

Business case spotlight: Kofi

Developing a climate resilient and inclusive coffee supply chain in Cambodia's uplands

As of Q4 2025, support from SNV through the Dutch Fund for Climate and Development (DFCD) Origination Facility has helped Kofi to secure an additional US\$2.5 million in debt financing towards new coffee roasting facilities and supply chain infrastructure.

Estimated impacts by 2030



2,500 climate-vulnerable people benefit from improved livelihoods and economic prospects



1,000 hectares of farmland under sustainable management improving resilience to climate change

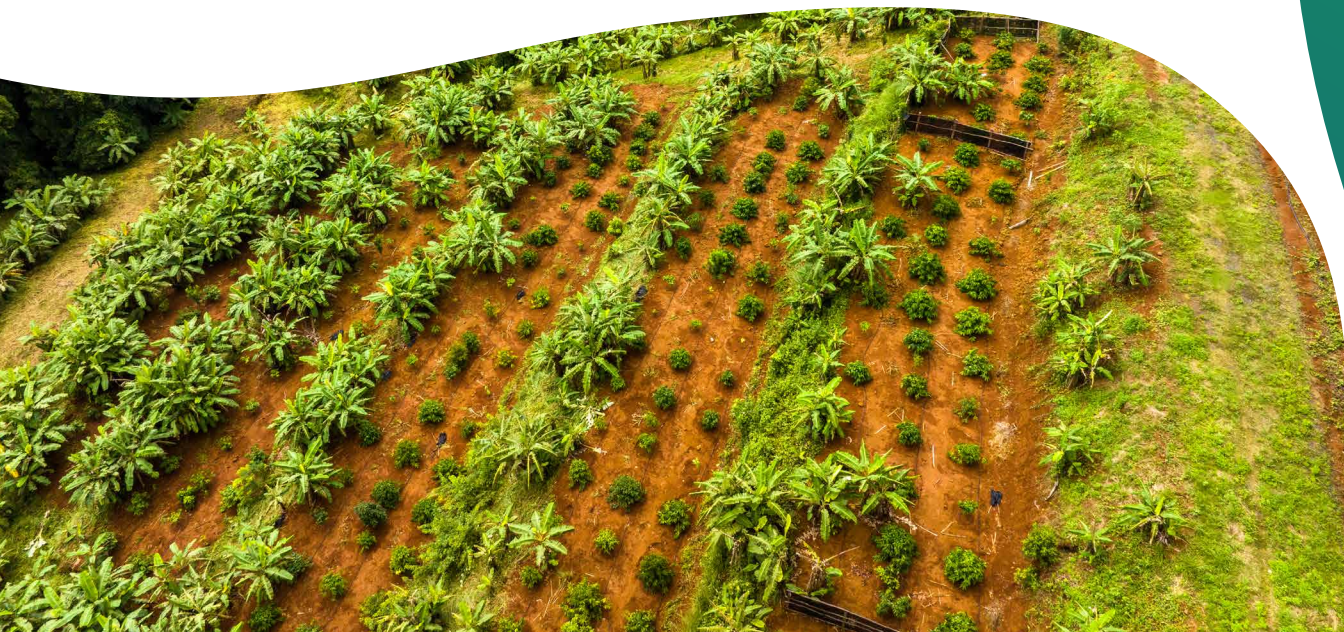


Strengthened livelihoods and reduced drivers of forest loss in landscape of high conservation value

Opportunity and context

Founded in 2009, Kofi started as a trader and service provider supplying equipment, training, and coffee to the emerging cafe and hospitality industry in Cambodia. The company later built a state-of-the-art roasting facility in 2019. Kofi is now the largest local supplier of coffee beans and has a team of over 400 employees. The company's vision is to become an internationally renowned coffee brand known for its innovation.

