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DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAM

EFFECTS OF FUNDING SUPPORT ON VALUE CHAIN OF COFFEE FIRMS

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EFFECTS OF FUNDING SUPPORT ON VALUE CHAIN OF COFFEE FIRMS

A thesis submitted as a partial fulfillment towards the equipment for the Degree of Master of Banking and Finance (MBF).

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ABSTRACT

This effects of funding support on value chain of coffee firms in Thaundaunggyi township. The objective of this research is for identifying funding support of KMSS and its effectiveness on value chain process of coffee firms.

This research is targeted to 235 households, 25 value chain groups which has 105 members from Thandaunggyi township. Descriptive statistics research method was used in this study. Data size was collected 80% of total peasants (84 people) by interviewing. After the study, I learned that KMSS did the cash sufficient support to coffee farmers and the good capacity to deliver high quality training and led the networking with stakeholders of coffee farmers. Farmers were experienced and organized, allowing them to learn from each other; coffee experts are working with farmers, providing them with quality training.

The result from coffee marketing level of value chain coffee farmers showed that only a few respondents answered that they made more profit by modifying and improving their marketing process. The fact that there is weak teamwork between farmers, they are not working together to produce high quality products. In generally, I would like to conclude that funding support and value chain process of coffee firms (production, marketing and marketing) are strong related.

ACKNOWLEDGMENT

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LIST OF ABBREVIATIONS

GDP	Gross Domestic Product
KMSS	Karuna Mission Social Solidarity
USAID	United State Agency International Development
LDFs	Local Development funds
RDF	Rural Development Fund
SAC	Security and Administrative Committee
PCs	People's Councils
RDPMC	Rural Development Project Monitoring Committee
S/DPCWG	State/Division 25 People's Council Working Group
TPCWG	Township People's Council Working Group
VTPCWG	Village Tract People's Council Working Group
NGO	Non Government Organization
CSO	Civil Society Organization

CHAPTER 1
INTRODUCTION

Myanmar is rich in natural resources, land and water together with favorable weather conditions for crop production. 70% of population, more than 32 millions of people, resides in rural areas depending on their livelihood in agriculture, livestock and fishery. Poverty rate widely varies by urban-rural area and regions/states. The remote border areas, mainly populated by Myanmar's minority ethnic groups, and areas emerging from conflict are particularly poor.

Myanmar's National Strategy on Poverty Alleviation and Rural Development (NSPARD) focusing on eight strategic priority areas. Most of these relate to agriculture and the rural economy: (i) agricultural production sector, (ii) livestock and fishery sector, (iii) rural productivity and cottage industries, (iv) micro saving and credit enterprises, (v) rural cooperative tasks (vi) rural socio economy, (vii) rural renewable energy, and (viii) environmental conservation.

According to World Bank (2016), Economic growth in Myanmar reduced to 7 percent in 2015/16 due to floods in July 2015, which affected some of the poorest and most vulnerable people in the country, causing inflationary pressures and a slowdown in new investments. Since the majority of the poor are engaged in subsistence agriculture, they may be shielded from recent inflationary pressures but the urban poor are likely to be highly affected by recent bouts of food price inflation.

Now, Myanmar is at the crossroads of great challenges and opportunities. It is important to increase daily income and progress in socio-economic status for grass root levels and farmers will be able to improve their living standards as well as to enhance their interests to actively participate in political reform and economic changes towards democratic system.

Myanmar's economic output comprised of agriculture (28.8%), industry (mining, manufacturing, energy, construction amounting to a total of 29.3%) and services (41.9%) in 2015. In July 2016, Myanmar's new government unveiled a 12-point national economic policy setting the direction for the country's economic development during the next five years.

According to the World Bank, Economic activity in Myanmar has slowed in 2016-2017. The government has faced increasingly constrained fiscal space due in

part to external shocks, exchange rate pressures, and increased losses from State Enterprises. The public sector deficit in 2015-2016 nearly tripled to 3.2 percent of GDP from 1.1 percent in 2014-2015, and is expected to rise further to 4.5 percent of GDP in 2016-2017.

Poverty in Myanmar is concentrated in rural areas, where poor people rely on agricultural and casual employment for their livelihoods. Many live near the poverty line and are sensitive to economy-wide shocks. The World Bank team has conducted a poverty analysis jointly with the government of Myanmar using recently collected household data. The analysis shows that poverty has declined between 2009-2010 and 2015. The assessment, however, signals that poverty remains substantial.

1.1   Rational of the Study

Value chain programme focuses on improving rural livelihoods through the empowerment of civil society. Besides, strengthening the internal displaced people and vulnerable local communities in the border area of Thailand and Myanmar (Thai-Myanmar Border Programme) Research was implemented in Thandaunggyi township in Kayin state. Value chain association (banana, corn, coffee, durian and black cardamom) is the main target of doing Value Chain Program. The main target of the value chain association to work together is peasants, Input suppliers, Traders, brokers, transporter.

There are challenges of doing the value chain program. The peasants want good quality crops and they need good quality inputs for quality crop production. And then, they want good price for their products and so we need to link with traders for value chain association who can give suitable price for their products. They want good quality inputs that can support the needed inputs on time for good quality crops and market assessment is needed for fair price.

The study focuses on coffee firm value chain groups. By studying this research, the beneficiary stakeholders will be traders, Karuna Mission Social Solidarity (KMSS) organization, department of agriculture in township level, input supplier, brokers, transporter and the members of value chain from targeted four villages.

KMSS is a non – profit organization, it was established in 2001. KMSS is an organization for assisting the poor, displaced and marginalized people. KMSS is also

geared towards social justice and development, such as relief, animation, education, health, livelihood & social protection.

1.2   Objectives of the Study

The main objectives of this research are

1. To identify funding support service provided by KMSS.
2. To analyze the effectiveness of funding support of KMSS on coffee firms in Thandaunggyi township.

