The U.S. coffee industry is responsible for nearly 1.7 million American jobs and $225 billion of national GDP, but is almost entirely dependent on overseas coffee production from predominantly low and lower middle income countries. Through Feed the Future, the U.S. Government’s global hunger and food security initiative, USAID works with U.S. and international coffee companies and non-profit organizations to assist the world’s many at-risk coffee producers.

USAID’s work on coffee spans many countries on three continents and includes companies such as Keurig Dr Pepper, Starbucks, Neumann Kaffee Gruppe, Sucafina Specialty, Olam and Nespresso. Other partners include institutions like Root Capital, TechnoServe, Tetra Tech, and World Coffee Research.

Together, we are combating threats posed by the climate crisis that endanger global coffee crops. We are also working to mitigate some of the root causes driving migration, which among other factors has been clearly linked to shocks to the coffee industry in Central America. 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 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. 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 while supporting U.S. jobs and helping ensure a steady supply of quality coffee to the United States.
Global Programs

Feed the Future Partnership for Sustainable Supply Chains. The Feed the Future Partnership for Sustainable Supply Chains (PSSC) was launched in December 2020 with Root Capital, Keurig Dr Pepper and Ezrah Charitable Trust to help small agricultural businesses stay afloat during the COVID-19 pandemic, and rebuild in its wake. The U.S. International Development Finance Corporation complements the partnership with a $35 million loan guarantee. PSSC focuses on coffee and other crops.

PSSC helps small agribusinesses in twelve countries in Latin America, Africa and Asia, particularly those owned or led by women, navigate operational uncertainties and limited connectivity to markets through business advice and advisory services, debt relief and a resilience grant fund. With this financial support, businesses can continue to serve, and buy from, vulnerable smallholder farmers in their communities.

PSSC builds on a long-standing partnership between USAID, Root Capital and Keurig Dr Pepper that started in 2013 to support smallholder farmers amid the crisis caused by coffee leaf rust in Central America.

Coffee Smallholder Livelihoods Facility. 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 will share 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 the 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.

Feed the Future Partnering for Innovation, Price Risk Management. Feed the Future Partnering for Innovation is supporting two pilots to equip smallholders to mitigate the impacts of ongoing coffee market volatility, thereby increasing resilience and access to financing.

Under the pilot with Farm Africa, a regional capacity building organization, 90 representatives of 30 smallholder-based coffee producer organizations from Uganda, Rwanda and the Democratic Republic of the Congo are receiving training in price risk management strategies. Root Capital, an agribusiness lender focused on smallholder supply chains, is partnering to link increased access to finance with improved risk management. Participating producer organizations are current Root Capital clients. Those that successfully complete the training and demonstrate improved capacity in price risk management will be eligible to request additional loans from Root Capital. The activity also is building Root Capital's ability to integrate price risk management into its business model and coffee lending portfolio.

Under the pilot with Oikocredit, an agricultural lender working in smallholder supply chains, representatives of ten smallholder coffee producer organizations (SPOs) in Peru are getting training in price risk management strategies with a focus on trading coffee market options. It also developed an "Open Position Dashboard" to help SPOs determine price risk exposure and evaluate options purchasing and provides SPOs with training and technical assistance to use it. SPOs that complete the program and demonstrate improved price risk management capacity may apply for loans from Oikocredit to purchase options. As of March 2021, four cooperatives obtained loans of $25,000 each. Oikocredit is working to expand its price risk management program across origins in Central America and Africa.
**Farmer-to-Farmer.** 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. Partners of the Americas, an implementing partner of F2F, 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. Recent F2F volunteer assignments have focused on assisting with strategic planning and organizational development, Good Manufacturing Practices certification in coffee, marketing, grant proposal development and food safety compliance.

Another F2F implementing partner, NCBA CLUSA, 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 around 10 coffee organizations, including growers, associations, input suppliers and other businesses. Peru activities focus on cooperatives in Huánuco and San Martin, providing volunteer expertise in topics such as production and processing, business strategy, and organizational development. Activities in Honduras have recently started up with planning for future activities underway.

