



Rice Farmers in Minbu, Myanmar's central Dryzone, Photo: Hein Latt Aung/Oxfam

DELIVERING PROSPERITY IN MYANMAR'S DRYZONE

Lessons from Mandalay and Magwe on realizing the economic potential of small-scale farmers

Myanmar is undergoing intense and rapid changes. Policies formulated today will determine the future path of political and economic development. Modernization of the country's agricultural sector is, rightly, a priority. However, mechanization and large-scale agricultural investment is not the only option. Small farm development provides a commercially viable option with better outcomes in terms of poverty reduction and positive spillovers to other sectors. Small farms absorb labour, allow communities to build assets and help local markets flourish. It is crucial that Myanmar promotes the right type of agricultural investment – one which supports the country's millions of small-scale farmers and farm labourers, as well as their families.

SUMMARY

Myanmar is undergoing intense and rapid changes. Policies formulated today will determine the future path of political and economic development. Modernization of the country's agricultural sector is, rightly, a priority. However, mechanization and large-scale agricultural investment is not the only option. Small farm development provides a commercially viable option with better outcomes in terms of poverty reduction and positive impacts on other sectors. Small farms absorb labour, allow communities to build assets and help local markets flourish.¹ It is crucial that Myanmar promotes the right type of agricultural investment – that which supports the country's millions of small-scale farmers and farm labourers, as well as their families.

EVIDENCE FROM THE CENTRAL DRY ZONE

To better understand the challenges that small-scale farmers face, original evidence has been gathered from two townships in Myanmar's Central Dry Zone, Thazi and Minbu. As well as sharing many of the same challenges as farmers across Myanmar, agriculture in this region is particularly afflicted by low rainfall, a situation that may be exacerbated by climate change causing increasingly erratic rains.

Thazi

In Thazi, farmers grow paddy, cotton, pulses and sesame, among other crops. In most cases it is men who are landholders. Most women are considered 'casual labour' despite undertaking sensitive and critical tasks such as the transplanting of paddy, and sowing and harvesting of cotton. Women's work is often undervalued, and some women report earning 20 per cent less than men, even for the same work.

While 2013 was a relatively good year for rains – farmers worry about the changing weather patterns. 'Every year planting seems to get later due to lack of rain – and yields fall as a result.'² Farmers are also challenged by poor access to inputs (seeds, pesticides, fertilizers). They rely on brokers to provide credit for inputs at the start of the season, who then collect the crops after harvest at a low price. On the rare occasions that farmers sell directly to the ginning factories they get better prices, but transport challenges usually make this impossible. Muddy feeder roads are often largely impassable after the rains.

None of the villages reported being consulted by the government on new agricultural plans and policies. As one of the villagers explained, 'The parliamentarians elected for our area never come to see us. We would like them to come'.

Minbu

Despite its location along the west bank of the mighty Ayeyarwady River, the land in Minbu is dry and farmers reported relatively little paddy production. Instead they depend on sesame, groundnuts, green gram, black gram, sunflowers, pulses and cotton. As in Thazi, most women rely on casual labour for their livelihoods and report receiving lower wages than men. Raising livestock is an alternative that can offer women a real boost to their incomes. However, there are challenges both in acquiring animals and gaining access to training.

While farmers in Minbu benefit from their relative proximity to inputs and markets in the regional capital of Magwe, they also face challenges. They are frustrated by their limited access to finance for inputs, especially as the government provides five times more finance to paddy than to the crops they grow.³ Farmers in Minbu have a greater choice of warehouses where they can sell their crop but prices tend to be volatile. Some farmers also complain about unfairness in the grading, by brokers, of crop quality.

There has been little communication between government authorities and farmers in Minbu. While some claim that this is because the government is only interested in paddy – others say that local officials are ready to meet them, but the officials' budgets are too low to cover the transport costs.

FARMERS CAN BENEFIT FROM NEW OPPORTUNITIES

Small-scale farmers can benefit from new economic opportunities in Myanmar provided that government investment and policies deliver the infrastructure, skills and inputs that both men and women farmers need to boost their productivity and enhance their market power. Agricultural spending needs to be prioritised in the public budget, and local government departments empowered and resourced to respond to farmer-identified challenges, such as extension services and access to credit.

Women play a substantial role in crop production in farming households, and are responsible for meeting family welfare and food security needs. Gender-based inequalities such as in land ownership and access to credit need to be tackled, recognising and supporting women to realise their potential as farmers and community leaders.

Boosting farmer productivity alone, however, is not enough. Farmers will only benefit from economic opportunities if they also have access to markets and sufficient market power to ensure they benefit from a fair share of the rewards, and do not bear disproportionate risk. Farmers need to be supported to develop associations that increase their access to key services, while also enabling them to link to and partner with local private sector companies and traders.

Finally, government policies to promote and regulate new private investment need to include safeguards that protect farmers' rights, and incentives that encourage investors to work with farmers in ways that ensure they benefit from the new economic opportunities created. It is also vital that policies make it easier for both men and women to register land, and recognize community and customary tenure.

RECOMMENDATIONS

The Government of Myanmar must:

- Reallocate public budget to increase agricultural spending, particularly to improve the quality and reach of extension services and inputs, and support effective and participatory delivery of the Rural Development Strategic Framework.
- Reverse gender-based social and political inequalities and ensure recognition of the value of women's work, including in agriculture.
- Implement decentralization and empower and resource local government departments to focus on farmer-identified challenges.
- Support the development of agricultural cooperatives and producer organizations based on an appropriate regulatory framework, and empower them to link to and work with the local private sector.
- Support farmers to build resilience to climate change by supporting crop diversification, greater access to more flexible credit, and risk management measures such as weather-indexed crop insurance.
- Reform the land registration process for small-scale farmers (SSFs) to make it simpler and more transparent, ensure farmers' rights are protected, and stop land acquisitions without proper consultation and compensation based on free, prior and informed consent (FPIC).

Donors must:

- Ensure that aid, and accompanying technical advice, is used to help the government support growth and food security through small-scale agriculture, and to establish strong governance, transparency and environmental and social safeguards.
- Support the development of inclusive policy processes. Build the capacity of civil society and farmers to influence policy design and implementation, and budget processes. Encourage the creation of multi-stakeholder spaces where farmers, civil society, the private sector and government can jointly develop inclusive value chains.

Private investors must:

- Comply with the letter and spirit of domestic laws in Myanmar and international standards and norms, whichever is highest.
- Conduct environment and social impact assessments for investments, in consultation with affected communities, including women. Avoid deals that involve displacement of communities, and for investments involving land acquisition, ensure that full transparency is provided and the principle of FPIC is respected and upheld.
- Adhere to a fair sharing of risk and benefits in contract farming and related arrangements with small-scale farmers. Ensure fair and transparent terms of trade, quality standards and pricing structures, as well as transparent and equitable dispute resolution mechanisms.
- Prioritise investments that support and work with local producers and markets, contributing to the success of small-scale farmers, rather than marginalising or displacing them.

ACRONYMS

APMC	Agricultural Product Management Committee
DAR	Department of Agricultural Research
DICD	Department of Industrial Crops Development
ESIA	Environmental and social impact assessment
FAB	Farmland Administration Body
FESR	Framework for Economic and Social Reform
FIL	Foreign Investment Law (2012)
FPL	Protecting Rights and Enhancing Economic Welfare of Farmers Law (2013)
FPIC	Free, Prior and Informed Consent
ID	Irrigation Department
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
MADB	Myanmar Agricultural Development Bank
MIC	Myanmar Investment Commission
MLFRD	Ministry of Livestock, Fisheries and Rural Development
MOAI	Ministry of Agriculture and Irrigation
MFI	Microfinance Institution
MIC	Myanmar Investment Commission
NAG	Network Activities Group
NSPAW	National Strategic Plan for the Advancement of Women
PPP	Public-Private Partnership
RDSF	Rural Development Strategic Framework
SSF	Small-scale farmer
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security

1 INTRODUCTION

Myanmar is a country undergoing intense and rapid changes – simultaneously taking steps towards democratization while opening many sectors of its economy. As one analyst put it, ‘History does not have a precedent of a country this size hurtling towards a market economy within a matter of mere months’.⁴ A new policy and regulatory framework is developing, while old rules are dismantled. These reforms are far from complete and, with change happening faster in some areas than others, the future is uncertain. However, the policies made today will set the country on a course that will be hard to alter.

Despite the many challenges that Myanmar faces after years of isolation, the country is already on a path to achieving economic growth rates of 7.5 per cent in fiscal year 2013,⁵ with similar rates predicted for 2014. Foreign companies from Asia, Europe and North America are converging on Myanmar - although concrete investments have so far been limited, focused mostly on mining, oil and gas. Deeper economic integration in the form of the ASEAN Economic Community promises greater trade opportunities from 2015, particularly given Myanmar’s long coastline and geographic position bordering both India and China.

Agriculture is Myanmar's biggest employer – accounting for 70 per cent of the workforce, and providing a major (though declining) share of GDP.⁶ Due to the significant physical and institutional constraints that hold the sector back, there is an obvious need for significant reform and investment. Agricultural productivity is low, and poverty in rural areas is double that in the cities.⁷

Globally, private sector investment in agriculture is rising as companies seek access to resources, such as land and water, and agricultural crops. In Myanmar, such investment remains low with just 0.44 per cent of total foreign private investment in agriculture.⁸ Companies have expressed interest and the government is working to court these investors but experience elsewhere shows that large-scale investments often fail to live up to their promise of job creation, technology transfer and economic development. There is also evidence of negative impacts on local populations by deepening the concentration of land ownership, limiting community access to resources, degrading the environment, and putting the traditional livelihoods of SSFs at risk.⁹

The impact of private agricultural investment on growth and poverty reduction – particularly for Myanmar’s millions of SSFs, their families and labourers – will be determined by the policies that Myanmar adopts. This report presents learning from the experiences of farmers who Oxfam and its partners have been working within six villages in Myanmar's central Dry Zone. Starting from the challenges these farmers are grappling with today, the report considers how future private investment in agriculture may affect them. It also looks at the suitability of Myanmar’s developing policy framework, around agriculture and investment, to ensure that new investment and economic opportunities benefit farmers and rural communities.

WHY INVEST IN SMALL-SCALE FARMERS?

Globally, the majority of investment in agricultural production is made by small-scale farmers themselves.¹⁰ While large farms have greater access to affordable finance for equipment and inputs, small farms' comparative advantage derives from greater productivity due to motivated family labour and careful supervision of hired workers.

A study in Myanmar by Harvard University¹¹ found that smaller farms, sized from a few acres up to a few dozen acres, show relatively higher yields with greater use of labour and less use of capital when compared to very large farms under similar land and water conditions. For certain crops, there are key labour-intensive methods like transplanting which are lost in industrial farms. This perhaps explains why small-scale paddy cultivation is the norm for millions of farmers in Asia who work farms that do not exceed 2 hectares.¹² However, too often these and other benefits of small farms are overlooked.

Box 1: Four myths about small-scale farmers

1. Low productivity

Small-scale farms may have low yields but this is because they have low input use, irrigation and capital. In terms of total productivity, small farms are often more efficient than their larger counterparts. With greater access to inputs, things would look very different.

