



# The Rice Economy in Myanmar and Relevance for the Delta

Keynote Presentation by

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Roundtable Meeting on

Rice Sector in the Lower Delta: Creating a More Enabling Sustainable Environment

Pathein, 16 May 2017



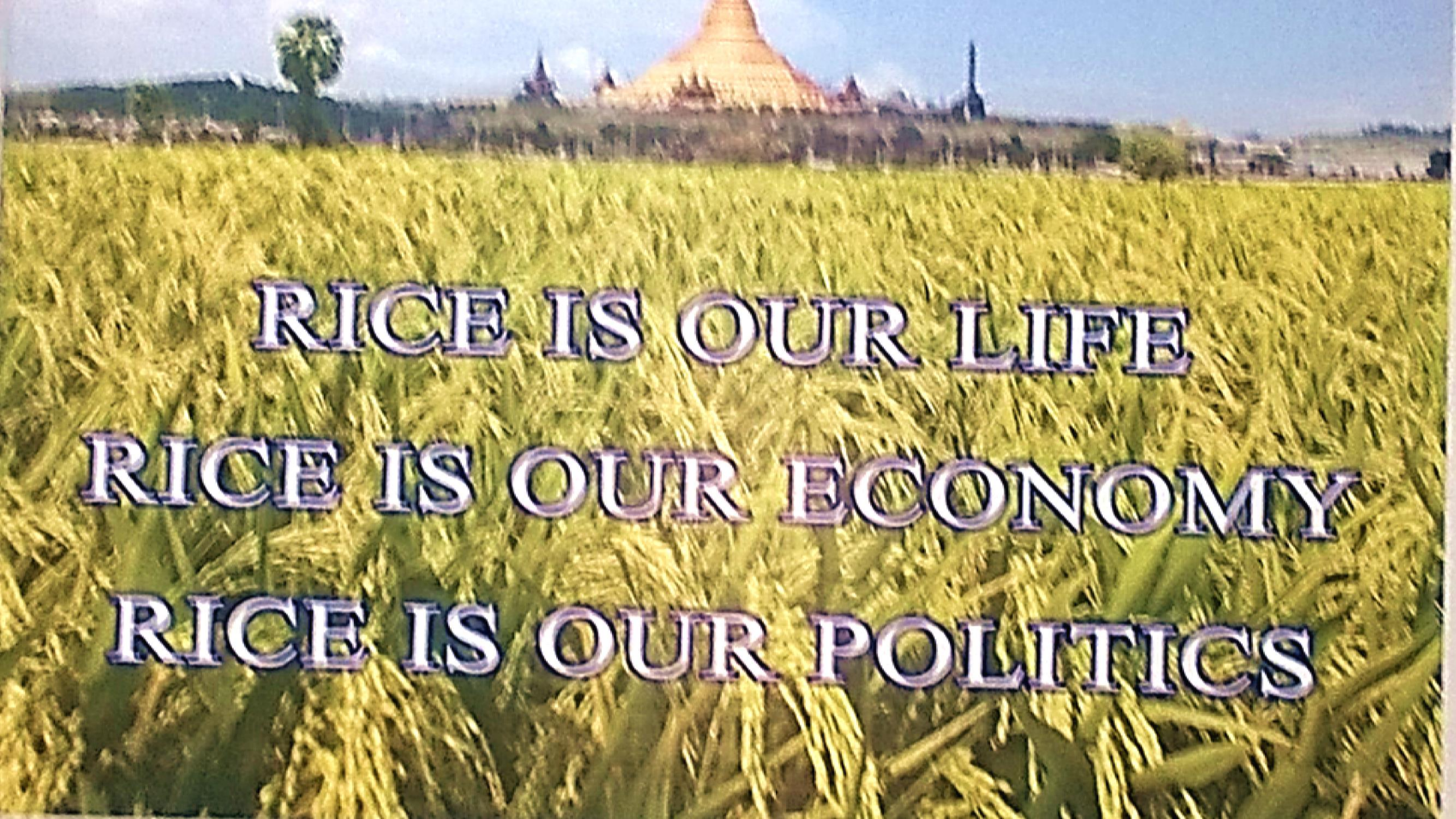
# OUTLINE

1. Importance of Rice in Myanmar
2. Rice Centric Agriculture
3. Towards Rice Farming Systems and Rice Value Chain
4. Linking Regional and National Strategies
5. Implications for Ayeyarwaddy



# 1.IMPORTANCE OF RICE IN MYANMMAR



A vibrant green rice field stretches across the foreground, with a traditional thatched-roof pagoda and other structures visible in the background under a clear blue sky. The text is overlaid on the field in a stylized, metallic font.

