

**PREPARATORY SURVEY
FOR
DISTRIBUTED EGG PRODUCTION
AND
SALES BUSINESS IN MYANMAR
(BOP BUSINESS PROMOTION)**

**FINAL REPORT
(SUMMARY)**

November 2016

Japan International Cooperation Agency (JICA)

Retail Branding Co., Ltd.

Nippon Koei Co., Ltd.

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1.1 Background and Objectives

The Myanmar economy has developed rapidly due to the lifting of economic sanctions after the general election in 2010, in accordance with the new constitution which was approved in a referendum held in 2008. However, the gap between urban and rural remains in terms of industrial development and living standard.

Eggs are a nutritious food for BOP in terms of contained protein and affordability. However, eggs produced by small-scale farmers are usually self-consumed. In other words, the amount of eggs distributed to market is limited. Furthermore, a lack of feedstuff prevents high productivity of livestock. Therefore, stable production and supply are needed by improving technology and supply chain.

Retail Branding Co., Ltd. has the experience of delivering comprehensive merchandizing for 500 tons of egg per month in Japan. It also provides services of design and construction of food processing plant and product development. In Myanmar, it aims to develop an effective value chain, contributing to stable supply of safe egg based on the Japanese standard.

The survey identifies the feasibility of the following;

- (i) Training of egg farmers
- (ii) Construction of the GP (Grading and Packing) Center
- (iii) Stable supply of eggs by developing distribution and sales channel
- (iv) Impact evaluation for income growth and job creation of egg farmer business

1.2 Survey Site

The survey considers a business model of egg production and sales for BOP in both the Mandalay Division and Shan State. The reason to target rural areas is to increase the share of egg production and sales in Mandalay Division and Shan State rather than in the big city of Yangon.