2. Aversion to technology and innovation

Farmers living in poverty do not use outdated technologies and practices as a preferred option, but because appropriate technologies for SSFs have not been a priority for government or the private sector to develop. For example, genetically engineered crop varieties, developed overwhelmingly for large-scale industrial farms, have failed to deliver for SSFs.

3. Aversion to risk

Surviving on low incomes, without recourse to savings or insurance, narrows the scope for taking risks. This applies to a new, unproven crop or seed variety, for example. The solution is to help SSFs better manage risks by providing better weather information and data, storage infrastructure, or access to insurance.

4. Aversion to markets

SSFs are often not pursued by market actors, but this does not mean they do not respond to good market opportunities. Oxfam has often worked to bring SSFs into markets. In Sri Lanka, for example, Oxfam has helped 1,500 farmers become suppliers to local company Plenty Foods. The company estimates small-farm sourcing has contributed to an annual growth of 30 per cent over the past four years.

Source: R. Bailey (2011) 'Growing a Better Future: Food justice in a resource-constrained world', Oxford: Oxfam.

Perhaps the most important reason for investing in SSFs is because growth in agriculture, particularly in small farms, is a more effective engine of wider growth than other sectors, and has twice the benefits for the poorest.¹³ A study in India¹⁴ found that rural growth reduced both rural and urban poverty, but urban economic growth did little to reduce rural poverty. Another in Southeast Asia found that growth in agriculture significantly reduced poverty which could not be matched by growth in manufacturing.¹⁵ Investing in SSFs reduces poverty because small farms absorb labour, allow communities to build assets and help local markets flourish.¹⁶ Numerous other studies¹⁷ come to similar conclusions.

METHODOLOGY AND OUTLINE

This briefing paper is based on original evidence from interviews with farmers and officials in two townships of Myanmar's Central Dry Zone, Thazi and Minbu, where Oxfam and its partners have programmes. National and regional government officials were also interviewed and information was supplemented by secondary sources. Building on the experiences of farmers in the Dry Zone, the paper then analyses Myanmar's agricultural and investment policy framework. It seeks to understand whether policies are likely to support farmers and rural communities to benefit from future investment and economic opportunities. This analysis draws on Oxfam's experience with agricultural development in Southeast Asia and globally, and its understanding of how policies shape the impacts of agricultural investments and markets on SSFs.¹⁸

Section 2 provides an overview of the government's current approach to agriculture; section 3 sets out the case studies of farming villages in Thazi and Minbu; section 4 analyses what the policy environment means for these farmers and their ability to benefit from economic opportunities; and section 5 provides recommendations for government, donors and the private sector.

2 ‘A MODERN INDUSTRIALIZED NATION’

Myanmar’s agricultural yields are low by international standards and there is a need for new approaches to increase productivity and improve livelihoods for farmers. The government has thus set out a vision of creating a ‘modern industrialised nation through agricultural development’¹⁹ – actively encouraging private investment and promoting the country’s former role as the ‘rice bowl of Asia’. President U Thein Sein has urged farmers to boost production for food sufficiency, and said that thanks to high-yield paddy strains and mechanized farming, production costs and wastes could be minimized. Income could be boosted in other areas like livestock breeding as harvesting times fell.²⁰

The **Ministry for Agriculture and Irrigation** (MOAI) is focused on modernization and increasing productivity,²¹ including:

- production and utilization of high-yielding and good quality seeds;
- training for farmers and extension staff on advanced agricultural techniques;
- research and development for sustainable agricultural development;
- transformation from conventional to mechanized agriculture, production of crops appropriate to climate and extension of irrigated area.

Table 1: Official government targets in agriculture

	Current (2011-12)	Target to 2015/16 (% increase)
<i>Net cultivated area (mn ha)</i>	11.9	13.6 (14.3)
<i>Average paddy yield (mt/ha)</i>	3.83	4.28 (11.7)
<i>Paddy production (mn mt)</i>	29	33 (13.8)
<i>Irrigated area (mn ha)</i>	2	2.3 (15)
<i>Irrigated area (% of net cultivated area)</i>	16.8	16.9 (1)

Source: Department of Agricultural Planning (2013) *Myanmar Agriculture in Brief* including author’s calculations based on data in this document.

Modernization of agriculture and increased productivity are required if the sector is to deliver economic growth and poverty reduction. However, mechanization and large-scale agricultural investment is not the only possible path. Promoting small-farm development provides a commercially viable option with better potential outcomes in terms of poverty reduction and positive spill-overs to other sectors.

Developing small farms, however, will require government support. Yet at 1.5 per cent of agricultural GDP (Table 2), Myanmar's expenditure on agriculture is low compared to its Asian neighbours, which average 7.3 per cent (Table 3). Considered as a portion of overall government budget, expenditure on agriculture in Myanmar is healthier at 8 per cent. However, most of this is spent on irrigation infrastructure, with the Department of Agriculture accounting for only 4.5 per cent of MOAI's budget, despite being responsible for key areas such as agricultural research and extension.²² At the other end of the spectrum, the largest area of government spending is defence which accounts for 22.2 per cent of the national budget.²³

Table 2: Public expenditure on agriculture in Myanmar, 2008-2010

	Agricultural expenditures as share of agricultural GDP (per cent)			Agriculture in total spending (per cent)		
	2008	2009	2010	2008	2009	2010
Myanmar	1.66	1.65	1.50	8.73	8.08	8.05

Source: Statistics of Public Expenditure for Economic Development (SPEED) 2013
<http://www.ifpri.org/book-39/ourwork/programs/priorities-public-investment/speed-database>.

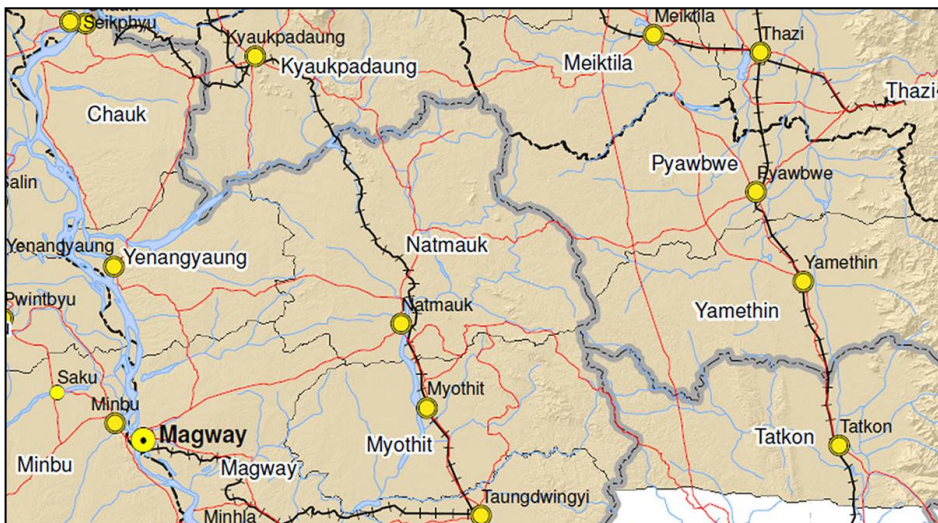
Table 3: Public expenditure on agriculture in Asia, 2008–2010

	Agricultural expenditures as share of agricultural GDP (per cent)			Agriculture in total spending (per cent)		
	2008	2009	2010	2008	2009	2010
Afghanistan	2.33	3.82	2.46	4.01	5.41	3.67
Bangladesh	5.62	6.19	-	8.64	8.92	-
China	13.48	19.08	20.06	7.26	8.81	9.05
India	10.11	6.68	5.91	10.32	7.10	6.81
Malaysia	10.24	18.40	15.85	4.38	5.79	6.74
Mongolia	3.33	3.41	4.26	1.90	1.79	2.36
Nepal	2.13	4.09	4.62	4.11	6.86	8.63
Pakistan	7.43	3.86	2.83	7.13	4.40	3.06
Philippines	4.21	7.17	8.05	3.40	5.28	5.87
Sri Lanka	10.04	-	-	6.07	-	-
Thailand	9.52	9.31	9.75	5.55	4.92	5.76
Vietnam	7.15	6.90	6.49	4.77	4.09	3.94
TOTAL	85.59	88.90	80.27	67.53	63.37	55.89
AVERAGE	7.13	8.08	7.30	5.63	5.76	5.08

Source: Source: Statistics of Public Expenditure for Economic Development (SPEED) 2013
<http://www.ifpri.org/book-39/ourwork/programs/priorities-public-investment/speed-database>.

3 SMALL-SCALE FARMING IN THE CENTRAL DRY ZONE

To build a picture of the challenges that small-scale farmers face, six villages were visited in Myanmar's Central Dry Zone, where Oxfam and its partners work to support small farm communities. The first case study below describes the experience of three villages in Thazi township in the Mandalay region, and the second case study presents the experience of three villages from the Minbu township in the Magwe region.



Source: Myanmar Information and Management Unit (MIMU), <http://www.themimu.info/>

While the Central Dry Zone is certainly not the only area where farmers are facing challenges, it is the home to approximately 40 per cent of Myanmar's population,²⁴ with nearly half of all households living in poverty, highly vulnerable and food insecure.²⁵ A particular challenge for these farmers is the low level of annual precipitation in the region – no more than 700 mm per year – which leads to droughts and other severe difficulties for agricultural production;²⁶ a situation that is likely to be exacerbated by climate change.

THAZI, MANDALAY REGION

The villages of **Inn Kone**, **Bone Ta Loke** and **Gwe Gone West** lie in the eastern part of the Dry Zone, with an average population of 800 each. They are within 20 kilometres of Thazi, a town on the main Yangon-Mandalay train line.

Overview

The villages in Thazi produce predominately paddy, cotton, pulses and sesame. Paddy is the national crop across Myanmar, but the farmers in Bone Ta Loke also emphasize the importance of cotton. 'Paddy is profitable for the three or four people that have 5 acres of land', they say, 'but for the others it is not'.²⁷ Those with smaller plots often choose cotton because it has lower costs and higher yields than paddy.

Women are rarely the landholders in Thazi, and are, therefore, considered 'casual labour', not 'farmers', despite being responsible for many of the most critical tasks. Transplanting of paddy, and sowing and harvesting of cotton, are all women's roles, but their work is undervalued. Women report wages of approximately 20 per cent less per day than men even for the same work.²⁸

Some women are involved in alternative livelihoods alongside farm labour, including small enterprises, 'hair cleaning'²⁹ and handicrafts like weaving bamboo baskets. These alternatives are often more stable than farm labour, and sometimes provide a higher income too. However, women can rarely access the finance that would be needed to build these livelihoods and further raise incomes, as access to credit is directed at heads of households, mostly men.³⁰

Box 2: Women's alternative livelihoods in Thazi

Hnin Pwint from Inn Kone has been involved in travelling sales since she was very young. She buys local products like dry fish and fish paste to sell in other parts of the Mandalay region, and brings products from there to sell back at home. Her husband has 2 acres of land but she prefers sales over farming. It generates just enough income for their needs – and she's proud that she doesn't have to borrow to make ends meet. Her dream is to start a village shop. She doesn't have the money to invest right now but hopes that she can find some extra casual labour to build up enough savings.

