

Agriculture and Rural Development

by

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Key Take Home Messages:

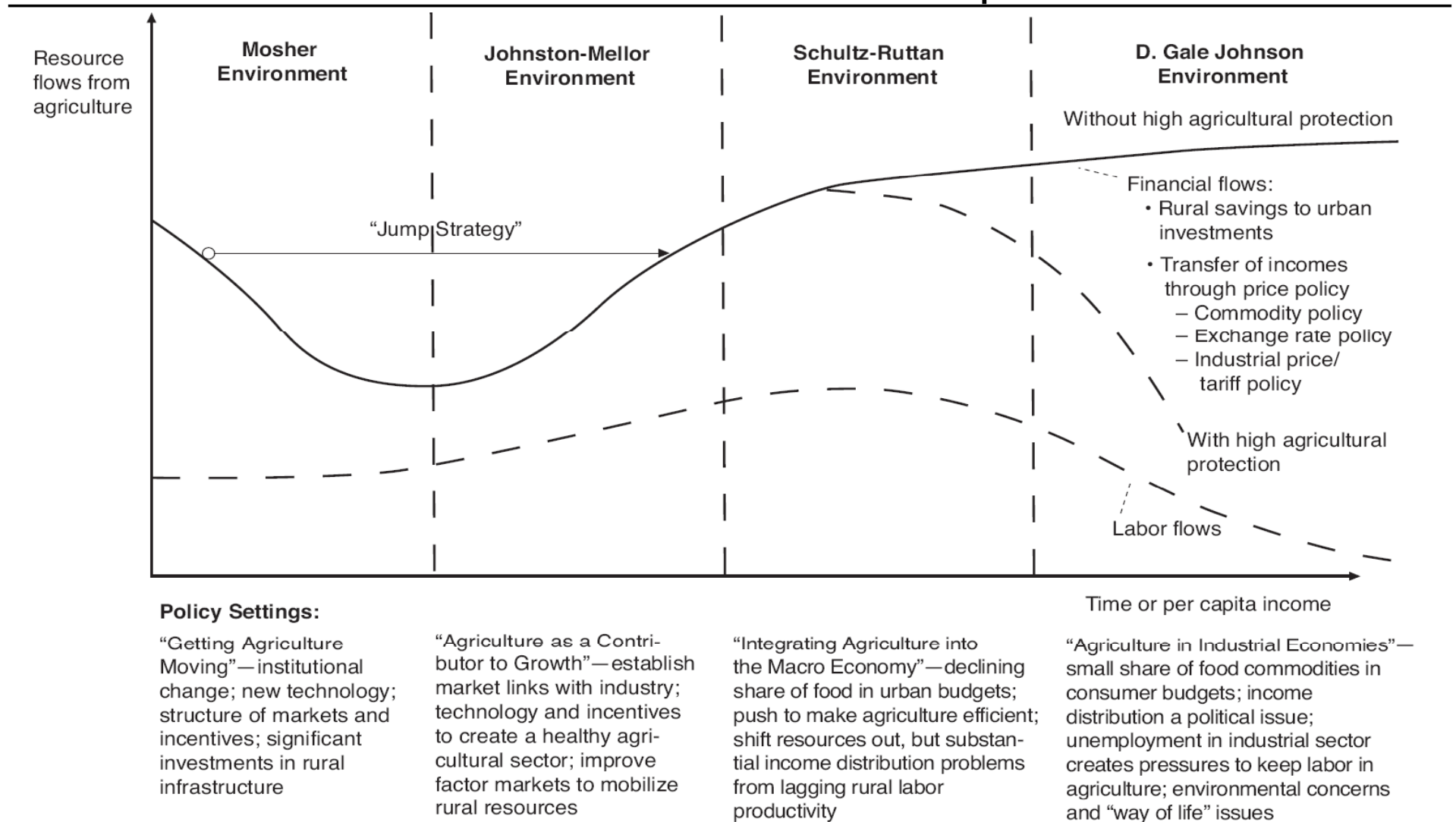
- Key elements – adoption of ‘Agriculture as Engine of Growth’ via ‘New Vision of Agriculture’, ‘Comprehensive Supply Chains and Trading Networks’ as well as ‘Agriculture ++’ Strategy
- Dynamics, spatial and temporal considerations – trade-offs. Therefore policy and strategy formulation and execution need to be managed and coordinated – liberalization with improved governance – Between Ministries, between Union and Regions/States.
- Increasing role of private sector or demand/market-driven, P-P-P - Provision of Public goods (blurring of Public-Private goods dichotomy). FDI and understanding market trends and opportunities – need to be proactive
- ▶ BUT Government role crucial - Investments in infrastructure (transportation, electricity and cost of doing business), provision of smart and well-targeted subsidies; investments in science & technology, and innovation along supply chain, agri-support services and foundations and rural ecosystem for balanced, sustainable and inclusive growth & food security.

Key Take Home Messages (Cont'd):

Key considerations/suggestions over next 5-10 years – building on progress made in transformation efforts since 2011 include:

- Need to be **more proactive** in seeking out **FDI** (in pivotal segment of supply chains) and penetrating **new (likely to remain more lucrative) markets EU, China and further afield** – rice, fisheries products, high value products (beyond 'pillar crops') – Myanmar's future branding/advantage – **safe, traceable and 'green' food** – increasing premiums
- Besides strategic ports and SEZ, greater integrated efforts to develop **strategic border trade** – leveraging on increasing **connectivity in Continental Asia** – from improved infrastructure of neighbouring countries (initially China and Thailand) including **spring-boarding to 3rd country and beyond** – revival of 'Silk Route'. Cost effective, **sustainable and potentially more inclusive** means of developing **border regions/states**
- ▶ Beyond the 2 growth poles of Yangon and Mandalay, concerted efforts to develop **Agricultural Hubs** (e.g. **Patheingyi, Monywa, Taungtha, Hpa-an** – out of **24 Special Development Regions/Centers already identified by NPED**) around key **agri-food supply chains and clusters** of supporting industries and foundations.

