



Beanspire is an 8-year-old company based in Chiang Rai, northern Thailand, that has been working to develop and export Thai specialty coffee to the international market. This contrasts with the majority of the Thai coffee market, where coffee is traded as a low-value commodity and 93% is consumed domestically. The specialty coffee movement, which took off in the early 2000s, has tried to differentiate itself from the commodity market by introducing coffee standards and incentivizing farmers to produce high quality coffee. On a 100-point scale, specialty coffee is described as coffee that receives 80 or more points. Through Beanspire, coffee farmers from Akha and Lahu hill tribes, to whom the lush hills around Chiang Rai have been home, are now connected to award-winning specialty coffee roasters in the US, Europe, Japan, Australia, and Thailand.

The company is seeking additional working capital so it can purchase more beans at a premium price from coffee farmers in the Chiang Rai region, specifically Doi Pangkhon and Doi Saket.

**IMPACT OVERVIEW**

<b>Description</b>	
Raising the quality of coffee processing among Akha and Lahu hill tribes in northern Thailand, raising farmer incomes while protecting native rainforests.	
No. of beneficiaries	70 families
% Women	40
Area of Sourcing	160 hectares

**COMMUNITY**

	<b>Country</b>	Thailand
	<b>Municipalities</b>	Chiang Rai and Chiang Mai
	<b>Communities</b>	Akha and Lahu hill tribes

## Impact Background

Apart from being the third largest exporter of coffee in Southeast Asia after Vietnam and Indonesia, Thailand is also a rising producer of specialty coffee. The coffee industry in Thailand started in the 1970s when the government promoted it as an alternative to opium production. Hill tribe farmers were at the center of that coffee revolution. They have converted their rich, fertile lands to cultivate coffee and have since paved the way for Thailand's coffee production, including specialty coffee.

Producing high-quality green coffee beans is largely a function of two factors: ecology and post-harvest processing. Without either, the quality of coffee beans never rises to the level demanded by the most discerning consumers. This is a challenge for specialty growers in Thailand and most of the time, this also inhibits them from accessing the specialty coffee market. Farmers did not have access to a growing pool of knowledge in growing and processing coffee post-harvest. Among some families, they lacked production equipment. Consequently, beans processed are sold to buyers at mass-market prices which are usually affected by factors such as the unpredictability of intermediaries and volatile coffee prices in the market. Farmers with one hectare of land would earn around \$240/month at present-day coffee prices, roughly equal to the minimum wage in Thailand.

The Akha people in Thailand were the first to embrace coffee as a viable source of livelihood<sup>1</sup>. There are approximately 80,000 Akha people out of the 750,000 hill tribe members<sup>2</sup>. Most have come from neighboring Myanmar starting in the early 20<sup>th</sup> century to escape the long-standing civil war. The Lahu hill tribe began migrating to northern Thailand from Yunnan province in China as early as the 1880s. They are known to be a diverse and independent group that has a strong commitment to the Lahu way of life. Much of the Akha and Lahu people's traditional way of life still revolves around subsistence farming. More recently, they've been growing coffee as a commercial crop.

Hill tribe people such as Akha and Lahu hill tribes constitute a large portion of the 480,000 people who are stateless in Thailand according to the UNHCR. Although they were born in Thailand, many hill tribe people lack documentation to prove their citizenship. Without citizenship, these people lack access to basic welfare benefits such as health care. They have limited work options and are not allowed to vote or travel outside their province. They are also more prone to discrimination on the basis of race and ethnicity<sup>3</sup>. A university degree can be the means to Thai citizenship, but many hill tribe members cannot afford the cost of such education. As a result, 65% of the Akha and Lahu hill tribe people continue to live below the national poverty level<sup>4</sup>.

## Impact Delivery

### *Social Impact*

Beanspire works with the Akha and Lahu hill tribe farmers in Chiang Rai to produce specialty coffee. Beanspire knows that to raise the final quality of coffee beans, a commitment to quality is required at every step along the supply chain. They use a systems approach: Educating farmers on both growing and processing, providing the necessary equipment, and operating a dry mill that aggregates, sorts, and brands the coffee to international standards.

Beanspire has established relationships with premium local and international roasters going back as far as 2015. These roasters are willing to promote Thai specialty coffee because of the quality of green beans Beanspire exports. Because Beanspire manages to fetch premium prices for their green beans, they can pay farmers more. This year for example, when coffee bean prices in northern Thailand are higher due to a poor yield, Beanspire pays \$7.10/kg of

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<sup>1</sup> [Cool Cafes In Chiang Mai, Thailand's Coffee Capital - Discovery \(cathaypacific.com\)](#)

<sup>2</sup> [In Thailand, Akha tribe straddle identity and integration \(southeastasiaglobe.com\)](#)

<sup>3</sup> ['I waited all my life': Elderly indigenous people struggle for Thai citizenship | Reuters](#)

<sup>4</sup> [Drivers, facilitators, and sources of stigma among Akha and Lahu hill tribe people who used methamphetamine in Thailand: a qualitative approach | BMC Public Health | Full Text \(biomedcentral.com\)](#)

*parchment* (coffee beans before they are hulled into green beans), which is 10-20% more than what middlemen and other companies pay (\$6.06-\$6.50/kg). For context, the present commodity price of coffee is \$3.86/kg, underscoring the income uplift from accessing the specialty coffee market.

Beanspire presently works with ~70 farmers across 10 different farming groups. Out of the 10 groups, 3 are led by women and these women-led groups account for 40% of their total production. Five groups are entirely indigenous, four are from the Akha hill tribe, and one is from the Lahu hill tribe. Beanspire has also supported the local community in other ways: They recently contributed to building a school and basic infrastructure in Doi Pangkhon, and installed solar panels to help reduce electricity costs.

#### *Environmental Impact*

The best coffee beans come from thriving agroforests that support a diversity of trees and shrubs. In particular, “shade trees” help to shelter coffee trees from direct sunlight and create a stable micro-climate for coffee trees to flourish. Beanspire has used its pricing mechanism to encourage the planting of more shade trees by offering a further premium to groups that have planted more trees.

Coffee, being a perennial crop, can be fruitful for scores of years in the right conditions. It is a good supplement to other crops that the farmers plant, such as tomatoes, cabbage, corn, plum, passion fruit, etc. Compared to annual crops, which some farming groups have switched from, there is no need to slash and burn every year to make way for new plantings. This reduces the CO2 emission from land clearing and adds much-needed diversity to most agroforests and farms in the northern Thailand region.

#### **Outcome**

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| <i>Improvement of livelihood</i> | <ul style="list-style-type: none"> <li>▪ Increases the income of coffee farmers in Chiang Rai and Chiang Mai by improving the quality of green beans and selling to the specialty coffee market.</li> </ul> |
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| <i>Environmental preservation</i> | <ul style="list-style-type: none"> <li>▪ Encourages tree planting within an agroforest by paying a premium for beans from such plots.</li> <li>▪ Being a perennial crop replacing annual crops, it removes the need for farmers to slash and burn every year.</li> </ul> |
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