



**PROJECT «NETWORK FOR AGRICULTURE AND RURAL DEVELOPMENT  
THINK-TAKS FOR COUNTRIES IN MEKONG SUB-REGION (NARDT)»**



***Regional research***

***Agricultural innovations review in Sub-Mekong region countries***

**Linkage model in the coffee value chain in Son La province – Viet Nam**

## **1. General information**

From around 1945, realizing the suitable soil and climate conditions, the French brought Arabica coffee trees to grow in Son La province. After more than 70 years, Arabica coffee has become the main crop of this province. In 2020, the coffee area of Son La province is about 17,804 hectares, the output is estimated at 25,581 tons of green bean. With a large planting area, Son La is the second largest Arabica coffee growing region in Vietnam, after Lam Dong province. In 2017, the province was granted a geographical indication "Son La Coffee" for some coffee products such as raw green coffee, roasted coffee beans and powdered coffee.

However, despite having advantages in quality and productivity, Son La coffee production and processing activities still are with limitations such as: not many affiliate organizations have been formed in production; the old coffee area that needs to be renovated for a large proportion; seed quality is not guaranteed; productivity and quality of coffee products are not commensurate with potential and advantages; people only grow and harvest green berries and coffee trees are planted under limited care.

The ARA-Tay Coffee cooperative model, which was born in June 2020, has gradually overcome the above limitations and become one of the outstanding highlights in the link of production - processing - consumption of coffee in Son La province. The story begins with a Thai girl named Cam Thi Mon.

## **2. Model development**

Born and grown up in Chieng Chung commune (Mai Son district), from a young age, Cam Thi Mon often followed her parents to the fields to pick coffee, so she understood the hardships of farmers. Although the family had up to 2 hectares of coffee, but at that time the production was still fragmented and it was hardly enough to eat. In the frost years, the entire coffee area of the whole village was damaged. When harvesting, people do not know how to choose the ripe fruit, but pick all the green ones. In the good years, the price is forced by the traders with much lower price. Therefore, many households in the village have cut down coffee to grow other crops. After finishing high school, starting a family of her own, Ms. Mon continues to work as a coffee farmer and always worries about how to produce quality coffee products that are known and advanced by the domestic market.

In 2018, Project Care (under an Australian NGO) supported the establishment of a savings group in Chieng Chung, Ms. Mon and some members selected by the project to visit the production cooperative model. produce high quality coffee in the Central Highlands. She studied, compared and evaluated the economic efficiency of coffee production in the Central Highlands with Son La region. In fact, although Son La's arabica coffee has much better quality than coffee in the Central Highlands, it is still mainly selling raw products, with prices ranging from 25,000-30,000 VND/kg each year. coffee beans, while in the Central Highlands sold

60,000 VND/kg. Since then, Ms. Mon has formed the idea of establishing a cooperative specializing in producing high-quality coffee. With the help of Project Care experts, at the beginning of 2019, she campaigned to establish ARA-Tay Coffee cooperative with 14 members, with a total capital contribution of 534 million VND, of which mainly members are from women's credit and saving group.

The cooperative's name is ARA-Tay, from which ARA stands for arabica, and Tay means Thai ethnic so the cooperative's name means Thai arabica coffee, in order to widely introduce coffee products of Thai people for domestic or international market.

To convince and guide people in the village to familiarize themselves with how to make coffee in a new way is really not simple at all. The heads of the cooperative Ms. Mon had to constantly support and explain to the people as well as "hand in hand" practicing to help them gradually change from the habit of picking coffee buckets, harvesting all the fruits. ripe, green, young, worm... come to pick and choose ripe coffee berries. Next is changing the way of transporting, packing, washing the seeds... For the first time, people in the village are familiar with the machines, technology and the terms "dark and light roasting", "fruit or chocolate flavor". In the village, people usually just make coffee, in order to make it quick to saving time for taking care of the rice fields, to work part-time jobs to earn income. But gradually convincing and the clearest proof is that the price of coffee has increased several times, which is the most effective way for people to listen, trust and be confident with the way to add value to coffee beans.