Why Agriculture Development? - Agriculture's Contribution To Economic Growth and Development



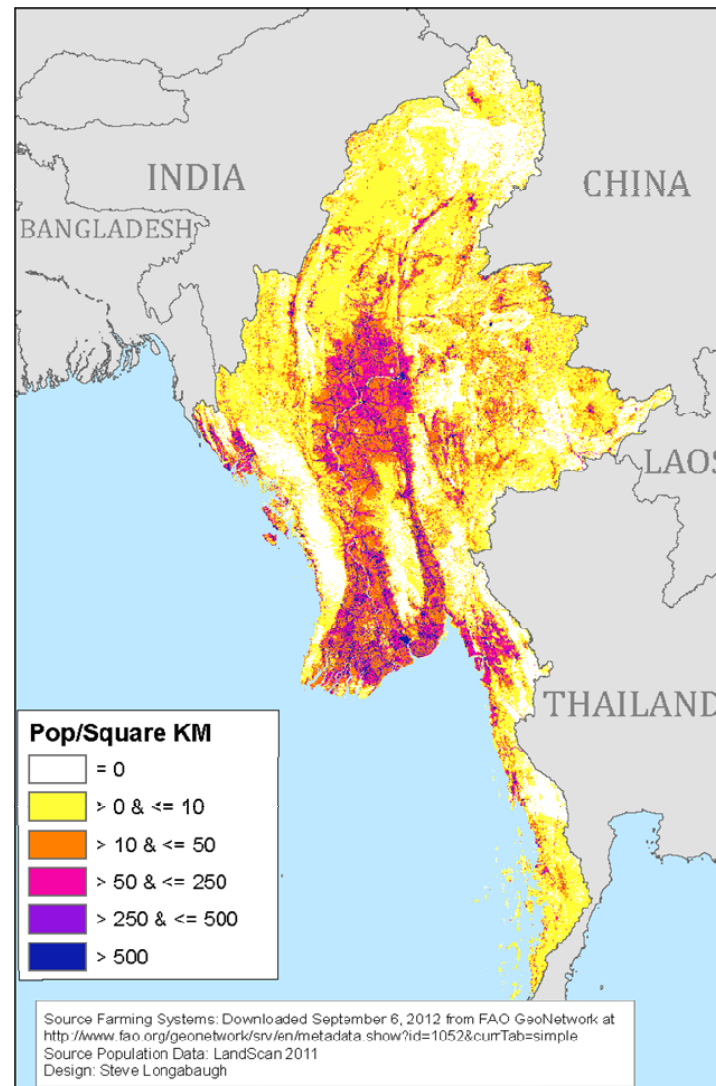
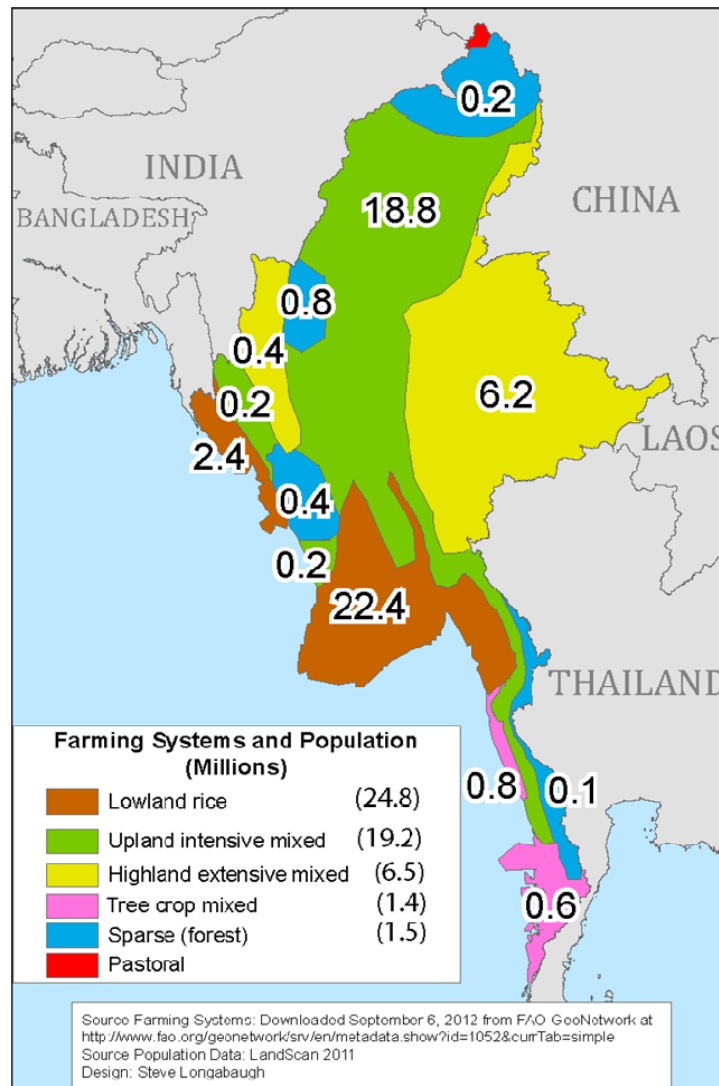
SOURCE: Timmer 1988, 295.