RICE IS OUR LIFE  
RICE IS OUR ECONOMY  
RICE IS OUR POLITICS





**Rice is cultivated everywhere in Myanmar**

Importance to the:	Item	Value
<b>Economy</b>	GDP rice (USD)	USD 7,000 million
	Percentage of GDP and AGDP (%)	13% of GDP and 43% of Agricultural GDP
	Exports	USD 600 million
<b>Production</b>	Percentage of Cultivated Area	45%
<b>Food Security and Nutrition</b>	Total daily dietary energy requirement	73% (urban) and 80 % (Rural)
	Food Budget	25% of the consumption of richer hh and 50% of the consumption of poorer hh

# Backward and Forward Linkages from Rice Production

- Input Suppliers
- Equipment Traders
- Finance
- Maintenance
- Ag. Insurance
- Transportation
- Storage
- Packaging Industry
- Distribution

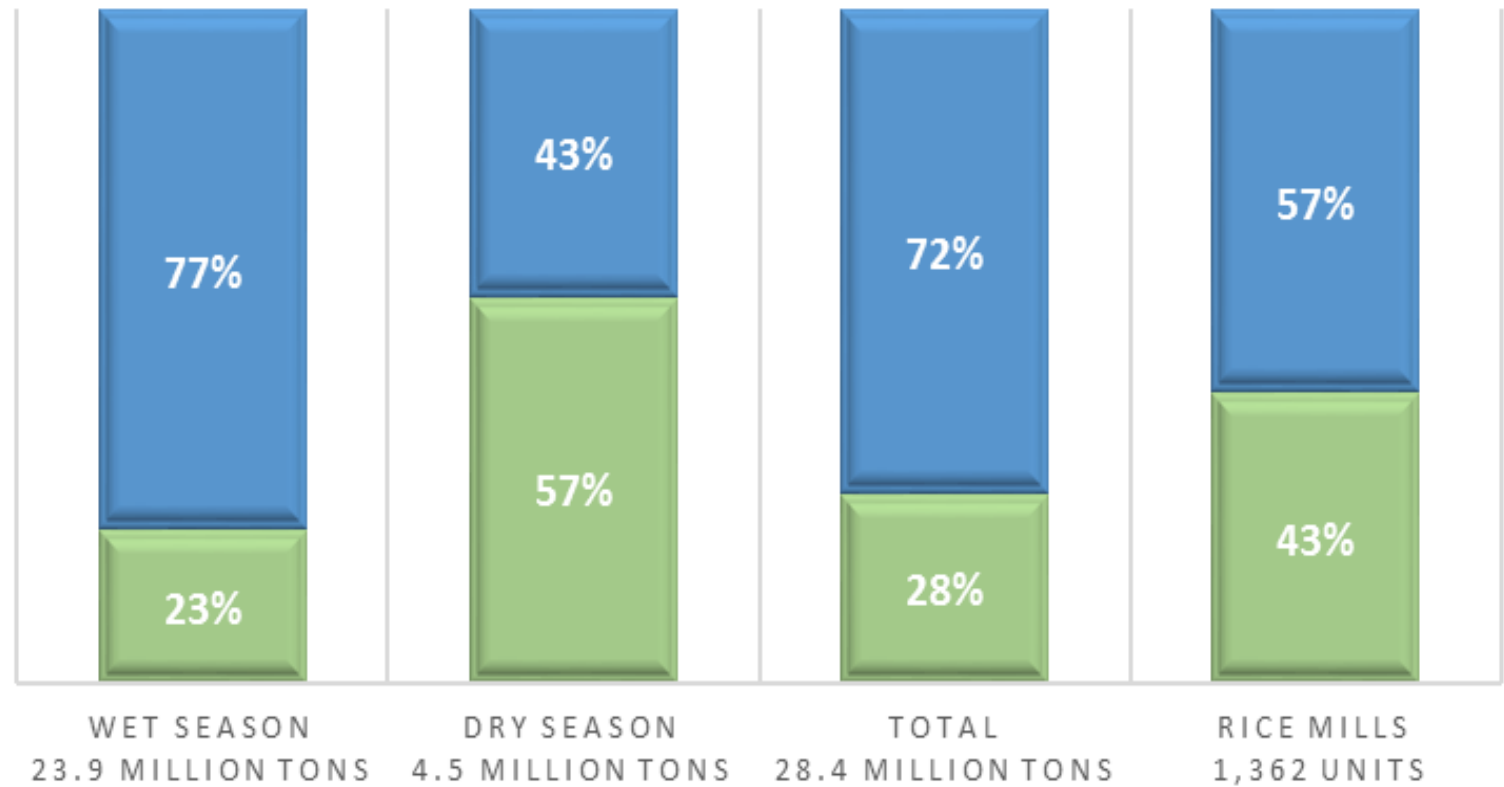


- Warehouses
- Transportation
- Trade
- Services
- Export Services
- Port Infrastructure
- Road construction
- Packaging Industry
- Finance
- Milling Industry
- Food Processing (noddle...)

