresso, Olam International, TechnoServe, Asili, and the Wildlife Conservation Society. Alliance members share a vision that this critical investment in the coffee sector will

establish the Kahuzi-Biega landscape as an anchor of development and stability, laying the foundation for longer-term investment into a broader range of sectors and tools for revenue generation, such as ecotourism, green technology, and carbon credits to support thriving wildlife populations in the park, including gorillas.

USAID's **Investment Facilitation Activity** (2020 - 2025) in the DRC operates as an investment facilitation platform, providing support to businesses and investors. The activity educates businesses (including coffee cooperatives) about the investment process and supports their investment readiness by assisting with document preparation and ensuring the satisfaction of investor conditions. The activity also helps investors assess and mitigate transaction costs and risks through market research and due diligence. As a neutral advisor throughout the matchmaking process, the Investment Facilitation Activity provides support until financial close.

Guatemala - The **ProInnova Value Chains activity** (2017 - 2027) is a public private partnership with local company, Agropecuaria Popoyan, that works in horticulture and coffee. The activity's integrated approach includes: productivity, market linkages, ecological resilience (agroforestry, watershed management and Climate Smart Agriculture), and nutrition sensitive approaches. To date the activity has reached over 52,000 farmers, generated \$116 million in sales and created 42,379 jobs. Specifically, in relation to rising labor and agricultural input prices, the activity promotes labor saving technologies (drip irrigation, fertigation, and mulching for weed control), increased promotion of locally produced biopesticides, (developed during a prior Feed the Future Partnering for Innovation grant and now are widely marketed), and expanded use of beneficial insects, bees, and other pollinators. In response to the impacts of the global food security crisis stemming in part from Russia's war in Ukraine, Agropecuaria Popoyan intends to activate its rapid response fund for the economic reactivation of 610 small-scale producers (\$1million), train producers and their families in best practices for agricultural production and food preparation, and provide technical assistance in forestry incentives that diversifies sources of income to encourage adoption and management of agroforestry systems. Agropecuaria Popoyan will promote the use of the Agriconecta app that will enable farmers to receive crop specific technical advice, market trends, weather, market prices, and geo-locations for relevant agro-services, including input availability and pricing, and farm delivery. Illiterate farmers will be able to request technical assistance through voice notes and video calls. This app provides modules for the commercialization of agricultural inputs, which will facilitate access and adoption of best agricultural practices and technologies.

Haiti - Coffee production has been in severe decline in Haiti for the last 40 years. The decline was such that supply was insufficient to meet domestic consumption, resulting in small amounts of imports between 2015 and 2017. The **Kafe Tyòt Se Richès** (2022 - 2027) partnership is working to increase coffee production and yields by combining regenerative agriculture, agroforestry interventions in targeted plantations, decreasing postharvest losses, and increasing bean quality through farmgate collection, training, incentives, building loyalties, and differentiating coffee for distinct markets. The partnership will strengthen the coffee market system and build the capacities of farmers' associations. The primary target population will be 500 farm families with coffee plots that are located in the Thiotte targeted area (in the Southeast region), above 800 meters altitude, with farm plots greater than 1 ha.

Honduras - The **Coffee Alliance activity (Alianza del Café)** (2018 - 2025) is a Global Development Alliance (GDA) with USAID, the Honduran Coffee Company (COHONDUCAFE), COHONDUCAFE Foundation, Jacobs Douwe Egberts (JDE)/Peet's Coffee, the second-largest coffee buyer in the world, and Grupo Cadelga, the largest agricultural inputs supplier in Honduras. The alliance is focused on mobilizing private investment in the Honduran coffee sector. By expanding economic opportunities for agricultural households, the Alliance supports the U.S. government's priority of addressing the root causes of irregular migration from Honduras. The Alliance delivers services to 10,000 farmer households with a specific focus on women and youth-led households in areas vulnerable to extreme weather events.

