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# ANNUAL REPORT

## VALUE CHAINS FOR RURAL DEVELOPMENT PROJECT



*Above: Smallholder farmers in Southern Shan review data while inspecting a project demonstration plot to compare the performance of a new variety of soybean seed against traditional varieties. Farmers were enthused by the results of the improved seed and practices observed first-hand at VC-RD Farmer Field Days, resulting in increased orders for new seed varieties for upcoming harvests. (Photo credit: S. Walls)*

### **Year One: October 2014 – September 2015**

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# **VC-RD YEAR ONE ANNUAL REPORT: OCT. 2014 – SEPT. 2015**

**October 30, 2015**

## **DISCLAIMER**

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## ACRONYMS

AMIT	Agriculture Market Information Team
APS	Annual Program Statement
BAM	Barista Association of Myanmar
CBO	Community Based Organization
CQI	Coffee Quality Institute
EAS	Extension and Advisory Services
EM	Essential Microorganisms
EMMP	Environmental Mitigation and Monitoring Plan
F2F	Farmer-to-Farmer
FFD	Farmer Field Days
FTF	Feed the Future
FY	Fiscal Year
GAP	Good Agricultural Practices
GIS	Geographical Information System
ha	Hectare
ICT4D	Information, Communications and Technology For Development
IPM	Integrated Pest Management
IR	Interim Result
IT	Information Technology
kg	Kilogram
LIFT	Livelihoods and Food Security Trust Fund
LFA	Local Field Assistant
LOP	Life of Project
MCA	Myanmar Coffee Association
MCG	Mandalay Coffee Group, Ltd.
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MFVP	Myanmar Fruit, Flower and Vegetable Producers and Exporters Association
MIID	Myanmar Institute for Integrated Development

MIS	Market Information System
MMK	Myanmar Kyat
MRA	Myanmar Restaurant Association
MT	Metric Ton
NGO	Non-Governmental Organization
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
PPP	Public-Private Partnership
Q1	Quarter One (Q2 = Quarter Two, etc.)
SMS	Short Message Service
SSLDO	Southern Shan Local Development Organization
TNS	Taylor Nelson Soffres Myanmar
TOF	Training of Farmers
TOPS	Training of Private Sector
TOT	Training-of-Trainers
TT	Technical Team
UNDP	United Nations Development Programme
USAID/Burma	United States Agency for International Development/Burma
VC-RD	Value Chains for Rural Development
Y1	Year One (Y2 = Year Two, etc.)

## INTRODUCTION

The United States Agency for International Development in Burma (USAID/Burma) awarded Winrock International a Cooperative Agreement on Sept. 22, 2014 for the Value Chains for Rural Development (VC-RD) Project. This project is a part of the Global Presidential Initiative, Feed the Future (FTF), and is supported and overseen by USAID/Burma. The project is implemented in collaboration with sub-awardees Internews and the Coffee Quality Institute (CQI), and additional agreements with other partner organizations, including local organizations, are in development and will be continuously explored. The VC-RD project builds on Winrock's existing Farmer-to-Farmer (F2F) volunteer-based platform for agriculture technical assistance to support USAID/Burma's goal of supporting inclusive smallholder agriculture modernization and decreasing poverty. The overall goal of VC-RD is to sustainably reduce poverty and hunger in Burma by improving smallholder productivity and profitability, strengthening value chain linkages and competitiveness, and increasing private sector engagement to support value chain upgrading. During Year One (Y1), the project began working in Southern Shan, with possible expansion into the Dry Zone envisioned in subsequent years.

As per the Cooperative Agreement (Section A.5 2.2), Winrock is required to submit an annual report one month after the end of each Fiscal Year (FY). This report describes accomplishments and progress during the first year (Quarters 1-4) of FY 2015 as compared to the targets and work plan. This report covers work completed over the period from Oct. 1, 2014 through Sept. 30, 2015.

## ANNUAL HIGHLIGHTS - BY THE NUMBERS

- **1,546 Smallholder soybean farmers, 500 of whom** were women, trained on growing new soybean varieties and using improved agricultural practices in **66 farmer field days** (FFDs) in August and September 2015 at **11<sup>1</sup>** soy demonstration plots. Trainings demonstrated the use of Rhizobium inoculant and phosphate fertilizer that can improve overall quality of soybeans produced by smallholder farmers.
- **10 Metric Tons (MTs) of improved varieties** of soybean seed were ordered by farmers and traders as a result of the FFDs, along with orders for **344 kilograms** (kg) of Rhizobium, (which equates to 2,295 150-gram packets of Rhizobium). The orders placed for Rhizobium are enough to inoculate around **230 hectares** (ha) of soy fields.
- **1,515 Smallholder coffee producers** trained during **81 sessions, 38 percent (575)** of whom were women. The trainings in Southern Shan included separate modules on coffee plant health and compost making, to ensure trees remain as productive as possible heading into the upcoming (2015-2016) harvest season. This effort is part of the upgrading required to ensure Burma-grown coffees reach international specialty coffee quality standards.

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<sup>1</sup> The project established 12 soybean demonstration plots during Y1 but only used 11 of the sites for FFDs due to the unexpected and tragic death of Sai Myint Thein Win, one of the project's local field assistants (LFAs), who suffered a stroke at his home.

- **21 Burma-grown coffees** scored above 80 (on 100-point scale) or better in Burma's first accredited coffee cupping competition, organized by VC-RD with help from volunteer experts facilitated by CQI. The competition, coordinated with MCA, drew international attention to Burmese varieties of Arabica and stirred private sector interest both domestically and from abroad, from investors and others interested in the possibility of export.
- **50 Smallholder growers participated** in a cupping awards ceremony in Pyin Oo Lwin, an event that provided an excellent networking and learning opportunity for coffee value chain stakeholders. **The two top-scoring coffee samples** tasted at the cupping contest were **grown by two women farmers** in Ywangan Township, Southern Shan, who have since become the subject of inquiries from potential specialty coffee buyers in Europe, North America and elsewhere.
- **232 Coffee retail shop employees and roasters<sup>2</sup>** received hands-on training on best practices in roasting, barista fundamentals and brewing techniques in cooperation with private sector partners from the Barista Association of Myanmar (BAM), the Myanmar Coffee Association (MCA) and the Myanmar Restaurant Association (MRA). The trainings were conducted by a Coffee Corps volunteer, the owner of Carrboro Coffee Roasters and successful specialty cafes in the USA.
- **13 Media outlets** are now disseminating weekly agriculture market prices collected and curated by the Agriculture Market Information Team (AMIT.) Internews helped explore new avenues for dissemination of useful market information to value chain stakeholders in Burma through creation of AMIT; the information is now disseminated via multi-media outlets weekly, including on a pair of nationwide TV broadcasters (SkyNet and MRTV); and through radio, a call-in center, and national and local newspapers.
- **10 New agriculture technologies** introduced to smallholders and/or other value chain actors in YI, including improved soy seed, inoculant and fertilizers; the use of Essential Microorganisms (EM) to improve composting practices on coffee plantations, and others (see sections below for details).

## ACCOMPLISHMENTS IN YI

The project made substantive progress in YI under the three major Interim Results (IRs) and on a range of sub-IRs and activities delineated in the FY 2015 VC-RD (YI) Work Plan. Below, as part of the narrative, a discussion is presented of accomplishments and/or progress toward goals under relevant sub-IRs and activities. Annex I, at the end of the narrative, illustrates progress compared to indicator targets in YI as measured by the Monitoring, Evaluation and Learning (MEL) team.

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<sup>2</sup> Attendees were from Rangoon and Pyin Oo Lwin.

## INTERMEDIATE RESULT I: IMPROVED SMALLHOLDER PRODUCTIVITY AND PROFITABILITY

In order to respond effectively to market opportunities, it is imperative that smallholders are aware of market requirements and have the skills and information to produce the varieties and quality standards that the market is demanding. Activities under this result are tied to all project efforts to facilitate upgrading of the overall value chain, not only at the smallholder production level, but also across all activities involved in the production, processing and marketing of these crops. Interventions under IR I are designed broadly to enhance availability and accessibility of agricultural inputs, strengthen producer groups and organizations, increase availability of productivity-enhancing technologies and practices, and improve access to quality extension and advisory services. Targeted goals include better-informed farmers with increased production efficiency and greater access to extension services and technologies.

### *IR I, Sub-IR I.1: Availability, affordability, and accessibility of agricultural inputs enhanced*

#### **Narrative**

In Q4 the project completed an assessment of the agro-input supply sector in Southern Shan with a focus on seeds, agro-chemicals, and agricultural machinery. The study highlighted that a wide range of these inputs is available in Southern Shan, but affordability and accessibility of these inputs to smallholder farmers is a major concern.

Farmers are more likely to make purchase decisions about inputs based on price rather than quality or knowledge of active ingredients. As a result, misuse of pesticides and other chemical applications, especially on horticultural crops, is a growing human health and safety concern in Southern Shan. Many smallholder farmers are more likely to save their own seed, even hybrid varieties that have been purchased through the network, than to purchase other varieties.

The regulated input market accounts for only 50 percent of the volumes of inputs sold. Over the past few years, the market for unregulated and adulterated inputs products has grown rapidly. The local input-supply market is often characterized by price-cutting competition and undercutting of product quality. Lower profit margins for regulated distributors may reduce their ability to invest in extension support services to farmers. The VC-RD study also noted the heavy dependence of smallholder farmers on informal credit to purchase their inputs. Inputs are often purchased from local suppliers who provide credit and in many cases buy back the crop production.

VC-RD's agri-inputs research in YI served to spotlight a number of good opportunities for the project to facilitate improvements in the input supply sector, especially since many of the constraints identified impact on the overall competitiveness of project-supported value chains. A few inputs-related areas in which the project either already has acted, or plans to intervene, as a result of findings in the inputs study, include:

#### **Smallholder input purchase decisions are characterized by:**

- Minimal knowledge of agriculture practices and production intensification methods
- Uninformed choices of products and active ingredients
- Price-based decision-making
- Risk aversion, translating into slow adoption of new technologies
- High reliance on retail information on options and troubleshooting
- High reliance on informal sources of credit
- High brand loyalty, but limited to logo recognition

- Supporting private sector efforts to promote good agricultural practices (GAP) among smallholders -- including use of improved seeds -- through extension outreach programming.
- Setting up demonstration trials and identifying lead farmers who can act as change agents to promote improved input use.

**Illegal Inputs/Risky Business:** Liberalization of input supply and agricultural markets in Burma has promoted growth of the agro-inputs industry. Issues of access to inputs are largely resolved. However, the government's lack of capacity to enforce the law has permitted an unprecedented growth in illegal inputs through cross-border trade. This competes with the formal sector, as illegal products are cheaper, and increases the risk of unregulated, harmful chemicals entering the food chain. (Source: VC-RD *Agro-Input Supply Sector Review*, 2015.)

