



DaNa Facility  
Empowering Enterprise



## CAPACITY DEVELOPMENT ASSESSMENT FOR THE MYANMAR PULSES, BEANS, AND SESAME SEEDS MERCHANTS' ASSOCIATION

## ABOUT THE DaNa FACILITY

The DaNa Facility is an innovative £34.9 million private sector development programme funded by the UK Government's Department for International Development (DFID) and managed by DAI Europe and KPMG.

The programme runs from May 2016 to December 2022, supporting inclusive and responsible economic growth by working with government, businesses, and stakeholders through a combination of grants and technical assistance.

Prepared for  
The DaNa Facility

Final Report



**Towards Myanmar Sustainable Economic and Environment Development**

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# TABLE OF CONTENTS

Executive Summary	1
1. Introduction	3
1.1. Assignment Objectives	3
1.2. Background	3
1.3. Methodology	5
1.4. Leadership and Governance	6
2. Survey Findings	10
2.1. Member Perceptions	12
2.2. Major Issues	16
2.3. SWOT Analysis	18
2.4. Stakeholder Suggestions	20
3. Strategy and Action Plan Development Workshop	22
3.1. The Agenda	22
3.2. Scenarios for Strategy Development	22
3.3. PEST Analysis on Scenarios for Organisational Development	25
3.4. Scenarios for Change	25
3.5. Developing Action Plans	27
3.6. Quick-Win Action Plans	28
4. Final Roadmap and Recommendations	29
4.1. Roadmap for Strategy Development	29
4.2. Quick Wins (Within 6 Months)	29
4.3. Long-Term Implementation (Up to 5 Years)	34
4.4. Recommendations	37
5. Annexes	42
Annex 1: References	42
Annex 2: Case studies and project ideas	43
Annex 3: Context Analysis of the Pulses, Beans and Oilseeds Sector	48
Annex 4: General Questionnaire for 7-S Framework	55

## LIST OF FIGURES AND TABLES

Figure 2.1:	Participants and their Major Crops	10
Figure 2.2:	Major Markets	11
Figure 2.3:	Perceptions of Strategy, Leadership and Governance	12
Figure 2.4:	Perceptions of MPBSMA Structure	13
Figure 2.5:	Decision-Making Process	13
Figure 2.6:	Perceptions on Skills	14
Figure 2.7:	Perceptions on Shared Value	15
Figure 2.8:	Opinions on Staff Capacity	15
Figure 3.1:	Scenarios for Strategy Development	23
Figure 4.1:	The Roadmap	29
Figure 4.2:	Approach to Sub-Associations	30
Figure 4.3:	Upgrading the CEXC	32
Figure 4.4:	Reforming the Association	34
Figure 4.5:	National Quality Infrastructure	36
Figure 5.1:	Pulse and Bean Acreage and Production	50
Figure 5.2:	Exports of Pulses : 2017–18	51
Figure 5.3:	Export Volumes of Major Pulses from 2006	51
Figure 5.4:	Export Volumes of Major Pulses from 2006	52
Table 1:	Stakeholders	8
Table 2:	Reasons for Joining	11
Table 3:	Views on Management Systems	13
Table 4:	Action Plans	27



## ACRONYMS

ADS	Agriculture Development Strategy and Investment Plan
CESD	Centre for Economic and Social Development
CEXC	Commodity Exchange Centre
DoA	Department of Agriculture
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
ICCO	Interchurch Organization for Development Cooperation
ITC	International Trade Centre
MAGDPL	Myanmar Agriculture General Development Public Company
MAPCO	Myanmar Agribusiness Public Corporation
MFP	Ministry of Finance and Planning
MMK	Myanmar Kyat
MoALI	Ministry of Agriculture, Livestock, and Irrigation
Mol	Ministry of Information
MoH	Ministry of Health
MoC	Ministry of Commerce
MTP	Medium-Term Programme
MPBSMA	Myanmar Pulses, Beans, and Sesame Seeds Merchants Association
NES	National Export Strategy
SME	Small and medium-sized enterprise
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry

## EXECUTIVE SUMMARY

The DaNa Facility signed a Memorandum of Understanding (MoU) with the Myanmar Pulses, Beans, and Sesame Seeds Merchants' Association (MPBSMA) on 19 March 2019 to develop a robust, sustainable, competitive and dynamic sector for pulses, beans and sesame in Myanmar. A stronger sector for pulses, beans and sesame will create jobs and economic opportunities, and catalyse greater investment and exports.

The MoU serves as a mutual agreement outlining the responsibilities of the DaNa Facility and MPBSMA with the objective of developing the MPBSMA into a national representative body promoting the sector. Where appropriate, more detailed and specific terms of reference will be developed to guide implementation of various components.



Representatives from the DaNa Facility and MPBSMA at the MOU signing ceremony

It was envisaged that the collaboration would initially focus on 3 interlinked components:

- Carrying out a detailed diagnostic of the MPBSMA.
- Developing a 5-year strategy and action plan for the MPBSMA.
- Developing the institutional capacity of the MPBSMA with additional activities as appropriate and agreed by the DaNa Facility and MPBSMA.

The MPBSMA offered advice on what would be necessary to achieve these 3 components:

- Support to consultants to provide assistance.
- Establishing a steering committee within MPBSMA to provide technical oversight and manage interactions with the DaNa Facility to ensure that the targeted components are achieved in line with industry goals and capacity.
- Connect with relevant members of the public, donor community, private sector and government as necessary to achieve these goals.

The DaNa Facility collaborated with MPBSMA to provide advice and support, and link with members of the donor community, private sector and government as requested by MPBSMA. In collaboration with and under the guidance of MPBSMA, the MyanSeed

team conducted a series of consultations with members in Mandalay, Magway, Ayerwaddy and Bago regions. The MyanSeed team also consulted with officials of the Ministry of Agriculture, Livestock and Irrigation (MoALI), the Ministry of Commerce (MoC) and other key stakeholders. The major outcomes of these consultations are highlighted in an analysis of strengths, weaknesses, opportunities and threats (SWOT).

MPBSMA undertook a self-assessment based on the perceptions of 44 respondents in Yangon, Mandalay, Magway, Hinthada and Bago. The overall perception of the respondents on strategy, leadership and governance was positive. The majority of respondents said that the vision of MPBSMA reflects the reality and that the mission supports the vision. Most respondents stressed that the structure of the organization is moderately satisfactory but needs to be improved. The assessment highlighted that most of the individual members, executive and central executive members have many skills but the scope of the skills needs further development. Most members had a moderate appreciation of the shared value of the association. Based on the self-assessment, capacity development is needed to improve staff performance.

A validation workshop was conducted on 21 November 2019 in Yangon with the goal of developing a strategy and action plan for transforming MPBSMA into an apex association that would represent participants across the sector including not only merchants but growers and processors as well. This would include improving its structure and functions. The workshop attracted 40 participants from MPBSMA and other stakeholders such as the Interchurch Organization for Development Cooperation (ICCO), the Centre for Economic and Social Development (CESD), and the DaNa Facility. The MyanSeed team presented an analysis of the industry and the SWOT analysis of the association, and gathered feedback from the participants.

Key findings from the assessments and recommendations for action included institutional strengthening, trust building with farmers, institutionalised change management at the association, and strengthened capacity of the executive, central executive and management committees to better manage MPBSMA's programmes and monitor short-term implementation and long-term progress. It also included establishing links with international donors, developing program dashboards to track projects, aligning human resources policies, and developing financial and administrative manuals to guide daily operations.

Recommendations for market development included upgrading the Commodity Exchange Centre (CEXC), legalising border trades, market diversification and market expansion. To improve seed and product quality and productivity, the study recommends working with farmers to promote contract farming and establishing effective traceability systems in buying and selling products. Moreover, the study also suggested that the association take part in policy advocacy and the development of policies supporting sector growth. This study also provides key recommendations for implementing short-term action plans or quick-win plans, as well as longer term plans.

# 1. INTRODUCTION

## 1.1. ASSIGNMENT OBJECTIVES

The production and sale of pulses, beans, and sesame seeds in Myanmar are of vital importance due to their contribution to job creation, gross domestic product and export generation. Pulses, beans and sesame have long played a key role in both the national food chain and international trade, accounting for a large portion of household expenditure and export trade. Myanmar is the second largest producer of pulses and beans after India and the second largest producer of sesame after Tanzania.

This study seeks to contribute to the currently limited, but growing, body of sector knowledge and identify practices and capacity building requirements to address gaps, with a particular emphasis on the capacity development of the Myanmar Pulses, Beans, and Sesame Seeds Merchants Association (MPBSMA) and to increase the value addition in the sector by removing technical and logistical constraints and increasing formal exports.

The transformation of the MPBSMA into an apex association covering all sector participants including merchants, growers and processors will involve institutional strengthening and capacity building as well as the participation of sector stakeholders. Improving the work of the association can contribute to an increase in smallholder farmers' income, off-farm job creation, foreign currency generation from increased exports and import substitution, and improved domestic nutrition.

The main objectives for this assignment:

- Conduct an organisational diagnosis and analysis of the association.
- Develop a strategy and action plan for transforming the association into an apex association through improvements in its structure and functions.

## 1.2. BACKGROUND

MPBSMA was founded in 1992 with the goal of providing benefits and ensuring fairness for producers, traders, exporters and foreign buyers. Myanmar is the world's second largest exporter of pulses, beans and sesame seeds and is the largest ASEAN exporter. MPBSMA has played a critical role in promoting the export of these crops, and in improving the livelihoods of producers and people along the value chain while contributing to national economic growth.

The Ministry of Commerce (MoC) is the MPBSMA's main partner in promoting the sale of pulses, beans and sesame seeds in the global market. The ministry's 2015–2019 National Export Strategy (NES), revised for 2020–2025, prioritised 11 sectors, including pulses, beans and sesame, and established action plans and recommendations for each sector. For MPBSMA, the recommendations included expanding its mandate to represent stakeholders across the sector and building its capacity.

These action plans are in line with one of the strategic plans of the DaNa Facility that led to collaboration with MPBSMA, starting with the first step of analysing the industry. Several preliminary meetings between MPBSMA and the DaNa Facility



concluded with the signing of a memorandum of understanding. Based on the agreement, the DaNa Facility hired a third party, MyanSeed, to conduct a capacity assessment of the association.

This comprehensive assessment was developed to guide establishment of a strategy and action plan for transforming the MPBSMA into an apex association with improvements in its structure and functions. This report is a first step in implementing a capacity development assessment for the association under the coordination of the DaNa's Finance and Agribusiness Lead and reporting to the DaNa Facility's Senior Technical Advisor. The following sections provide an overview of the objectives of the study, background information and the research methodology.

Since 2016, the DaNa Facility has focused on supporting inclusive economic growth and private sector development in Myanmar. The DaNa Facility provides 2 major areas of support to private sector development in Myanmar. Its Business Innovation Window supports transformative companies in the initial growth phase with investment grants. It also finances policy advice at various levels to promote a more responsible and inclusive private sector business climate in Myanmar. The DaNa Facility promotes the responsible business agenda through financial support to the Myanmar Centre for Responsible Business.

The MPBSMA has 1,100 members. Its activities include information sharing and capacity building with its members, involving them in international trade fairs and expos and providing country of origin certificates. On its own and through the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), it plays an important role in improving public-private dialogue on services trade, in particular through the government's Medium-Term Programme (MTP) for Coordinated Aid-for-Trade Resource Mobilization and Delivery which covers the beans, pulses and oilseeds sector under Cluster V.2. The programme's priority reform for the sector is that the MPBSMA should become the apex association in the industry by expanding its mandate to represent the various stakeholders of the sector including merchants, growers and processors.<sup>1</sup>

The emerging political, economic and social environment in Myanmar has placed a greater demand on the MPBSMA and other business organisations to expand their policy portfolio to consider issues affecting the entire value chain and provide services to businesses across the sector.

Until now, MPBSMA has mainly represented exporters and buyers. But it recognises, as noted by its chairman, U Tun Lwin, that it should work to represent farmers to better promote the industry across the entire supply chain. The Association also realises that it must do a better job connecting with subnational groups. The hotel Association, for example, has 20 subnational groups. Funding is an important issue as the association must be well-financed to achieve its goals. Members must now pay an entrance fee and an annual fee.

With the support of the DaNa Facility, MPBSMA has started to become more active in export and trade promotion alongside its more traditional functions as a chamber of commerce and industry.

This report aims to highlight the key findings of the association's capacity assessment.

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<sup>1</sup> Ministry of Commerce, The Medium Term Programme for Coordinated Aid-for-Trade Resource Mobilization and Delivery, MoC 2017, accessed 4 March 2020 at [https://themimu.info/sites/themimu.info/files/documents/Report\\_Medium\\_Term\\_Programme\\_MTP\\_Mar2017.pdf](https://themimu.info/sites/themimu.info/files/documents/Report_Medium_Term_Programme_MTP_Mar2017.pdf)

### 1.3. METHODOLOGY

Our approach was stakeholder-driven, evidence-based, and validated through a consensus-building process.

- The consultants, in collaboration with the DaNa Facility, presented the work plan at the Central Executive Committee meeting in Yangon on 22 August 2019.
- A kick-off meeting was held on 3 September 2019 in Yangon with 17 participants from the Central Executive Committee and staff from the DaNa Facility.
- The consultants facilitated a SWOT analysis and self-assessment with Central Executive Committee members in Yangon on 16 September 2019.
- The consultants visited Mandalay, Magway and Monywa. These 3 areas are part of Myanmar's central dry zone where various pulses and oilseeds are produced. As well, markets in these centres are major collection points for pulses and oilseeds. The consultants also visited the Hinthada market in Ayerwaddy Region and the Bago market in Bago Region, which are major producing areas for black-gram and green-gram beans.<sup>2</sup> The field visits were also used to further refine the SWOT analysis and self-assessment.

The organisational capacity assessment involved the following main steps:

- Desk review
- Group discussions and interviews
- Self-assessment
- SWOT analysis
- Validation, consultation, and strategy development

In order to meet the first objective, the consultants:

- Coordinated with the management committee, central executive members and cluster leaders of MPBSMA to interview and assess staff.
- Identified 4 geographical regions—Mandalay, Magway, Bago and Hinthada—for field assessments in consultation with Central Executive Committee members.
- Interviewed the MoC Permanent Secretary and the Director General of the Department of Agriculture at MoALI.
- Reviewed desk studies and information including the constitution of the MPBSA, the MPBSA's cluster (branch), its member application form, and the 2011, 2016 and 2018 annual reports. Findings by the International Trade Centre based on member satisfaction surveys from Myanmar sector associations were also reviewed.
- Identified strengths, weaknesses, opportunities, challenges, and analysed the association's current capacity through SWOT analysis in Yangon, Mandalay, Magway, Bago and Hinthada.
- Developed 29 questions and conducted self-assessments with 29 members using self-assessment forms.
- Conducted an organisational diagnosis on strategic, management and operational performance, and clarified all leadership and management roles using the McKinsey 7-S framework looking at Strategy, Systems, Structure, Skills, Style, Staff, and Shared Values.

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<sup>2</sup> Black gram are vigna mungo beans or urad beans. Green gram are mung beans.

- The system-level analysis was done through SWOT analysis and self-assessment. The analysis was also based on a desk review of available documents and interview results.

