



USAID
FROM THE AMERICAN PEOPLE

FINANCE ALLIANCE FOR SUSTAINABLE TRADE (FAST) GUARANTEEING PREHARVEST TRADE CREDIT FOR COFFEE COOPERATIVES-

THE CHALLENGE

Many small-scale specialty coffee farmers in Latin America and East Africa struggle to compete in the worldwide coffee market. They often cannot get the financing they need from local banks to properly invest throughout the production cycle, so local middlemen purchase coffee at harvest time at prices that do not allow producers to expand their businesses or, in many cases, even provide enough for their families. As global demand for higher-quality, higher-priced natural products such as specialty coffee grows, farmers have opportunities to significantly boost their incomes through access to credit, international market linkages, and price premiums for environmentally friendly production.

THE APPROACH

The Finance Alliance for Sustainable Trade (FAST) partners USAID with alternative lenders such as EcoLogic Finance and other socially responsible importers, roasters, and independent ecolabeling and social auditing organizations. The groups work together to increase timely access the financing for farmer cooperatives whose products are grown, harvested, and processed in ecofriendly ways. Loans are made directly to cooperatives that have signed agreements with buyers. The cooperatives can then secure cash on hand to pay farmers as soon as they deliver their crops. The business model not only finances cooperatives but also links them to final buyers such as Green Mountain Coffee Roasters and Starbucks—companies committed to securing the sustainable supply of a global commodity whose production and trade provides a livelihood for millions in the developing world.

PARTNERS

EcoLogic Finance, Green Mountain Coffee Roasters, Starbucks Coffee Company



RESULTS

- In 2002, 4,000 small farmers in Latin America benefited from \$3 million in loans.
- A \$5.7 million trade credit in 2003, assisted 18 coffee farmer organizations in Latin America.
- Fifty-five producer organizations in Latin America and East Africa benefited from \$10 million loans in 2004.
- In 2003 and 2004, lending volume increased by 100 percent at a 99 percent loan repayment rate.

