



17 April 2026

Original: English, French, Portuguese, Spanish

**Invitation to submit comments on
proposals for initiatives for coffee year
2026/27**

1. The Executive Director invites Members to submit comments by **29 May 2026** to the ICO Secretariat (Ms. Veronica Ottelli, Secretariat and External Relations Officer – ottelli@ico.org) on the proposals for initiatives submitted by Members.
2. In accordance with the procedures set out in document [JC-13/25 Rev.2](#), as approved by the International Coffee Council (ICC) at its 140th Session held in Honduras in October 2025, Members were invited to submit proposals for initiatives to be implemented by the ICO, as referenced in documents [ED-2496/25](#) and [ED-2496/25 Rev. 1](#).
3. A total of 21 proposals are attached hereto in Annexes I to VII, submitted by the following countries:
 - (a) Brazil (14 proposals) - **Annex I:**
 - (i) Expansion of the international coffee trade: exploring the potential of emerging markets - the case of China;
 - (ii) Expansion of the international coffee trade: exploring the potential of emerging markets – Southeast Asia;
 - (iii) Expansion of the international coffee trade: exploring the potential of emerging markets - the Middle East;
 - (iv) Analyses of successful national strategies for promoting and encouraging coffee consumption;
 - (v) The African Continental Free Trade Area (AfCFTA) and opportunities for coffee trading on the African continent;

- (vi) The challenges and outlook of the international soluble coffee trade up to 2030;
 - (vii) Inventory of tariff treatment of coffee products in recent trade agreements between different free trade areas;
 - (viii) Update on foreign direct investment (FDI), mergers or acquisitions in the global coffee industry;
 - (ix) Tariff and non-tariff barriers to coffee trade: new challenges;
 - (x) The positive health impacts of coffee consumption;
 - (xi) Inventory of good practices in coffee storage and gains for coffee farmers;
 - (xii) Preservation of water resources for coffee growing: the example of the Brazilian 'WATER-PRODUCING COFFEE' programme for other producing countries;
 - (xiii) The mechanization of coffee farming - a path to greater productivity and income for producers; and
 - (xiv) New by-products of coffee cultivation: additional ways to increase coffee farmers' incomes.
- (b) El Salvador (two proposals):
- (i) Validation of low-risk coffee farming for deforestation regulation frameworks;¹ and
 - (ii) Roadmap for the development of a national climate fund for the capture of carbon in coffee cultivation – **Annex II**.
- (c) Gabon (one proposal) – **Annex III**:
- (i) Strengthening the operational capacities of CAISTAB for access to finance and invigoration of the coffee sector in Gabon;
- (d) Honduras (one proposal) – **Annex IV**:
- (i) Development of a methodology to measure domestic coffee consumption in Honduras.

¹ No document available. Currently, only the title has been provided.

- (e) India (one proposal) – **Annex V:**
 - (i) Strengthening traceability and smallholder capacity in the Indian coffee sector to support compliance with the EU Deforestation Regulation (EUDR).
- (f) Mexico (one proposal) – **Annex VI:**
 - (i) Design of a methodology for defining fair reference prices for quality Mexican coffee to improve the profitability of coffee-growing activity in accordance with the mandate of the new Law on the Sustainable Development of Coffee Farming.
- (g) Peru (one proposal) – **Annex VII:**
 - (i) National coffee transformation programme: sustainable productivity, climate resilience and dignified incomes across 13 regions of Peru.

4. In accordance with the established procedures, comments submitted by Members during the six-week consultation period will consecutively be compiled, translated and circulated to all Members for consideration by the Joint Committee at its next meeting.

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PERMANENT REPRESENTATION OF BRAZIL TO
INTERNATIONAL ORGANISATIONS IN LONDON

Rebraslon- 003/2026

The Permanent Representation of Brazil to International Organisations in London presents its compliments to the International Coffee Organization (ICO) and, with reference to document ED 2496/25, of 28 November 2025, has the honour to present the following study proposals to be considered by the Joint Committee, with a view to their possible implementation within the organization's programme of activities during the 2026-27 coffee year, beginning on 1st October:

- [a] *"Expansion of the international coffee trade: exploring the potential of emerging markets – the case of China";*
- [b] *"Expansion of the international coffee trade: exploring the potential of emerging markets – Southeast Asia";*
- [c] *"Expansion of the international coffee trade: exploring the potential of emerging markets – the Middle East";*
- [d] *"Analyses of successful national strategies for promoting and encouraging coffee consumption";*
- [e] *"The African Continental Free Trade Area (AfCFTA) and opportunities for coffee trading on the African continent";*
- [f] *"The challenges and outlook of the international soluble coffee trade up to 2030";*
- [g] *"Inventory of tariff treatment of coffee products in recent trade agreements between different free trade areas";*
- [h] *"Update on foreign direct investment (FDI), mergers or acquisitions in the global*

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coffee industry";

[i] *"Tariff and non-tariff barriers to coffee trade: new challenges"*;

[j] *"The positive health impacts of coffee consumption"*;

[l] *"Inventory of good practices in coffee storage and gains for coffee farmers"*;

[m] *"Preservation of water resources for coffee farming: the example of the Brazilian 'WATER-PRODUCING COFFEE' programme for other producing countries"*;

[n] *"The mechanization of coffee farming - a path to greater productivity and incomes for producers", and*

[o] *"New by-products of coffee cultivation: additional ways to increase coffee farmers' incomes"*.

2. The Representation of Brazil highlights that the call contained in document ED 2496/25 introduced an element that was not agreed upon by the Member countries in the rules on the procedure for the submission of projects, i.e. Annex II entitled *"Template for submission of proposal for initiatives for coffee year 2026/27"*. Among the items included in this annex are:

- identification of "possible partners or stakeholders";
- indication of what has been referred to as "thematic focus and rationale";
- description of "focus", and
- indication of "indicative resource requirements".

3. The requests from the ICO Secretariat in Annex II of document ED 2496/25 are surprising, given that during discussions on the procedures for the submission of study proposals by Member countries and the Executive Director, held in 2025 and summarized in document JC 13/25 of 23 September 2025, no mention whatsoever was made of the need to

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PERMANENT REPRESENTATION OF BRAZIL
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establish a form regarding the format or what information Member states should present when submitting suggestions for work and research to be undertaken by the International Coffee Organization.

4. The Brazilian delegation, consequently, disregards the suggested template, as it has not been agreed upon and approved by Member States. The form presented is not necessary or relevant to the debates of Member States for defining the studies to be undertaken in the 2026-2027 coffee year, since, as provided for in the approved procedures, it will be up to the Member States themselves to discuss and decide consensually upon the initiatives that the ICO will be instructed to implement.

5. Similarly, the Brazilian delegation reminds the ICO Secretariat of the understanding – already expressed both in the debates held within the Joint Committee and in the budget deliberations held within the scope of the work of the Finance and Administration Committee – that it would not be able to approve budget proposals that indicated expenditure on the contracting of external services for activities that, in principle, must be undertaken by the organization itself, by its staff and within the scope of its ordinary budget, such as the preparation of studies, research and documents. In fact, the budget that was approved for the current coffee year did not include such expenses. A similar procedure shall be applied to the 2026-2027 coffee year.

6. In this regard, the Brazilian delegation reiterates its position that the ICO must demonstrate the capacity of its permanent staff to produce studies and research without resorting to external contractors, following the example of the procedures followed by other commodity-specialised organizations based in London.

7. The Brazilian delegation thanks the ICO Secretariat for its good offices in circulating this note verbale to the other Member countries of the organization.

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The Permanent Representation of Brazil to International Organisations in London avails itself of this opportunity to renew to the International Coffee Organization (ICO) the assurances of its highest consideration.