The organisational-level review was also done through SWOT analysis and examined where capacity is embedded or could be strengthened. It also looked at the distribution of the existing workforce across geographical regions. Issues of coverage and intensity of some previous and existing situations described by members and line departments of government were also considered.

The findings in this assessment report are the outcomes of the following four-stage data collection and validation process.

## 1.4. LEADERSHIP AND GOVERNANCE

Overall, the MPBSMA is a vibrant association with a high level of commitment shown by Central Executive Committee members. The leadership is committed to making the association strong. It is considered necessary that the secretary have a team of qualified staff to fully support the Central Executive Committee. The findings indicate that the staff needs improved skills in areas such as networking, coordination and facilitation.

Most members at the subnational level felt the association was too centred on Yangon and it is clear that greater efforts must be made to give the organisation a stronger regional presence and increase its transparency. For example, many subnational members did not know that the Central Executive Committee is engaged with the Union Government and international organisations to strengthen the association's capacity and networking abilities. On the other hand, members at the subnational level appear to be highly competent, which could make up for some of the deficiencies of the association's general membership.

### 1.4.1 Legal Status

The MPBSMA is the oldest association in the UMFCCI. The constitution and articles of association have been updated to reflect the country's changed context since the end of military rule but the revisions were not dated. The assessment team noted that the constitution needs further change. Under Article 53, the regulations, delegation frame and protocols of the management committee are clearly outlined although the association has not developed separate financial and administrative manuals to guide daily operations – administrative and procedure manuals are needed. Documents such as the audit report, the financial report, annual meeting reports, activity reports and meeting minutes are properly set out and these are distributed to members. The MPBSMA is recognised globally as a member of the Global Pulses Confederation.

### 1.4.2. Governance and Decision Making

The MPBSMA has a patron group, a technical advisory group, and an Executive Committee. These bodies offer advice and guidance on MPBSMA activities. There are 5 patrons—the ministers of MoALI, the MoC and MFP, the Chair of the government's Price Control Committee, and the Chair of the UMFCCL. Their role is to advise and provide support on important issues. Although the constitution provides for a technical advisory group, its mandate and role needs to be more clearly defined.

The Executive Committee of 29 members is the main governing body. It is responsible for providing policies and guidelines, providing strategic decision-making, and steering the activities of the association. Although it has 29 members, only 9 are active. Members of the Central Executive Committee and the Executive Committee are elected every 2 years by all members. They are business operators who are involved in all areas of the industry including foreign sales. The Central Executive Committee is involved in fundraising and advocates on behalf of the association. The Central Executive Committee forms committees to support association activities but generally they do not function very well. Most of the members are volunteers. The relationship between committees and their relation to the association's programme and the project team needs to be more clearly established.

The association's members are traders, exporters and processors and there are clear criteria for membership. All members have an equal opportunity to participate and contribute their views. There are 11 members of the management team. They are volunteers and work for the association outside their regular business hours. They are elected by the members. They include:

- A Chair
- 3 Vice Chairs
- A Secretary
- A Joint Secretary
- A Communications Officer
- A Treasurer
- A Joint Treasurer
- An Auditor
- An Associate Auditor

Most members lack confidence in the association's capacity. Most feel that the association uses a top-down approach and that sub-regional members are poorly informed and are not involved in decision making. The Central Executive Committee does not reach out to members from the regions although regional leaders are well-connected with the Yangon office. Effective communication to members is essential in delivering key messages and information, and in creating a sense of shared purpose.

Relationships with other stakeholders in the public and private sectors and the profit and non-profit sectors are weak. Moreover, the MPBSMA has weak links with organisations at regional and international levels.



**Table 1: Stakeholders**

Public Sector	<ul style="list-style-type: none"><li>• Ministry of Commerce</li><li>• Trade Promotion Department</li><li>• Department of Consumer Affairs</li><li>• Department of Food and Drug Administration</li><li>• Ministry of Agriculture, Livestock and Irrigation</li><li>• Members of Parliament</li></ul>
Private Sector	<ul style="list-style-type: none"><li>• UMFCCI and international chambers of commerce</li><li>• Commodity Exchange Centre</li></ul>
Private Non-Profit Sector	<ul style="list-style-type: none"><li>• GIZ (the German aid agency – Gesellschaft für Internationale Zusammenarbeit)</li><li>• EU</li><li>• World Bank</li><li>• DaNa Facility</li></ul>
Global Actors	<ul style="list-style-type: none"><li>• Global Pulses Confederation</li></ul>

### 1.4.3. Vision

The association's vision is to ensure fair benefits for local producers, local traders, exporters and foreign buyers. It calls for an "inclusive private sector contribution to the sustainable development of pulses and sesame seed trade in Myanmar". The inclusion of stakeholders in the pulses and oilseed sector has yet to be achieved.

### 1.4.4. Leadership

The Central Executive Committee is generally accountable to the members. Leaders are active, committed, and qualified although they have limited time and resources. For example, the Chairman and Central Executive Committee members do association work in their spare time. Though the leadership and 75% of members we interviewed believe that there is a willingness to make the association stronger, the focus group discussions and the organisational capacity assessment have shown that there is scope for the improvement. The leaders at subnational levels are quite active but face challenges due to a lack of motivation by members.

Inward and outbound communication is mostly done by telephone with follow-up by email and meetings. There is a website but the contents are not updated regularly.

### 1.4.5. Fund Management and Financial Policies

The budget process works well. Financial procedures as set out in the constitution are followed and ensure that both internal and external audits are conducted. The association, however, does not have a separate policy on financial management. Financial procedures are well described in the constitution. Budgeting and financial reporting is done every year.

For individuals, member registration is MMK 10,000 and annual fees are MMK 3,000. For companies, member registration is MMK 100,000 while annual fees are 30,000 MMK. There are no fees for honourable members. The association's funding sources are mainly membership and annual fees and fees for country of origin certification.

Policies on financial management, human resources and procurement have not been developed but specific rules and regulations on financial issues including authorisation for financial expenditures are clearly set out in the constitution.

Regular functions of the association where funds are allocated include:

- Public events, trade fairs, public relations activities
- Management and coordination meetings
- Networking
- Oversea trips and business matching
- Capacity building
- Executive Committee and Central Executive Committee meetings
- Members (cost of attending meeting and workshop)
- Office and core staff salaries and payments
- Daily operations
- Office expenses

### 1.4.6. Office Management

There are 5 office staff including an Office Manager, 2 general staff and 2 computer staff. The Office Manager has day-to-day management responsibilities and deals with member companies by providing country of origin certificates for pulses, sesame and corn, by collecting member fees and annual fees, and by checking documents of export companies before issuing country of origin certificates. The Office Manager also compiles monthly data on companies, pulses, and exports and imports. Data management is performed as well. Moreover, the office also works on communication activities such as information sharing, providing monthly export data for Executive and Central Executive Committee members and reports weekly data for Freight on Board prices and local market prices to the MoC. Also, information is shared about trade fairs. Meeting are also arranged.

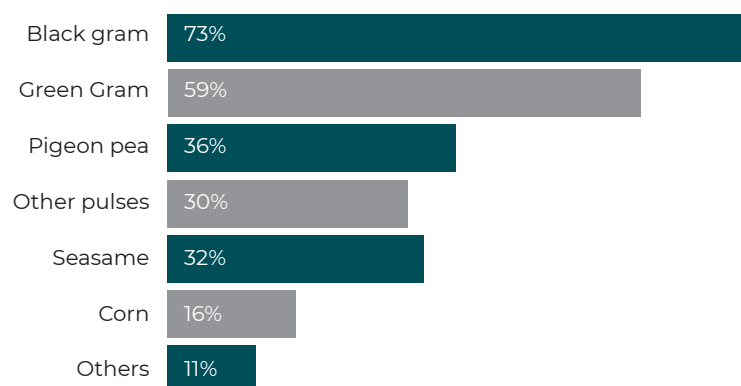
As for capacity building, the staff have been provided training on the Harmonised Item Description and Coding System for tariffs, and on export and import regulations. There is a need for computer training.

## 2. SURVEY FINDINGS

The study surveyed the perceptions of members using a sample of Executive Committee members, members and some non-members who work closely with the association. The assessment was conducted with 44 respondents in Yangon, Mandalay, Magway, Hinthada and Bago. About 91% of the respondents were members of MPBSMA and about 70% were Executive Committee members. The rest were office staff and advisors. The sample size is not representative of the total membership. However, the respondents are geographically distributed and are among the most active business operators and reflect the perceptions of the members.

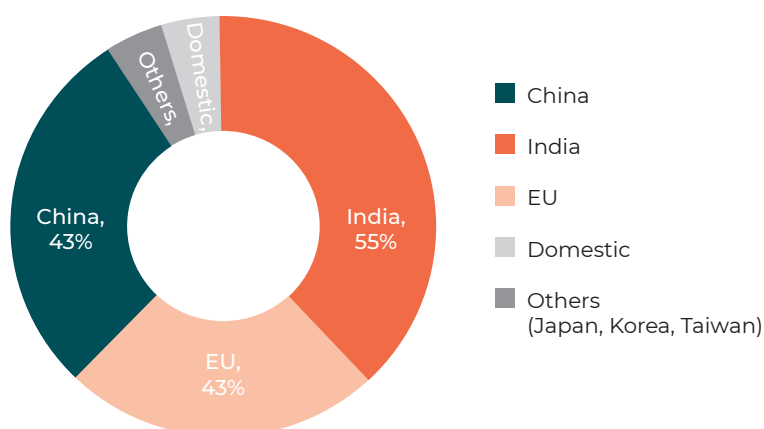
The respondents were asked not only about their views of the association but about their role in the sector. The survey shows that the MPBSMA represents not only pulses, beans and sesame, but also corn, oilseeds and other crops. Most of the respondents – about 73% – handle black gram. About 59% deal with green gram. About 36% handle pigeon peas, about 32% sesame and about 30% trade other pulses and beans such as chickpeas, groundnuts, kidney beans, and cow peas. About 16% handle corn and 11% deal with other agricultural products (Figure 2.1).

**Figure 2.1: Participants and their Major Crops**



About 55% of respondents export their crops to India, about 43% sell to China and the EU while smaller numbers trade in domestic markets or sell to other countries such as Japan, Korea, and Taiwan.

Figure 2.2 below illustrates the percentage share of the export destinations of pulses, beans and oilseed products.

**Figure 2.2: Major Markets**

Respondents were also asked why they joined the association. Most of those in Yangon said they joined to get a country of origin certificate and to get market information. The other reasons were to explore market and trade opportunities. Some joined after being assigned by the company they work for, or by their family firm. Smaller numbers said they became a member to network or collaborate with the other traders. About 32% did not answer the question.

**Table 2: Reasons for Joining**

Reasons for Becoming a Member	% of Respondents
To explore market and trade opportunities	9%
To get market information	14%
Networking with traders	5%
Country of origin certificates	14%
Being assigned	9%
Being a trader/involved in business	9%
Other reasons	5%
Collective trading	4%
No response	32%

Respondents were asked what the incentives were for becoming a member. About 36% of respondents did not answer the question. About 30% said there was no incentive. Of those who responded positively, incentives included networking, the benefits of coordination between traders and exporters, being able to grow their business through the work of the association, up-to-date information on markets, country of origin certificates, and the benefits of bringing together government and other organisations.



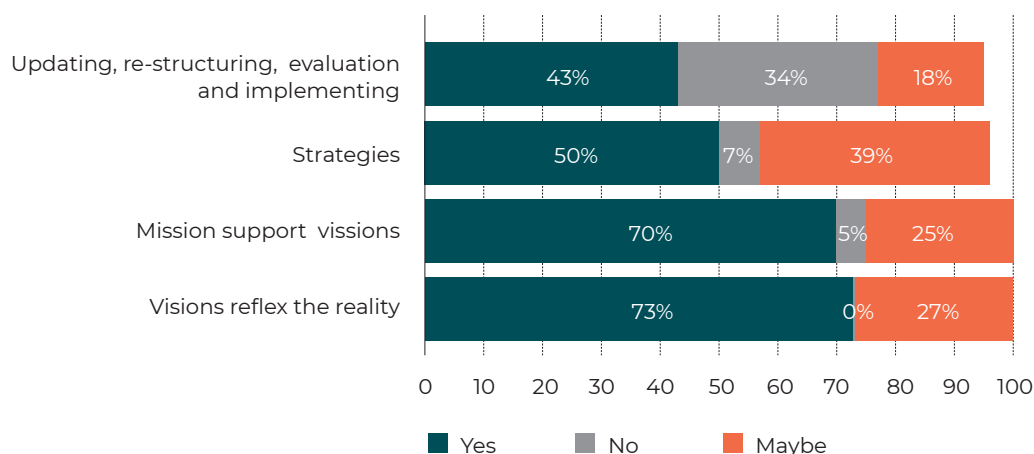
## 2.1. MEMBER PERCEPTIONS

### 2.1.1. Strategy, Leadership and Governance

The overall perception of the respondents on the strategy, leadership and governance of the association was positive. Members believe that the leaders of the Executive Council are helpful to members since they represent leading companies.

Some 43% of respondents said the association should restructure and update its mission and strategies and do a better job of implementing and evaluating its work. About 73% said the association's vision reflected the reality while 27% said they did not know or were unsure. No one answered negatively. About 70% said the mission supports the vision while 5% responded negatively and 25% said they did not know. About half said the association has sound strategies to achieve its goals against 39% who were unsure and 7% who said it did not. Figure 3 illustrates these perceptions.

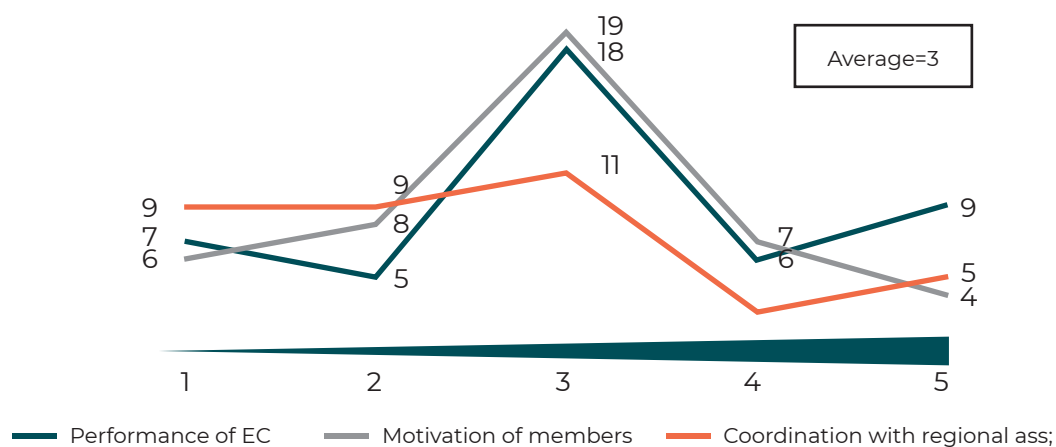
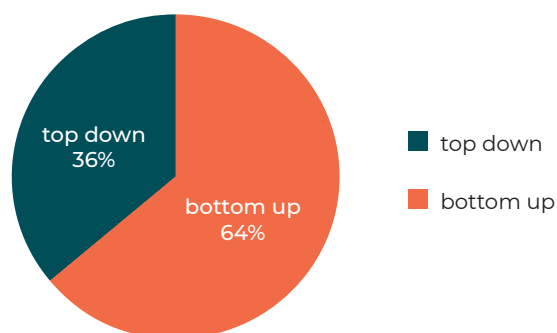
**Figure 2.3: Perceptions of Strategy, Leadership and Governance**



### 2.1.2. Structure

As one of the key elements of the capacity of the association, “structure” is defined as the performance of the leading Executive Committee members, the motivation of the members and the association's coordination with sub-regional groups.