Before the DFCD partnership began, Kofi was importing approximately 300 tonnes of green coffee beans annually to meet its clients' demand. It was known, however, that a small volume of coffee was being produced domestically in the uplands of Cambodia's Mondulkiri province. Here, some smallholder farmers had spontaneously adopted coffee production from their Vietnamese neighbours with whom the area shares a similar landscape, rich soils, and altitudes high enough for growing coffee (robusta).



Kofi investigated the potential to source from these areas, to reduce its reliance on imports and exposure to the fluctuating global market. In doing so, it aimed to offer its clients a novel, locally sourced product, while contributing to the development of what was then a very informal and low-value supply chain in a disadvantaged area of the country.

The company faced a number of challenges to this idea. Kofi had no direct experience in sourcing or growing coffee, and the quality and productivity in the area was low, leading to poor incomes and experiences for farmers, and little incentive to improve practices. This needed resolving, but producers and institutions in the region had little technical knowledge of appropriate management practices for the Mondulkiri context.

In addition, climatic and environmental issues threatened the sustainability of any efforts there. Cambodia's eastern and upland provinces – including Mondulkiri – are highly vulnerable to the impacts of climate change due to a combination of geographical, socio-economic, and environmental factors. Agriculture here is typically rain-fed, exposing it to weather variability – climate projections anticipate changes such as shorter rainy seasons and more intense precipitation, leading to risks like drought, floods, heatwaves, and water shortages. These provinces also have a greater proportion of forest land under varying degrees of protection, but a high level of agriculture-driven deforestation in recent years has damaged areas of significant biodiversity value and could cause reputational and legal risks.

In this context and environment, a properly designed agroforestry model – combining locally suitable and marketable valuable crops – is a recognised strategy for climate and economic resilience. A high dependence of the local population on agriculture for their livelihoods could make resolving their issues around profitability and income stability very valuable. Kofi therefore developed this investment project, in partnership with DFCD, to develop a climate resilient and inclusive coffee value chain in the region that strengthens livelihoods and reduces drivers of deforestation.

DFCD support

The DFCD Origination Facility, July 2023 – December 2024, supported Kofi to develop this sustainable coffee value chain through technical assistance and grants to the company. The grants and Kofi's own contributions totalled €470,000. Through this, DFCD supported Kofi to test, de-risk and strengthen their investment through a number of activities, including:

- **In-depth contextual analysis** of the rapidly changing Cambodian coffee market and local issues including deforestation, land use, and social inclusion.
- Enabling **cross-border collaboration and knowledge transfer** with Vietnamese institutions to develop locally suited agroecological models, farming practices, and coffee varieties.
- Establishing a **seedling nursery, training** Kofi's new agricultural extension staff on the best coffee production practices, and training farmers on agroforestry adoption.
- **Designing and building supply chain infrastructure** including the first coffee processing facility in the production area in Mondulkiri province.
- Facilitating detailed **local stakeholder engagement** including conducting environmental and social (E&S) impact assessments and developing an E&S management system for the company.

Business and impact outcomes

The Origination Facility project led to de-risking and strengthening of the business and investment plan in the following ways:

Market strategy

- Deepened insights into latest consumer trends enabling Kofi to develop new products and services.
- Clarity on the business opportunity has led to Kofi strengthening its vision and ambition.



Feasibility

- Established a smallholder farmer supplier network, collaborating with stakeholders to create farmers groups, and successfully began training and sourcing from 365 farmers (increased to nearly 500 by 2025).
- Gained clear understanding of the total potential future supply in the region and the challenges associated with realising that.
- Identified technical models, including varieties, planting regimes and management practices, to thrive in the local context, and built know-how of Kofi's staff to engage and train farmers and share this knowledge.

Leveraging investment

- Provided financial and technical support to the set-up of a processing facility and seedling nursery, thereby establishing the critical infrastructure for cost-effective development and management of the supply chain in the local area.

- Raised US\$2.5 million in debt financing from a leading regional commercial bank, primarily for a new coffee roasting facility to help the company scale its ability to serve customers and process the coffee it is sourcing.

