



Coffee

Value Chains for Rural Development in Burma

The **USAID-funded** Value Chains for Rural Development project (VC-RD) integrates smallholders and poor rural households into competitive commercial value chains to increase productivity and achieve inclusive agricultural growth. The five-year project (2014-2019) is part of **Feed the Future**, the U.S. Government's global food security initiative.

Strengthening the Coffee Value Chain in Burma — Strategy:

VC-RD and its partner, the Coffee Quality Institute (CQI), are working with smallholders, community-based organizations/enterprises Shwe Danu, Lilypad Ywangan Amayar Co. and the Myanmar Coffee Association (MCA) to facilitate a monumental shift in the way Burma's coffee is produced, processed and marketed. Emphasis is on improving quality from production/processing through cupping, with the goal of producing high-value specialty coffees for global markets and supporting the burgeoning domestic market for high-quality, sustainably and locally sourced coffee.

No. of Producers and Targeted Areas:

Burma's total Arabica production is estimated at about 5,953 MTs from both large estates and smallholder farms. Estates dominate in Pyin Oo Lwin (Mandalay area) and Northern Shan, while smallholders are prevalent in Southern Shan. In Ywangan Township, the center of smallholder coffee production, 75% of an estimated 14,600 households grow coffee, with 2,830 ha in production. VC-RD is targeting 9,000 direct beneficiaries, mostly in the Ywangan and Pinlaung areas.

Coffee Production — Constraints:

- Productivity is low and smallholder yields are impacted by lack of proper plantation maintenance or awareness of Good Agricultural Practices
- Poor harvesting methods and prolonged, improper storage of cherries is causing fermentation and

reduced quality

- Lack of proper drying causes coffee to deteriorate during processing, creating unfavorable flavor profiles;
- Traditional de-hulling methods damage green coffee beans, lowering quality
- Very few organized farmer groups existed (prior to VC-RD involvement); lack of aggregation options means no economies of scale exist for processing smallholder-grown coffee.

Producer Level — Innovations and Actions:

- Develop and deliver GAP trainings via local service providers (through Training of Trainers) and/or conducting training events directly with smallholder farmers
- Provide training on harvesting red cherries only; farmers need to understand why this is important
- Support efforts to develop appropriate drying technologies, including providing trainings to build raised drying racks out of local materials
- Discourage home processing of cherries; facilitate and support organized groups to process coffee in a consistently high-quality manner
- Work with local coffee communities to develop high - quality sun-dried natural coffees for both domestic and export markets.

(These actions are supported by VC-RD's field team working with experts from CQI and community partner Shwe Danu. The project also works with MCA and private sector lead firms including the Mandalay Coffee Group (MCG), Lilypad Co., Ywangan Amayar Co., as well as local processors.)

Off-Farm Level — Innovations and Actions:

- Support the local processing industry with improved processing practices; introduce dry mill processing capacities through targeted lead firms
- Introduce cupping training — from "Know Your Cup" basics and cupping techniques for smallholders to full-scale Q cupping certification for producers, roasters, processors and traders (with the goal



of identifying Burma-based Q graders for the specialty coffee sector)

- Introduce high-quality Burma coffees to the international market through market promotion activities/ events and trade shows
- Provide training in roasting, brewing and barista skills to the domestic retail coffee industry
- Work with trade association to develop competitive strategies to enhance coffee value chain through inclusive value chain upgrading.

(These actions are supported by VC-RD's coffee program and private sector team; CQI; MCA, MCG, and private sector/lead firms.)

Selected Impacts (To Date)*

- More than 6,000 smallholders supported with production and processing support provided by the project and partners
- 36 MTs of coffee (including 10 MT smallholder coffee) sold exported to the US (2016)
- First ever "quality premiums" earned by Shan smallholders shifting to improved, specialty grade production and processing techniques, enabling

farmers to earn 1.5-2 times the prices earned previously on the domestic/commercial market

- Market linkage support for further exports of 18 MT of Burma coffee to Europe (2016)
- Training and certification of Burma's first three, officially certified Arabica Q Graders.

Expected (Life of Project) Impacts

- 30% increase in coffee yields on smallholder plantations;
- 30% increase in sales of specialty coffees in global markets; and
- 30% increase in gross margins for smallholder producers.

FAST FACT: Missionaries brought coffee to Burma in 1885, but concentrated planting in the south. Eventually production arrived in the Shan highlands in the early 1930s.

**** Note: Selected impacts reflect only one full harvest cycle (2015-2016) so far.***



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