



USAID
FROM THE AMERICAN PEOPLE

HOW USAID WORKS TO MAKE THE COFFEE SUPPLY CHAIN SUSTAINABLE

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. Through the Feed the Future initiative, USAID works closely with U.S. coffee companies and non-profit organizations to ensure a steady supply of quality coffee to the United States by assisting the world's many at-risk coffee producers on whom our industry depends.

USAID's work on coffee spans many countries on three continents and includes U.S. companies such as Keurig Dr Pepper and Starbucks, and American institutions like Root Capital, TechnoServe, Tetra Tech, and World Coffee Research. Together, we are combating threats from pests and diseases that endanger global coffee crops, such as coffee leaf rust.

We're working with groups like the Specialty Coffee Association to develop solutions to historically low producer prices that threaten farmer livelihoods. And we're connecting coffee farmers to regional and international buyers, so they can reliably access global markets and supply chains. But access is not enough to ensure a stable supply chain, which is why we also help small-scale farmers boost productivity, improve quality control, and certify their farms so they can meet international standards and compete in global markets.

This is a win-win: Coffee is not only a popular beverage consumed by one-third of the world's population; it is also a critical source of income for some 12.5 million farmers in developing countries. By investing in efforts that help smallholder coffee producers in Africa, Latin America, the Caribbean, and Asia boost their productivity and incomes, we are transforming lives and supporting U.S. jobs in the process.

GLOBAL PROGRAMS:

Feed the Future Alliance for Resilient Coffee: The program helps coffee farmers adapt to changing growing conditions that threaten coffee production and farmers' livelihoods in many regions. The program involves a consortium of seven key organizations and focuses on bringing together the coffee sector's leading initiatives to promote further private sector engagement in helping smallholder farmers adapt. The implementing organizations have developed a suite of tools and strategies that enable companies and farmers to make more effective investments to increase the coffee sector's resilience.

Revitalizing the Central American, Caribbean, and Peruvian Coffee Sectors after the Rust Crisis: This partnership with the coffee industry and World Coffee Research aims to address several gaps that continue to impede the production and sustainability of coffee operations in Guatemala, Honduras, El Salvador, Costa Rica, Panama, Dominican Republic, Jamaica, and Peru. Projects are focused on genetic variety trials to guide future coffee breeding efforts and establish a professional seed and seedling sector. Other important components of this project include training of future coffee professionals, including the

next generation of coffee breeders in graduate programs at Texas A&M University, and applied research on the mechanisms and interactions involved with coffee leaf rust fungus infection on coffee.

Sustainable Coffee Challenge and Renovation & Rehabilitation Guidebook: Working with the Renovation & Rehabilitation Collective Action Network of the Sustainable Coffee Challenge (SCC), USAID funded the development of an in-depth guidebook for supply chain actors, donors and NGOs interested in helping farmers renovate their aging and diseased coffee trees. The Network has set an ambitious goal to encourage the renovation of 1 billion trees, and is bringing together actors from across the coffee sector to increase investment to meet this goal. The Guidebook for Roasters, Traders and Supply Chain Partners notes that research and rehabilitation best practices could benefit more than half of the 7 million hectares of smallholder coffee lands, increasing global production anywhere from 5-20 percent and generating \$1-3 billion for farmers from additional coffee sales. USAID also sits on the Advisory Board of the SCC, which is working to make coffee the first 100 percent sustainable commodity in the world.

Partnership for Sustainable Coffee Through this Global Development Alliance (GDA) with Root Capital and Keurig Green Mountain, USAID aims to increase improved farmer techniques, resilience, and competitiveness of coffee enterprises and farmers in the context of changing market dynamics and climate change. The project aims to unlock the potential of coffee enterprises to generate positive impact on farmer communities by higher incomes, jobs in rural areas, environmental stewardship, gender equity, and opportunities for youth. Through the first two years, the project has strengthened and improved the resilience of 104 coffee enterprises in Honduras, Colombia, Peru, Rwanda, Uganda, and Indonesia that play a fundamental role in connecting smallholder farmers with global markets.

Credit Guarantee with Neumann Kaffee Gruppe: USAID teamed up with the world's largest green coffee service group, three major investment banks and a Dutch NGO to create an innovative investment facility supported by a credit guarantee to unlock lending to smallholder coffee farmers. 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 Neumann Kaffee Gruppe, 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. In this way, Neumann Kaffee Gruppe is able to use funding from the investment banks to fully support smallholder coffee farmers. This activity will support up to \$100 million of in-kind and cash lending to farmers in 11 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.

REGIONAL PROGRAMS:

Resilient Coffee in Central America: The purpose of the project is to help create a more robust and resilient coffee sector in El Salvador, Honduras and Guatemala, by reducing risk and strengthening the adaptive capacities of smallholder coffee farmers to create greater economic opportunities. The Project enhances producer livelihoods by improving their capabilities to identify and use rust-resilient coffee varieties, implement better agricultural management, adopt innovative technologies, and diversify farm products. The Activity will directly benefit 25,000 small coffee farmers.

COUNTRY PROGRAMS:

Burma: The USAID Value Chains for Rural Development project is helping modernize smallholder agriculture in Burma. The overall goal of this project is to sustainably reduce poverty and hunger in the country by improving smallholder productivity and profitability, including in the coffee sector, strengthening connections between farms and markets, and increasing private sector engagement to improve farmer productivity and access to markets. USAID is also helping coffee farmers enter international markets, including the United States. As a result, a diverse set of value chain actors are emerging, including exporters such as the woman-led Ywangan Amayar Coffee company. Prior to USAID's intervention, Burma produced no specialty coffee. As of 2019, these new smallholder based supply chains supplied over 400 metric tons of specialty coffee to Europe, Japan and the United States. Moving towards self-reliance, Burma's government is learning from the success of the coffee sector, adopting regulations and policies that spur private sector investment in the development of smallholder-based value chains.

