USAID’s Value Chains for Rural Development project (VCRD) integrates smallholders and 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:**

VCRD and its partner, the Coffee Quality Institute (CQI), empower smallholders, community-based organizations and enterprises including Shwe Taung Thu, Behind The Leaf Coffee, Amayar Women’s Coffee Producer Group, Indigo Mountain Coffee (IMC), Myanmar Coffee Association (MCA) and lead firms like Mandalay Coffee Group (MCG) to shift the way Myanmar’s specialty coffee is produced, processed and marketed. Using a market systems approach with extensive engagement of the private sector, emphasis is on maintaining quality from production through cupping, with the goal of producing high-value specialty coffees for better-paying global and domestic markets to boost farmers’ productivity and profitability.

**Producers and Target Areas:**

Total Arabica production is estimated at 5,953 MT annually from both large estates and smallholder farms. Estates dominate in Pyin Oo Lwin (Mandalay) and northern Shan, while smallholders are prevalent in southern Shan. In Ywangan, the center of smallholder coffee production, 75 percent of an estimated 14,600 households grow coffee, with 2,830 hectares in production. VCRD and partners are targeting 11,000 direct beneficiaries over the life of the project.

**Coffee Production — Historic Constraints:**

- Productivity has been low and smallholder yields impacted by lack of plantation maintenance or awareness of best practices;
- Poor harvesting methods and prolonged, improper storage of cherries resulted in low quality;
- Lack of proper drying caused coffee to deteriorate during processing, creating unfavorable profiles;
- Traditional de-hulling methods damaged green coffee beans, adversely affecting quality; and
- Few organized farmer groups formerly existed; lack of aggregation options meant no economy of scale for processing smallholder coffee.

**On Farm — Innovations and Actions:**

- Partner with local companies to deliver training on best practices through community extensionists;
- Collaborate with extensionists to provide training on harvesting red, undamaged cherries only;
- Demonstrate improved drying technologies, including use of raised drying tables built from readily available local materials;
- Provide advisory support to entrepreneurial producer groups to harvest and process coffee in a consistently high-quality manner; and
- Work with local communities to promote both high-quality, sundried naturals and washed coffees for high-end domestic and export markets.

These actions are supported by VCRD’s field teams in collaboration with CQI, MCA, Shwe Taung Thu and IMC. The project also works with lead firms MCG, Behind the Leaf, Amayar and local roasters and retailers.

**Off-Farm — Innovations and Actions:**

- Engage the local specialty coffee industry to modernize processing by introducing new milling technology and capacity through lead firms;
- Provide cupping trainings — from “Know Your Cup” basics to full Q Grader certification for producers, roasters and processors to build local expertise to differentiate/identify specialty and other grades;
- Partner with producers and processors to introduce Myanmar’s highest-quality coffee to international markets through domestic promotion and trade
events in Asia, Europe and North America;
- Facilitate local partners to lead international buyers’ tours in Myanmar; national competitions and other market promotion activities;
- Link lead firms (producers and processors) to national and global banks/other sources of financing and capital; and
- Partner with MCA to develop capacity and competitive strategies to enhance the coffee sector through inclusive value chain upgrading.

These actions are supported by VCRD, CQI; MCA, Shwe Taung Thu, IMC, MCG, Amayar, Behind The Leaf, and private sector/lead firms including roasters and retailers.

Selected Impacts To Date

- Community-based trainers have introduced more than 8,300 smallholder growers to improved production and processing techniques; as of the end of 2018 nearly 96 percent of coffee farmers surveyed had adopted one/more improved technology introduced by the project;
- Through market linkage activities, the project has facilitated exports of nearly 419 MT of specialty Myanmar coffee (including 70 MT of sundried, smallholder coffee) following successful harvests in southern Shan and Pyin Oo Lwin;
- The project catalyzed more than $1 million in pre-harvest loans to smallholder coffee farmers through international and national banks, including working capital loans guaranteed by a major global social lender to smallholder coffee growers;
- International and domestic buyers are now paying quality-based premiums to Shan smallholders, in acknowledgement of improved production and processing techniques; these premiums enable farmers to earn two-to-four times the prices earned previously;
- VCRD helped train Myanmar’s first 17 Arabica Q Graders, including the country’s first seven women Q Graders, building local specialty coffee expertise and market knowledge; and
- In 2018, 18 coffee farming communities launched Shwe Taung Thu, the country’s first smallholder coffee enterprise, which provides extension and market assistance to farmers; soon after, a second farmer-owned enterprise, Indigo Mountain Coffee, launched in a different in Shan.

FAST FACT: Missionaries brought coffee to Myanmar in 1885, but concentrated planting in the south. Production arrived in the Shan highlands in the 1930s.