1.3   Scope and Method of the Study

The purpose of this research is to examine the deeper current program in Thandawnggyi township. The key target group of the research is the members of coffee association and value chain group members who are representative from four villages project area such as labet inn village 1, Labet inn village 2, Thint Khaw Taung village and Mar day village. There are 235 households, 25 value chain groups which has 125 members in targeted areas.

Descriptive statistics research method will be used in this study. The study will be used primary data. The primary data will come from the questionnaires which will be conducted the interview to the total of 84 farmers in four targeted villages. The population of primary data size will be 80% of total peasants (84 people). 5 officials government department and 5 traders will be randomly selected and interviewed by using structured questionnaires. Specifically, the interviewed will be conducted to collect information that can help to identify gap and develop of value chain. These data were analyzed using SPSS software, and appropriate statistical processes. Details on methodology are provided in chapter 3.

1.4   Organization of the Study

This study paper is consisted in five different chapters. Chapter 1 is introduction for the paper which involves rationale of study, objectives of the study, scope and method of the study. In the chapter 2, the theoretical background of value which includes definition, concepts and theories, value chain maping, The chapter 3 studies on the overview of the Thandaunggyi township value chain and market study in Thandaunggyi township and profile of the KMSS and its funding support services. The chapter 4 is analysis on effectiveness of funding support of KMSS on value chain of coffee firms in township. The chapter is presents conclusion, finding and recommendation of the study.

CHAPTER II
THEORETICAL BACKGROUND

This chapter presents an overview of value chain, history of value chain, characteristics and features of value chain, nature of value chain members.

2.1   Definition of Value Chain

Michael Porter was the first person who introduced the term "Value Chain' in his book Competitive advantage: Creating and Sustaining Superior Performance (Porter 1985). Michael Porter defines "Value Chain'' as a representation of a firm's value-adding activities, based on its pricing strategy and cost structure. The ability of any firm to understand its own capabilities and the needs of the customer is crucial for competitive strategy to be successful. The first steps in conducting the value chain analysis are to break down the key activities which involve in the frame work. The next steps are to assess the potential for adding value through the means of cost advantage or differentiation. Finally, it is very important for the analyst to determine the strategies that focus on those activities that would enable the company to attain sustainable competitive advantages. The profitability of a firm depends on how effectively it manages the various activities in value chain; price that the customer is willing to pay for the company products and services exceeds the relative cost of the value chain activities. Value chains encompass the full range of activities and services required to bring a products or services from its conception to sale in its final market whether local, national, international or global. Value chain includes producers, inputs suppliers, operation, processors, retailers and buyers. They are supported by a range of technical, business and financial services providers. (USAID, Briefing Paper) "A Value Chain Analysis is an alliance of enterprises collaborating vertical to achieve a more rewarding position in the market." The value chain mainly focuses on the market collaborating strategy, where it emphasized the linkages between production, marketing etc. activities of the products and services in an effective and efficient manner. Vertical alignment is also an important aspect where companies connect one end of the primary activities up to the last end of the supportive activities, at each stage of the products which to increases value.

Value chain structure includes the five elements like end market, Business and enabling environment, vertical linkages, supporting market and horizontal linkages.

End markets are their own role in the value chain structure and it represents the last user of the products or services not a physical markets. It plays a significant role in determining the quality, quantities, prices and timing for the success of the product or services for any firms and it also helps to create a demand for the products.

Some of the rule or regulation which was made at the local level has a great role for influencing the competitive level of the firms. The linkage between the firms also affects the value chain of the products or services. The vertical chain of the firms is most efficient transaction which increases the overall competitiveness of the firms. The support market has their own role for the making of the value chain more efficient in which it includes a legal advices & telecommunication sectors specifics services, handicraft design etc. It is a continuous process which adds value to its chain which started from customer's needs and demands to reach up to the input activities of the primary activities. There are needs of value addition in each stage which help to differentiate it from its competitors at a cheaper rate with best quality The researchers believe that customers are the ultimate goal of an enterprise which influence them to create such a unique article which fulfill their desired which help by supply chain to provides it in an efficient manners. Willingness of the customers plays a significant role to give direction to the strategic formulating bodies to give preference before manufacturing of their products and services. A visual representation of different aspects of value chain is represented in figure 2.1.

Figure (2.1)   Visual Representation of Value Chain

Source: Value chain analysis of coffee production in central Nepal, G Luttel, June 2017

2.2   Definition of Production

Production is a process of combining various material inputs and immaterial inputs in order to make something for consumption. It is the act of creating an output, a good or service which has value and contributes to the utility of individuals. Economic well-being is created in a production process, meaning all economic activities that aim directly or indirectly to satisfy human wants and needs. The degree

to which the needs are satisfied is often accepted as a measure of economic well-being. In production there are two features which explain increasing economic well-being. They are improving quality-price-ratio of goods and services and increasing incomes from growing and more efficient market production.

2.3   Definition of Marketing

Marketing is the study and management of exchange relationships. It is the business process of creating relationships with and satisfying customers. Because marketing is used to attract customers, it is one of the primary components of business management and commerce. Marketers can direct product to other businesses or directly to consumers. regardless of who is being marketed to, several factors, including the perspective the marketers will use. These market orientations determine how marketers will approach the planning stage of marketing. This leads into the marketing mix, which outlines the specifics of the product and how it will be sold. This can in turn, be affected by the environment surrounding the product, the results of marketing research and market research, and the characteristics of the product's target market.   once these factors are determined, marketers must then decide what methods will be used to market the product. This decision is based on the factors analyzed in the planning stage as well as where the product is in the product life cycle.

2.4   Definition of Consumption

Consumption is the way that consumers and markets exchange, use, and destroy goods and services. defined as spending for acquisition of model worth or value. Its usage has evolved significantly over time. The term was introduced initially as a measure of pleasure or satisfaction within the theory of utilitarianism by moral philosophers such as Jeremy Bentham and John Stuart Mill. The term has been adapted and reapplied within neoclassical economics, which dominates modern economic theory, as a utility function that represents a consumer's preference ordering over a choice set. It is devoid of its original interpretation as a measurement of the pleasure or satisfaction obtained by the consumer from that choice. Throughout the economy, consumers decide which products to consumer based on the price of the good, the availability of the good, and their own needs and wants. There are many industries, such as advertising and marketing that are solely devoted to figuring out

how to get more consumers to consume their product. Economics sees consumption as the bedrock of our economic activity, and is necessary for our lives.