Based on the survey, respondents were moderately satisfied that the structure lends itself to the achievement of the association's goals but that change is needed to reach more satisfactory levels. The histogram below shows the perception of members. Most respondents gave the score as 3 while the minority of the participants gave scores of 1–2 or 4–5.

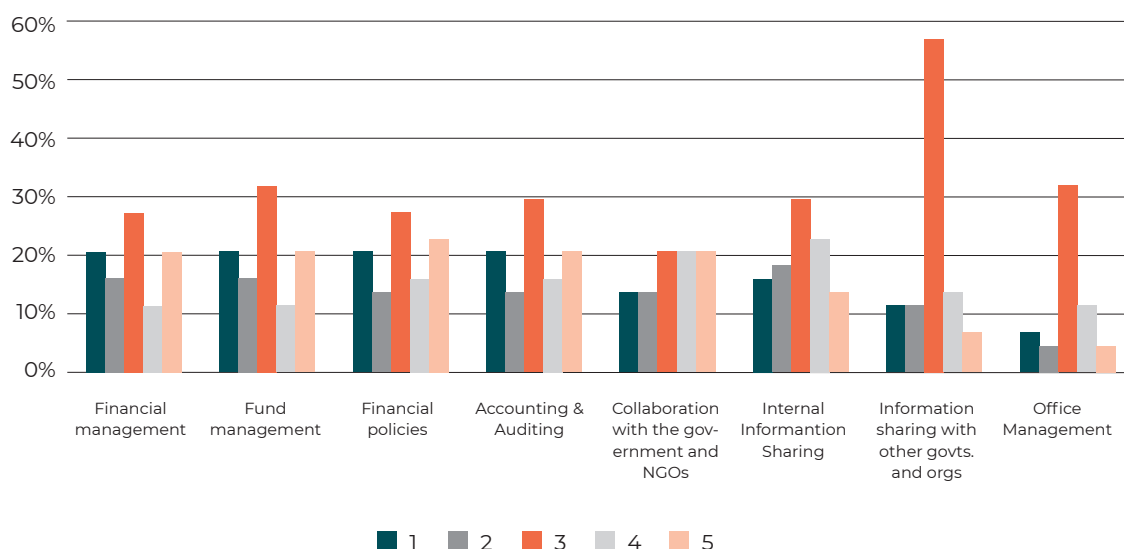
**Figure 2.4: Perceptions of MPBSMA Structure****Figure 2.5: Decision-Making Process**

### 2.1.3. System

Table 3 describes how respondents scored their satisfaction with the association's various management systems. Like the other variables, the mean score of the sample respondents is 3 in all the single variables.

**Table 3: Views on Management Systems**

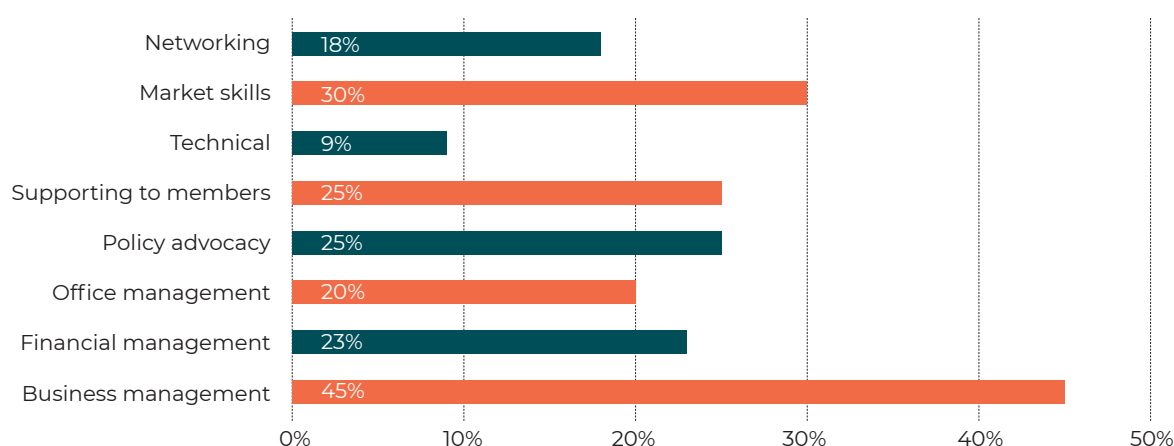
	Average	1	2	3	4	5
Financial management	3	20%	16%	27%	11%	20%
Fund management	3	20%	16%	32%	11%	20%
Financial policies	3	20%	14%	27%	16%	23%
Accounting and auditing	3	20%	14%	30%	16%	20%
Collaboration with government / NGOs	3	14%	14%	20%	20%	20%
Internal information sharing	3	16%	18%	30%	23%	14%
Information with other governments / organisations	3	11%	11%	57%	14%	7%
Office management	3	7%	5%	36%	11%	5%



## 2.1.4. Skills

About 45% of the respondents said the MPBSMA has skills in business management while about 30% said it has skills on market expansion. About 25% believe that the association has skills to support its members and skills on policy advocacy and public relations. About 23% said the association has financial management skills and 18% mentioned office management skills. Only 9% of the sample respondents mentioned that the association has technical skills.

**Figure 2.6: Perceptions on Skills**

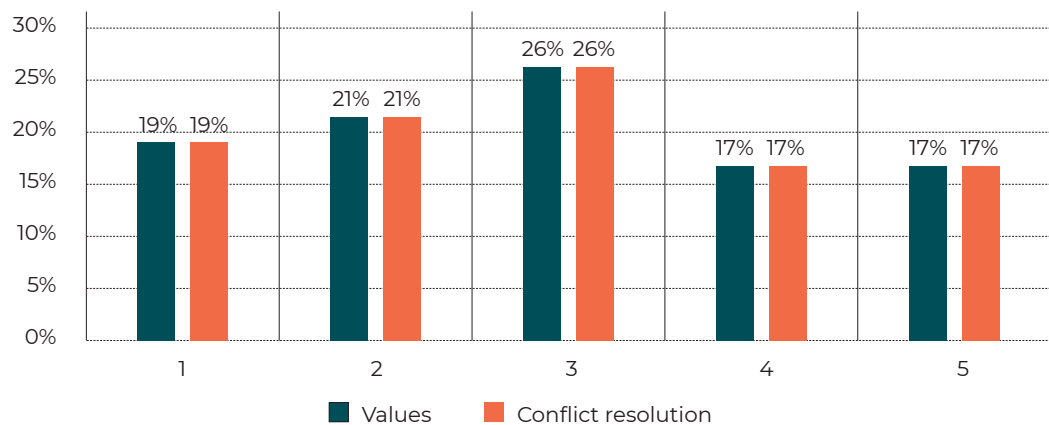


The survey shows that a larger percentage of respondents did not mention that the association has the basic necessary skills of business management, financial management, office management, policy advocacy, support to members, technical skills, market skills, or networking and communication skills. The results highlight the need to develop the association's capacities. However, at the individual level, most of the members, Executive Committee and Central Executive Committee members may have such skills.

### 2.1.5. Shared Values

Respondents were moderately satisfied, giving a score of 3, when it comes to shared values. In the 7-S model, shared values are the norms and standards that guide employee behaviour and an organization's actions.<sup>3</sup>

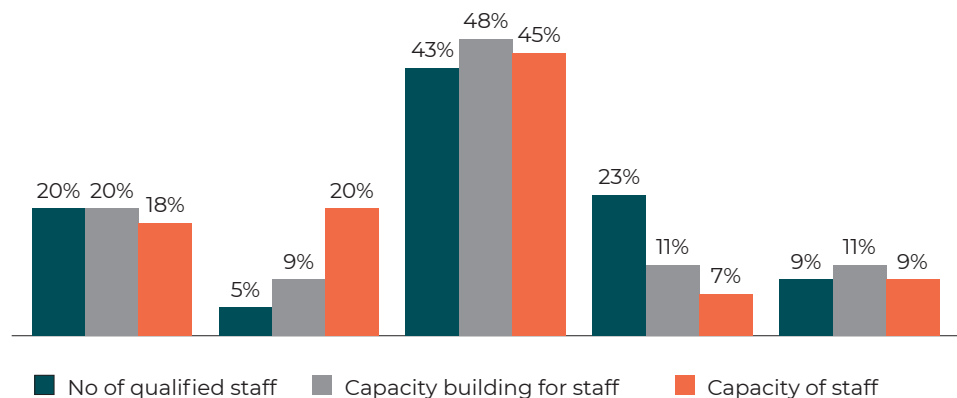
**Figure 2.7: Perceptions on Shared Values**



### 2.1.6. Staffing

Figure 2.8 shows how respondents felt about the capacity of association staff. The average score is 3.

**Figure 2.8: Opinions on Staff Capacity**



In summary, the results show the need for capacity building in all areas.

<sup>3</sup> Strategic Management Insight, "McKinsey 7s Model", accessed 1 March 2020 at <https://strategicmanagementinsight.com/tools/mckinsey-7s-model-framework.html>



### 2.1.7. Self-Assessment Summary

The overall perception of respondents on association strategy, leadership and governance is positive. The majority of respondents believe that the vision reflects the reality and that activities support the vision. Most respondents stressed that the structure is moderately satisfactory but needs to be improved. The assessment noted that most of the individual members and Executive and Central Executive Committee members have many skills but that the association itself needs to develop its capacities. It also showed that members do not always see a clear benefit from membership. There was some sense of shared values but only to a moderate degree. And the results showed that association staff are in need of a range of skills development.

## 2.2. MAJOR ISSUES

There are many challenges and issues to be addressed related to the development of the sector and the strengthening of the association. According to the discussion with the 2 ministries and the trader's association, one of the most important issues to be addressed is the need of capacity building across the following range.

### 2.2.1. Association Management

- Financial, Institutional and human resources capacity improvement.
- The constitution only refers to pulses and oilseed traders and does not reflect the entire sector and the goal to become the apex organization representing all facets of the value chain. The association's vision and mission are also based solely on traders.
- There are many limitations on membership recruitment.
- It is necessary to involve greater member participation in networking and industry discussions and greater participation of stakeholders.
- The association cannot be directly involved in trade since it is not a business organisation. The Myanmar Agriculture General Development Public Company or MAGDPL was formed 5 years ago and is based mainly in the Thilawa special economic zone. However, the company does not function well.
- The association website is not updated regularly and as a result, timely information is not provided to members.

### 2.2.2. Markets

- Dependency on the Indian and Chinese markets poses a challenge to the sector as well as the association. When there is no weather damage to crops in India, the legal and illegal export of yellow peas is limited.
- A bilateral agreement with India is needed to set fair prices. Without such an agreement, traders have to sell under a quota system and have very limited bargaining power, receiving prices \$100 per metric tonne lower than the market price even though the domestic price in India remains high. The Indian Government supports farmers by setting and sometimes increasing the minimum support price.
- The market fluctuates because of reliance on the Indian market. Market diversification is needed.

### 2.2.3. Quality

- Markets cannot be diversified or expanded without improvement to quality standards. China and India have changed quality requirements by applying quality standards, and testing moisture levels and the percentage of free fatty acids in sesame. Myanmar product quality has not significantly changed.
- Involvement of multiple actors along the supply chain and collectors who mix various pulses together results in product impurity and makes it difficult to trace product origins. Buyers frequently find moulds and chemical residues. Japan has set maximum residue limits at 0.02 (mg/kg) but Myanmar products are over 0.04 and green gram can no longer be exported to Japan.

### 2.2.4. Seeds

- The availability of good quality seeds for various pulses and oilseeds makes it a challenge to get quality products. Production and distribution of seeds and new varieties by the MoALI is not sufficient to meet the seed requirements of Myanmar farmers. Seed degeneration decreases yields and productivity.

### 2.2.5. Production

- Contract farming could be a solution to solve the quality issues. However, a successful contract farming system is not yet in place. A standard operating procedure for contract farming is still in draft form.
- Farmers lack information about demand and grow more when prices in the previous year were good. When they supply more, prices and profits drop.
- A lack of market intelligence, market awareness and management makes Myanmar products less competitive in international markets.
- Several issues affect production—poor quality seeds, a scarcity of farm labour, underdeveloped mechanised farming practices, and poor food safety awareness and practices. Comparatively lower crop yields are also obstacles to improved competitiveness in international markets.

### 2.2.6. Policy

- The unpredictability of government policies, particularly those related to trade, is of concern to agribusiness. Unexpected export restrictions and, in some cases, land control measures have restricted development of the sector over the past decades.
- Public-private partnerships have developed in recent years to address some of the constraints to credit, input access, innovation, processing and milling for select groups of farmers. However, they do not benefit all farmers and they carry risks.
- Effective agribusiness partnerships have the potential to address constraints, but competent regulation is needed to truly harness inclusive growth.
- There are some deficiencies in rule of law, contract enforcement and protection of property rights in Myanmar that are significant stumbling blocks to the sector.

- Actual policy practice does not always match declarations of reforms and promises of measures for agricultural development.
- A government's overwhelming responsibility is to create an institutional environment in which private enterprise can search out an economy's changing comparative advantages.

### 2.2.7. Other

- In implementing the NES and improving the quality of products, underdeveloped logistics is an issue. There is no logistic hub in Mandalay. The cost of logistics is higher than in other countries.
- A lack of storage facilities means that traders must sell all the produce at the end of the year, creating price distortions.

## 2.3. SWOT ANALYSIS

The SWOT analysis was conducted for Yangon, Mandalay, Magway, Bago and Hinthada townships, which are located in different geographical areas. It did not, however, cover other markets even though they are located in the same geographic areas. For example, Pakokko is in Magway Region, but mostly deals with the Mandalay market, not the Magway market.

### 2.3.1. Strengths

One of the strengths of the MPBSMA is that its members see it as trustworthy and established under the network of the UMFCCL. It has also been involved in policy advocacy and has resolved disputes among members. Up-to-date market information is available and there exists strong individual capacity for investment. The MPBSMA also has good relationships with ministries such as the MoC, the MoI and the MoH, although critically there are weak links with MoALI.

Having sub-regional associations is also a strength and will aid the process of becoming an apex association. The sub-regional association in Mandalay, for example, can take advantage of easy access to the Chinese market and other regional markets and there are many agribusiness opportunities in the area. There is also a strong and well-organised commodity exchange centre that is open to foreign buyers. The MPBSMA has strong affiliate associations such as the Myanmar Edible Oil Millers Association. In Magway, members see the benefit of developing the association as an apex association. Magway traders also have previous experience in project implementation from developing the sesame and green-gram value chain.

Most of the members in Yangon, Mandalay, Magway, Bago and Hinthada are interested in reforming the association and strengthening MAGDPL. There are some potential new producer associations such as the Regional Farmers' Development Association, the Sesame Farmers' Development Association, and the Myanmar Sesame Farmers' Association, all based in Magway.