Also Johnson, 1997, 'Agriculture and the Wealth of Nations'

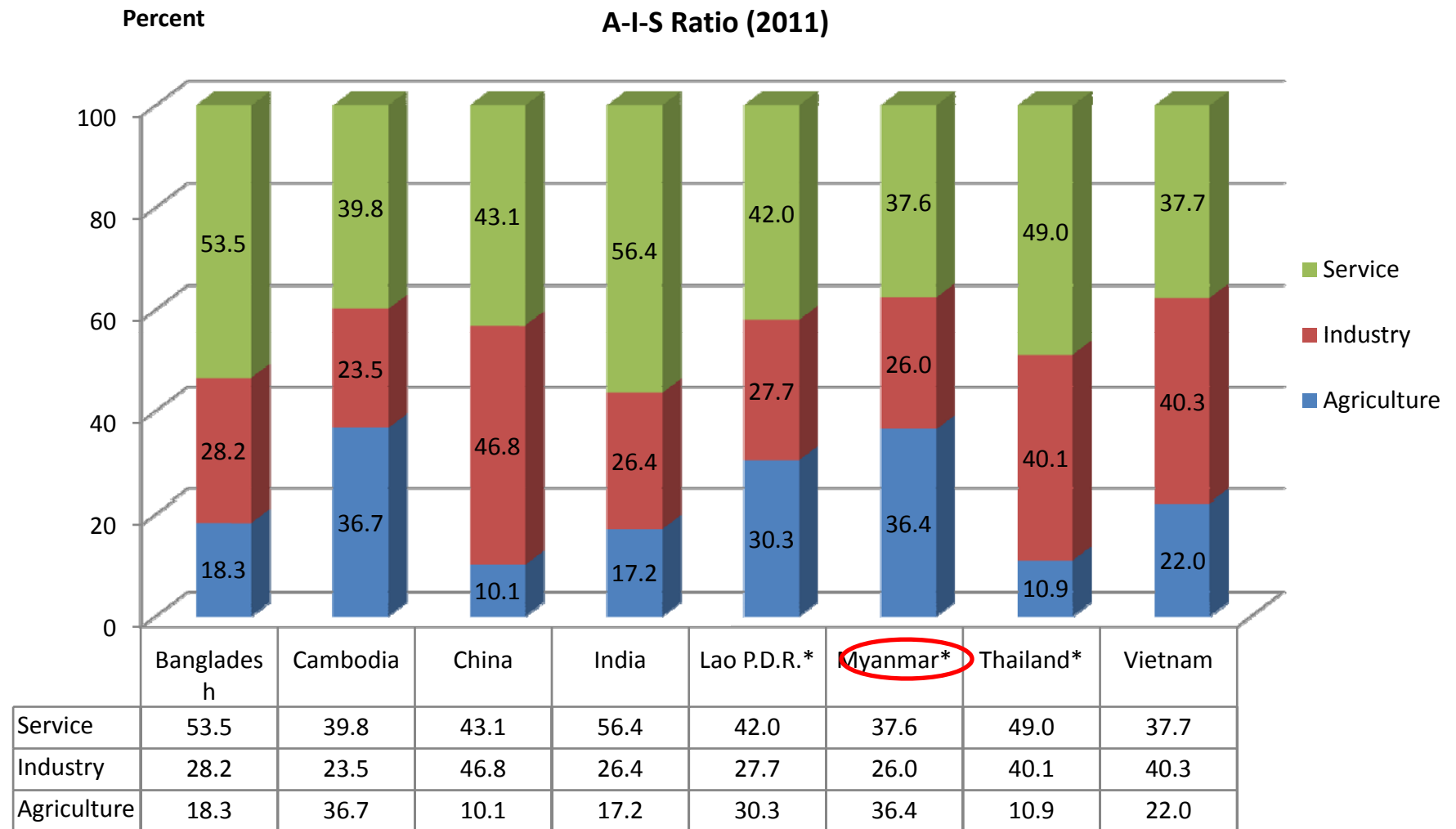
Why Rural Development?

- **Poverty incidence** is around twice as high in rural than urban areas as of 2010 & rural area account for almost *85 % of total poverty* in Myanmar.
- **Poverty is multi-dimensional** - income for the satisfaction of basic needs plus human, physical, political, and social capital as means of achieving income.
- **Integrated rural development** approach has been adopted to improve the **economic and social life of 'the rural poor'** in many ASEAN countries.
- To create **long-term economic, social and political stability** of rural communities based on **self-reliance, employment generation and development of the local economy**.
- To establish **backward and forward linkages** to agro-based industry and/or non-farm sector development.
- To support the **people-centered development** approach – **rural ecosystem** with due emphasis on gender equity and role of home-makers.