- Supporting a private sector-managed improved seed multiplication network for improved soybean varieties.
- Promoting safe and effective use of pesticides and other agro-chemicals by teaming with the private sector to provide extension training to local smallholder producers.
- Exploring options to partner with other organizations to improve access to finance to project beneficiaries.

Approaches to solving input-related challenges are somewhat specific to each value chain in the project's portfolio. Below is a brief summary

of YI activities relevant to inputs.

### Coffee

The MCA has started a nursery aimed at making new coffee varieties available to its membership. VC-RD is advising the MCA on choosing best varieties not only on yield potential but based on both cupping quality and meeting requirements of the specialty coffee market. In Y2, the project will support the MCA's efforts to establish a cupping lab for testing quality of smallholder-produced coffees.

### Soybeans

For soybeans, the project focused first on enhancing the availability of seeds from improved soybean varieties that have been developed and tested locally over the past five years. During Y1, the team worked with private seed producers to increase quantities of commercial seed available to farmers. Trials at soybean demo plots established in Y1 indicate that improved varieties respond well to treatments with Rhizobium inoculant, a practice the project is promoting to enhance bean size and quality (see IR 1.3). In Y2, VC-RD will support private input dealers' efforts to stock supplies of Rhizobium at planting time along with the improved seed.

### Horticulture

Many vegetable and fruit producers rely on hybrid seeds and need a consistent commercial supply. Unlike self-pollinated varieties, hybrid seeds cannot be saved as there is a significant deterioration of performance of the first generation seeds due to heterogeneity of this seed. Many smallholder farmers lack sufficient resources to purchase these improved varieties and are interested in forming linkages with private firms that could offer seeds and extension services, as well as purchase the vegetables grown by smallholders. In Y1, the project identified private sector firms that have outreach programs aimed at enhancing availability and access to improved vegetable seeds. In Y2, the project will continue supporting private sector-led vegetable production initiatives sponsored by commercial companies such as East-West Seed and Valleverde. In Q4, Valleverde was awarded an innovation grant to expand these activities in Southern Shan. (For additional details on Valleverde and other grants, see the Grants Management Section 7.2, below.)

## ***IRI I, Sub-IR 1.2: Producer organizations supported and strengthened***

### **Narrative**

Due to the general lack of formal or organized producer organizations, smallholder farmers in Burma are missing out on the advantages of working collectively to purchase inputs, sell crops, and make other decisions that can impact positively on common livelihoods and incomes. This lack of formally organized producer groups in Southern Shan has somewhat altered the way the project is able to provide support to these beneficiaries. During YI, the project relied on village-level community leaders and other local structures and local non-governmental organizations (NGOs) to help promote and organize project activities and events. Experience at field day activities in YI illustrated the willingness of farmers to cooperate and learn together. In many cases they are exploring opportunities for working collectively to overcome constraints.

In this context, the technical team (TT) opted to design and develop a strategy of identification of lead farmers and demonstration plots, to be used as hands-on learning locations during FFDs. The project organized these events later in the year (Q3-Q4) with the objective of bringing interested and motivated soybean farmers together in groups around shared interests – notably, the desire to increase yields and gross margin – as well as common constraints.

These activities represented the first step in a process designed to increase farmers' understanding of the existence of common problems (such as access to credit, access to timely and accurate market information, and/or access to improved seeds and appropriate inputs.) The project adopted this approach in hopes that farmers would gradually recognize the utility of beginning to better organize themselves to tackle common constraints and reduce potential risks associated with experimenting with new practices and technologies.

As for smallholders in the Ywangan area, while there is much discussion and a strong aspiration of a coffee cluster being formed, it is also clear this initiative is driven more by larger local coffee processors and traders than farmers themselves. Apart from the remarkable coffee-growing village in Mya Ze Di, which holds great promise as a community that could be structured to produce high-quality natural coffee, most smallholders in Ywangan are not organized in groups. One reason



Smallholder farmers attended compost making and plant health and management trainings in Q4 of YI, led by local service providers working with Winrock. The trainings helped generate interest in the use of EM to improve the effectiveness of compost and boost yields.

may be that coffee has not yet been marketed on the basis of quality. However, as the number of buyers increase and interest expands in production of higher quality coffee, coffee farmers may become more interested in working collectively to meet market demands. In the meantime, VC-RD and affiliated local partners will continue working with farmers through a variety of interventions, such as the popular, low-tech sessions on coffee plant health and compost making launched in the latter part of YI. Through these and other small-scale, people-to-people based activities, VC-RD is gaining good access and building trust and familiarity within most -- if not all -- major coffee producing villages in Ywangan, in addition to collecting valuable information on coffee farmers' constraints and needs.

In many cases, the composting and plant health trainings presented the first opportunities for coffee farmers in Ywangan to congregate to discuss plantation performances, examine -- and try -- methods and ideas for improvement, such as the use of EM to boost the potency of homemade composts. As with the project's soybean-based interventions, these organized activities attended by coffee farmers represent the first steps toward formation of more structured groups.

In the coffee sector, the project continued to support the startup activities of the MCA (formerly the Mandalay Coffee Cluster). This private sector association is still young (approximately two years old) but aspires to represent all the coffee growing regions in the country and to have membership from all segments of the coffee value chain. One key concern communicated by the project to association leaders is that smallholder producers currently are under-represented in the organization. During YI, VC-RD provided guidance to MCA's board of directors on the need to reach out to smallholders. In Q1 of FY 2016, CQI will work intensively with the board on strategic planning to help MCA define its mission and develop a strategy to increase its membership to be more inclusive and representative of the entire value chain.

An estimated 10,000 smallholder coffee producers reside in and around the Ywangan area, in Southern Shan.<sup>3</sup> They are unofficially represented through the Ywangan Coffee Cluster, under the auspices of the Myanmar Fruit, Flower and Vegetable Producers and Exporters Association (MFVP.) The project worked closely with leaders of the Ywangan cluster in YI to identify motivated farmers located in coffee-producing villages to help organize trainings. The current chairman of the Ywangan cluster is also on MCA's board of directors. Project staff and advisors from CQI believe that the key to successfully upgrading the coffee value chain depends on the MCA facilitating and strengthening a strong relationship between large-scale producers/processors and small-scale producers.

## ***IR 1, Sub-IR 1.3: Availability of productivity enhancing technologies and practices enhanced***

### **Narrative**

In YI, the project promoted a number of productivity enhancing technologies for soybeans and coffee. These included conducting demonstration trials of improved soybean varieties, planting correct plant populations, introducing Rhizobium inoculation and phosphate fertilizer, and promoting proper drying of soybeans to improve yield and quality.

In coffee, the project promoted an array of good agricultural practices (including proper shading, pruning and spacing), effective use of liquid and dry composts, and proper picking and processing of coffee cherries. Smallholder coffee producers generally do not apply chemical fertilizers to their coffee trees. Likewise, pesticides are rarely used due to the lack of serious pest infestations. Some coffee farmers use manure and compost as a way to fertilize their trees and conserve moisture around the trees. VC-RD is encouraging this good agricultural practice and promoting these technologies. Below, in Table I, is a summary of technologies under testing and training:

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<sup>3</sup> This estimate is based on the total number of **households** (approximately 7,000) in identified coffee-growing villages in the Ywangan area. The total number of estimated individual **smallholders** growing coffee is estimated at 10,000.

**Table 1: VC-RD technology interventions in YI (FY 2015)<sup>4</sup>**

Training Topic	Type of Training	Dates	Trainer	Types of participants	Total	No. women	% women	No. trgs.
Coffee plant health, pruning, harvesting	TOF <sup>5</sup>	24/01 & 25/01	Francisco Ozuna <sup>6</sup>	Farmers	11	3	26%	2
Coffee plant health & compost making	TOT <sup>7</sup>	20/07 to 23/07	Marcelo Pereira (CQI)	Traders & service providers	30	10	34%	2
Coffee plant health & compost making	TOF	27/09 to 16/10	VC-RD & local coffee trainers	Farmers	1,515	575	38%	81
Roasting	TOPS <sup>8</sup>	07/09 to 09/09 (in Pyin Oo Lwin) 11/09 to 13/09 (in Rangoon)	Scott Conary (CQI)	Owners of roasting companies, master roasters and assistant roasters	155	47	31%	2
Brewing	TOPS	18/09	Scott Conary (CQI)	Restaurant managers and staff	57	16	28%	1
Barista	TOPS	14/09 to 16/09	Scott Conary (CQI)	BAM and MCA members	70	18	26%	2
Cupping	TOPS	March	Mario Fernandez (CQI)	MCA members	13	3	23%	2
Farmer Field Days - improved varieties - Rhizobium effect - phosphate effect	TOF	11/08 to 09/09	VC-RD & local field assistants	Farmers and private sector	1,546	500	33%	59
<b>TOTAL</b>					<b>3,397</b>	<b>1,172</b>	<b>30%</b>	<b>151</b>

Specific information on technologies promoted and supported by the project in each value chain is provided below.

<sup>4</sup> The figures in this table provide a snapshot of how many people participated in trainings under VC-RD's auspices; data in finalized MEL reports may vary slightly.

<sup>5</sup> TOF = Training of Farmers.

<sup>6</sup> Because Mr. Ozuna was a "shared" volunteer with F2F, the two projects shared the number of trainees so that participants are not double-counted in MEL reporting. The numbers reflected in the table, above, are VC-RD's share of the participants.

<sup>7</sup> TOT = Training of Trainers.

<sup>8</sup> TOPS = Training of Private Sector.

## The Coffee Value Chain

### **Coffee-specific technologies/practices introduced:**

- ✓ On-farm production and application techniques for making solid compost with locally available materials
- ✓ Introduction of EM/bokashi methods of composting. (Note: VC-RD facilitated communication and exchange of information between representatives from the Department of Agriculture (DOA) in Lawksawk and DOA representatives from Ywangan, resulting in stocks of EM solution becoming available at low cost to coffee farmers in Ywangan.)
- ✓ Production and application of liquid compost on coffee trees
- ✓ Methods for preventing and addressing stem borer attacks on coffee plants

Coffee agronomist Marcelo Pereira delivered a TOT on coffee plant health and compost making in the latter part of the year to project staff, 30 local agronomists and NGO staff in Taunggyi and the field. Mr. Pereira developed five key messages on coffee plant health communicated to farmers through a pragmatic approach developed during field visits. These messages were translated and compiled onto a set of posters later distributed to farmers who attended trainings on the subject. Mr. Pereira, supported by the TT, also developed guidelines on how to produce solid and liquid fertilizers using EM and Japanese bokashi compost methods. Earlier in YI, another CQI consultant, Daniel Kuhn, introduced good pruning practices, which were demonstrated in five locations in May 2015. These same farms were used during the Q4 farmer trainings as demonstration sites. The consultant's training material included recommendations for improved practices including:

- Pruning of mature trees
- Pruning without stumping or severe cutting
- Planting of new trees from seedling bags
- Shade regulation
- Appropriate plant spacing
- Applicable commercial fertilizers with micro-nutrients
- Soil and plant tissue testing.



