



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.

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.

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This paper was written by Jodie Thorpe, with considerable support from Nyein Zarni Naing, Jasmine Burnley and Rob Nash. Oxfam acknowledges the assistance of the Network Activities Group, the Myanmar Development Research Institute (MDRI), and other Oxfam colleagues in Myanmar in its production. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

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

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The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International under
ISBN 978-1-78077-656-9 in August 2014.

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

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