# Importance of Rice in Ayeyarwaddy

## IMPORTANCE OF RICE IN AYEYARWADDY

■ Ayeyarwaddy ■ Rest of Myanmar





# 2. RICE CENTRIC AGRICULTURE

Rice is at the center of most efforts done in agriculture

1

Most of the Investment

2

Most of the Extension

3

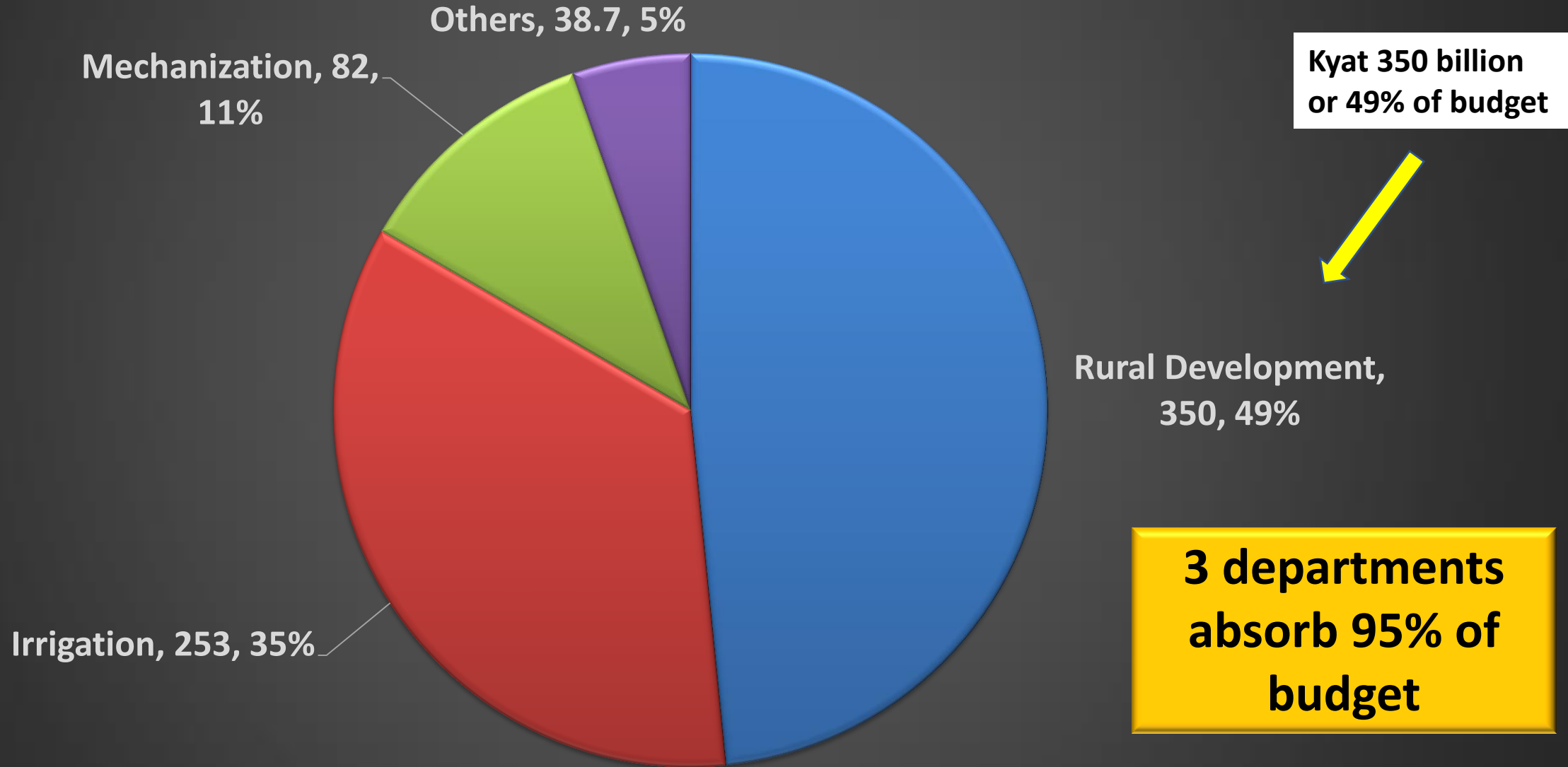
Most of the Research

4

Most of the Credit

# Existing Investment Budget

Budget MOALI 2016-17 (Billion Kyat and %)







**Of 52 million tons of agricultural produce, paddy weighs 28 million (53% of the total). This is transported over rural roads.**

# Agricultural Credit

- MADB provides about Kyat 1,000 billion to farmers for rice cultivation (currently Kyat 150,000/acre).
- This could basically finance most of the cost of production (inputs and hired labor) of the entire rice production.
- In comparison MFI provide about 200 billion of credit overall (not just to farmers)

# Micronutrient Deficiencies

- Even in the food and nutrition security debate, most of the emphasis is on rice.
- When micronutrient deficiencies are identified, one preferred solution is through “rice” fortification, rather than promoting non-rice foods (animal products – livestock and fisheries) or fruits and vegetables, nuts and oilseeds.



# 3. TOWARDS RICE FARMING SYSTEMS AND RICE VALUE CHAIN

# Rice Farm Budgets in Different Eco-Regions of AYEYARWADDY



<b>RICE BUDGET</b>	<b>Wet Season Salt Water</b>	<b>Wet Season Brackish Water</b>	<b>Wet Season Fresh Water</b>	<b>Wet Season Ayeyarwaddy</b>	<b>Dry Season Salt Water</b>
<b>REVENUE (MMK)</b>	<b>201,425</b>	<b>252,926</b>	<b>207,950</b>	<b>220,889</b>	<b>315,118</b>
Inputs	41,570	46,446	35,713	41,241	83,581
Hired labor	47,855	55,089	52,977	52,000	37,560
Services	64,993	36,191	38,019	46,283	55,826