In all, in YI the project organized a total of 81 training sessions held in 51 villages in the target region. Farmers from 70 different villages in the Ywangan area participated in the sessions, conducted between August through the end of September 2015. These trainings reached a total of 1,515 farmers, 38 percent (575) of whom were women, with information on improved coffee cherry production, including proper fertilization and sunlight ratios; production and application of solid and liquid composts using EM; and other plantation management skills and strategies, including pruning

techniques. Sub-awardee Internews recorded portions of these trainings for later dissemination as extension materials with the goal of sharing knowledge and expanding project impact. These activities resulted in increased knowledge of improved growing practices among smallholder farmers, as well as rising demand from farmers and local extension agents for EM.

To optimize impact, build trust and extend reach, the project rolled out trainings across a wide range of many villages (51) in the region, (instead of targeting a smaller number of specific demonstration farms, as originally planned.) This revised strategy helped VC-RD establish strong relationships with growers and other value chain actors in the area. It also helped staff identify farmers who could serve as potential leaders and assist in gathering additional information on current practices, knowledge gaps and needs expressed by participating farmers. By the end of these sessions, the project estimated that approximately 20-25 percent of all Ywangan coffee growers representing approximately 75 percent of all Ywangan coffee growing villages received training directly from the project on coffee plant health and compost making.

While the trainings were very well received, it was not possible to assess uptake of technologies or practices presented before the end of the fiscal year (because the trainings continued into Y2, mid-October 2015.) Additional information on uptake/adoption and the impact of these coffee trainings will be reported in subsequent progress reports.

## The Soybean Value Chain

### ***Soybean-specific technologies/practices introduced:***

- ✓ Introduction of new soybean varieties developed by DAR; (Yezin 14, Yezin 12 and Yezin 11 in the upland rain-fed farming system).
- ✓ Promoting applications of Rhizobium inoculant to enhance vegetative growth and pod formation of soybean
- ✓ Adding phosphate based on soil testing; presentation of the effects of amending soil with phosphate on productivity of different soybean varieties.
- ✓ Introducing Integrated Pest Management (IPM) as a curative practice; presentation of importance of using pesticides as a curative rather than preventative measure.

In the soybeans value chain, the project developed a detailed soybean GAP manual in Y1. An experienced soybean agronomist, David Quarles, conducted field-based research to ensure GAP materials covered all aspects of soybean production in both rain-fed and irrigated conditions. The manual is currently being refined and adapted for practical use by the project as the TT learns more about local soybean production practices and the performances of local and new varieties under testing (both with and without Rhizobium inoculants and phosphate amendments.)

Additionally, the 12 soybean upland rain-fed demonstration plots established by the TT in Q3 were harvested for the first time at the end of August and early September 2015. Harvesting was conducted after the series of FFDs held at 11 of the 12 on the demo plots in August and September. These two landmark activities confirmed the willingness of soy farmers to adopt new technologies and to experiment with new soybean varieties with the goal of increasing local yields.

Table 2, below, summarizes the number of farmers who expressed strong interest in, and placed orders for, improved varieties including Yezin 12 and Yezin 14 introduced by the project, both for the upland rain-fed season and for the dry (irrigated) growing season. Overall, the project estimates new orders from farmers of more than 10 MTs (requested for the upcoming season) for the new varieties of seed, along with orders for 344 kg of Rhizobium, (which equates to 2,295 150-gram packets Rhizobium). The orders placed for Rhizobium are enough to inoculate around 230 ha of soybean fields.

**Table 2: Orders for improved soybean seed varieties after VC-RD field days, FY 2015**

Seed Variety	Upland (rain-fed)		Lowland (irrigated)	
	No. of farmers	Kg of improved seed ordered	No. of farmers	Kg of improved seed ordered
Yezin 12	55	475	23	533
Yezin 14	158	9,521	299	1,800
<b>Total</b>	<b>213</b>	<b>9,996</b>	<b>322</b>	<b>2,333</b>
<b>Total Combined Orders Upland/Lowland of Yezin 12 &amp; Yezin 14 after VC-RD FFDs:</b>				<b>12,329 kg</b>

The project established 12 soybean demonstration plots and 10 seed multiplication sites in mid-May 2015, with the goal of testing, demonstrating and comparing the performances of local varieties against new varieties, such as Yezin 14,9 Yezin 12 and Yezin 11. Each experimental plot was divided into four treatments comparing local soybean varieties with Yezin 14, with and without a nitrogen-fixing Rhizobium inoculant. These plots helped to showcase the efficacy of traditional vs. improved practices, including spacing, seed depth and fertilizer usage for both local and improved varieties.

The FFDs were delivered during half-day sessions held near each demonstration plot, and included practical, field-based observations led by project-trained local field assistants (LFAs) recruited from area community-based organizations (CBOs).<sup>10</sup> The LFAs served as an on-the-ground presence to monitor progress at the demo and seed multiplication sites, with technical oversight and ongoing training provided by VC-RD program staff and consultants. The assistants conducted daily farm reports to the project team and collected



A series of soybean field days attracted strong interest among Shan soy farmers, who received a first-hand opportunity to examine the results of trials of improved seed varieties against traditional varieties, along with the effects of use of inoculant and fertilizers. Pictured above: one of the first FFDs in Humsee.

<sup>9</sup> Yezin 14 was suggested for trials during consultations between VC-RD program staff and seed researchers at the Yezin Agricultural University and other research centers.

<sup>10</sup> The LFAs worked under temporary service agreements with the project.

agronomic and socio-economic data on the broader soybean farming region.

During FFDs, participating farmers were encouraged to observe the effects of different treatments on growth patterns and yield. Each FFD also included question-and-answer sessions where farmers were encouraged to comment and share information about constraints related to soybean cultivation. Many of the questions posted by farmers focused on soybean seed storage, pod borer control and the availability of new soybean varieties, as well as questions on the availability and composition of inputs such as fertilizer, the market for soybeans in general and the market for Yezin 14 in particular.

In Southern Shan, only one rain-fed soybean cropping season occurs, from May to August; followed by one irrigated soybean cropping season, from January/February to May. Many farmers who are currently cultivating soybean on irrigated land during the dry season attended the project FFDs at the rain-fed demonstration plots. Therefore, it is expected that many of the technologies presented and transferred to farmers during the FFDs will be

**Extension Advisory Services Lack Funding, Strategy:** All Extension Advisory Services (EAS) providers in the public sector lack a clear strategy, are characterized by a centralized administrative and management structure which is not conducive to initiate, and implement extension activities focused on the needs of the farming communities. Budgetary restrictions neither favor frequent visits to the villages nor the implementation of any activities beyond the basic routine work. In the private sector mainly the suppliers of fertilizer and agro-chemicals became important providers of information and advice at various levels. The main fertilizer and agro-chemical companies became very active in the countryside and their agronomists tour the villages and arrange farmers meetings and field-days. There is a fierce competition between several companies to strengthen their position in the fast growing market. Seed companies also play an increasing role in the provision of EAS, particularly in the maize and vegetable subsectors. Some commercial companies have strong informal linkages with the public institutions and their personals as business partners. (Source: LIFT Study on Extension and Farm Advisory Services, AFC Consultants International, 2015.)

put in practice as early as the upcoming irrigated soybean production season (starting in Q2 of Y2), as well as in the course of the next upland growing season starting in Q3 of Y2 and continuing into Q4.

In Y2, VC-RD will continue to demonstrate new technologies at the farm level. Specific technologies on the project's radar include introducing improved coffee drying technology, and demonstrating improved cultivation practices in soybeans, such as the effect of weeding and IPM on soybean yields. Storage trials and drying technology for soy also will be introduced in Y2.

## ***IR 1, Sub-IR 1.4: Access to quality extension or advisory services improved***

### **Narrative**

Local government extension services in Southern Shan are currently unable to provide adequate extension services for a number of reasons, including underfunding and insufficient staffing. Very few alternative extension services currently exist in Burma to support growers or other stakeholders in VC-RD's target areas. A clear need exists for extension services and messaging about the growing availability and use of improved technologies and practices, as well as the responsible and safe use of pesticides and other inputs. The results of a recent (2015) Livelihoods and Food Security Trust Fund (LIFT) study confirm that a huge information gap exists where extension and/or advisory services (EAS) are concerned. Below is a summary of YI activities that helped the project to identify and support local providers with the goal of beginning to improve the reach and efficacy of EAS.

### **Building skills of CBOs to improve training capabilities**

In Q3, VC-RD consulted with the management of five Southern Shan-based NGOs, including the Southern Shan Local Development Organization (SSLDO), Our Lovely World, Shwe Danu, Kanbawza Youth Library (Save the Farm) and Hitasan to gauge capacity and interest in partnering with the project to assist with TOT activities scheduled for Q4. Each of these five local organizations designated staff members under short-term service contracts<sup>11</sup> to assist VC-RD as village-based trainers in facilitating coffee farm trainings on composting, tree health and plant/soil productivity conducted in Q4. These representatives were later hired by Shwe Danu, a CBO that demonstrated a high-level of proficiency, experience and knowledge within the project target area. Shwe Danu has been selected to be the project's first local partner; a proposed sub-award was pending review/approval at the end of YI.

The project assessed these five organizations using the VC-RD Institutional Capacity Scorecard, a tool for evaluating the organizational capacity of institutional project partners and to assess their institutional development over the life of the project (LOP). The scorecard helps measure the capacity of supported organizations including producer or marketing associations/groups to deliver on their objectives and/or provide services to their members.

The scorecard recognizes that the organizational processes for delivery of services or production of commodities are driven largely by financial capital such as savings, revenue or profits; human resources (employees, consultants, technical experts); natural resources (raw materials); social influence (including membership interaction, stakeholder relationships and industry influence); and utilization of knowledge and technology.

Criteria used to evaluate institutional capacity via the scorecard are based on the simplified Organizational Capacity Assessment and simplified Organizational Development Index. The scorecard evaluates organizations through rating sub-elements of five organizational capacity categories. These ratings are then rolled-up to give the partner a 0-4 score in each capacity category, and ultimately, score the partner's overall organizational capacity. This stratified approach allows for easy identification of areas in which partners may be struggling, with the goal of facilitating possible solutions.

The organizational capacity categories upon which local partners/service providers were scored include:

- **Governance and Management:** assessment of organizational oversight and operational processes
- **Human Resources:** assessment of management of human capital (volunteers/workers)
- **Financial Management:** assessment of how well finances are managed, and financial sustainability
- **Knowledge and Tools:** assessment of how well the organization utilizes knowledge and tools
- **Social Relationships:** assessment of the organization's social influence and partnerships.

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<sup>11</sup> The village-based trainers were hired on a short-term basis by the project with the goal of gauging their abilities and experience levels and assessing the human resources capacity of the organizations they represented. They later were hired by Shwe Danu.

