

Financial education for launching the first weather index-based agricultural insurance schemes for smallholder farmers in Myanmar

1. FINANCIAL EDUCATION CONTEXT

With a total population of 54 million, 88% of the people in Myanmar are Buddhist. Myanmar remains a country with an underdeveloped infrastructure, particularly in rural areas. It has a basic but improving road system and limited external and internal land-line telecommunications. The income gap in Myanmar is among the widest in the world, as supporters of the military government control a large proportion of the economy. As of 2020, according to the Human Development Index, Myanmar ranks 147 out of 189 countries in human development¹. The country is subject to natural hazards and potential natural disasters related to floods, droughts, and cyclones. The most vulnerable sections of society are affected by increasing deforestation, soil erosion, loss of biodiversity, and water pollution. Agriculture contributes to 35 to 40% of the gross domestic product (GDP) and employs up to 70% of the 32.5 million labour force. Smallholder farmers (SFs) with less than 2 ha of land produce more than 80% of the crops but invest little in high-quality inputs because of the high weather risks.

Crop insurance is relatively new to farmers in Myanmar and most of the smallholders have not heard of it before. They do not understand how weather-index agricultural insurance (WIAI) works and how to benefit from it without dedicated financial literacy training. However, women farmers understand how WIAI works as most of the financial decision are controlled by them. Financial management is an issue of particular concern in Myanmar due to the inherent socio-economic challenges. Additionally, smallholders have little to no exposure to financial education. Women mainly manage household finances, whereas men provide most of the farm labour. The pandemic induced an economic downturn affecting economic activities and disproportionately impacting low-income smallholders, especially women, who had inadequate access to quality healthcare services even before the outbreak. Learning how to save and invest in a new crisis context, overcoming the risk of over-indebtedness due to the reduction of economic activities, and dealing with the increased risk of mortality brought on by the pandemic were the main challenges that needed to be tackled.

Ayeyarwady Seeds Company (ASC), one of the largest rural input providers in Myanmar and part of the Awba group, has substantial experience in offering seed management training to smallholder farmers. However, it lacks digital training tools, such as videos, that can allow reaching larger numbers of smallholders with informative training modules. Hence, this financial literacy campaign was launched to create awareness on financial management and insurance ahead of launching a commercial crop insurance programme.

Since March 2020, Myanmar has been affected by the global COVID-19 pandemic. Although the government rapidly implemented containment measures and public health responses, the country had experienced one of the most severe COVID-19 outbreaks in Southeast Asia by late 2020, with a major disruption of the economy. Additionally, Myanmar is on the verge of civil war with increasing unrest following a military coup in February 2021 resulting from contested outcome of the general elections. Peaceful pro-democracy demonstrations have given way to insurgent uprisings against the Tatmadaw, the national military that ousted the country's civilian leader and Nobel Laureate Daw Aung San Suu Kyi, whose party had won 83 percent of the available seats in the parliament.

2. INTERVENTION APPROACH

In February 2019, the Syngenta Foundation for Sustainable Agriculture (SFSA), in partnership with Ayeyarwady Seeds Company (ASC), Grand Guardian Insurance (GGI), and Myanma Insurance (MI) as the public re-insurer, sought to launch the first weather index-based agricultural insurance scheme for smallholder farmers in Myanmar. This financial and insurance education initiative aimed to complement the insurance roll-out (also funded by SCBF) by building smallholder farmers' capacity in financial management

¹ Human Development Report 2020 The Next Frontier: Human Development and the Anthropocene. (PDF). United Nations Development Programme. 15 December 2020. pp. 343–346. ISBN 978-92-1-126442-5. Retrieved 16 December 2020. <http://hdr.undp.org/sites/default/files/hdr2020.pdf>

and insurance, as well as good farm management and agricultural practices. Due to challenges with the insurance regulator's authorization, COVID-10 lockdown and restrictions, and the civil war situation in Myanmar, the insurance and financial education initiative could not be completed.

