

Myanmar

Connecting rural people to knowledge,
resources and markets



Investing in rural people

With Fostering Agricultural Revitalization in Myanmar (FARM), the first project it has financed in Myanmar, IFAD is scaling up the best parts of regional and global projects, both its own and those of other organizations. For example, FARM has introduced a new method to complement pre-existing extension services. This is benefiting both farmers and landless microentrepreneurs across the project area.

At the heart of FARM's innovation is the establishment of Knowledge Centres (KCs). Built on the structure and network of public extension services, the KCs are staffed by a ministry extension worker – the KC Manager. The KC Manager brings together farmers and microentrepreneurs in common interest groups, and helps them make the most of newly available extension services.

The project is building the capacity of the Ministry of Agriculture, Livestock and Irrigation to broker these services. This approach makes it easier for communities to access knowledge, technology, inputs, financial services, contract farming, value chain integration, and market information.

As a consequence, farmers learn to grow more better-quality produce and adapt to new, more profitable markets. The entire project is focused on a market-oriented, bottom-up approach, ensuring communities are closely involved from the very start of the process. In this way, they receive what they know is most important.

The FARM



M project



Linking farmers with input suppliers for the benefit of all





U Sein Han is a seed-producing farmer in the area that falls under the Mezali Kone Knowledge Centre (KC). Thanks to his KC Manager, he learned of new seeds available from the Department of Agricultural Research in the Ministry of Agriculture, Livestock and Irrigation. He also discovered that AWBA, a local input supply company that also sells to farmers on credit, was selling fertilizer, pesticides and herbicides.

In collaboration with the department, he carried out a demonstration of the new inputs on his land. “I wanted to learn the technique to produce better seeds, and then sell those to other farmers so that I could make more money,” he says. Under the terms of the demonstration, U Sein Han paid back 35 per cent of the value of the inputs he received to his KC account. This is part of the strategy to gradually make the KC financially independent from IFAD or government support and remain sustainable once the FARM project is completed.

Before the creation of the KC and the KC Manager’s arrival, U Sein Han produced an average of 60-80 baskets of seed per acre every season. At the end of this season, his yield had increased by about 40 baskets per acre – in other words, at least 50 per cent. U Thet Naing Swe, AWBA’s area manager, is also grateful to the KC Managers in the area “for engaging farmers and input suppliers.”

Bringing

U Zaw Oo is one of the farmers supported by U Yin Min Soe, the KC Manager in the Mezali Kone area. This area is spread over 2,000 acres, which are farmed by over 700 farmers from five different villages. Last year, U Yin Min Soe organized a meeting at the Knowledge Centre between the local farmers' groups (which he had helped form) and representatives from the Myanmar Agri Foods Company, a Japanese-Myanmar-Taiwanese joint venture.

During this meeting, the company offered to contract farmers to grow taro, long bean, okra and pumpkin. "They provide the technology, seeds and inputs to grow the taro, and will buy all the taro I grow at a price we have already agreed on," says U Zaw Oo. "Thanks to this contract I now have a stable market and a guaranteed profit... This is all thanks to U Yin Min Soe, who invited me to the meeting at the Knowledge Centre and helped me understand how the contract with the Myanmar Agri Foods Company would work."

Aside from contract farming, U Yin Min Soe says he helps the farmers with "demonstrations, like for good agricultural practices, seed production and new techniques. I also help the landless people in these villages. All of us Knowledge Centre Managers have learned a lot thanks to the training provided by the project, and when we move to the next assignment with the Department of Agriculture, we will bring our new skills with us."



agribusinesses to the farmer



Forward contracting high-value crops for export





The Myanmar Agri Foods Company, which the KC has linked with farmers, exports some of the vegetables it processes to Japan. The Japanese market has very specific demands for products, especially for the okra that the company supplies, as it is used for hospital meals.

U Myint Khaing, in the Si Pin Thayar Knowledge Centre, signed a contract to grow okra on the half acre where he grew tomatoes last year. Myanmar Agri Foods Company provides him with inputs and advice, and has committed to a purchase price. When the okra reaches a specific size, it is picked and graded. The company then takes the selected produce to its freeze-packing facility in preparation for export to Japan.