To kick start activities with local partners before the scorecards were complete, the project engaged 10 LFAs under service contracts to supervise soybean demonstration plots, organize and conduct FFDs and collect data from their areas. In the process, they received training on all aspects of soybean production, including harvest and post-harvest techniques. These local agronomists know the soy-growing region very well and hopefully will become appealing candidates for hire by CBOs or agri-businesses in the area to assist in provision of extension services. As of the end of Y1, the TT continued and expanded its search for qualified local service providers to work in soybean and other value chain activities.

The project in Y2, assisted by Internews, will explore further possibilities for expanding the capacity of agri-media to help fill the extension information gap by playing a facilitating role, engaging media in opportunities to share information about new technologies, best practices, and other activities that can support the greater agriculture sector, as well as expanding media's capacity to report on complex issues of general importance to food security and livelihoods (such as climate change, responsible natural resources management, gender and food security), and expanding their knowledge base.<sup>12</sup>

## **INTERMEDIATE RESULT 2: COMPETITIVENESS OF SELECTED VALUE CHAINS STRENGTHENED**

The VC-RD strategy under IR 2 is to identify and facilitate interventions that integrate smallholders and poor rural households into commercial value chains as a way to increase inclusive agricultural growth. VC-RD works with all targeted value chain stakeholders to define ways to work collaboratively to improve the competitiveness of project-supported value chains. To achieve this result, in Y1 VC-RD focused on understanding the dynamics of selected value chains through analysis and competitiveness strategy development, using lead firms where possible and strengthening efforts that support smallholder upgrading.

**Global Market Opportunities:** Burma is entering the world's coffee market at an opportune time as overall global exports and consumption are forecast at record quantities and inventory of available stocks are at their lowest level in the past four years. The global coffee market is experiencing a trend of increased consumer demand coupled with higher costs and shrinking worldwide production that presents substantial opportunities for Burma's coffee producers. (Source: Myanmar Coffee Marketing Report and Trade Origin Marketing Plan, CQI, 2015.)

### ***IR 2, Sub-IR 2.1: Competitiveness strategies for selected value chains developed and implemented***

To ensure inclusive participation in commercial value chains, during Y1 VC-RD worked with stakeholders in the coffee and soybean value chains to begin the initial steps in developing competitiveness strategies. A competitiveness strategy is

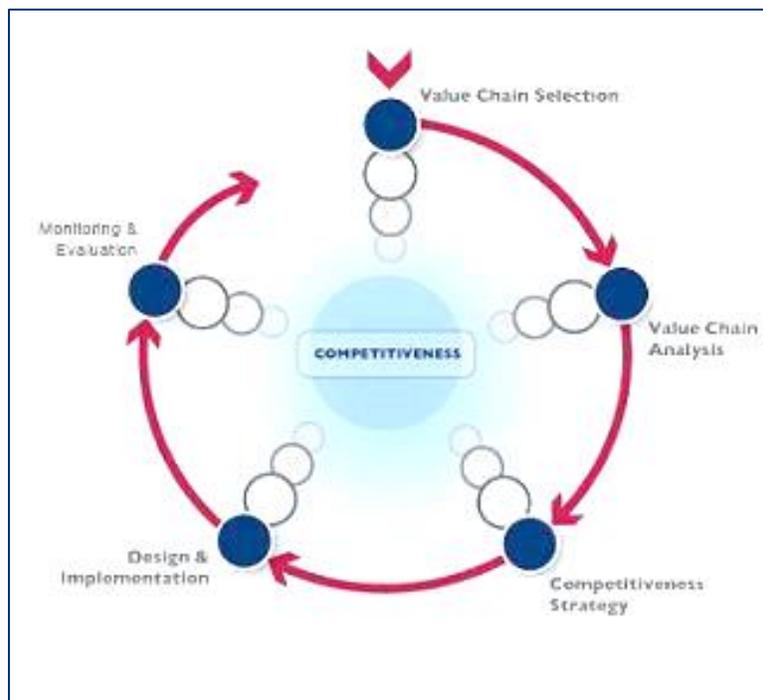
<sup>12</sup> Internews has a wide network of contacts within media, including those who specialize in covering agriculture, and in Y1 identified independent journalists, freelancers and other journalists interested in covering issues relevant to the agriculture sector. Internews is also helping the project to digitally record selected extension activities for later use/dissemination.

a plan (developed by all stakeholders) for moving the value chain toward sustained growth.<sup>13</sup> Once developed, these strategies provide a roadmap for moving value chains towards this goal. The project took its first steps to develop strategies by conducting value chain analyses and mapping its two initially targeted value chains, coffee and soy. The project also began exploring possibilities for supporting the horticulture value chain, meeting with a number of participants in and around the Aung Ban area, during Q4,<sup>14</sup> as part of horticulture value chain mapping activities.

## Narrative

A core principle of VC-RD's value chain approach is that the private sector should drive the process and strategy of change. One of the best practices under the value chain approach is to work with stakeholders from each value chain to develop competitiveness strategies as part of the implementation process of the project; see Figure 1, below:<sup>15</sup>

**Figure 1. The Value Chain Approach: The Project Cycle**



Much of VC-RD's early YI work aimed at learning the main players in each value chain as a way to share information, discuss findings from value chain assessments and to encourage key private sector stakeholders to become actively involved in identifying and evaluating competitiveness potential. This approach is critical to building ownership of competitiveness strategy and buy-in to proposed activities. The private sector itself *must* be willing invest in upgrading the value chains and be able to see the benefits from these investments.

## The Coffee Value Chain

<sup>13</sup> USAID identifies three critical components for effectively developing an industry competitiveness strategy, and it must involve all levels of a given value chain: 1) an *end-market competitiveness plan* that determines the industry's competitive advantage, 2) a *commercial upgrading plan* to move beyond the current status-quo, and 3) a *plan for sustaining competitiveness*. These elements rely on both information from the value chain analysis and active involvement by the private sector to create a focused approach to improving and sustaining industry competitiveness (Source: <https://www.microlinks.org/good-practice-center/value-chain-wiki/competitiveness-strategy>).

<sup>14</sup> The horticulture value chain assessment is expected to be completed in Q1 of FY 2016.

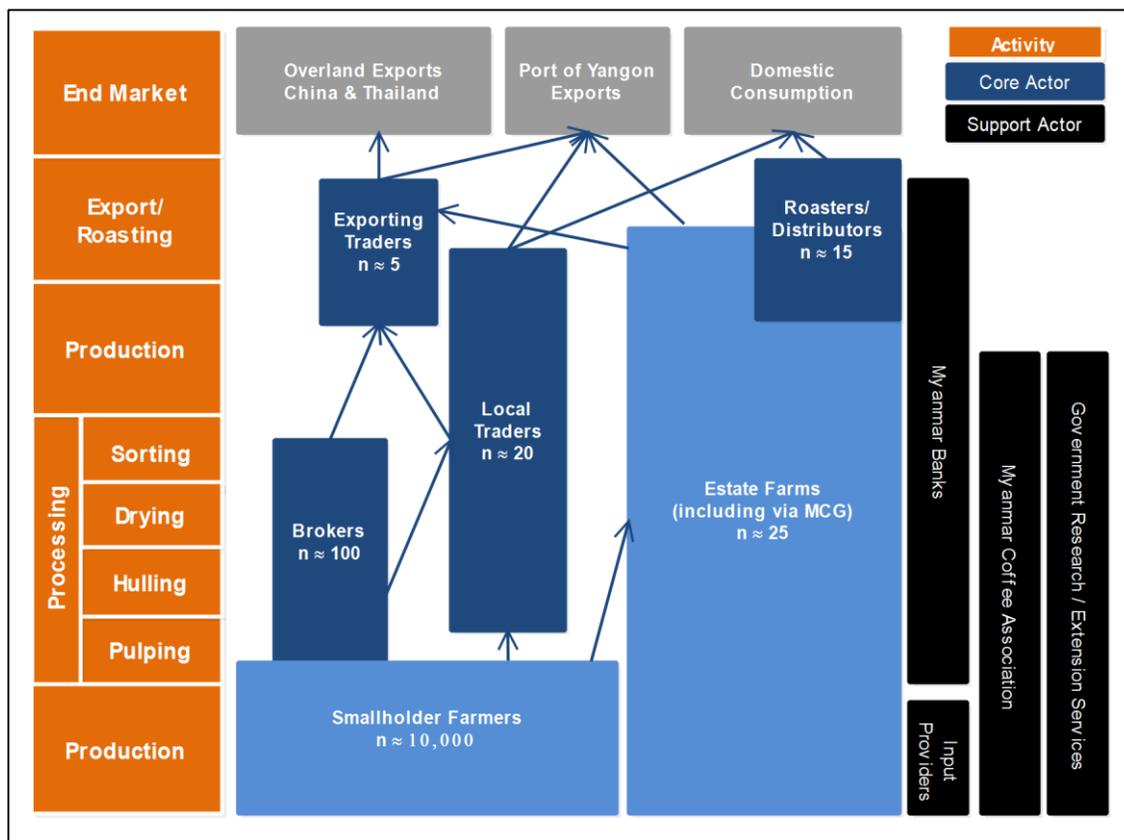
<sup>15</sup> Microlinks - Value Chain Project Cycle: <https://www.microlinks.org/good-practice-center/value-chain-wiki/design-and-implementation-overview>

Results from the coffee value chain assessment<sup>16</sup> and discussions with major industry players highlighted a number of systemic constraints inhibiting growth and competitiveness of Burma's coffee value chain.

➤ **End Market Constraints:**

The project identified three distinct end markets for Burma's coffees: 1) overland exports to China and Thailand; 2) exports to global markets; and 3) local internal markets for domestic consumption. It is important to note that Burma is not yet recognized as a coffee producing origin among industry professionals or consumers. Lacking an origin brand identity and with limited access to coffee market information and experience in international trade, most coffee sold by Burma's producers is presently consumed in low value domestic applications or as a generic commodity transported to China at below global market value. See Figure 2, below, which illustrates the complex inter-relationships between coffee value chain stakeholders:

**Figure 2: The coffee value chain in Burma**



➤ **Possible Market-Based Solutions:**

Burma has significant potential as a grower of quality-differentiated specialty coffee capitalizing on favorable growing conditions, availability of water and the motivation of its people, which can add substantial additional value to coffees produced.

<sup>16</sup> Completed late in Q4; this assessment is under revision and will be submitted to USAID in Y2.

In order to achieve this potential, the project identified -- in consultation with key stakeholders -- a number of market-based solutions and intervention points for the project to facilitate the coffee industry overcoming these key constraints (see bulleted points, next page). As is often the case, interventions at one point of the value chain may have significant impact on other value chain actors. In the case of coffee, transitioning from a focus on low-value commodity to high-value specialty requires a monumental shift in attitudes and approach (i.e., ensuring quality is integrated at every step) to the way coffee is handled from producer to brokers, and to the processors and the traders.

