



## Sesame

## Value Chains for Rural Development in Myanmar

**USAID's** Value Chains for Rural Development project (VCRD) integrates smallholders and rural households into competitive commercial value chains to increase productivity and achieve inclusive agricultural growth. The five-year project (2014-2019) is part of **Feed the Future**, the U.S. Government's global food security initiative.

### ***The Sesame Value Chain — Strategy:***

VCRD supports improved productivity and quality of raw sesame in the Central Dry Zone (CDZ) with the goal of increasing farmer income from sesame sold domestically and exported. The project uses a market systems approach, working with private sector firms to explore and capture diverse, high-quality export markets, and collaborating with lead farmers and farmer groups for diffusion of improved technologies. In 2018, the project coordinated with producers, private sector and local government to develop a new, seasonal warehousing system that enabled smallholders to pre-finance and aggregate sesame in a temporary facility. With advertising, marketing and other services delivered by the new Sesame Farmer Development Association (SFDA), farmers no longer seek buyers themselves – rather, buyers come to the warehouse to source high-quality sesame, helping farmers earn better prices.

### ***Producers and Target Areas — Context:***

Myanmar is among the world's top producers of sesame, with about 15 percent of global production, while the Magway region in the CDZ is the country's biggest sesame production zone. Approximately 45,000 smallholder farmers in VCRD's target area in/around Magway Township are smallholders, cultivating sesame on three-to-five acres of land. VCRD targets 6,000 sesame-producing smallholders for support in Magway Township, which has one of the highest concentrations of sesame production in the region.

### ***Sesame Production — Historic Constraints:***

- Despite relatively high volumes, sesame farming in Myanmar has not always been profitable for smallholders, due to lower-than-average yields compared to other major sesame producing countries. Contributing factors include:
- Lack of updated cultivation methods and mechanized technology;
- Lack of quality control and standardized practices; overuse or improper use of chemical inputs;
- High post-harvest losses and vulnerability to soil depletion;
- Extreme and unpredictable weather that causes unseasonal rains and flooding, impacting yields;
- Low quality and production quantity; and
- Poor management of pests/disease problems.

### ***On-Farm — Innovations and Actions:***

- Develop improved production protocols in collaboration with lead farmers, government, agronomists;
- Collaborate with private sector to introduce production-enhancing technologies and mechanized machinery demonstrations and leasing programs;
- Promote responsible use of pesticides/fertilizers;
- Provide training on Good Agricultural Practices (GAP), Integrated Pest Management (IPM) and soil testing and conservation;
- Work with input suppliers, SFDA and lead farmers to improve seed quality; and
- Work with community extensionists to provide training on ideal harvest timing and better post-harvest handling and storage practices.

*These actions are supported by VCRD, SFDA, the Department of Agriculture (DOA), and private sector partners.*

### ***Off-Farm — Innovations and Actions:***

- Improve the bargaining power of smallholders and increase access to new market opportunities through collaboration with SFDA, regional and village-level producer groups and associations;





- Develop new/direct-market linkages with global and domestic buyers of sesame products;
- Upgrade sesame processing to meet European Union, U.S., Korean and Japanese market requirements and demand for high-quality sesame;
- Collaborate with partners on bulk/discounted purchases of high-quality inputs;
- Work with SFDA, investors and private sector to pilot and operationalize seasonal warehousing;
- Expand access to finance through new linkages with Microfinance Institutions, banks and suppliers.

*These actions are supported by VCRD, SFDA, Good Brothers Co., Min Mahaw Co., DOA and other partners, including regional farmer associations such as MySFA and RFDA.*

### **Selected Impacts To Date**

VCRD began work in sesame in 2016 after awarding an Innovative Grant to Sustainable Action for Rural Advancement, a local Community-Based Organization.

- Since then, approximately **5,035 sesame farmers in more than 45 villages in the CDZ have received training on GAP, IPM**, production of bio-fertilizers, pollination practices, safe use of inputs and other improved technologies;
- In 2018, nearly **100 percent of sesame farmers who attended trainings adopted one or more** technology to improve productivity or profitability;
- **SFDA** helped sesame farmers negotiate and finance the first bulk/discounted inputs purchases (2018 and 2019) of high-quality compound fertilizers on behalf;
- **Gross margins for sesame farmers in 2018 were \$122/hectare (ha), about 18.4 percent higher** than the margins reported by farmers in the previ-

ous production season, and **7 percent higher than the target**;

- On average, sesame farmers in the 2018 season **received prices 43.1 percent higher than compared to the previous production season**, a trend partially attributable to premium prices paid by SFDA, resulting from direct market linkages to large institutional buyers;
- **SFDA negotiated the first pre-financed procurements of high-quality white and black sesame to exporters in 2018, selling 221 tons of sesame** for which smallholders earned quality premiums.

### **FAST FACTS:**

*Until 2011, Myanmar prohibited export of mixed sesame but allowed white and black sesame to be sold abroad; the policy later changed to allow export of all colors. Currently, white sesame is purchased to make roasted sesame powder for export to South Korea, while Japanese buyers are interested in Myanmar's black sesame.*



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