2.5 The Funding Support to Coffee Farmer

By employing the farmer association for better linkage and networking with private sector, stakeholders and government to voice out their opportunities such as production inputs and technical inputs for quality products to access market for fair price and then increase income for farmers. The value chain association will accompany with input suppliers, traders, etc. KMSS will facilitate the value chain association to run these activities by themselves during the initial period and will try to step up to get the partnership level later.

The previous research was identified as an area where the agronomic conditions are conducive for growing coffee and where a significant number of farmers are already producing. Previous research focused economic opportunities of domestic and international market dynamics. It does not clear that by providing fund and strengthening farmers' groups and training them on multiple topics such as coffee tree management and crop protection it can be effected to have better linkage and network with other organizations/ government/traders and the farmers will get higher price and access market.

2.6 Emergence of the Funding Support in Myanmar

Grant are non-repayable funds or products disbursed or given by grant makers to a nonprofit entity. A grant is a direct financial contribution, by way of donation, from the donor in order to finance either an action intended to help achieve an objective forming part of a donor policy, or the functioning of non-commercial nature like education, training, information, innovation to a specific beneficiary to implement an action intended to help achieve an objective forming part of a donor policy.

The grant recipient signing a grant contract is known as the grant beneficiary and should not be confused with the final beneficiary of the operation nor with the target group.

There are strict rules governing the way in which grants are awarded. The award of grants is subject to the principles of programming, transparency and equal treatment. They may not be cumulative or awarded retrospectively and they must

generally involve co-financing. The amount eligible for financing, as specified in a grant contract, may not be exceeded.

2.7   The Role of Funding Support

Create a space for meeting with value chain association and input suppliers, between value chain association and other organizations/government department to get technical support and to participate in workshop and forum. By strengthening the value chain association, the value chain association will become functioning and have better linkage and network with other organizations/ government/traders and the farmers will get higher price and access market. e.g. some technical support like GAP through association, the farmers can get the techniques to increase production, building trust with traders for fair price.

Figure (2.2)   Conceptual Framework of the Study
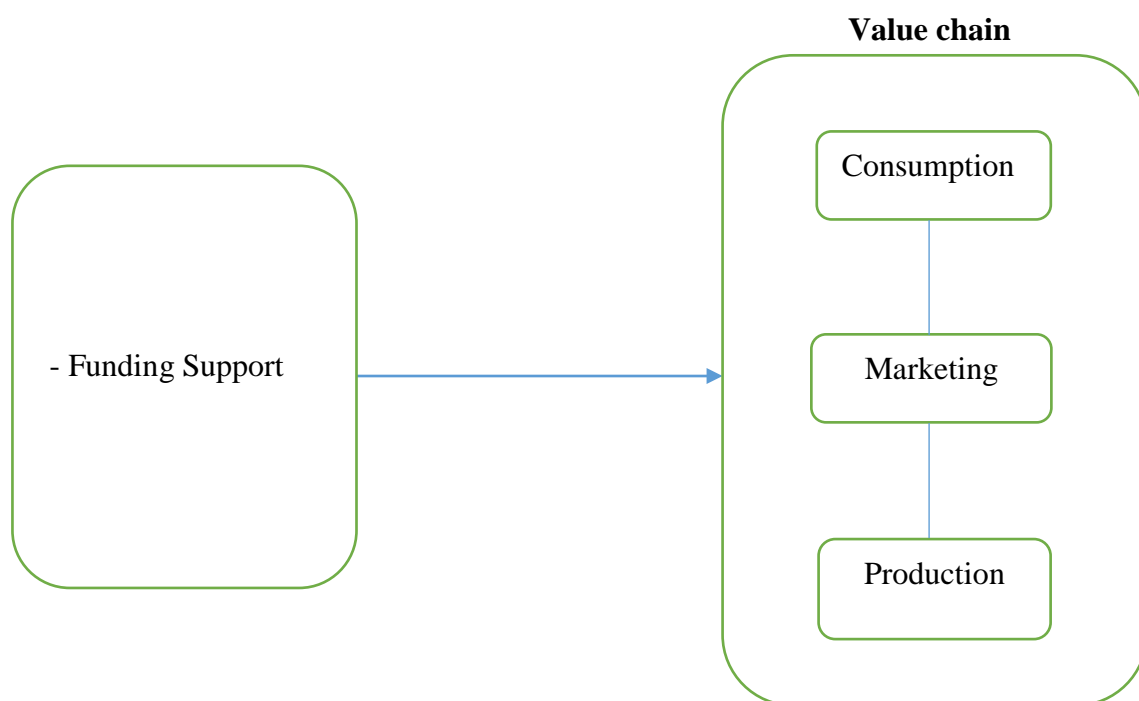
Source: Own combination (2019) adapted from value chain analysis of coffee production in central Nepal (Gaurab Luttel (June 2017))

CHAPTER 3
OVERVIEW OF FUNDING SUPPORT

This chapter presents brief description of the study area. This chapter describe the function of KMSS and brief history of funding support in Myanmar.