London, 27 February 2026

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**TEMPLATE FOR SUBMISSION OF PROPOSALS FOR
INITIATIVES FOR COFFEE YEAR 2026/27**

	Item	Information
1	Proposing Member	El Salvador
2	Title of initiative	Roadmap for creating a national climate fund for carbon sequestration in coffee farming
3	Stakeholders involved in the proposal of the Member country	ICO Secretariat, national institutions in producing countries, sustainability certifiers, climate financiers
4	JC domain: Projects / Statistics / Promotion & Market Development / Coffee Sector Finance	Coffee sector finance
5	Thematic focus and rationale	<p>Coffee farmers do not only produce our “golden beans”; they are also strategic partners in the fight against climate change.</p> <p>An emerging but largely untapped trend is the recognition that coffee forests capture carbon. For example, it is estimated that one hectare of a coffee farm with large trees can capture 70-80 tonnes of carbon. The results of different studies on the subject highlight that coffee agroforestry systems represent an important strategy for the promotion of carbon sequestration.</p> <p>There are currently voluntary systems in this area. However, due to its great potential, it is important that the ICO be a leader in these conversations and establish a roadmap of actions for the formalization of sustainable practices.</p>

		It is also important to assess the benefit that this fund could have for coffee farming and the longevity of the coffee sector in general.
6	Expected deliverables (study, survey, technical note, methodological review, etc.)	Roadmap for creating a national climate fund for carbon sequestration in coffee farming
7	Short description of focus	<p>Development of a framework for the creation of a national trust fund that establishes a roadmap, in view of the benefits offered by coffee forests.</p> <p>Coffee farming, through coffee agroforestry systems, has a beneficial ecological impact, capturing carbon in aerial biomass and soil, reducing deforestation and improving biodiversity.</p> <p>However, in order to guarantee coffee growers' long-term profitability, this mechanism aims to increase and diversify producers' income.</p> <p>Likewise, this fund could support the achievement of national climate targets and finance the transition to agroforestry systems.</p>
8	Indicative resource needs (optional)	
9	Possible partners (optional)	National institutions in producing countries, sustainability certifiers, climate financiers

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MINISTRY OF THE ECONOMY, FINANCE, DEBT [LOGO: CAISTAB]
AND STATE HOLDINGS, RESPONSIBLE FOR COMBATTING
THE HIGH COST OF LIVING

REPUBLIC OF GABON
UNION - LABOUR - JUSTICE

**DIRECTORATE GENERAL OF STABILISATION AND
EQUALISATION FUNDS**

DIRECTORATE OF THE COCOA/COFFEE FUND

PO BOX 768 LIBREVILLE
TEL: 01 48 30 00

No. 000882/MEFDPCLCVC/DGCSP/DCCC/BNCA

Libreville, 23 March 2026

**The Director-General
To
The Executive Director
of the International Coffee Organization (ICO)**

Subject: Submission of proposals for initiatives for the 2026/2027 coffee year.

Attached: Concept note "strengthening the operational capacities of the Stabilization and Equalization Funds (CAISTAB) for access to finance and invigoration of the coffee sector in Gabon".

Dear Executive Director,

In response to the letter set out in document ED 2496/25 Rev. 1 of 2 March 2026 inviting Members of the International Coffee Organization (ICO) to submit proposals for initiatives for the 2026/2027 coffee year, the Gabonese Republic, represented by the Directorate-General of Stabilization and Equalization Funds (CAISTAB), has the honour to submit the following concept note, in accordance with the procedures for the submission and evaluation of proposals for initiatives (JC-13/25 Rev. 2) and the terms of reference of the Joint Committee (ICC-136-11).

We remain convinced that for Gabon, this initiative is fully in line with the ICO's objectives of strengthening the capacities of producing member countries and supporting the sustainable development of coffee sectors. We remain available to provide any additional information deemed necessary by the Secretariat.

Please accept, **Madam Executive Director**, the assurances of our highest consideration.

[Signature]

[Stamp]

Ismael GNAMALENGOUNGOU OLIGUI

SUBMISSION OF GABON'S INITIATIVE PROPOSAL
Coffee year 2026/2027

I. INITIATIVE TITLE

Strengthening the operational capacities of the Stabilization and Equalization Funds (CAISTAB) for access to finance and invigoration of the coffee sector in Gabon.

II. BACKGROUND AND RATIONALE

Coffee cultivation in Gabon is dominated by small family farms whose outputs are in steady decline, from 2,000 tonnes in the 1960s¹ to less than 50 tonnes today. This decline can be explained by several structural factors, including the ageing of the coffee plantations and farmers, the rural exodus, young people moving towards the forestry and oil sectors, the reduction in public subsidies, poor control of plant material, the lack of innovative techniques, the absence of research and development programmes on coffee and inadequate organization of the sector.

To reverse this trend, CAISTAB, the state's secular arm in the management of the coffee sector, has developed a national recovery strategy estimated at 12 billion CFA francs, in order to produce 1,093 tonnes of market coffee over five (5) years.²

The implementation of this strategy requires external financial support as well as the strengthening of CAISTAB's institutional capacity in order to attract investors and mobilize sustainable resources.

In addition, Gabon has considerable agro-ecological potential with 5.2 million hectares of agricultural land, providing conditions conducive to the significant development of coffee cultivation.

Against this background, the present initiative falls within area IV of the terms of reference of

¹ Economic Dashboard, Directorate-General for the Economy and Fiscal Policy

² National strategy for the revival of the coffee sector in Gabon

the International Coffee Organization's (ICO) Joint Committee regarding the financing of the coffee sector, particularly in terms of access to finance and financial tools.

III. OBJECTIVES

3.1 Overall objective

Strengthen CAISTAB's operational capacities through the development of financially viable projects, access to finance and mastering the financial tools available to the coffee sector.

3.2 Specific objectives

- Understand the mechanisms for accessing finance in the coffee sector;
- Identify the different types of financing available for the coffee sector;
- Master the key elements of developing a solid business plan;
- Identify and quantify CAISTAB's finance needs;
- Know the expectations and criteria of donors and financial partners.

IV. SCOPE OF THE INITIATIVE

In accordance with paragraph 2 of the terms of reference of the Joint Committee (ICC-136-11), this initiative falls under the area **(d) Coffee sector finance**: initiatives related to risk management, access to finance and financial tools.

V. BENEFICIARIES

5.1 Direct beneficiaries

CAISTAB is the main direct beneficiary. As the main buyer and exporter of coffee in Gabon, strengthening the capacity of its management staff will enable it to effectively mobilize the finances required for the implementation of projects to revive the sector, thus helping to increase the production and added value of Gabonese coffee.

5.2 Indirect beneficiaries

All stakeholders in the coffee value chain in Gabon will benefit from this initiative, including producers, cooperatives, processors and exporters. The financial resources mobilized will fund the creation and regeneration of coffee plantations, as well as the development of local processing units.

VI. EXPECTED RESULTS

1. The mechanisms of access to finance for the coffee sector will be mastered by CAISTAB agents;
2. The different types of financing available for the coffee sector will be identified and documented;
3. A structured and viable business plan will be developed for the Gabonese coffee sector;
4. CAISTAB's funding needs will be clearly identified and quantified;
5. The criteria and expectations of donors and investors will be known and integrated into the resource mobilization strategy.

VII. MAIN ACTIVITIES

- Plenary training and capacity-building sessions;
- Thematic workshops on financing the coffee sector;
- Exchange visits and sharing of good practices;
- Any other activities defined in consultation with the ICO.

VIII. LOCATION AND DURATION

Location: Libreville, Gabonese Republic

Duration: To be defined by the ICO Secretariat in consultation with CAISTAB.

IX. PARTNERS

- International Coffee Organization (ICO) - lead partner;
- Stabilization and Equalization Fund (CAISTAB) - initiator of the initiative;
- Other technical and financial partners to be identified.