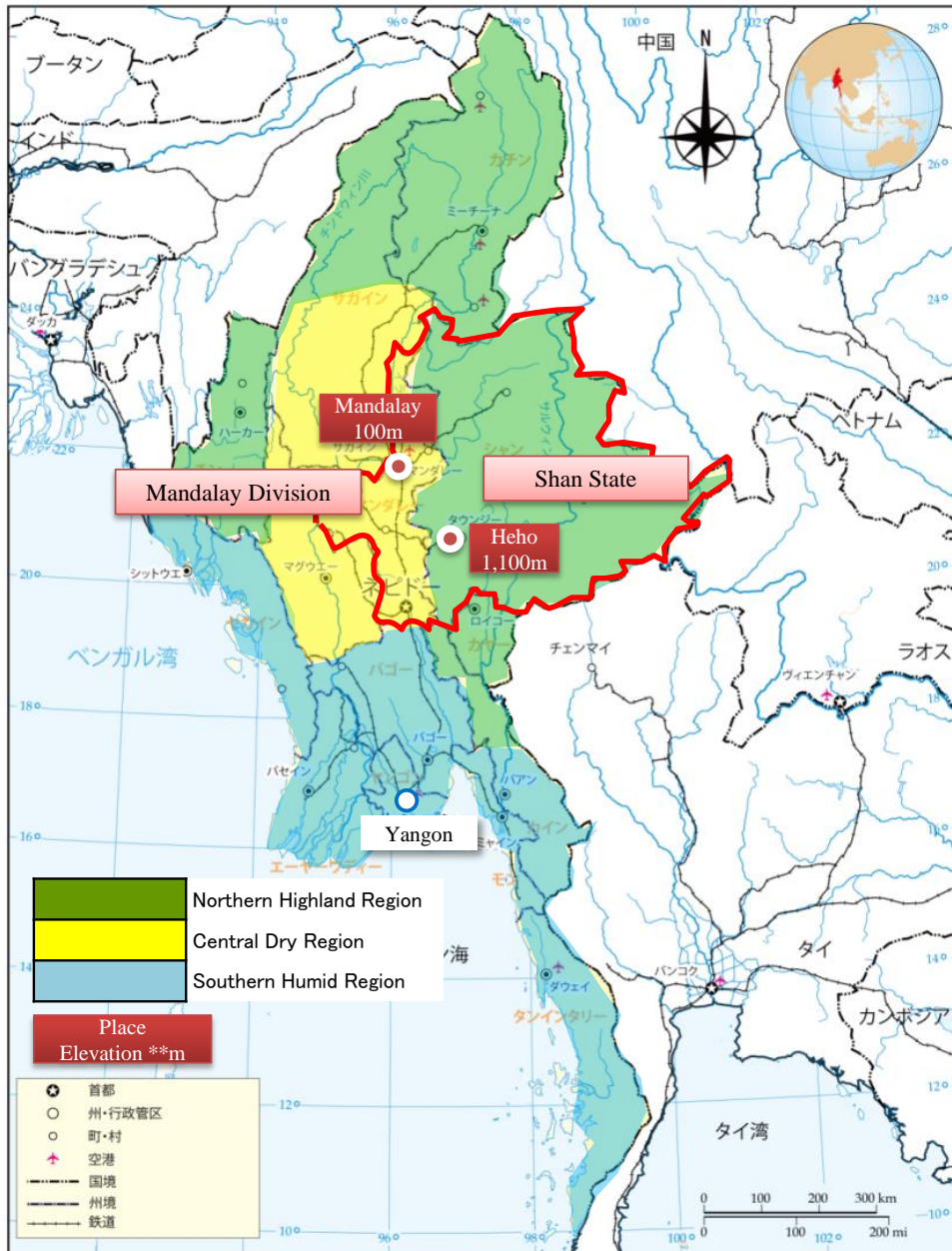


Figure 1 Site Map and Climate Classification

Pyin Oo Lwin, located in two hours away from Mandalay by car, is one of the main hubs of egg supply and large-scale egg farmers raise ten thousand to a hundred thousand hens in the surrounding areas. The area has an existing value chain of corn used for feedstuff because Mandalay is connected to Muse via Lashio by the national highway. Therefore, Mandalay is one of the targeted areas for the business.

Shan State is a hilly and mountainous region and is suitable area for crop production such as corn, ginger, cabbage and cauliflower. Smaller-scale egg farmers, compared with farmers in Pyin Oo Lwin, raise one to ten thousand hens in the surrounding areas. It is likely that these farmers have limited resources and this is expected to pose difficulties for the business expansion. Therefore, it would be better that produced eggs are first collected at the GP Center. The feasibility of the business needs to be verified. It is expected to be successful in commercial-based egg farming and improved productivity by training of product

management.

1.3 Development Issues

(1) Development Issues

According to UNDP statistics, the poverty ratio in Myanmar had decreased from 32.1% in 2005 to 25.6% in 2010 thus one in four households still live below the poverty line. There is a standard of living gap between urban and rural areas. The poverty ratio in Mandalay Division and Shan State tend to be higher than the average. The Myanmar government prioritizes agriculture as a source of economic growth, since agriculture accounts for 52.4% of GDP in urban and 66.3% GDP in rural areas.

Poultry farming can contribute to create a job opportunity and reduce poverty in rural areas. According to the Ministry of Livestock and Fisheries (MoLF), 88% of total poultry farmers are small-scale farmers, who generally raise a few hens outside their houses. The balance of 12% are engaged in commercial farming, classified as Semi-intensive and Intensive. On the other hand, the area has potential of infrastructure development, so it is important to develop a suitable value chain for the region, according to the status of infrastructure development.

In addition, the consumption of protein has changed to chicken and hen egg from fish due to change of diet. MoLF states that the consumption has increased from 42 eggs per person in 2001-2002 to 90 eggs in 2008-2009 and 130 eggs in 2012-2013. However, the amount is lower than for other countries. Still, the demand in the whole Myanmar will increase further.

Our business would create jobs and income for the poultry farmer, land-less farmer and women.

(2) Japanese Government and JICA's Policy for Development of Myanmar Agriculture Sector

Myanmar was formed under the new administration in 2011, toward democratization and national reconciliation as a whole nation. Appreciating such progress and effort of Myanmar, Japanese government changed its economic cooperation policy in 2012, and decided to expand its areas of support from basic human needs, to needs for infrastructure to promote state's economic development. The actual provision of new loans to Myanmar started again in 2013 for the first time in 25 years. The features of the ODA loans signed are as follows. (i) Developing the life-supporting infrastructure and agriculture in the whole Myanmar including ethnic minority areas, (ii) Supporting capacity development and institutional development and (iii) Supporting the infrastructure and policy development for sustainable economic growth. Therefore, our business, which contributes to agriculture and rural development, matches the Japan assistance policy.

