

Good afternoon. I'd like to thank the World Coffee Conference organizers for inviting me to the Third Conference of the International Coffee Organization. The work of the ICO has been instrumental in building strong livelihoods for thousands of families in the agricultural sector. Today I would like to talk about the significant resources that USAID has invested and continues to invest in assisting small and medium sized coffee growers in their quest to improve their product and strengthen their enterprises.

The International Coffee Organization has undertaken impressive reforms to strengthen its market orientation, build programs to help coffee farmers improve quality, efficiency and access to markets, and streamline the global coffee trade. It is a valuable forum in which to address the full range of issues affecting coffee production, trade and consumption. The United States looks forward to working closely with

our trading partners in the organization so that we can enhance development efforts and open markets.

As an agency, USAID has been supporting coffee-producing countries in the Americas, Africa and Asia to become more sustainable, competitive, and profitable suppliers of coffee. In the last five years the United States government, via its different agencies, has invested approximately \$130 billion to improve the livelihoods of the less fortunate around the globe.

There is a total of 45 exporting ICO countries and USAID has missions in 37 of them – which means that over 80% of the ICO exporting countries enjoy USAID financial assistance programs. We at USAID are committed to improving the lives of the farmers who depend upon this important cash crop, and we are investing our resources in areas where we can make a difference.

Our goal in working with coffee is to improve the livelihoods of small and medium producers. USAID is assisting producers to

improve the quality and marketing of their coffee, to help ensure that they capture the highest possible price for their product, and thereby become more competitive and sustainable. USAID supports small and medium-sized producers to properly process and grade their coffee to ensure that the beans are of the highest quality. We are creating new market information systems that are providing local producers with critical information on coffee pricing.

We are confident that we can achieve these goals by promoting sustainable systems that provide significant income and employment opportunities for as many people as possible, while providing adequate social benefits. We also will continue to fund sustainable development programs that protect the environment and manage natural resources in a responsible fashion.

As the Mission Director of USAID/Guatemala, I would also like to highlight the important work that USAID is doing in this country as an example of the kind of support that USAID provides in the coffee

sector globally. Through our Cooperative Agreement with the Guatemalan National Coffee Association (ANACAFE), we provide technical assistance and training to small coffee producers in rural areas, so that they can improve coffee quality, technology and agriculture practices to raise their yields. We also provide assistance in production, milling and management. Our current project is working with nearly 70 coffee cooperatives, supporting about 7,000 rural households, benefiting 35,000 people.

There are some universal challenges that must be overcome, in order for farmers and their families to earn a respectable living from producing coffee. It is imperative that companies pay a fair price for the beans. For example, we need to work with producers to strengthen their bargaining position and negotiation skills to demand a fair market value for their product.

Working together with the private sector in various parts of the world, we've come up with innovative and transparent market-based

solutions to getting premium prices for quality coffee, which benefits the producers. We've also been able to leverage our funding, and we estimate that private sector contributions from 2001 to 2004 were about \$70 million. One success story in this area was our stellar partnership with Walmart, TransFair USA and SEBRAE, Minas Gerais, in Brazil. We were able to link Brazilian coffee farmers with mass market coffee consumers by introducing a New Fair Trade Certified Coffee. The two new Fair Trade Certified Member's coffee products will be available in more than 600 Sam's Club locations in the United States. These products are part of the innovative Responsible Sourcing Partnership Project that links Brazilian coffee farmers with mass market coffee consumers in the United States through Fair Trade certification.

We are proud to count among our partners the coffee industry, large and small firms alike, from traders to roasters to retailers. Many of our alliances have three things in common: the sustainable production of coffee, the protection of the environment, and a decent

livelihood for small farmers and rural workers. Along with our partners, we continue to search for a way to ensure that we invest millions of dollars in a responsible industry. We are proud to be part of such a powerful alliance in support of coffee farmers and their workers.

We recognize that there are several initiatives underway in the coffee sector that involve many players, many of which focus on the key issue of sustainability. USAID is a proactive participant and supporter of the Sustainable Coffee Partnership, which is a multi-stakeholder platform involving all actors in the coffee industry, including civil society. The partnership aims to generate coherence, transparency, and momentum among diverse initiatives with a view to leveraging market forces towards systemic change. Discussion among the partners brought attention to the lack of clear, credible information on the costs and benefits to farmers. To address this gap, USAID is providing funding and technical support to the partnership to document, analyze, and develop strategies for farmers to better manage their farms

in an economically and environmentally sustainable manner, including the adoption and utilization of procedures for farmers to record and track their costs, sales, and returns. We encourage other countries to get involved with this partnership.

Lastly, while working on improving the competitiveness of coffee producers, we recognize that many producers may not be able to compete in the global coffee market, so we also are supporting programs that help coffee producers, and their workers, find alternative livelihoods.

In conclusion, I repeat USAID's steadfast commitment to working hand-in-hand with coffee producers to train them adequately so that they can grow coffees that highly prized. We are committed to investing millions of dollars per year in order to achieve this goal. I repeat my gratitude to the ICO for inviting me to speak here today, and to you, the audience, for allowing me to share with you some of the good work that USAID is carrying out in the coffee sector. Thank you.