X. SCHEDULE

The detailed schedule will be defined by the ICO Joint Committee, in accordance with the process timeline provided by the Procedures (JC-13/25 Rev. 2), if the initiative is selected.

[Logo: IHCAFé]

HONDURAN COFFEE INSTITUTE

[Logo: Café de Honduras]

Honduras, C.A.

NGG-006/2026

Tegucigalpa, M.D.C., 26 February 2026

Her Excellency

Veronica Ottelli

Secretariat and External Relations Officer

INTERNATIONAL COFFEE ORGANIZATION (ICO)

Your Office

Dear Ms Ottelli,

I am writing to wish you every success in the important role you play in your assigned duties.

The purpose of this letter is to respond to the communications received via His Excellency Ambassador Iván Romero Martínez, who kindly conveyed his good intentions through the Ministry of Foreign Affairs, with a view to including Honduras in the submission of proposals and initiatives for inclusion in the Programme of Activities (PoA) 2026/2027.

We are enclosing a proposal that we have drawn up within the JC domain focusing on market promotion and development. We are confident that this proposal will enable the creation of tools that will contribute significantly to the development of policies that promote domestic consumption and the marketing of coffee at a national level. This, in turn, will improve the incomes of those involved in the value chain, with the aim of reducing living income gaps among producers.

We look forward to the approval of the proposed initiative and hope to continue strengthening the coffee sub-sector.

Please accept, Madam, the assurances of my highest consideration.

Yours faithfully.

[Signature]

[Stamp]

Adilson Manuel Avila

General Manager

Cc: File

Tegucigalpa, M.D.C., Edificio IHCAFE Col. Luis Landa, Costado Norte de Edificio IPM

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Honduras, C.A.

**IHCAFE 'S PROPOSAL TO THE INTERNATIONAL COFFEE ORGANIZATION (ICO)
INITIATIVES FOR COFFEE YEAR 2026/2027**

	Item	Information
1	Proposing Member	Honduran Coffee Institute (IHCAFE)
2	Title of initiative	Development of a methodology to measure domestic coffee consumption in Honduras.
3	Stakeholders involved	Roasting companies, cafes, IHCAFE, Secretariat of Economic Development.
4	JC domain:	Promotion and market development
5	Thematic focus and rationale:	Honduras has one of the lowest coffee consumption rates in the region; it is estimated that consumption of roasted coffee does not exceed 2 kilograms <i>per capita</i> . This represents less than 10% of national coffee production, meaning that more than 90% of Honduras' coffee is exported. The variability of coffee prices in the international market provides an opportunity to strengthen national marketing processes through an improvement in the country's domestic consumption. An important tool for this strategy is the periodic measurement of domestic consumption. This measurement would make it possible to develop actions to improve coffee quality, develop an educational program, and ultimately increase coffee consumption.
6	Expected deliverables:	To establish a tool for measuring domestic coffee consumption that provides inputs for the development of quality standards.
7	Short description of focus:	It is important to have a tool to measure domestic consumption. Currently, only estimates are available and consumption is not properly documented. There

		are also no statistics on the quality of the coffees consumed and the factors that are limiting an increase in coffee consumption. In general, this tool would greatly support the development of policies that promote domestic consumption and the marketing of coffee at the national level, and consequently, would help improve the incomes of value chain actors and reduce producers' living income gap.
8	Indicative resource needs	\$20,000 to hire a consulting company for the development of the tool
9	Possible partners	Roasters' Association; Secretariat of Economic Development; Undersecretariat for Coffee



Project Proposal

**Strengthening Traceability and Smallholder Capacity in the Indian Coffee Sector to Support
Compliance with the EU Deforestation Regulation (EUDR)**

Submitted by:

**Coffee Board,
Department of Commerce, Ministry of Commerce and Industry
Government of India**

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1. Executive Summary

This proposal aims to strengthen the capacity of tribal and small coffee growers in India to comply with the European Union Deforestation Regulation (EUDR) through enhanced digital traceability systems, geolocation & polygon mapping and targeted capacity-building programmes. The initiative will support field-level verification of geospatial data through the India Coffee App, strengthen digital infrastructure and promote sustainable coffee production practices aligned with the Indian Coffee Sustainability Standard and Certification Scheme (INDICOF). By supporting this initiative, the International Coffee Organization will contribute to safeguarding smallholder livelihoods, strengthening sustainable coffee supply chains and ensuring continued access of Indian coffee to global markets.

2. Background:

India is one of the leading coffee producing countries with the share of about 3.5% in global coffee production and ranks among the top exporters of coffee globally. About 70% of India's coffee production is exported and the European Union (EU) accounts for about 45% of India's total coffee exports and EU also accounts for about 60% of India's total green coffee exports. The Indian coffee sector is predominantly smallholder-based, with about 4.41 lakh coffee growers, of which nearly 99% are small and marginal coffee growers. Further, a significant proportion of coffee cultivation is undertaken by tribal communities, with about 60% of the holdings (around 2.63 lakh holdings) belonging to tribal growers. In addition, the coffee sector also provides employment to around 7 lakh plantation labourers working in coffee plantations across the country. This highlights the critical role of the coffee sector in supporting inclusive rural livelihoods and socio-economic development in remote and tribal regions of the country.

The coffee sector in India plays a vital role in supporting rural livelihoods, with more than two million people directly and indirectly dependent on coffee for their livelihood across the entire value chain. This includes tribal, small and marginal coffee growers, plantation workers, as well as stakeholders involved in village level trading, curing, roasting, logistics and export activities.

About 96% of India's coffee production comes from the Western Ghats, one of the world's globally recognized biodiversity hotspots, known for its rich flora and fauna. Coffee cultivation in India is predominantly carried out under a traditional shade-grown agroforestry system, where coffee plants are grown beneath a multi-tier canopy of native and planted shade trees. This system plays an important role in conserving biodiversity, protecting wildlife habitats, improving soil health and maintaining ecological balance within the Western Ghats landscape. Indian coffee plantations also integrate diverse intercrops such as spices (pepper, cardamom), fruit crops and other tree species, which further enhance ecological resilience and farm sustainability. In addition, Indian coffees are carefully hand-picked and sun-dried, ensuring high quality while maintaining

environmentally responsible production practices. This unique cultivation system demonstrates how coffee farming in India contributes to both livelihood security for growers and conservation of biodiversity-rich ecosystems.

The European Union Deforestation Regulation (EUDR) requires that commodities placed in the European Union market must not originate from land subject to deforestation after 31 December 2020 and must be supported by geolocation-based traceability. In addition to geolocation and polygon mapping of coffee farms, compliance with the European Union Deforestation Regulation also requires verification that coffee production complies with the applicable laws of the country of origin such as land-use rights, environmental protection, forest conservation, labour standards, and relevant agricultural regulations governing coffee cultivation in India.

To support tribal and small coffee growers in complying with these requirements and to ensure uninterrupted access to international markets, the Coffee Board of India proposes a capacity-building and digital traceability initiative. The initiative focuses on strengthening geolocation mapping, traceability systems and capacity building. The proposed initiative will build digital capacity among tribal and small coffee growers, strengthen traceability systems and promote sustainable and deforestation-free coffee production in India.