COHONDUCAFE and the COHONDUCAFE Foundation provide expertise in postharvest management and processing that enables client households to improve their yields and product quality. JDE/Peet's offers market intelligence, product development, and international marketing expertise to identify new markets for Honduran smallholder coffee farmers. Grupo Cadelga lends its expertise in helping farmers to identify the right fertilizers to increase their production, as well as to access finance through AgroMoney, a wholly-owned subsidiary of the firm. These private sector partners are investing \$6.9 million, exceeding USAID's total estimated contribution of \$6.2 million, and will offer at least \$2.3 million in seasonal loans to farmers to help cover the cost of inputs, farm maintenance, labor, and postharvest processing needs.

Indonesia - The **Indonesia Coffee Enterprise Resilience Initiative (Resilient Coffee)** (2022 - 2025) is a partnership between USAID/Indonesia, Root Capital, and Keurig Dr Pepper (KDP) to increase business capacity, access to finance, climate resilience, gender equality, and social inclusion for SMEs in Aceh, East Java and North Sumatra Provinces. Ultimately reaching 14,000 smallholder coffee farmers, the partnership is focused on accelerating inclusive economic growth in the face of global climate change and the ongoing COVID-19 pandemic. The partnership will enhance the resilience of coffee producers in Indonesia through financing and technical assistance services—Business Management Advisory (BMA), Digital Business Intelligence (DBI), Agronomic & Climate Resilience Advisory (ACRA), and Gender Equity Advisory Services (GEAS). Over the life of the award, Root Capital expects to disburse \$18 million in loans to select assisted SMEs. USAID's contribution of \$465,62 is leveraging \$18 million in private sector resources. KDP will contribute \$247,369 to cultivate business and farmer capacity to adapt to climate change through DBI and ACRA services. Thus far, the activity has delivered business capacity and digital training to 10 and five coffee SMEs, respectively, and disbursed \$5.7 million in loans to selected coffee SMEs.

The **Landscape Approach to Sustainable and Climate Change Resilient Cocoa and Coffee Agroforestry (LASCARCOCO)** (2022 - 2025) is a three-year, \$8.2 million activity (\$3.5 million from USAID and \$4.7 million from Olam, Hersey and Rikolto) through USAID'S Health, Ecosystems and Agriculture for Resilient, Thriving Societies (HEARTH). The activity leverages Olam's global experience to improve cocoa and coffee smallholder farmers' adaptive capacity against climate change shocks so they can sustainably produce cocoa and coffee through the adoption of agroforestry practices and improve their livelihoods. Through LASCARCOCO, USAID will help 6,500 farmers to adapt to climate change and manage their cocoa and coffee farms with sustainable practices. This support aims to reduce an estimated 250,000 tons of carbon dioxide equivalent (CO₂e), and increase farmers' cocoa yields by 30 percent and their incomes by 25 percent. The coffee activity, to be implemented in the East Nusa Tenggara Province, will target 1,000 arabica coffee growers.

Mexico - The **Alliance for Sustainable Landscapes and Markets Activity** (2018 - 2023), led by The Rainforest Alliance, is working to maximize the reduction of GHG emissions in the coffee landscape at a meaningful scale, in alignment with national GHG reduction priorities, by reducing deforestation pressures and expanding forest conservation and restoration in at-risk coffee production landscapes in Chiapas and Oaxaca. The Activity improves the economic viability of sustainable coffee farming and agroforestry management through capacity building of local producer associations, cooperatives, *ejidos*, (areas of communal land used for agriculture). The Activity also works with community businesses to manage their agroforestry and forestlands more sustainably and productively; to run their businesses more profitably and competitively; and to deepen their access to investment and incentives through expanding partnerships with the public and private sector for sustainable supply chains.

Sustainable Prosperous Communities (SPC) (2021 - 2026) reduces GHG emissions in areas with a high threat of deforestation in southern Mexico. The program strengthens the capacity of smallholder producers to access finance to transition to sustainable productive practices oriented to markets along selected sustainable value chains including coffee,

timber, cocoa, and ecotourism. Through this activity, smallholder coffee producers in Chiapas and Oaxaca will receive training to improve the production practices through Territorial Innovation Networks and will partner with financial institutions to develop financial services tailored to their needs.