<b>GROSS MARGINS (MMK/acre)</b>	<b>43,671</b>	<b>112,225</b>	<b>78,504</b>	<b>78,351</b>	<b>134,328</b>
Family Labor	60,297	42,955	39,090	47,366	24,597
<b>NET MARGINS (MMK/acre)</b>	<b>(16,626)</b>	<b>69,270</b>	<b>39,144</b>	<b>30,895</b>	<b>109,731</b>
Yield (kg/acre)	846	1,266	1,112	1,076	1,476
<b>REVENUE PER FARM (MMK)</b>	<b>(76,480)</b>	<b>311,715</b>	<b>262,265</b>	<b>167,367</b>	<b>888,821</b>
Return to Labor (MMK/day)	1,753	3,214	2,435	2,472	8,279

# Other Crops Farm Budgets in AYEYARWADDY



<b>OTHER CROPS</b>	<b>Black Gram Brackish</b>	<b>Black Gram Fresh water</b>	<b>Green Gram Brackish</b>	<b>All Grams Ayeyarwaddy</b>	<b>Maize (4 provinces)</b>
REVENUE (MMK)	210,087	180,094	387,006	<b>206,874</b>	474,010
Inputs	37,382	25,086	47,619	32,093	54,619
Hired labor	39,538	28,102	47,277	34,505	33,784
Services	21,046	10,346	26,581	16,228	36,218
GROSS MARGINS (MMK/acre)	110,005	115,131	269,034	<b>122,621</b>	346,585
Family Labor	14,514	8,455	20,037	11,938	46,203
NET MARGINS (MMK/acre)	95,491	106,676	248,997	110,683	300,383
Yield (kg/acre)	286	451	562	383	668.794
REVENUE PER FARM (MMK)	102,175	81,074	219,117	<b>99,435</b>	210,268
Return to Labor (MMK/day)	6,409	10,130	12,604	8,602	15,009





# Two conclusions from the analysis of farm budgets in Ayeyarwaddy

01

Income of smallholder farmers from rice is low

02

Productivity in terms of land, labor, and yield is low

From  
Rice Farming  
To  
Rice Farming  
Systems

1. Substantial increase in productivity of rice is possible.
2. However, even a substantial increase of the current rice productivity of land would not be enough to create a sustainable livelihood for smallholder farmers.
3. For sustainability of smallholder farmers, the increase in rice productivity should be combined with other income generating activities.