3. Indian Coffee Sector Snapshot

Indicator	Details
Production	3.63 lakh tonnes
Total Coffee Growers	4.41 lakh growers
Share of Small Growers	99% of total growers
Tribal Coffee Holdings	60% of holdings
Plantation Labourers	7 lakh workers employed in coffee plantations
Total Livelihoods Supported	2 million people across the coffee value chain
Share of Production Exported	70% of total coffee production exported
Share of Exports to EU	45% of India's total coffee exports
Share of Green Coffee Exports to EU	60% of India's total green coffee exports
Coffee Production Region	96% grown in the Western Ghats biodiversity hotspot
Cultivation System	Predominantly shade-grown agroforestry systems

4. Problem Statement

The European Union Deforestation Regulation requires coffee growers and exporters to provide precise geolocation/polygon data and traceability information to demonstrate that

coffee production does not contribute to deforestation. Although India has been categorized as a “Low Risk” country under the EU benchmarking system, coffee growers and exporters are still required to provide geolocation/polygon and traceability data for coffee consignments entering the European Union market. Given that about 99% of India’s coffee growers are smallholders, with about 60% of the holdings belonging to tribal growers, many coffee growers currently lack the technical knowledge and digital capacity required to generate geolocation/polygons and maintain digital traceability records. Without targeted technical support and capacity-building initiatives, small and tribal coffee growers may face challenges in complying with EUDR requirements. This could potentially impact India’s coffee exports to the European Union and consequently affect the livelihoods of small and tribal coffee growers, particularly since coffee is a highly export-oriented commodity, with nearly 70% of India’s coffee production exported and the EU accounting for about 45% of India’s total coffee exports and around 60% of green coffee exports.

Given the large number of small, tribal and fragmented coffee holdings in India, generating verified geolocation or polygons and maintaining traceability records for each farm requires significant technical and institutional support.

5. Coffee Board Initiatives and alignment with Global Sustainability Frameworks

To align the Indian coffee sector with evolving global sustainability frameworks, the Coffee Board has developed the Indian Coffee Sustainability Standard and Certification Scheme, a voluntary sustainability standard that promotes environmentally responsible and socially inclusive coffee production practices.

The Coffee Board is also facilitating compliance with the European Union Deforestation Regulation, which requires traceability and geolocation information for coffee entering the European Union market. To support these requirements, the Coffee Board has integrated grower registration and geolocation/polygon generation modules within the India Coffee App, enabling coffee growers to register their farms and generate geospatial data necessary for regulatory compliance. In addition, the Coffee Board is working towards developing QR code/ barcode-based traceability systems to strengthen supply chain transparency. These digital systems will help exporters and supply chain stakeholders meet regulatory requirements while also enabling consumers to access reliable traceability information about the origin and sustainability of Indian coffee.

The grower registration process within the India Coffee App has also significantly improves the accuracy of coffee area and production statistics, strengthening policy planning and supply chain transparency.

To facilitate compliance with the European Union Deforestation Regulation (EUDR), the Coffee Board has operationalized a ground-truthing process through the India Coffee App for generation and validation of geolocation/polygon data of coffee holdings. Under this

process, coffee growers are required to download the India Coffee App, complete grower registration by uploading the supporting documents and capture & upload the geolocation or polygon of their estates in the application. Thereafter, the uploaded crop information and geolocation or polygon details are subjected to field-level verification by Coffee Board extension officers, who visit the estate for ground-truthing and verify the correctness of the crop and location details before according approval or rejection. Once approved, the polygon/geolocation data can be downloaded by growers and shared with exporters, roasters or importers for meeting EUDR traceability requirements. This system ensures that the geolocation and polygon information used for compliance is supported by physical verification by Coffee Board officers, thereby strengthening the credibility, accuracy and reliability of traceability data generated for Indian coffee. However, given the large number of tribal/smallholder farms, this ground-truthing exercise is a labour-intensive and resource-demanding process, requiring substantial field-level engagement and technical support.

The Coffee Board actively participates in multi-stakeholder platforms coordinated by the International Coffee Organization, enabling policy coordination, international cooperation, and exchange of best practices among coffee-producing countries.

6. Objectives of the Initiative

The proposed initiative aims to:

- Strengthen the capacity of tribal and small coffee growers to comply with EUDR requirements
- Facilitate geolocation and polygon generation for coffee farms
- Enhance digital traceability systems in the Indian coffee supply chain
- Promote sustainable and deforestation-free coffee production
- Safeguard India's coffee exports to international markets

7. Proposed Activities

To support EUDR compliance among tribal and small coffee growers, the following activities are proposed:

- Training Programmes for Coffee Growers- organizing training programmes to tribal and small coffee growers across major coffee-growing districts on EUDR requirements and digital traceability.
- Development of Training Materials- preparation of training manuals and guidance materials in regional languages.
- Field Demonstrations-conducting practical field demonstrations to train growers on geolocation mapping and polygon generation through the India Coffee App.
- Technical Support Teams- deployment of technical support teams at district-level Coffee Board offices to assist growers in generating geolocation or polygon data.
- Awareness Campaigns-organizing awareness programmes, workshops and village meetings to disseminate information on EUDR requirements.

- Upgradation of India Coffee App- enhancing digital infrastructure and upgrading the India Coffee App to incorporate additional EUDR compliance modules (traceability and legality requirements)

8. Expected Outcomes

The initiative is expected to achieve the following outcomes:

- Improved digital traceability and transparency in the coffee supply chain
- Increased adoption of geolocation mapping among tribal and small coffee growers
- Enhanced capacity of tribal and small coffee growers to comply with sustainability regulations.
- Safeguarding rural employment and livelihoods across the coffee value chain, including smallholder farmers, tribal growers, plantation labourers, and other stakeholders dependent on the coffee sector.
- Strengthened sustainability credentials of Indian coffee in global markets
- Protection of India's coffee exports to the European Union

9. Monitoring and Evaluation

A monitoring and evaluation framework will be established to track progress and assess the effectiveness of the initiative. Key indicators include:

- Number of coffee growers trained
- Number of growers registered in the India Coffee App
- Number of farms mapped with geolocation polygons
- Number of growers obtained INDICOF voluntary sustainability standard certification
- Number of awareness programmes conducted across coffee-growing regions
- Number of farms verified through ground-truthing by Coffee Board officers
- Number of exporters using verified traceability data for EUDR compliance through India Coffee App.

Periodic progress reports will be prepared to monitor implementation and outcomes.

10. Estimated Budget

Component	Amount (Indian Rupee)	Approx. USD Equivalent
Technical Support Teams for field-level assistance	10,000,000	111,111
Training and Capacity Building Programmes	3,000,000	33,333
Digital Infrastructure and Upgradation of India Coffee App	5,000,000	55,556
Total Estimated Budget	18,000,000	200,000

The proposed budget is intended to support field-level technical assistance, capacity building of small and tribal coffee growers, and strengthening of digital infrastructure for traceability

and geolocation mapping required under the European Union Deforestation Regulation. The allocation will enable deployment of technical support teams, organization of training and awareness programmes across coffee-growing regions, and further enhancement of the India Coffee App to facilitate reliable traceability systems and compliance with emerging sustainability regulations. This support will be critical to ensure that smallholder growers are able to effectively participate in global coffee markets while safeguarding their livelihoods.

The proposed budget of USD 200,000 represents a targeted catalytic investment to strengthen institutional capacity, field-level verification mechanisms and digital traceability systems required for EUDR compliance among tribal and small coffee growers.

11. Project Duration

The proposed initiative will be implemented over a period of 12 months, covering coffee-growing regions of India.

12. Geographical Coverage

The project will cover major coffee-growing regions of India located in the Western Ghats and Eastern Ghats, primarily in the states of Karnataka, Kerala, Tamil Nadu and also in Andhra Pradesh, Odisha and North Eastern States, where the majority of tribal coffee growers are located.

13. Alignment with Global Sustainability Goals

The proposed initiative contributes to several United Nations Sustainable Development Goals (SDGs) by promoting sustainable coffee production, strengthening smallholder livelihoods and protecting biodiversity-rich ecosystems.

