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ADB, JICA Support Expansion of Coffee Value Chain in Viet Nam **Articles**



Viet Nam is the world's second largest coffee producer after Brazil, and it is the largest producer of Robusta coffee, which is well-suited for soluble coffee. Photo: ADB.

Singapore-based agribusiness group Olam International has [secured \\$163 million in financing](#) [3] from the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA), including \$80 million in loans for its coffee subsidiary in Viet Nam.

Café Outspan Vietnam Limited, which makes soluble coffee, will use the loans [mainly for expanding its coffee processing plant](#) [4], which is expected to contribute to enhancing the coffee value chain in Viet Nam. The country is the world's second largest coffee producer after Brazil, and it is the largest producer of Robusta coffee, which is well-suited for soluble coffee.

The coffee project is part of a larger project that will help Olam improve inclusive

and sustainable coffee value chains, directly benefiting up to 20,000 smallholder farmers in Indonesia, Papua New Guinea (PNG), Timor-Leste, and Viet Nam. The project includes \$3 million in technical assistance, partially financed by the Canadian Climate Fund for the Private Sector in Asia, to provide capacity building training to the coffee farmers across the project countries. This includes training in avoiding deforestation and increasing productivity through climate-smart agriculture practices, including water harvesting and soil management.

“Developing formal value chains is essential for farmers in Asia and the Pacific to integrate with the global economy and increase the value of their products,” said ADB Investment Specialist Juhyun Jeong.

Viet Nam, together with other countries in the Greater Mekong Subregion, have adopted [a strategy to promote safe and environment-friendly agriculture products, and a plan to strengthen value chain integration](#) [5] involving smallholder farmers, rural women, as well as small and medium-sized agro-enterprises.

The project will support Olam’s \$211 million investment plan until 2019 by financing an expansion in the firm’s processing of midstream products, while providing permanent working capital investments for smallholder farmers, particularly in Indonesia (coffee and cocoa), PNG (coffee and cocoa), Timor-Leste (coffee), and Viet Nam (coffee, cashew, and pepper). It will also help the agribusiness group develop processing plants to create a more seamless integration of farmers, markets, and customers, adding more value in local markets and improving agricultural value chains.

ADB is lending \$83 million to Olam International Limited. JICA is lending \$75 million for the Café Outspan Vietnam project, which will be cofinanced by ADB with a \$5 million loan.

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