The **Generating Employment and Sustainability (SURGES)** (2022 - 2027) activity is working to increase employment, sales, investment, and positive environmental impact in southern Mexico. The Activity aims to mobilize \$250 million in investment and sales to support sustainable growth in the region. SURGES will connect buyers and smallholder farmers committed to sustainable environmental practices with the goal of promoting conservation and income generation in key value chains (e.g. coffee, cacao, honey, and ecotourism). SURGES will also work with financial institutions to develop or strengthen financial products tailored to the needs of producer organizations and SMEs. Additionally, SURGES will facilitate strategic alliances between public, private, and civil society actors to collaboratively identify solutions to constraints to finance and market access. In its work, the Activity will seek opportunities to partner with anchor firms to strengthen the capacity of coffee producers in the states of Chiapas and Oaxaca.

The **Sustainable Landscapes Ventures** (2020 - 2025) activity mobilizes resources to enable smallholder farmers to implement solutions that reduce deforestation, forest degradation, grow local economies, and overcome financial barriers and catalyze commercial investments in sustainable supply chains that preserve forests, reduce GHG emissions and improve livelihoods in southern Mexico. The activity provides technical assistance to coffee producers to increase their access to credit and finance, and works with financial institutions and responsible buyers to generate financial and commercial opportunities tailored to coffee producers.

Mozambique - Resilient Gorongosa (2020 - 2025) is a Global Development Alliance (GDA) designed to achieve nature-based economic growth and conservation in the Gorongosa landscape. Since 2008, USAID has invested \$20 million, matching contributions of American philanthropist Greg Carr and other international partners, in the conservation and development of Gorongosa National Park. Through reintroductions of key species lost during the country's civil war along with increased protection and improved local livelihood options, the Resilient Gorongosa project has restored ecosystem services and provided agriculture, education, health and water/sanitation services to communities in the buffer zone around the park. Local exporting company "Produtos Naturais" has been working with farmers on Mount Gorongosa to plant 200,000 coffee and 50,000 rainforest trees per year. "Produtos Naturais" signed a Memorandum of Understanding with Nespresso's global Reviving Origins Program and committed 100% of all future profits to support Gorongosa National Park and its people. With FY2022 funds, Resilient Gorongosa is expanding its value-chain approach to shade-grown coffee to promote forest conservation on Mount Gorongosa. Profits from coffee, cashew, and timber will generate sustainable finance for the Resilient Gorongosa project.

Peru - Being the second-largest cocaine-producing country in the world, the Government of Peru has successfully adopted a counter-narcotics strategy focused on eradication, interdiction, and alternative development with the U.S. government's support. Coffee is the second most widely used crop substitute for coca. Under the USAID's **Coffee Alliance for Excellence (CAFE)** (2017 - 2024), USAID's lead implementing partner on the activity—TechnoServe—is working to increase productivity, quality, and resulting incomes of 8,000 coffee farming households located throughout selected areas of San Martin, Huanuco, and Ucayali. Under CAFE, USAID and a number of private companies—including coffee buyer Jacobs Douwe Egberts (JDE), PERHUSA, and Peet's Coffee—are helping to lift thousands of rural families out of poverty and integrate them into the licit economy. By the end of this seven-year public-private partnership, CAFE will have leveraged \$14 million.

The CAFE project has generated significant farm-level results to date and has successfully strengthened the coffee market

system in the region, including by fostering lasting linkages between farmers, producer organizations, buyers, financial institutions, and other critical market actors. Nevertheless, the coffee sector in the targeted region continues to face overwhelming challenges, including a steep increase in input prices, high coffee price volatility, changing weather patterns, and new market standards (e.g. zero deforestation, and reduced GHG emissions). These issues are compounded by the continued presence of drug trafficking and the lure of coca activities and incomes, particularly in Alto Huallaga.

In the final two years of CAFE, the project will focus on consolidating its gains by transitioning from a focus on direct farmer training and capacity building to an expanded emphasis on building the capacity of producer organizations and other permanent market actors. This shift will continue to provide farmers with access to crucial services (e.g. training and technical assistance), inputs and financial services, and differentiated markets (including access to environmental certifications and compliance with environmental standards) that will ensure environmentally sustainable production through climate-smart practices. Agricultural extension activities will secure the long-term health and sustainability of producer organizations' operations by further strengthening their business management, governance, and operational capacities and processes. This is especially critical in Alto Huallaga, where greater farmer dispersion makes strong associativity crucial in order for farmers to maximize farm profitability and weather challenges as a unit.