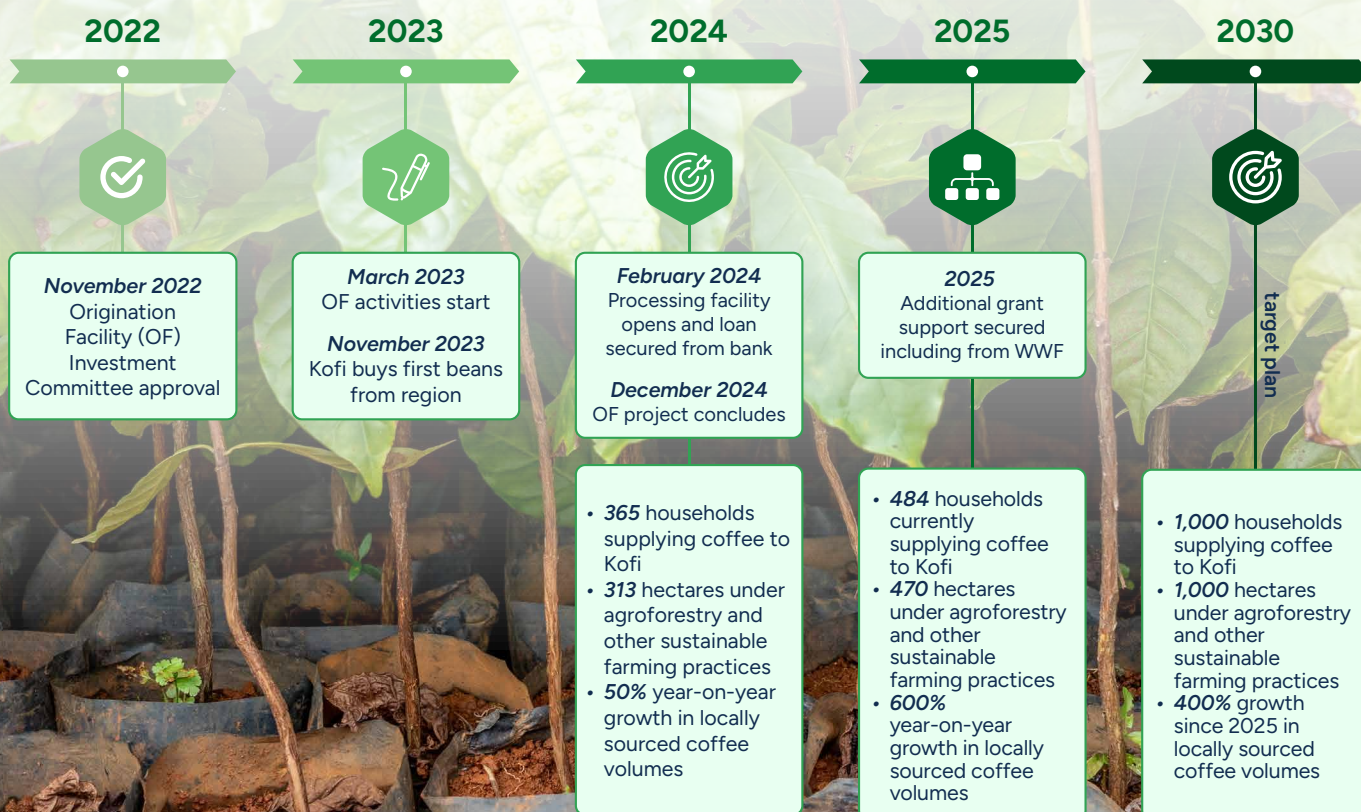
Enabling environment

- Navigated concerns regarding deforestation risk given the proximity of sourcing areas to protected areas and established REDD+ (Reducing Emissions from Deforestation and Forest Degradation) projects.
- Integrated ESG (Environmental, Social and Governance), and GESI (Gender Equality and Social Inclusion) principles into their strategy, including by establishing a Grievance Reporting Unit and a Sustainability Unit to manage environmental and social compliance.
- Enhanced stakeholder trust and recognition of the company's values, leading to additional support from new international development partners, among other things.