- SDG 1 – No Poverty: Supporting the livelihoods of small and tribal coffee growers by enabling them to comply with international sustainability regulations and maintain access to global markets.
- SDG 8 – Decent Work and Economic Growth: Strengthening rural employment and income generation across the coffee value chain, including smallholder farmers and plantation labourers, while improving the global competitiveness of Indian coffee exports.
- SDG 12 – Responsible Consumption and Production: Promoting traceable and sustainably produced coffee through the implementation of the Indian Coffee Sustainability Standard and Certification Scheme and strengthening digital traceability systems across the supply chain.
- SDG 13 – Climate Action: Encouraging climate-resilient and deforestation-free coffee production systems through sustainable farming practices and compliance with emerging environmental regulations.
- SDG 15 – Life on Land: Supporting conservation of flora and fauna in the biodiversity-rich Western Ghats, where the majority of Indian coffee is cultivated under shade-grown agroforestry systems, thereby contributing to biodiversity protection and sustainable land management.

14. Conclusion

The proposed initiative will significantly strengthen the capacity of small and tribal coffee growers in India to comply with the European Union Deforestation Regulation through improved digital traceability systems, geolocation or polygon mapping and targeted capacity-building programmes. The initiative will also complement the implementation of the Indian Coffee Sustainability Standard and Certification Scheme, which promotes environmentally sustainable and socially responsible coffee production practices in the country.

By supporting this initiative, the International Coffee Organization can contribute to strengthening sustainable and traceable coffee production systems, enhancing the resilience of tribal and smallholder coffee growers and ensuring continued access of Indian coffee to international markets, while supporting biodiversity conservation and sustainable livelihoods in coffee-growing regions. The initiative will also strengthen India's contribution to global efforts aimed at promoting deforestation-free, transparent and sustainable coffee supply chains.

Mexico
Embassy of Mexico in
the United Kingdom

[Logo]

GBR00403

The Embassy of Mexico to the United Kingdom of Great Britain and Northern Ireland presents its compliments to the International Coffee Organization and has the honour to present, in the annex, a proposal for an initiative prepared by the Ministry of Agriculture and Rural Development of the Government of Mexico, for inclusion in the Programme of Activities for coffee year 2026/2027, regarding the design of a methodology for defining fair reference prices for quality Mexican coffee to improve the profitability of coffee-growing activity.

The initiative focuses on having fair cost ranges and weighted averages for Mexican coffee, differentiated by regions and stages of the production chain, which is essential to strengthen market transparency, improve public and private decision-making, and support improvement proposals for the benefit of the coffee sector.

This Representation requests that the present letter and its annex be circulated to the Member States of the ICO for their consideration. The email multilateralesgbr@sre.gob.mx is available to respond to any request regarding this proposal.

The Embassy of Mexico to the United Kingdom of Great Britain and Northern Ireland takes this opportunity to reiterate to the International Coffee Organization the assurances of its highest and most distinguished consideration.

London, 20 February 2026.

International Coffee Organization

222 Gray's Inn Road
London
WC1X 8HB

[Stamp]

**EMBASSY OF MEXICO
UNITED KINGDOM**

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**TEMPLATE FOR SUBMISSION OF PROPOSAL FOR
INITIATIVES FOR COFFEE YEAR 2026/27**

	Item	Information
1	Proposing Member	Ministry of Agriculture and Rural Development of Mexico
2	Title of initiative	Design of a methodology for defining fair reference prices for quality Mexican coffee to improve the profitability of coffee-growing activity in accordance with the mandate of the new Law on the Sustainable Development of Coffee Farming.
3	Stakeholders involved	Coffee producers; producer organizations; mill operators and other processing-chain actors; exporters; roasters and domestic market traders; specialized technical and academic institutions; and government authorities.
4	JC domain: Projects / Statistics / Promotion & Market Development / Coffee Sector Finance	Statistics / Promotion and Market Development
5	Thematic focus and rationale	<p>Coffee is incredibly important in Mexico, with more than 700,000 hectares dedicated to the cultivation of Arabica coffee and more than 500,000 coffee-growing families collectively producing 1 million tonnes of coffee cherries per year. Most of the production is carried out by smallholder farmers with less than five hectares, located in areas with high levels of marginalization, predominantly indigenous communities, where household incomes and the local economy depend primarily on the sale of coffee cherries or parchment.</p> <p>In general, trading companies purchase coffee cherries or parchment from growers based on the New York stock exchange price, which does not reflect the costs of production and processing, nor the expenses associated with transportation and storage, and therefore does not guarantee producers a fair price proportional to the quality of Mexican coffee.</p> <p>On 19 December 2025, the Government of Mexico issued the Law on the Sustainable Development of Coffee Farming.</p>

		<p>This initiative directly responds to the provisions set forth in Articles 49 and 50 of the [Law], which mandate the periodic generation of reliable information on the costs of production, processing, and commercialization of Mexican coffee, as well as the establishment of price benchmarks.</p> <p>Having cost ranges and weighted averages, differentiated by regions and stages of the coffee chain, is essential to strengthen market transparency, improve public and private decision-making, and support proposals for improvement for the benefit of the national coffee sector.</p> <p>For this it will be necessary to have a proposed methodology to improve the profitability of coffee farming.</p>
6	<p>Expected deliverables (study, survey, technical note, methodological review, etc.)</p>	<p>Having a methodological framework that provides sufficient information to guarantee a fair price for coffee growers that promotes the productivity and competitiveness of the sector.</p> <ul style="list-style-type: none"> • Methodology for the definition of reference prices based on costs, productivity • Updated coffee production cost analysis by coffee region • Updated cost analysis of the main stages of coffee processing (wet and dry processing, parchment, green coffee, roasting, grinding, and packaging). • Analysis of marketing costs in the domestic and export market • Technical note with ranges and weighted averages of costs and prices, aligned with national and international market benchmarks.
7	<p>Short description of focus</p>	<p>The initiative includes the collection and analysis of primary and secondary information to estimate coffee costs and prices along the value chain, considering the specific characteristics of the main producing and processing regions, which together represent at least 70% of national production.</p> <p>The analysis will incorporate data from national marketing and export registers, as well as information on futures</p>

		prices, differentials and qualities, in accordance with the Official Mexican Standards when applicable.
8	Indicative resource needs (optional)	Resources for specialised technical consulting, surveying and systematization of information, statistical analysis and preparation of technical reports.
9	Potential partners (optional)	International Coffee Organization (ICO); academic and research institutions; consulting firms and technical bodies specializing in coffee statistics, coffee markets and value chains.



PERÚ

Ministerio
de Desarrollo Agrario
y Riego

Despacho Viceministerial de
Desarrollo de Agricultura Familiar
e Infraestructura Agraria y Riego

Dirección General de
Desarrollo Agrícola y
Agroecología

ANNEX VII

“Decenio de la Igualdad de oportunidades para mujeres y hombres”
“Año de la Esperanza y el Fortalecimiento de la Democracia”

Lima, 16 de marzo de 2026

CARTA Nro 00015-2026-MIDAGRI-DVDAFIR/DGDAA

Señora
Vanusia Nogueira
Executive Director
International Coffee Organization (ICO)
Vanusia@ico.org
222 Gray's Inn Road
London WC1X 8HB, United Kingdom
Presente.-

Asunto : Formal Submission of a Concept Note for the 2026/27 Programme of Activities – Call ED 2496/25 Rev. 1

Dear Executive Director,

I have the honour of addressing you on behalf of the **Ministry of Agrarian Development and Irrigation of the Republic of Peru (MIDAGRI)**, a Member of the International Coffee Organization (ICO), for the purpose of formally submitting the **Concept Note** attached to this letter, in accordance with the terms set out in call **ED 2496/25 Rev. 1** of 2 March 2026 and the Procedures for the submission and evaluation of initiative proposals **JC-13/25 Rev. 2**.