➤ **Key Leverage Points:**

- Production: Increasing yields through:
  - ✓ Enhanced organic fertilizer application
  - ✓ Improved harvesting practices (selective vs. stripping) to obtain quality fresh cherries
  - ✓ Promotion/demonstration of generally improved maintenance of coffee plantations
- Processing: Enhancing quality of processing through:
  - ✓ Improving drying technology to produce high-quality naturals (planning begun in Q3-Q4 of Y1 with activities scheduled in Q1 of Y2)
  - ✓ Improving washing technology in centralized locations (planning begun in Q3-Q4 of Y1 with activities scheduled in Q1 of Y2)
- Marketing: Improving market access through:
  - ✓ Better advance planning for market and trade promotional events (ThaiFex, Specialty Coffee Association of America and domestic trade events)
  - ✓ Cupping competitions to highlight high-quality producers and facilitate private sector linkages
  - ✓ Market and trade analysis and strategy development for specialty coffee sector.



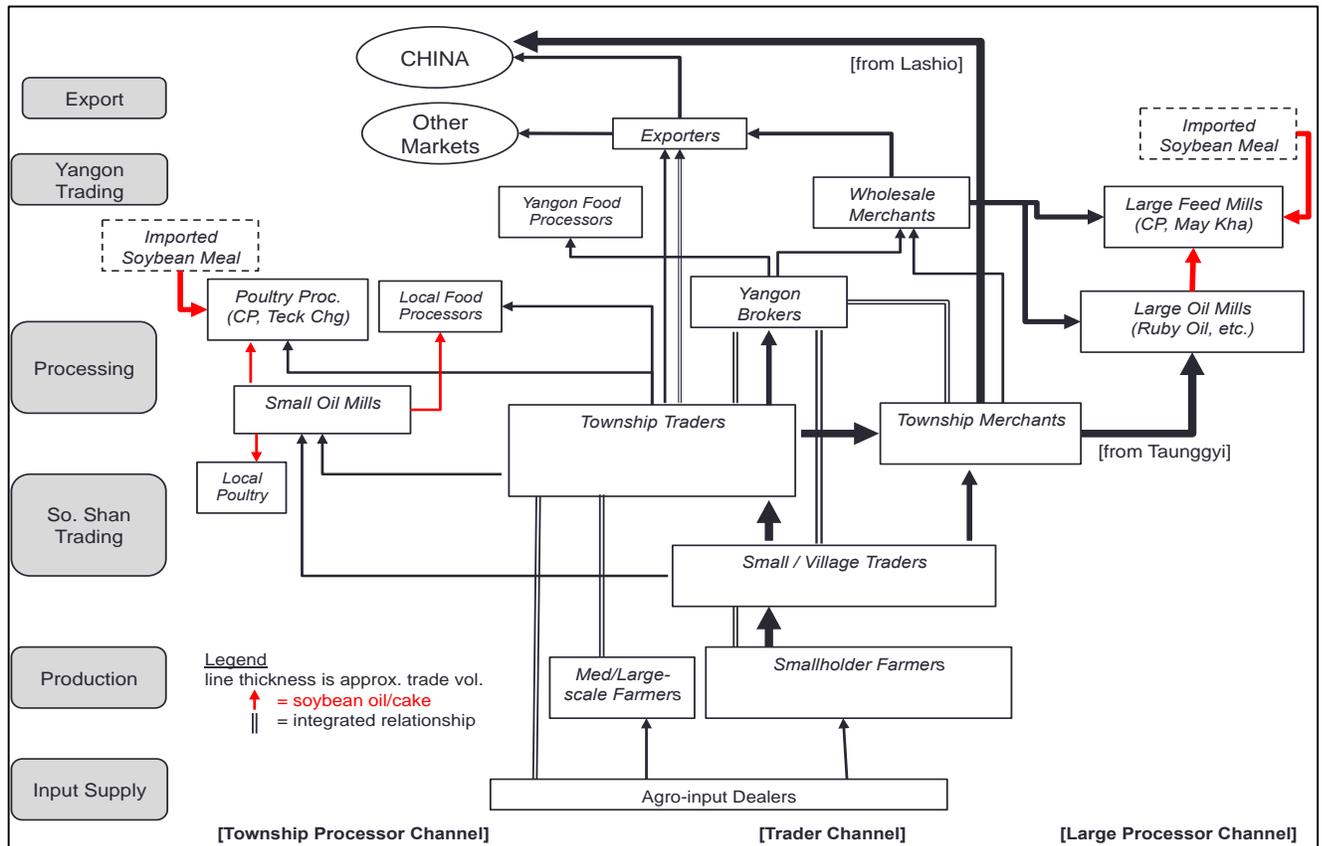
To emphasize the importance of quality and to promote potential of Burmese coffee, VC-RD conducted the nation's first ever coffee cupping competition in Rangoon. The event drew domestic and international trade media attention, introducing Burma's smallholder coffee growers to the world. VC-RD collaborated with MCA and MCG at a cupping awards ceremony in Pyin Oo Lwin and facilitated transport for more than 50 smallholder producers, providing important opportunities for coffee value chain stakeholders to network and engage with investors, café owners and others.



## The Soybeans Value Chain

Results from the soybean value chain assessment and mapping activity completed in Y1 provided valuable insight and understanding of the complexities of the soybean value chain in Burma. The soybeans map points to many different potential intervention points, in part because soy is used in a variety of different of value-added products, in addition to being used as raw material in a number of industries, including poultry and fish feed. A snapshot of the soybeans value chain map in Burma, is shown below, in Figure 3:

**Figure 3: The Soybeans Value Chain in Burma:**



➤ **End Market Constraints:**

The soybean value chain assessment identified a number of end-markets for locally produced soybeans. These include: 1) a growing export market to China and India; 2) local (regionally based) small-scale oil and animal feed industry; and 3) large-scale oil and animal feed industry based in Rangoon and Mandalay.

Due to the strict quality requirements from the poultry and fish feed industries, large-scale processors rely most often on imported soybean meal for their formulations. Regional players report a lack of high-quality, locally produced soybeans and are looking at other sources of supply, but also express willingness to purchase from smallholders if quality is improved and quantities of product increased. Cross-border traders in dried soybeans have also expressed interest in purchase high-quality soybeans from Southern Shan. Burma also has growing soy-based cottage industries in products including soy oil, tofu and fried soy snacks.

➤ **Possible Market-Based Solutions:**

During the assessment and learning period in YI, the project convened focus groups with stakeholders to begin strategy development. These groups identified market-based solutions for potential intervention, based on key constraints identified in the assessment. These solution included:

- Increase the availability and access of improved soybean varieties produced in Southern Shan to better meet market demand.
- Improve post-harvest handling of soybeans to maintain quality required by local processors
- Introduce drying technologies to ensure proper moisture requirements that meet processor specifications
- Increase market linkages between processors and local producers
- Support processors to upgrade their capacities to introduce new soy products.

The project used these findings as the basis for interventions that are summarized below and detailed in other sections of this report. The competitive strategy development process will entail ongoing efforts to bring together stakeholders in each value chain and to facilitate players to actively participate in upgrading activities. To that end, the project already has scheduled a number of important stakeholder events in Y2 (Q1) focusing on key players involved in each end market supply chain.

➤ **Key Leverage Points:**

- Production:
  - ✓ Introduce improved seed varieties and best planting practices
  - ✓ Introduce Rhizobium usage and correct usage practices
  - ✓ Introduce phosphate soil amendments and correct usage
  - ✓ Improve the quality, purity and cleanliness of soybean seed
- Post-harvest:
  - ✓ Introduce drying technology in areas located centrally to mass production (planning in Q4 of Y1; related support activities to begin in Q1 of Y2)
  - ✓ Plan/design storage trials to demonstrate the efficiency of airtight bags in maintaining high seed germination rates (planning conducted in Q4 of Y1 with implementation to begin Q1 of Y2)
- Processing:
  - ✓ Introducing new processing technologies
  - ✓ Introducing new products and uses for soybeans
- Marketing:
  - ✓ Promote market linkages between buyers and producers
  - ✓ Promote consumer awareness of benefits of soy products on human health and nutrition.

**Soy: Important in Shan** The regular rainfall of the Shan hills makes it suited to growing soybean. Soybean is one of Shan's largest crops (third behind paddy and maize in acres sown). In 2010-11, 80% of Burma's soybean acreage was in Shan State. Land devoted to soybean in Shan grew an average 3.4% from 2004/5 to 2010/11 – twice as fast as in the rest of the country. Demand for soybean in Burma is largely driven by the growth in poultry production. Animal feed demand for soybean meal is growing and is primarily met by imports.

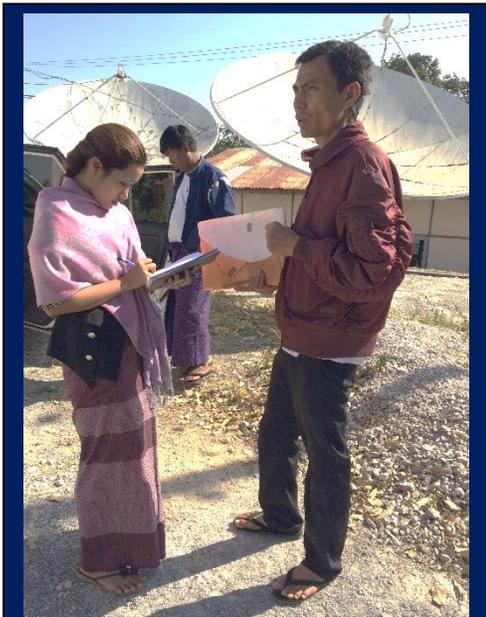
## **IR 2, Sub-IR 2.2: Market information systems (MIS) developed and strengthened**

### **Narrative**

In Y1 the TT began reviewing existing information and data on agricultural market information systems/mechanisms in Burma in order to identify potential areas of support. This research revealed a complex web of MIS participants, both in public and the private sectors, all of whom are involved in various aspects of collection, compilation, analysis, and distribution of agricultural market-related data. While the TT's MIS landscape survey remained underway as of the end of Y1 and will be completed in Y2, preliminary findings from the survey revealed that none of the market information

collected though the presently used system is useful to value chain actors for buying and selling purposes, due to the lag time between data collection and publication. Also, the number of agriculture products for which market data is collected, currently, is quite limited, consistently solely of those sold through the exchanges. As a result, useful market information is not broadly distributed, but rather aimed almost entirely at brokers and traders involved in the commodity exchanges. These and other findings from the TT's MIS analysis will be used to shape the project's strategy under this IR in Y2.

Earlier in YI, VC-RD sub-awardee Internews completed a rapid assessment of media outlets and their suitability for reaching smallholder farmers and agriculture-related entrepreneurs (including suppliers, brokers, processors, marketing agents and consumers) with useful information to strengthen productivity and income of smallholders. The assessment covered 13 villages in five townships in Southern Shan. This assessment strongly suggested that radio and television are the most effective forms of media for reaching VC-RD's target audiences.



