

Changing the Black Sesame Landscape in the Dry Zone

Republic of the Union of Myanmar



Adaptation to the Climate Change in Magway region, Dry Zone Myanmar

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Synopsis

The 'Farmer Centred' approach under the three projects, namely Building Resilience Livelihood Project (BRLP), Regional Food Security Governance (RFSG), Innovative Model of Resilient Food Security Governance (IMRFSG) has been practiced by Network Activities Group (NAG) since 2011. Throughout implementing those projects, formation of farmer Membership Organization (MO) and gradually to Farmer Development Association (FDA) at different levels were successfully completed. The farmer association has led several innovations with Good Agricultural Practice (GAP), for instance advocacy to government, private sector engagement for credit and market access of both inputs and products to be exported. This approach has resulted in improving

the quality of sesame seeds in the Magway Region, higher selling price of sesame seeds, and assurance of a market through establishing a contract with a Japanese firm.

Background

The Magway Region is recognized as the “Oil Pot” of Myanmar, where varieties of pulses and oil seed crops (sesame and groundnut) are mainly grown. The project has been started in 2011 in Minbu township to improve Sesame product quality then gradually expanded to additional 10 townships with additional scopes on private sector linkages.

Since 2011, the Network Activities Group (NAG) has been supporting farmers in Dry Zone in various ways: strengthening farmer associations, building their capacity on improved product quality, linking with agriculture input suppliers and private banks, facilitating third parties certifications, and collective marketing of their product to the regional collector and again linking with exporter to Japan.

NAG uses multi-stakeholders’ engagement approaches --- the Department of Agriculture for agriculture extensions and training, Magway Regional Government for political support, Parliament for advocating good agricultural practices (GAP) countrywide, Private sectors for inputs supply and marketing, and civil society organizations (CSO) for peer to peer learning. Over the eight years, the project was financially supported by various donors including Oxfam, LIFT, European Union, and Dan Church Aid/Norwegian Church Aid.

Innovations / Good Practices

Farmer Development Associations (FDA) are organized at village levels, then associated at township levels and further strengthened at Magway Regional level. Representatives are carefully elected with clear terms of references who are responsible around organizing, communication, extensions and facilitation of their members.

The project works closely with the Magway Regional Department of Agriculture (DoA) to assess quality seed, training of Good Agriculture Practices (GAP), extensions and field inspection. The Regional DoA also facilitates in the inspection and assurance of GAP certifications. With simple and improved technologies, agricultural product quality significantly improved through the use of quality seed, thinning, weeding, stand drying after harvest and cleaning of products. The Regional Farmer Development Association identifies quality seed producer farmers, performs seed multiplication process, and sells quality seeds to their farmer members.

The project has transformed farmers and private sector relationships. Before farmer buys inputs from the market with high cost, the association collectively plans for inputs requirements and identifies suppliers based on a bidding process. The association selects who can offer best quality products, attractive sales in terms and delivery of services on a door to door system. In June 2019, the project has successfully linked with A Bank (one of the private banks promoting SME in Myanmar) which provided a loan amounting One Billion Myanmar Kyat (USD 700,000) to the Regional Farmer Association that is composed of 12,000 farmer members.

Marketing of products is also transformed, from individual to collective approach. The FDA identified which Magway Regional level Trader who can offer the best pricing as well as the terms and conditions. In 2018, the Magway Regional Trader (Myint Myat Taw Win Trading Co. Ltd), as per contract agreement, initially settled local price (70,000 Kyat/basket) to the farmer association then the products were sold to the Exporter to Japan with 80,000 Kyat/basket). The 50% profit margin between initial settle price and selling price (80,000MMK (USD 53)-70,000 MMK (USD 46) was paid back to the farmers.

The Magway Regional Government is fully aware of the project. It supported most of the events organized by the project, as the project is one of the innovative projects in the region and has potentials for scaling up in all townships in Magway Region. The Parliament Members are fully on-board, have strong understanding on the project and even put a motion to practice use of GAP on all crops in Amyothar Hluttaw by using the project case as an example.

Japanese buyers visited the project several times and met with the farmers, traders, and other stakeholders to understand the processes. Finally, having been satisfied with the processes, they agreed to buy the product through exporter using existing contract terms and conditions. The project also sought third party certificate from OMIC lab to validate no harmful chemical residues are present in the product. A total of 71 Metric Tons in 2017 and 88 Metric Tons in 2018 of sesame seeds were exported to Japan.

Outcomes/Impact

There are several tangible impacts derived from the project:

- Regional Farmer Development Association (RFDA). RFDA as a key platform to organize farmers with collective powers and are fully recognized by partners. The FDA is considered a model institution for other peer groups.
- Partnership. Having common goals to produce quality product for export, various stakeholders of different background come together and work as a team.
- Building Trust. Getting support from DoA, the Regional Government and Parliament. Moreover, selling agriculture inputs in consignment terms and getting bank loan from private sector is new for both parties. Trust was built gradually due to the project dedicated investment for several years with various stakeholders.
- Rebranding of Black Sesame. Some Japanese buyers bought Myanmar's Black Sesame around 1990s, but finally stopped due to cheating practice of farmers and traders mixing Black Sesame with sand and stone. Since 2016, Japanese buyers including Mitsubishi again have been interested to buy, but this time they examined process and product carefully and finally accepted to buy 30,000 Metric Ton/Year.
- Food Safety and Environment. With Good Agriculture Practice, farmers can still use agro-chemical with right dosage and time so that the residues have no adverse effect on the people and the planet. On the other hand, GAP certified products are compliant with food safety standard. The project is supporting Myanmar GAP standard which in line with ASEAN GAP standard.
- Income. Crop farm-gate prices are lowest at the time of harvesting season, the Sesame is not exception. Farmers have lower bargaining power when not organized. Total of 333 farmers (Male=122, Female = 211) benefitted from the collective marketing with the right traders with good terms and conditions that increases 5-10% of the profit margin (minimum: 5 USD/Basket). Additionally, collective procurement of agriculture inputs and access to bank loan also reduces 5%-10% production cost (production cost: 140 USD /acre). The non-project farmers get better farm gate price, as the project create competitiveness for the market. Traders in Magway have increased their buying price as they want to the sesame products . As a result, 71 tons of GAP sesame was exported in 2017, while in 2018, export volume jumped to 88 tons.

- Extension Services. Magway Regional DoA is fully recognized by Union Ministry and received one Regional Laboratory Lab facility for soil testing, and was granted 58 new staff and 300 motor bikes for field inspections.

Facilitating Factors/Challenges

This model has addressed:

- Long term investment of the project and addressing the real needs of the stakeholders
- Trusted relationship with various stakeholders (Farmers, NGO, CSO, Government, Private Sector)
- Learning by Doing approach as the project did not foresee that much success in the early stage
- The right products, quality and market (may not be the same for other crops)

Challenge Factors

- RFDA needs secretariat function as it grows with a lot of work and more farmer members.
- Gradually expanding to various townships within Magway Region, while the project is still in planning stage for Mandalay and Sagaing Region of Myanmar due to limited Human and Financial Resources.

Lessons Learned

- Since market price fluctuates (both Local and International) is high, regular update of information access for crop prices is required.
- Extension services provision staff in DoA needs to be expanded.
- Dry Zone Myanmar needs more advanced mechanisms to monitor farmers.

Recommendations

- The right choice of Crop for Value Chain/Market Chain is important.
- Long term Organizational Development investment is essential for Regional Farmer Development Association
- Strong relations ship with Private Sector (inputs supply, finance and marketing) is important.
- Buy-in from the Government is a must to replicate the success of the project.