

JICA and ECOM unite to support small-scale coffee farmers and stable coffee supply chain in Japan

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The Japan International Cooperation Agency (JICA) signed a loan agreement for up to USD75 million with ECOM Agroindustrial Corp. Limited (ECOM), a global integrated supply chain merchant and processor of agricultural commodities, and ECOM Agroindustrial Asia Pte Limited (EAA), one of its group companies. Co-financed by the Asian Development Bank (ADB). The partnership marks a milestone in JICA's first exclusive working capital loan, as it represents a significant step in strengthening cooperation with key global agricultural trading companies to support Asia's agricultural and food supply chain.

The JICA loan is designed to strengthen supply chains and improve livelihoods and create employment opportunities for small-scale farmers in the Asia-Pacific region. This is being done by supporting the stable procurement of coffee from over 60,000 smallholder farmers in India, Indonesia, Papua New Guinea (PNG), and Vietnam. The project supports purchase funds from small-scaled coffee farmers, and consulting services such as coffee certification support, climate change adaptation pilot projects and farming support to female farmers. These services enhance the climate resilience and strengthen gender equality of the region's coffee value chain.

India's coffee industry grew to account for 3% of global production in 2022, placing it 8th worldwide. It provides direct employment to over two million people in India. Additionally, 98% of coffee farmers are small scaled, relying on limited land for cultivation and unstable coffee income, resulting in fragile livelihoods. This loan is aligned with India's "The Doubling

Farmers' Income (DFI) mission" to double farmers' incomes, emphasizing the need to improve agricultural productivity in order to increase farmers' income. It also complements Japan's global development agenda. Specifically, the Apulia G7 Leader's Communiqué in June 2024 has set as a goal of G7 public-private initiatives to support the global coffee value chain and small-scale farmers in coffee-producing countries.

Furthermore, it reflects the former Prime Minister KISHIDA Fumio's commitment, as announced at the G7 Hiroshima Summit in 2023, to promote sustainable development through the "Facility for Supporting Agricultural Supply Chain and Food Security Enhancement (SAFE)". This program, with USD 1 billion in funding, aims to address global food security challenges.

YASUI Takehiro, Director General, JICA Private Sector Partnership and Finance Department, stated, "We are honoured to launch JICA's first exclusive working capital loan with the ECOM Group, a global top runner in agricultural trading that builds transparent, sustainable and resilient coffee supply chains all over the world. We hope to expand our financing scheme to support supply chain business like this one from now on. This project is a testament to the strong partnerships we have built with ECOM and ADB. It will strengthen the coffee supply chain and help address critical challenges such as poverty among rural farmers, gender inequality, climate vulnerability, and the need for sustainable economic opportunities in the region."

JICA remains committed to supporting inclusive and sustainable development initiatives in the Asia-Pacific region through strategic partnerships and providing innovative financing solutions.