‘Where are we now – Endowments:



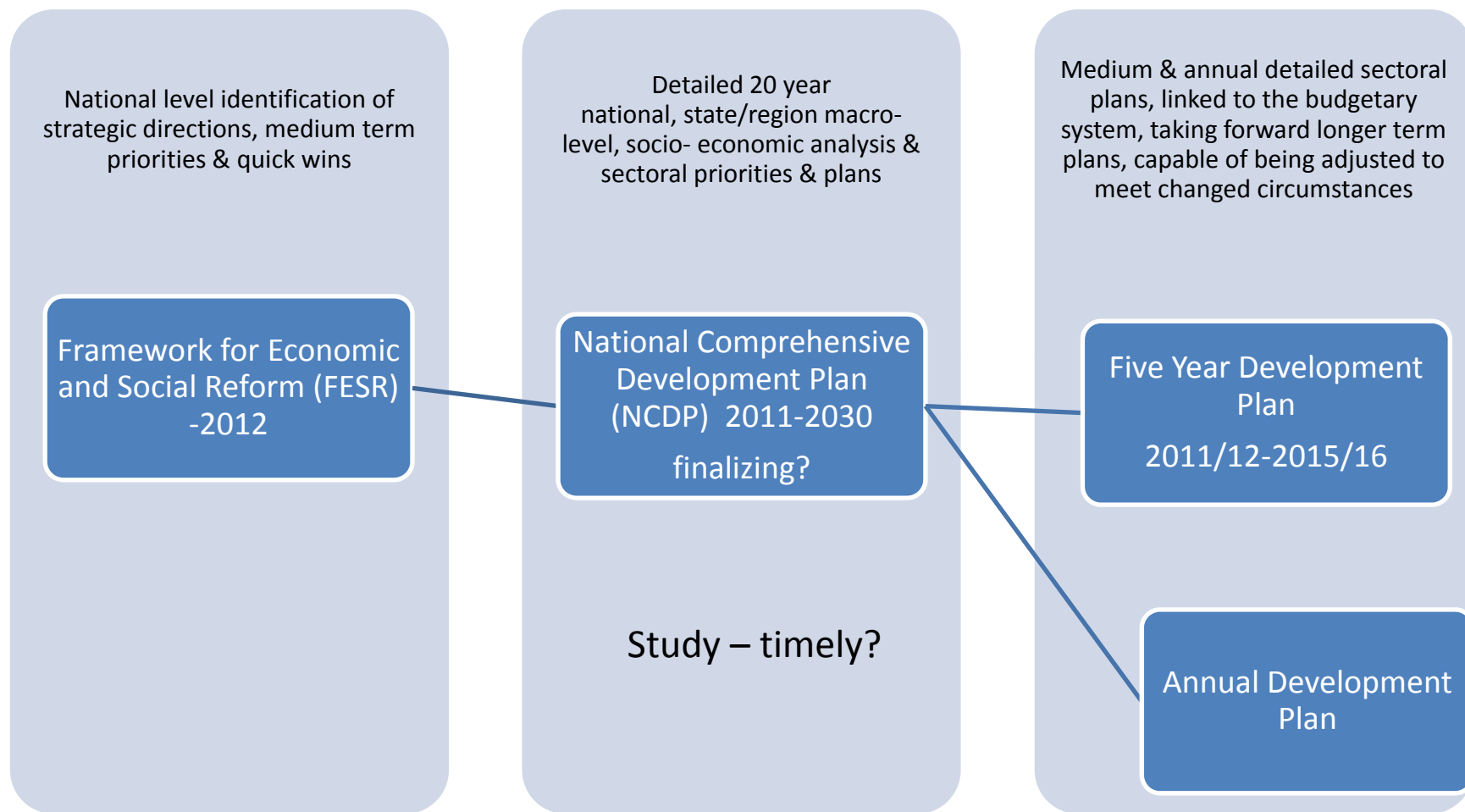
Structure of Economy



Source: ADB, Key Indicators for Asia and the Pacific 2012

* 2010

‘Where do we want to be’ – National Plans



NCDP also includes Township Development Plan, District Development Plan , State and Division Development Plan as well as Urban Development Plan.

Political, Social and Economic Reforms, Simultaneously

After a year of politically liberalising measures, President U Thein Sein announced in May 2012 a 'second stage of reforms' focusing on social and economic transformation..

- **People-Centered Development** and four economic policies:.

1. Sustaining **agriculture development** towards industrialization and all round development;
2. **Balanced and proportionate development** among regions and states;
3. **Inclusive growth** for entire population; and
4. Improved quality of statistics and statistical system.

FESR, 2012 – 4 strategic thrusts:

- Sustained Industrial development to catch up with global economies while maintaining momentum of **agricultural reforms while attaining poverty alleviation and rural development**
- Equitable **sharing of resources**, both budgetary and foreign aid, among **regions and states** while **promoting foreign and local investment** for regional development
- Effective implementation of **people-centered development through community-driven, participatory approaches** to improvements in education, health and living standards
- Reliable and accurate gathering of **statistical data and other information** to better inform public policy decisions

‘How to get there’ - Basic Considerations:

- Agriculture’s contribution to growth – GDP (National Accounting) & agriculture as an ‘engine of growth’ – comprehensive/integrated supply chains and trading networks
- Rural development – poverty redressal, mitigate negative impact of rapid urbanization and hollowing out of rural areas
- Why and how Governments intervene – accelerate or mitigate trends; through legislation, direct investment, pricing policies - government intervention – more in subsectors/commodities that are more problematic
- Hierarchy of sectoral, regional and national policies plus annual, medium and long term plans
- Dynamics, spatial and temporal considerations – trade-offs
- Balanced, inclusive and sustainable growth & food security



'New Vision for Agriculture'

A global agriculture system that harnesses the power of markets and multi-stakeholder collaboration to feed the world, protect our planet and create prosperity

FOOD SECURITY

Meet nutritional demands while providing affordable choices across the food value chain

