Improving Farmers Income through Empowerment

Case Study: The Regional Farmers Development Association (RFDA) in Myanmar

NETWORK ACTIVITIES GROUP

ICCO COOPERATION

DaNa Facility
Empowering Enterprise

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Background

Magway is a region in Myanmar, located in the central dry zone. Agriculture is important to the local economy, however most agriculture is rain fed resulting in high levels of vulnerability and low income among the rural population. Beans, pulses, sesame and groundnuts are the major crops cultivated in the region.

In 2012, with funding from the Livelihoods and Food Security Trust Fund (LIFT) and the national non-governmental organisation (NGO), Network Activities Group (NAG), activities were initiated in organising farmers into groups, providing training, and helping them link to local government, input suppliers, and local traders. Although LIFT funding ended in 2014, NAG has sustained its support to these farmers' groups and facilitated continued growth and development, building up from the village level through township level to what is now the Regional Farmers Development Association (RFDA). Each village level group is governed by a Village Farmer Development Committee (VFDC), with higher level representation at four township level committees and the RFDA regional level – with committees elected directly by the members. RFDA has 15 members, including eight women, a ratio that is mirrored across committees at all levels. Women tend to be elected into positions such as secretary, treasurer, accountant and executive committee member, though are yet to be elected into senior leadership roles.

In the context of Myanmar, where there is little history or experience in developing collective organisations, RFDA is a unique and exceptional organisation.

For RFDA members, mung beans are an important cash crop. India is an essential export market for mung beans, however in August 2017, India banned the import of all peas and beans from Myanmar, including mung beans. Although this ban was lifted five months later, an annual import quota of 150,000 tons of mung beans was imposed – previous exports of mung beans to India averaged 300,000 tons a year. This export ban had a dramatic effect on farmers in Magway, causing financial difficulties and forcing many to adopt negative coping strategies. Farmers were forced to sell their beans in local markets at very

low prices. Many farmers tried to grow alternative crops such as groundnuts and vegetables; while numerous young people were forced to migrate to find work.

P4 – Pulses, People, Planet, and Profit Project

Pulses, People, Planet, and Profit (P4) is a project, supported by the DaNa Facility, implemented in Magway and Yangon regions by Interchurch Organization for Development Cooperation (ICCO) in partnership with NAG and East-West Seeds. Farmers in 20 villages in Magway, all of whom are members of RFDA, participate in P4 activities. The project commenced in September 2017 and builds upon the solid foundation built by NAG and farmer leaders in developing RFDA. Activities aim to drive up quality and yields of mung beans, develop the market, and improve the ability of farmers to negotiate and lobby with traders and government. With P4 support, 670 farmers (53% women) have already received 'Lobbying and Advocacy' training and technical training on 'Good Agricultural Practices' (GAP) focused on mung bean production. Buyers are already noticing the higher quality of mung beans being produced in the project areas, as a direct result of the GAP training. P4 also provides small and medium sized enterprises (SME) business planning and financial management training for members of 19 women's groups, and intends to offer small business start-up grants to catalyse these small, women-owned enterprises.

RFDA has emphasised building members' capacity since it was founded, through theoretical training and enhancing practical skills of members at all levels.

According to RFDA's Chairperson: "We were equipped with management skills, advocacy skills and skill on how to work as a team systematically through many trainings, workshops, and work experiences in previous projects includ-

ing P4. Since RFDA has joined with P4, we have gained a lot of additional agricultural related knowledge and skills, especially GAP knowledge, identifying issues along the mung bean value chain in our region and cross learning from another region. I feel my knowledge has improved a lot in the past six months."

The Co-Chair of RFDA added: "I think lobbying and advocacy are also important skills for us that we are using frequently because we have to deal with senior Union level officials, not only regional level staff. We are trying to share the problems faced by farmers at the grass roots level in an appropriate way to respective ministers. This experience made us stronger and more skilful."

An RFDA member from Kan Thar Lay Village, Magway Township said, "Normally, I am just an ordinary farmer in the countryside who has never met with authorities face to face. I never dared to stand in front of many people and talk with local authorities. However, I was urged to speak on behalf of my village in meetings many times when I became a member of RFDA. By practicing, I am not shy to talk with authorities in meetings now. This is because of practicing and participating in many projects, including P4."

Major P4 Achievements

With P4 support, RFDA has significantly improved the input supply market for farmers – it is estimated they have reduced total input costs by 30% to 40%. Previously farmers used to buy their own inputs including pesticides and fertiliser on an individual basis, giving them very little negotiating power in the market and leaving them vulnerable to exploitation from input sellers. However, under current RFDA management, village committees conduct assessments and collect lists from farmers of their required inputs for the growing season. This list is then conveyed to RFDA who then directly engage with input companies in Magway and Mandalay and negotiate on behalf of farmers for bulk purchasing. Through this bulk purchasing system directly with input companies rather than local distributors and agents, farmers receive the following benefits:

- **Lower Price for Fertilisers and Pesticides** – farmers used to buy directly from local distributers at a significantly higher price. Companies used to charge 3% interest per month, but now they have reduced their rate to 1% per month with six-month credit terms for the farmers. This is reported to be saving farmers approximately 4,000 kyat per bag.

- **Higher Quality and Accurate Volume** – as fertiliser moves through the input supply chain, passing from one local distributor to another, many sellers add other low-grade materials to the fertiliser to increase their profits, thereby diluting the quality. Farmers therefore end up purchasing diminished amounts of low grade fertiliser that impacts quality and yields. This problem was solved when fertiliser was purchased directly from the supplier.