### 2.3.2. Weaknesses

The association has good relationships with the MoC, which is the group's direct-line ministry. But as noted, relationships with the MoALI are not as strong.

The MPBSMA has less communication with producers in different states and regions and weak links with international organisations that can support development of the sector. MPBSMA is said to provide weak support to farmers and is also weak in getting information out about international support programmes and financial opportunities. Members concentrate on their businesses and have less time to contribute to the association. The following are other weaknesses, some of which will hinder apex development:

- Lack of technology.
- Limited access to good quality seeds.
- Lack of high-yielding seed varieties.
- Low quality agricultural inputs.
- Lack of capacity for financial access, project management and business development in regional associations.
- Lack of law enforcement to solve financial conflicts among and with traders and buyers.
- Poor sales when commodities are not exactly the same as sample commodities.
- Weak communication and coordination between members and sub-regional associations means that members have less interest in supporting the association.
- Members from Mandalay and Magway feel that there is no information sharing and support from MPBSMA.
- Some members feel that there is a disconnect between talk at meetings and follow-up action.
- Risks are large for buyers depending on the Yangon market due to a lack of direct links to importers in other countries.

### 2.3.3. Opportunities

- The MPBSMA has an opportunity to modernise the CEXC platform. Doing so would help give farmers market knowledge in advance of planting decisions.
- There are opportunities to provide crop loans .
- MPBSMA can contribute to the development and implementation of government policies and strategies.
- The association can expand its international network and help the industry adopt Good Agricultural Practices and Good Handling Practices.
- It may be possible to organise a cooperative business organisation similar to MAGDPL.
- Young members and leaders are interested in reforming the association to become an apex organization. There is also interest in strengthening MAGDPL.
- Crop diversification and a market outlet in Mandalay, and a new highway connecting Bago and Thilawa will be a good opportunity for buyers to access warehousing and reduce logistics costs. The new road to Bago would also enable exports through the new international airport.

### 2.3.4. Threats

- Trade limitations from India in purchasing black gram, pigeon peas and other pulses and beans.
- There is no official trade agreement with China and currency exchange rates are volatile.
- An inability to get market requirements from developed countries.
- Less support by government departments.
- Poor communication with producers in different states and regions.
- Weak links with international organisations that can support the development of the sector.
- Poor information about international supports and financial opportunities.
- Association members concentrate on their own business issues and spend little time contributing to the association.

## 2.4. STAKEHOLDER SUGGESTIONS

The consultants asked officials at MoC and MoALI for their views on how to improve the MPBSMA. Generally, officials view the association as an important one because of the prominent place that pulses, beans and sesame have in export markets. Officials would welcome the transformation of MPBSMA to become an apex organization with a membership spanning the value chain from production to domestic and export sales. In fact, this view is set out in the MoC's Mid-Term Programme for Coordinated Aid-for-Trade Resource Mobilization and Delivery. The programme supports the transformation of "MPBSMA to an organization covering not only merchants but also growers and processors (apex body) by drafting a new mandate to represent the various stakeholders of the sector, reforming its organisational structure, and modifying its duties and activities."

The ministries also welcome moves towards agribusiness cooperation. If the association can promote business cooperation in the sector and take a leadership role in the market officials believe that would reduce market risks. At the same time, strengthening MPBSMA as an institution can make it easier for market participants to do business. On the other hand, officials say that the government will tread lightly in undertaking marketing and trading activities and that the association should take that role, with support from the government.

The ministries also made the following suggestions:

### At the Union level:

- While the association is active in Yangon, it should play a larger role at the state and regional level.
- The association's mandate, its vision and strategies, need to be clarified.
- The association should be involved in production and play a role in contract farming and public-private partnerships, with the MBPSMA taking responsibility for contracting procedures.
- Institutional reforms should be considered and in moves to transform to an apex association, care should be taken to ensure that producers are involved in inclusive ways.
- MoALI suggests that the MPBSMA take on cooperative farming and work to develop infrastructure while the government supports technology transfer, demonstration projects, research and seed production. But ministry officials say that if farmers are involved, the incentives and benefits should be clear and shared fairly. The association must build a relationship of mutual trust with farmers.
- Financial support should be provided to farmers.
- MPBSMA or private sector bodies should provide quality testing so that export products are in line with food safety standards of importing countries. This would include minimum residue limits and sanitary and phyto-sanitary certificates.
- The association needs to develop a strategy and roadmap for transforming itself into an apex association. It also needs to develop a strategy for sectoral development.
- The association should reform in line with the new economic policy.
- Capacity building workshops and training sessions should be organised.
- It should share timely information on product demand and the international trade and market situation to the regional associations.

### At the regional level:

- Work with farmers to produce and distribute good quality seeds and farm inputs and promote mechanisation.
- Promote the formation and reform of business organisations like MAPCO.
- Support harmonisation of the constitutions of MPBSMA and regional associations.
- Regional associations and their members should work to support the goals and activities of the MPBSMA and participate in the decision-making process at the Union level.
- Promote international investment by the leadership of MPBSMA to access post-harvest technology.



### 3. STRATEGY AND ACTION PLAN DEVELOPMENT WORKSHOP



Myanmar Pulses, Beans & Sesame  
Seeds Merchants' Association Strategy  
and Action Plan Workshop

As the second step in this organisational assessment, we conducted a strategy development workshop. Its objective was an organisational diagnosis and analysis as well as development of a strategy and action plan to transform MPBSMA into an apex association while improving its structure and functions.



Myanmar Pulses, Beans & Sesame Seeds Merchants' Association Strategy and Action Plan Workshop

### 3.1. THE AGENDA

Presentations were made on the following items:

- The general outlook for the MPBSMA – where we are now.
- Different scenarios for consideration – what do we want to be.
- Developing an action plan – what are the best ways to get there.
- Finding quick wins – starting points to get there in the short term.

## 3.2. SCENARIOS FOR STRATEGY DEVELOPMENT

Three different scenarios for strategy development were discussed:

### Scenarios 1: Micro level:

The micro level is the level of the organisation, shaped by shared values, staff and skills, systems, strategies, and leadership and governance.

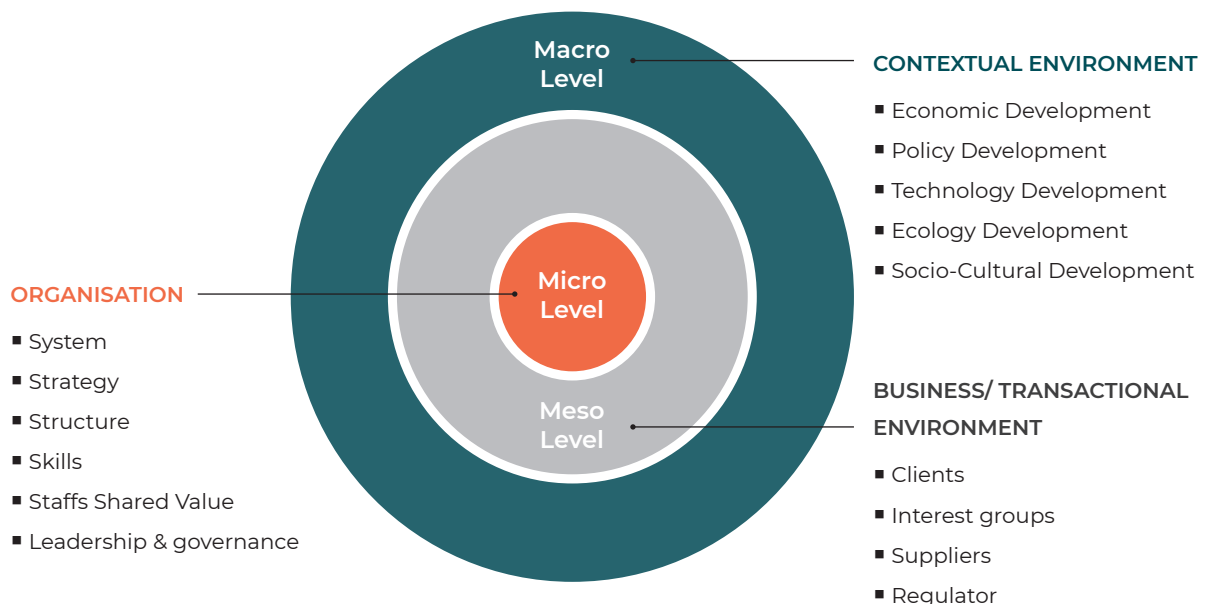
### Scenarios 2: Meso level:

This is the business or transactional environment shaped through the participation of buyers and suppliers along the value chain, interest groups and regulatory organisations.

### Scenarios 3: Macro level:

Where the market, government, and cultural traditions contribute to economic development, policy development, technology development, ecology development and socio-cultural development.

**Figure 3.1: Scenarios for Strategy Development**



### 3.3. PEST ANALYSIS ON SCENARIOS FOR ORGANISATIONAL DEVELOPMENT

PEST Analysis	Business as Usual	Scenario 1 (Organisational Capacity developed)
	Organisation level	
POLICY (trading policies, funding, lobbying, international market access, government strategies)	<ul style="list-style-type: none"> <li>• Less support</li> <li>• Poor law enforcement</li> <li>• Limited international market access</li> <li>• Poor implementation of government strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Policy advocacy</li> <li>• In line with government (MOALI) strategies</li> <li>• Improved negotiations on international sales</li> </ul>
ECONOMIC (trade and markets, export sales, foreign investment, improved business outlook, higher profits)	<ul style="list-style-type: none"> <li>• Less market competitiveness</li> <li>• Continued unstable markets</li> </ul>	<ul style="list-style-type: none"> <li>• Better market access</li> </ul>
SOCIAL (inclusiveness, social cohesion, employment, welfare, human and social development)	<ul style="list-style-type: none"> <li>• Only traders, exporters and processors benefit</li> <li>• Less coordination with regional sub-associations</li> </ul>	<ul style="list-style-type: none"> <li>• Stronger regional sub-associations</li> </ul>
TECHNOLOGY (research and development, innovation.)	<ul style="list-style-type: none"> <li>• Poor technology</li> <li>• Little or no technological use by farmers and the poor</li> <li>• Limited or no research and development</li> </ul>	<ul style="list-style-type: none"> <li>• Poor technology</li> <li>• Little or no technological use by farmers and the poor</li> <li>• Limited or no research and development</li> </ul>
ACTIVITIES	<ul style="list-style-type: none"> <li>• Business as usual</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity building</li> <li>• Staff recruitment</li> <li>• Improved networking</li> <li>• Revised constitution</li> </ul>

### 3.4. SCENARIOS FOR CHANGE

The 40 workshop participants were divided into 3 groups to discuss strategy development.

All 3 groups agreed that the association should aim at the meso level. That would mean that MPBSMA would have its impact at the meso level. Producers, buyers, interest groups and regulatory organisations would be involved in the transformation. The association would contribute to policy-making and enforcement, improved international market access and better relationships with international stakeholders. With support from government and donors and with greater investment and improved financial management and value chain development, the industry would be more competitive internationally. The association could also be involved in research and promoting innovation, contract farming and receiving technical support from international organisations.

Scenario 2 (Institutional Development)	Scenario 3 (Sectoral Development)
Meso level	Macro level
<ul style="list-style-type: none"> <li>• Contribute to policy making and law enforcement</li> <li>• Improved relations with foreign stakeholders</li> <li>• Closer integration in international markets</li> <li>• Support from government and donors</li> <li>• Less pressure from international markets</li> </ul>	<ul style="list-style-type: none"> <li>• Peace, national reconciliation</li> <li>• Security</li> <li>• Good governance</li> <li>• Improved international relations</li> </ul>
<ul style="list-style-type: none"> <li>• Improved competitiveness</li> <li>• Better investment decisions</li> <li>• Improved financial management</li> <li>• Value-chain development</li> </ul>	<ul style="list-style-type: none"> <li>• Improved competitiveness</li> <li>• Increased productivity</li> <li>• Increased profitability</li> <li>• Greater market efficiency</li> </ul>
<ul style="list-style-type: none"> <li>• Benefits across the value chain</li> <li>• Producers, buyers, interest groups and regulatory organisations have a stake</li> <li>• Job creation and private sector development</li> </ul>	<ul style="list-style-type: none"> <li>• Improved social cohesion</li> <li>• A more inclusive society</li> <li>• Decent jobs</li> <li>• Improved social welfare</li> <li>• Human and social development</li> </ul>
<ul style="list-style-type: none"> <li>• Greater technology penetration</li> <li>• Greater effort in research and innovation</li> <li>• Support for contract farming</li> <li>• Technical support from international organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Research and innovation</li> <li>• Improved technology</li> </ul>
<ul style="list-style-type: none"> <li>• Transforming the association</li> <li>• Setting goals, mission and vision</li> <li>• Strengthening cooperative businesses</li> <li>• Project implementation</li> <li>• Greater investments</li> </ul>	<ul style="list-style-type: none"> <li>• Transforming the association</li> <li>• Institutional strengthening</li> <li>• Well-functioning cooperative businesses</li> </ul>

In reforming the association – if which could become a federation – the following issues will be addressed by the MPBSMA:

- Establishing goals, a mission and vision.
- Strengthening cooperative businesses.
- Project implementation and expanding investments.

### 3.5. DEVELOPING ACTION PLANS

The action plans developed by 3 groups are combined in the following table:

**Table 4: Action Plans**

	The Action Plan	Who Will Take Action?	How Will It Happen?
1.	Reforming the association at meso level	Growers, MPBSMA, regional associations, input-supply companies, MoALI, MoC	Will develop organisational capacity at micro level, will reach the meso level through the reform process, and a name change
2.	Formation of subassociations (e.g. farmers' associations)	MPBSMA	Will assist in forming regional sub-associations
3.	Fundraising	MPBSMA	Operational funding from interest on the members' fund
4.	Improving government relations	MPBSMA	-
5.	Policy contributions and advocacy	MPBSMA	-
6.	Implementing a pilot project to reduce producer costs and increase yields	MPBSMA, NGOs, funding agencies, farmers' groups	Developing the entire value chain in pilot areas
7.	Upgrading the website and providing regular information sharing	MPBSMA	Update the website on a regular basis
8.	Partnerships and networking	MPBSMA, international relations section	-
9.	Upgrading CEXC for future trade and e-commerce	MoC, Ministry of Planning and Finance, MPBSMA, CEXC	Provide a technology upgrade so CEXC becomes the future home of trade and e-commerce
10.	Contribute to policy and legislative changes related to CEXC and the stock exchange	MPBSMA	-
11.	Strengthen MAGDPL	MPBSMA, MAGDPL	Strengthen its investment and functions
12.	For quality seeds	Farmers' associations, DoA, DAP, private companies	Create a seed market
13.	Data management, market research and intelligence	Technology research team	Collect and analyse price and market data, conduct market research
14.	International relations	MPBSMA, international relations section	Membership in different international association.
15.	Market expansion and trade facilitation	MPBSMA	Involvement in organising trade fairs
16.	Quality infrastructure support	Government (DRI, MoC, MoALI, MoH), private sector, MPBSMA	Encourage the use of quality assurance and conformity assessment services
17.	Capacity building	MPBSMA, Executive Committee, Central Executive Committee, stakeholders	Recruiting new staff, organising workshops, encouraging professional development



### 3.6. QUICK-WIN ACTION PLANS

The activities in the action plan above were assessed using 3 criteria: realistic and feasible; possible to start implementation within 2-4 weeks; and visible impact within 3-6 months. They were assessed on a scale of 1-3, with 1 representing No, 2 representing Perhaps, and 3 Yes. The results are summarised below. Proposals 1, 2, 3 and 6 are quick-win activities, proposed activity 4 is medium term and activity 5 long term.