Financial literacy needs assessment

The project team conducted face-to-face interviews with farmers at 5 locations until March 2020 to collect preliminary information, including the main concerns highlighted by smallholders and their families:

- **Limited awareness or understanding of insurance and weather index insurance** as an essential risk transfer mechanism.
- **Limited awareness on good financial management practices.**
- **Dependence on providers such as the ASC to facilitate the introduction of good practices on financial management, insurance and good agricultural practices** to create an adequate understanding of the benefits of financial management and insurance.
- Despite ASC's experience in offering seed management trainings to smallholders, **it lacked digital training tools, such as videos**, that would allow targeting more smallholders with informative trainings. Previously, the ASC had limited experience in offering financial literacy trainings, but there was interest to develop an in-house capability as an essential risk management strategy for offering WIAL group covers to smallholders.

Main activity areas and outputs

The aim of this project was to strengthen ASC's capacity in delivering effective financial literacy and insurance trainings, including a more comprehensive training package for women farmers, in addition to the seed management trainings they were already providing. As a risk mitigation strategy, ASC and SFSA envisaged two weather index agricultural insurance (WIAL) schemes (outlined in the complementary SCBF project [2019-02](#)) in line with their commitment to creating shared value. ASC was expected to support in developing digital training tools and digital distribution channels for both training packages to allow for a wider dissemination beyond resource-intensive face-to-face training sessions.

Milestones	Outputs	Comments
Developing and testing the following training and information tools for the targeted smallholders and women farmers: 16 videos (6 on financial education, 3 on insurance, 5 on good agricultural practices, and 2 client's video testimonials, 11 leaflets, 10 radio spots, one rural farm household financial literacy game, and financial literacy messages on ASC's village link app and Facebook chat-boxes.	<p>The following materials were developed:</p> <p>a) 6 videos on financial education and 5 on good agronomical practices were completed, as well as the scripts for 3 videos on insurance;</p> <p>b) 11 leaflets;</p> <p>c) scripts for 10 radio spots;</p> <p>d) a rural farm household financial literacy game; and</p> <p>e) financial literacy messages, which are yet to be delivered through Facebook and chat-bots.</p> <p>Two videos on client testimonials were not produced.</p>	<p>Some of the planned content was not developed due to below reasons:</p> <p>a) delays in the insurance product approval by the regulator;</p> <p>b) delays in the coordination and feedback on the videos produced;</p> <p>c) interruptions to human resource availabilities for ASC and the local FE consultant;</p> <p>d) extended COVID-19 lockdown measures; and</p> <p>e) the deteriorating civil situation due to the military coup in February 2021.</p> <p>Due to the current situation, ASC agreed to use videos on financial education and good agronomical practices as and when the situation becomes normal.</p> <p>As no insurance scheme could be launched, videos on client testimonials were not produced.</p>
Training-of-trainers of ASC staff, extension agents, and input dealers in financial literacy training, including the development of manuals for trainers.	Only the initial training-of-trainers of ASC staff has been carried out by the International Consultant.	ASC decided to train the extension agents and input dealers through its staff. Training of extension agents and input dealers was not completed due to the delays in the insurance product approval by the regulator and the civil war in Myanmar.

Milestones	Outputs	Comments
Initial face-to-face trainings of around 1'750 smallholders on the farm input insurance cover, training of around 750 women farmers on six financial literacy topics and measuring of the training outcomes until September 2020.	Face-to-face training programmes were initiated by ASC staff and five training sessions were completed, reaching only 60 smallholders until March 2020. The activities were postponed due to the COVID-19 lockdown and terminated later due to the delay in the insurance product approval by the regulator and the civil war in Myanmar.	ASC agreed to use videos developed on financial education and good agronomical practices to train smallholders in the future once the situation in the country becomes normal.

The approach used for financial and insurance education (FIE) involved animated videos, intuitive/easy-to-apply financial education formats, and key questions posed to clients. Additionally, ASC was expected to share the videos, financial education chatbot messages, and financial education game through its app and social networks.

Partner financial institution(s)

ASC's strong market position within the Awba² group's own input dealer network and digital communication channel reached hundreds of thousands of smallholder farmers in the country. Its commitment to creating shared value with smallholders was expected to permit it to disseminate financial information and insurance education using digital tools.

SFSA, as the implementing partner, has carried out dry tests for weather-index agricultural insurance (WIAI) with several lending institutions and insurers over the past 3.5 years (partly with SCBF support through the [FSW-15](#) project) combined with awareness-raising and capacity-building of all key stakeholders, including the insurance regulator.