Internews conducted a Media Landscape Survey in Southern Shan in YI, determining that radio and/or TV are the most effective media to reach farmers with information.

The survey helped guide Internews and VC-RD programming in YI for market information dissemination activities, and in Q3, Internews helped launch AMIT, a group of freelance reporters specializing in agriculture market coverage. Members of AMIT received training from Internews' in-house trainer/editor during the year and began dissemination of its first product, a market price information service, for local media outlets. Since its formation in May 2015, AMIT agri-market price information reports have been disseminated via up to 14 media outlets on a weekly basis, reaching a nationwide audience estimated in the millions, each week.<sup>17</sup> Media outlets that carried AMIT market price information include daily newspapers, state-owned MRTV radio and television, SkyNet TV, and weekly print news journals that are available nationally as well as in Southern Shan; a telephone hotline service (1883) also carries AMIT market information. AMIT currently provides content for free, but is exploring possibilities to commercialize and sell its content in the near future.

In Q4 of YI, Mizzima Media's Managing Director expressed interest to VC-RD in receiving and disseminating agri-market information collected under VC-RD project auspices. Mizzima currently is actively engaged with a mobile provider to disseminate news via mobile technology.

To keep abreast of mobile technology and potential applications for development, VC-RD project staff participate in the monthly ICT4D (Information Communication Technology for Development) working group in Rangoon, and will continue to investigate potential avenues for expansion under this activity in Y2.

<sup>17</sup> Exact circulation/listenership/viewership figures for media outlets in Burma are difficult to discern, so Internews has not yet been able to provide estimated totals for the overall reach of AMIT-generated agri-market reports. However, MRTV radio and MRTV, alone, are known to reach several million viewers and listeners. Democracy Today newspaper has an estimated circulation of more than 100,000, as does the Standard Times newspaper, while smaller users of AMIT's service, such as The Trade Times, circulate to around 5,000 readers. Source: Internews.

## ***IR 2, Sub-IR 2.3: Value chain upgrading supported and strengthened***

Value chain upgrading and improving market access for smallholders cannot be achieved without improving the flow of information and services both among and between value chain actors. For each value chain, the competitiveness strategy developed under IR 2.1 will serve as a road map for moving each industry toward higher, sustained rates of growth. It provides a vision of competitiveness and an upgrading plan for the value chain that will help VC-RD understand **what** needs to be done to upgrade each segment, to identify **who** the relevant stakeholders are, **what** each of them needs to do, and **how** the industry will attain the vision.

### **Narrative**

### **Market Linkages**

Market linkages are key to the flow of information between and among value chain actors. Below, we highlight a few of the most important linkages formed during YI:

#### Vertical Linkages:

- In Q4 VC-RD attended the “Myanmar Reviving Oil Millers Conference” in Mandalay and presented information about VC-RD’s intervention in Southern Shan involving soybean farmers. As a result, one of the oil millers from Mandalay contacted VC-RD’s Taunggyi office to make a direct connection with a motivated and top-performing soybean producer who had participated in VC-RD activities. This connection ultimately led to completion of a deal involving 50 tons of soy.<sup>18</sup> The miller and the producer are expected to continue doing business directly in Y2 dependent on variables including price and quality of the grower’s subsequent harvests.
  
- In the coffee value chain, VC-RD supported and encouraged the privately-held Mandalay Coffee Group (MCG) Ltd., (Pyin Oo Lwin) and U Win Aung Kyaw (a larger-scale grower and leader of the Ywangan Coffee Cluster) to buy high-quality, ripe red cherries from smallholders. (Note: an estimated 7,000 households produce coffee in Ywangan Township alone).
  
- VC-RD identified potential brokers/processors for collaboration from Ywangan including Genius Coffee and U Win Aung Kyaw. The latter serves as a broker/processor for smallholders and has helped the project identify lead farmers and good locations to hold demonstration and trainings. These actors are already providing limited extension services and advice to smallholder producers.

#### Horizontal Linkages:

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<sup>18</sup> 1 viss = 1.63 kg.

- VC-RD helped build a stronger relationship between the MCA and BAM – two major trade associations associated with the coffee value chain in Burma – to foster cooperation and create opportunities for Burma's coffees. VC-RD also collaborated with BAM, MCA and MCG for the coffee cupping competition and awards ceremony, the ThaiFex coffee and tea exposition in Bangkok, and the Myanmar Food and Beverage Show in Rangoon. CQI also worked with BAM on cupping, roasting, barista and brewing practices in the latter half of YI.
- Throughout YI VC-RD continued to support and facilitate a cluster-led approach in the coffee value chain by working through the Ywangan Coffee Cluster and MCA.
- VC-RD encouraged and began exploring methods to facilitate producers to aggregate their production both in the soybeans and coffee value chains, and will continue to do so in Y2.



The project teamed up with CQI and MCA to promote Burma's coffee at the annual ThaiFEX coffee trade expo in Bangkok.

#### Value chain upgrading:

- With project encouragement and Innovative Grants Fund assistance, coffee producers are investing jointly in new processing equipment at a new facility in Pyin Oo Lwin operated by MCG. (For further information please refer to the Grants Management portion of this report, below.)
- In addition to the MCG facility in Pyin Oo Lwin, several other investors (Thai and Malaysian) are installing wet processing facilities in Ywangan. Genius Coffee is investing in a farmer information center in Ywangan and increasing their capacity to process smallholder cherries.
- In the soybeans value chain, VC-RD in Q3 identified and supported lead firms/farmers through creation of nine seed multiplication sites; the project in YI also facilitated new connections between these seed producers and growers interested in adoption of improved seed varieties. These lead farmers are investing in purchasing larger quantities of commercial seed for multiplication and drying equipment.
- In the horticulture value chain, Valleverde, a private firm, is increasing the number of growers in their outreach program through scheme similar to a contract-grower setup. Valleverde also is investing in new cold storage capacity to transport vegetable to markets in Rangoon. (For more information about Valleverde and other grant awardees, please refer to the Grants Management portion of this report, below.)

## **INTERMEDIATE RESULT 3: PRIVATE SECTOR ENGAGEMENT ENHANCED (CROSS-CUTTING)**

Burma's private sector has not invested significantly in value chain development that could benefit smallholder producers. Inclusive agricultural modernization in Burma can be brought about only through strong private sector engagement in agriculture that leads to increased incomes and employment for small- and medium-sized farmers. To achieve this cross-cutting result, VC-RD promotes diverse alliances with both domestic and international private sector companies. Enhanced private sector engagement is the guiding principle of the project and is the key to success of activities under IRs 1 and 2. Below is a summary of YI efforts to enhance private sector engagement:

### ***IR 3, Sub-IR 3.1: Private sector alliances in selected value chains strengthened***

#### **Narrative**

In YI, VC-RD established an alliance-building team (ABT) to facilitate private sector alliances and identify opportunities for private sector investment and partnership. This team is comprised of the Chief of Party, the Senior Agriculture Value Chain Specialist and the Senior Private Sector Liaison Advisor.

In YI, VC-RD formed an alliance with the MCG, a private sector coffee group, to support efforts to bring smallholder coffee producers into the commercial coffee value chain. MCG has invested approximately \$500,000 in their new processing facility in Pyin Oo Lwin and has made a major commitment to purchase up to 200 tons of smallholder cherries in their first year of operation. The MCG has also made a commitment to contribute 2 percent of their profits to the MCA to help jumpstart this emerging industry association.

In addition to facilitating private sector investment in MCG's new processing facility, VC-RD helped drive additional private sector engagement in value chains in YI. For example, with increased interest in Burma's coffee from abroad, several processors have invested in new processing equipment. A new Thai investor has just completed a wet processing facility in Ywangan and is expected to purchase a large quantity of coffee cherries from smallholder producers. Genius Coffee has increased its processing capacity in Ywangan as well, and recently sold its first lot of green coffee to South Korea.

In the soybean value chain, a number of larger soybean growers/brokers are now actively investing in seed multiplication schemes for the improved soybean varieties. Two traders plan to purchase soybean dryers to increase their output of quality soybeans. In the horticulture value chain, Valleverde has invested in smallholder production schemes and is now reaching several hundred smallholders. With VC-RD grant support, Valleverde will reach an additional 600 households, with over 3,600 direct beneficiaries.

In Y2, as new local partners are identified and brought on board through the grants program and other auspices, the project will look to expand possibilities for private sector engagement and to build its network of private sector contacts with an eye toward future collaboration and value chain strengthening.

## KNOWLEDGE MANAGEMENT AND SHARING (CROSS-CUTTING)

VC-RD communications and outreach activities in YI continued to support the project's goals of achieving inclusive agricultural growth, increased stabilization and long-term reform. A range of traditional and social media-based outputs produced by project staff helped disseminate information about USAID/Burma, the project and important top-line messages.

Throughout YI, VC-RD coordinated a number of high-profile outreach events in YI involving smallholder farmers, private sector representatives, members of CBOs and personnel from the US Embassy and USAID/Burma. For example, the project facilitated a farmers' dialogue event for U.S. Ambassador Derek Mitchell in Pakhone Village, hosted a project launch during an open house at the Taunggyi field office, and as noted above, coordinated the coffee cupping competition and subsequent awards ceremony with local coffee stakeholders including MCA and MCG. Each of these major events, and others, helped increase awareness of USAID-funded activities in support of inclusive economic development and agricultural productivity, and helped the project forge linkages to value chain stakeholders and potential partners.



In addition, VC-RD ensured that all new project staff and partners Internews and CQI received overviews and briefings to ensure understanding of USAID's key top line messages and provided guidance on USAID-approved branding and marking guidelines. VC-RD conducted outreach and messaging in a variety of ways throughout the year, as described below, to publicize project events and activities, taking care to ensure products emphasized key themes and highlighting that activities were made possible via support and funding from American taxpayers through USAID.

In YI, USAID-funded activities in support of value chain activities featured in a range of project, partner (CQI) and media-generated Facebook posts, tweets, and YouTube videos. Of six YouTube videos highlighting Value Chain activities generated during the year, two were produced/posted by national TV outlets (MRTV and MITV), and one by online news provider Kamayut.<sup>19</sup> In Q4, Mizzima Media approached VC-RD with a request for information and video footage from Internews for a planned TV documentary, scheduled to air in Q1 of Y2, focusing on coffee trainings and value chain work, including market linkages and opportunities for Burmese coffee growers.

Local print news stories also shared information publicly about USAID-funded project-related activities, including stories in *The Farmer* journal, *InDepth Myanmar* (magazine) and *The Commerce News*, *The Mirror* and *The Daily Eleven* newspapers. At least five International coffee trade publications and websites – including a top global coffee and tea industry trade publication, *STiR Magazine*<sup>20</sup> -- provided coverage of USAID-funded work supporting smallholders in Burma.