Proposal / Action Plan	Realistic and Feasible	Quickly Implemented	Visible Impact Within Year	Result/ Score	Priority ***Urgently **Mid-term *Long term
Reforming the association at the meso level	2	3	2	12	*
Formation of subassociations such as farmers' associations	3	3	3	27	***
Fundraising	3	3	2	18	**
Improving government relations	3	3	3	27	***
Policy contribution and advocating	3	3	3	27	***
Implementing a pilot project to reduce producer costs and increase yields	3	3	2	18	**
Upgrading website and regular information sharing including market information	3	3	3	27	***
Partnerships and networking	2	3	2	12	*
Upgrading CEXC for future trade and e-commerce	3	3	3	27	***
Contribute to policy formation and law-making related to CEXC and stock exchange	2	3	3	18	**
Strengthening MAGDPL	3	3	3	27	***
Creating a seed market	2	3	2	12	*
Data management, market research and intelligence	3	3	2	18	**
International relations section	2	3	2	12	*
Market expansion and trade facilitation	2	3	2	12	*
Quality infrastructure support	2	3	2	12	*
Capacity building	2	3	3	18	**

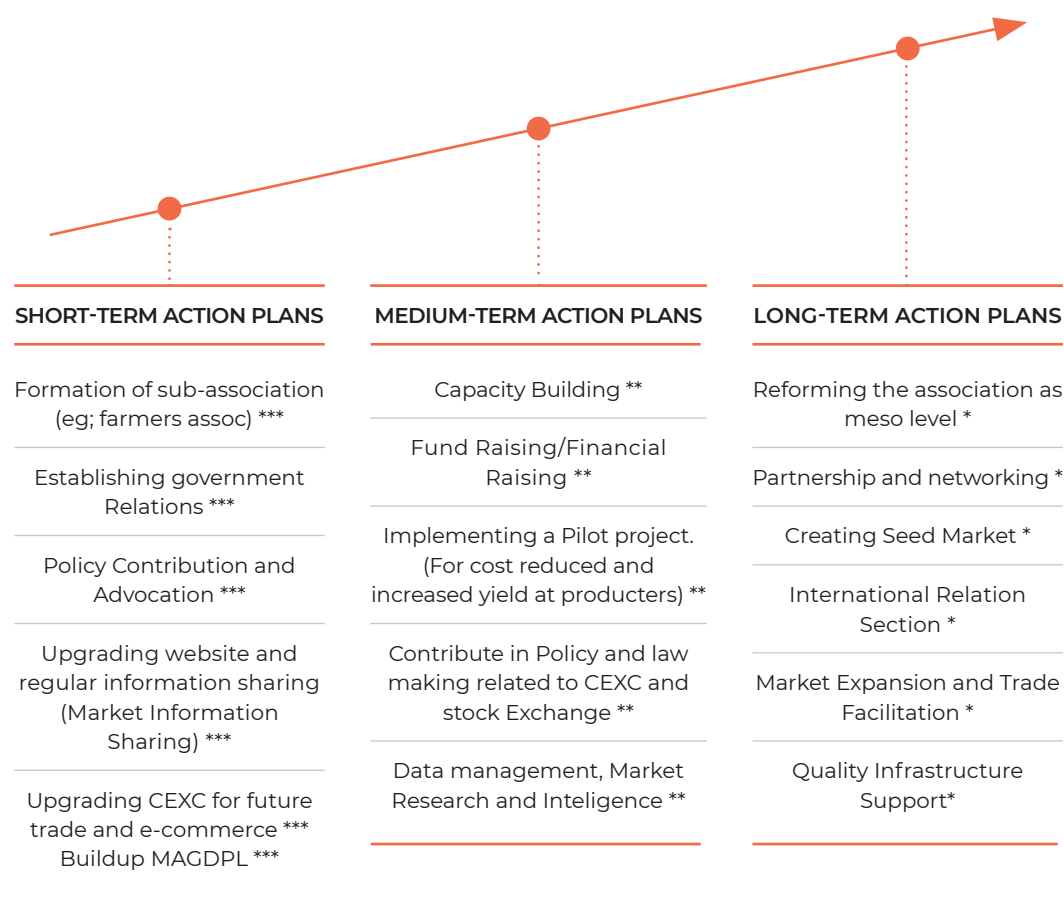


## 4. FINAL ROADMAP AND RECOMMENDATIONS

### 4.1. ROADMAP FOR STRATEGY DEVELOPMENT

As a result of group discussions on strategy development, the following roadmap has been produced through the exercise to identify quick-wins. The roadmap for the development of MPBSMA is illustrated below:

**Figure 4.1: The Roadmap**



### 4.2. QUICK WINS (WITHIN 6 MONTHS)

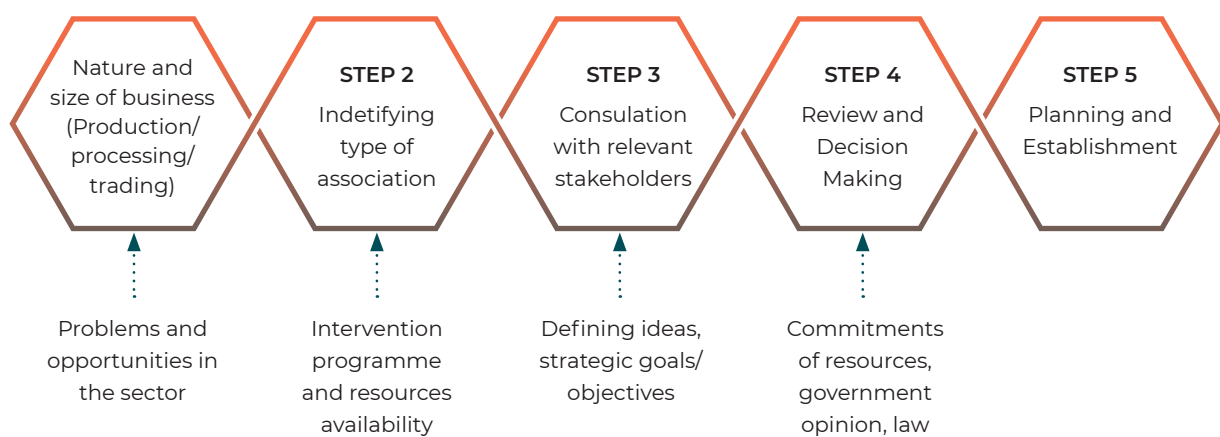
#### 4.2.1. Formation of Sub-associations

This activity would serve as a foundation for reforming the MPBSMA as an apex association functioning at the meso level. The existence of sub-associations such as farmers' associations and regional associations is an important part of the organisational development of the MPBSMA to cover a greater geographic span and be more inclusive by bringing in stakeholders along the value chain of pulses, beans and oilseeds. Area coverage, services to be delivered, partnership information sharing, and monitoring should be considered as this

is implemented. The roles of sub-associations should be important enough to act as an incentive to join. The decentralisation and delegation of leadership will lead to more effective community-level engagement. For example, conducting training for farmers' groups and networking activities can promote links and trust between farmers and traders. It can also contribute to a greater dissemination of production and marketing practices and knowledge from the Yangon office to other areas.

The following figure outlines a suggested approach to creating sub-associations:

**Figure 4.2: Approach to Sub-Associations**



#### 4.2.2. Government Relations

This activity would be part of the operational activities of the MPBSMA to effectively implement its vision. Government itself also has plans to develop the sector. These plans include NES, MTP, and the Agriculture Development Strategy and Investment Plan. Traders, producers, processors and MPBSMA itself are the main stakeholders in the government's implementing programmes. In this regards, effective relations between the association and related ministries is urgently needed. It will be important to look carefully at where this function should be established within the association's organisational structure.

According to preliminary findings, MBPSMA already has a good relationship with government bodies, especially with the MoC, but there are challenges due to declining interest and participation of Executive Council members. The following are recommendations to enhance MBPSMA's government relationships.

- Formulate a strategy to mobilise and organise participation and raise the commitment of Executive Committee and central Executive Committee members in government relations.
- Create a mechanism for association leaders to promote their regular participation in meetings and workshops organised by government.
- If necessary, modify the constitution regarding the role of the Executive Committee and Central Executive Committee on participation in government relations.

### 4.2.3. Policy Contribution and Advocacy

This activity would be a part of the MPBSMA's operational activities. The policy needs of producers, traders and processors will be transmitted to the government through the association. Member networks will engage with and influence national and regional policy makers and advocate for enhanced and equitable service delivery in target areas.

If MPBSMA is to be more active in both national and regional policy advocacy, it will be important to create avenues for members in the regions to put forward urgent issues that the association should raise with the government.

MPBSMA should take the initiative to advocate for and influence effective government strategies and policies at the national level and international level—for example, by engaging in the formulation and implementation of the NES. This activity can be a building block to better influence government strategy and policy at the regional level and can improve national formulation by providing regional knowledge and expertise.

### 4.2.4. Regular Information Sharing

Regular information sharing will help improve the sector's competitive position in international markets.

Regular information sharing and upgrading the website at <http://www.mpbsma.org> has already been approved by the Executive Committee and the Central Executive Committee. Development of a smartphone app would provide greater access. An information database should be linked to the website. The website would provide market research, market intelligence and information about the association's activities.

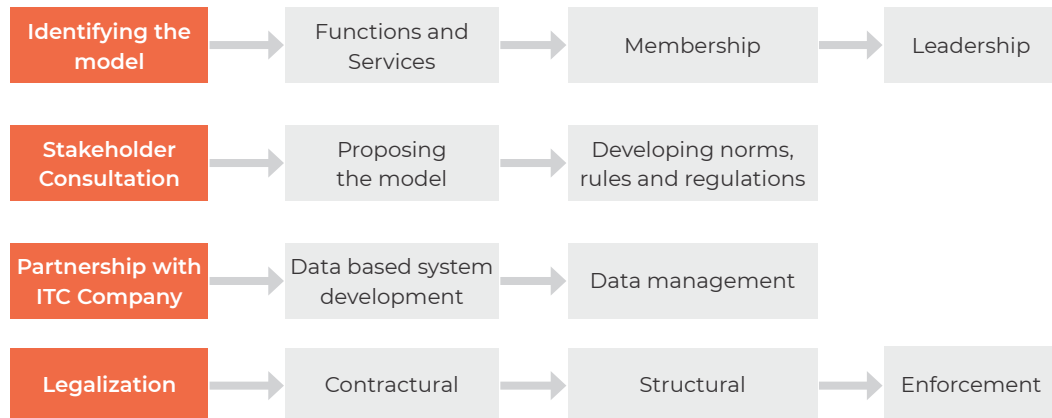
### 4.2.5. Upgrading CEXC

This would be a collaborative activity between MPBSMA, CEXC and MoC since the members of MPBSMA are also members of CEXC.

There is competitive pressure for developing countries to compete in the international commodity market. India's NCDEX is already functioning well. A well-functioning commodity and futures exchange brings cost and technology benefits for various agriculture commodities. The establishment of grades and standards as well as a nationwide price information system will need to be in place. National Quality Infrastructure would be supportive of pulses, beans and oilseed commodities.

To upgrade the Yangon Bayint Naung CEXC, the following should be considered:

**Figure 4.3: Upgrading the CEXC**



#### 4.2.6. Strengthen MAGDPL

The MPBSMA formed MAGDPL in 2012 with the goal of promoting domestic agricultural commodities. There are now 116 shareholders, including association members and UMFCFI members.

MAGDPL planned to construct a jetty at the Thilawa Special Economic Zone in order to facilitate loading agricultural commodities. It also intended to offer warehouse services and customs tax services. Together with warehouse services, an international commodity exchange centre will be established for selling products.

#### 4.2.7. Medium-Term Implementation Plan (6 Months to 3 Years)

#### 4.2.8. Capacity Building

For the purpose of improving the institutional capacity of MPBSMA, the following capacity building options need to be considered:

**Capacity needs:**

- Programme development and management skills, in particular around the pulses value chain, market development, and trade and investment.
- Understanding the nature of partnerships and collaboration with partners.
- Programme and project management—planning, implementation, monitoring and evaluation of own and joint programmes.
- Business planning and development.
- Data management.
- Market research and development.
- Cooperate governance and financing.

### 4.2.9. Fundraising

In order to raise funds, MPBSMA needs concrete data and information about its activities covering both programme and support functions, and associated costs, prior to reaching out to donors. It will also need a database of potential donors. The activities and budget should be set at least a year in advance. The organisation's budget and future activity plans will help MPBSMA understand its financial needs and the amounts to be raised.



#### Developing a fundraising strategy

Categorising activities and their related costs will be helpful in identifying potential and suitable sources of funds. For example, office and administrative costs may be covered by using membership fees collection. Some support cost may be suitable to share with internal and external funders. The costs of building member capacity could be raised from donors. Some specific functions and projects may be suitable for raising funds from development organisations or the government.

The fundraising function should cover categorising activities and costs, identifying potential or suitable fund sources, internal and external, developing a donor map, and clarifying roles, responsibilities and targets.

### 4.2.10. Implementing a Pilot Project

Pilot projects could be implemented to develop specific value chains for pulses, beans and oilseeds in collaboration with development partners and farmers' groups.

For these kinds of activities, formulation of projects that are technically, economically and market feasible in the local context are needed. A specific department for the development and management of programmes and projects is needed under MPBSMA direction.

### 4.2.11. Market Research and Intelligence

For database management, designing databases, including identifying requirements, developing and testing a backup and recovery strategy, and configuring the network environment to enable clients to connect, managing storage, users and security should be carried out.