3.1   Brief History of Funding Support in Myanmar

As Myanmar embarks on a new wave of fiscal reforms and implements newly-created local development funds (LDFs), it is important to look not only at the experiences of other countries but also reflect on Myanmar's own history. LDFs are not a new occurrence in Myanmar. As early as 1962 the Revolutionary Council established a Rural Development Fund (RDF) in Myanmar (then Burma). The RDF's three objectives were: (i) to improve the socio-economic status of rural people, (ii) to encourage people's participation in, and contribution to, community development, and, (iii) to enable people to become more responsible for creating their own future. The RDF was originally implemented by the Security and Administrative Committee (SAC), which was later replaced under the 1974 Constitution by People's Councils (PCs). PCs were composed of representatives elected from communities with the goal of supporting local project administration and implementation, including RDF projects, at the village tract and township levels. The RDF and its management under the PCs can be seen as the country's first attempt at bottom up, participatory planning. RDF funding came with procedures outlining how community participation and public consultation should be used in order to better achieve the fund's objectives. At the time, the projects were controversial as individuals' contributions to community development projects were not voluntary. While public consultations were held about projects, each household was still required to provide one person for RDF project labor. Although communities provide labor and other resources in kind for current LDF projects, it is now a voluntary contribution that is established in consultation between community members and leadership. The original RDF was managed by a variety of committees and working groups, including the Rural Development Project Monitoring Committee (RDPMC), State/Division 25 People's Council Working Group (S/D PCWG), Township People's Council Working Group (TPCWG), and Village Tract People's Council Working Group (VTPCWG). Needs gathering began at the village level

with a community consultation to develop a list of community needs. This list was submitted to the TPCWG to ensure there was no overlap with the projects undertaken by other ministries. The TPCWG then compiled project budget estimates and submitted the proposals to the S/D PCWG for a final overlap check. Projects were then selected based on the following prioritization criteria: (i) projects supporting economic development, (ii) projects supporting social development, (iii) projects that do not exceed the allocated budget, (iv) projects that are in line with the rules and regulations, and (v) projects that can be implemented within a fiscal year. The General Administration Department (GAD) of the Ministry of Home Affairs was accountable to both RDPMC and S/D PCWG for project implementation. There were no directives stating the sum of contributions in kind that were expected from communities, but proposals were expected to outline the community contributions, both monetary and in kind. If the projects were not implemented, or if these contributions were left over, the contributions should be given back to the community. In every process the GAD was closely involved.

3.2 Background Information of Karuna Mission Social Solidarity

Karuna Mission Social Solidarity (KMSS) was established in 2001, KMSS received permanent registration certificate with the new name of Karuna Mission Social Solidarity. KMSS is organized with a National Office located in Yangon, and 16 Offices in 14 states and regions across Myanmar. KMSS key programme areas are Education, Health, Livelihoods, Social Protection, Disaster Risk Reduction and Emergency Response. Livelihood projects of KMSS's lead to improved food security, market based solutions to improving farm incomes, and financial inclusion for debt reduction with its confident network of 16 offices and National Office (KMSS Annual Report, 2014-15). KMSS believed that people have the right to be respected, live with full dignity in all dimensions of life. KMSS focus on motivating and empowering people means that enabling people to make their own decisions regarding their lives. KMSS strategies will be influenced by the decisions made by the people themselves. The total component of value chain members are 1190 people from 38 villages in kalay, Myitkyina, Mandalay, Yangon, Hpa-an, Mawlamyine and Taungngu areas.

3.3   General Overview of the Coffee Value Chain in Thandaunggyi Township

According to data from the Department of Agriculture (DoA), most of the coffee plantations in Thandaunggyi grow the Robusta variety. The total planted area is estimated to be 6,800 acres with an annual production of about 300,000 viss (approximately 500 tons). The Thandaunggyi township is geographically divided in three sub-townships: Leik Tho, Baw Ga Li, and Thandaung. Leik Tho consists of 32 village tracts21 with 116 small villages, Baw Ga Li consists of 15 village groups and 100 small villages, and Thandaung consists of 15 small villages. In these villages, coffee has been planted as part of traditional gardening, together with other crops such as cardamom, turmeric, durian, etc. The villages of Maung Nwet Gyi (Thandaung) and Alae Chaung (Leik Tho) generally produce most coffee. Most coffee plantations can be found in forest areas, located just outside of the villages.

In Thandaunggyi, most of the coffee grown is the Robusta variety. While some varieties were brought to the Kyauk Taing demonstration coffee farm from Pyin Oo Lwin, local farmers also brought new varieties from Thailand and Malaysia through their personal network. As it is a cross pollinating species, there are no statistics as it is difficult to identify of which specific type of Robusta the current coffee trees are. The Robusta is good quality and even qualifies to become specialty coffee. Robusta has therefore been identified as a high potential crop by the DoA. As part of the national expansion plan for coffee cultivation, the DoA formulated the objective to plant an additional 10,000 acres (initially) in Kayin State for 2017-2018.

In the Thandaunggyi area, coffee is produced by small-scale farmers who grow coffee on their land next to other crops, such as durian, cardamom, lychee, and other cash crops. The volumes produced are relatively small. In terms of production techniques, most farmers use the multiple stem system which results in approximately 435 trees per acre. On average, farmers own about 500 trees on 1-2 acres of land, with an average production yield of 60-600 viss. This results in an average profit of about 1 million Kyat ($ 680) per year for each coffee farming household. For small-scale farmers, this is a significant contribution to their household income. The market price of coffee powder in one viss is 2800 – 4000 Myanmar kyats.

3.3 Agreement of Funding Support of Karuna Mission Social Solidarity

It is designed to build the family level, community level and society level capability to improve the poor rural communities and poor families' livelihoods and to reduce rural poverty. Working toward these three immediate objectives the project will ensure that poor farmers and villagers are enabled to have better supports for food production, generation of income and improved business for their products through their increased ability to engage with markets, small business, and value-chain associations including increased access to market information. value chain groups are to bridge the existed gap of different layers in an economy and society between small scale farmers and the traders, between the landless people and the land owners. Most of the activities are meant to ensure that the targeted societies get benefits by collective - action - working - group.

3.4 Functioning of Karuna Mission Social Solidarity

The program set up with three overall objectives at three levels; family level, community level, and society level. Family level focuses on food security and sustainable livelihood of poor families using the strength of family groups; value chain groups activities, encouraging women initiatives small business activities will be increased.

Community handles based on the strengthening value chain committee as main vehicles. As those committees are closely linked with group members and value chain farmers, the community level committees will take the responsibilities to link with other financial institutions, organizations, local market actors and local government. KMSS creates a space for networking among them and link with technical resources for the committee and then committee is continuing to support the members and farmers. community based organizations such as value chain associations is strengthening at society by organizing forums for specific value chain farmers and creating space to raise their voice which can also be linked with other national level advocacy platforms. Those society level organizations have to link and work with specific national level associations and other related stakeholders.