ENVIRONMENTAL SUSTAINABILITY

Conserve or enhance the quality and quantity of natural resources; meet the challenges of changing climate

...while generating economic growth and opportunity

ECONOMIC OPPORTUNITY

Drive rural and national economic development around the globe with well-targeted investments

Source: WEF, 2010

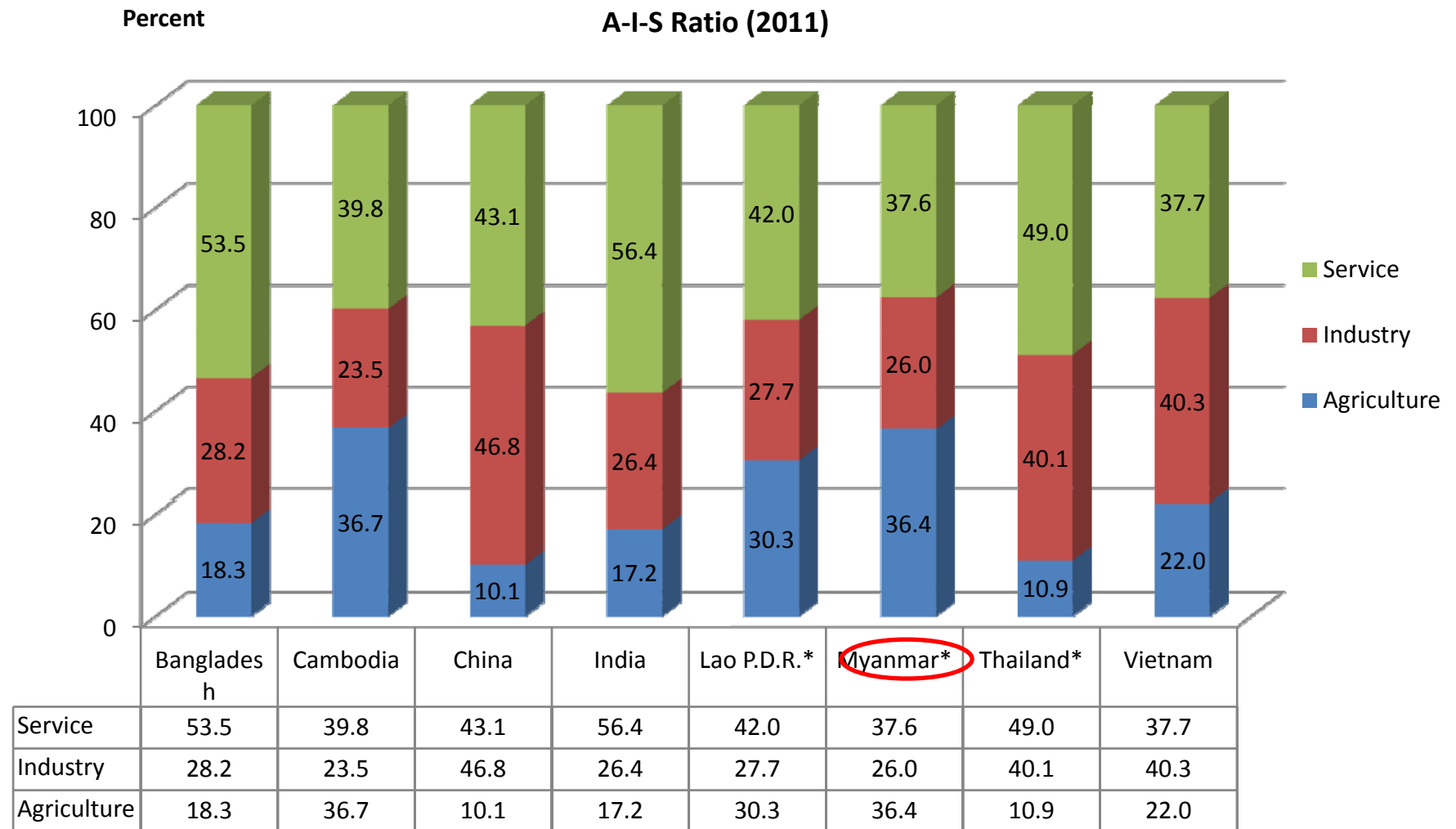
Foundations for New Vision of Agriculture:

From to
<ul style="list-style-type: none">▪ Broadly implement individual initiatives across entire country (e.g., fertilizer subsidies, extension, seed systems)	<ul style="list-style-type: none">▪ Holistic mini-transformations with enough change energy in a geographic region or value chain – then scale from there
<ul style="list-style-type: none">▪ Individual agendas for country, donors and private sector	<ul style="list-style-type: none">▪ Coordinated, multistakeholder planning process and execution management
<ul style="list-style-type: none">▪ Government-driven	<ul style="list-style-type: none">▪ Market-driven, with government as enabler
<ul style="list-style-type: none">▪ Design programmes around technical and political considerations	<ul style="list-style-type: none">▪ Design for scalability<ul style="list-style-type: none">– Scalable private sector change agents (e.g., nucleus farmers, warehouse aggregators)– Focus on replicable contracts– Transaction-focused approach
<ul style="list-style-type: none">▪ Everything is a priority	<ul style="list-style-type: none">▪ Explicitly sequence one's activity choices, and explicitly choose <i>not</i> to do certain things