- **Door to Door Service** – farmers, including those in remote areas, no longer need to incur costs of travelling to distributors and paying to

transport the fertiliser to their farms. The VFDC now manages delivery directly to their respective village, saving each farmer transport costs of 500 kyat per bag. RFDA reported that in 2018 they saved a total of 1,661,500 kyat ($1,090; £847) through this delivery mechanism.

A female farmer, aged 50, from a village participating in the project, from western Minbu Township, explained,

> "We do not need to get a headache again by buying fertiliser from township brokers. I saw that it was low quality and the amount of fertiliser is not accurate. I was also too tired to transport even a bag of fertiliser from town to our village. After the VFDC was established in our village and took care of this process, these problems are now gone."

The seed market in Myanmar is characterised by little investment and a limited number of suppliers – licensed seed suppliers are therefore able to charge high prices. Mung bean farmers are aware of the importance of using high quality seeds to enhance yields, however it is difficult to access these quality seeds at a reasonable price. To address this issue, P4 is supporting RFDA to develop a seed production business, focusing on high quality mung bean seeds. RFDA applied to the Ministry of Agriculture, Livestock and Irrigation (MoALI) in Nay Pyi Taw requesting permission to operate a seed business.

This application was granted on April 1, 2018, permitting RFDA to produce, store, and sell high quality mung bean seeds for a five-year period. These seeds, known as 'Yezin-14', were pre-ordered from the Department of Agricultural Research (DAR) six months in advance by RFDA. To develop the farms, several meetings and discussions were conducted with farmers in all 20 participating villages, as well as with local government officials, to establish criteria to select specific villages for seed production. Following this inclusive process, Mong Htaung Village in western Minbu Township was selected. Farmers were then selected by the respective village committee to produce mung bean seeds, and Yezin-14 is now cultivated on a collective 25-acre plot in the village. The first harvest was promising. The average yield per acre was 15 baskets and the seed producing farmers report that they sold their seeds for an additional 5,000 kyat per basket – earning a total of 75,000 kyat ($50; £38) in additional income per acre.

Prior to the harvest, one of the participating farmers stated,

> "I am hoping to see yields of pure mung bean seeds next month as we have carefully selected suitable land. We will be able to use our own pure seeds in the next crop season and can also earn extra income by selling our seeds to RFDA for reselling to other farmers. Moreover, I am pleased to share my pure seeds with other farmers to produce higher quality and quantity of mung beans in our region."

Livestock vaccination schemes are also being supported by RFDA. Government veterinarians provide services to many villages in their township, yet receive no financial support from the government for their transportation costs. To solve this problem, and help ensure veterinarians travel to more remote villages, RFDA arranges transport for veterinarians to participating villages enabling them to conduct check-up and vaccination activities on a quarterly basis. This has already had an impact in reduced infections and lower mortality rates of livestock.

Another achievement of RFDA is improving access to affordable finance. P4 granted five million kyats (£2,600) to RFDA for sustainable development activities. Mung bean farmers struggle to access affordable credit, and to address this problem RFDA now offers loans of up to 100,000 kyat to farmers at low interest rates, approximately 2% repaid in six months. Sixty-five farmers have already taken advantage of this loan facility, using loans to grow pre-monsoon mung beans.

National Agricultural Development Strategy

After strong lobbying from civil society organisations (CSOs), including NAG, on the draft National Agricultural Development Strategy (ADS), MoALI embarked upon an extensive, nationwide consultation process in 2017 to discuss the draft ADS with farmers. RFDA was consulted as part of this process and members contributed valuable comments to the draft strategy. To directly address the problem of access to affordable credit, RFDA lobbied government ministers to increase loan amounts for non-rice crops for dry zone farmers from 20,000 kyat per acre to 50,000 kyat per acre. The main provider of agricultural loans, the government owned Myanmar Agricultural Development Bank (MADB), has already increased its loans to 50,000 kyat per acre. Since dry zone farmers are particularly vulnerable to droughts and floods, RFDA also lobbied MoALI to initiate crop insurance schemes, building upon the village level crop insurance initiated by RFDA. They also strongly recommended the government to expand crop insurance. Following this consultation process, MoALI began developing a pilot crop insurance product. RFDA and NAG are now working closely with the Magway Regional Government to support the development of a regional level ADS.

Future Plans

The reputation of RFDA, and the positive impact it has had on farmers in Magway, is starting to spread to other states and regions in Myanmar. Farmer based organisations in neighbouring regions of Sagaing, Bago, and Mandalay are trying to engage with RFDA to learn from their experience and adapt RFDA's model and system in their respective regions. Within Magway, RFDA anticipates expanding soon to additional townships to broaden their reach and provide benefits to more farmers. To improve the incomes of local farmers, P4 will continue to enhance quality and yields by developing GAP, organising collective sales, developing more private sector linkages to penetrate new markets for high quality mung beans, and continuing to collaborate with, and influence, government and civil society stakeholders in the region. Overall, RFDA will continue contributing to DaNa's goal of supporting inclusive and transformative growth for women and men in marginalised communities, improving the enabling environment to expand inclusive business opportunities and practices.

For more details on the DaNa Facility and the work of the programme please visit: danafacility.com

The DaNa Facility is a project funded by the UK's Department for International Development (DFID) and is managed by DAI Europe as part of the Business for Shared Prosperity Programme (BSP).

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