

# Smallholder-led Agricultural Transformation: Requirements for Success in Myanmar

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Four questions to answer in 10 minutes...

- Why make smallholder-led agricultural transformation a top national economic priority?
- What will agricultural transformation look like in Myanmar context?
- How will it be similar and how will it be different from other country experiences?
- What policies and public investments are needed?

# Why make smallholder-led agricultural transformation a top economic policy priority?

- 70% of the population and most of the poor live in rural areas
  - Smaller landholdings and landless more likely to be poor
- Increases in smallholder incomes are a powerful tool for rural poverty reduction
  - Direct effect of higher incomes on smallholder households
  - Smallholder spending on rural goods and services leads to job creation in rural SMEs
  - Increased productivity lowers food prices (most rural families are food purchasers)
- Investment in smallholder transformation will have long-term payoffs
  - Long-term comparative advantage in agriculture due to availability of land, water and neighboring country population of 2.6 billion consumers
  - Increased demand for urban goods and services
- Alternatives to rural growth can have high social costs (forced migration)

# What will success look like in Myanmar?

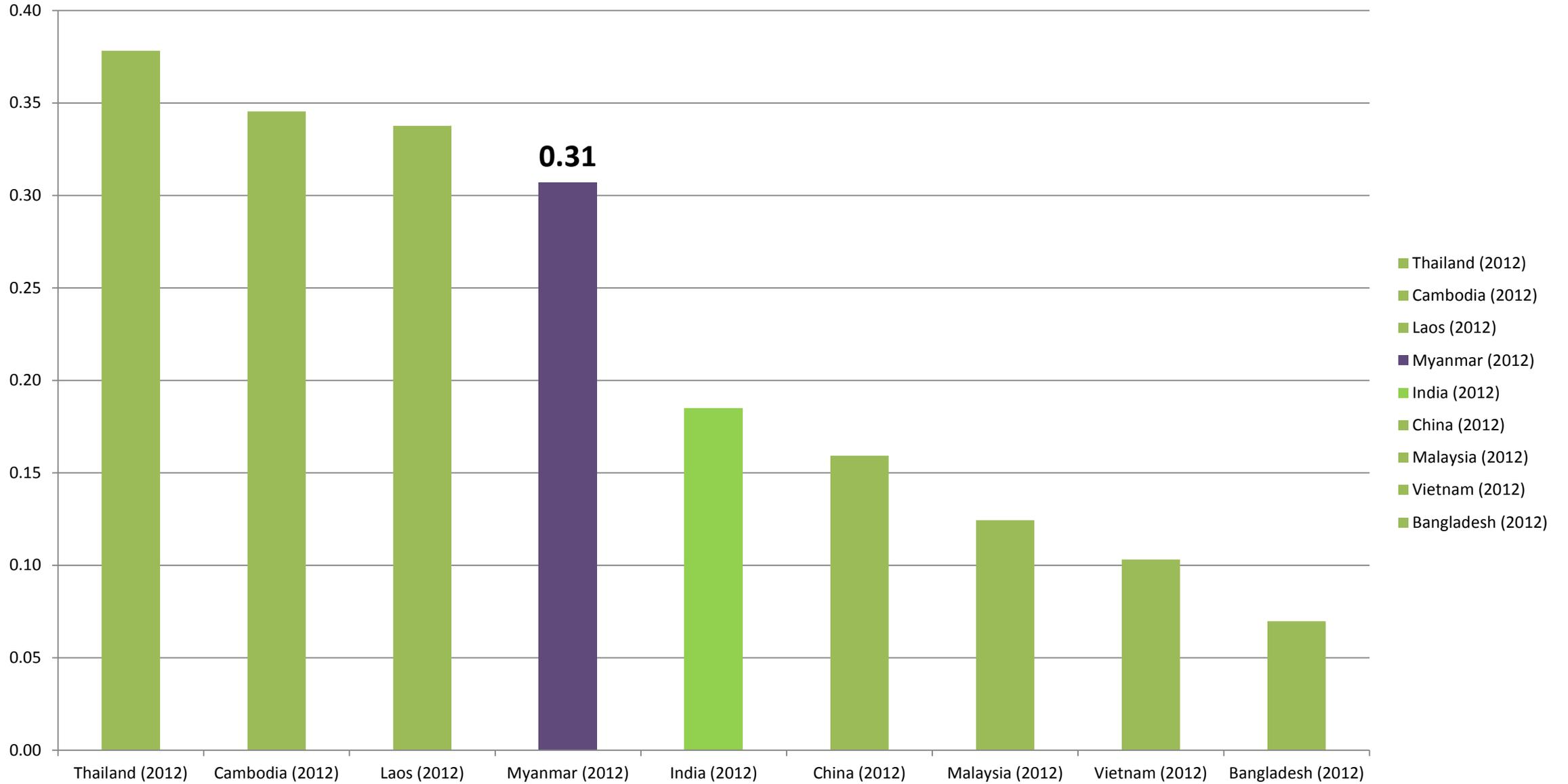
- Smallholder farmers will become smallholder **businesses**
  - Farm and non-farm enterprises with improved access for landless households
- Increases in yield and quality of existing major crops (paddy, pulses, oilseeds)
- Diversification into high-value management-intensive enterprises
  - Aquaculture, meat, vegetables, horticulture
- Increased sales to agribusiness for value-added processing
  - Increased use of contract farming arrangements
- Increased use of improved inputs, irrigation and mechanization services
- Mobile phone use for banking, market information, and extension
- Improved food safety for Myanmar consumers
- Gradual increase in scale of smallholder operations over time
  - Educated children seek off-farm employment and parents retire
  - Exit of unsuccessful smallholders
- Myanmar agricultural products more competitive in regional markets

