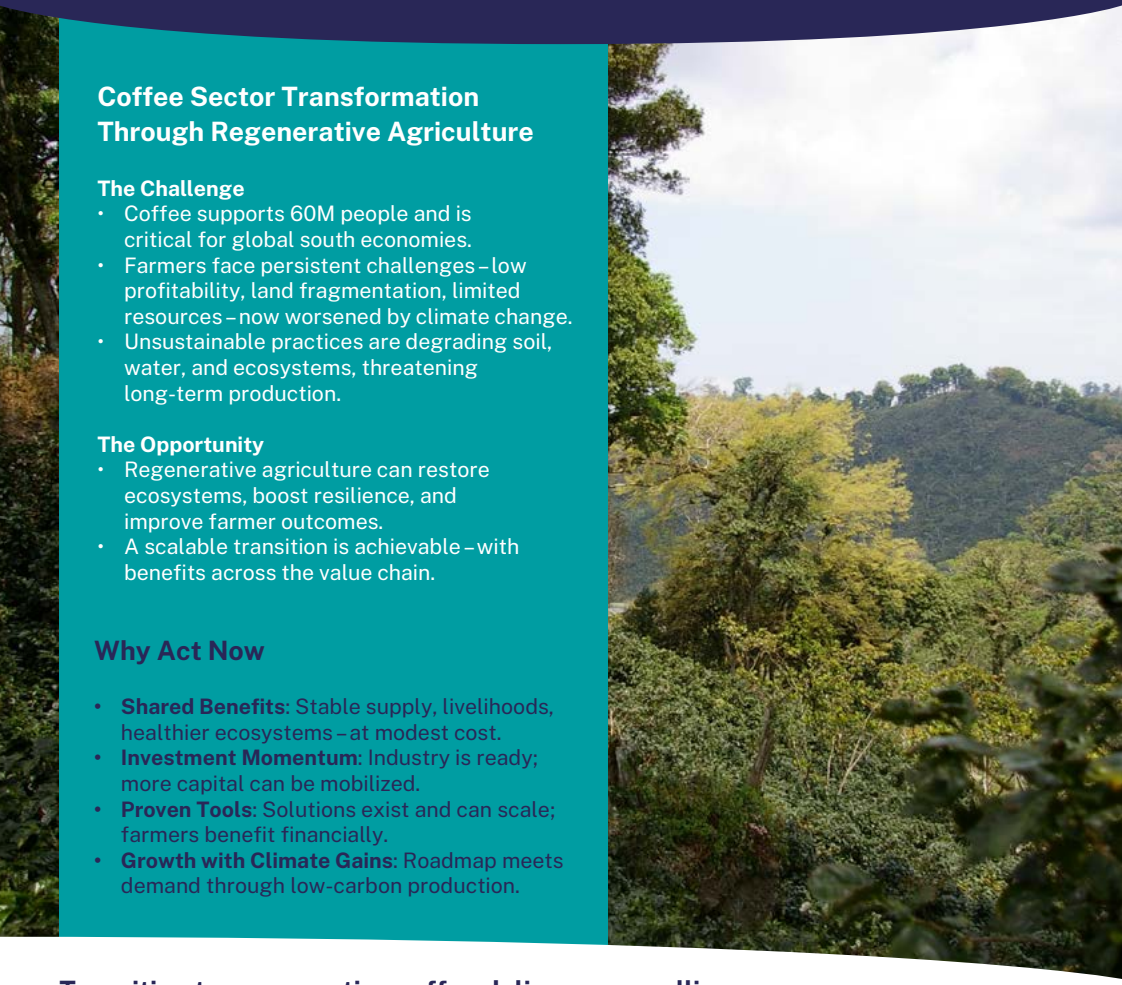
Regenerative Coffee Investment Case

TechnoServe
Business Solutions to Poverty



Coffee Sector Transformation Through Regenerative Agriculture

The Challenge

- Coffee supports 60M people and is critical for global south economies.
- Farmers face persistent challenges – low profitability, land fragmentation, limited resources – now worsened by climate change.
- Unsustainable practices are degrading soil, water, and ecosystems, threatening long-term production.

The Opportunity

- Regenerative agriculture can restore ecosystems, boost resilience, and improve farmer outcomes.
- A scalable transition is achievable – with benefits across the value chain.