## 4.3. LONG-TERM IMPLEMENTATION (UP TO 5 YEARS)

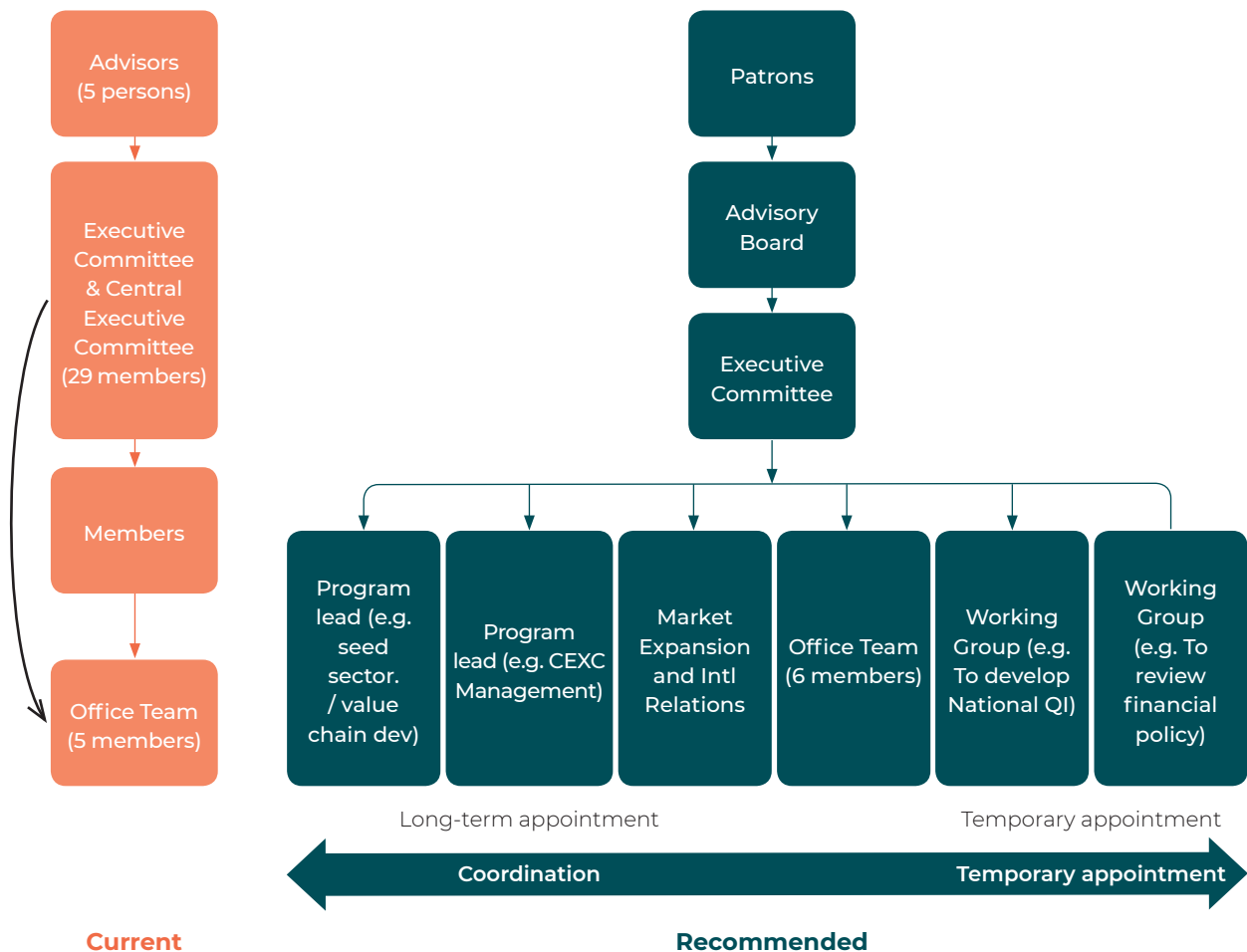
### 4.3.1. Association Reform

To transform the association, the following issues need to be resolved:

- Governance, leadership and strategic direction.
- Structure and human resources.
- Systems.
- Developing a strategy for subsectors.
- Upgrading the skills of members and Executive Council members.

The process for reforming the association's structure and human resources is outlined below:

**Figure 4.4: Reforming the Association**



### 4.3.2. Partnerships and Networking

It is important for MPBSMA to work closely with different actors in the pulses, beans and oilseeds sector to share information and experiences and promote mutual learning. To do so, it may be valuable to recruit technical staff to lead specific programmes, and to enhance partnerships with those working in specific subsectors.



For strong partnerships and collaboration with civil society and non-governmental organisations, it is recommended to:

- Have internal human resources to focus on the subsectors.
- Identify potential partner organisation to cooperate on joint programmes.
- Initiate conversations with potential partners and establish relationships, trust and mutual understanding.

### 4.3.3. Creating a Seed Market

Farmers normally use seed from harvested crops rather than buying commercially produced seed. Harvested seed deteriorates over time and, as a result, crop quality falls. Farmers are also deprived of the opportunity to plant new and higher-yielding varieties. In recent years, companies have started to produce and distribute seeds. The market for commercial seeds emerged first in the rice sector.

In pulses, bean and sesame, seed production has started in the P4 project funded by UK Aid and the DaNa Facility in Magway and the Khayan–Thonegwa townships. Diamond Star and Awba are also involved in seed production. A seed market for sector crops could be one of the activities of MPBSMA in collaboration with MoALI, the private sector and farmers' associations.

### 4.3.4. International Relations

This activity could be combined with the partnership and networking operations. MPBSMA would deal with international buyers and trade associations.

### 4.3.5. Market Expansion and Trade Facilitation

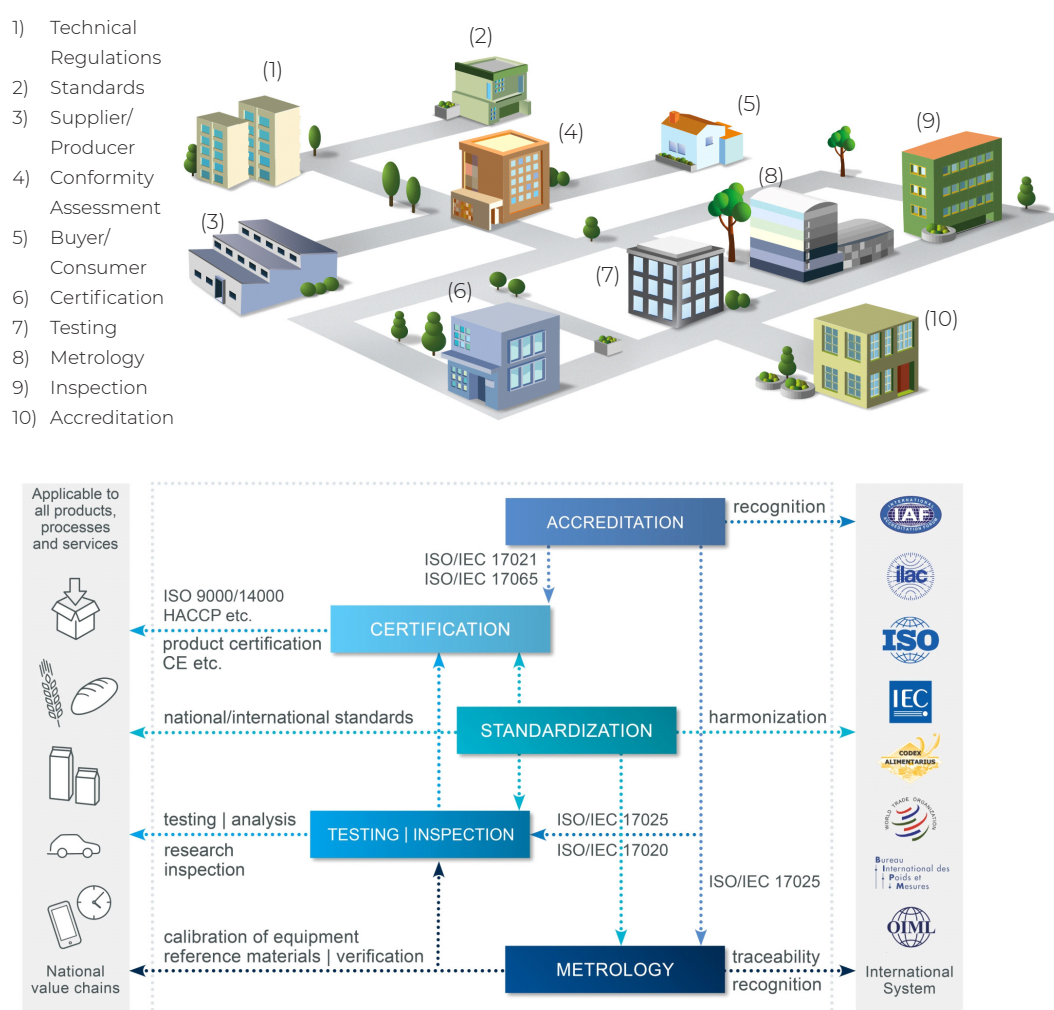
This would be a key function for a staff expert or a member of the Executive Committee. This would improve the reputation of the MPBSMA and improve its relations with sub-associations and regional associations.



### 4.3.6. Quality Infrastructure Support

Quality infrastructure is required for the effective operation of domestic markets and to enable access to foreign markets. It allows exporters to demonstrate that their products meet safety and quality standards and is a critical element in promoting and sustaining economic development, as well as environment and social wellbeing. It covers standardisation, accreditation, measurement, testing, inspection and certification. The main components of National Quality Infrastructure are illustrated below:

**Figure 4.5: National Quality Infrastructure**



Quality infrastructure promotes practical activities to strengthen quality at the level of the firm or farm, quality services at the meso level, and regulatory and standards frameworks at the macro level in order to increase systemic competitiveness.

MPBSMA can take a role in sharing information about quality infrastructure services locally and internationally. Moreover, MPBSMA should participate in the development of quality infrastructure such as standardisation, a testing network and other services across the value chain.

## 4.4. RECOMMENDATIONS

The following general recommendations are based on the findings of this study:

### 4.4.1. Association Management

- MPBSMA should build trust between farmers and buyers. Information flows should target trade as well as updates to changes to the CEXC.
- The association should implement and institutionalise change management including collecting baseline data on organisational health and developing a roadmap for change management.
- The capacity of the Executive Committee, Central Executive Committee and management committee should be strengthened to manage MPBSMA's programmes and monitor their progress.
- Internal systems should be brought into compliance with internationally accepted practices in accounting, procurement, auditing, and human resources management.
- Training should be provided to members of the Executive Committee, Central Executive Committee and Management Committee on revised human resources policies, financial management policies, procurement policies, supply chain management, and contract administration.
- The MPBSMA should build links to international donors to fund and manage projects.
- Program dashboards should be developed to track projects and statistical yearbooks should be created to support data-driven planning.
- The MPBSMA should be enabled to better manage members' obligations.
- Human resources policies – including job descriptions, hiring standards, and performance reviews – should be aligned to support the vision and values of the association.
- Financial and administrative manuals should be developed to guide daily operations.

### 4.4.2. Market Development

It is necessary to upgrade the CEXC to promote market development. The association is involved in management of the CEXC and so is well positioned to advocate for change. By upgrading the CEXC, farmers and market actors can become better aware of market movements. Providing the CEXC with a digitised information system and e-commerce capabilities would reduce dependency on the Indian and Chinese markets and stimulate diversification of the domestic market.

Market development and fair pricing should be promoted by legalising illegal exports to China and signing bilateral agreements with India and China.

Market diversification is needed and MPBSMA should lead market expansion and value addition efforts in order to meet international market demand.

### 4.4.3. Improving Quality, Seeds and Productivity

Markets cannot be diversified or expanded without improvements to quality standards. It is necessary to work with farmers to improve the quality of products through contract farming and other methods.

One way to improve quality would be to control the involvement of unrecognised collectors who too often mix different crops. One way to establish an effective traceability system would be to register village brokers or collectors through the association.

To increase the availability of good quality seeds and improved varieties, the association could work with government, public-private partnerships or contract farming groups. Technical support and effective monitoring should be in place to achieve productivity improvements.

### 4.4.4. Policy

The association should take part in advocating and developing policies that would be supportive of sector development.

### 4.4.5. Short-Term Action Plans

1. When forming sub-associations, their roles should be expansive enough to be an incentive for members to join them. Decentralising leadership and delegating responsibilities will lead to more effective community-level engagement and more effective dissemination of production and marketing practices and knowledge from the Yangon office.
2. In establishing a government relations function, the association should be aware of and be actively involved in government activities to promote sector development, and should formulate strategies to increase the commitment of Executive Committee and Central Executive Committee members and mobilise their participation in building government relationships. The association's constitution should be modified to deal with the role that Executive Committee and Central Executive Committee members now have in handling government relations.
3. MPBSMA should take the initiative in building on its relationships with government officials and stakeholders to contribute to policy discussions and support national activities by providing regional knowledge, research and expertise.
4. Upgrading the website and regular information sharing should be continued.
5. Upgrading the CEXC should be done through collaborative efforts of MPBSMA, the CEXC and MoC.
6. Strengthening MAGDPL.

#### 4.4.6. Medium-Term and Long-Term Action Plans

##### 1. Capacity building needs

- Programme development and management skills related in particular to the pulses value chain, market development, trade and investment.
- Understanding the nature of partnerships and the ability to collaborate with partners.
- Programme and project management: planning, implementation, monitoring and evaluation of own and joint programmes.
- Business planning and development.
- Data management.
- Market research and development.
- Corporate governance and financing.

##### 2. Fundraising strategy

Categorising activities and their related costs will be helpful in identifying potential and suitable sources for fundraising. For example:

- Office and administrative costs may be covered by using membership fees.
- Some support costs may be shared with internal and external funding sources.
- Member capacity building costs could be covered through fundraising.
- Some specific functions and projects may be supported with funds from development organisations or government.
- Fundraising should include categorising activities and costs, identifying potential or suitable funding sources, both internal and external, developing donor mapping, and clarifying roles and responsibilities and fundraising targets.

##### 3. Implementing a pilot project for value-chain development for pulses, beans and oilseeds, working in collaboration with development partners, farmers' groups and regional governments.

##### 4. Organising data management, market research and intelligence, and providing updates on the website.

#### 4.4.7. Long-Term Action Plans

1. Reforming the association at the meso level in terms of:
  - Reforming governance, leadership and strategic direction.
  - Revising the organization's structure and its human resources.
  - Improving systems.
  - Developing a strategy for subsectors.
  - Upgrading the skills of members and Executive Committee members.
2. Establishing partnerships and networks. It is important to identify potential partner organisations to work with and share joint programmes, to initiate partner conversations and establish relationships, and build trust and mutual understanding.
3. Creating a seed market by linking with farmers and regional governments to get quality products, increased productivity and market competitiveness.
4. Combining international relations activities with partnership and networking functions.
5. Working with MoC on market expansion and trade facilitation for the diversification of markets beyond the Indian and Chinese markets.
6. Promoting quality infrastructure support.







## 5. ANNEXES

### ANNEX 1: REFERENCES

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## ANNEX 2: CASE STUDIES AND PROJECT IDEAS

### The Myanmar Rice Federation and the Rice Seed Sector Development Project

#### MRF benefited in the following ways:

- Built capacity of staff and the secretariat by participating in the project, giving them project management skills and improving administrative and financial procedures.
- Built trust among farm groups, private companies and government bodies.
- Improved and increased networking and coordination capacities for the federation, which was supported by key regional and international stakeholders.

This case study looks at the involvement of the Myanmar Rice Federation in the Rice Seed Sector Development Project and continuing attempts by government, agribusiness actors and development agencies to identify income generation activities for rural people. Contract farming was used for the rice seed industry because backward and forward market linkages were rarely in place. Also, rural farmers and small-scale entrepreneurs lack both reliable and cost-efficient inputs such as extension advice, mechanisation services, seeds, fertilisers and credit, and guaranteed and profitable markets for their output. Well-organised contract farming provides such linkages and appears to offer an important way in which smaller producers can farm in a commercial manner. Similarly, it also provides investors with the opportunity to guarantee a reliable source of supply, from the perspective of both quantity and quality.

**Problem statement:** The Ayeyarwady Delta is one of Asia's rice bowls containing about 25% of Myanmar's rice acreage. But there is a lack of quality resources available to stakeholders in the rice seed industry. Improving the supply of quality, certified rice seed available to farmers in the delta is crucial to improving yields. The most significant gap is the lack of quality rice seeds that are well adapted to the growing environment. Only one in 20 farmers in the lower delta uses certified quality rice seeds. Good quality seed can boost yields by more than half.