1.4 Survey Outline

The survey focuses on (i) identification of the existing development issues in BOP that benefits them, mainly the women, as well as verification of their involvement in the benefits, and (ii) verification of involvement of egg farmers into farmers association.

The survey is implemented through field survey, interviewing to government, private firms, and commercial and industrial associations, and through bibliographic survey such as statistics or reports. The survey subjects and survey flow are shown in the figure below.

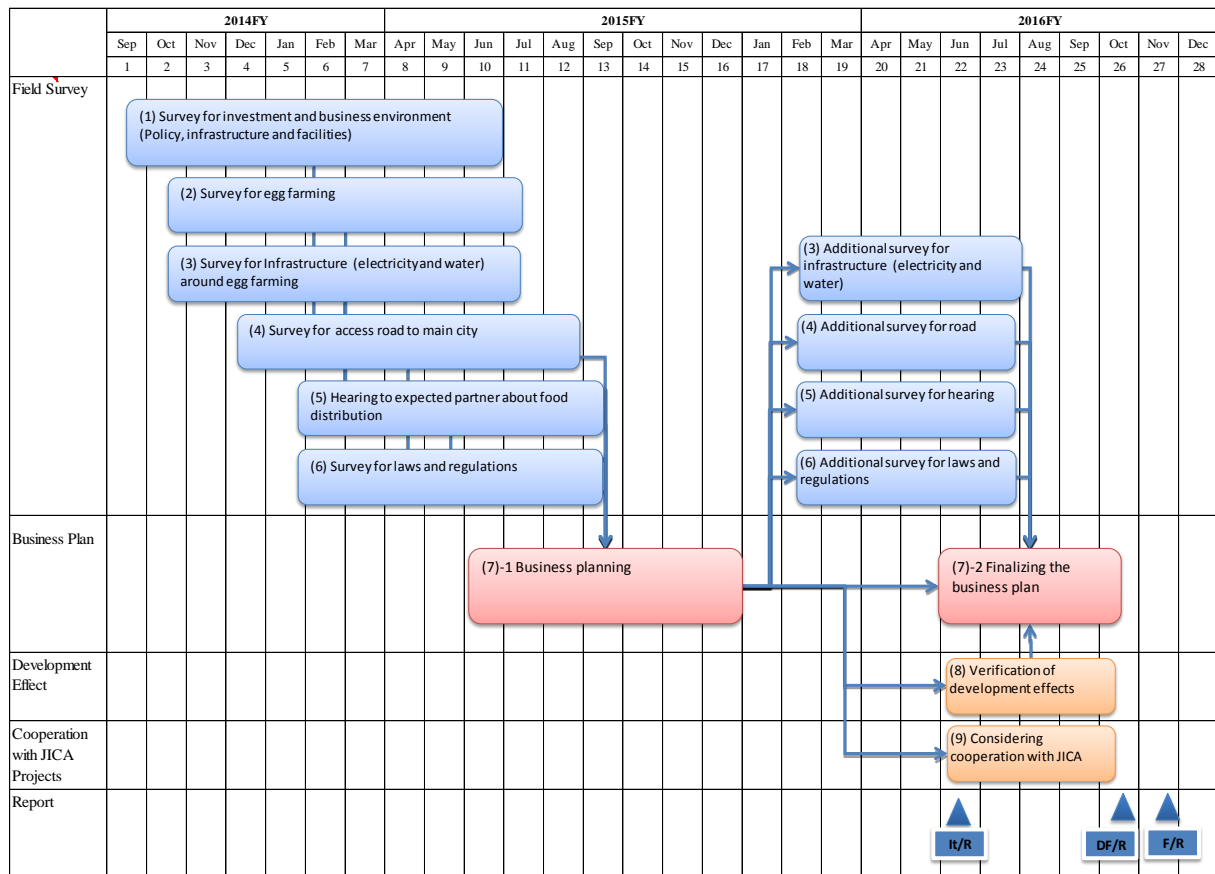


Figure 2 Survey Flow

1.5 Business Concept

The survey covers production, distribution and sales in value chain and identifies the feasibility of the business for egg production and sale through discussion with government and partners. Feasibility will take core competence of the Retail Branding into account and try to maximize it.

1.6 Business Model

Closed to public

1.7 Approach and Schedule

Closed to public

1.8 Inclusive Business

Closed to public

1.9 Remaining Issues and Required Survey for Future Business

Closed to public