KMSS leaded and courage to form the value chain groups in target research areas. value chain groups who inspired the benefit of by being members in existing groups. They were supported to represent the concerns of their vulnerable members. Among the groups of value chain, they formed farmer association. The coffee farmer

association formed of chairman, secretary, treasury, cashier, auditor and two organizers.

3.4.1 Funding Support, Conducting the Training and Networking with the Stakeholders

Fund support provided to the coffee farmer association to fulfill the objective of value chain. The fund size fifteen million was provided to this association. All the member of value chain can borrow the money with 1.5% interest from this fifteen million for their coffee firms' development such as in production, marketing and consumption. The interest 1.5% is used for township developments, it means that all the interest incomes return to the village.

Beside cash support, additional support provided to coffee farmers ensure exchange of information and learning between project participants and their groups and associations for value chain groups. KMSS deliver the various sets of capacity building initiative like coffee tree management and crop protection training to coffee farmers. The coffee farmers receive supports for further technical strengthening of their products and engagement in win/win solutions with market actors for their value chain products.

KMSS also lead the value chain group for getting a better networking between coffee farmers and other stakeholders. This can take place through cross visits, seminars, workshops, etc. Establish linkage to other CSOs and NGOs by working at the national level and encourage to value chain associations. The groups and communities once prepare themselves, was engage with the government to ask for the rights and services they are entitled. This happened first at township level, then move up to higher government administrative level as situation favors.

Group and association leaders participated to learn skills and increase their abilities to interact with authorities initiating at village tract, township, and then proceed to the state / regional level. Coffee farmers join the dialogue meeting which is created a space for knowledge and technique sharing among the farmers. Coffee farmers also join the stakeholders meetings to have a better network with local government and other non-profit organization and CSO.

CHAPTER IV

ANALYSIS ON EFFECTS OF FUNDING SUPPORT ON COFFEE FIRMS

This section deals with the results and discussion of the research based on the primary gained by using the statistical data analysis method which is mentioned in the earlier section. It is divided in following sub-sections

4.1 Demographic Analysis

The data collected in this study regarding socio-economic characteristics of respondents were gender, marital status, age, average land holding, family size and family income. These characteristics are described below:

4.1.1 Gender of respondents

Gender of respondents is classified into two group, with respect to gender, 53.6% of the respondent were male and 46.4% were female. The age distribution of the respondent by gender is presented in Table (4.1).

Table (4.1)   Number of Respondents by Gender

Gender	Frequency	Percentage
Male	45	53.6
Female	39	46.4
Total	84	100.0

Source: Field Survey, 2019

4.1.2 Marital Status of Respondents

Marital status of respondents is classified into two groups as single and married. With respect to marital status, majority of the respondents were married (89.2%) and 10.7 % were single. The number of respondent by marital status is presented in Table (4.2).

Table (4.2)   Number of Respondents by Marital Status

Marital Status	Frequency	Percentage
Single	9	10.7
Married	75	89.3
Total	84	100.0

Source: Field Survey, 2019

4.1.3   Age of Respondents

Age of respondents is classified into four group: under 25, 26 to 40, 41 to 60 and above 60 years old group. It is shown in table (4.3).

Table (4.3)   Number of Respondents by Age

Age	Frequency	Percentage
Under 25	7	8.3
26 – 40	23	27.4
41 – 60	33	39.3
Above 60	21	25.0
Total	84	100.0

Source: Field Survey, 2019

The age of the majority of respondents, almost 39% are between 41- 60 years and above 60 years of respondents are 25%. Under 25 years of respondents are 8% and the rest of respondents are between the age of 26 – 40 years.

Figure (4.1)   Age of Respondents
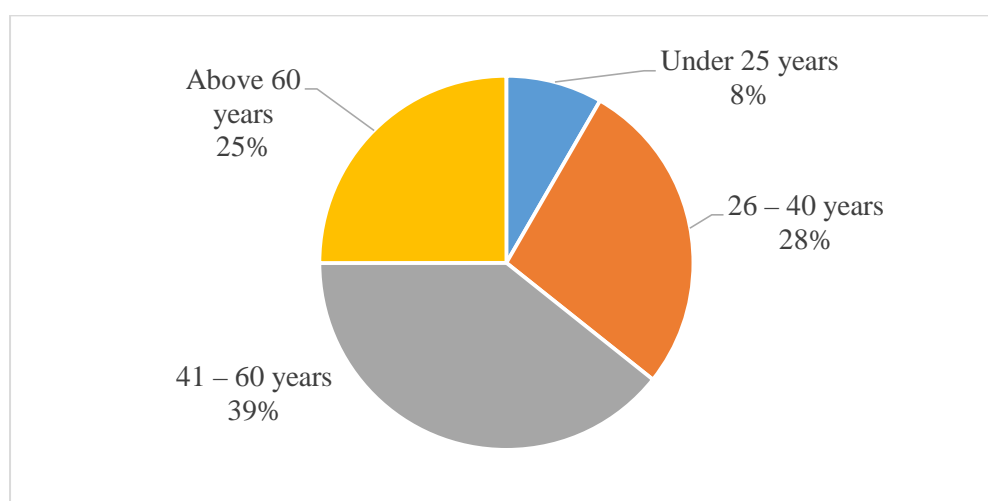
Source: Field Survey, 2019

4.1.4 Land Holding per Acre

Land holding plays an important role in the production of coffee. The land holding of coffee farmers is 54.8% own the acres between 4 to 6 acres and 44% own under three acres. Minority of the land holding of coffee famers is 1.2% own the acres as illustrated in Table (4.4).