Farming production and challenges

One critical challenge for farmers is water and irrigation. 'For cotton farming to be profitable, you need pre-monsoon cotton to succeed and this requires sufficient water.' The three villages all have some access to irrigation, but this is hampered by infrastructure that is in poor repair and government policies that prioritize paddy over cotton, despite cotton offering better opportunities and using less water than paddy.³¹ Instead, cotton farmers often have to depend on enough rain coming at the right time in the growing cycle.

Happily, 2013 was a relatively good year for rains – but changing weather patterns are making the situation less predictable for farmers in Thazi. 'When we are supposed to plant, there is no water these days. Every year planting seems to get later due to the lack of rain – and yields fall as a result.' The farmers have established a village environment group to share knowledge on climate change and foster tree planting for conservation, amongst other aims.

In order to adapt, the farmers in Bone Ta Loke are considering various options, for example, acquiring machinery suited to their small plots. The benefit of machines is that when the rains do finally arrive, ploughing and planting are much quicker. Two of the farmers have already started buying ploughing equipment in installments – but most cannot afford it. In Gwe Gone in the really dry years, farmers say they simply leave their fields and migrate to other regions in search of work.

Two other key challenges farmers point to are access to inputs and training. Farmers purchase fertilizers and pesticides on credit at the start of the season to improve the productivity of their crops, and pay the agents back after harvest. Inputs are expensive, though, and farmers' bargaining power is limited. The government provides some training, for example on plant pest management, but overall farmers' access to training and improved agricultural techniques is low.

Market challenges

Farmers from Bone Ta Loke and Gwe Gone sell rice in informal local markets and also depend on brokers from Thazi to come to the village to buy cotton. The brokers provide credit at the start of the season for inputs that are otherwise hard to access. In return, they collect the crops after harvest at a low price. On the rare occasions that farmers sell directly to the ginning factories they get better prices, but transport challenges usually make this impossible. Oxfam has recently started supporting these villages in collective marketing, providing greater bargaining power and access to different buyers (see Box 5). Oxfam is also helping Bone Ta Loke to develop a marketing centre with accurate scales and price information to help farmers get a fairer price.

Both Bone Ta Loke and Gwe Gone face the problem of isolation. Despite being relatively close to Thazi, muddy feeder roads are often impassable after the rains except on foot or by very slow bull cart. In contrast, farmers in Inn Kone fare much better. They are just half an hour drive from Thazi down a relatively good road, meaning that they can go to Thazi to sell their crops, and that, crucially, they have a choice of buyers. 'If one buyer rejects our cotton based on quality, we go elsewhere', they say. They also buy inputs in Thazi.

Communication between the more isolated villages and township authorities is generally poor. At Inn Kone, close to Thazi, communication is better and farmers say they receive government extension services and have recently made a successful proposal for a government-funded health centre. The other villages say they have had less success at getting the government to respond. At Gwe-Gone, they were nevertheless preparing to try again, this time meeting township authorities about a vital local bridge that had been washed out. None of the three villages, including Inn Kone, reported being consulted by the government on new agricultural plans and policies. As one of the villagers explained, 'The parliamentarians elected for our area never come to see us. We would like them to come'.

MINBU, MAGWE REGION

The villages of **Zee Aing**, **Htein Taw** and **Ywar Thit**, with an average population of 730 each, are part of Minbu township. The township stretches along the west bank of the Ayeyarwady River, connected to the regional capital, Magwe, by a 1.8 mile bridge.

Overview

Despite its proximity to the river, Minbu township is dry with sandy soil and farmers depend on rain to irrigate the sesame, groundnuts, green gram, black gram, sunflowers, pulses and cotton they grow. Paddy production is limited. In Htein Taw they used to have irrigated paddy fields, but the irrigation system was damaged and government attempts to repair it have so far failed. Since the villages produce mostly cash crops, households buy the majority of the food they eat, leaving them vulnerable to volatility in crop prices.

Few women own land, relying instead on casual labour for their livelihoods, including ploughing, weeding and harvesting, depending on the crop. One of the male farmers in Htein Taw acknowledges this critical role. 'Women are the most skilful when it comes to hand weeding and harvesting', he says. Yet as in Thazi, some women reported receiving lower wages than men.

In the off-season, these women have to rely on small businesses like shops and selling snacks, and sometimes 'hard' labour like working on construction projects, or migration. Some women also raise livestock including pigs, sheep, goats and cows. For those who are able to purchase or otherwise gain access to animals – such as through share-raising or participation in a cooperative³² – livestock rearing makes an important contribution to their livelihoods. Animals provide a regular income and can be used as an asset to sell when times are difficult or for important expenditures like weddings.

Box 3: Women's alternative livelihoods in Minbu

Daw Than Than Wai is married with three children: a son who is twelve, a daughter who is seven and her youngest son who is three. She and her husband are both casual labourers. They generally make enough for their daily survival, but life is tough in the off-season when they depend on her husband's work in construction. Daw Than Than Wai would like to raise livestock to supplement the family's income, but she has no money to get started. Instead, when the money runs thin her only option is to take a loan in exchange for lower wages later. She explains that this could mean promising to work next season for just Kyat 1000 per day (compared to normal wages of Kyat 2000) so that she can buy food now.³³ Daw Than Than Wai's wish is for her three children to complete their education. The two older ones currently attend school but her fear is that they will not have enough money to keep them in school past primary education.

Farming production and challenges

Like the farmers in Thazi, the villages in Minbu say that the rains in 2013 were good but this is not always the case. Farmers in Ywar Thit remember the year the entire sesame crop failed, and point to the importance of crop diversification to build resilience.

Farmers are frustrated by their limited access to finance for better inputs. They say the government only focuses on paddy, not the oil crops that they grow. 'The credit from MADB is unfair', says one farmer in Htein Taw. While paddy farmers get 100,000 kyats per acre, farmers of other crops get only 20,000 kyats per acre. In Zee Aing farmers say that although their proximity to Minbu means inputs are quite accessible, they can't afford them and only use basic inputs or very limited quantities. Some take credit from informal money lenders at high interest rates, or depend on input providers to give them 'in-kind' credit. The inputs are provided up front and paid for at harvest with a corresponding cut in the price of crops. One farmer in Htein Taw calculates that this amounts to an interest rate of 15 per cent.³⁴

Farmers in Zee Aing, Htein Taw, Ywar Thit and 24 other villages in Minbu are getting technical support from Oxfam partner, Network Activities Group (NAG), based on a system of training key farmers, both men and women, who then share their learning with others in the village. Sometimes NAG brings officials from the Department of Agriculture to give the training, but farmers say that the authorities seem to only be able to come and provide the training when NAG covers transport costs.

Market challenges

Farmers in the three villages say they benefit from their relative proximity to markets in both Minbu and Magwe, and choose to take their crops to the warehouse offering the best price 'and where the weighing system is fair'. However, prices tend to be volatile. The farmers in Ywar Thit say they don't know why, but hear it is linked to exports. In Zee Aing farmers will try to hold back some of their crop for sale when prices rise, but debt usually forces them to sell immediately, at whatever the prevailing price might be.

Both men and women in Htein Taw acknowledge the key role that women play in marketing their crops. 'Women can be more vocal in bargaining – men are not so outspoken', admit the male farmers. Some farmers complain about unfairness in the grading of the sesame by the brokers. 'The process is not systematic – brokers judge the colour, impurity and moisture "by eye".' The farmers know that the major traders use standardized measures to judge quality, based on aspects like moisture and fatty acid content.

There is little communication between government authorities and farmers in Minbu township. Some say this is because the government is only interested in paddy – though there has also been some training on cotton. Others say that local officials are ready to meet with the village if

an NGO like NAG organizes training, but local government budgets are too low for other outreach activities. All say that officials never consult them or come to see them. 'Only the wetlands are the focus', they add in Zee Aing.

Supported by NAG, the villages have begun to organize their own membership organizations to pool funds, deliver inputs, learn new techniques and engage with other village organizations. In Zee Aing there are 255 members, 30 per cent of whom are women. They have started communication with the government through a meeting organized by NAG.

Box 4: Landlessness

Although this report focuses on farmers, it is also clear from the case studies in Thazi and Minbu that a great number of rural households are landless, depending on casual labour in agriculture and other sectors for their survival. In the six villages studied, landlessness was reported to be roughly 50 percent, a figure consistent with national estimates for Myanmar.³⁵

The high level of landlessness in Myanmar results from both community members being unable to acquire land, and existing smallholders losing land due to indebtedness, land confiscation and continued or renewed conflict. Once land is lost it is incredibly difficult for families to acquire it again, leaving households dependent on insecure and poorly paid jobs. One-third of all rural households are estimated to borrow at some point during the year to purchase food, especially those that are landless.

Agriculture rarely provides sufficient income for labourers, so landless households have precarious livelihoods for several months of the year. Both men and women have to look for alternative sources of income, including livestock raising, basket production or small businesses. Those less fortunate resort to 'hard' labour, such as construction, working in oil fields, and/or migration. As one woman in Inn Gone explained, 'The challenge for the women's labour group is that outside the main farming seasons there is not enough work. Some years between paddy and cotton we earn enough income, but this is rare'. Those who are too old, or otherwise unable to fall back on these alternatives, are particularly vulnerable.

It is the role of the government to protect the most vulnerable. This includes preventing land transfers without consent and compensation (see page 30) which creates landlessness in the first place. It also means supporting alternative livelihoods activities, e.g. with access to credit or vocational training. In Ywar Thit, for example, villagers expressed a strong wish that casual labourers could be supported to start livestock-raising. Finally, the government must protect labour rights whether in agriculture or other parts of the economy to which rural workers migrate, in line with globally accepted standards.

4 FARMERS CAN BENEFIT FROM NEW OPPORTUNITIES

The critical question facing Myanmar is what type of agriculture it will promote, and whether new investments will support, bypass or further marginalize farmers, both men and women. Supporting SSFs requires a policy framework and budget expenditure that helps to develop agricultural productivity. It must raise the security, efficiency and quality of crop production for farmers, and for companies that work with SSFs. The risk, however, is that the policy framework drives land acquisition and large-scale agricultural production with few linkages to the local economy and little technology transfer.

This section considers Myanmar's agriculture, market and investment policy framework and the current drive towards greater modernization and commercial investment. It analyses whether these policies are likely to support SSFs to benefit from economic opportunities, based on the case studies in Thazi and Minbu, interviews with government officials and other experts at local, regional and national levels, and Oxfam's experience working with farmers in other parts of Myanmar, Southeast Asia and globally.

Each sub-section sets out key issues that farmers face, analyses relevant government policies, and identifies gaps and potential challenges in the context of future commercial investment in the sector. These gaps and challenges inform the recommendations in Section 5, directed at policy-makers, donors and the private sector. Relevant issues from farmer interviews are included in the sidebars in each section, alongside quotes from farmers and other community members.