VC-RD representatives participated in a range of multi-stakeholder outreach events during YI to share project goals and information with the public and partners, including attending three United Nations General Coordination Meetings in

<sup>19</sup> The project provides hyperlinks to all known social media products referencing USAID, Winrock, VC-RD or F2F activities in Burma to the Mission via weekly electronic updates. In all, at least 15 Facebook posts, 25 tweets and six YouTubes in YI featured USAID-funded agricultural productivity enhancing or value chain strengthening activities.

<sup>20</sup> See <http://stir-tea-coffee.com/tea-coffee-news/myanmar%E2%80%99s-1st-coffee-cupping-champions/> This outlet reports an estimated global circulation of approximately 15,000 with additional exposure at global coffee/tea trade events annually, where the magazine is distributed.

Taunggyi. Project staff also joined and/or shared information at events throughout the year sponsored by the Food Security Working Group, Gender Equality Network, Myanmar Agriculture Network, and American Chamber of Commerce in Myanmar, among other fora.

## MONITORING, EVALUATION, AND LEARNING

MEL activities in YI focused primarily on establishing robust systems and procedures for effective project monitoring, evaluation, and learning. Activities included preparing the project's MEL Plan, designing and implementing requisite communication infrastructure and equipping the MEL team with specialized skills including geo-processing of spatial food security data and network management, with which to support the other project teams.

The VC-RD MEL Plan was completed in Q1 and approved by USAID in Q2 after suggested revisions to various custom indicators were made. The plan describes how the team will collect data at baseline and over the LOP. It also details how the project will disaggregate data to account for gender, value chain, location, and type of organization along the selected value chains. Gender considerations and capacity building are cross-cutting issues and will be tracked throughout project implementation.

### Baselines Established

After a proposal review process, in Q3 VC-RD awarded a contract to TNS Myanmar to establish gross margin baselines for the project's key impact indicator (farmers' gross margin per unit of land) achieved by targeted smallholder farmers growing crops including coffee and soybeans, based on the five data points listed below:

- Total production
- Total value of sales
- Total quantity
- Input costs
- Total units of production

A randomized household survey was conducted in Q4 (July-August 2015) to obtain the evidence base for the baseline survey; the results were under analysis as of the end of YI.

The baseline study confirmed that the productivity of coffee and soybeans in Southern Shan is currently lower than global averages. Smallholder coffee farms in the region are approximately 0.5 ha on average, and yield 453.74 kg/ha, while smallholder soybean farms average 0.73 ha with a yield of 950 kg/ha.

The study also revealed that jointly managed farms outperform female-only and male-only managed farms. Jointly managed farms deliver the highest gross margins, while their costs are also the lowest for coffee production and fairly reasonable for soybean. Conversely, female-managed farms were found to lag behind others in terms of profitability, production rates, value and quantity of sales. This observation suggests the existence of underlying gender-related



The project completed the Community Baseline Survey in Q4. Pictured above, a surveyor interviews a farmer after threshing soybeans in his field, Southern Shan.

constraints that the project will investigate further in order to devise interventions that enable the female-owned farms to compete more favorably.

**Women & Wage Disparities:** Despite legislation in Myanmar that guarantees equal wages for women and men, women's agricultural wages tend to be 70-80% of the rate paid to men, a factor that may influence the hiring of women. Men also reported having attended agriculture-related vocational training courses more often than women. For example, in 2009-2012, 76.9% of male household members attended courses related to crop production, while only 20% of women reported having done so. (Source: Ye Win, UNOPS-LIFT Information Technology and Database Manager).

In Y1 the project completed a Social and Gender Assessment of Southern Shan that helped provide vital context and background on cultural and gender issues that will be utilized by the project in Y2 to ensure inclusive and gender-sensitive programming<sup>21</sup>. Other gender-specific activities conducted during the year include a field trip to Ywangan by CQI's top gender advisor, (described in VC-RD's Q3 YF 2015 Progress Report), the development of internal, Winrock-approved project Gender Guidelines (to be rolled-out and integrated into TT activities), and an all-staff, gender/value chains sensitization and discussion session conducted during VC-RD's Y2 work planning seminar conducted in Rangoon in Q4.

## MEL-Online system

VC-RD's MEL team completed the installation of hardware and infrastructure in the Rangoon and Taunggyi offices needed for the project's web-based interactive MEL-Online database system. The system will significantly simplify the capture and submission of primary project performance data, decentralize the data entry process and ease knowledge sharing and management. MEL-Online will track project beneficiaries as well as groups, organizations, activities, and performance indicators and is targeted to become fully operational during Q1 of Y2.

The MEL team conducted basic training sessions for technical staff on the use of newly developed project M&E forms and procedures in Q2. In Q3, the team conducted training for field-based program officers and other staff to ensure understanding of M&E systems, including use of Geographic Information System (GIS) technology to document locations of project activities and participants.<sup>22</sup> The team also implemented enhancements to the project's connectivity and knowledge-sharing infrastructure that has greatly eased collaboration between team members working at different work sites, and will also be critical for submission of primary data from the field in real-time.

Basic GIS skills training provided to the core MEL team will enable them to pass skills on to the rest of the VC-RD TT in order to collect GIS-based data for the project. The MEL team will continue self-paced exercises to improve their proficiency in GIS data collection, and commence routine collection of waypoint data at project activity sites and other points of interest. The newly developed in-house skills are being used to generate cartographic materials to support the project team with spatial representations of data for decision-making and performance reporting.

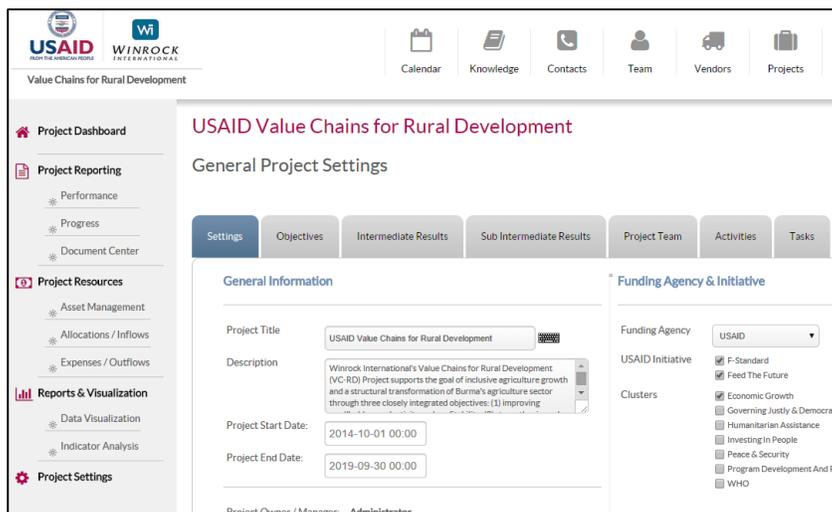
In Q3, VC-RD participated in a Data Quality Assessment (DQA) of the project by USAID/Washington Bureau of Food Security and USAID/Burma's M&E specialist. The purpose of the two-day assessment was to review VC-RD's existing MEL

<sup>21</sup> This report's methodology and findings were summarized in the VC-RD Q3 FY 2015 Progress Report. The full report was submitted to USAID in October, 2015.

<sup>22</sup> The MEL team traveled to Taunggyi, Chone Chit Village, Pindaya Township, Myin Twin Village, Ywangan Township, Intaw Village and Yat Saut (Lawksawk) Township from May 17-21, 2015.

structure and systems, verify that the system comports with DQA data collection tools, and to ensure the MEL team understands the reporting and recording linkages for FTF indicators. The DQA team provided clarifications on indicator definitions and improving monitoring and tracking methodologies.

**Figure 4: Screenshot of MEL Online under configuration**



## OPERATIONAL, ADMINISTRATIVE AND GRANTS MANAGEMENT ACTIVITIES (CROSS-CUTTING)

Operational and administrative Work Plan tasks were accomplished in Q1 and Q2 and reported upon in previous FY 2015 VC-RD progress reports.

## GRANTS MANAGEMENT

The VC-RD grants program supports all three project objectives. Throughout the LOP, value chain and market assessments, training, technical assistance, and grants will be phased into different value chains and geographic areas to allow targeted communities and beneficiaries to progress at different rates based on local conditions.

VC-RD finalized the project Grants Manual in Q2. The manual served as a guide for the project's first Innovative Grants Fund call, issued in Q3. The manual will be updated as required to adapt to program needs. In Q3, VC-RD issued the Innovative Grants Fund APS which includes eligibility criteria pertaining to the types of projects, activities and costs eligible for support. As noted above, this first project call yielded a total of 28 eligible applications, five of which were initially short-listed by the grants evaluation committee.

Valleverde's project, approved by USAID just before the close of Y1, will be implemented in Y2 in partnership with Genius Coffee. It targets 600 farmer households in Southern Shan (3,600 direct beneficiaries), of which 200 households are targeted for vegetable production, and 400 households for coffee production. The project has three objectives: 1) increase productivity and profitability of participating households through improved quality and yield; 2) strengthen farmers' capacities through promotion of collaboration and/or work with associations; and 3) reduce farmers' isolation by supporting and promoting links with markets that demand high quality within the country and abroad.

Through its Innovative Grants Fund award approved and awarded late in Q4 of Y1, Myanmar Institute for Integrated Development (MIID) will work with smallholder farmers in five villages in Southern Shan to produce ground nuts, bamboo and ginger. The project's objectives include: 1) increase the income of participating households by 25 percent over the course of 18 months; 2) build strong, gender-balanced farmer associations with representation in each village connected to regional and national associations; and 3) to improve farmers' knowledge of value chains, trade and agriculture practices. MIID's interventions also will facilitate knowledge sharing, improved market understanding and private sector engagement, and includes outreach to distant households outside of central village areas.

The project's grants competition will remain open for one year (through May 17, 2016) for grants up to \$300,000 to be implemented over a 6-24 month period. A range of grant mechanisms (fixed-obligation, simplified, standard and in-kind grants) will be available.

## **ANTICIPATED FUTURE PROBLEMS, DELAYS, CONDITIONS, AND CONSTRAINTS THAT MAY ADVERSELY AFFECT THE IMPACT OF THE PROGRAM**

The project experienced no significant problems that adversely impacted the program during the year. Intensive recruiting in Q2 to fill unexpected personnel vacancies yielded qualified, experienced new project staff members, all of whom joined the team in Q3. In consultation with USAID the project will continue to recruit and onboard new talent as the scope of value chains strengthening activities expands and as needs arise.

Fortunately, no significant security issues or problems in Y1 hindered project activities. Late in the fiscal year, the COP closely monitored reports of isolated conflict in areas east of Taunggyi in the vicinity of one of the project's soybeans demo plots. Late in Q4 the COP temporarily postponed a pair of scheduled TT trips to check on the status of one project soybean plot due to news reports of conflict in the area.