Table (4.4)   Number of Respondents by Acre

Acre	Frequency	Percentage
Under 3 Acres	37	44.0
4 - 6 Acres	46	54.8
6 - 10 Acres	1	1.2
Total	84	100.0

Source: Field Survey, 2019

4.1.5 Family Income per Acre

Table 4.5 shows the family income per acre of coffee firm. According to survey data, 13 % respondents mentioned that their income from coffee firm for one acre is under 500,000 MMK, 12% respondents mentioned that their income from one acre coffee firm is between 500,000 MMK and 700,000 MMK, 94% of respondents get between 700000 MMK and 900000 MMK from their one care coffee firm. Only 1% get the income more than 900000 MMK in one acre.

Table (4.5)   Number of Respondents by Family Income

Income (Kyat)	Frequency	Percentage
Under 500000	11	13
500001 - 700000	10	12
700001 - 900000	62	74
900001 and Above	1	1
Total	84	100.0

Source: Field Survey, 2019

4.1.6 Family size

Family size of respondents are categorized into for groups; less than 3 family members, 4 to 6 members, 6 to 8 members and more than 9 family members in a family. It is shown in table 4.5.

Table (4.6)   Number of Respondents by Family Size

Family Size	Frequency	Percentage
Under 3	8	9.5
4 - 6	36	42.9
7 - 8	29	34.5
9 and above	11	13.1
Total	84	100.0

Source: Field Survey, 2019

According to survey data 42.9 % of responder have 4 – 6 family members. Only less 9.5 % of respondents have not more than 3 family members. 34.5 % of respondents have 7-8 family members and 13% of respondents have more than 9 family members.

Figure (4.2)   Family Size of Respondents
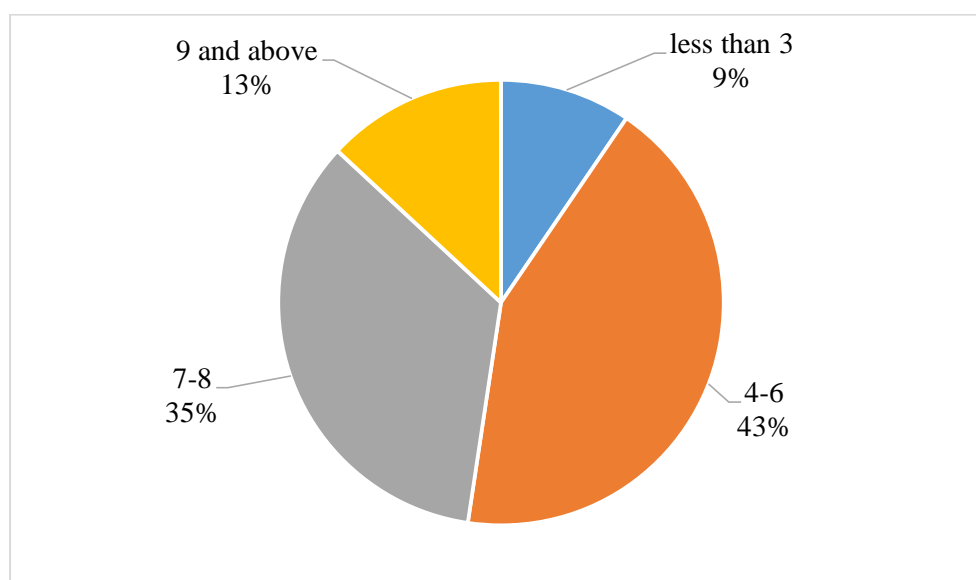
Source: Field Survey, 2019

4.2   Effects of funding support

To identify the effectiveness of funding support of KMSS, 16 questioned were prepared and asked to coffee farmers as below.

Table (4.7)   Effects of Funding Support on Coffee Firms

No	Statement	Mean	Std. Dev
1	After joining value chain group and getting financial support, the status of developing coffee firm is improving.	4.15	.799
2	After getting the financial support, it helps your product more qualified.	3.94	.647
3	Funding support amount has been used cost for coffee (production, marketing and consumption)	4.14	.794
4	Funding amount is fully utilized for coffee production/marketing and consumption cost	3.77	.717
5	Funding amount is enough for coffee production cost	4.13	.803
6	The interest rate will be contributed to your village development	3.81	.736
7	Expectation have met through dialogue meeting with coffee association and local traders.	3.71	.754
8	Knowledge was widely share to others	4.18	.779
9	Gained knowledge and can adapt in your firm from group sharing in rejuvenation, planting coffee systematically and cutting and grafting.	3.94	.647
10	Got better linkage and networking with representative of government sector, traders and non- profit organizations in the Stakeholder Coordination meetings.	4.18	.779
11	The content of training was informative and useful	3.92	.644
12	I apply what I have learnt from coffee tree management and crop production training to my coffee firm	4.00	.892
13	The agenda was well paced within the allotted time.	4.08	.764
14	I would be interested attending in the training next year.	4.00	.892
15	I gained the coffee cultivation method from coffee tree management and crop production training.	3.99	.898
16	I gained the crop production procedure from coffee tree management and crop production training.	3.95	.835
	Total Scores	**3.99**	

Source: Survey result, 2019

According to table 4.7, it shows whether coffee farmers gain knowledge or not of funding support and coffee tree management and crop production method. Most of farmers agree on knowledge share to other and linkage with other stakeholders because their mean is 4.18. Few respondents agree on financial support helps product more qualified because their mean is 3.94. The 84 respondents described their degree of agreement in five level as and its weighted average index is 3.94, the degree of agreement is agreed on the coffee farmers know how they apply the techniques in practice and the purpose of funding support. Overall mean score is 3.99, so it shows that all respondents are fairly agreed all the above statements from the above table.

Table (4.8)   Production

No	Statement	Mean	Std. Dev
1	The volume of production is increased	3.94	.628
2	The quality of product is increased	4.02	.878
3	The volume of Parchment is increased	4.11	.745
4	The volume of picking is increased	4.02	.878
5	Processing technology is increased	3.98	.878
Total Scores		**4.01**	

Source: Survey result, 2019

Overall the production of coffee firm in Thandaung Gyi is moderately high with a mean score of 4.01. The study identified the level of respondent production increase based on 4 specific processing factors, including the quality volume of parchment and picking.