WOMEN

As the case studies from Thazi and Minbu show, women play a substantial role in crop production in farming households, as well as being responsible for meeting family welfare and food security needs. Women's ability to benefit from economic opportunities determines the ability of family members, especially children, to prosper. From both the perspective of human development and of women's rights, women as well as men must benefit from Myanmar's new economic opportunities.

Findings from Thazi and Minbu:

- Women play key roles in boosting crop yield and quality.
- Women lack access to finance.
- Few women own land.
- Some women report being paid 20 per cent less than men per day as farm labour.
- Women are credited with being good at marketing and bargaining.

Issue Table 1: Women

Issue	Description
Gender equity	The formal position of women in Myanmar is better than in many neighbouring countries. Nevertheless, several institutions and cultural norms mean that women are disadvantaged. Women’s work is under-valued, and the predominance given to the heads of households (normally men) in formal procedures leaves most women without access to land or credit, for example. Women’s political participation in Myanmar is also low.

The position of women in Myanmar is generally better than in many of the country’s neighbours. Despite this, women still suffer inequalities. In Thazi and Minbu, for example, women perform much of the farm work, including roles that determine the productivity and quality of crops and, therefore, farm profitability. However, women are seen as agricultural ‘workers’ not ‘farmers’. Land registration, access to credit and access to training are directed at heads of households, mostly men.³⁶ Only a small percentage of women are landholders, and land inherited by women may actually be registered in their husband’s name.³⁷

Amongst men and women farm labourers, women’s wages in Thazi and Minbu were often reported to be roughly 20 per cent lower than men’s.³⁸ Lower wages were reported both where women perform different – though equally valuable – tasks, and in cases where women and men perform the same tasks.

‘Women get Kyat 500 less per day than men do for the same work.’

Hnin Pwint, businesswoman, Inn Gone village

The **National Strategic Plan for the Advancement of Women** (NSPAW 2013–2022) is an inter-ministerial plan which spans a wide range of sectors and will be implemented through a series of technical working groups. It aims to create enabling systems, structures and practices for the advancement of women’s rights, and represents a positive step forward. However, success will depend on whether the NSPAW addresses the role of women’s economic empowerment in agriculture and if it establishes how this will be supported in policies and budgets. The changes also need to be implemented with sufficient power and resources to go beyond technical measures and really challenge underlying socio-cultural attitudes that undervalue women’s roles in the home, economy and market.

Beyond these broad measures, specific steps are needed for women in agriculture to benefit from new economic opportunities. Women’s equal rights need to be made explicit in law, and recognized in practice – including, for example, joint land titling or the registration of land in a woman’s name. Other areas where women’s equal rights and access are important include extension services, inputs, finance and equal pay. Achieving equality requires changes to practice as well as policy. For example, for women to benefit from extension services it is not enough for women to have equal access in principle; the timing and location of training must encourage women’s attendance – by fitting with women’s household responsibilities. Recruiting female extension officers and tailoring training to women’s specific needs have been important measures in increasing women’s ability to benefit from extension in other countries.³⁹

‘Women are invited to learning events. Some come but only a few. Attendees tend to be men because they are heads of households.’

Official from the Department of Industrial Crop Development, Magwe

As well as ensuring women’s equal rights, measures can be taken that create or improve economic opportunities specifically for women by focusing on crops or areas of the value chain where women’s economic leadership can be strengthened. For example, Oxfam’s work has found that women play a significant role in cotton farming, accounting for most of the farm labour and cotton selling at the village level. There is potential to increase their involvement in cotton trading and women-led seed specialization enterprises, while also reducing farm labour for women with the introduction of community-shared basic tilling equipment.⁴⁰

Finally, women need to be supported to have a stronger voice in decision-making and leadership.⁴¹ By international standards, while Myanmar ranks highly on women’s access to education, it scores very poorly on indicators like women’s political participation, with only 4.6 per cent of parliamentary seats occupied by women.⁴² In Thazi and Minbu, women are active in village community groups, but these are either women’s groups that focused on non-farming matters like weddings, or roles like accountant or secretary, rather than decision-making posts.

AGRICULTURAL POLICIES

Supporting small-scale agriculture requires government spending and policies that deliver the basic infrastructure, skills and inputs that both men and women farmers need to raise the security, efficiency, and quality of crop production in order to benefit from Myanmar’s new economic opportunities. It is important that government support, which is currently heavily skewed towards paddy production, supports farmers’ choices about the most appropriate crop to grow, based on their land and livelihood needs.

Findings from Thazi and Minbu:

- Lack of access to water.
- Isolation makes farmers price takers.

Issue Table 2: Agricultural policies

Issue	Description
Rural infrastructure	Adequate rural infrastructure is a crucial determinant of whether or not farmers benefit from economic opportunities. Poor rural infrastructure or an urban bias reduces productivity and adds costs for farmers, contributes to delays and crop damage, and lowers competition and farm-gate prices.
Extension services	Extension services are critical to provide farmers with access to technical information and advice to boost productivity and incomes.
Access to inputs and finance	Access to good quality inputs improves the productivity and quality of crops. Enhancing access to finance for both men and women farmers would allow them invest in more and better quality inputs. Finance can also support SSFs in other ways, such as building small-scale infrastructure (storage, irrigation).
Climate change	Climate change is making weather patterns unpredictable - making decisions about planting and harvesting increasingly difficult, threatening the quantity and quality of production, and increasing costs. Unless farmers are supported with measures to build their resilience, they risk facing major crop failures with devastating impacts on livelihoods and food security.

Rural infrastructure

The lack of good quality rural infrastructure in Myanmar is cited by both farmers and investors as a major impediment to agricultural development.⁴³ Yet government policies such as the **Framework for Economic and Social Reform** (FESR) tend to emphasize urban⁴⁴ rather than rural infrastructure, at least in the short term. The new **Rural Development Strategic Framework** (RDSF) being proposed by the **Ministry of Livestock, Fisheries and Rural Development** (MLFRD), on the other hand, does prioritize rural infrastructure. However, the status and likely impact of the framework is unclear. The same is true for the **Protecting Rights and Enhancing Economic Welfare of Farmers Law** (FPL), which calls for the provision of water and roads in a way that is fair and promotes balanced growth.

As the case studies in Thazi and Minbu show, one of farmers' biggest complaints is the lack of reliable, good quality rural feeder roads that are rendered impassable by the rains. Improving roads would mean better farmer access to towns where crops fetch higher prices and inputs cost less, as well as a lower level of post-harvest losses.

Another infrastructure priority, especially in the Dry Zone, is irrigation. Government irrigation schemes currently cover just 17 per cent of Myanmar's cultivated area (see Table 1). They are concentrated in the Delta region and focused on paddy, with other crops tending to lack any reliable irrigation. Existing infrastructure is aging and in need of repair.

In addition to large and resource-intensive projects, a broader view of access to water needs to be developed including alternative and small-scale solutions like water harvesting or drip irrigation⁴⁵, as well as better water governance. For example, coordination is lacking and needs to be improved between the **Irrigation Department** (ID), which largely manages surface water, and the **Water Resources Utilization Department**, which is concerned with groundwater, as well as pumping water from rivers and streams.

An under-recognized area of 'agricultural' infrastructure is access to market, price and weather information. This can empower farmers in the marketplace and help them make more informed choices. In many countries around the world, farmers have enormously improved their access to this important information through the spread of mobile telephones. In Myanmar, the government has a target of increasing mobile phone density to 75-80 per cent by FY2015/16. However, it is vital that the expanded coverage reaches rural areas and not only the cities. Similarly, the World Bank recently announced a new commitment of \$1bn for electrification in Myanmar. Again, this project must be designed and delivered to meet the needs of rural populations and farmers.

Extension services

The **FESR** and **FPL** highlight extension services and access to modern techniques as key measures to support farmers and boost productivity.

'Brokers provide production inputs and collect the harvest at a low price. If we could sell to ginning factories, we would get a fairer price but transport is the problem.'

Cotton farmer, Bone Ta Loke

'The village has 128 acres for paddy and the government provides irrigation. But for the last few years it hasn't been functioning because the drainage tunnel is broken. We have asked the irrigation department to fix it, and they have come and made repairs but they aren't strong enough.'

Farmers in Htein Taw village

'Building and infrastructure is our main ask of the government. We don't expect them to provide livelihoods – we can cope ourselves.'

Farmer, Gwe-Gone, West

Findings from Thazi and Minbu:

- Lack of access to extension.

Current government funding of extension services is insufficient, however, and neglects non-paddy crops as well as livestock. There are too few local extension officers, and they lack training as well as sufficient budget even for basic transport and field allowances to travel to villages. Other issues include an institutional tendency to instruct rather than listen to farmers.⁴⁶

Companies such as input suppliers also often provide technical support, but this is a poor substitute for government services. Companies are only likely to reach the best-off SSFs, and company incentives, such as selling more inputs or locking farmers into their supply chains, may not always be in the best interests of farmers.

Government spending on extension services must be increased and made more accountable, with opportunities made available to women as well as men. NGOs and development partners can also provide support.

Access to inputs and finance

The government places a high priority on farmers' access to inputs, particularly high quality seeds, as well as fertilizers and pesticides. The **Department of Agricultural Research (DAR)** and the **Department of Industrial Crops Development (DICD)**, which deals with crops like cotton and sugar, are both involved in seed research and development. However, these efforts are insufficient to meet the needs of the majority of farmers, and the government is seeking to increase commercial seed development and production.⁴⁷ The provision of other inputs (fertilizers, pesticides, etc.) is already predominately in the hands of the private sector.

The challenge is that private production does not ensure that inputs will be accessible, affordable or correctly used by farmers. Better roads, on the other hand, can improve accessibility and better extension services can improve farmers' use of inputs. The use of waste, such as husks from monsoon paddy, as a low-cost fertilizer is one example of the innovations supported by the local government in collaboration with NGOs.

Targeted government subsidies to make inputs more affordable for farmers may be another approach. While subsidies have costs and come with design and implementation issues, they can, nevertheless, make a difference to farmers' livelihoods. In Malawi, for example, large-scale agricultural input subsidy programmes are credited with substantially increasing maize production and productivity. Thus they contributed to economic growth and poverty reduction,⁴⁸ though in the last few years there have been rising concerns about corruption and political manipulation.

For most farmers, however, access to inputs relies on access to finance, which is constrained in Myanmar, particularly for women. Repayment timetables for loans tend to force farmers to sell crops at the very worst times, when prices are lowest,⁴⁹ perpetuating the cycle of debt and poverty. In the past, the government has tried to improve

'We have been receiving training from NAG. The government only focuses on paddy, not on oil crops.'

Farmer producing sesame and pulses, Zee Aing village.

Findings from Thazi and Minbu:

- Lack of access to inputs and to affordable finance for inputs.
- Labour shortages in peak season.

farmers' access to finance and inputs through incentivizing contract farming schemes, but this has largely been unsuccessful (see page 30). The **FESR** and the **FPL**⁵⁰ both identify improving farmer access to credit as a priority.