The initiative submitted for consideration by the Joint Committee and the International Coffee Council is entitled: **“National Coffee Transformation Programme: Sustainable Productivity, Climate Resilience and Dignified Incomes across 13 Regions of Peru”**. This proposal has been developed in close coordination with the implementing entity **Fair Trade Peru**, represented by its Executive Director, Mr. Luis Suárez Puelles.

Peru's coffee sector is the primary driver of the national agricultural economy, supporting **223,412 farming families** across 13 regions of the country, according to the IV National Agricultural Census (CENAGRO 2022). However, the sector faces a dual threat: the biological degradation of plantations — with average yields of only **14.5 quintals per hectare** — and the imminent risk of exclusion from the European market due to the **EU Deforestation Regulation (EUDR)**, which could jeopardize 45% of Peruvian coffee exports. This initiative proposes a systemic transformation of the sector through the implementation of Agroforestry Systems (AFS), Farmer Field Schools for technology transfer, and a geo-referenced digital traceability platform.

Regarding to financing, MIDAGRI requests from the ICO a strategic seed fund of **USD 30,000.00**, to be allocated exclusively to the international technical validation and governance supervision of the programme. This contribution will act as a catalyst to mobilize a total estimated investment of **USD 180,000,000.00**, co-financed by the Peruvian Public



Esta es una copia auténtica imprimible de un documento electrónico archivado en el Ministerio de Desarrollo Agrario y Riego, aplicando lo dispuesto por el Art. 25 de D.S. 070-2013-PCM y la Tercera Disposición Complementaria Final el D.S. 026-2016-PCM. Su autenticidad e integridad pueden ser contrastadas a través de la siguiente dirección web: <https://sisgedconsultaexterna.midagri.gob.pe/> ingresando el código KLMN7BHEDH y el número de documento.

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“Decenio de la Igualdad de oportunidades para mujeres y hombres”

“Año de la Esperanza y el Fortalecimiento de la Democracia”

Treasury through the Invierte.pe and AGROPERÚ mechanisms, international cooperation agencies (European Union, SECO, USAID), and producer organizations.

The proposal falls under the scope of **(c) Market Promotion and Development** within the Joint Committee’s Mandate, and is also applicable under **(a) Thematic Priority Projects**. Its three pillars of intervention — Productive Transformation, Climate Resilience and Market Intelligence — are fully aligned with the **International Coffee Agreement 2022** and the ICO’s Coffee Sector Resilience Framework.

Fund management will be conducted through a **Technical Executing Unit (TEU)** comprising the National Coffee Board (JNC) and Fair-Trade Peru, under the direct supervision of MIDAGRI. Quarterly financial and physical progress reports will be submitted, and an independent mid-term evaluation will be carried out upon completion of 50% of the schedule, in accordance with paragraph 7(f) of the Procedures JC-13/25 Rev. 2.

MIDAGRI reiterates its full institutional commitment to the objectives of the ICO and remains at the disposal of the Secretariat and the Joint Committee to address any queries or requests for additional information that may facilitate the evaluation of this proposal.

Please accept, Ms. Executive Director, the assurances of my highest consideration.

FRANKLIN SUÁREZ GÓMEZ

Director General

Directorate General of Agricultural Development and Agroecology

Ministry of Agrarian Development and Irrigation – MIDAGRI

Republic of Peru

Attachment: Concept Note – National Coffee Transformation Programme (Ref. ED 2496/25 Rev. 1)

cc: Luis Suárez Puelles, Executive Director – Fair Trade Peru

ICO Contact: Verónica Ottelli – ottelli@ico.org



Esta es una copia auténtica imprimible de un documento electrónico archivado en el Ministerio de Desarrollo Agrario y Riego, aplicando lo dispuesto por el Art. 25 de D.S. 070-2013-PCM y la Tercera Disposición Complementaria Final el D.S. 026-2016-PCM. Su autenticidad e integridad pueden ser contrastadas a través de la siguiente dirección web: <https://sisgedconsultaexterna.midagri.gob.pe/> ingresando el código KLMN7BHEDH y el número de documento.

PROJECT FACT SHEET

INTERNATIONAL COFFEE ORGANIZATION – ICO Initiative Proposal – Programme of Activities 2026/27	
1. Proposing Member	Peru – Ministry of Agrarian Development and Irrigation (MIDAGRI)
2. Project Implementing Entity	Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo (CLAC - Fair Trade Peru) – Luis Suarez Puelles, Executive Director.
3. Project Budget	<p>ICO Request: USD 30,000.00 (for the formulation of the National Programme)</p> <p>Estimated Programme Amount: USD 180,000,000.00 (national and international co-financing)</p>
4. Initiative Scope (Joint Committee)	<p><input checked="" type="checkbox"/> (c) Market Promotion and Development</p> <p>Includes: market access, value chain, consumption, quality improvement, EUDR traceability and regulatory analysis.</p> <p>Also applicable: (a) Projects – Thematic priorities (Productivity and Climate Resilience).</p>
<p>Initiative Title</p> <p>National Coffee Transformation Programme: Sustainable Productivity, Climate Resilience and Dignified Incomes across 13 Regions of Peru</p>	
<p>Submitted in accordance with call ED 2496/25 Rev. 1 – Deadline: 16 March 2026 – ICO Contact: ottelli@ico.org</p>	

CONCEPT NOTE

I. EXECUTIVE SUMMARY

National Coffee Transformation Programme: Sustainable Productivity, Climate Resilience and Dignified Incomes

1. The Strategic Opportunity

Coffee is Peru's leading agricultural export product, supporting 223,000 families across 13 regions. However, the sector faces a dual threat: a domestic productivity crisis (ageing coffee plantations with yields of only 14.5 qq/ha) and an external regulatory barrier (the EU Deforestation Regulation – EUDR). This project proposes a comprehensive transformation to convert these threats into a competitive advantage through the adoption of Agroforestry Systems (AFS) and digitalization.

2. The Core Problem

Low levels of competitiveness and sustainability among small-scale coffee producers, due to biological senescence of plantations and the lack of specialized technical services. Without intervention, 45% of Peruvian exports risk being excluded from the European market, thereby exacerbating rural poverty and deforestation.

3. Proposed Intervention (Selected Alternative)

The programme will mobilize an investment of **USD 180 million** structured around the following pillars aligned with the **International Coffee Agreement 2022**:

- **Productive Transformation:** Renewal of 50,000 hectares with high-quality, climate-resilient genetic material.
- **Climate Resilience:** Implementation of agroforestry models that diversify income (timber/fruit) and capture carbon.
- **Market Intelligence and Traceability:** Deployment of a geo-referenced digital platform to guarantee "Zero Deforestation" and profiles de taza superior (>84 pts SCA).
- **Governance:** A Technical Executing Unit will be formed to allow a successful program implementation along the project life cycle.

4. Goals and Projected Impact

- **Productivity:** Average yield increase from **14.5 to 25 qq/ha** (+72%).
- **Economic:** Projected increase of **40% in net profit** per hectare and guaranteed access to the European market (EU).
- **Social:** Empowerment of **30% women and youth**, securing generational renewal and **Living Income** (*Living Income*).
- **Environmental:** Restoration of ecosystem services and strict compliance with **EUDR**.

5. Viability and Sustainability

The project is grounded in a robust **Theory of Change** whereby capacity transfer through **Farmer Field Schools** ensures permanent technology adoption. Social returns are exceptionally high, recovering the public investment through increased foreign exchange earnings and reduced climate vulnerability over a 12-year horizon.

Conclusion for the Investor/Development Partner

This programme is not merely a technical assistance project; it is a **natural and social asset management model**. By aligning Peruvian public investment with the pillars of the **ICO** and the requirements of the **EU**, Peru positions itself as the global leader in sustainable, resilient and high-quality coffee production, securing the prosperity of its rural communities.