Table (4.9) Marketing

No	Statement	Mean	Std. Dev
1	Product selling price is increased	3.80	.741
2	The product packaging design is improved/changed	3.73	.750
3	Product sells directly to the exporter is higher and more reliable income	4.17	.774
4	The relationship between you and your buyer is increased	3.95	.657
5	This year's profit is higher than previous profit	3.94	.750
	Total Scores	**3.92**	

Source: Survey result, 2019

Overall the marketing of coffee product in Thandaung Gyi is moderately high with a mean score of 3.92. The study identified the level of respondent marking is slightly increased based on for specific market factors, including the relationship with buyers and net profit.

Table (4.10) Consumption

No	Statement	Mean	Std. Dev
1	Product selling price is increased	4.14	.794
2	The product packaging design is improved/changed	3.93	.636
3	Product sells directly to the exporter is higher and more reliable income	4.13	.788
4	The relationship between you and your buyer is increased	3.77	.700
5	This year's profit is higher than previous profit	4.12	.798
	Total Scores	**4.02**	

Source: Survey result, 2019

According to table 4.10, it shows whether coffee farmers provide the product to consumer or not. The 84 respondents described their degree of agreement in five level as and its weighted average index is 3.94, the degree of agreement is agreed on the coffee farmers' produce more product to more customers. Overall mean score is

4.02, so it shows that all respondents are agreed all the above statements from the above table.

4.2.1 Correlation Coefficient

Pearson correlation is a statistical test that assesses the strength of the relationship between two numerical data variables (Saunders et al., 2009). Therefore, the relationship of independent variables and dependent variable is measured via Pearson Correlation. The significance level is 0.05 in the Pearson Correlation test, which means there is 95% of confidence level. Therefore, the hypotheses only can be accepted if the significant p-value is less than 0.05 (Malhorta, 2010).

Table (4.11) Relationship between Funding Support and Effects of Coffee Firms

Effects of Coffee Firm		Funding Support
Production	Pearson Correlation	.945**
	Sig. (2-tailed)	.000
Marketing	Pearson Correlation	.845**
	Sig. (2-tailed)	.000
Consumption	Pearson Correlation	.935**
	Sig. (2-tailed)	.000

Source: Survey Results, 2019

**. Correlation is significant at the 0.01 level (2-tailed).

As above table, production and funding support, marketing and funding support and consumption and funding support have strong relationship. They have strong related.

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4.2.2 Analysis of the Effects of Funding Support on Coffee Firms Production

To analysis the effect of funding support on coffee firm production, the simple regression analysis is conducted, and the results are reported in Table (4.12).

Table 4.12 Analysis of the effects of funding support on coffee firms' production

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.111	.160		-.696	.489
Funding Support	1.033	.039	.945	26.18	.000
No. of Observation	84				
Coefficient of Determination (R^2)	.839				
F-Statistic	685.819**(.000)				

Source: survey result, 2019

Coffee Frim Production = - .111 + 1.033 (funding support)

All the performance of regression model, the brand equity can explain about 83.9% of the variation of the coffee firm production by the result of coefficient of determination.

The above result shows that the regression model is significant at 1% level, which is conducted by F statistic. The result shows that if the funding support not provided to farmers, the coffee production is -.111. In addition, the coefficient B indicates that one-unit increase of the funding support, the perceived coffee farm production will increase by 1.033 unit. Coefficient enables the construction of the linear regression equations that can be derived to describe the relationship. The unstandardized regression equation of the relationship between funding support and coffee firm production can be defined as above.

4.2.3 Analysis of the Effects of Funding Support on Coffee Firms Marketing

To analysis the effect of funding support on coffee firm marketing, the simple regression analysis is conducted, and the results are reported in Table (4.13).

Table (4.13)   Analysis of the Effects of Funding Support on Coffee Firms' Marketing

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.331	.183		7.26	.000
Funding Support	.648	.045	.845	14.32	.000
No. of Observation	84				
Coefficient of Determination (R^2)	.845				
F-Statistic	202.575**(.000)				

Source: survey result, 2019

Coffee Marketing = 1.331 + 0.648 (funding support)

All the performance of regression model, the brand equity can explain about 84.5% of the variation of the coffee firm marketing by the result of coefficient of determination.

The above result shows that the regression model is significant at 1% level, which is conducted by F statistic. The result shows that if the funding support not provided to farmers, the coffee firm marketing is 1.331. In addition, the coefficient B indicates that one-unit increase of the funding support, the perceived coffee farm marketing will increase by 0.648 unit. Coefficient enables the construction of the linear regression equations that can be derived to describe the relationship. The unstandardized regression equation of the relationship between funding support and coffee firm marketing can be defined as above.

4.2.4 Analysis of the Effects of Funding Support on Coffee Firms Consumption

To analyze the effect of funding support on coffee firm consumption, the simple regression analysis is conducted, and the results are reported in Table (4.14).

Table (4.14) Analysis of the Effects of Funding Support on Coffee Firms Consumption

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.225	.161		1.397	.166
Funding Support	.950	.040	.935	23.90	.000
No. of Observation	84				
Coefficient of Determination (R^2)	.875				
F-Statistic	571.444**(.000)				

Source: survey result, 2019

Coffee Consumption = 0.225 + 0.950 (funding support)

All the performance of regression model, the brand equity can explain about 87.5% of the variation of the coffee firm consumption by the result of coefficient of determination.

The above result shows that the regression model is significant at 1% level, which is conducted by F statistic. The result shows that if the funding support not provided to farmers, the coffee firm consumption is 0.950. In addition, the coefficient B indicates that one-unit increase of the funding support, the perceived coffee farm consumption will increase by 0.950 unit. Coefficient enables the construction of the linear regression equations that can be derived to describe the relationship. The unstandardized regression equation of the relationship between funding support and coffee firm marketing can be defined as above.

CHAPTER V
CONCLUSION

This chapter presents findings of the study and recommendations for the effects of funding support on coffee firms in order to improve funding support of KMSS to coffee farmers.

5.1   Findings

As regard of the effectiveness of funding support of KMSS on coffee firm is analyzed and measure in terms of their production level, Marketing level and consumption level. The analysis of this study resulted in the following summary of findings.