Currently, roughly 10 per cent of the population has access to formal financial services through the **Myanmar Agricultural Development Bank (MADB)**. Until recently they had a monopoly on formal lending to farmers, but only gave seasonal loans covering a portion of production costs on a short-term basis.⁵¹ For small-scale farmers with fewer than 10 acres, the MADB makes up to Kyat 100,000/acre available for paddy and Kyat 20,000/acre for other crops. These are targeted at heads of households (as they hold land entitlement). Those without access to formal credit, or for whom it is insufficient, depend on informal credit at high interest rates. Input suppliers also provide in-kind loans by providing inputs up front in exchange for purchasing crops at discounted rates after harvest.

The **Microfinance Law (2011)** and the **Microfinance Supervisory Enterprise** which allow local and foreign investors to establish microfinance institutions (MFI), may help. However, there are big challenges to overcome in establishing the regulations and institutions for new financial services, and in building capacity to enable services to be well designed and effectively used by farmers. It will be important to learn from other experiences of microfinance globally, many of which have failed to work for agricultural lending.⁵² Aceda Bank, which has an established track record for microfinance in Cambodia, is set to enter the country backed by the **International Finance Corporation (IFC)**. However, issues such as the degree of transparency and implementation of social and environmental safeguards will have a significant bearing on whether or not it will bring benefits to farming communities.

Climate Change

Small-scale farmers already face significant challenges to their livelihoods, but the situation is being made more difficult by climate unpredictability. Farmers in the Dry Zone are concerned by changing rainfall patterns which delay planting and affect the productivity of their crops. A recent study conducted on behalf of Oxfam showed that efficient management of water use at small-scale level will be critical to supporting livelihoods and building income resilience in the face of these changes⁵³. The new opportunity for farmers to choose their crops was also identified as crucial since crop diversification, including the ability to choose low water use, drought resistant or high value crops, can significantly boost farmers' resilience to climate change. The study also suggests that farmers can benefit from new technology and equipment appropriate to their farm size, such as drip irrigation systems. But there needs to be increased access to equitable and affordable credit (with flexible terms for low rainfall years).

'The credit from MADB is unfair. Paddy farmers get Kyats 100,000 per acre but for oil crops it's only 20,000 per acre. Our paddy area is small.'

Farmers from Htein Taw village

Findings from Thazi and Minbu:

- Climate unpredictability leading to failing/insecure productivity and profitability for both paddy and cotton.

'When we are supposed to plant, there is no water these days. Every year planting seems to get later because of the lack of rain. This undermines our yields.'

Paddy farmers, Bone Ta Loke

Other measures supporting farmers to build climate-change resilience include better access to market, price and weather information. More knowledge in these areas can improve farmers' ability to deal with the impacts of climate change, for example, improved crop storage and tools to help manage risks such as weather-indexed crop insurance. Building social protection measures is another key strategy to reduce vulnerability and help people build resilience in the face of recurrent shocks.

'When the rains finally come, we have to rush to work.'

Villagers from Zee Ei

MARKET ACCESS AND MARKET POWER

Boosting farmer productivity is not enough. Farmers will only benefit from economic opportunities if they have access to agricultural markets ranging from informal markets to international export markets. They also need sufficient market power to ensure a fair balance of risks and rewards between farmers, traders and companies. This depends not only on government policies related to market access and market power, but also on policy processes that respond to the real views, concerns and frustrations of farmers, including women.

Issue Table 3: Market access and market power

Issue	Description
Cooperatives and producer organizations	Marketing cooperatives help significantly increase opportunities for SSFs by increasing market power, reducing transaction costs and reducing risks in financial and credit transactions. ⁵⁴
Participation in decision-making	Whether farmers benefit from economic opportunities depends on their ability to participate and have a voice in decisions that affect their lives. They must be able to hold decision makers to account in implementing policy commitments.
Market coordination, access and diversity	SSFs sell predominately through informal and local markets, and face low or uncertain gains due to low prices and price volatility. Public policy and investment can improve farmer access to better market opportunities, and develop coordination mechanisms that stabilize prices, increase farmers' share of value and help them manage risk.

Currently, most SSFs in Myanmar sell their produce individually, to local brokers or at very local markets immediately after harvest. They are price takers with volatile and unpredictable prices often driven by export markets.⁵⁵ Transport costs are expensive,⁵⁶ and, except for villages with good connections to nearby towns, these costs are not offset by the higher prices offered in the city. Indebtedness and the lack of affordable storage also force farmers to sell their crops exactly when prices are lowest.

'There was high export demand for pulses one year, so many farmers switched to planting pulses. The next year the market collapsed.'

Input seller, Thazi

Cooperatives and producer organizations

Historically, cooperatives were organized by the government, which collected agricultural produce at government-imposed prices and left a bitter memory for farmers. Reforms under the **Cooperative Society Law** (1992) have brought improvements, but agricultural cooperatives geared at collective marketing are currently rare and the **Ministry of Cooperatives** still guides the course for cooperative societies to follow. There is little support for cooperatives across the agricultural policy framework.

Public policy could be much stronger in providing a legal framework for the establishment and operation of truly autonomous cooperatives for both collective marketing and political participation (see Section 5). Best practice is that cooperatives should retain autonomy from the state and others, such as financial institutions or non-member investors, and it is important that any assistance provided by the government does not undermine this autonomy.

Box 5: The power of collective marketing

The village of Gwe Gone West in the Mandalay region is isolated and the state of the local roads is poor, making it time consuming and costly to travel to Thazi, the nearest town, to sell their crops. Instead, the farmers have been selling their rice at low prices to local brokers who come to the village. The farmers also often take credit at the beginning of the season for inputs and other production costs, selling their rice to the broker after harvest at unfair discounts. In a bad year they end up having to buy food just to feed themselves, as they have had to sell all the rice they have produced to their creditor.

For the last two years, however, Oxfam has worked with the village to initiate collective selling at the township level. The farmers join forces to take their rice to Thazi, the local town, where they can compare prices between brokers and choose the one who is giving the best price.

Participation in decision making

Despite the political reforms underway in Myanmar, policy processes are top-down. The space and capacity for those outside the government to participate is practically non-existent, particularly for poor and marginalized rural communities. Instead 'participation' is more likely to mean farmers attending a meeting to hear the announcement of decisions taken by authorities. Farmer engagement with the government tends to involve receiving (limited) extension services or making requests, such as for road or irrigation repair, which are often greeted with silence. Public consultations over major investments or infrastructure projects are rare.

This lack of participatory processes is both a legacy of past authoritarian government, and a result of the rapid pace of change in Myanmar, which allows little or no time and space for participation in decision-making. The IMF has also warned that the pace of reforms⁵⁷ could risk undermining

Findings from Thazi and Minbu:

- Some collective marketing.
- Membership organizations are being formed and starting to engage with government and others.

Findings from Thazi and Minbu:

- Poor communication with government authorities.
- No participation in decision making.

'Communication with the government is one-way. We can go and tell them our problems but no government official ever comes to consult us.'

Villagers from Htein Taw village

the government's ability to manage them effectively sometimes resulting in contradictory policies⁵⁸ that risk undermining investor confidence.

Another challenge is a lack of farmers' organizations (see page 25) that would allow effective representation – the key to farmer participation in many countries. In Thazi and Minbu, although villages had self-help organizations, only a few were attempting to engage the government and, even then, the responsiveness of authorities was extremely limited.

This lack of consultation and input by those closest to the issues, those who have a clear understanding of the challenges and a real stake in seeing them resolved, is replicated right up through Myanmar's political structures. Whilst decentralization has figured prominently in President U Thein Sein's reform agenda,⁵⁹ small budgets, a lack of skills and significant central influence remain barriers.⁶⁰ A real shift of decision-making power and budget responsibility from central authorities to regions and townships is still far from being realized. Thus, local governments are deprived of the tools and resources to respond to farmers and support them in overcoming the challenges they face. Many local officials have good ideas to support farmers in the field, but are hampered by a lack of authority, capacity and budget even for things as basic as travel costs.

Decentralization and the new **Ward and Tract Administration Law** could strengthen coordination between different government departments at township and regional levels. The current series of regular meetings from village tract up to township, regional and national levels,⁶¹ focus on specific issues and requests, rather than delivering a strategic and coherent approach. Weak local authorities tend to respond primarily to their line ministries in Nay Pyi Taw, rather than taking decisions that respond to local needs, in coordination with other local authorities. It is important, however, that the Ward and Tract Administration Law, does not deepen existing inequalities. The process planned for electing village tract administrators is based on heads of households, which risks further marginalizing women's voices in decision-making.

Market coordination, access and diversity

Myanmar's **Constitution** stipulates that the government shall 'assist peasants to obtain equitable value of their agricultural produce'.⁶² However, there is very little in the agricultural policy framework around market access, market governance and producer share of value. Newer policies do touch on market issues: the **FESR** identifies support needed for farmers coping with price volatility and other production and marketing uncertainties, and the **FPL** is intended to protect farmers' rights and promote their benefits.

More government interest and investment is needed to ensure farmers have access to diverse market outlets. Investing in better roads that help farmers take products to market is one step (see page 20). However, another option is to provide local market spaces with fair scales and instruments to assess quality accurately. Such local markets are

'Officials ignore our requests – they don't even respond when the community proposes changes which they think are unimportant, like road improvements.'

Paddy farmers, Bone Ta Loke

Findings from Thazi and Minbu:

- Quality determines price – but there is no objective process for judging quality or resolving disputes.
- Access to markets and warehouses in Minbu and Magwe are a challenge.
- Some crop storage exists.
- Prices are volatile.

particularly important for women, who may have less time and less access to transport to reach markets in towns. NGOs, like NAG in Magwe, have been taking steps in this direction by bringing together farmers and traders with fair and accurate scales.

Storage and processing facilities, including small-scale and low-cost crop processing techniques (e.g. for sesame threshing), could improve farmers' incomes. This would lead to a more thriving agricultural sector that would also be more attractive to private investors. Affordable storage (along with more flexible credit terms) would allow farmers to choose a period of higher prices to sell their crop. Warehouse receipts, for example, allow farmers to store agricultural commodities, and could also be used as collateral for loans. Such a system could help farmers choose when they want to sell their crops, decrease post-harvest losses and increase access to credit.⁶³

The FPL sets out provisions for an **Agricultural Product Management Committee** (APMC) empowered to purchase crops from farmers, if necessary, to promote their benefit. In earlier drafts of the law, this was called an Agricultural 'Marketing Committee' and was heavily criticized on the basis that it would mimic the expensive and politically-motivated rice-buying scheme in Thailand. In reality, however, APMC has more of a risk management function.

While marketing boards got a bad reputation in many countries for abuse and exploitation, successful examples have helped farmers to stabilize prices and increase their share of value⁶⁴ (see Box 4 on Cocobod). Key features of successful examples include: control over exports; price stabilization (via a stabilization fund); maintenance of quality and, therefore, premium in the world market; levies to provide services and infrastructure; and maintaining competition within the domestic market.⁶⁵

Box 6: Cocobod, the Ghana Cocoa Board

Cocobod, Ghana's cocoa marketing system, has delivered high levels of cocoa production with consistent high quality, and has increased producers' share of value. The producer share of the net 'free on board' (FOB) price reached 78 per cent in 2012/13, and has been increasing compared with Ghana's liberalized neighbour, Côte d'Ivoire. Cocobod has a track record of professional and efficient management, a lack of corruption, and a strong credit record. Other successful market coordination examples include the Kenya Tea Development Agency and the Colombian Coffee Growers Federation.

