

- Demotivated smallholder;
- Lack of technical knowledge;
- Lack of required equipment's and technology.

The lack of equipment and quality coffee beans however, were tackled with the inclusion of the private partner, where the Yuni coffee company provided Mr Phomma with required equipment and technology for producing quality coffee beans.

Lessons Learned

The conditions of coffee farmers vary from district to district and region to region, but generally the farmers are at a disadvantage in global markets and often receive low prices for their products. The farmers have to not only deal with the unpredictable force of Mother Nature, but also with the boom and bust cycles in commodity prices, limited economic resources and political control. Often the analysis of the coffee market can be sweeping and focused on economic efficiency rather than the local impacts of market changes which often result in the marginalization of small-scale farmers, increased environmental degradation, and overall rural decline and poverty. With market shifts, not only are the changes seen on an economic level, but the farmers' lives are also changed at the local level. Coffee farmers must consider the value of their crops since their access to education, healthcare, meals and their total livelihood relies on their crop's production.

- Attending to all these factors, AFN promoted its beneficiaries to engage in a Agribusiness partnership, that could end the unforeseen situations and would offer a stable income source during the bust and boom cycles of commodity prices;
- Change of perception of the smallholder. Now, Mr. Phomma, does not think coffee production as a supplementary income source, but practice it as a full-time crop production practice, as now he realizes that if adequate efforts are put into producing coffee it can bring handsome rewards, which are enough to sustain his livelihood for yearlong supplies;
- Agribusiness partnership also cover a wide range of areas including extension services which enhanced technology adoption for sustainable crop development, like in this case Mr. Phomma received a "Brix refractometer" by Yuni coffee company to regularly check and maintain the sugar levels in the coffee, to obtain desired quality of coffee beans.

Recommendations

The following should be considered in replicating this model

- Avoid the use of chemical fertilizers and discontinue the practice of spraying chemical pesticide;
- Promote use of natural pesticide for pest control;
- More thought to be given to the practice of natural disease control mechanisms;
- Planting shade trees around coffee trees and discontinue the practice of "Sun cultivation coffee", if being practices to conserve natural environmental factors.

Brewing happiness of partnership

Lao PDR



Agriculture For Nutrition (AFN) project
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Synopsis

As Arabica coffee should be grown from fresh seed of the recommended varieties, AFN is helping farmers to put up nurseries of coffee, to supplement mimicking the **shade grown coffee technique**, improving farmer livelihood. The case shows where farmers are trained to grow fresh seed of the recommended varieties and production of good seedlings to ensure a stable production and growth of the coffee tree. The coffee farmers entered into contract farming with the "Yuni coffee co. Ltd.," company that was interested in buying organic coffee from the smallholder producers. As a result of this partnership the company provided further trainings to farmers on various aspects of growing coffee, in order to obtain the desired quality of the organic coffee.

Background

Coffee is the second most widely traded commodity in the world, right behind crude oil and its derivatives. It is grown in over 50 countries and consumed on every continent. Entire communities depend on coffee for their survival. Coffee is a key industry of Lao PDR being the fifth largest export earner for the country.

This case is about Mr. Phomma, a 60 years old man with a family of 7 members, living in the mountainous regions of northern Laos, in Nala village of Sam-tai district, Houaphan province. He is an Organic Coffee producer, and has been growing coffee since 1994, he started his plantation with 0.2Ha of land and currently plants 2.2Ha's. He grows Arabica coffee as a cash crop.

Mr. Phomma started planting coffee as a middle-aged man, he only grew it as a supplementary income source in mind, as his fellow villagers and community, he practiced subsistence farming or mono cropping, planting rice being the lion share of the production. Though, even after practicing mono cropping, he still had 5 months of food shortage, attending to which he uses to sell labor in the district and use to earn a little money from other sources, which he traded to buy rice for the food shortage months.

In 1994, Mr. Phomma, was introduced to coffee production as a cash crop, to which he paid little attention. As a result, he did not produce a lot of product in the beginning and sold what little he harvested as a low-grade coffee for many years to local traders and middle-man. There was also a period when he was inclined to uproot his plantation due to rapid decline in commodity prices, but somehow managed to afloat those harsh times.