**An innovative approach:** An integrated approach innovated by a consortium – Welthungerhilfe, a German private aid organisation; Dutch-based Wageningen University research with support from technical partners; the Rice Federation; Resilience BV and Mukushi Seeds – funded by the Livelihood and Food Security Trust Fund.

The project aims to strengthen the rice seed value chain, strengthening the performance of different operators and service providers, increasing demand, and improving coordination among actors in the delta's seed value chain. The project is designed to strengthen the formal private and public seed system to improve farmers' access to quality seed. The project will increase the capacity of government seed farms to produce early generation seed, upgrade laboratories to provide quality assurance and seed certification to international standards and incentivise the private sector to engage in seed production.



“The commitment of all partners to pull on the same rope is what makes this project successful. The creative and innovative aspect of this project is the constellation of partners that work together along the value chain. When we collaborate, we can establish a nutritious food supply for the communities here in the Delta”

*Welthungerhilfe Country Director, Mike Bratzke*

**Process:** From October 2017 through June 2019, the project focused on the following four components:

Under Component 1, the focus was on the entire region for five early-generation seed farms: Thayaung Chaung Seed Farm, Tagontaing Seed Farm, Myaung Mya Research Farm, the Myanmar Rice Research Centre, and Aukywingyi Seed Farm.

Component 2 focused on supporting seed business development in four townships: Labuta, Bogale and Mawlamynegyun in the lower delta, and Pathein in the upper delta. The project worked with 50 high-potential seed producers in those four townships. The project also worked with 5 seed companies: Aya Pathein, Aya Dagon, Kyeik Latt, Mone Thida and Mote Thone Foundation.

Component 3 worked on strengthening seed quality assurance working closely with the regional Department of Agriculture office and the seed laboratory in Pathein, and with the Department of Agriculture Seed Division in Nay Pyi Taw, seed producers in the 4 selected townships and seed companies in the region.

For component 4, the project focus was on strengthening seed sector coordination across the entire region. In this component, the project was linked with the national agenda as elaborated in the Seed Sector Road Map and associated action agendas.

## The India Pulses and Grains Association

The India Pulses and Grains Association, based in Mumbai, is the apex body of India's pulses and grains industry and its membership encompasses market participants along the value chain. The association has over 400 members including regional associations from across India, taking its reach to almost 10,000 stakeholders involved in farming, processing, warehousing and importing across the entire value chain.

Its vision is to make the Indian pulses and grains industry competitive internationally, and in so doing, help advance India's food and nutrition security. The association plays a leadership role in agribusiness and plays a more proactive role in the global domain to foster healthy relations among Indian market participants and between India and its foreign associates. As the apex body of the trade, the association strives to bring together all stakeholders along the value chain to strengthen the sector.

### **Advocacy by the India Pulses and Grains Association**

The association has successfully included pulses in the national policy agenda. Since 2011, it has been in discussion with the ministries of agriculture and consumer affairs to make the following changes:

- Including pulses in the Public Distribution System.
- Including pulses in the Food Security Act.
- Allowing free exports of all pulses.
- Ensuring that pulses are traded at the minimum support price. In case there is any drop in the trading price, government agencies need to step in and buy produce at the minimum support price.
- Removal of the stock limit on domestic produce.

The association will also seek to monitor foreign trade in pulses and grains so as to be able to provide effective forward looking guidance, which will further help the government in policy formulation.

The association is also working towards ironing out the various hurdles faced by stakeholders directly and indirectly involved in the pulses trade. These include importers, traders, brokers, millers, indenters, clearing house agents, shipping companies, clearing and forwarding agents as well as transport companies. The association works closely with governments and other authorities at various levels to assist in dynamic policy responses by providing market related inputs and strategic advice with respect to domestic and global agribusiness.

### **Highlights: Networking, Communication, Promotion and Fundraising**

The association's website at <http://ipga.co.in/> is the attractive face of its international communications and networking efforts. It presents market information from India and Myanmar as well as globally.

**Fundraising and Promotion:** As an apex association, it will host the Pulses Conclave 2020 (<https://thepulsesconclave.in/>), which provides an exceptionally strong platform for domestic and international market participants to connect and capitalise on business opportunities. This is a fundraising tool and a way getting of recognition of its international trademark.

## American Pulse Association

The American Pulse Association is a coalition of the entire US pulse industry from farm to fork. Established in 2010 as a non-profit organisation, it is devoted to increasing the consumption of pulses.

### Highlights:

- One of its most creative ideas is “pulses in school”. This could be a potential project for MBPSMA linking children’s nutrition and farm policy.
- Connecting with food industry professionals and health professionals to serve pulses in restaurants
- The USA Dry Pea and Lentil Council and the USA Pea and Lentil Trade Association are members of the pulse association.

The association's alliances have dual benefits for its members. For example, in addition to representation in national and international pulse industry forums, membership in the Pea and Lentil Trade Association offers the following benefits:

- Trade Leads – timely market information and exposure to new markets.
- Trade Directory – distributed to members and customers.
- Web Listing – contact information published on industry website.
- Pulse Pipeline Newsletter – weekly publication with market information and current issues.

## Possible MPBSMA Campaign Projects

### Promoting the Pulse Brand

The pulse industry has created its own brand to help consumers identify products that contain pulses. This brand immediately indicates to consumers that the product is a healthy, nutritious and sustainable choice. A strong marketing campaign will provide food manufacturers an incentive to use the brand on their products and help the industry promote pulses as the plant-based food of choice.

### Functionality and Nutrition Research

An increase in research funding will support the development of new products and uses for pulse crops. Food products containing pulses are projected to increase in almost every food category. Manufacturers and processors need additional scientific information about pulse flours and ingredients, the differences by location and variety, and definitive studies about the health benefits of pulses.

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### Institutional Strengthening, Networking and Coordination

The MBPSMA wants to improve its internal structures to enable an even greater impact on the lives of its beneficiaries through project implementation and policy advocacy at national and regional levels. Doing so will require it to improve its capabilities in advocacy, policy formulation and project implementation.

The MBPSMA can host training workshops in cooperation with relevant partners to develop innovative marketing approaches through direct links with markets in larger cities using online and social media systems to access markets.

It can also use the strength of its membership for policy influence. There is a need for evidence from diverse markets in different agro-climatological zones. This is a strong point of the sub-associations.

### Research for development and policy advocacy

The MBPSMA will continue to build on its relationships with government departments and stakeholders to advocate for and influence effective government strategies and policy at national level.

For example, members are well-connected to farmers' groups and are selling to them through new marketing initiatives linked to the private sector, providing them with a sustainable income by promoting Good Agricultural Practices and food safety techniques.

The association could form larger-scale marketing opportunities linking products from different geographical areas at an outlet in central Yangon. This could also be used to promote exports.

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## ANNEX 3: CONTEXT ANALYSIS OF THE PULSES, BEANS AND OILSEEDS SECTOR

### National Economic Policy (2016)

The National Economic Policy, which includes 12 main economic policies, was launched in 2016 and is expected to guide priorities for economic reforms and investment in public infrastructure, and align with the government's priority to achieve progress on national reconciliation. Especially, the policy objectives aim to promote linkages between the agriculture sector and the rest of the economy, provide a level playing field for talented entrepreneurs, and ensure development processes that are inclusive for Myanmar citizens since about 30% of the country's GDP comes from agriculture.

The 12 policies address: (i) financial resource expansion; (ii) efficient public and private enterprises; (iii) human capital development; (iv) rapid development of key economic infrastructure; (v) job creation; (vi) balanced sectoral growth while improving food security; (vii) economic rights; (viii) financial stability; (ix) environmental sustainability; (x) fair and efficient taxation; (xi) intellectual property rights protection; and (xii) an adaptable business environment.

### National Export Strategies

The NES, approved by the MoC in 2015, is a 5-year roadmap of the needs and priorities for Myanmar's sustainable development through trade in the priority sectors of rice, beans, pulses and oilseeds; fisheries; forestry products; textiles and garments; rice; rubber; and tourism. The NES recommends targeted investments for each export sector and addresses constraints in the business environment through cross-sector functions including access to finance; trade information and promotion; trade facilitation and logistics; and quality management.

The NES finds that the MPBSMA is moderately successful in coordination and weak in human capital, financial resources, lobbying and communication. The NES analysis on the pulses and beans and oilseeds sector provides an overview of the institutional support of MPBSMA to the sector and illustrates that human and financial capacities of institutions including MPBSMA need to be upgraded to build the sector's export performance. MPBSMA is deemed one of the most in need of additional support to perform its duties effectively for the sector's development and to enhance innovation capabilities by businesses and trade support institutions.

Currently, the MoC is leading on development of a roadmap for the next 5 years in the priority sectors. The NES wants the pulses, beans and oilseed sector to contribute to the socioeconomic development of Myanmar by being a global provider of environmentally sustainable and value-added products based on modern farming and trading techniques.

### The Medium-Term Programme

The MTP was launched in 2017 by the MoC for Coordinated Aid-for-Trade Resource Mobilisation and Delivery. There are 11 priority sectors or pillars in a Diagnostic Trade Integration Study Action Matrix.

Pillar I, "Trade Policy and Institution", cluster 1.1 covers institutional reforms. After lifting of sanctions there is a huge gap for Myanmar's re-entry into the global trade arena specifically in trade-related institutions. The mandates, structures, procedures, and staffing at the MoC and trade-related agencies were not in line with best regional and international practices, had limited capacity in analysing the impact of trade policy

changes on growth, prices, trade in services, trade agreements, and trade negotiations. MoC and trade-related agencies have capacity needs and gaps and have been proposed as institutions requiring priority reforms. For the pulses and bean sector, the MTP said that to tap into the significant demand for quality agricultural products from India, Japan and China, better agricultural value chains are needed, which would provide poor rural communities with opportunities for higher incomes.

Value addition activities such as sorting, processing and packaging have great potential. It is therefore important to increase the sector's production and productivity through enhanced farming techniques, upgrading farmers' capacities, improved infrastructure and a reliable supply of quality inputs. Inter-institutional collaboration and private–public partnerships are needed for improved cooperation and efficiency. As well the sector needs to improve its ability to add value to its products by enhancing business management capacities and modernising processing facilities and techniques. MTP also specifically calls for MPBSMA to be transformed into an organisation covering not only merchants but also growers and processors—an apex body—by drafting a new mandate to represent the various stakeholders of the sector, reforming its organisational structure, and modifying its duties and activities.

### **Agriculture Development Strategy and Investment Plan (2018–2023)**

The Agriculture Development Strategy and Investment Plan (ADS) was officially launched in June 2018 and builds on the 2016 Agriculture Policy. The ADS identifies 3 significant pillars: 1) governance;

2) productivity; and

3) market competitiveness.

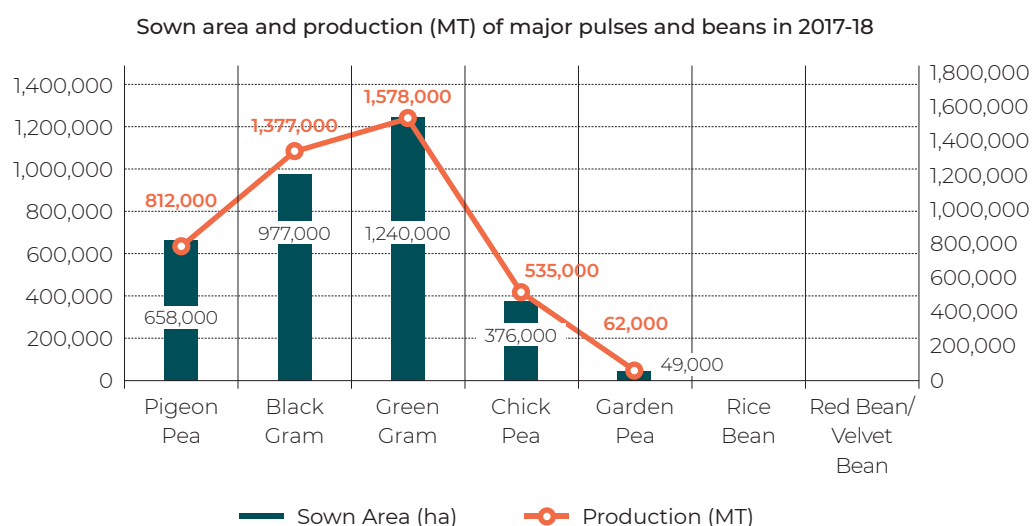
It also highlights the potential production and productivity gains in the agriculture and natural resource sectors including the development of an agricultural finance policy that encourages banks and financial services to serve rural communities, especially farmers and SMEs. The ADS also supports the development of value-chain financing to farmers and related SMEs without full collateral backing.

## Sector Overview

Pulses and beans are Myanmar's second most important crops after rice in terms of production and foreign income. Myanmar is the third largest producer of pulses and beans in the world after India and Canada.

Myanmar produced over 5.64 million tons of pulses and beans with a total planted area of 4.44 million hectares in 2017–18, more than double that of 1995–96 which was about 2.05 million hectares but production and sown areas shrank in 2015–16. In Myanmar, more than 20 varieties of pulses and beans are grown and Myanmar is the world's second largest exporter of pulses and beans after Canada. The major exports of pulses and beans are green gram, black gram, pigeon peas, chickpeas, garden peas and soybeans. (Fig 1)

**Figure 5.1: Pulse and Bean Acreage and Production**



About 90% of the pigeon peas, chickpeas, butter beans, green mung beans, and sesame are grown in the central dry zone. Black gram accounts for the largest cultivation acreage and green gram offers the largest diversity of cropping practices.

Depending on the variety and land available, farmers can grow green gram in the monsoon, in the cool season and even in some cases as an irrigated summer crop. While most green gram from upper Myanmar gets sold through Mandalay for export to China, some finds its way south to Yangon for export to other Asian markets. Traders estimate that domestic markets absorb only 5–10% of national production of green gram. While it can be milled to make dal, local entrepreneurs sprout some of it to sell as bean sprouts.

Chickpeas are exclusively a cool season crop, planted frequently in lowlands following the monsoon paddy harvest. Unlike the other exported pulses, chickpeas are consumed widely in domestic markets. Chickpea dehuller mills are located in all major market centres and milled and split chickpeas are used in dal. In addition, clusters of vermicelli noodle factories, numbering perhaps 50–100 in Mandalay, Monywa and environs, purchase chickpea flour that they ferment, extrude and package as vermicelli noodles for sale throughout the country.

Of the 1.25 million tons of pulses and beans that were exported in 2017–18, black gram, green gram, and pigeon peas contribute about 42%, 28%, and 18% respectively of total exports.(Figure 0.1).