**Farmfit.** 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 $90 million of the funding as first loss capital for up to 20% of any transaction. The Dutch Ministry of Foreign Affairs, Mondelez, Jacobs Douwe Egberts and Unilever will provide first loss funding with a 50% USAID/DFC credit guarantee on up to $250 million. Coffee is an important commodity for the Fund.

**Cooperative Development Project.** Equal Exchange’s Cooperative Development Project, funded by USAID, is working with a coffee association in Mexico, Finca Triunfo Verde, to improve the quality and productivity of their 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. The activity is also working to foster young people’s interest in coffee production by training youth and helping them set up their own model farms.
**Sustainable Coffee Challenge.** USAID continues to serve on the Advisory Board of the Sustainable Coffee Challenge (SCC), which is working to make coffee the first 100 percent sustainable commodity in the world. The Board also includes private companies such as Starbucks, Keurig, Olam, Neumann and McDonalds, as well as several non-profits. In 2017, USAID worked with SCC’s Renovation & Rehabilitation Collective Action Network to fund 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 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. The R&R 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.

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

- **Aceli Africa** is a “market incentive facility” that is mobilizing private capital in Kenya, Rwanda, Tanzania and Uganda by providing credit enhancements and incentives for lenders to increase disbursements to agricultural small and medium enterprises with specific impact priorities including strengthening food security and creating opportunities for women.

- **Clarmondial** 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** manages the Lending for African Farming Company, which provides agricultural short-term working capital loans.

**Country Programs**

**Burundi.** Coffee is enormously important in Burundi, providing income for an estimated 800,000 rural families dependent directly on coffee farming for their main source of cash income. Since 2016, the **Burundi Coffee Alliance Project** has supported farmers’ cooperatives, in partnership with the Swiss-based coffee trading company, Sucafina Specialty and Burundi-based producer and exporter, Greenco. The activity has invested in a range of training opportunities—from Good Agricultural Practices and Sustainable Agricultural Land Management, to organizational management and gender trainings focused at the household level. Trainings take place in farmer hubs constructed by the project, as well as through Farmer Field Schools and at demonstration plots. The activity advances the interests of coffee farmers by providing tools to diversify coffee cropping systems through the introduction of other production options like beekeeping; establishing nurseries for quality seedlings; creating growers’ associations for women and youth; providing health services; and enabling market access.

**Colombia.** As a part of a broader strategy to reduce conflict and promote peace in Colombia, 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 in cooperation with Boot Coffee consultants to reach sector businesses. These firms include Starbucks, Olam, Nespresso, Farmer Brothers, Kafkao Republik and Racafé, among others. This year, due to COVID-19, PMA launched “Virtual Buyers Caravans” which allow farmers to reach a wider audience of potential buyers. This appears to be a best practice that will continue after COVID-19 travel restrictions.

PMA works in an integrated approach with two other major USAID/Colombia activities. Land for Prosperity improves rural land tenure which allows farmers to invest in long term crops such as coffee and Community Development for Licit Opportunities which works with community development and rural infrastructure to facilitate farm to market transportation. PMA is also actively supporting the National Federation of Coffee Growers 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. 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 targets 15,000 coffee farmers to increase production and better market specialty coffee. The consortium is led by Tetra Tech and includes TechnoServe, World Coffee Research, Search for Common Ground, J.E. Austin and Associates, and Banyan Global. The activity supports gender equity, women’s empowerment, improved access to finance, conflict sensitivity and behavior change communications.

Ethiopia. Ethiopia is not only the birthplace of Arabica coffee, and an important coffee producer and exporter, but is also a heavy coffee consumer. Coffee is strongly rooted in Ethiopian socio-cultural traditions, and is an experience shared with family and friends with colorful daily ceremonies. Ethiopia has the world’s most distinct single origin coffee flavors. Coffee is Ethiopia’s most important and valuable export commodity and the promotion of specialty coffee is a key objective of the Feed the Future Ethiopia Value Chain Activity (FtFEVCA). FtFEVCA works with several cooperatives and commercial farms in parts of the Oromia and Southern regions through various processes supporting washed and natural coffees. The package of agronomic training and improvements promoted under the project for harvesting and processing coffees is achieving noteworthy increases in both coffee value and farm profitability. FtFEVCA is investing in supporting coffee nurseries to address the challenge of replacing old coffee trees that show high levels of disease and low productivity. The activity also supports outgrower schemes that produce and sell coffee to neighboring coffee plantations via a contractual relationship that benefits all parties involved. In addition, FtFEVCA has pooled local and international experts and resources to identify and evaluate the untapped potential of coffee varietals.