Source: J. Thorpe and E. Sahan (2013) *Power, Rights, and Inclusive Markets: Public policies that support small-scale agriculture*, Oxford: Oxfam.

'In some years, when Chinese brokers come, the prices for things like chilli, green gram, chick pea and watermelon shoot up. But they don't come every year.'

Department of Agriculture official, Mandalay region

'What I like about farming is that it's my own business. What I dislike is that it's risky.'

U Kan Nyunt, farmer in Ywar Thit village

'The price goes up and down – it is not stable. We are not sure why, but hear it's linked to exports. When export prices are high, the price goes up.'

Farmers in Htein Taw village

LAWS GOVERNING PRIVATE INVESTMENT AND LAND

Government policies to promote and regulate new private (domestic or foreign) investment in agriculture create incentives that influence whether investors choose to develop their own agricultural production through large-scale land acquisitions, or work with farmers in ways that help them benefit from the new economic opportunities created.

Issue Table 4: Laws governing private investment (domestic or foreign) and land

Issue	Description
Investment laws	Investment laws are intended to promote private (both domestic and foreign) investment in agriculture. However, the types of policies also determine whether SSFs benefit from these new opportunities or become further marginalized.
Land laws	SSFs need secure land tenure to invest in their crops and boost productivity, and to benefit from new investments and opportunities. This is true for women as well as for men, yet women often have poor access to land which constrains their ability to benefit from economic opportunities. Land laws determine who has what rights to land, and influence whether investments favour large land deals or models inclusive of SSFs.
Contract farming	Contract farming schemes ⁶⁶ between company buyers and SSFs can enable farmers to access more lucrative and distant markets, reduce risks and increase income stability. However, without certain pre-conditions these schemes can be damaging, with SSFs bearing an unequal burden of cost and risk, and dependent on a single buyer. ⁶⁷

Agricultural investment laws

The **Ministry of National Planning and Economic Development** has been setting up '**one-stop centres**' for business start-ups in Mandalay, Nay Pyi Taw and Yangon. The government has also passed a series of laws around foreign and domestic investment, namely the **Foreign Investment Law** (FIL – 2012) and the **Myanmar Citizens Investment Law** (2013), as well as laws governing land. The thrust of these laws is to drive investment across Myanmar's economy, including in agriculture – which currently receives only 0.49 per cent of all inward FDI.⁶⁸

Amongst other stipulations, the FIL allows the lease of land on a long-term basis⁶⁹ and offers tax exemptions on the importation of capital goods, both of which may encourage agricultural investors to create large mechanized plantations. The Myanmar Citizens Investment Law largely extends the same rights and responsibilities to domestic investors. If, on the other hand, policies incentivized sourcing from smallholders or involving them in business ventures,⁷⁰ this would encourage investors to work with local farmers.

Another issue of concern is the discretion that the **Myanmar Investment Commission** (MIC) has under the FIL to approve investments.⁷¹ Individual officials have responsibility for deciding on what basis to admit an investment project. This creates opportunities for corruption and favours large investors by creating space for them to extract significant benefits for themselves in exchange for a commitment to invest.

One provision that could help protect farmers is missing from these laws: a requirement for effective investment scrutiny. This would include an independent expert assessment of the feasibility of the investment and the likely environmental and social impacts. It would also specifically take into account impacts on women as well as men. Assessments should be carried out before an investment is approved. They should involve public consultation with farmers and affected individuals – women and men – and include ongoing monitoring to review projects as they are implemented,⁷² including any mitigation measures agreed as part of the investment deal. The **Environmental Conservation Law** (2012) requires every business to submit an environmental and social impact assessment prior to investment project approval. However, it is not yet clear how such rules will be implemented and there is concern at gaps created by focusing exclusively on assessments prior to project implementation.

Land Laws

Under Article 37 of the **Constitution**, all land in Myanmar is owned by the government. Farmers with lease rights are able to use, rent and borrow against their holdings but the government retains ultimate control. Women have the same rights as men to own property, and to equal inheritance.⁷³ However, in practice most land is owned by men. Overall, land tenure remains insecure for most smallholder farmers due to the complex registration process, weak protection of registered rights, land classification that does not reflect existing land use, poor land administration, lack of recognition of customary land rights and large-scale land allocations without adequate safeguards.⁷⁴

The OECD's Investment Policy Review⁷⁵ for Myanmar included, at the request of the government, a chapter on agriculture investment. It highlights the significant risk posed by insecure land rights and weak governance over investments. It calls for strong safeguards, independent and accessible grievance mechanisms and reforms to protect customary tenure. It also highlights the importance of a free choice of crops for farmers.

The new **Farmland Law** (2012) goes some way to strengthening land tenure by creating official certificates of farmers' land-use rights. It also authorizes large-scale land holdings, including by foreign investors. **Farmland Administration Bodies** (FABs) appointed by the government review land registration applications and formally recognize rights. Appeal mechanisms exist but are not independent of the FABs.

Also passed in 2012 was the **Administration of Vacant, Fallow and**

Virgin Lands Law which establishes a legal framework to distribute unused lands among the landless, as well as to investors. Large concessions of 5,000 to 50,000 acres are permitted. The **Central Committee for the Management of Vacant, Fallow and Virgin Lands** determines whether land is vacant and allocates unused plots. Farmers who may not know how to register their land, or for whom the registration process is stalled, risk having their land declared 'vacant' despite having farmed it for generations. Much of the land that has so far been seized and given to private companies was first classified as fallow, vacant or virgin land.

The apparent intent of the land policies is to give rights to people with land to buy, sell and use it as collateral, and to enable redistribution to the landless. While registration of smallholder land is proceeding, particularly in the Dry Zone and Delta, the paperwork is complex. Assistance to farmers is limited and registration of land in the name of the head of household means few women control land. The poor quality of land survey records⁷⁶ is another problem, giving rise to disputes. In Myanmar's hilly areas, in particular, many farmers have been displaced by mining, and oil and gas investments leading to significant conflicts. Large-scale investment in the agricultural sector is lower, but the government says that 377 domestic companies have been granted 1.38 mn hectares of land for commercial farming.⁷⁷ Projects have been promoted for crops such as rubber, timber, sugar, palm oil and jatropha, although there are reports that these often fail to get developed according to the agreed purpose or end up lying fallow,⁷⁸ possibly linked to land speculation.

Myanmar law recognizes that compensation must be paid if the government takes land-use rights from farmers for another purpose, but there is no recognition of the principle of FPIC,⁷⁹ and little meaningful recourse for those that have lost their land, such as independent and accessible procedures to address grievances.

Myanmar has signed up to the **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)**. The VGGTs are a strong set of guidelines in line with international human rights law.⁸⁰ They promote secure tenure rights and equitable access to resources as a means of eradicating hunger and poverty and supporting sustainable development. They were developed through an intergovernmental negotiation process and are intended to be enshrined by countries in their own legislation. They are a strong basis on which to develop Myanmar's laws, and the country is meant to be developing an implementation plan, alongside stakeholders. However, to date, the process has not been inclusive and is being highly contested.⁸¹

Contract Farming

In Myanmar the recent history of contract farming has focused on 'specialized rice companies'. Through the **Myanmar Rice Industry Association** these companies were required to provide low-interest

loans to farmers under contract farming schemes in exchange for access to export licenses. In 2008-2009, 58 specialized rice companies were set up but by 2013, only one was still operating.⁸² Floods and poor weather caused major crop failures, and left farmers unable to repay loans and with a high burden of indebtedness.

While the government may not repeat this unsuccessful experiment, there are likely to be future companies that do set up private contract farming arrangements. The government needs policies to empower farmers in their negotiations with companies, and to ensure a fair sharing of risks and benefits in contract farming schemes. For example, the government could provide model contracts, undertake monitoring, supervision and regulation of contract farming arrangements and provide dispute resolution mechanisms.

Companies engaging in contract farming with SSFs are more likely to benefit from secure supply where they invest in building relationships and understanding farmer needs around access to inputs, extension, risk management and local infrastructure, and work with government to help find solutions. It is particularly important that companies also consider the needs of women in these arrangements, as women are often the ones doing much of the actual farm work.

5 RECOMMENDATIONS

Myanmar faces great opportunities and significant challenges as the country manages the transition towards a democratic state and market economy. Supporting small-scale farmers as key economic actors and building inclusive, modern agricultural markets will require progress to be made in four broad areas. First, agricultural spending needs to be prioritised in the public budget, and local government departments empowered and resourced to respond to farmer-identified challenges, such as extension services and access to credit. Gender-based inequalities such as in land ownership, community leadership and access to credit, also need to be tackled, recognising and supporting women to realise their potential in farming and agriculture more broadly. Farmers need to be supported to develop associations that increase their access to key services, while also enabling them to link to and partner with local private sector companies and traders. Finally, the government needs to ensure safeguards are developed and implemented which protect vulnerable citizens against abuse.

More investment, both public and private, is desperately needed in the agricultural sector upon which the majority of the population depends. Private investment in agriculture is still low but likely to rise and government policies need to channel it towards creating economic opportunities for SSFs, while enabling farmers with the tools and structures to fully benefit.

To these ends, the Government of Myanmar must:

- **Respond to the needs of SSFs and farm workers, and not just favour large or foreign investors.** A comprehensive vision of agriculture is needed which responds to the needs of SSFs, with explicit measures to invest in farm production and local markets. Farmers' choice to grow the most appropriate crops for their land and livelihood should be respected and supported through access to extension, finance and other inputs.
- **Reverse gender-based social and political inequalities. Ensure recognition of the value of women's work, including in agriculture.** Women's equal rights to land, credit, infrastructure and services should be guaranteed, and discrimination based on head-of-household criteria should be eliminated.
- **Reallocate public budget to increase agricultural spending,** particularly to improve quality and reach of extension services, credit, and inputs. Prioritise effective and participatory design and delivery, especially at the regional and local level.
- **Implement decentralization and empower and resource local government departments** to focus on farmer-identified challenges, including with capacity building to support officials in their new responsibilities.