Although the harvest is not over yet, U Myint Khaing has already earned 900,000 MMK (about US\$810) this year. This is a substantial jump from last year's 150,000 MMK (about US\$135) earned from growing tomatoes. But he expects to make 1,500,000 MMK (about US\$1,350) by the end of the season – ten times last year's amount.

It is no surprise that he will expand the okra crop to a greater portion of his fields next year. News of his success has made the rounds in the community, leading other farmers from the surrounding area to visit his field and sign agreements with Agri Foods.

Mr Sato, Myanmar Agri Foods Company's agricultural expert in the Nay Pyi Taw area, is grateful to the KC Manager for two reasons: "They brought the farmers together and invited us over to talk to them; and at the time of harvest, we use the Knowledge Centre as a crop collection point," he says.

A guaran

Seed World, a rice seed production company, is one of the businesses that KC Managers have linked to the FARM project. Building on this partnership, U Whee Phaun – KC Manager for Hman Taw Knowledge Centre – arranged a visit with Seed World's general manager. U Whee Phaun spread the word by telling rice farmers at KC meetings, and visiting or calling those who were not present. In this way, he brought a large number of rice farmers in the area to meet with Seed World.

U Khin Maung Yin, a local rice farmer, wanted to learn new seed-production techniques to increase his yield. After signing a contract with Seed World, he received seeds and a sizeable financial contribution towards labour costs based on his field's size. Seed World also gave him technical advice, including recommendations for specific inputs. Since U Whee Phaun lives in the KC building nearby, he also visits U Khin Maung Yin's field regularly to check in.

At the time of transplanting, U Khin Maung Yin was not convinced Seed World recommended the appropriate technique. Instead of transplanting by hand, they suggested using a rice transplanter, which sows the rows farther apart. He finally gave it a try, and much to his surprise his yield actually increased.

Once the harvest was completed, U Khin Maung Yin gave a previously agreed amount to Seed World as an in-kind payment for the initial investment. He was free to sell the remainder as he pleased. However, when Seed World offered to buy that remaining portion at a price of 12 per cent above standard market rates, U Khin Maung Yin sold them his entire harvest.

U Ko Ko, Seed World's general manager, is also happy with the arrangement. Thanks to the link created by FARM and the facilitation provided by the KC Manager, he has expanded his supply of seed while ensuring the quality is up to his standards.



teed minimum price



**Multiplying livestock, multiplying income:
providing microloans and livestock training**





The FARM project builds links between KC Managers – and therefore the farmers and microentrepreneurs in the KC area – and government extension services. To plan the year’s activities, KC Managers receive inputs from village representatives and then report them to the FARM project. This participatory/bottom-up approach involves the farmers and entrepreneurs in a meaningful way, unlike the more common top-down approach (where decisions are taken at a higher level without asking communities for input).

The project area is made up of five townships split among 50 KCs. In the Aung Za Ya Knowledge Centre, landless villagers requested training in livestock management. Following similar requests from other KCs, the Ministry of Agriculture, Livestock and Irrigation organized training for livestock extension workers at the township level.

U Min Thu Htay is one of 21 members of a common interest group (CIG) belonging to Aung Za Ya Knowledge Centre. At the livestock management training, he learned the benefits of raising goats. “They offer more advantages than cows, and can treble in numbers in one year,” he says. Daw Yu Zana Htwe, the KC Manager, helped CIG members apply for a 200,000 MMK (about US\$180) loan under the FARM project’s Rural Business Fund component. U Min Thu Htay then used his loan to purchase goats. He will gradually pay the money back to the CIG over a year, at which point it will be made available to another member.

Daw Khin Khin Myaing is one of 10 members of another CIG in the Aung Zay Ya Knowledge Centre, composed solely of landless microentrepreneurs. Thanks to the KC Manager and FARM staff, they and other CIG members received business training in basic bookkeeping and proposal writing.

Members of the Pa Dauk Myaing CIG wrote a proposal, which the FARM project approved under the Rural Business Fund component. The CIG as a whole was awarded 200,000 MMK (about US\$180). Daw Khin Khin Myaing added her personal savings of 60,000 MMK (about US\$54) to her share of the loan – 20,000 MMK (about US\$18). With that money, she bought 3 turkeys, 9 ducks and 10 chickens and built enclosures for them.