Project timeline

DFCD approved the origination project in November 2022 and began working with Kofi on the agreed activities in Q1-2023. Kofi bought and processed its first beans from the region in the 2023-24 harvest season, and the processing facility was finished by February 2024 and used to process some of that year's harvest. Kofi also secured the loan from a regional bank for these costs and further infrastructure investment. As of Q4 2025, Kofi is sourcing coffee from 484 farmers farming a total of 671 hectares.

Of these, an estimated 60-70% have so far applied agroforestry practices. Kofi's sourcing from the area grew by 50% from 2023 to 2024, and then 600% from 2024 to 2025. Kofi attributes this to increased year-on-year loyalty by suppliers, building on the commitment by the company to the local communities. Their strong reputation as a trusted and mission-driven company has helped them secure partnerships with other development partners.



Lessons learned

Building trust through physical presence and local investments

Perennial crops like coffee and agroforestry systems need 5+ years to mature, making expectations of transformative results within 12-24 months – the timeframe of many projects – unrealistic. Despite this, Kofi has managed to rapidly scale up their local sourcing in just 3 seasons with 600% growth from 2024 to 2025 alone (see figure above). Investing in and establishing physical infrastructure, such as the processing facility, and proactively engaging and training farmers on sustainable coffee production, demonstrated the company's long-term commitment in the area and has contributed to securing the trust of farmers and key local stakeholders. Impact investors and development partners need to be monitoring and learning from these constantly evolving outcomes for several years, as both the crops and the trust between farmers and Kofi continue to grow.

Grounding technical expertise in local context

One of the successes of the origination project was securing cooperation with Vietnam's research institutes and industry leaders. Hiring technical expertise and facilitating study tours for the company, farmers and public agencies provided Kofi and other project stakeholders with the confidence, practical knowledge, and benchmarks for scaling. Extensive efforts on baselining the local context, and environmental and social impact assessments, were also critical in mitigating risks and securing buy-in of key stakeholders and building credibility of the company.

Localised issues such as deforestation and biodiversity impact were identified as key risks in the area but navigating and resolving them were outside the company's skillset. These are activities in which local development organisations, and their donors, add a lot of value. SNV's long-term presence in the country and the dedicated resources of our technical assistance team allowed DFCD to convene the right stakeholders and experts.

Partnership platforms are a critical foundation for enterprises and investors

Development of pioneering sectors can have huge strategic value and be highly additional. Cambodia's coffee sector had been overlooked by development actors as well as the public and private sector until this point, yet it could be worth at least \$10m per year to the local community. While Kofi and SNV began to build the value chain from the ground up many of the enabling conditions were very hard, and costly, for one SME to establish. Local data collection and research, stakeholder engagement and strategic alignment on land-use and landscape planning are foundations of a project or investment are best conducted through a holistic, multi-stakeholder effort. This is now beginning to emerge and should create better conditions for other public and private actors to follow and reduce the barrier to entry for future activities and investments. Ideally, however, targeted support to individual enterprises should be conducted alongside support to existing or new multistakeholder platforms.

About the DFCD

The Dutch Fund for Climate and Development (DFCD) is a European flagship blended-finance initiative, with a total facility size approaching half a billion euros. It mobilises private investment for climate adaptation and mitigation in developing countries, accelerating resilient, nature-positive growth. DFCD is led by FMO, the Dutch entrepreneurial development bank, with the Origination Facility delivered by SNV and WWF-NL. The Origination Facility plays a critical role in de-risking and preparing high-potential businesses, providing tailored technical assistance and structuring support that enables them to reach bankability and attract blended and commercial capital, with over €80 million mobilised to date.

Contact us

For more information and if you want to share any confidential information you may have regarding the intended project or company, please contact: dfcd@snv.org

