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Smallholder Sustainability
Upscaling Programme

IMPROVING FINANCIAL INCLUSION AND SUSTAINABLE AGRICULTURAL PRACTICES OF VIETNAMESE COFFEE FARMERS



Africa



Latin America



Asia



Financial services delivery



Capacity building for end beneficiaries



Market access and product development



Management systems improvement

CONTEXT

Vietnam is the 2nd largest Robusta coffee producer globally, although only the 13th largest global producer of Arabica. According to Vietnam's Ministry of Agriculture and Rural Development, the total coffee output the 2023–2024 crop year was of 1.47 million tons, compared to 1.76 million tons in the 2022–23 crop year. Although the drop in coffee output, the export demand and prices for coffee continue to rise. More precisely, if the vast majority of Arabica produced is conventional, the growth in the premium industry with lower prices has sparked an increased interest in growing higher quality coffee. As a result, more and more Arabica processors are willing to focus on fair trade and sustainable products.

CURRENT STATUS OF THE BENEFICIARY ORGANISATION

Established in 2018, Detech Coffee (Detech) sources, processes and supplies high quality green bean Arabica coffee from Son La, a province located in northwest Vietnam. Since inception, Detech has grown to become the 3rd largest Arabica processor in northern Vietnam. Sourcing coffee from over 1,000 smallholder farmers in 2023, the company has a wet mill, dry mill and warehouse to facilitate its sales of conventional and premium coffee. From 2024 onwards, the company's objective is to increase its network by roughly 1,000 smallholder farmers every year.

OBJECTIVE OF THE PROJECT

The project aims to support Detech in increasing the loyalty of its farmer base by supporting them in getting Rainforest Alliance and 4C certified through capacity-building training sessions and by exploring risk transfer and mitigation solutions related to access to finance to strengthen the financial inclusion of smallholder farmers in the region.

The expected results of the project are:

- Increase the number of Rainforest-certified farmers from 500 in 2023 to 1,100 and 4C-certified to 500 by 2025.
- Increase sales of Rainforest-certified products from 0 tons in 2023 to 650 tons by 2025 and 1,430 tons by 2026, sales of 4C-certified products from 0 tons in 2023 to 793 tons by 2025.
- Attract 2-3 new buyers by 2025 and 3-5 new buyers by 2026.
- Extend financial alternatives to 10,000 smallholder farmers and micro-merchants by 2026.

IMPACT INVESTOR



BENEFICIARY ORGANISATION

Detech Coffee (SME) – Vietnam

TARGET

1,150 smallholder farmers

AGRICULTURAL VALUE CHAIN

Coffee

STARTING DATE

March 2024

DURATION

20 months

TOTAL TA BUDGET

€ 177,046

Including € 93,743 (53%)
contribution from SSNUP



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