3. RESULTS ACHIEVED AND NOT ACHIEVED

The client- and partner financial institution-level results are summarized below:

Targets	Description	Achievements
16 videos, including one smallholder farmer testimony (in Burmese)	Financial Education	Videos were produced, but they could not be sufficiently tested and refined, as the FE trainings could not take place due to organisational delays, extended COVID-19 lockdowns and finally the military <i>coup d'état</i> in February 2021.
	1. Household budgeting	
	2. Promotion of savings	
	3. Enhancing household income	
	4. Household risk reduction	
	5. Insurance as a risk transfer solution	
	6. Insurance of farm inputs	
	Good Agricultural Practices	Videos were produced, but they could not be sufficiently tested and refined, as the FE trainings could not take place due to organisational delays, extended COVID-19 lockdowns and finally the military <i>coup d'état</i> in February 2021.
	1. Green gram and black gram	
	2. Chickpea	
	3. Groundnut	
4. Sesame		
5. Maize		

² Myanmar Awba Group is the leading agricultural corporation in Myanmar

Targets	Description	Achievements
	Insurance	
	1. How WIAI works for excess and too little rainfall as well as flood	The script was finalized but the video production was not completed due to unavailability of local insurer and delays in regulatory approvals.
	2. The input packages insured for the two commercial WIAI schemes	Term-sheets were developed but the video was not produced as insurer and regulatory approvals could not be obtained.
	3. How smallholders register for the insurance cover and how they receive new inputs (or pay-outs)	The script was finalized but video production was not completed due to unavailability of local insurer and delays in regulatory approvals.
	Testimonials from clients	
	Testimonial (in Burmese) of a smallholder who participated in the financial education training.	Not initiated as no insurance scheme was launched.
10 radio spots	Develop the guidelines for the radio spots (6 on financial education, 3 on insurance, and 1 on good agricultural practices); translate into Burmese and produce the audio productions	Guidelines and scripts were produced, but the audio production was delayed due to the government imposed COVID-19 lockdown.
Rural farm household financial literacy game	Layout, translation, voiceover recording and upload to the ASC Village Link app has been finalized. Audio tracks were expected to be recorded by the end of October due to the time needed.	Layout has been finalized and translation into Burmese has been completed.
Set up of 1 or 2 Facebook chat-bot(s) for the targeted smallholders, especially women	Develop financial literacy messages, translate to Burmese, upload on the ASC's Village Link app and Facebook chatbots	Messages for the Facebook chatbot have been developed and translated to Burmese. Uploading the chatbots into the Facebook page and Village Link app was not completed as the project was terminated.
Final revision of trainer's manuals (in Burmese) on financial literacy trainings related to the two WIAI covers and the comprehensive set of financial literacy modules	Develop in English, translate to Burmese, design layout and print	The English version was developed and translated to Burmese.

Targets	Description	Achievements
40 face-to-face training sessions with smallholders and 20 with women farmers, thereby reaching around 1'500 smallholders, of whom 500 are women	Organize several trainings-of-trainers (TOTs) and face-to-face farmer meetings	Three TOTs and 5 face-to-face smallholder trainings were completed, with only 60 smallholders trained. Additional in-person trainings were initiated but could not be completed due to lockdown and political turmoil.

4. LESSONS LEARNT AND RECOMMENDATIONS FOR FUTURE IMPLEMENTATIONS

1. The main challenges that affected the implementation of this project were the time required for administering the public sector insurer acceptance and that no private sector insurers were ready to invest in developing the agriculture insurance market. This aspect probably had a negative impact on the motivation to train clients, as the trainings covered both insurance and general financial literacy.
2. Implementing innovative financial and insurance education initiatives requires dedicated human resources and strong coordination between the technical assistance providers and the partner institutions. Without this requirement, such initiatives may take longer than expected. Interrupted human resource availability without any back-up at ASC and with the local FE specialist resulted in significant delays to the workplan.
3. The COVID-19 pandemic lockdown measures prevented the planned training sessions and workshops with farmers, which were necessary to test and refine the FE materials.
4. The ongoing internal conflict in Myanmar made it impossible to complete the financial and insurance education initiatives and reach low-income populations and smallholders.