Colombia: As a part of a broad strategy to reduce conflict and promote peace in this country, the USAID-funded Producers to Markets Alliance (PMA) increases the competitiveness of smallholder farmers within marginalized rural communities in five value chains, including coffee. In specialty coffee, USAID supports increased on-farm productivity and improved coffee quality through the implementation of good postharvest practices, and helps connect producer organizations to external buyers. Currently, the program is working with more than 9,000 producers through 31 commercial alliances with producer organizations and private sector businesses, such as Starbucks, OLAM, Nespresso, Farmer Brothers, Kafkao Republik, and Racafé, among others. PMA is also actively supporting the National Federation of Coffee Growers (FNC) through regional coffee competitions and the "Coffee for Peace in Colombia" initiative to promote traceable sales of specialty coffee to international buyers at price premiums. PMA is targeting nearly 18,000 coffee producers through 47 commercial alliances over the life of the program.

Democratic Republic of Congo (DRC): USAID is helping the DRC modernize its coffee industry by strengthening coffee cooperatives in South Kivu, enhancing the quantity and quality of specialty coffee production, and building direct market connections with international coffee traders. The Feed the Future DRC Value Chains activity will target 15,000 coffee farmers to increase production and better market specialty coffee. The consortium led by Tetra Tech and which includes TechnoServe, World Coffee Research, Search for Common Ground, J.E. Austin and Associates, and Banyan Global will also support gender equity, women's empowerment, improved access to finance, and conflict sensitivity and behavior change communications.

Ethiopia: Ethiopia is proud to be the origin place of Arabica coffee. Given the potential of coffee, USAID partners to improve farmer productivity, strengthen the coffee industry, and promote Ethiopian coffee on the world stage. USAID's efforts support the Government of Ethiopia's Agriculture Growth Program and the Agriculture Commercialization Cluster strategy, which focuses on Ethiopia's world-renowned coffee growing areas. Through the Feed the Future Ethiopia Value Chain Activity, USAID helps smallholders adapt their products to meet domestic and international demand, including increasing the volume of specialty and traceable coffee marketed. USAID also supports the implementation of effective standards and grading and sustainable links to export markets. USAID is currently partnering with Cup of Excellence to bring this premier coffee competition to Ethiopia for the first time.

Guatemala: Feed the Future Guatemala Coffee Value Chain Project promotes sustainable market-led growth of the coffee sector to reduce rural poverty by providing training and technical assistance to promote the adoption of best agricultural practices and new technologies, in order to increase yields, reduce post-harvest loss, and improve soil and water management. The Project will also provide assistance to expand markets through promoting value-added agricultural production and improving market linkages to access higher-value coffee markets. The project is being implemented by the Guatemalan Federation of Coffee Cooperatives (Fedecocagua), which represents more than 20,000 smallholder coffee producers through member cooperatives. This project will bring together this economy to scale and expand the reach of the federation to new smallholder coffee farmers, giving them the technical assistance and market access needed to increase their production and incomes. The Feed the Future portfolio will continue to support the use of biological pest control products, renovation of coffee farms with new varieties and advanced surveillance systems to manage and combat coffee rust disease.

Honduras: Coffee is one of the two priority value chains in Honduras to increase household incomes and improve nutrition which contributes to 30 percent of the agricultural GDP and 5 percent of the national GDP. USAID is working directly with more than 15,000 coffee growers, providing technical assistance to increase their incomes through higher production and productivity, improved quality of coffee and access to better markets. This includes training on integrated crop production practices, improve phytosanitary issues and increase yields; facilitating access to credit and inputs; and access to post-harvest technologies to improve coffee quality. In June 2018, USAID signed a Global Development Alliance (GDA) to establish the Coffee Alliance activity with COHONDUCAFE Foundation, Compañía Hondureña del Café (COHONDUCAFE), and Jacobs Douwe Egberts (JDE). These private sector partners have a direct interest in increasing productivity and creating market linkages that align with their core business model. The high-level goal of this Alliance is to increase household income by 25 percent for additional 4,800 coffee grower households through increased productivity and access to markets and credit.

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/TechnoServe Global Development Alliance "Coffee Alliance for Excellence" (CAFE), the implementer is working to increase productivity, quality, and resulting incomes of 10,000 coffee farming households located throughout USAID's AD areas of San Martín, Huanuco, and Ucayali. Under CAFE, USAID and a number of private companies – including Althelia Ecosphere and coffee buyer Jacobs Douwe Egberts (JDE) – are helping lift thousands of rural families out of poverty and integrate them into the licit economy. By the end of this five-year public-private partnership, CAFE (Coffee Alliance for Excellence) will have leveraged \$11.3 million.

Uganda: The Feed the Future Enabling Environment for Agriculture program is continuing to support the authorities in developing the policy and regulatory framework for the commodity. For example, significant support has been provided in drafting a new Bill and attendant regulations that are expected to be enacted shortly. USAID is providing funds to the AgriBusiness Initiative, a multi-donor activity, which facilitates smallholder farmers and entrepreneurs along with the coffee production and processing value-chain to expand and improve the efficiency of their operations by means of matching-grants. As an active member of Uganda's Coffee Platform's National Steering Committee, USAID recently assisted in the production of a detailed and costed implementation plan for a Coffee Roadmap for Uganda for the coming five years. USAID Uganda is now working closely with the Uganda Coffee Development Authority and private sector actors along the coffee value-chain to select a number of the key initiatives, thus identified, where financial and technical support can be provided.