- **Address the lack of appropriate and flexible credit for SSFs** by improving access to financial services, including for non-paddy crops, and developing the capacity of farmers and communities to use these new services effectively and to participate in their development.
- **Support farmers to build resilience to climate change** through crop diversification, access to new infrastructure and technologies around irrigation, storage, and price and weather information. Support risk management measures such as weather-indexed crop insurance.
- **Build social protection measures** to reduce rural communities' vulnerability to climate change, and help people build resilience in the face of recurrent shocks.
- **Reform the land registration process for SSFs** to make it simpler and more transparent, giving villagers and farmers, including women, a greater voice. Ensure farmers understand their rights, and that these rights are protected, including through the recognition of community and customary tenure.
- **Stop land acquisitions without proper consultation and compensation**, and respect and uphold the principle of FPIC to protect the rights of farmers.
- **Implement governance reforms in line with the VGGTs** through a process involving farmers and civil society groups.
- **Amend investment laws to increase incentives for investors to support farmers**, and monitor compliance by investors with promises made in this respect. Replace cheap land and tax-free capital goods with incentives for sourcing from SSFs.
- **Require environmental and social impact assessments (ESIA) to be conducted** for new investments and monitored during implementation, in consultation with affected communities, including women. Measures must be developed to mitigate negative impacts or, if these impacts are too great, then projects should not proceed.
- **Support SSFs that are involved in contract farming schemes with private investors**, including through contract support, regulation and monitoring, and mechanisms through which farmers can raise and resolve disputes.
- **Support the development of agricultural cooperatives and other producer organizations** by developing an appropriate regulatory framework which includes protections for the autonomy of these groups. Provide capacity development for producer organisations, supporting them to provide extension and information services to farmers, and empowering them to link to and partner with the local private sector, such as through Chambers of Commerce. Enable farmers through their associations to participate directly in policy making.
- **Help stabilize prices and ensure farmers get a fairer share of value from their crops.** Measures may include providing services and infrastructure like access to mobile telephones and better roads. They may also include policy changes around trade or around market coordination mechanisms.

Donors must:

- **Ensure that aid is used to help the government support growth and food security through small-scale agriculture**, by supporting SSF access to infrastructure, extension, finance and other inputs, as well as strengthening their power in markets (e.g. by supporting the development of producer organizations).
- **Ensure that technical advice and funding also help the government to develop and implement policies targeted at supporting growth through small-scale agriculture**, and improve social and environmental safeguards linked to investments.
- **Develop a more robust analysis of what private investment in agriculture can and cannot deliver** in terms of poverty alleviation and sustainable development, and under what conditions. Only support investments with explicit public goods goals and outcomes.
- **Encourage the creation of multi-stakeholder spaces** where farmers, civil society, the private sector and government can raise and jointly resolve issues, and promote and develop inclusive value chains.
- **Ensure adequate social and environmental impact assessments are undertaken in all investment projects**, including by providing technical advice and capacity building on assessment, monitoring and dispute resolution. Enhance transparency and accountability by disclosing all information and documents for public scrutiny.
- **Work with and support the government, businesses and civil society to participate in developing and implementing governance reforms** that enable Myanmar to meet international standards, particularly the VGGTs, UN Guiding Principles on Business and Human Rights, and the ILO Core Conventions.
- **Support the development of inclusive policy processes**, including by supporting capacity building for government agencies, particularly at regional and local level, as well as supporting civil society and farmers to be able to influence policy design and implementation, and budget processes.

Private investors must:

- **Comply with the letter and spirit of domestic laws in Myanmar and international standards and norms, whichever is highest.**
- **Recognize the critical role that women play in agriculture**, and support efforts to ensure that they have equal access to extension, credit and inputs. Commit to equal pay for equal work, including for women.
- **Conduct environment and social impact assessments**, based on timely, transparent and meaningful consultation with affected communities, including women. Engage with and seek the support of those who could be affected by decisions.
- **For investments involving land acquisition, ensure that the principle of FPIC is respected and upheld.** Publish all consultations, assessments, agreements and plans in a language and form accessible to affected communities, prior to decision-making and through the project lifecycle.

- **Adhere to a fair sharing of risk and benefits in contract farming and related arrangements with SSFs.** Develop fair and transparent terms of trade, quality standards and pricing structures, as well as transparent and equitable dispute resolution mechanisms. Identify needs around access to inputs, extension, risk management, local infrastructure, post-harvest processing and help to find solutions, working with government wherever possible.
- **Prioritise investments that support and work with local producers and markets,** contributing to the success of small-scale farmers, rather than marginalising or displacing them.

NOTES

- ¹ In irrigated Asian agriculture, every dollar in direct farm income generates roughly an additional 60 cents in indirect income because of farmer spending on local goods, services and inputs. While large farms purchase more equipment and inputs, small farms spend more on consumption goods and services, which generate much greater local income multipliers. Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013) *A Strategic Agricultural Sector and Food Security Diagnostic for Myanmar*.
- ² Except where otherwise indicated, all quotations in this report come from interviews with farmers and other community members in six villages across two townships of Myanmar's Central Dry Zone, Thazi and Minbu.
- ³ For small-scale farmers with fewer than 10 acres, the Myanmar Agricultural Development Bank makes up to Kyat 100,000/acre available for paddy production and Kyat 20,000/acre for other crops.
- ⁴ KPMG (2013) 'Infrastructure in Myanmar'. www.kpmg.com/MM/en/IssuesAndInsights/ArticlesPublications/Documents/Infrastructure-in-Myanmar.pdf last accessed 10 January 2014.
- ⁵ This is the year ended 31 March 2014. Asian Development Bank (2013) 'Asian Development Outlook 2013 Update'. www.adb.org/countries/myanmar/economy last accessed 10 April 2014.
- ⁶ Agriculture accounted for 57 per cent of GDP in 2001, versus 36 per cent in 2010. Asian Development Bank (2013) *Myanmar: Agriculture, Natural Resources, and Environment Initial Sector Assessment, Strategy, and Road Map*, Manila: Asian Development Bank.
- ⁷ In 2010, poverty in urban areas was 15.7 per cent, while in rural areas it was very nearly 29.2 per cent. UNDP (2011) 'Integrated household living conditions survey in Myanmar (2009-2010): Poverty dynamics, United Nations Development Programme'. <http://dx.doi.org/10.1787/888932857748> last accessed 06 April 2014.
- ⁸ Department of Agricultural Planning, Ministry of Agriculture and Irrigation (2012) *Myanmar Agriculture at a Glance*, p 128-9.
- ⁹ Many reports have detailed the impacts of large-scale agricultural investments on small-scale farmers. See for example, Arantxa Guereña and Stephanie Burgos (2014), *Smallholders at Risk: Monoculture expansion, land, food and livelihoods in Latin America*, Oxford: Oxfam, and K. Deininger et al. (2011) *Rising Global Interest in Farmland: Can it yield sustainable and equitable benefits*, Washington D.C.: The World Bank.
- ¹⁰ Committee on World Food Security (2011) *Policy Roundtable on Increasing Food Security through Smallholder-Sensitive Investment in Agriculture*, Thirty-seventh Session, Rome, 17–20 October 2011. <http://www.fao.org/docrep/meeting/023/mc066E.pdf> last accessed 07 January 2014.
- ¹¹ D. Dapice, T. Vallely and B. Wilkinson (2009) *Assessment of the Myanmar Agricultural Economy*, Cambridge, MA: Harvard Kennedy School.
- ¹² M. Altieri (2001) 'Non-Certified Organic Agriculture in Developing Countries' in N. Scialabba and C. Hattam (eds) *Organic Agriculture, Environment and Food Security*, Rome: FAO.
- ¹³ FAO (2010) 'How to Feed the World in 2050', p.2. www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf last accessed 26 October 2013.
- ¹⁴ M. Ravallion and G. Datt (1996) 'How important to India's poor is the sectoral composition of economic growth?', *World Bank Economic Review* 10(1): 1–25.
- ¹⁵ P. Warr (2001) 'Poverty incidence and economic growth in Southeast Asia', *Journal of Asian Economics* 11(4): Autumn 2000, 431–441.
- ¹⁶ In irrigated Asian agriculture, every dollar in direct farm income generates roughly an additional 60 cents in indirect income because of farmer spending on local goods, services and inputs. While large farms purchase more equipment and inputs, small farms spend more on consumption goods and services, which generate much greater local income multipliers. Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013) *A Strategic Agricultural Sector and Food Security Diagnostic for Myanmar*.
- ¹⁷ See for example, H. Chang (2009) 'Rethinking public policy in agriculture: Lessons from history, distant and recent', *Journal of Peasant Studies* 36:3: July, 477-515 and S. Wiggins, J. Kirsten and L. Llambi (2010) 'The future of small farms', *World Development* 38(10): 1341-1348.
- ¹⁸ B. Vorley, L. Cotula and M. Chan (2012) *Tipping the Balance: Policies to shape agricultural investments and markets in favour of small-scale farmers*, Oxford: Oxfam; and J. Burnley (2013) *A new dawn for equitable growth in Myanmar? Making the private sector work for small-scale agriculture*, Oxford: Oxfam.
- ¹⁹ Department of Agricultural Planning (2013) *Myanmar Agriculture in Brief*, p. 3.
- ²⁰ Moe Oo (2013) 'President U Thein Sein views transplanting of paddy at modern mechanized farming (3000-acre) farm in Dekkhinathiri Township', Myawady News, 25 February. www.myawady.com.mm/en/headlines/item/209-president-u-thein-sein-views-transplanting-of-paddy-at-modern-mechanized-farming-3000-acre-farm-in-dekkhinathiri-township last accessed 10 April 2014.
- ²¹ Department of Agricultural Planning (2013), op. cit., p. 3.
- ²² OECD (2014), op. cit.
- ²³ Statistics of Public Expenditure for Economic Development (SPEED) 2013 <http://www.ifpri.org/book-39/ourwork/programs/priorities-public-investment/speed-database>

