



Founded in 2008, Tercer Milenio is a cooperative that sources and sells green coffee from smallholder producers in Oaxaca, Mexico. Over the years, they have worked to promote sustainable organic coffee production in indigenous coffee-growing areas. This includes a commitment to train coffee producers on better cultivation practices and ensuring traceability from beginning to end of the process. Tercer Milenio collaborates with over 1,700 coffee producers across 105 communities in Mexico. It currently has 2,194.5 hectares that is in transition to be all organic by 2023.

B2B transactions account for 100% of the cooperative’s revenues. Tercer Milenio’s major customers are global merchants of green coffee such as InterAmerican Coffee and Luis Dreyfus Company.

### Impact Background

Today, Mexico is one of the top coffee exporters worldwide, ranking 10<sup>th</sup> globally<sup>1</sup>. The country is also among the biggest cultivators of organic coffee beans. In 2000 alone, it produced 60% of the world’s organic coffee. At the heart of this industry are over 500,000 coffee farmers, 60% of whom are from indigenous populations and mostly organized through cooperatives<sup>2</sup>. Coffee trade among indigenous communities dates back to the late 1700s; the first coffee in Mexico was cultivated by indigenous farmers on lands owned by Spanish colonizers. Over the years, coffee production has become an important source of income for indigenous communities in Mexico. It is a livelihood that is rooted in their ancestry. Most producers farm ancestral plots that average less than one hectare each.

Coffee farming is an inherently risky business, and indigenous coffee producers are the most vulnerable in the coffee industry. They are usually subject to the whims and unpredictability of intermediaries who connect these remote

### IMPACT OVERVIEW

<b>Description</b>	
Strengthening agricultural livelihoods while promoting sustainable farming practices in coffee-growing areas	
No. of beneficiaries	1,713 producers
% Women	48%

### COMMUNITY

	<b>Country</b>
	Mexico
	<b>Municipalities</b>
	15 municipalites in Oaxaca
	<b>Indigenous Communities</b>
	Mixtecos, Chinantecos, Zapotecos, Mazatecos, Mixes

<sup>1</sup> [m1-exports.pdf \(ico.org\)](#)

<sup>2</sup> [downloadreportbyfilename \(usda.gov\)](#)

farmers to big buyers. Adverse weather conditions, the presence of diseases such as the “Roya” coffee rust, and the instability of prices in the international market all make coffee farming a tough way to earn a living.

The state of Oaxaca is among the largest coffee-producing states in Mexico where coffee is grown at an altitude of 800 to 2,000 meters above sea level. It has a rich biodiversity that produces Oaxacan coffee, known to be milder than other Mexican coffees with a slightly sweet undertone. Oaxaca houses at least 16 ethnic groups, and 69% of its population is indigenous, the highest in Mexico<sup>3</sup>. Unfortunately, Oaxaca is also among the states in the country with the highest poverty rate. Oaxaca’s coffee-growing zones where the indigenous communities reside are also the poorest regions of the state<sup>4</sup>. Access to basic services such as water, health, and education continues to be a challenge and was only exacerbated by hurricanes and the pandemic. Extreme poverty has forced indigenous peoples to migrate and leave their land to provide food for their families<sup>5</sup>.

### Impact Delivery

Tercer Milenio aims to break the cycle of poverty affecting the indigenous and rural coffee-producing communities in Oaxaca by leveraging the more lucrative organic coffee business. Their coffee growers have always been coffee cultivators but do not follow organic practices. The company works with 1,713 coffee producers, 816 of whom are women. These producers come from 15 municipalities in Oaxaca. Tercer Milenio works with 5 ethnic groups: *Mixtecos*, *Chinantecos*, *Zapatecos*, *Mazatecos*, and *Mixes*. These indigenous communities have been in the area long before the Spanish conquest and are known to be the first cultivators of coffee plants in the region. Their coffee heritage is not only linked to their language, but also to the traditions that they still practice today. Most of the coffee producers still speak the indigenous language of the region. Zapotec people comprise the largest indigenous group in Oaxaca with 357,134 speakers followed by Mixtecos with 242,049 speakers<sup>6</sup>.



To help coffee growers transition into organic farming, Tercer Milenio introduces sustainable cultivation techniques. This involves adherence to environmental strategies such as shade cultivation to make sure that the soil is being taken care of. As of writing, the company is working on 2,194.5 hectares of land, around 48% of which is already organic. The rest are in transition to become organic by end of 2023.

Tercer Milenio has an internal control system that ensures the traceability of the beans from the beginning to the end of the process. Over the years, they have worked on improving selective harvesting and specialty processing which has resulted in high-quality coffee beans. Finally, they have created a market for sustainably-sourced coffee, ensuring a stable source of income for coffee producers.

The company ensures a fair-trade relationship with producers. They pay the producers 10-15% in advance, depending on the farmers’ production capacity. The remaining amount is paid immediately upon delivery of the coffee. Tercer Milenio assigns a representative per community that distributes the advance payments, aggregates coffee, and distributes the final tranche of payments. Overall, the company estimates that they pay their producers around US\$2.9-US\$4.04 (Mex\$ 53- Mex\$ 75) per kilo, depending on the quality of the coffee.

<sup>3</sup> [https://www.inegi.org.mx/contenidos/programas/ccpv/2020/tabulados/ampliado/cpv2020\\_a\\_eum\\_05\\_etnicidad.xlsx](https://www.inegi.org.mx/contenidos/programas/ccpv/2020/tabulados/ampliado/cpv2020_a_eum_05_etnicidad.xlsx)

<sup>4</sup> ['Better, But Not Great': The Social and Environmental Benefits and Limitations of Fair Trade for Indigenous Coffee Producers in Oaxaca, Mexico \(pdf.edu\)](#)

<sup>5</sup> [Poverty in Mexico and Oaxaca Fuels Conflict – Rethinking Schools](#)

<sup>6</sup> [INDIGENOUS ZAPOTEC PEOPLE IN MEXICO \(ku.edu\)](#)

Coffee cooperatives like Tercer Milenio play a significant role in ensuring that farmers are given fair pay. Farmers prefer to sell to coops because they are being paid higher prices. It is therefore important for these cooperatives to have enough cash to make advance payments. Otherwise, farmers are forced to sell to middlemen, who pay less.

#### Outcome

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| <i>Improvement of livelihood</i>  | <ul style="list-style-type: none"><li>▪ Increases the income of local communities by linking farmers' produce to the global market.</li><li>▪ Encourages women to be entrepreneurs (48% of beneficiaries are women), making them economically independent and empowered to make their own decisions.</li></ul> |
| <i>Environmental preservation</i> | <ul style="list-style-type: none"><li>▪ Provides the indigenous communities with training on sustainable agricultural practices and monitors them closely to ensure commitment from producers.</li><li>▪ Incentivizes protection of coffee-growing areas by expanding the market for organic coffee.</li></ul> |
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