



MAKING VEGETABLE MARKETS WORK

Myanmar

All photos: Myanmar — Matt Styslinger/Mercy Corps

Market Systems Development

Market Systems Development (MSD) is a development approach that recognizes the poor as participants in complex market systems, filling a wide variety of roles (including producers, consumers and laborers). In order to sustainably improve their lives, MSD programs address the underlying systemic constraints that hinder the poor's participation in the market. MSD programs ask, "Why is the system itself not providing solutions?" and "How can we address the obstacles that are preventing it from doing so?" Programs then play a facilitative role to lay the foundation for scale and sustainability by building on and aligning the capacities and incentives of market actors throughout the value chain.

MERCY CORPS' SOLUTIONS

Mercy Corps is leading the introduction of market-based approaches to food security in Myanmar. Rather than perpetuate a model of development that requires continuing direct aid to poor farmers, our projects facilitate linkages between smallholder farmers and market actors, which result in ongoing relationships and the transfer of knowledge and technology beyond the life of the project.



Market Systems Development

Market Systems Development (MSD) is a practical approach to reducing poverty, grounded in best practice and guided by four underlying principles:

- » **Systemic Action:** Understanding where market systems are failing to serve the needs of the poor and acting to correct those failings.
- » **Sustainable Change:** Delivering sustainable outcomes by better aligning key market functions and players with the incentives and capacity to work more effectively.
- » **Large-Scale Impact:** Target interventions that benefit large numbers of the poor.
- » **Facilitative Role:** Determine a catalytic purpose for the development agent that stimulates, but does not displace, market functions or players.

Livelihoods and Food Security Trust Fund (LIFT)

Since 2009, Mercy Corps has partnered with the *Livelihoods and Food Security Trust Fund* (LIFT) to introduce market-led, pro-poor agricultural growth strategies in Myanmar. Making Vegetable Markets Work (MVMW) is the first market systems development project funded by LIFT.

Making Vegetable Markets Work

In partnership with Swisscontact (www.swisscontact.org) and East-West Seed International (www.eastwestseed.com), Mercy Corps began implementation on *Making Vegetable Markets Work* (MVMW) in June 2014, aiming to improve the livelihoods of at least 15,000 smallholder men and women farmers by increasing production of, quality of, and demand for vegetables. It will do this in a way that both lays the foundation for market-driven scalability and contributes evidence to critical policy discussions on economic development. Mercy Corps and Swisscontact are working with farmers, the private sector, and the government to improve information flows and incentives for cooperation, create and strengthen market linkages, and build trust at different levels.

As Myanmar's economy emerges from years of isolation, central planning, and restrictive sanctions, market systems and norms will take time to mature and gain acceptance. Agriculture in particular faces significant challenges in terms of yield and quality levels, limited modernization of traditional farming practices and inefficient functioning of markets across different crop value chains. The MVMW program seeks to address such constraints by facilitating improvements in the policy and enabling environment for the entire vegetable sector.

Specific areas of focus for MVMW include:

1. **Inputs and Production Technology:**

Interventions developed in this program area will seek to facilitate improvements in access to, and availability of, high quality inputs (seeds, fertilizers, pesticides), modern production technology (including mechanization) and extension services within the target area on a sustainable basis.

2. Off-farm Technology and Services: Interventions in this program area will seek to facilitate improvements in the functioning of ancillary and supporting markets. These will be specifically focused on off-farm technology and services, as well as for the development or expansion of new/existing value-added buyers such as processors and exporters.

3. Improved and Increased Smallholder Market Relationships (Market Power): Farmers produce with little to no knowledge of market demand. As a result they are unable to take full advantage of production gaps or increasing demand for higher quality produce, which could boost their income. Group formation and coordination of production, harvest and sales activities will facilitate more productive smallholder engagement within the larger vegetable and input markets.

4. **Promoting Inclusive Business Models:**

Interventions within this program area will seek to demonstrate to agribusinesses the value of working with smallholder farmers and will aim to support business model shifts accordingly.

Several themes furthermore cut across all areas of the program:

- » Facilitating new, high-value market linkages;
- » Improving farmer and value chain enterprise access to financial services; and
- » Promoting policy reform and improvement of the enabling environment at the sector level.

MYANMAR FINANCIAL INCLUSION INITIATIVE

The Myanmar Financial Inclusion Initiative (MFII), supported by MasterCard, is a key component of the larger MVMW program. While MVMW focuses more directly on smallholder farmers, MFII aims to increase the incomes of both entrepreneurs and farmers, primarily women. MFII will improve the capacity of public and private sector actors to provide inclusive and sustainable non-financial, business advisory services. MasterCard funding for MFII increases the scope, scale and depth of MVMW's interventions in the area of business advisory service provision by focusing on service providers as well as lead firms to develop embedded services. MFII also adds a new component focused on improving access to land law and rights information services.

Mercy Corps in Myanmar

Mercy Corps is a leading global humanitarian and development agency saving and improving lives in the world's toughest places. With a network of experienced professionals in more than 40 countries, we partner with local communities to put bold ideas into action to help people recover, overcome hardship and build better lives – now, and for the future.

Mercy Corps began working in Myanmar in 2008 to help communities recover from the devastating damage of Cyclone Nargis. After the emergency

phase of our work was complete, we shifted our focus to longer-term development - first in the Delta, then in other regions. Our overarching goal is to help bring about peace, stability and economic growth that includes all people. To that end, we are helping farmers increase their productivity and incomes and improving the way agricultural markets work. We're helping communities adapt to climate change while increasing access to life-enhancing household energy products. And, we're improving the ability of local governments and civil society groups to resolve conflicts.

Mercy Corps strategy in Myanmar focuses on three strategic objectives:

1. Myanmar's agricultural market systems are more inclusive, efficient, and resilient.
2. Local authorities and civil society organizations have stronger capacity to promote peace and good governance.
3. Energy access through market-based solutions is enhanced.



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