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- ²⁴ Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013), op. cit.
- ²⁵ C. Ah Poe (2011) Food Security Assessment in the Dry Zone Myanmar, World Food Programme.
- ²⁶ Japan International Cooperation Agency (No date) 'Development Study on Sustainable Agricultural and Rural Development for Poverty Reduction Programme in the Central Dry Zone' www.jica.go.jp/myanmar/english/activities/activity14.html last accessed 10 April 2014.
- ²⁷ Except where otherwise indicated, all quotations in this report come from interviews with farmers and other community members in six villages across two townships of Myanmar's Central Dry Zone, Thazi and Minbu.
- ²⁸ Wages for men's agricultural labour in Thazi were generally reported to be 2500 kyats per day, while women were reported to be earning 500 kyats less.
- ²⁹ 'Hair cleaning' involves restoring hair sold as part of the trade in human hair. The women in the villages buy the hair from brokers, which they clean and comb and then sell back to the brokers who export it – mostly to China. The women we spoke to expressed their doubts about the long-term sustainability of the 'hair cleaning' work, but said that for many of them it was making the difference between food security and not having enough to eat, or needing to borrow for consumption or forage from the forest for food.
- ³⁰ Women-headed households account for about 8-12 per cent of all households in Myanmar. World Bank and Myanmar Development Research (2013) *Qualitative Social and Economic Monitoring, Round Two Report*.
- ³¹ Cotton and paddy use the same amount of water for their growth – but flooding paddy fields results in significant water loss through evapotranspiration and infiltration.
- ³² Share-raising is an arrangement between farmers with enough money to buy livestock but insufficient time to raise them and the labourers who take responsibility for feeding the animals. When animals are sold, the revenues are split between the labourer and the farmer. Alternatively, cooperatives may pool money to buy livestock that are raised by one of the members, who gets to keep half of the newborn livestock, returning the other half to the cooperative for the cycle to be repeated.
- ³³ One study found that effective interest rates for advance wages were 25-50 per cent for a three-month period. World Bank and Myanmar Development Research (2013), op. cit.
- ³⁴ For comparison, the interest rate charged by the MADB for seasonal and term loans is 8.5 per cent per annum, according to MADB.
- ³⁵ Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013), op. cit. A World Bank team visiting Myanmar in late 2012 projected rural landlessness at 55 per cent.
- ³⁶ Women-headed households account for about 8-12 per cent of all households. World Bank and Myanmar Development Research (2013), op. cit.
- ³⁷ Oxfam, Trocaire, CARE and ActionAid (2013) *Women and Leadership in Myanmar*. There is anecdotal evidence that land is starting to be registered in women's names, in order to increase household access to finance (since MADB finance is provided on a per acre basis, to a maximum of 10 acres). It is unclear, however, whether this actually changes the balance of control over land use or finance.
- ³⁸ Men's wages were reported to be Kyat 2500 per day while for some women, wages were reported to be Kyat 2000 per day.
- ³⁹ B. Vorley, L. Cotula and M. Chan (2012), op. cit.
- ⁴⁰ Oxfam (2013) *Cotton Value Chain Analysis Myanmar*. CONFIRM WE CAN REFERENCE?
- ⁴¹ Women in Myanmar currently often feel unable to speak out and take leadership. See Oxfam, Trocaire, CARE and ActionAid (2013), op. cit. and World Bank and Myanmar Development Research (2013), op. cit.
- ⁴² Only 13 countries have lower rates of women's political participation, mostly from the Middle East and South Pacific islands.
- ⁴³ For example, at a meeting between farmers, companies and government officials in Magwe region, 29 priority issues for agriculture were identified, which included transportation to access markets, along with irrigation and electricity. At a meeting of the Myanmar Agriculture Network, linked to the World Economic Forum's New Vision for Agriculture initiative, where potential investors in agriculture in Myanmar are strongly represented, the lack of rural roads was cited as a major constraint facing agriculture in the country. Personal communication to the author.
- ⁴⁴ Such as urban transportation systems, upgrading of national airports and water utilities.
- ⁴⁵ See International Water Management Institute (2013) *Providing evidence-based findings in the Dry Zone of Myanmar* www.iwmi.cgiar.org/2013/07/iwmi-research-in-the-dry-zone-of-myanmar/ last accessed 6 April 2014.
- ⁴⁶ Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013), op. cit.
- ⁴⁷ See for example, U Htin Aung Shein (No date) 'Seed Industry Development in Myanmar: First Draft' www.adbi.org/files/2012.12.11.cpp.day.1.sess3.3.shein.seed.industry.devt.myanmar.pdf last accessed 10 April 2014.
- ⁴⁸ Future Agricultures (2008) 'The Malawi Fertiliser Subsidy Programme: politics and pragmatism', Policy Brief 022, February. http://www.future-agricultures.org/workshop-resources/doc_download/152-the-malawi-fertiliser-subsidy-programme-politics-and-pragmatism last accessed 10 January 2014, and A. R. Dorward, E. W. Chirwa and T. S. Jayne (2011) 'Malawi's agricultural inputs subsidy programme over 2005-2009', in P. Chuhan-Pole and M. Angwafo (eds) *Yes Africa Can: Success stories from a dynamic continent*, pp 289-317, Washington D.C.: World Bank.

- ⁴⁹ There is a significant reduction in the price realized for crops when selling in advance. One study found, for example, that 100 baskets of paddy at harvest time can fetch 250,000 kyats but when sold in advance to traders would only fetch 180,000 kyats, translating to a 38 per cent interest rate for one month. World Bank and Myanmar Development Research (2013), op. cit. Another study has suggested that more flexible credit terms would help break the cycle of indebtedness in Myanmar. D. Dapice (2013) 'Rice Policy in Myanmar: It's Getting Complicated', www.ash.harvard.edu/extension/ash/docs/RicePolicy.pdf last accessed 10 January 2014.
- ⁵⁰ However, note that the FPL stipulates that loans should be made when capital is needed, and paid back when the farm products are traded right after harvest. This requirement for farmers to pay back loans immediately after harvest means they receive the lowest prices for their crops, linked to the cycle of indebtedness and poverty.
- ⁵¹ OECD (2014) *Promoting Sustainable Investment in Myanmar's Agriculture*, OECD Investment Policy Reviews: Myanmar 2014, OECD Publishing, and Myanmar Marketing Research & Development Co. Ltd (2011) *Promoting Women's Economic Leadership in Rural Markets in Myanmar*, MMRD for Oxfam (unpublished).
- ⁵² Microfinance schemes have often been more suited to helping rural households manage debt than for agricultural lending. Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013), op. cit.
- ⁵³ M Woodhouse (2014), Water Resilience Programme Development for Cotton and Sesame Value Chains in the Dry Zone of Myanmar, (Unpublished research for Oxfam).
- ⁵⁴ See, for example, D. Herbel, N. Ourabah and E. Crowley (2013) 'Small-scale producers key to attaining food security and ending hunger', Guardian Development Professionals Network, www.theguardian.com/global-development-professionals-network/2013/jul/10/hunger-food-security-small-producers last accessed 04 April 2014 for an analysis of the role that producer organizations play in improving agricultural productivity, strengthening access to input and output markets and financial services, and helping farmers access and manage natural resources sustainably, amongst other benefits.
- ⁵⁵ For example, India is a major market for pulses, and China is a major market for cotton. While technically, cotton exports are currently banned in Myanmar, a significant volume of illegal trade is commonly acknowledged to cross the Myanmar-China border.
- ⁵⁶ One expert source estimated transport costs at \$1/kg on poorly maintained rural roads, compared to 10 cents on Myanmar's national roads, 5 cents in India and 3 cents in China. Personal communication with the author.
- ⁵⁷ International Monetary Fund (2013) *Myanmar: 2013 Article IV Consultation and First Review Under the Staff-Monitored Program*, IMF Country Report No. 13/250, Washington.
- ⁵⁸ For example, the FIL allows land concessions of 50 years, while the Farmland Law says concessions should be for a maximum of 30 years.
- ⁵⁹ The focus on decentralization was bolstered by the Region or State Hluttaw Law (2013) and the President's speech on August 9, 2013 in which he called for more authority to be given to regional and state governments. H. Nixon et al. (2013) 'State and Regional Governments in Myanmar', The Asia Foundation and the Myanmar Development Resource Institute's Center for Economic and Social Development. <http://asiafoundation.org/news/2013/09/report-finds-decentralization-a-major-challenge-for-myanmars-ongoing-reforms/> last accessed 10 April 2014.
- ⁶⁰ H. Nixon et al. (2013), op. cit.
- ⁶¹ These meetings were repeatedly reported in interviews. Agricultural matters are dealt with across departments through regular weekly meetings from village tract up to township, regional and national levels. Authorities stated that every Saturday during the farming season there is a village meeting between farmers and officials. Then on Monday the township meets, on Wednesday the district level meets, on Thursday the regional level meets and on Friday there is an inter-governmental meeting of senior regional ministers.
- ⁶² Ministry of Information (2008) 'Constitution of the Republic of the Union of Myanmar'. Available at <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan039972.pdf> last accessed 10 April 2014.
- ⁶³ D. Giovannucci, P. Varangis and D. Larson, 'Warehouse Receipts: Facilitating Credit and Commodity Markets', The World Bank. <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARD/0,,contentMDK:20440946~pagePK:210058~piPK:210062~theSitePK:336682,00.html> last accessed 27 October 2013.
- ⁶⁴ In policy circles there has also been discussion about the limits of full market liberalization and the need for stronger policy interventions. See for example F. Galtier (No date) 'Managing Agricultural Price Instability'. www.agriskmanagementforum.org/content/webinar-franck-galtier-managing-agricultural-price-instability last accessed 10 April 2014.
- ⁶⁵ J. Thorpe and E. Sahan (2013) *Power, Rights, and Inclusive Markets: Public policies that support small-scale agriculture*, Oxford: Oxfam.
- ⁶⁶ Other similar schemes include leases and management contracts, tenant farming and sharecropping and joint ventures. See S. Vermeulen and L. Cotula (2010) *Making the Most of Agricultural Investment: A survey of business models that provide opportunities for smallholders*, London, Rome and Bern: IIED, FAO, IFAD and SDC.
- ⁶⁷ B. Vorley, L. Cotula and M. Chan (2012), op. cit., p 41.
- ⁶⁸ Xinhuanet (2013) 'Myanmar sees encouraging foreign engagement in agricultural sector' http://news.xinhuanet.com/english/business/2013-10/04/c_132771836.htm last accessed 06 April 2014.
- ⁶⁹ This is initially for 50 years, with an option to extend for another 10 + 10 years. Longer leases may be granted by the government. Note that this is in contradiction to the Vacant, Fallow and Virgin Lands Management Law which generally grants leases for agricultural purposes of 30 years initially, plus additional years are allowed up to a total of not exceeding 30 years.
- ⁷⁰ B. Vorley, L. Cotula and M. Chan (2012), op. cit.

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- ⁷¹ OECD (2014), op. cit.
- ⁷² B. Vorley, L. Cotula and M. Chan (2012), op. cit., p 40.
- ⁷³ Michigan State University and the Myanmar Development Resource Institute's Center for Economic and Social Development (2013), op. cit.
- ⁷⁴ OECD (2014), op. cit.
- ⁷⁵ Ibid.
- ⁷⁶ Existing land tenure is particularly unclear after decades of informal land deals in a context of formal government ownership of all land.
- ⁷⁷ Department of Agricultural Planning (2013), p. 34. Other sources suggest that over the past decade, the Government of Myanmar has allocated nearly 2 million acres in large-scale commercial land blocks to local agribusiness investors and companies, many with foreign partners and links to the military. These large-scale land allocations amount to between 6 and 8 per cent of total agricultural landholdings. Some have proven commercially successful as farming businesses, other investors appear to have limited interest in farming and instead want land rights to enable mineral extraction, lumbering or land rental to smallholder sharecroppers. See K. Woods (2011) *Emerging Agribusiness Trends in Myanmar: An Overview*, Transnational Institute.
- ⁷⁸ Food Security Working Group's Land Core Group (2012) *Legal Review of Recently Enacted Farmland Law and Vacant, Fallow and Virgin Lands Management Law: Improving the Legal & Policy Frameworks Relating to Land Management in Myanmar*.
- ⁷⁹ FPIC is the principle that approval for projects, such as those involving land transfers, is subject to 'negotiated agreements that are non-coercive and entered into voluntarily, carried out prior to new investments or operations based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements'. B. Vorley, L. Cotula and M. Chan (2012), op. cit.
- ⁸⁰ Including the UN Guiding Principles on Business and Human Rights, which are highly relevant in the context of private investment, as they represent a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.
- ⁸¹ As of late 2013, there was a perceived lack of consultation within Myanmar around the VGGTs once Myanmar had signed up to them earlier in the year. There was also a lack of progress in developing implementation plans. Personal communication with author.
- ⁸² Myat May Zin and Su Phyo Win (2013) 'Rice farmers hit by debt crisis', *Myanmar Times*, 24 June.

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For further information on the issues raised in this paper please e-mail advocacy@oxfaminternational.org

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