# How will transformation compare to other country experiences?

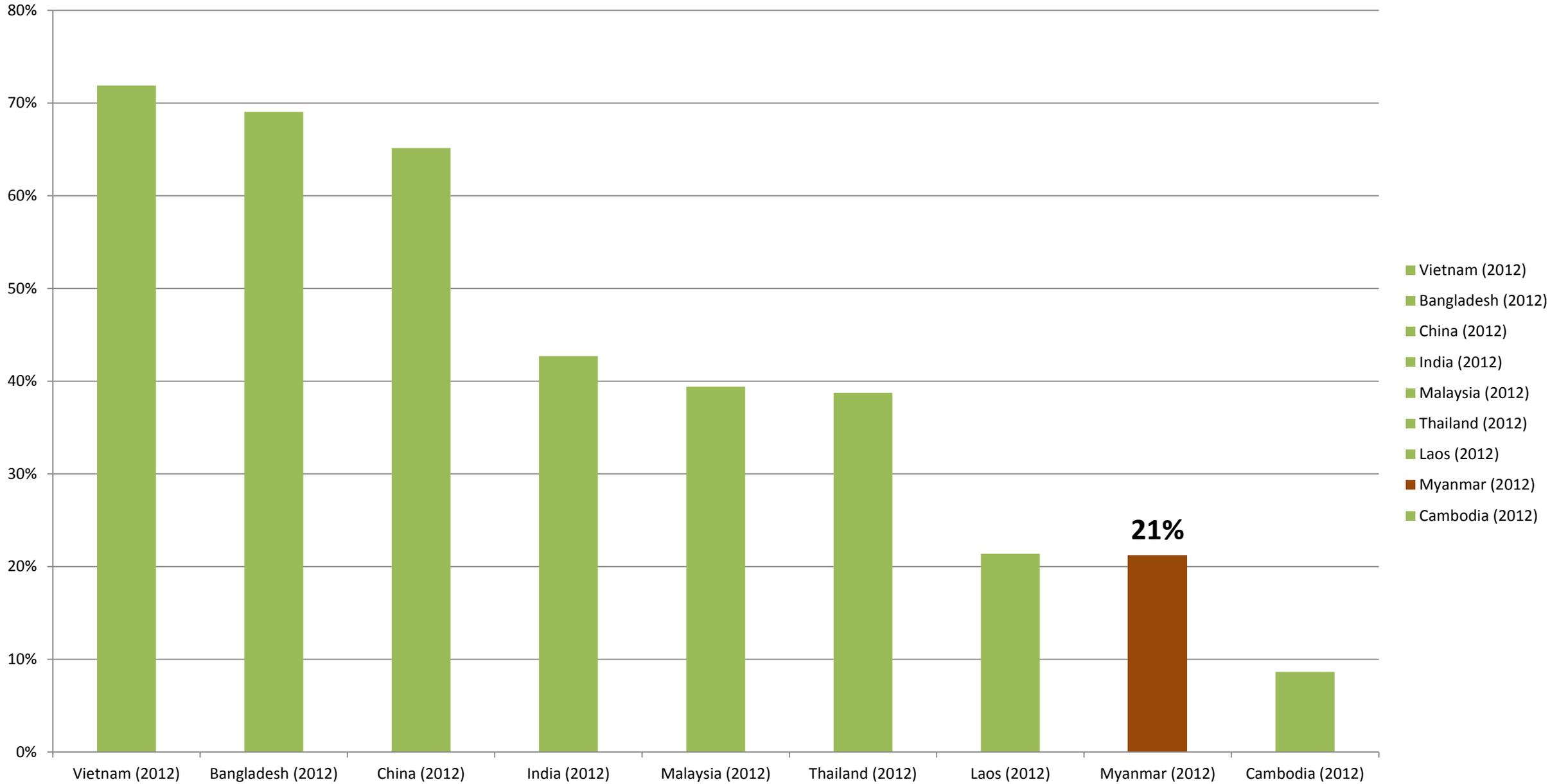
- Myanmar has more land and water resources but less labor
  - Rapid mechanization: combine harvester and tractor rental services
- Myanmar has low levels of access to irrigation
- Myanmar has very low levels of investment in research and extension but potential for “catch up”
  - 30 years of agricultural innovation in neighboring countries
  - Myanmar farmers can benefit from ICT revolution
- More rapid growth in demand for high value agricultural production
- Rapid integration regional and global value chains