II. GENERAL PROJECT INFORMATION

General Project Information

Project Title

"National Coffee Transformation Programme: Sustainable Productivity, Climate Resilience and Dignified Incomes across 13 Regions of Peru"

CHAPTER I: IDENTIFICATION

1. Diagnosis of the Current Situation

1.1. Study Area and Area of Influence

The project aims to benefit areas with agroecological suitability for coffee cultivation in Peru, covering a total of 13 regions of strategic importance. The study area encompasses the coffee ecosystems of Amazonas, Ayacucho, Cajamarca, Cusco, Huánuco, Junín, Lambayeque, Pasco, Piura, Puno, San Martín, Ucayali, and the VRAEM, spanning an altitudinal gradient ranging from 800 to 2,000 metres above sea level.

Within this scope, the area of influence locates specifically in watersheds where soil degradation and plantation ageing are critical. In line with the priorities of the **National Coffee Action Plan (PNAC)**, the intervention focuses its efforts on high-forest zones facing significant deforestation pressure — such as the San Martín, Ucayali and VRAEM watersheds — and on high-quality mountain and border zones — such as Piura and Puno — seeking to reverse the expansion of the agricultural frontier through sustainable intensification.

This territory exhibits high vulnerability to the effects of climate change, manifested in the variability of rainfall patterns that disrupt the phenological cycles of the crop. Furthermore, the orographic configuration of these zones, particularly on the slopes of Ayacucho, Huánuco and Cusco, exposes them to seismic risks and recurring landslides that damage road infrastructure, creating logistical disconnections that increase transport costs and reduce producer competitiveness in the global market.

1.2. Target Population

The population affected by the low competitiveness of the national coffee supply chain comprises approximately 223,412 farming families, according to consolidated figures from the IV National Agricultural Census (CENAGRO 2022). This data updates the previous 2012 baseline and confirms the persistence of coffee as the primary economic livelihood in Peru's rural areas.

This population distributes across the 13 intervention regions, where coffee serves not only as export good, but also as a fundamental activity where local households rely on.

A. Socioeconomic Profile

The social structure of this population is characterized by the predominance of subsistence family farming 85% of producers manage productive units of fewer than 5 hectares (smallholdings), which limits their bargaining power and access to economies of scale. According to data from the National Agricultural Survey (ENA), approximately 30% of these households live in monetary poverty, a condition exacerbated by restricted access to basic services and connectivity.

A considerable proportion of the affected population lives in indigenous communities and settler areas in the high forest, facing linguistic and cultural barriers that hinder the adoption of conventional technology packages. In these zones, coffee farming is the only link to the formal economy, meaning that any fluctuation in productivity directly impacts the food security of the region.

B. Beneficiary Population

In line with the International Coffee Agreement (ICA) 2022, the programme identifies as its target population small-scale producers — both those organized in cooperatives and associations and independent farmers — operating under a critical technology gap that threatens their continued participation in the global market. The selection of beneficiaries is based on three strategic criteria of vulnerability and opportunity:

Strategic Pillars of the Intervention

The identification of the target population and the investment rationale are not based on isolated facts, but on key factors affecting the sustainability of coffee-growing areas across the 13 coffee regions of Peru. The programme proposes a comprehensive intervention that transforms the biological assets, intellectual capital and regulatory compliance of farming families.

Intervention Pillar	Current Situation (Baseline)	Critical Transformation Strategy	Impact and Added Value (ICO/EUDR Alignment)
I. Recovery of Biological Assets	Coffee plantations over 15 years old in a state of biological senescence , with declining yields and high vulnerability to <i>Hemileia vastatrix</i> .	Assisted renewal with certified high-precocity, climate-resilient genetic material.	Restoration of Natural Capital: Restoration of the farm's productive capacity and physical competitiveness.
II. Intellectual Capital and Services	Historical exclusion from technology transfer systems; dependence on conventional and reactive technical assistance.	Transition towards a model of Specialized Business Coaching and SCA quality standards.	Producer Professionalization: Evolution from subsistence farming to profitable, resilient business units.

III. Climate Adaptation and Compliance (EUDR)	High climate sensitivity, soil degradation, and imminent risk of exclusion from the European market due to lack of traceability.	Implementation of Agroforestry Systems (AFS) and digital geo-referenced and satellite monitoring platforms.	Market Assurance: Guarantee of "Zero Deforestation" and climate mitigation, ensuring EUDR compliance.
IV. Governance and Institutional Strength	Fragmented management, lack of real-time financial traceability, and weak institutional representation of smallholders in project execution.	Shared Governance Model: Creation of a Technical Execution Unit (UET) led by JNC and Fairtrade Peru, supervised by MIDAGRI.	Transparency & Scalability: Compliance with ICO Paragraph 7f; guaranteed accountability through independent mid-term evaluations and social legitimacy.

1.3. Problem Definition, Causes and Effects

1.3.1. Core Problem

"Low levels of competitiveness and sustainability among smallholder coffee producers across the 13 regions, restricting market access and undermining its economic stability."

This problem is not merely productive in nature; it is a sustainability crisis that combines the depletion of natural resources coupled with an inability to respond to the new demands of the global market (ICO/EUDR).

1.3.2. Causal Analysis

The causes can be grouped into three key factors that hinder the sector's development:

Direct Causes:

- Poor condition of biological assets: Predominance of aged coffee plantations (>15 years) with low genetic response and high vulnerability to pests.
- Limited access to specialized technological services: Persistence of generic technical assistance models that do not integrate SCA quality standards or business management approaches.
- Inadequate environmental and traceability management: Absence of agroforestry systems (AFS) and digital tools to comply with zero-deforestation regulations.

Indirect Causes:

- Lack of investment in certified nurseries and high-quality seeds.
- Low adoption of post-harvest practices for product differentiation.
- Weak producer organization to address climate and logistical risks.

1.3.3. Effects Analysis

Without intervention, the core problem generates a negative chain reaction:

Direct Effects:

- Drastic reduction in yields per hectare (stagnating at 14.5 qq/ha).
- Loss of access to premium markets (particularly the European Union) due to traceability non-compliance.
- Progressive soil degradation and loss of ecosystem services in coffee-growing watersheds.

Indirect Effects:

- Decline in real income for 223,412 families, deepening rural poverty.
- Disincentive to generational renewal, leading to farm abandonment by young people.
- Expansion of the agricultural frontier (deforestation) as a desperate search for fertile soils.

Final Effect:

"Increased socioeconomic vulnerability among coffee producers and a decline in Peru's competitive position in the global coffee market."

CHAPTER II: ALTERNATIVES ASSESMENT

2. Description of Technical Alternatives

The alternatives aim to bridge the competitiveness gap among the 13 regions, taking into account their varying degrees of technological advancement, commitment to environmental sustainability, and resilience.

Alternative 1: Conventional Technological Renewal (Productivity-Focused Approach)

This alternative seeks to maximize production volume in the shortest possible time through standardization of the coffee plantation base.

- **Agronomic Component:** Full plot renewal with high-productivity, rust-resistant varieties (e.g. Catimores, Costa Rica 95) under **open-sun** or minimal-shade systems.
- **Technical Assistance:** Traditional model of group technical visits focused on synthetic fertiliser use and reactive phytosanitary management.
- **Post-harvest:** Strengthening of traditional wet processing infrastructure for mass volume.
- **Advantage:** Rapid increase in quintals per hectare and lower initial installation costs.
- **Limitation:** High dependence on external inputs, greater vulnerability to climate change and **risk of non-compliance with EUDR regulations** due to failure to guarantee forest ecosystem regeneration.

