Early Warning System

# IFC-41813

## Coffee Revival

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### Quick Facts

| | |
|---|---|
| **Financial Institutions** | International Finance Corporation (IFC) |
| **Status** | Active |
| **Bank Risk Rating** | B |
| **Borrower** | NESTLE NESPRESSO SA |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 6.00 million |

## Project Description

IFC is contemplating an investment package of up to [US$6 million] to the Nespresso Sustainability Innovation Fund, NSIF. The financing will be used to support the AAA Nespresso coffee supply chains, in origins such as Mozambique and Uganda to further support and address social and/or climatic challenges that these origins are facing. Such supply chains are part of the Reviving Origins Program, which became formally part of the Nespresso AAA Sustainable Quality program in 2019. By working with Nespresso, this investment program would support the planting of tens of thousands of trees, creation or ongoing support of coffee collection points, provision of agri-equipment for micro mills (pulping and sorting units, fermentation equipment) and the establishment of supply chains that comprise traceability and inclusiveness in coffee growing areas of Uganda and Mozambique. The investment will be supported by an IFC Advisory Services project (#603619), that will assist in providing training to the ~10,000 farmers that are expected to be reached with the program. The Nespresso programs in these two origins utilize implementing technical partners. These partners are bound, and operate to the standards proscribed, by the various elements of the comprehensive management systems (including those related to environmental and social matters) designed and operated by Nespresso AAA team, with its HQ in Vevey, Switzerland. In Uganda, the Rwenzori Revival Project, as it is known, is being led by two Implementation Organizations, namely (i) Agri Evolve Uganda Ltd (managing all operations and farmer support programs in the Rwenzori) and (ii) Kyagalanyi Coffee Ltd (managing commercial activities and export of coffee) who is the Volcafe Ltd (a part of ED&F Man of Switzerland) entity in Uganda who, along with Nespresso initiated the revival program in 2018. The current operation, to be supported in part by IFC, started in January 2019 and will operate for 5 years. Agri-Evolve have 70 full-time office and field staff. The agronomy field team maintain relations with the coffee farmers groups and the promoter farmers (key individuals recognized for their entrepreneurship regarding the program). They both work closely with the coffee farmers and maintain demonstration plots showcasing good agricultural practices (GAPs). Those staff working at the main coffee buying stations are responsible for organizing coffee purchase and processing, management of stock and quality testing and assurance. They operate two large wet mills for primary coffee processing in the Rwenzori region, providing facilities for the Dry Ugandan Arabica or Drugar coffee, cherries and parchment to process natural and washed coffee, drying facilities (both greenhouses and mechanical dryers), and operate a hulling and storage facility. The stations also provide a place to conduct staff meetings and training. The stations have a capacity to process/store 50 tonnes of arabica coffee per station per day. In the field, staff are responsible for the following: management of coffee supply chain from farmer to processing center, overseeing the network of farmer groups that are led by Promoter Farmers and supporting communities with mobilization of coffee and promoting GAPs and overseeing social projects and education on sustainability and the environment. Agri-Evolve are involved in several community-related projects alongside their management of the coffee supply chain. These include a Youth Team Program (providing young people with career opportunities and self- development whilst promoting coffee farming as a business), a Gender Equality Program (encouraging more women in training and coffee farming activities), a Coffee Nursery Bed Program (to rejuvenate the Rwenzori region whilst educating communities by producing high quality coffee) and other project management and implementation, such as schemes around community water boreholes and providing pit latrines for schools. Kyagalanyi Coffee (as noted above, a part of the Volcafé group) was established in 1992 and is the oldest licensed coffee exported in Uganda sourcing washed Arabica, natural Arabica and Robusta coffees from all major coffee growing areas in Uganda. They have certifications for their operations in Uganda, including for their dry mill in Namanve, Kampala (ISO 9001:2008 and OHSAS 18001:2007), their roastery (ISO 9001:2008, HACCP and the Uganda National Bureau of Standards or UNBS) and for their sustainable coffee schemes (UTZ and RA). Overseeing the program is a Sustainability Manager (SM). Reporting to the SM is a coffee agronomist, a monitoring and evaluation coordinator and a Volcafe coordinator. The average farm size in the Rwenzori operation is 1.8 acres, with half of that land area typically dedicated to coffee, with an average per farm of 600-800 coffee trees. The objective of the program, as managed by Kyagalanyi, is to increase both quality and quantity of coffee grown from the traditional yields of 0.5-2kg per tree (equating to 0.5-1M Ugandan shillings (UGX) income per acre) to 3-5kg per tree (and up to 6-10kg where possible) equating to 2-3M UGX

## Investment Description

- International Finance Corporation (IFC)

| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|---|---|---|---|---|---|---|
| - | - | - | - | Nestlé Nespresso S.A. | Client | - |

## Contact Information

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## Bank Documents

- World Bank/IFC Board Meeting Minute Feb. 2022