The project has a sufficient support, funding support package consists cash support, strengthening networking with farmers to farmers, farmers to local government, farmers to non- profit organizations and farmers to traders. Farmers are willing to apply new technique farming method, farmers are aware of funding support purpose and its rules and regulations. Trainers have good capacity to deliver high quality training. Farmers are experienced and organized, allowing them to learn from each other; coffee experts are working with farmers, providing them with quality training.

The coffee market is very speculative and it is very difficult to forecast market tendencies and its fluctuations; as a consequence, many value chain groups fail because they do not understand the markets in Myanmar and the fluctuations. Everyone thinks a high price is good and low prices discourage them. Therefore, awareness raising activities for farmers in this area are needed. Some of the farmers have limited understanding of technical aspects of coffee production and because of their education level, indigenous method. The result from coffee marketing level of value chain coffee farmers showed that only a few respondents answered that they made more profit by modifying and improving their marketing process. The fact that there is weak teamwork between farmers, they are not working together to produce high quality products. This is because of the common weaknesses of farmers in general in a sense that they get acquainted with working individually and have low cooperative spirit.

5.2   Recommendation

Based on the finding of the research following recommendations are made.

- KMSS conduct the monitoring and evaluation activities and they will help to report on how farmers have implemented learnings from the trainings and group sharing. Marketing efficiency should be increased by exploiting comparative advantage in production and improving production technology.

- Funding support is necessary since the beginning once they joined as a value chain member. It is a must because they know how important it is to increase coffee production with better quality and improve their agriculture and standard of living. Once they well understand the concept of funding support and value chain and its benefit, they will comply for their wellbeing.

- Future project activities should more collaborate with the government coffee association to formulate a local and international market linkages.

5.3   Conclusion

Coffee is a promising and potential exportable commodity of Karen State. Because of the growing coffee culture in the cities, demand of coffee is increasing every year. However, its production isn't increasing in the same trend. Funding support on coffee firms is connecting more benefit in the chain. Despite premium price received by the farmers - much above the minimum price fixed by Myanmar coffee association, farmers are not getting modest benefit because of high cost of production. This objective majorly focuses on the effects of funding support on coffee firms in Thandaugyyi township. Funding support activity is essential in strengthening the coffee farmers to improve their quality of coffee product to get better generation of income and improved business.

5.4   Suggestion for further study

The research attempted to identified the effectiveness of funding support on the coffee firms of Thandaunggyi Township with more focus on three steps of value chain - coffee production, marketing and consumption. Hence, suggestion for further study are as follow: i) Study before and after of production unit of coffee firms by supporting financial support/technical support. ii) Study of value addition and economic analysis of coffee firm. iii) Study of impact of funding supporting on coffee firm. iv) Study of value chain of other commodities like green tea, durian and so on.

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Questionnaire

Good morning/afternoon. I am _____from the _____.

We are doing a study on effectiveness of funding support of KMSS on value chain of coffee firms.

The outcome of the study will be used for more development programs in the future.

Can I ask you some questions? The information that you provide will be kept in strict confidentiality, so that none of it can be attributed to you personally. Please feel free to fill this form.

Name :

1. Gender :   Male [   ]   Female [   ]

2. Marital Status: Single :   Married:

3. Age

Under 25	
Between 25 to 40	
Between 40 to 60	
Above 60	

4. How many Acres of land do you own?

Under 3 Acres	
4 – 6 Acres	
6- 10 Acres	
11 and Above	

5. Size of Family

Under 3	
4 – 6	
6- 8	
9 and Above	

6. Family income from one acre coffee firm (yearly)

Under 500000	
500,001 – 700,000	
700,001 – 900,000	
900,001 and Above	

Analysis on Effectiveness of Funding support/Technical Support

5 points Likert –Scale Measurement

1: Strongly Disagree | 2: Disagree | 3: Neutral| 4: Agree | 5: Strongly Agree

No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	After joining value chain group and getting financial support, the status of developing coffee firm is improving?					
2	After getting the financial support, it helps your product more qualified?					
3	Funding support amount has been used cost for coffee (production, marketing and consumption)					
4	Funding amount is fully utilized for coffee production/marketing and consumption cost					
5	Funding amount is enough for coffee production cost					
6	The interest rate will be contributed to your village development					
7	**Networking** Expectation have met through dialogue meeting with coffee association and local traders.					
8	Knowledge was widely share to others					
9	Gained knowledge and can adapt in your firm from group sharing in rejuvenation, planting coffee systematically and cutting and grafting.					
10	Got better linkage and networking with representative of government sector, traders and non- profit					

No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	organizations in the Stakeholder Coordination meetings.					
11	**Training** The content of training was informative and useful					
12	I will apply what I have learnt from coffee tree management and crop production training to my coffee firm					
13	The agenda was well paced within the allotted time.					
14	I would be interested attending in the training next year.					
15	I gained the coffee cultivation method from coffee tree management and crop production training.					
16	I gained the crop production procedure from coffee tree management and crop production training.					

Production

1: Strongly Disagree | 2: Disagree | 3: Neutral| 4: Agree | 5: Strongly Agree

No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The volume of production is increased					
2	The quality of product is increased					
3	The volume of Parchment is increased					
4	The volume of picking is increased					
5	Processing technology is increased					

Marketing

1: Strongly Disagree | 2: Disagree | 3: Neutral| 4: Agree | 5: Strongly Agree

No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Product selling price is increased					
2	The product packaging design is improved/changed					
3	Product sells directly to the exporter is higher and more reliable income					
4	The relationship between you and your buyer is increased					
5	This year's profit is higher than previous profit					
6	Product delivery frequency is increased					

Consumption

1: Strongly Disagree | 2: Disagree | 3: Neutral| 4: Agree | 5: Strongly Agree

No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Demand is increased					
2	Purchasing/ordering a local brand is interested					
3	Size of order from buyers are increased					
4	Number of buyers are increased					
5	You have a brochure for customers that describe your firm's capabilities					