

 Early Warning System

ADB-53298-001

Louis Dreyfus COVID-19 Climate-Resilient Smallholder Farmer Recovery
Project



Quick Facts

Countries	India, Indonesia, Pakistan, Thailand, Vietnam
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2021-12-13
Borrower	Louis Dreyfus Company B.V.
Sectors	Agriculture and Forestry, Climate and Environment, Technical Cooperation
Investment Type(s)	Advisory Services, Grant, Loan
Investment Amount (USD)	\$ 100.59 million
Loan Amount (USD)	\$ 100.00 million
Grant Amount (USD)	\$ 0.59 million
Project Cost (USD)	\$ 296.50 million



Project Description

According to ADB documents, the proposed investment is a senior unsecured 3-year USD bullet loan of \$100 million to finance Louis Dreyfus Company's working capital needs in Asia for the sustainable procurement of coffee, cotton, and rice. The transaction will preserve the livelihood and climate resilience of [60,000] smallholder farmers affected by COVID-19 in the five project countries. A complementing TA (funded by trust funds) will establish 80 farmer groups and train 160 farmer group educators with an aim to help farmers obtain sustainability certifications.

Smallholder farmers in the project countries, who are already vulnerable to climate change, have been further impacted by the coronavirus disease (COVID-19) pandemic and ensuing economic slowdown. LDC, as a sustainable buyer of agricultural projects, supports the livelihoods and climate-adaptive capacity of farmers by providing reliable incomes. The project will assist LDC to maintain its operations in the project countries by funding inventories of coffee, cotton, and rice procured from more than 50,000 farmers in the project countries throughout the COVID-19 pandemic. The attached TA will expand the scope of the extension services already provided by LDC and its affiliates to cotton farmers in India and coffee farmers in Indonesia.

The project is consistent with ADB's Strategy 2030's operational plans for priority 1 (addressing remaining poverty and reducing inequalities) by preserving the livelihoods of smallholder farmers during the COVID-19 pandemic; priority 2 (accelerating progress in gender equality) through gender interventions targeted at women workers and farmers; priority 3 (tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability) by promoting the climate resilience of farmers; and priority 5 (promoting rural development and food security), which calls for the integration of farmers, agribusinesses, and consumers into efficient and sustainable value chains. As a regional project, it is consistent with the operational plan for priority 7 (fostering regional cooperation and integration) as it supports nonsovereign lending for cross-border operations for agriculture value chains. The project is consistent with ADB's country partnership strategies for India, Indonesia, Pakistan, Thailand, and Viet Nam.

The project is aligned with the Operational Plan for Private Sector Operations, 2019–2024, which calls for working with tier 1 agribusiness companies given their potential to have a widespread impact. 26 The project supports ADB's agriculture-related strategies and action plans of subregional programs. 27 The project is part of ADB's Comprehensive Response to the COVID-19 Pandemic

The project's outputs are (i) raw material procurement for agribusiness value chain operations increased, (ii) farmers' and employees' livelihoods secured, (iii) cotton farmers' productivity and resilience to climate change improved in a gender-equitable manner, (iv) coffee farmers' productivity and resilience to climate change improved in a gender-equitable manner, and (v) gender equality in the workplace enhanced.



Investment Description

- Asian Development Bank (ADB)

ADB proposes to provide an unsecured 3-year loan facility of up to \$100 million to LDC. The use of the loan proceeds will be earmarked for permanent working capital in India, Indonesia, Pakistan, Thailand, and Viet Nam.

The proposed \$590,000 TA will be cofinanced on a grant basis by (i) ADB's Technical Assistance Special Fund (TASF) for COVID-19 recovery (\$205,000), and (ii) the ADB-managed Strategic Climate Fund (\$385,000). The TA will provide capacity building to cotton and coffee farmer groups and farmer group educators in India and Indonesia.



Private Actors Description

The borrowers are LDC, incorporated in the Netherlands, and LDC Funding SSEA established in Singapore. LDC is a merchant and processor of agricultural goods with a diversified portfolio. Founded in 1851, LDC is a key player in the global agricultural supply chain and is one of the largest merchants of wheat, barley, corn, and oilseeds; a top 5 coffee merchant; and the top private rice merchant. LDC posted consolidated turnover of \$33.6 billion and net profit of \$383.0 million in 2020. The Louis-Dreyfus family effectively owns about 55% of LDC and Abu Dhabi Developmental Holding Company PJSC (also known as ADQ), a large state-owned holding company based in Abu Dhabi, owns 45%.



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Louis Dreyfus Co Bv	Client	Agriculture and Forestry



Contact Information

No contact details provided at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



Bank Documents

- [Louis Dreyfus COVID-19 Climate-Resilient Smallholder Farmer Recovery Project: Initial Poverty and So](#) [Original Source]
- [Project Disclosure PDF](#) [Original Source]
- [Report and Recommendations of the President to the Board of Directors](#) [Original Source]