

IDH Farmfit Fund

Critical transitions:



Innovation: Blended finance funds

Geographic focus: Global developing countries

\$: €100 million (\$119 million)



Launched in 2018, IDH Farmfit is a blended finance fund supported by a €30 million IDH Farmfit Business Support Facility. Together, they aim to catalyse investments from commercial capital in the agriculture sector (e.g. SME, traders, financial institutions) by leveraging public financing to de-risk investments in smallholder farming and lift 5 million smallholder farmers out of poverty by 2025.⁸⁰

IDH Farmfit Business Support Facility provides technical assistance to banks and companies to produce cost-effective inclusive business models for smallholders, as well as providing tools to analyse the viability of businesses. The support facility is supported by the UK Department for International Development and the Bill & Melinda Gates Foundation.

The fund is a cooperation between Jacobs DE, Mondelez, Unilever, Rabobank and the Dutch government. It will use a range of instruments including guarantees, subordinated loans, and equity and mezzanine financing to invest in sustainable businesses that provide services, inputs and credit to smallholders. A USAID guarantee of up to \$250 million covers senior lenders' losses by 40 percent in any given transaction.^{81, 82}

An example investment of the IDH Farmfit fund is its provision of a guarantee to Neumann Kaffee Gruppe, a green coffee trader. Through the first loss guarantee provided by IDH, they are now able to provide short-, medium- and long-term financing to its coffee farmers, which is delivered through a mobile payment system.⁸³

Stakeholders:

Rabobank; IDH; Jacobs DE; Mondelez; Unilever; UK Department for International Development; Bill & Melinda Gates Foundation; USAID

Status:

● Operational