In September 2020, USAID and Conservation International signed an agreement in partnership with Starbucks to implement the **Amazon Business Alliance** (2020 - 2027) to facilitate and promote sustainable investments in the Peruvian Amazon by scaling-out and scaling-up their impact to support conservation business models and enabling conditions. The purpose of the activity is to ensure that families in the short term improve their incomes and help restore and conserve forests on their farms and in the broader landscape. The project is promoting agroforestry systems and increasing shade-tree densities in existing coffee and cacao plots and diversifying production through non-timber species such as peppers, bananas, among others; likewise, families are installing plantations and managing timber species in secondary forests as well as restoring degraded soils with organic fertilizers made from farm residues and composting.

The **Community for Specialty Coffees** (2021 - 2026) activity is working to strengthen the supply chain of certified and specialty coffees from 11 coffee cooperatives in Junín, Cusco, and Puno using a climate-smart agriculture approach. As a result, USAID estimates that farmers will obtain premium prices at over \$190/quintal (1 quintal=~220 lbs.) according to Fair Trade standards and prices. These expected prices provide the basis for making the proposed coffee activity profitable, generating a positive multiplier effect on rural livelihoods. The activity will allow producers to rehabilitate their coffee plantations, use high yield and high quality varieties, and increase productivity from the national average of 11 quintales/ha to 19 quintales/ha. Coffee cooperative producers will diversify production with other crops, such as avocado and banana. Agricultural techniques will be improved through a plantation rehabilitation program that will focus on good agricultural practices. Finally, the main expected outcome is a significant improvement in the livelihoods of thousands of coffee farmer families. The average coffee farmer in the targeted cooperatives has suffered a net loss of 33% in the last two years. The activity expects to double the total volume of quality coffee produced and allow farmers to obtain 60% more for their higher quality product. By the end of the project, USAID estimates that 3,200 coffee-growing families will have more than tripled the income from their farms from approximately \$4,800 to \$15,000 per year. During the same period, profits from coffee sales are expected to increase from the current 33% loss to 33% profit.

The **Peruvian Coffee and Quinoa Development** (2022 - 2027) activity focuses on two key commodities—assisting smallholder coffee and quinoa farmers in Peru to increase productivity and improve product quality in order to remain competitive despite international price volatility. The activity works to improve the coffee and quinoa value chains and to reduce or eliminate inefficiencies in these crops, with a focus on product differentiation (higher quality and certifications)

to be better prepared to withstand future price fluctuations and to ensure a living wage that improves livelihoods. In the coffee sector, the activity fosters access to quality through agricultural extension services, financial education, technology and innovation, and linking coffee smallholders with sustainable management practices as an important element of rural development.

Uganda - (No date) Under the Feed the Future initiative, USAID/Uganda is continuing to support both the national authorities, through the Uganda Coffee Development Authority, and private sector players in expanding the production and quality of Uganda's coffee harvests. For example, USAID has provided funds to aBi Development, a multi-donor entity that facilitates smallholder farmers and entrepreneurs to improve the efficiency of their operations along the coffee production, harvesting, and processing value-chain by means of matching-grants and the provision of business development services. As an active member of Uganda's Coffee Platform's National Steering Committee, USAID has been supporting the implementation of the Coffee Roadmap for the past five years. This plan details the principal interventions required for the development of coffee, which is by far the most important single source of foreign exchange earnings generated by the agricultural sector. Indeed, Uganda is the leading African exporter of coffee and the crop contributes significantly to the livelihoods of smallholder farm households, which represent some two-thirds of the country's population. In 2021, Uganda exported its highest-ever amount of coffee, with improvements also made to coffee quality.

Vietnam - The **Sustainable Forest Management** (2022 - 2024) project is a small scale project providing training support to 160 local coffee producers in Quang Tri province, Vietnam on coffee planting techniques, such as intercropping coffee trees with assorted indigenous trees, planting coffee trees under forest canopy, and making compost from coffee husks. The project aims to help producers diversify income sources beyond coffee.