She is paying back the loan to the CIG over six months at an interest rate of 2 per cent per month (local moneylenders' rates tend to be 5-10 times higher). Once the loan is repaid, the money will be available to the next person who wishes to request a similar business loan. She is happy with how the KC has helped her secure the funds and learn how to manage them. Thanks to her thriving business (she now has 3 turkeys, 13 ducks and 15 chickens), she knows she will be able to pay back the loan.



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Funding the entrepreneur, supporting the community





Daw Yuzana Htwe is the KC Manager for the Aung Za Ya Knowledge Centre, which spans seven villages. After listening to requests from each village, she submitted her proposed budget and plan to the township with other KCs so they could coordinate activities. Once the trainings and the project's Rural Business Fund (RBF) were announced, she informed each village of planned activities, such as livestock training and bookkeeping training, and collected the list of participants. "For the Rural Business Fund, I explained how either an individual from a common interest group, or the whole group, can apply. Then I helped them write a business plan based on their interests, and submitted all the proposals to the FARM project's coordination unit."

Daw Khin Than Myint is a member of the Aung Thu Kha CIG in the Aung Zay Ya Knowledge Centre. When she heard about the opportunity offered by FARM's RBF, she decided to take advantage of it. Like Daw Khin Khin Myaing, she also received business training from the FARM project.

Daw Khin Than Myint used to make jelly sweets in the past, but she had to stop because it was not profitable. She had had to borrow money locally for the ingredients and materials. As the interest rate was very high, she did not earn enough to justify continuing.

The RBF provided her common interest group with 200,000 MMK (about US\$180), which was lent entirely to her in early July 2016. She now makes the sweets at home. A trader buys them at her doorstep and then takes them to the local market to sell.

Thanks to this arrangement, she is on track to comfortably pay back the loan entirely within six months. At that point, one or more members from her CIG will borrow the sum to start their own business. They will also benefit from the training and other links facilitated by their KC Manager.

The right

Like many in her village, Daw Su has been making brooms for a long time. When the KC was established, she started attending meetings with her peers, as well as people from other nearby villages. At these meetings, with the help of staff from the FARM project, the KC Manager explained how organizing in CIGs could help the villagers – farmers and landless – to receive training and funding, and reach new customers. After forming their CIG, members first discussed among themselves what was most important to them. Then the KC Manager helped them obtain what they wanted.

Daw Su's CIG brings together 18 landless microentrepreneurs. They requested support in accessing the money available through the project's RBF. Consequently, they received help writing an application for a loan from the RBF, as well as basic business training from the KC Manager and FARM's rural finance specialist.

In April 2016, Daw Su's CIG received 200,000 MMK (about US\$180). With her share of the money, she bought more raw materials at a time of year when they were cheap. Then she enlisted her family to help deal with the increased volume (her daughter is pictured here on the right).

Thanks to this strategy, the business was profitable. She paid back her loan in six months, and this money then became available to other members of her CIG. During the next cycle, all 18 CIG members applied for and received loans from the RBF, either individually or as part of small groups.



loan at the right time



Making communities sustainable step by step





U Kyaw Tun Lin is a tinsmith who belongs to the Toe Tat Aung Myin CIG. This CIG was formed with the help of his KC Manager soon after a Knowledge Centre was established in his own village.

Through the CIG, and with the support of the KC Manager, he obtained a loan from the FARM project's RBF in May 2016. He has invested in better equipment and more raw materials, allowing him to increase his work volume and expand his business. Thanks to his increased income, he expects to pay back his loan over 12 months as planned. The money will go into the CIG's revolving fund where it will become available to another member.

By all measures, having a Knowledge Centre in his village has been very good for him. What does he appreciate the most? "We have learned how to work together in groups," he says. "We borrowed money from the Rural Business Fund and now have a group revolving fund. We have learned a lot thanks to the Knowledge Centre Manager."

Daw Ya Aung belongs to the same KC. She sells spare parts for motorbikes, which her husband repairs. After joining the CIG, she received a loan from the RBF. "Before receiving the RBF, I borrowed money at an interest rate of 10 per cent," she says. "Now, thanks to the RBF, I can save much more money. I'd also like to ask for more trainings to be given by the Knowledge Centre, as they have been very useful to me."







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