Many ways  
to Increase  
Productivity  
of Rice  
Farming  
Systems

For Discussion  
during the  
working Groups

Sustainability  
of Rice does  
not Stop at  
the Farm

In addition to **Farm  
Productivity** we  
need to increase  
**Competitiveness**



### Weak link-1

- low quality fertilizers
- Insufficient amount of fertilizer application
- Use of grain as seed
- Shortage of labor
- Limited credit
- Weak extension services

### Weak link-2

- Poor quality grain
- Mixing different types of paddy varieties
- Improper drying
- Insufficient and poor quality storage facilities
- Limited investment in modern milling and processing facilities

### Weak link-3

- Lower standard and poor quality of rice make lower competition
- Lack of demand-led approach (poor marketing research)
- High transaction cost at both export and domestic marketing level
- Insufficient port facilities



Many Ways to  
Increase  
Competitiveness  
of Rice Farming  
Systems

For Discussion  
during the  
working Groups

# 4. LINKING REGIONAL AND NATIONAL STRATEGIES

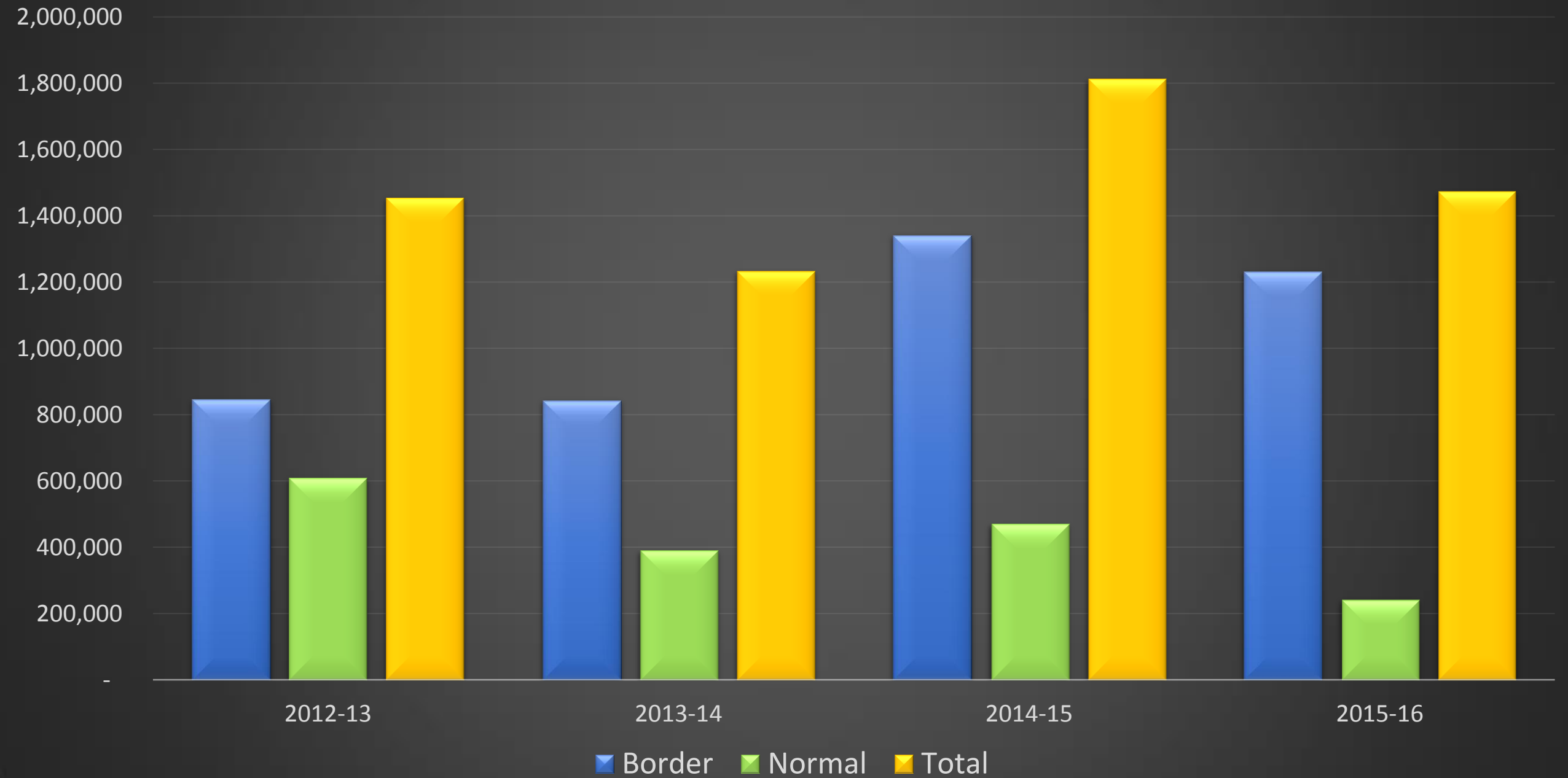
A number of initiatives to guide the development of the Rice Economy