## Plans for Next Quarter

Major YI work plan objectives and activities are described in detail in VC-RD's FY 2016 Work Plan, submitted to USAID in October 2015. A sampling of some of the project's upcoming planned activities (Q1 of Y2) includes:

- Adding access to finance as an area of focus: VC-RD will collaborate with the Private Sector Development Activity's Access to Finance staff to look at opportunities for improving access to credit and financial services to actors along VC-RD-supported value chains.
- Completion of the approvals process is expected for the third and fourth Innovative Grant Fund awardees short-listed in Q4. The project Grants Team will conduct orientation and support implementation of projects for the first two awardees (Valleverde and MIID) in Q1 of Y2.
- Demonstrating the efficacy of relatively simple, improved techniques and technology for drying coffee to improve smallholders' post-harvest drying practices: This represents a critical opportunity to improve coffee quality in Ywangan. Once adapted to local conditions, simple drying racks could enable growers to produce higher-quality coffee. The project will work to ensure that best processing practices for the production of naturals and pulped-natural coffees can be replicated and implemented by producers.
- Conducting coffee value chain stakeholders workshop: The project will organize a workshop in Q1 of FY 2016 involving major coffee processors and other value chain actors from in and around the Ywangan area to discuss various strategies for processing locally grown coffee cherries and to examine the pros and cons of focusing on centralized vs. decentralized processing systems and hopefully, generate consensus and buy-in to the selected approach.
- Organizing stakeholder events to bring together soybean processors and soybean producers to discuss different strategies for improving and upgrading the soybean value chain. The aim is to reach consensus on a plan that will help guide the value chain toward inclusive growth.
- Finalizing the horticulture value chain assessment that will help identify crops to support and offer the best opportunity for achieving project objectives. The assessment will include a number of potential market-based solutions for each crop selected.
- Working closely with and monitoring the two new sub-grantees, Valleverde and MIID, to support smallholder vegetable growers under different grower schemes. Valleverde's grant targets 600 farmer households in Southern Shan (3,600 direct beneficiaries), of which 200 households are targeted for vegetable production, and 400 households for coffee production. MIID will work with smallholder farmers in five villages in Southern Shan to produce ground nuts, bamboo and ginger.
- Gearing up for upcoming coffee harvest season. The TT will identify producers and processors to be part of a market promotion initiative that includes a buyer mission in Burma. This includes providing support to the Mya Ze Di coffee community.

## **ENVIRONMENTAL IMPACT**

The project Environmental Mitigation and Monitoring Plan (EMMP) was completed in Q3 of Y1 and submitted as Annex 2 of the Q3 FY 2015 Progress Report. The EMMP was approved by USAID in Q4 of FY 2015. Key elements from the EMMP will be incorporated into trainings so that participants are fully aware of environmental impact implications of the work. VC-RD will continue to monitor all project activities to ensure no advance environmental impacts.

## ANNEX I: PROGRESS TOWARD TARGETS

INDICATOR	2015	
	Target	Actual
4.5-16 Farmer's gross margin per unit of land (per hectare)	0	Coffee \$582.93 Soybean \$398.76
4.5.2-2 Number of hectares under improved technologies or management practices as a result of USG assistance	1,000 ha	0 (New technologies and practices will begin to be utilized in upcoming cropping seasons starting Nov. 2015)
4.5.2-5 Number of farmers and others who have applied improved technologies or management practices as a result of USG assistance	5,000 total 3,000 men 2,000 women	0 (New technologies and practices will begin to be utilized in upcoming cropping seasons starting Nov. 2015)
4.5.2-7 Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	5,000 total 3,000 men 2,000 women	4,613 total 2,994 men 1,619 women
4.5.2-11 Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and CBOs receiving USG assistance	20	21
4.5.2-12 Number of public-private partnerships formed as a result of FTF assistance	3	3
4.5.2-13 Number of rural households benefiting directly from USG interventions	3,000	3,069
4.5.2-23 Value of incremental sales (collected at farm-level) attributed to FTF implementation	Baseline <sup>23</sup>	\$982,822 Total \$329,823 Coffee \$653,000 Soy
4.5.2-38 Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	\$500,000	\$476,000

<sup>23</sup> The reported numbers are the baseline values for this indicator – computed according to the methodology defined by FTF.

4.5.2-39 Number of new technologies or management practices in Phase II: under field testing as a result of USG assistance	10	9
4.5 2-39 Number of new technologies or management practices in Phase III: made available for transfer as a result of USG assistance	5	7
4.5.2-42 Number of private enterprises, producers organizations, water users associations, women's groups, trade and business associations, and CBOs that applied improved technologies or management practices as a result of USG assistance	20	0  (New technologies and practices will begin to be utilized in upcoming cropping season starting Nov. 2015)
C-1: Number of lead firms participating in upgrading value chains in support of smallholder participation	5	8
C-2: Number of horizontal and vertical linkages among value chain actors	5	9
C-3: Increase in institutional capacity of producer associations/groups to provide services to their members	2.0	2.28
C-4: Number of outreach media materials or events produced/conducted by staff, partners, and volunteers	20	80
C-5: Percent Increase in readership/public participation in blogs and social media related to agriculture sector development, agriculture value chain work, and/or VC-RD-specific activities	5%	7%
C-6: Value of contracts/grants to local organizations, entrepreneurs, or private sector firms	\$200,000	\$452,000
C-7: Percent Proportion of females who report increased self-efficacy at the conclusion of USG supported training/programming	-	35%
C-8: Percent increase in the number of women belonging to organized producer or marketing groups	Baseline	0

## ANNEX 2: SUCCESS STORY

### Private Sector Engagement, Marketing Support Help Smallholder Coffee Producers Reach New Markets

**Andrew Hetzel** wasn't sure what to expect when he volunteered in May 2015 for his first trip to Myanmar, the country formerly known as Burma. A board member of the Specialty Coffee Association of America and an independent specialty coffee trade and marketing expert, Hetzel knew he would be landing in one of the poorest countries in Asia, where nearly one-third of the country's 51 million people live in poverty, with weak infrastructure, poor public services and inadequate access to capital.

Hetzel had heard, however, that approximately 10,000 smallholder farmers in mountainous Shan State were growing small plots of Arabica coffee – a potentially high-value variety sought after by global importers and traders due to shrinking supplies and rising worldwide demand. Hetzel had been invited to Myanmar, along with two other volunteer coffee industry experts, through a USAID-funded Value Chains for Rural Development project. Launched in late 2014, the project employs a “people-to-people” approach to inclusively increase agricultural productivity and improve smallholder incomes by providing technical assistance and market linkages while facilitating private sector investment in targeted value chains.

In Yangon, the country's commercial capital, Hetzel teamed up with Craig Holt, Board Chairman of the U.S.-based Coffee Quality Institute and owner of a specialty coffee importing firm in Seattle, WA, and Matt Graylee, owner of a coffee roasting/importing company in New Zealand. The three certified experts served as official judges at Myanmar's first internationally accredited coffee cupping (tasting) competition. The goal: to work with the country's nascent coffee trade association to stimulate market interest and encourage private sector involvement in strengthening Myanmar's coffee sector, from soil to cup.

The three certified judges invited Wai Phone, a Yangon-based café owner and board member of the Barista Association of Myanmar, and Nisakorn Sinsawat, a Thailand-based coffee businesswoman and trainer, to round out the panel. In coordination with the Value Chains project and the two-year-old Myanmar Coffee Association, the judges graded, roasted and analyzed (using sensory evaluations including taste) a total of 58 Myanmar-grown coffees, 41 of which were submitted by smallholders from Southern Shan State. The remaining samples were submitted by larger estate farms in the Mandalay region.

The judges scored 21 of the coffees at 80 points or more -- high enough to be classified as “specialty grade,” a designation that can enable producers to market and sell their coffee for higher prices, and attract buyers from the lucrative global specialty coffee market. Even more encouraging: 14 of the 21 specialty-grade coffees were grown by smallholders, with the two highest-scoring coffees produced by women using all-natural growing methods at elevations above 4,000 feet.

The results were astounding, especially for a country whose coffee is unlisted on industry maps of coffee growing regions, is rarely exported and has never been differentiated by quality or marketed by grade. Not only did



*Farmers harvest ripe coffee cherries at Greenland Coffee Estate in Pyin Oo Lwin, Myanmar.*

Myanmar's coffees score well based on the expert opinions of certified judges, the event prompted a groundswell of interest in Myanmar's coffees from abroad and the purchase of 18 tons of coffee by Sojitz Corp., a buyer in Japan. In addition, 10 kilograms of coffee from a local (Shan-based) partner of the Value Chains project, Genius Coffee, which uses environmentally friendly growing methods and contributes 10 percent of proceeds to the Danu ethnic group who produce its coffee, will be presented for the first time at the 2015 Seoul International Café Show – one of the largest coffee trade events in Asia.

The official results of the cupping contest were announced at an awards ceremony hosted by the Mandalay Coffee Group at its new processing facility in Pyin Oo Lwin, connecting 60 smallholder farmers in Myanmar to other value chain stakeholders, including potential buyers and domestic café owners, and resulting in strong media coverage. International reports on the competition sparked inquiries about Myanmar's smallholder-grown coffee from potential buyers within Myanmar, as well as in Switzerland, Japan, Australia, Korea and Canada, along with requests to sample Myanmar coffees for the first time at the 2016 Specialty Coffee Association of America's Exposition in Atlanta, GA – the most important annual specialty coffee tradeshow in the world.



**Judges at Myanmar's first accredited coffee cupping competition, from left-right: Wai Phone, Nisakorn Sinsawat, Craig Holt, Matt Graylee and Andrew Hetzel.**

“These international judges have good information and good connections,” said U Kyaw Tun Naing, one of the top-scoring farmers at the cupping competition. “And our coffee has good quality, initially. If it can be processed properly it can qualify as world-class and we can get better prices.” One of the winning smallholders, from Pway Na Phar Village in Southern Shan, said farmers need technical assistance to improve and modernize to produce better-quality coffee, as well as help linking to new markets: “We have very few techniques for producing good coffees. We want the support, if we can get it.”

Due in part to the performance of smallholder-grown coffee at the competition, combined with technical support for improved coffee plant health and management, and harvest and post-harvest best practices provided through USAID, the Mandalay Coffee Group is now planning to open a new procurement branch in Ywangan to purchase and aggregate high-quality coffee cherries from smallholders at higher than average prices – a producer-processor linkage facilitated directly by the Value Chains work.

How much potential exists for Myanmar's specialty coffee sector to improve livelihoods for smallholders and help drive rural development and economic productivity?

Hetzel believes the nation can emulate the success of established regional specialty coffee producing nations such as Indonesia, especially if producers and other value chain stakeholders continue to adopt improved practices and embrace quality as their mantra.

“Myanmar's message to the coffee industry is simple and authentic: a rustic gem of natural resources and ideal climate conditions for coffee production that is inhabited by organized and industrious people who have recently emerged from isolation,” Hetzel wrote recently. “With its doors open to the world, Myanmar now is quickly implementing the latest of best practices and new technologies that will help to improve Myanmar's coffee quality, productivity and subsequent value.”