Figure 5.2: Exports of Pulses: 2017–18

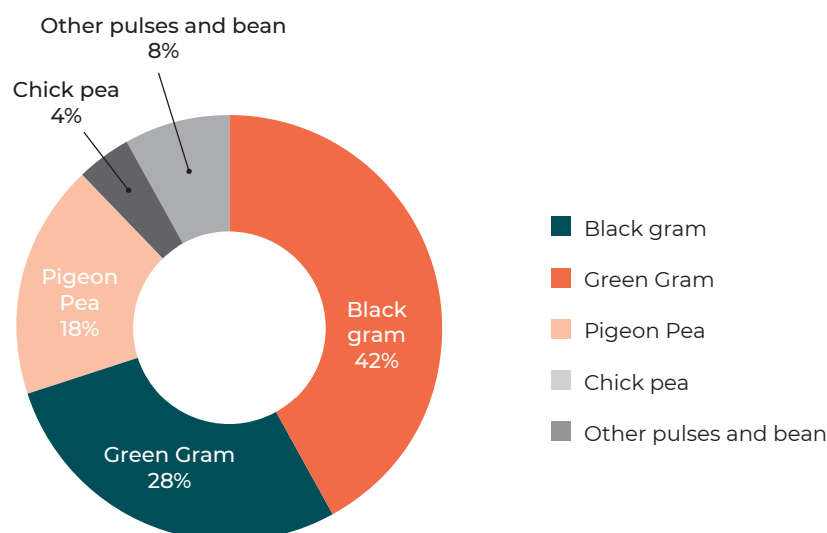
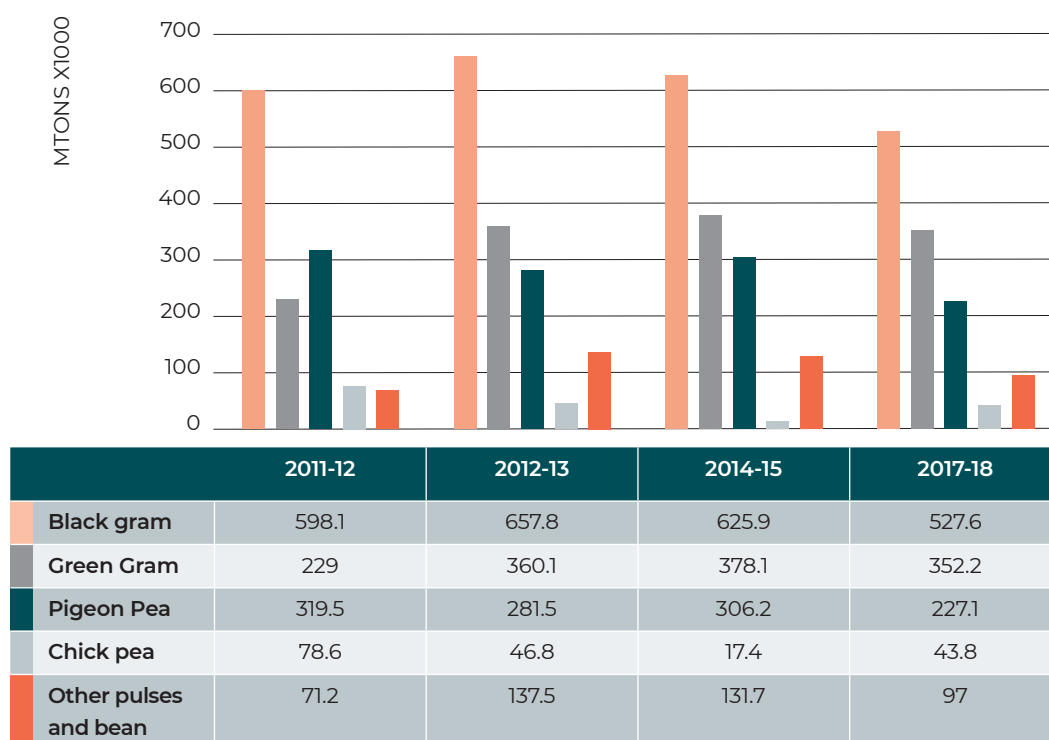


Figure 5.3: Export Volumes of Major Pulses from 2006



Although Myanmar is one of the top exporters of pulses and beans, there are many challenges that are hampering the sector's contribution to the value of national exports. The most significant challenges are compliance with the quality requirements and standards of buyer countries, high costs but poor quality compliances of logistical services along the supply chain, the difficulty of tracing quality problems because



of the involvement of purchasing and trading operations from a multitude of small farmers and traders, and a lack of enforcement of handling procedures prescribed by the government. The lack of value addition and poor accessibility of finance for investment are also challenging.

Major oilseed crops include groundnuts, sesame, sunflowers, mustard and niger. Sesame is one of the most important oilseeds in Myanmar. The sesame sown area is estimated at 1.59 million hectares, which amounts to about 51% of the total oilseed producing areas. Groundnut cultivated area was about 1.04 million hectares. Figure 18 provides the cultivated area of oilseed crops in Myanmar.

**Figure 5.4: Export Volumes of Major Pulses from 2006**

	Sown Area (1000 ha)	% of Total Oilseed Areas	Production (MT)
<b>Sesame</b>	1,590	51%	829
<b>Groundnut</b>	1,035	33%	1608
<b>Sunflower</b>	275	9%	260
<b>Mustard</b>	48	2%	56.7
<b>Niger</b>	146	5%	N/A

Source: MoALI 2018

Myanmar was the world's largest exporter of groundnuts in 2016 and accounts for about 90% of the total export value. In 2017–18, a total of 54,618 metric tonnes of groundnuts were exported. From 2015–16, groundnuts have been exported in shells according to higher demand from neighbouring countries. Groundnuts are mainly exported to China and Thailand.

## Market Drivers and External Factors

The global pulses market reached 102.7 million tons in 2018 and tends to increase over the years. Among the global market drivers are:

1. High nutritional values including dietary fibre, vitamins, minerals, phytochemicals and complex carbohydrates as well as properties to improve digestion, reduce blood glucose, minimise inflammation, lower blood cholesterol, and prevent chronic health issues.
2. The ability to be processed into different forms: whole pulses, split pulses, pulse flours and pulse fractions like protein, starch and fibre. The flour is a basic ingredient of the snack, bakery and beverage industries and is used as batter and breadings.
3. They are increasingly being used in the processing of ready-to-eat food products.
4. Based on end-use, the market has been segregated into home use, snack foods and flour.

India represents the leading producer of pulses, holding around one-fourth of the total global market followed by Canada, Myanmar, China and Brazil. India is also one of the major buyers of pulses and beans from Myanmar and nearly half of the total exported volume of about 1.2 million metric tonnes was exported to India. Over 90% of pigeon peas and about 70% of black gram was exported to India. India's policy change in the import of pulses beans, the imposition of restrictions and a quota system had an adverse effect on the market expansion and development of Myanmar's pulses sector.

Demand from European countries has increased because of the increased focus on healthy eating habits. The Myanmar pulses and beans market has benefited after the lifting of sanctions by European countries. There is commercial potential for export of a large range of grains, pulses and oilseeds if they can meet the strict requirements of food safety standards and quality requirements. The potential diversification of markets attracts traders, as well as the association, to accelerate sectoral development.

The competitive landscape of the global pulses market including Africa and Canada has also affected the Myanmar pulses and bean sector. Tanzania produced just over 50 thousand metric tonnes of pigeon peas in 1998–99 but production grew to 279 thousand metric tonnes in 2017.

All of these market drivers have alerted the MoC as well as MPBSMA to review existing capacity and strategies, move ahead with institutional reform and capacity development, and highlight the urgent need of a strategy and roadmap for MPBSMA to contribute to an industrial development strategy for pulses and beans.

### **Functions of the Commodity Exchange Commissions and the Marketing System of Pulses and Beans and Oilseeds**

CEXCs are non-profit associations with a volunteer membership to facilitate business transactions of agricultural products especially for pulses, beans and oilseed crops. Central executive committees are located in the most important agricultural producing and trading areas such as Yangon, Mandalay, Monywa, Pakokku, Magway, Myingyan, Pyi, Hinthada, Aungmye, Shwebo, Taunggyi, Lashio and Muse.

Central Executive Committee members display samples of their products and buyers negotiate the price and volume taking into account some quality aspects. The Mandalay Central Executive Committee seems to be the most important central executive committee as it operates earliest among all the central executive committees and buyers have to offer a price earlier than other central executive committees. The offered price is mainly based on supply and demand, the previous day's price in Yangon's Central Executive Committee and the offer price of Chinese buyers. Central Executive Committees also offer dispute resolution services for on-premises transactions. Resolutions are facilitated by a working group, whose analysis may be confirmed or amended by the Executive Committee. Non-compliance with decisions results in a member's removal from the association. Traders at the regional Central Executive Committees supply pulses and sesame to terminal wholesalers in Mandalay and Yangon. Central Executive Committees mostly function as meeting places for the township traders where private trades are made, recorded, and commodity prices are disseminated.

There are more than 1,000 members in the Yangon BayintNaung CEXC. Wholesale traders and exporters are the members of Central Executive Committees. Pulses and beans are mostly exported to India. Storing, reprocessing, and necessary export procedures are operated by the local exporters. There are a few exporters who export pulses to EU markets, especially green gram, black gram, chickpeas and pigeon peas – split and whole – and roasted sesame powder. There are about 2,000 active members in the Mandalay CEXC. CEXCs are under the UMFCCL.

Membership fees, annual fees, and rules and regulations are slightly different for each CEXC. For example, one of the strict rules of the CEXC is to keep Buddhist religious practices; the name of the Mandalay CEXC was Mandalay Kahtein Taw Association for many years and was just recently changed to Mandalay CEXC.

## The Role of the MPBSMA in the Pulses Value Chain

The Myanmar Pulses, Beans and Sesame Seeds Merchants Association was founded in 1992 with the purpose of ensuring fair benefits for local producers, local traders, exporters and foreign buyers. The 39 members of the Central Executive Committee and the 29 members of the Executive Committee are appointed by the MoC to manage the association. Foreign import agents are not authorised to affiliate as members. There are more than 1,100 traders in the association.

Its major activities include provision of market intelligence, market prices, arrangement of matches with overseas buyers and issuing certificates of origin. The inspection for certification for country of origin is based on standards set by the MoC. MPBSMA is involved in the CEXC together with CCI, and in policy advocacy, trade negotiations, and resolution of disputes. MPBSMA also contributed to the 5-year strategic plans of the NES. MPBSMA is also involved in international market expansion and trade development activities. The association participated in trade fairs in China, and in trying to get export market access to the EU.

According to its constitution, the association has a long list of objectives:

- Improve linkages from production to final markets and to ensure sustainable development in the sector
- To fulfil 3 trade policies established by the MoC in the pulses, beans and sesame trade:
  - To aim and work for the welfare of the nation and its people.
  - To avoid stress to all ethnic groups because of trade issues.
  - To base the industry on sustainable development rather than short-term profits.
- To support the improvement of the national economic direction based on the agriculture sector, to build development of the national economic direction together with the other related businesses by pulses, beans and sesame production.
- Enable producers, brokers and traders of pulses and sesame to invent, create, and work freely, to increase productivity and to have these businesses in the hands of Myanmar nationals.
- To improve the quality of pulses, beans and sesame products for local and foreign trade and to aim to be the major sustainable and honourable exporter in global markets.
- To plan and work for the wide use of modern agricultural technologies, quality seeds, inputs and modern machinery in order to increase the production of pulses, beans and sesame.
- To improve productivity and living standards of pulses, beans and sesame growers.
- To improve the quality of pulses, beans and sesame and conduct local and global trade with modern trade systems.
- To develop research about pulses, beans and sesame production and marketing, to collect and share market information, to organise workshops and other appropriate services.
- To form good relationships among members through coordination and to achieve mutual benefits.
- To coordinate with government departments and organisations for the benefit of members and to solve occasional problems.
- To serve as a link between government and those involved in the sector.
- To build structural facilities and develop land that belongs to the association.
- To serve as a judge for arbitration where there is conflict or trade dispute.

## ANNEX 4: GENERAL QUESTIONNAIRE FOR 7-S FRAMEWORK

### Strategy

1. Does MPBSSMA have a vision, mission, strategy/roadmap?
2. Do members of MPBSSMA know the vision, mission and objectives?
3. Does MPBSSMA have the strategy to fulfil the vision and mission?
4. Do you implement activities as per your strategy?
5. Does the strategy/roadmap benefit your members? How do members respond to the strategy/roadmap?
6. How do you implement your strategy/roadmap? Have you adjusted the strategy depending on environmental impact's changes?
7. Do members collaborate and cooperate to implement activities?

### Structure

1. Can you tell me if you have an organisational chart/ charter/structure? Do members/staff know or understand the organisational chart?
2. How many departments/ divisions implement activities and functions? How are they implementing the activities?
3. Who is the influential person (just title) in these departments and or MPBSSMA?
4. Who are parallel organisations? Who are their members and how do they operate?
5. Can you tell me the roles and responsibilities of each Central Executive Committee, staff member and how they delegate tasks?
6. Are you elected or selected? What is the criteria to be a Central Executive Committee member, etc.?

### System

#### Financial system

1. How do you control the budget and financial management? How effective is the accounting system and financial policy? Are they in line with existing structures/systems?
2. How often do you have to withdraw cash from the bank?
3. How do you allocate responsibility and accountability for financial control and management. Do you keep regular monitoring and financial records?
4. Do you have any policy and forms for financial management?
5. Do you have a funding strategy?

#### Reward system

1. Do you have any reward system for staff/committee members?
2. How do you motivate your staff and members?

### Networking system

1. Do you network with other organisations/associations? How many and who are they? Are they international, regional or national?
2. Do you keep records of networking? Who takes responsibility for networking? Do you assign any focal Central Executive Committee or staff for networking, communications and coordination?

### Information system

1. Do you share information among members and what is your communication structure for information sharing?
2. Do you have to limit information?
3. How do you manage information sharing accountability?

### Function/activity management system

1. Do you have a workforce distribution and managing system?
2. How do members understand the management system?
3. Do you have a hand-over process and records?
4. What are your weaknesses and what system have you not implemented to reach your vision, mission and objectives?

## Skills

1. Does the MPBSSMA has enough capacity to implement its strategy and policy?
2. How do you make decisions (process) in the MPBSSMA?
3. What is the expertise and strengths of the MPBSSMA and its members?
4. What capacity do you need for your staff and members to implement strategy properly?
5. Is there any effective coordination and collaboration among members and other associations? Can you give an example?

## Shared values

1. What are the shared values of the MPBSMA?
2. Are the members aware of the values? If yes, how do they demonstrate this?
3. What are the basic facts to indicate achievement of the vision?
4. Is the vision of the MPBSMA in line with the shared values?

## Style

1. Does the MPBSMA have a specific communication style?
2. How do you decide/agree urgent issues?
3. What are the other feelings being member of the MPBSMA?
4. Do you have any conflict resolution system? Who is involving in the process?

### Staff

1. Do staff have experience relevant to your vision, mission, objectives and activities?
2. Do you have any staff/member capacity building/development programme?
3. Have you ever received any feedback on management?
4. What are the membership criteria? Are they based on fees? How do you collect the fees? Is there any volunteerism?
5. Do existing staff act in line with the organisation charter?
6. How do you measure staff performance?

### Annex 4: Feedback Workshop Agenda

Time	Agenda	Person
14:00-14:15:	Objectives and expected outcomes of the workshop	Dr. Ohnmar Khaing
14:15-14:30	Assessment tools: Self-assessment and Group work on SWOT analysis	TMW
14:30- 15:00	Self-assessment form distribution and work on form by individuals	Dr. OK, TMW
15:00- 16:00	Participants divided into 2 groups to work on SWOT analysis	Participants
	Discussion	Participants
16:00-16:30	Inform next steps and closing the workshop	



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