1. The Myanmar New Export Strategy by MOC in 2015
2. The Myanmar Rice Sector Development Strategy (MRSDS) by IRRI in 2015
3. The Agricultural Development Strategy (ADS) by MOALI in 2017
4. The MRF initiatives
5. ...

# Ambitious Rice Export Targets

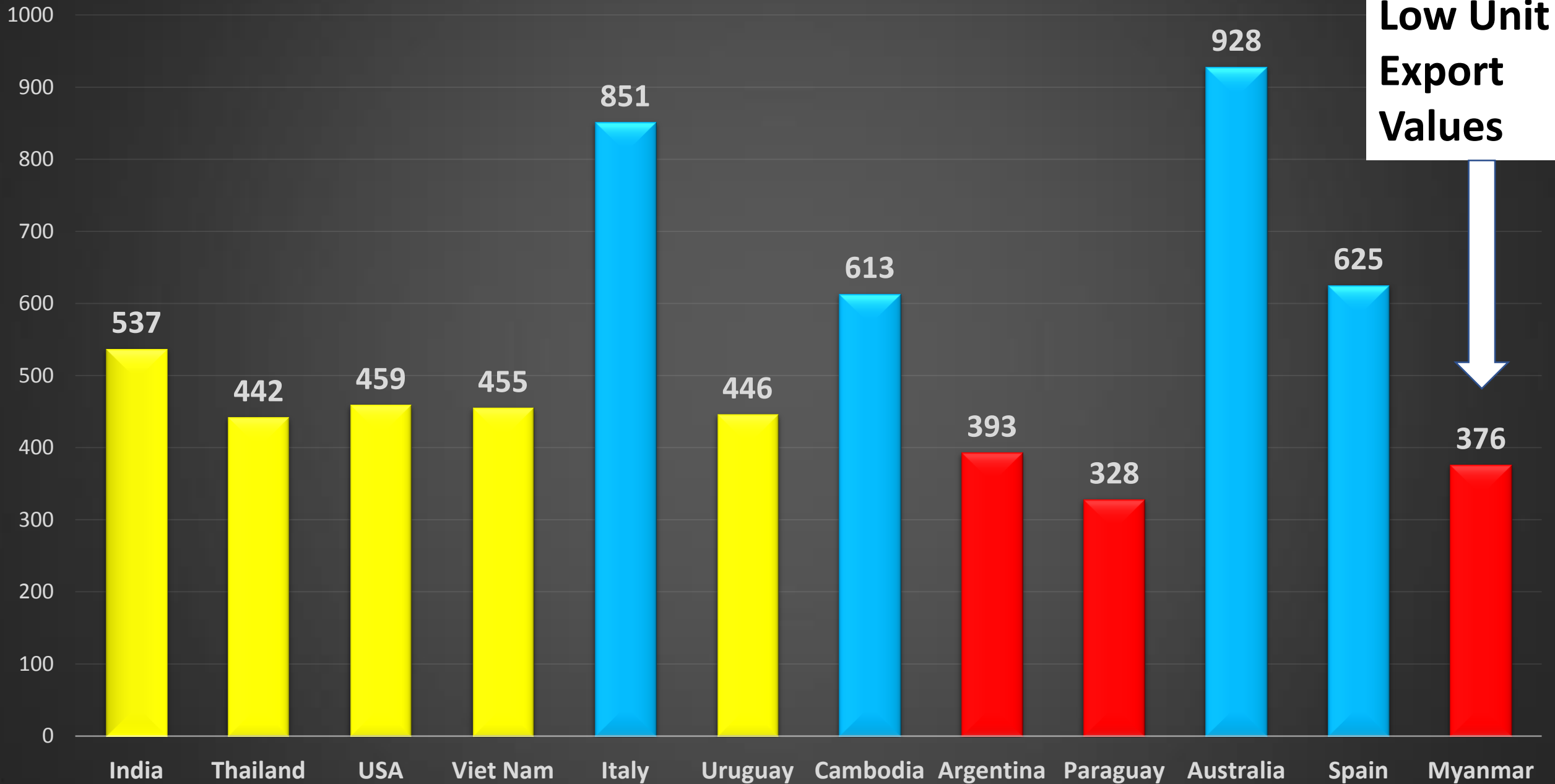
- 4 million tons by 2019
- 6 million tons by 2030