Source: WEF, 2010

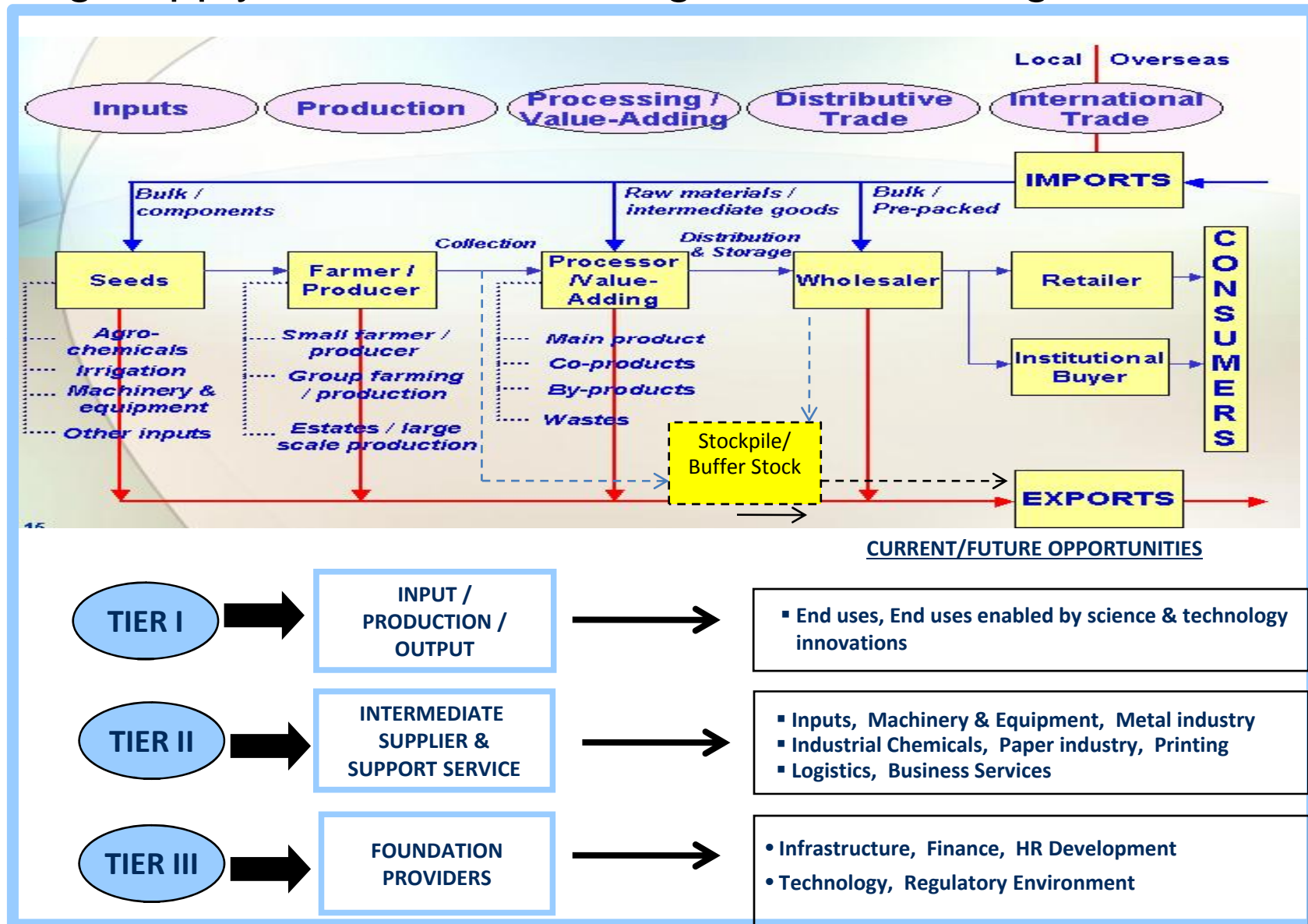
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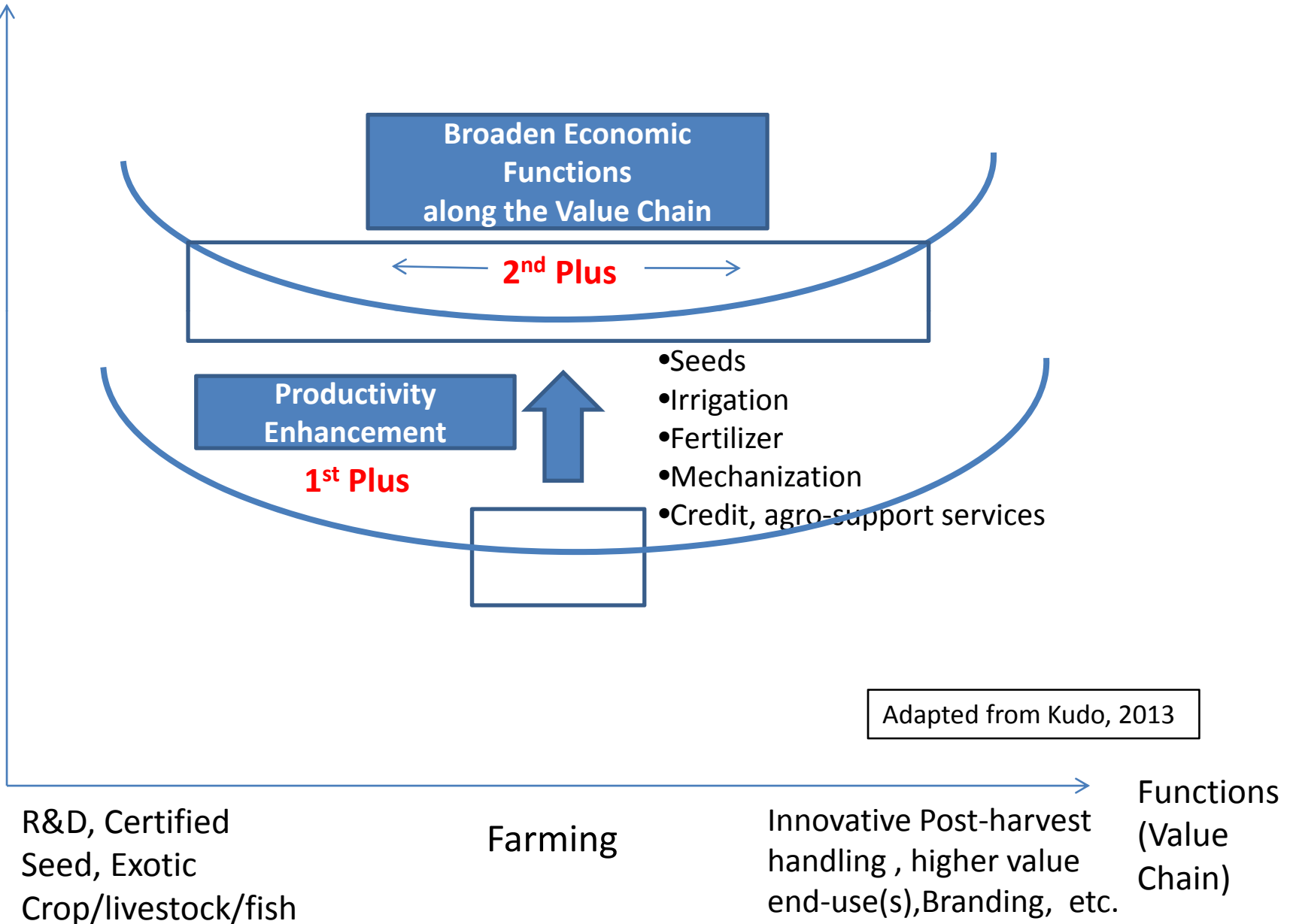
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Comprehensive Agri-Food Supply Chain – Economic Activities Along Supply Chain: basis for Agriculture as ‘Engine of Growth’



