



PRESS RELEASE

IDH Farmfit Fund provides US \$1,000,000 loan to grow input financing program at ACOM, Vietnam's fifth largest coffee exporter

The investment will accelerate ACOM's program to support and expand the businesses of over 3,000 smallholder coffee farmers across Vietnam.

Utrecht — April 11, 2022 — IDH Farmfit Fund proudly announces the close of a credit facility of up to US \$1,000,000 to support ACOM's unique financing program, which provides growth opportunities for approximately 3,300 smallholder coffee farmers across Vietnam. ACOM is a subsidiary of ECOM Agroindustrial Corporation Ltd (ECOM), a leading global commodity merchant and sustainable supply chain management company. The implementation of the input financing program will be managed by Sustainability Management Services Vietnam Limited (SMS), a wholly owned subsidiary of ACOM. SMS's mission is to create sustainable value for rural communities through training in agricultural practices or fertilizer management and implementation, plus knowledge-sharing on financing and high-quality agricultural inputs.

"Building on our trusted relationship, we are excited to broaden the partnership between IDH and ACOM, with this credit facility to smallholder coffee farmers," says Roel Messie, Chief Executive Officer of IDH Farmfit Fund. "The program will provide farmers with access to finance, while diversifying their sources of income and becoming more climate resilient. It's a great example of synergy and impact — exactly what the IDH Farmfit Fund is designed for."

Backed by IDH Farmfit Fund's loan, the benefits of ACOM's input financing program are extensive — allowing participating smallholders to increase farm productivity, yield and income, while reducing production costs. The farmers will be supported across all areas of their businesses including agronomist advice and greater access to high-quality fertilizer and seedlings, with which they can increase crop output while diversifying sources of income and improving climate resilience. The credit facility is accompanied by an innovative risk sharing structure, plus an environmental and social action plan, based on the IFC Performance Standards.

"Both IDH and ACOM share the ambition to close living income gaps and strengthen smallholder livelihoods by enhancing their economic activities in a sustainable way," says Jordy van Honk, Global Director of Agriculture Commodities at IDH. "Leveraging our partnership of the last four years, it is exciting to see this work being scaled through such an impactful transaction that has the potential to improve the livelihoods of thousands of smallholder farmers."

"Together with IDH Farmfit Fund, ACOM and SMS are honoured to enter the next phase of collaboration," says Angus Dunbar, Vietnam Country Manager at ACOM. "The program will significantly help farming households, middlemen and cooperatives cope with a challenging environment, particularly as input prices have been heavily impacted by COVID-19 and war crises."

Program History

Between 2015 and 2018, ACOM completed a [Service Delivery Model \(SDM\)](#) analysis on approximately 1,500 farmers, to gain insight into their households and farm profiles, their farm management practices, their production methods, and their environmental performances. The SDM was completed in collaboration with IDH's Coffee Program and Vietnam team, and Jacobs Douwe Egberts (now JDE Peet's).



“Through our Common Grounds program and as an investor in the IDH Farmfit Fund, we are proud to partner with IDH and ACOM to promote sustainable coffee programs in Vietnam,” says Do Ngoc Sy, Sustainability Manager of JDE Peet’s in Asia and the Pacific. “This partnership will help us to deliver on our commitment towards 100% responsibly sourced coffee by 2025, and support the livelihoods of smallholder coffee farmers.”

The SDM results showed that farmers can improve their income and livelihoods by improving their production practices, reducing production costs, and increasing resilience through climate adaptation practices. Based on the SDM’s results, the adoption of these practices contributed to a net profitability increase of 40% (in 2018 vs SDM baseline in 2015) for the participating farmers.

Input Financing Pilot

As a direct outcome of the SDM, ACOM financed SMS to implement an input financing pilot with 300 coffee farmers. The pilot showed promising results as farmers reduced input costs by over 10%, reduced financing costs by 8%, and reduced loan book losses to less than 2%¹.

Funding Risks & Reluctance

Around the world, an estimated 270 million smallholder farmers live in poverty because they lack the financial means to invest in their farms to make them more profitable. They also produce an estimated 70 to 80% of the world’s food supply. Financial institutions are often reluctant to invest in these smallholder farms due to stigmas and perceived high risks, which drive up interest rates and make loans unaffordable for majority of farmers. To counter this, the IDH Farmfit Fund’s innovative financing model makes investments in smallholder farmers more attractive, as the Fund takes on the high-risk positions in farmer-related transactions to reduce the risk currently born by borrowers and lenders. In doing so, the Fund catalyses commercial capital to coinvest in this sector.

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About ACOM

Established in 2002, Atlantic Commodities Vietnam Ltd. (ACOM) is a subsidiary of ECOM. ECOM is a leading global commodity merchant and sustainable supply chain management company. ACOM relies on its trading office and milling facility to provide high quality, individually tailored Vietnamese Robusta and Arabica coffees to its global customers. It has three factories located in Bao Loc, Duc Trong and Pleiku.

About IDH Farmfit Fund

The IDH Farmfit Fund is a public-private impact fund for smallholder farmers, many of whom are amongst the poorest people in the world. The Fund takes on the highest-risk positions in farmer related investment transactions, to reduce liabilities for borrowers and lenders. In turn, smallholder farmers can access long-term financing that allows them to invest in their farms, increase productivity, and adopt best practices for climate-smart agriculture. The IDH Farmfit Fund is facilitated by IDH - The Sustainable Trade Initiative, and supported by a unique coalition of partners including commercial banks, development banks, government bodies and value chain companies.

www.idhsustainabletrade.com

¹ The pilot project did not analyse impact on net profitability on the farmer. However, the Fund will encourage a supplemental SDM in the future to validate and monitor the results of this project and previous experiences.



About JDE Peet's

JDE Peet's is the world's leading pure-play coffee and tea company, serving approximately 4,500 cups of coffee or tea per second. JDE Peet's unleashes the possibilities of coffee and tea in more than 100 countries with a portfolio of over 50 brands, including L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona. In 2020, JDE Peet's generated total sales of EUR 6.7 billion and employed a global workforce of more than 19,000 employees. Read more about our journey towards a coffee and tea for every cup at www.JDEPeets.com.