Alternative 2: Productive Transformation with Agroforestry Systems and Traceability (Proposed Alternative)

This alternative (selected) proposes a paradigm change towards "**Regenerative Agriculture**", aligned with the pillars of the ICO.

- **Agronomic Component:** Renewal with specialty, high-resilience varieties under **Agroforestry Systems (AFS)**. Integrates coffee with timber species (Cedar, Walnut), fruit trees and service species for nitrogen fixation.
- **Technical Assistance:** Implementation of **Farmer Field Schools (ECA)** with a business and specialty (SCA) approach, promoting the use of biofertilisers and integrated pest management.
- **Digitalisation:** Incorporation of a **Traceability and Geo-referencing Platform** using satellite technology from day one.
- **Post-harvest:** Eco-efficient wet processing modules and controlled drying to guarantee superior cup profiles (>84 points).
- **Advantage:** Ensures access to European markets (EUDR-compliant), diversifies producer income (timber/fruit), captures carbon and guarantees long-term sustainability.

CHAPTER III: GOVERNANCE, MONITORING AND REPORTING

3. Governance and Implementation Mechanism (Compliance with JC 7f)

3.1 Initiative Governance Model

ICO funds will be managed using a Shared Governance model, organized as follows:

A Technical Executing Unit (TEU) will be formed, consisting of the National Coffee Board (JNC) and the Coordinadora Nacional de Comercio Justo (Fairtrade Peru), under the supervision of the Ministry of Agrarian Development and Irrigation (MIDAGRI). This alliance ensures territorial outreach and transparency in the selection of beneficiaries.

3.2 Initiative Monitoring and Reporting

ICO Reporting Modality: The TEU will issue quarterly reports on financial execution and physical progress against targets, aligned with ICO audit standards, ensuring full traceability of disbursements.

Mid-term Evaluation Mechanism: After 50% of the project is completed, an independent mid-term evaluation will be conducted. The results will determine the release of final funds and ensure any technical or financial issues are addressed.

CHAPTER IV: BENEFITS ANALYSIS

4. Intervention Benefits: Impact Analysis

The implementation of **Alternative 2 (Agroforestry Systems – AFS)** generates synergistic benefits that go beyond production increases, impacting the macro and microeconomic stability of the 13 regions.

4.1. Productive Benefits: Efficiency and Resilience

- **Sustainable Yield Increase:** The project projects an average yield increase from **14.5 qq/ha to 25 qq/ha**. Unlike open-sun systems, AFS maintain stable productivity during periods of water or heat stress (MIDAGRI, 2019).
- **Intrinsic Quality Improvement:** Management under regulated shade allows for slower cherry ripening, increasing bean density and aroma and flavor precursors. It is estimated that **60% of the intervened production** will exceed 84 points on the SCA (Specialty Coffee Association) scale.
- **Reduction of Phytosanitary Burden:** The microclimate generated by AFS reduces the severity of Coffee Leaf Rust (*Hemileia vastatrix*) by up to 30%, reducing dependence on and the cost of fungicides (ICO, 2022).

4.2. Economic Benefits: Living Income and Market Access

- **Mitigation of Market Exclusion (EUDR Risk):** The greatest economic benefit is the **avoided loss**. By guaranteeing traceability and "Zero Deforestation", the project secures the continuity of exports to the European Union, a market that absorbs approximately 45% of Peruvian coffee (National Coffee Board, 2024).
- **Increase in Net Family Income:** Based on cash flow analysis, **40% in net profit per hectare** is projected, derived from the combination of higher volumes and quality/certification premiums.
- **Asset Diversification:** AFS generates complementary income in the medium and long term through the sale of timber (cedar, walnut) and related fruit products, serving as a "financial hedge" against the volatility of coffee prices on the New York Stock Exchange.

4.3. Social Benefits: Rural Stability and Equity

- **Multidimensional Poverty Reduction:** The project aims to raise the living standards of 30% of families living in poverty within the area of influence, aligning with the **Living Income (Living Income)** of the ICO.
- **Generational Renewal and Inclusion:** Through the professionalisation of coffee farming (barista skills, process management), the rate of youth migration in the 13 regions is reduced, integrating young people and women into higher value-added segments of the supply chain.
- **Strengthening of Social Capital:** The Farmer Field Schools (FFS) model improves the organisational and governance capacity of Cooperatives, facilitating access to credit and financial services for small-scale farmers.

Project Indicator Matrix

Benefit Type	Key Indicator	Projected Value / Target	Verification Reference
Productive	Physical yield	25 qq/ha	Cooperative collection records; Comparative baseline vs. IV CENAGRO 2022 (INEI/MIDAGRI) for intervention zones.
Economic	Average sale price	+20% above exchange price	Export contracts and purchase settlements; Premium reports from Fairtrade / Organic and Q-Grader quality differentials.
Environmental	Carbon captured	25 - 40 tCO ₂ e/ha	IPCC Methodology (Tier 2) for Agroforestry Systems (AFS) ; Local forest inventories and MINAM Biomass Maps (Geobosques).
Social	Women/youth participation	30% of the register	Beneficiary register (TEU); Statutes of the JNC and Fairtrade Peru ; Participation reports from Farmer Field Schools (FFS).

CHAPTER V: FINANCING**5. Investment and Financing Structure**

The National Coffee Transformation Programme requires an estimated total investment of **USD 180 million** distributed over an execution horizon of **5 years**. This figure is based on an average intervention cost of **USD 3,600 per hectare**, aligned with the technical standards of the National Coffee Action Plan (PNAC) and current Agroforestry Systems costs.

Structural Costs and Verification Sources

Investment Component	Total Investment (USD)	Estimated Unit Cost	Verification Reference
1. Agronomic Renewal (Seedlings and Fertilisation)	\$ 115,000,000	\$ 2,300 / ha	Input purchase invoices; Certified nursery delivery notes; Producer handover records.
2. Technical Assistance (Group/FFS Model)	\$ 20,000,000	\$ 400 / producer	Specialist payrolls; Attendance lists with signatures and ID; Monthly TEU reports.

3. Post-harvest Infrastructure (Wet Processing)	\$ 25,000,000	\$ 2,500 / module	Works/purchase settlements; Geo-referenced photographic records; Operational certifications.
4. TEU Governance and Operations (JNC/Fairtrade)	\$ 12,000,000	6.6% of Total	Annual external audits; Quarterly budget execution reports submitted to ICO/MIDAGRI.
5. Monitoring and Evaluation (Independent)	\$ 8,000,000	4.4% of Total	Mid-term Evaluation Report (50% progress); Terms of Reference for the independent entity.
TOTAL INVESTMENT	\$ 180,000,000	\$ 3,600 / ha (Average)	Consolidated Programme Balance

A. Financing Strategy (Joint Participation Model)

To ensure the viability and sustainability of the programme, a multi-source financing structure is proposed under the **Shared Responsibility Principle**. This model dilutes financial risk and ensures the commitment of all actors in the supply chain:

- **Strategic Public Investment (Peruvian State):** Primary financing will be channelled through the Public Treasury and agricultural promotion mechanisms (i.e. Fondo Agroperu and Invierte.pe). These resources will be used to improve productive infrastructure and provide coffee-growing families with renewal kits.
- **Cooperation Funds and Development Banks:** The participation of international organizations (EU, SECO, USAID) and multilateral banks will be sought to finance the global public goods components: climate change adaptation, ecosystem resilience, and the technological deployment necessary to comply with the EUDR regulations.
- **Contribution of Producer Organizations and Families:** Beneficiary participation is the key to sustainability. This contribution takes the form of labor provided for the establishment and maintenance of plots under agroforestry systems, as well as the cooperatives' involvement in logistics and collection.
- **ICO Seed Fund and Validation:** This contribution provides the “seal of approval” needed to attract more investment to the sector.

References

1. International Regulations

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