Why Act Now

- **Shared Benefits**: Stable supply, livelihoods, healthier ecosystems – at modest cost.
- **Investment Momentum**: Industry is ready; more capital can be mobilized.
- **Proven Tools**: Solutions exist and can scale; farmers benefit financially.
- **Growth with Climate Gains**: Roadmap meets demand through low-carbon production.

Transition to regenerative coffee delivers compelling economic, social, and environmental benefits

ECONOMY
Exports

30%
increase in coffee exports for 7 countries[1]

PEOPLE
Farmer Income

62%
increase in income for 3.2 million farms[2]

NATURE
GHG Emissions

38%
decrease in coffee emissions[3] across 2.7 million coffee hectares

Investment case is positive and supplemented by additional unquantified benefits

TRANSITION

$0.56
Billion investment
p.a. over 7 years[4]

Additional Benefits of Regenerative Coffee Systems

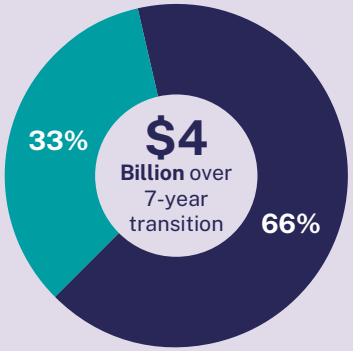
POST-TRANSITION

Growth and Stability
- Multiplier effect on the local economy from increased production and exports.
- Without it, some coffee-producing areas will lose their main source of revenue.
- Improved sustainability and stability of green coffee supply for industry, retail and consumers.

Resilience and Adaptation
- Farmers not only earn more but also build resilience against extreme weather events.
- Adaptive techniques help farmers mitigate impact from gradual climate shifts, ensuring stable long-term earnings.
- Higher farm incomes improve social and living conditions.

Nature Revitalization
- Improved soil fertility, erosion control and nutrient cycling drives yields, reducing pressure on forests.
- Better soil water retention and reduced runoff avoids overuse and contamination of water bodies.
- Greater tree cover and less use of chemicals restores habitats for functional and wild biodiversity.

Total investment amounts to $4 billion, of which 2/3 is for farmer capital and 1/3 is for technical support



Farmer capital need of $2.7 billion remains unmet due to subscale or inadequate financing

Farmer Capital $2,654 million	Purpose of Investment	Gap in Finance Available
732 Foregone net income	Losses during initial years where yield drops below baseline, until regenerative benefits materialize and yield recovers.	Goverment-backed subsidies prevalent in other regions are largely absent in coffee-producing countries.
909 Upfront investment	One-off investments to enable new practices.	Finance is scarce, often short-term or costly. Climate risks worsen lending conditions, and the absence of state-backed insurance deepens the gap. Roaster-led incentives exist but cover only a small share of the need.
1,003 Transition operating expenses	Incremental costs in inputs and labor while conventional practices phase out and regenerative methods ramp up.	
Total over 7-yr transition period		

1 Excludes Brazil and Vietnam, where projected gains from regenerative practices are minimal relative to their large production scale. Assumes all increased output is absorbed by export markets.
2 Assumes 50% adoption of regenerative practices among the 6.5 million smallholder farms within selected origins and archetypes. Net income uplift compares steady-state earnings of adopting farms (50% of each archetype) to baseline.
3 GHG estimates based on Cool Farm Platform analysis. Included: crop data, residues, pesticides, fertilizers, and non-crop emissions. Context-specific: wastewater, fuel, irrigation. Excluded: transport, (re)deforestation, soil carbon, machinery.
4 Sum of investments needed over a 7-year transition period.

Investment models to scale regenerative coffee production, require close collaboration between investors, industry, government and service providers

Blend finance to sources of value

Bring in more investment by connecting public and private funding around clear financial returns and positive results – such as supporting farmers through nature-based loans and practical, outcome-focused help.

Flow capital through locally relevant intermediaries

Create simple, affordable ways to get funding to small farmers by using digital finance tools or working through supply chains they already trust.

Build new financial products that address needs

Invest using tools that match farmers' cash flow needs and open up new earning opportunities – such as flexible loan repayments and payments for conservation work.

Incentivize right use with knowledge and measurement

Offer practical training that leads to real changes on the ground, and use technology to track results for funders and find the best ideas to grow over time.

Funding partners:

JDE Peet's

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Nestlé

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