Currently, the coffee area of cooperative members is more than 200 hectares and 300 hectares are of linked households in the commune to be able to choose the best quality coffee berries. Right after its establishment, members of the cooperative were trained by the project and hired experts from Buon Ma Thuot to guide them on planting, tending, harvesting, and preliminary processing techniques. At the same time, supporting the construction of production workshops, fruit washing machines, coffee machines, packaging and product packaging machines; especially 2 modern peeling machines using wet processing technology, with a capacity of 5 tons of fruit per hour, helping to ensure natural coffee flavor, saving water. Coffee husks are composted into micro-organisms, saving money. cost and does not pollute the environment. In 2019, right after coming into operation, the cooperative officially produced 4 high-quality coffee products, including: Natural green coffee beans, Green honey coffee beans, Natural coffee powder and beans, Coffee powder and honey beans. At the beginning of 2020, at the Vietnam specialty coffee contest organized by Buon Ma Thuot Coffee Association, coffee products of the cooperative ranked 7th among 60 coffee producing enterprises and cooperatives participating in the competition.

To expand production, from 2021, the cooperative has signed a contract for coffee production and consumption with 52 local households of Thai ethnic community with a

contract term of 5 years. Households associated with cooperatives can sign contracts for coffee production and consumption and are committed to a purchase price higher than the market one (for fresh coffee, the cooperative purchases higher than the market price of 3.000 VND/kg for household members), science and technology transfer, support to build solar drying houses, promote preliminary processing and processing, contribute to improving product value and family income.

### **Coffee harvest in Son La province**



*Source: VnEconomy Newspaper*

Currently, with the help of experts, the cooperative is actively guiding people to apply science and technology to planting, caring and preliminarily processing coffee, gradually developing production according to VietGAP process, organic production, reducing dependence on natural conditions, ensuring sustainable production development. At the same time, with the help and guidance of the authorities, the cooperative is completing the procedures to be granted a certificate of geographical indication and build a brand name for the product.

### **3. Opportunities and challenges**

Based on climate and suitable terrain, Arabica coffee trees grown on basalt red soil in hills above 1,000 m high with a temperature difference of 10°C day and night make the coffee taste sweet and retain its natural flavor. Currently, Chieng Chung commune has nearly 700 hectares of coffee, of which about 450 hectares are for fruit harvest. Coffee is a key crop that brings income and is the main driving force behind the new rural construction program in the commune. As a result, the ARA-Tay cooperative has good conditions for raw materials to produce specialty coffee. At the same time, the cooperative also received a lot of support from individuals, governmental departments, mass organizations, local authorities to create favorable conditions for linkage between production and consumption phases. Cooperative

members have the opportunity to participate in many training courses on coffee growing, care and processing techniques, visit and learn experience in producing and processing specialty coffee.

However, cooperatives also face many difficulties such as:

- Coffee trees have been planted for decades, so many orchards tend to be old and have low productivity.

- Farmers still have the habit of collecting both green and ripe berries, making it difficult for cooperatives to process high-quality coffee that requires 100% ripe fruit to achieve enough sugar. In order to pick such ripe fruits, people have to pick them one by one and spend a lot of effort. Changing the habit of picking all beans to picking only ripen ones is a long process.

- The cooperative has only been in operation for more than 2 years, so there are still many difficulties in the organization and operation, lack of specialized machinery and equipment for production. This also limits the cooperative's output of high-quality processed coffee.

- ARA-Tay coffee brand is still new in the market, so the competition is still limited. Coffee prices in the market are not stable. Currently, the new cooperative's customers are mainly the domestic market

#### **4. Conclusion**

Since ARA-Tay cooperative produces specialty coffee, farmers have commented on its "natural flavor with rich red color, fragrant fermented fruit flavor with sweet aftertaste". From only occasionally drinking instant coffee, now the women in the cooperative and their relatives here can taste and know the quality of their own coffee. In the past, when thinking about drinking coffee, people often thought that coffee was very bitter and did not want to drink it, but when enjoying coffee made by themselves, they were surprised when they clearly felt the flavors in the coffee. "sweet, mildly bitter" and rich in fruit flavors. Because of that, the Thai women here are more passionate about growing and processing coffee. People rated "coffee here has brown cockroach wings, clear water, aroma, sour taste, mild bitterness, long aftertaste", like an expert. People said confidently: "The French brought coffee here, the Son La people will bring specialty coffee to the world".

After three years, women of the cooperative have mastered the process of caring, collecting, processing, and properly evaluating the technique according to specialty coffee standards. The success of the model shows that the poor in ethnic minority areas can fully join together to develop collective production, change traditional practices, connect markets, use e-commerce, reduce poverty and create sustainable livelihoods. /