

# Accelerating the Growth and Development of the Vegetable Sector in Myanmar: Principles for Success

## Panelist Notes

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# Vegetable sector growth potential is high

- Vegetables in Myanmar represent one of the highest potential growth opportunities of any agricultural sub sector at the present time
  - White paper provides clear identification of key capacity gaps at a sector-wide level
  - White paper states two goals:
    - to improve food and nutrition security in Myanmar
    - to generate rural employment and income generating opportunities for vegetable growers
- > ***implies not just accelerating growth but guiding it***
- White paper multiple objectives: growth, export market development market, domestic market development, nutrition, food safety, inclusiveness
- > ***trade-offs among objectives imply need for prioritization and sequencing***

# How to translate vegetable sector vision into an operational strategy?

- Successful implementation will require focus: why and how?
- Profitability is ***the*** essential driver of sector growth
  - Achieving profitability, subject to meeting food safety requirements, is the central issue any strategy must address
- Profitability comes from focusing on being competitive in specific markets
  - Identification of specific markets enables strategy development at the cluster level

# Commercial vegetable production is the hardest challenge for smallholders...

- Success in commercial vegetable farming requires a complex skillset – business management, irrigation, agronomy, pathology, logistics
  - can be enhanced through education but will take time
  - Tailored, interactive extension packages delivered through smartphones best bet to close the knowledge gap (ICT an omission in the white paper)
- High risk due to price volatility and production losses
  - can be reduced but not eliminated
  - smallholders need a ladder, starting with lower risk (generally less perishable) products before moving into higher risk (generally more perishable) products
  - Savings mechanisms even more important than credit to be able to manage risk – mobile banking can help build savings

Need to focus initially on smallholders with the highest potential for success

- -> ***generally only a small proportion of current generation of smallholder vegetable farmers are likely to become successful commercial horticulture business operators***
  - even a small proportion can result in significant benefits for rural economy through employment and consumption linkages
- Smallholder associations can help successful smallholders be more profitable (through economies of scale) but cannot substitute for entrepreneurship, capital accumulation (savings) and experience
- For nutrition purposes it is important to promote vegetable production by all smallholders – not just those who are commercially focused

# Implication for the workshop: a well-defined market a necessary starting point for discussion

- Define clusters around specific markets for specific products
  - Market location (domestic or export or combination)
  - Quality characteristics
  - Timing (price windows)
- Once market is defined the production region and supply chain strategy can be identified
- Once the region and supply chain strategy are identified the cluster can be developed

# Limited government capacity for public goods

- Government funding is very constrained in relation to needs (even when augmented by donor funds), especially for rural infrastructure
- Government capacity to provide public services is very constrained
- Government funding and capacity constraints are even greater at the regional level than at the union level

-> focus on most essential public goods that facilitate private sector investment and encourage responsible conduct by all players

- Extension services essential
- Removal of tariff and non-tariff barriers
- Licensing private sector regulatory enforcement (e.g., for seed sector)
- Reduce barriers to FDI (e.g., requiring local partners)
- Support global GAP standards where these do not convey monopsony power
- Invest in tertiary agricultural education (state colleges of ag) with private sector internship experience

# Summary: focus, focus, focus

- Define strategy targets in relation to specific markets, regions, and supply chain clusters
- Better to have a few successful clusters than many partially successful ones, especially in a first phase
  - Strong success in 2 or 3 vegetables in 2 or 3 regions over the next five years more impact than partial success 8 or 10 vegetables
  - 50k – 100k successful smallholders more impact than 500k – 1000k
- Rigorous monitoring and evaluation of results to allow adaptation and scaling.