The Agriculture For Nutrition (AFN) project, began its interventions in the village in late 2016, with introducing villagers to all the project interventions, to which "Agribusiness promotion" is one of the components. The Project is implemented in 12 districts and approximately 400 villages in Oudomxai, Phongsaly, Xieng Khouang and Houaphan provinces in Northern Laos.

Having assessed Mr. Phomma and other villager's potential for growing coffee, AFN began training the villagers on the techniques and technologies required for growing coffee as a full-time cash crop, to which Mr Phomma, paid attention and expanded his area of cultivation to 1.5Ha's. Having Mr. Phomma and other villagers growing coffee appropriately now, AFN took a step further and scouted for a potential buyer for their produce. To, It's efforts AFN found "Yuni coffee co. Ltd.," company that was interested in buying organic coffee from the smallholder, pertaining which, AFN introduced the company to Mr. Phomma and got them engaged in a contract farming model in 2017, where the company would buy red beans from Mr. Phomma on a negotiated price for specific quality of coffee.

As a result of this partnership the company provided further training to Mr. Phomma on various aspects of growing coffee, in order to obtain the desired quality of the organic coffee. The company also provided him with new technology and equipment's to check and maintain his produce and desired quality and also helped him to expand his area of plantation to 2.2Ha's.

Innovations / Good Practices

As Arabica coffee should be grown from fresh seed of the recommended varieties, AFN is helping farmers to put up nurseries of coffee, to supplement mimicking the shade grown coffee technique. Mr. Phomma, is also an owner of such a nursery and grow his own high-quality seedlings, to be later transplanted in his coffee production area, adhering to the transplanting techniques, taught to farmers.

As a result of agribusiness partnership Mr Phomma and his coffee production group would be planting 60,000 to 65,000 new coffee seedlings to their planting areas.

A number of steps are necessary for production of good seedlings to ensure a stable production and growth of the coffee tree, such as, selection of seeds, construction of nursery shelter, beds, shade house and plastic tunnels, which are being imparted to lead farmers such as Mr. Phomma and other group members by a united approach of AFN and Yuni coffee co. Ltd., further promoting "Smallholder Producers with Private Agribusiness" partnership.

Outcomes/Impact

Mr. Phomma have been plating coffee for more than 23 years but he has been doing so without any training or insights, so the coffee production was all low grade and not consistent. The spacing between the trees was not uniform, which hinderd the growth of coffee trees and thus producing less coffee on the whole, also he lost interest when he found no buyers for coffee and declining rates of coffee. However, after AFN's support their have been drastic changes with numerous positive outcomes, for instance, now with contract farming model in place, the price of coffee are stable and protected resulting in reverting Mr. Phomma's interest in producing organic coffee and is all time high, pertaining to which, Mr. Phomma, have shifted his practice from subsistence farming/ mono cropping to cash crop production. Now he considers Coffee as a full-time cash crop rather than being a supplementary source of income. Doing so, the smallholder also benefitted from, giving up the traditional way of planting Coffee and adapted the much-required streamlined process which reduces soil erosion, is a useful carbon sink and helps to maintain a degree of biodiversity. As an impact of these outcomes;

- Coffee production allowed Mr. Phomma and his group members to earn a salary that is sufficient to educate and nourish their families and save for unforeseen situations;
- After negotiations facilitated by AFN and being conducted with Yuni coffee co. Ltd., on behalf of farmers, Mr. Phomma can now sell his red cherries to the company at a rate of 2,500 Kips per kilogram (instead of 900-1,200 kips in the past), to which he has sold around 2,000 Kgs of coffee to the company and have generated about 5 million Kips until 2018 harvest;
- After training sessions and consultations with AFN Mr. Phomma is now considering the possibility of buying a small wet milling machine, which could add value to his produce and increase his profits up to two folds as he could sell processed coffee beans directly to the company instead of red cherries.

Facilitating Factors / Challenges

- The facilitating factor here is maintaining the quality of the produced coffee;
- Diminishing traditional practice and adopting new era production techniques and alter behavior change towards commodity;
- Finding innovative ideas for confronted challenges;
- Promoting the use of natural fertilizer and pesticides in order to conserve environmental factors and top soil quality;
- Finding markets/ partners to sell commodity/ crop, especially in remote landscape.
- Some of the challenges faced during the implementation of this agribusiness model, were as follows;
- Lack of desired quality coffee beans;
- Insufficient supply of the produce;