Guatemala. The Guatemala Coffee Value Chains Project is supported by USAID as part of Feed the Future and is implemented by the Federation of Agricultural Cooperatives of Guatemala’s Coffee Producers (FEDECOCAGUA). The objective of the project is to increase income and improve the resilience and nutrition of small coffee producers and their families in three clusters in the departments of Huehuetenango, Quiché and San Marcos. This project will benefit 15,000 small coffee producers through improving agricultural productivity and promoting diversification alternatives for income generation, expanding market access, and improving the resilience of small coffee producers through environmentally-friendly agricultural practices and the management of watersheds for efficient use of water for agriculture. These actions will be complemented by activities to improve household nutrition, mainly by increasing the availability of animal protein and nutrient-dense crops, focusing on nutrition-sensitive agriculture (home gardens and poultry units) and social behavior change.

Honduras. Honduras is the fourth largest exporter of coffee to the US and employs up to one million people in the coffee industry each year. Coffee is one of the two priority value chains for USAID/Honduras to increase household incomes and improve nutrition. Coffee contributes 30 percent of the agricultural GDP and 5 percent of the national GDP. In June 2018, USAID signed a Global Development Alliance to establish the Coffee Alliance activity with COHONDUCAFE Foundation, Compañía Hondureña del Café (COHONDUCAFE), and Jacobs Douwe Egberts. 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 4,800 coffee grower households through increased productivity and access to markets and credit.

Mexico. The Alliance for Sustainable Landscapes and Markets Activity led by The Rainforest Alliance will maximize the reduction of greenhouse gas emissions in the coffee landscape at a meaningful scale, in alignment with national greenhouse gas reduction priorities, by reducing deforestation pressures and expand forest conservation and restoration in at-risk coffee production landscapes in Chiapas and Oaxaca. The activity will improve 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—and community businesses to manage their agroforestry and forestlands more sustainably and productively; manage their businesses more profitability and competitively; and deepen their access to investment and incentives through expanding partnerships with the public and private sectors for sustainable supply chains.
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 selected areas of San Martin, Huanuco and Ucayali. Under CAFE, USAID and a number of private companies—including Althelia Ecosphere and coffee buyer Jacobs Douwe Egberts—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 will have leveraged $11.3 million.

Uganda. Under its Feed the Future program, the Uganda Mission 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 is providing funds to the aBi Development, a multi-donor entity, which 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 three years. This plan details the principal interventions required for the development of coffee, which is the most important single source of foreign exchange earnings provided by the agricultural sector. Coffee contributes significantly to the livelihoods of smallholder farming households in Uganda, which represent some two-thirds of the country’s population. 2020 saw the highest ever coffee volume exported from Uganda, while projections show continued expansion for the foreseeable future.

Regional Programs

Green Invest Asia. 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. Initial focus has been on rice, rubber, timber, coffee, coconut and cacao with a focus on coffee in Indonesia and Vietnam. To improve sustainable coffee production in Southeast Asia, the project has partnered with global coffee trader Jacobs Douwe Egberts to improve the sustainability of Vietnam’s coffee sector. Analysis of production data from 15,000 farmers is informing strategies for improving fertilizer utilization, reducing greenhouse gas emissions while improving farm profitability, and enhancing resilience and carbon sequestration through intercropping within their supply chain. Efforts are underway to launch a similar partnership with international conglomerate Nestlé in Vietnam and Indonesia to help inform its investments into low-carbon land use practices among farmers, including intercropping and insetting. The project has also researched the role of women in the coffee value chain, part of a regional analysis on how women are driving coffee sustainability in Cambodia, Indonesia, Philippine and Vietnam. In Vietnam, women lead at least half of all domestic trading companies; if women’s labor is recognized, valued and invested in adequately, the report outlined ways the sector can improve.