



Coffee production in Vietnam

Intended and Unintended impacts

Overview

Vietnam is the second largest coffee producer in the world, yet the reality faced by local smallholder producers operating here is: high production costs; limited post-harvest processing; weak market linkages; low bargaining power; and, ultimately, low returns.

Son La and Dien Bien provinces, located in the north-western region of Vietnam, are home to over 18,000 hectares of land, dedicated to arabica coffee production. 80% of local arabica coffee producers in Son La and Dien Bien are of Thai and Hmong ethnic minority groups.

Funded by Australia's Department of Foreign Affairs and Trade (DFAT) the 'TEAL' Project – in full, the “Technologically Enhanced Agricultural Livelihoods” project – in the five years since 2016, has sought to enhance the economic rights of 2,600 ethnic minority women and men (most of whom are of Thai origin) via a combination of interventions.

TEAL has been a success on many levels and exceeded its initial targets, especially in terms of creating more economic opportunities for coffee farmers and local communities in some of Viet Nam's densest coffee highlands up northwest of the country.

Key highlights

TEAL structured its objectives underneath CARE's Women's Economic Framework, addressing issues of Agency (e.g., training courses on money saving and finance management), on Relations (e.g., organizing dialogues for men on gender equality), and on Structures (e.g., community events aimed at removing barriers from social and gender norms).

By relying on many of CARE's tried and tested approaches to integrate activities under TEAL – e.g., combining the establishment of Village Savings and Loans Associations (VSLAs), promoting the coffee value chain through improving the post-harvest processing capacity and market linkage, alongside social norms training and gender sensitivity events...

- **Over 90% of Ethnic Minority (EM) women who participated in the end-of-term survey confirmed an increase in household income in 2021 compared to the previous year**
- **One first women-led coffee cooperative in the region named Ara-Tay Cooperative, empowering 14 arabica producers, 12 of whom are women. Another group of producers in Dien Bien (Chi Em coffee, 5 members) also focused on after-harvest production. Ara-Tay Coffee in 2021-2022 has bought coffee cherries from 56 other households at higher prices (15%) to produce specialty arabica coffee beans**

- 65 VSLA groups, with over 1200 members, regularly practice savings and giving loans
- Initial success of the women-led cooperative in Son La province has inspired Son La Department of Crop Production to provide a matching fund of approximately US\$100,000; to help expand their commitment to growing the arabica coffee value chain in Son La province
- An increase in the number of women participating in public spaces, and a more level playing field at the household level of men and women sharing the duty of care responsibilities

TEAL's approach

TEAL introduced VSLA as the fundamental platform for the targeted population to gather and interventions to be delivered.

To supplement aspects of the gender-based violence prevention discussion tools, and broach the topic of gender equality, TEAL also used VSLAs to encourage women to express their opinions in discussions, whilst coaching male VSLA members on how to better listen and discuss issues with women and come to an agreement on a common issue.

This, in turn, supported the outcome mentioned earlier of an increased number of women knowing more about how to participate in public spaces.

TEAL invested a lot of resources to increase access to information for processing groups, by bringing leading experts in training and information sharing and bringing in representatives of these two groups to participate in studies. Thanks to the technical support of leading coffee experts and procurement of processing facilities, the women-led cooperative has been able to apply environmentally friendly producing and processing practices, which saves water and enhances the quality of coffee beans, eventually improving the financial returns for producers. The cooperative has been selling semi-processed and processed specialty coffee beans to a number of wholesale buyers and individual customers. Its production and processing capacity hit 6 tons in the last year.

The project aligned with those policies and plans of the Government which support ethnic minority development.

Representatives of the two provincial Departments of Agriculture and Rural Development have been engaged with TEAL, to help ensure the approaches of the TEAL Project were consistent with the long-term orientations of Son La and Dien Bien. Over the project cycle, TEAL's outputs were considered a "leverage" to achieve the provincial economic development objectives.

Unintended impacts

One unexpected positive impact of TEAL was that it helped shape a culture of enjoying local specialty coffee among the coffee-growers community. From TEAL's investments, growers have become more conscious of preserving the local specialty coffee brand, and are ready to apply sustainable coffee farming solutions.

Additionally, coffee farmers expressed their love for farming more and finding meaning in what they are doing. In the past, when coffee prices plummeted, farmers were willing to cut down coffee trees and replace them with other crops. Now, coffee growers have more pride in specialty coffee produced in Son La and Dien Bien, so they are ready to invest in expanding coffee farms and committing to sustainable cultivation. For coffee growers, coffee has become part of the local culture.





Besides the close connection between the two groups and introduced experts, TEAL also positively impacts professionals in a fascinating way. Coffee experts say they appreciate the high commitment of the CARE team, striving to find solutions to develop the arabica coffee value chain and, above all, change the lives of poor ethnic minority women.

Experts said that having implemented intensive training courses to farmers in Dien Bien and Son La, they became impassioned with coffee from the two localities, and wanted to introduce more market solutions and environmental protection solutions to ethnic minority farmers.

Where do we go from here?

Women-led Ara-Tay Cooperative has the potential to grow in a way that further improves livelihoods for smallholder producers, strengthens decision-making and leadership of ethnic minority women, and contributes to the local economy.

Some of the future objectives currently under review, that could lead on from TEAL's legacy in Viet Nam, include:

- **Enhancing production and processing capacity of the Cooperative through expanding quality production areas**
- **Providing training on sustainable arabica coffee production techniques for local producers**
- **Introducing a traceability system to Ara-Tay coffee products**
- **Providing training in digital marketing and support entry to e-commerce platforms**
- **Connecting with potential buyers and supporting contracting process**
- **Marketing and branding activities to strengthen Ara-Tay brand in the specialty coffee market**

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