Agriculture ++

Value Adding



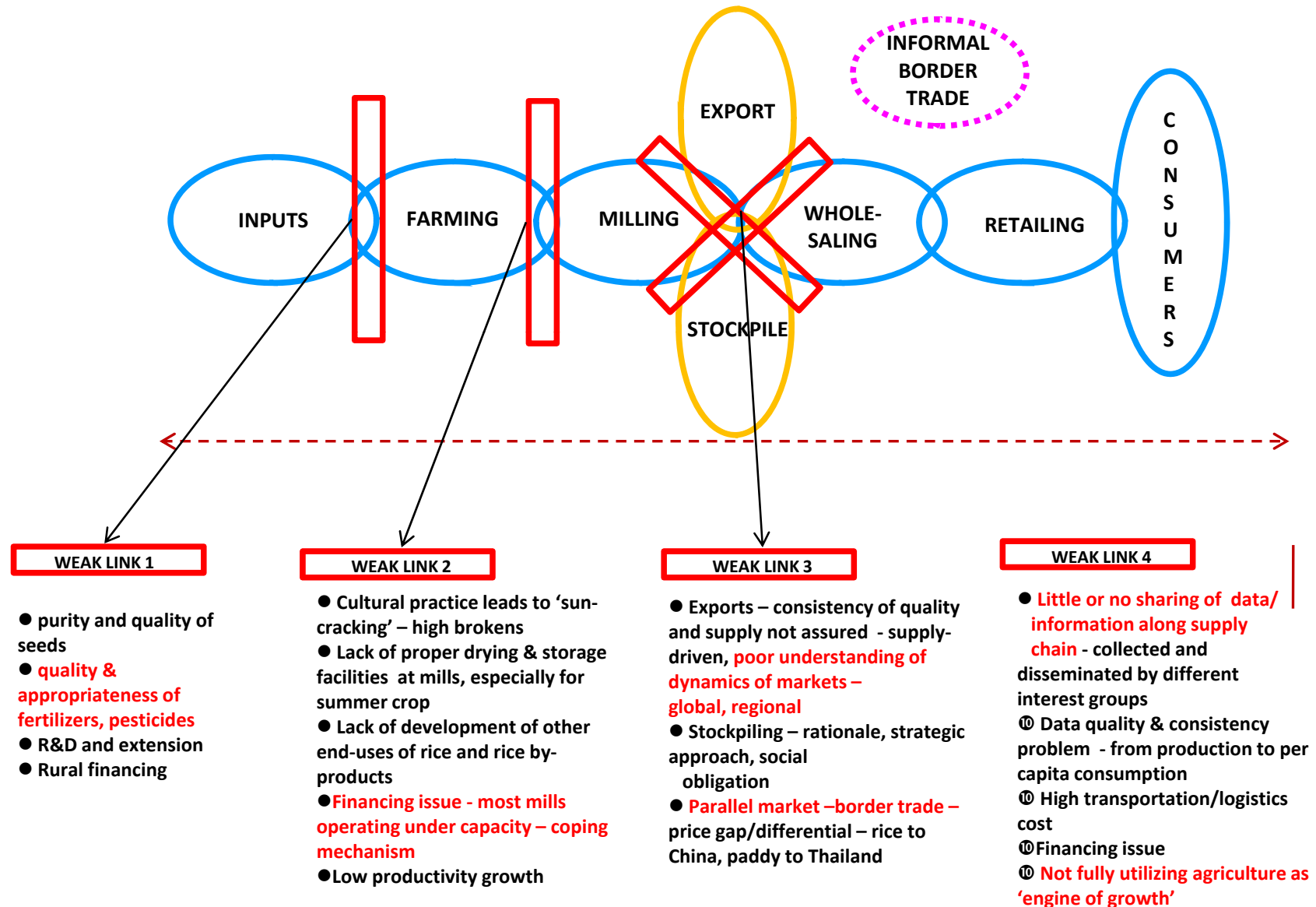
Overview – agriculture and rural development in perspective.