-> ***transformation could be very rapid***

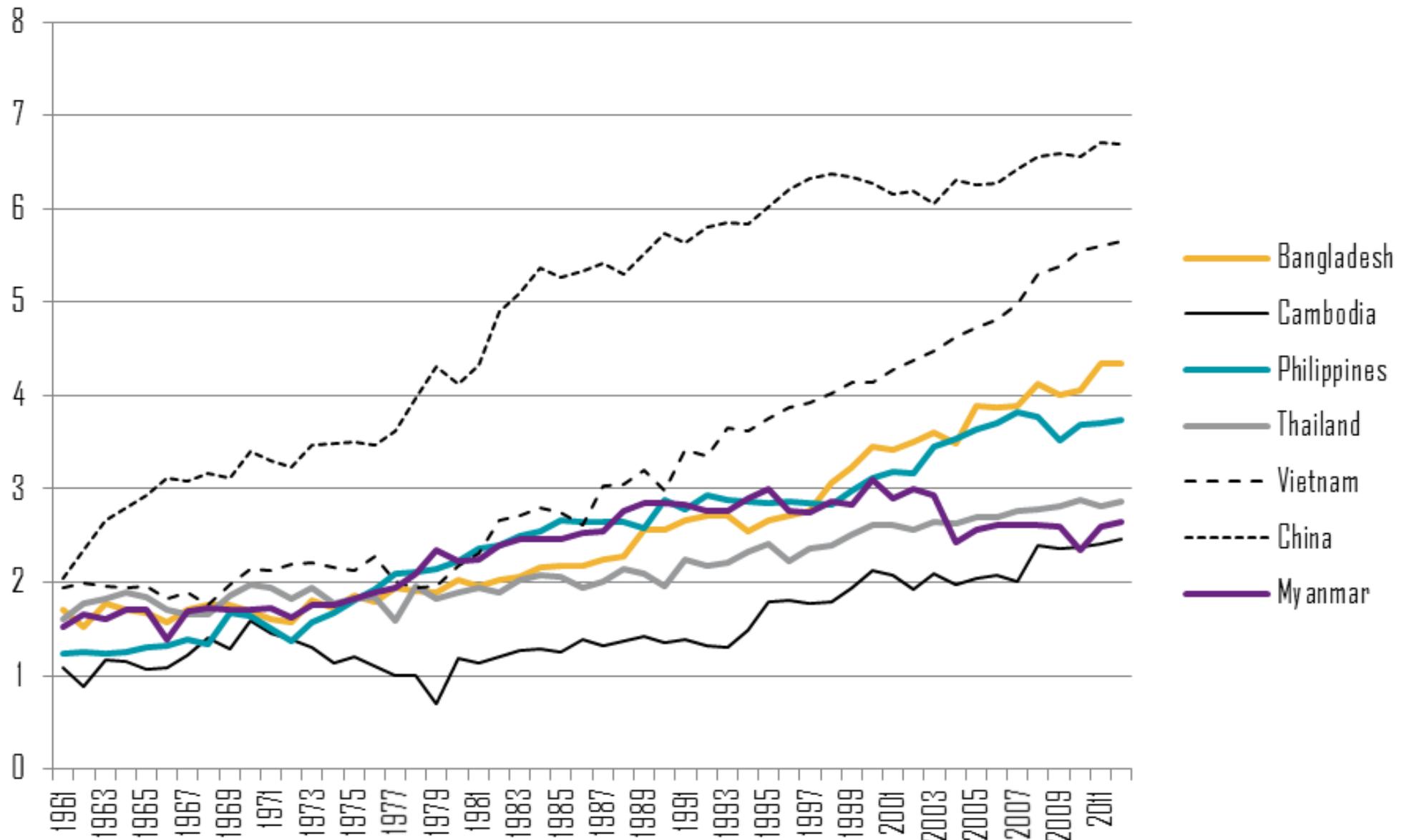
## Arable land per rural inhabitant (ha/person)



## % of arable land equipped for irrigation



Rice Yield (tons / hectare)



# What Policies and Investments are Needed

- Secure land rights
- Access to upgraded land resources (Land Development Corporation)
  - Irrigation, water control, leveling, access roads
  - Combined with social investments for remote areas (smallholder plantations)
  - Access to newly developed land may be more beneficial for landless households
- Increased investment and effectiveness of research and extension
  - Agribusiness extension not just production; ICT enabled
- Reform MADB for Improved access to agriculture finance for smallholders
- Encourage decentralized approach to agribusiness FDI with complementary public investments in smallholder commercial agriculture
- Strong public statistical data collection and analysis for policy implementation and monitoring

# Thank You

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