

Alternative Development

From Opium to Coffee

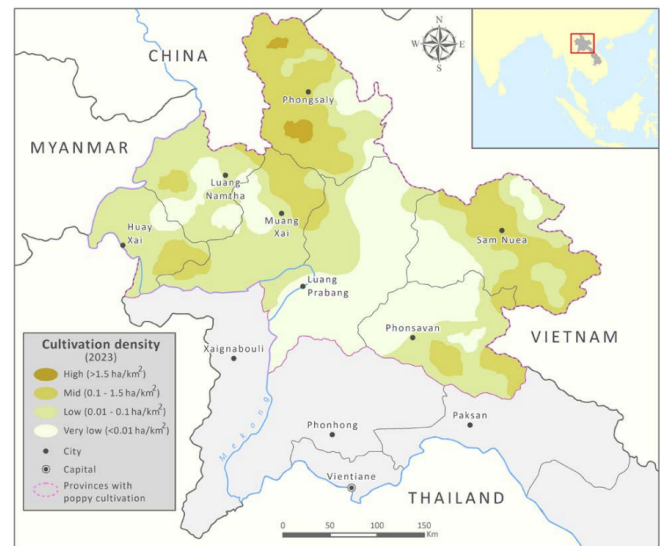
Summary and project objective

Lao PDR is one of the major global opium producers, with its northern provinces at highest risk of opium cultivation. UNODC's Alternative Development projects aims to reduce, and eventually, eliminate opium poppy cultivation in Houaphanh province, Lao PDR, by enabling opium-dependent, impoverished communities in target villages to build sustainable alternative livelihoods. UNODC and the Lao National Commission for Drug Control and Supervision (LCDC) are applying a staggered approach to provide farmers the opportunity to gradually phase out opium production while establishing sustainable income from legal sources.

The main alternative crop promoted is coffee and the project has established a sustainable farmers' owned organization to process and exports high-quality coffee on behalf of the farmers. Through the Vanmai Coffee Cooperative (Vanmai) more than 400 families participate in exporting high-quality coffee alongside national sales channels. This international export is possible as Vanmai has secured a long-term purchasing contract with the French coffee roaster Malongo.



Opium poppy cultivation density in Lao PDR in 2023



Southeast Asia Opium Survey (2023), UNODC

Project structure

The project is divided into three phases:

- Phase 1 - introduce high-value crops and new technologies;
- Phase 2 - consolidate farmers' organizations, ensure market access and expand to include more farmers;
- Phase 3 - ensure sustainability and the transfer responsibilities to communities.

The project is now in its 9th year of the intended twelve-year implementation and has reached most of the main goals intended under phases 1 and 2: Coffee has been introduced and established as a high-value cash crop, a farmers' organization has been established and has ensured long-term market access and annual exports of increasing quantities are taking place. The project is currently in its final phase, which sets out final infrastructure investments until 2025 alongside the enhancement of managerial capacities until 2027.

A participatory and democratic approach for sustainable change

Today, Vanmai is a Fairtrade-certified producer organization that unites and supports over 400 families. It was set up by the community, for the community. Its members are represented in a Board of Directors and rotate on a constitutional basis. Strategic decisions are discussed in the General Meeting of the cooperative.

Vanmai employs full-time staff, working on commercializing the cooperative's coffee. Any profit is shared and reinvested into the cooperative and its members. Vanmai receives direct support from UNODC and The German Cooperative and Raiffeisen Confederation (DGRV).

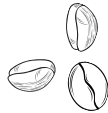


Progress and way forward

Starting from a situation where no coffee existed in the project area in 2016, more than 400 former opium-growing families are now producing high-quality and fully-traceable coffee, which they export through their own cooperative. The cooperative has also secured a long-term market for Fairtrade and organically-certified coffee. The following achievements have been instrumental in getting to this stage:

Agriculture:

The first phase of the project had a strong emphasis on agriculture. All participating families received all agricultural inputs necessary to establish and maintain one hectare of coffee plantation each. Furthermore, daily technical support was provided by a team of UNODC extensionists, in addition to specialized trainings by experts. This has facilitated the establishment and maintenance of around 400 hectares of coffee plantations that are now being harvested.



Organization:

Supported by the project, over 400 coffee farmers have established their own cooperative: the Vanmai Coffee Cooperative. The cooperative has elected a 12-person Board of Directors and recruited a manager and four staff members to be responsible for daily operations. On the village level, Village Production Groups were established, with auditors, accountants and quality focal points in each village. Moreover, a Women's Network was established under the cooperative to build capacities of female leaders.

Processing infrastructure:

Processing takes place in two stages: primary processing at the village level and secondary processing at a central level. To facilitate this, wet processing centers were constructed and equipped in all 12 coffee villages. A secondary processing facility will be set up including a permanent warehouse for Vanmai. The warehouse will be equipped with processing machines to enable the cooperative to independently control all stages of the processing without the use of middlemen.

Value-adding capacities:

A wide range of capacity-building measures were implemented to ensure that farmers have the required knowledge to harvest and process high-quality coffee. These include training, development of manuals and mentorship as well as quality control and processing services.

Commercial:

A major milestone for the Vanmai was reached in April 2021, when a long-term commercial agreement was signed with the French coffee roaster Malongo. One year later, Vanmai has successfully obtained a Fairtrade license. The 2023/24 harvest will be the fourth commercial harvest and will mark a year of record volumes exported for the cooperative.



Project funding

To date, the "Houaphanh Alternative Development Project" has received funding from four donor countries: Germany, Japan, Luxembourg, the United States.

The project is looking for continued funding for 2025-2027 to reach its target of to 20 villages with 800 families and 800 hectares for the sustainability and continuity of the Vanmai Coffee Cooperative.



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