- Myanmar's natural resources endowment and factors of production (Land, Water, Labour, Capital/finance) Agro-ecological Zones (6 zones a la FAO). SWOT for Myanmar
- Agriculture and Rural economy. Review of recent studies and official documents such as 2011/12-2015/16 ~ Fifth Five-Year Plan, Framework for Economic and Social Reforms (FESR), and National Comprehensive Development Plan (NCDP)
- Sub-sector focus and strengths (focus on crops, livestock, and fisheries – exclude forestry). Agriculture as an engine of growth, balancing regional growth, facilitates rural development and redressing poverty towards strong, balanced, inclusive and sustainable growth

Comprehensive/Integrated Supply or Value Chain Development - in general as well as selected value chain of each category (of crops - rice, livestock - poultry and fisheries).

- **Transformation of value chains** – Upstream (inputs supply, production), Midstream (processing, value-adding, ‘waste to wealth’), Downstream (whole-sale, retail, trading networks, modern retail outlets – supermarkets).
- **Pivotal role of agro-processing/value adding entities (e.g. rice mills)** in linking and transforming upstream and downstream segments – need for investment – Foreign Direct Investment (FDI) and Domestic Private Investment (DPI) – Balance agribusiness and smallholder development/promotion and marginalization of stakeholders, especially landless farmers.
- **Organization of production units** – smallholder and large specialization companies - linkages – contract farming, farmers’ associations, water user groups, cooperatives. Land development/reform – new land development, in-situ development, consolidation, New legislations.
- **Strength of Value/supply chain is in its weakest links**.- map out for each selected value chain (crop, livestock, fisheries)
- **Progress since 2011**
- [Extent of detail and coverage will be coordinated and tied in with other relevant chapters.]

Prioritizing and sequencing interventions – Myanmar Rice Supply Chain : Strength of Chain is determined by weakest link



Stages of economic transformation – Variation - temporal and spatial considerations. Public-Private-Partnerships especially in development of comprehensive agri-food supply chains and trading networks – strategic investments at key pivotal points in supply chain. Care – public-private goods dichotomy increasingly blurred

- **Rural labour**: availability, underemployment, migration to urban centres (**urbanization** process) and overseas, seasonality, skills level – dynamics – wage rates, productivity – economic transformation over time – **danger of hollowing out of rural areas** – need for **rural growth centres and linkages** (value adding in rural areas)
- **Regional development and development of rural growth centers and Agricultural Hubs** (e.g. Patheingyi, Monywa, Taungtha, Hpa-an – out of 24 Special Development Regions/Centers already identified by NPED) **around key agri-food supply chains and clusters of supporting industries and foundations**

Diversification – Overemphasis on rice?

- Crop (enterprise)-choice – farming systems. In irrigated areas - **Paddy ++**, involving diversification to higher returns commodities/enterprises – poultry, horticulture and aquaculture – higher returns per unit area.
- Increasingly, market driven – need to be **proactive** especially for new markets with **lifting of sanctions (EU and US) and China**
- **Beyond ‘pillar crops’** of rice, pulses and beans, and oilseeds – rubber, sugar, corn and soya bean (animal feed), **beverages (coffee, tea) for upland areas** - development and convergence of supply chains and trading networks – **green food and green growth**.
- **Food safety and traceability** – Myanmar’s competitive edge?

Institutional development

- **research and extension**, resource management (especially land and water), **farmer organization**, **policy analysis and planning** (at Union and Region level).

Importance of Connectivity

- **Infrastructure, logistics** (and market access), **ICT** (especially mobile phones and internet), **ports and border trade** - current state, needed investments, policy and management. [Extent of detail and coverage will be coordinated and tied in with other relevant chapters.]

Moving Forward:

- Interplay of above issues, dimensions – **dynamics**
- Lessons from **benchmarked ASEAN countries** (what to do as well as what to avoid/pitfalls)
- **Future direction and policy recommendations** which dovetails with and reinforces those of other components of study in support of and consistent with the Overall Growth Strategies (Chapter 1)

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Conclusion:

From all indications, Myanmar will rise to the challenge and make great strides in agriculture and rural development, largely by **'feeling stones to cross the river'**, in a **step by step manner**. There will be a lot of learning by doing and on-course corrections, largely because of the **unprecedented simultaneous economic, social and political reforms** path that Myanmar has embraced.

In this regard it is worth recalling **Victor Hugo's** prediction made two centuries ago, that **'Minds open to ideas, and markets open to trade, will be the final battleground'**.

As well as be guided by **Kalama Sutta** (Kalama Thoke) – **Anguttara Nikaya of Tipitaka** - Discourses of the Buddha



THANK YOU!

Kyei Zu Tin Ba De !

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