# Rice Exports of Myanmar (mt)





# Unit Value of Rice Exports (USD/mt)



Rice exports are feasible, but not necessarily the most attractive option.

An increase in competitiveness, based on higher quality and higher productivity, will make rice exports more attractive

In addition  
to Rice  
other  
agrifood  
exports  
are  
important

- Rice: USD 600 million
- Pulses: USD 1,000 million
- Fisheries: USD 500 million
- Fruits and vegetables
- Livestock
- ...

## Two main strategies related to rice

1. The Myanmar Rice Sector Development Strategy (“Rice Strategy”)
2. The Agricultural Development Strategy (“ADS”)

➔ ADS builds upon the Rice Strategy

➔ The ADS supports rice farming systems and value chains

Rice Strategy  
Vision

and

Agricultural  
Development  
Strategy  
Vision

## MRSDS Vision

*Food-secure* farmers and consumers enjoying the **economic benefits** provided by a transformed, dynamic, environmentally **sustainable** and internationally **competitive** rice sector.

## ADS Vision

An **inclusive, competitive, food and nutrition secure** and **sustainable** agricultural system contributing to the **socio-economic** well-being of farmers and rural people and further development of the national economy.



The Rice  
Strategy  
Recognizes  
the  
Strengths  
of Rice  
Economy in  
Myanmar

1. **Rich natural resources**, particularly land areas suitable for rice cultivation
2. A rich diversity of **traditional rice varieties** with high branding and marketing potential
3. A **fast-growing private sector** actively engaged in the rice value chain
4. Strong **potential for increasing rice yield and producing quality** rice
5. Strong **interest and presence of development and funding** institutions
6. **Increasing demand** for rice in the international market
7. An excellent **geographic location** for serving the Asian and global rice markets
8. **Willingness** to create a positive policy environment

The Rice  
Strategy  
Identifies  
10 Key  
Challenges

For Discussion  
during the  
working Groups

# The Rice Strategy Approach

1. Disseminate **Good Agricultural Practices** (GAP)
2. Adoption of **good-quality high-yielding varieties** (including hybrids) in favorable ecosystems
3. Transformation of conventional farming into **mechanized** production system
4. **Conversion** of rainfed farms into irrigated lands to intensify rice farming
5. Achieve higher production by promoting **labor productivity, water productivity, and input-use efficiency**
6. Encourage local and foreign private sector participation in developing a sustainable rice **seed** system in Myanmar
7. **Value Chain Development**

ADS  
builds  
upon the  
Rice  
Strategy

It emphasizes rice  
farming systems and  
value chains



ADS  
pursues a  
Systematic  
Approach

1. Twelve Principles
2. Vision
3. Pillars
4. Each Pillar has a number of Outputs (42 total)
5. Each Output has a number of Activities (263 total)
6. Each Activity is Costed into a balanced Investment Plan
7. An implementation Plan is defined
8. Participatory process is embedded into ADS



## ADS VISION

**An inclusive, competitive, food and nutrition secure and sustainable agricultural system contributing to the socio-economic well-being of farmers and rural people and further development of the national economy.**

**PILLAR 1**

**Governance**

**PILLAR 2**

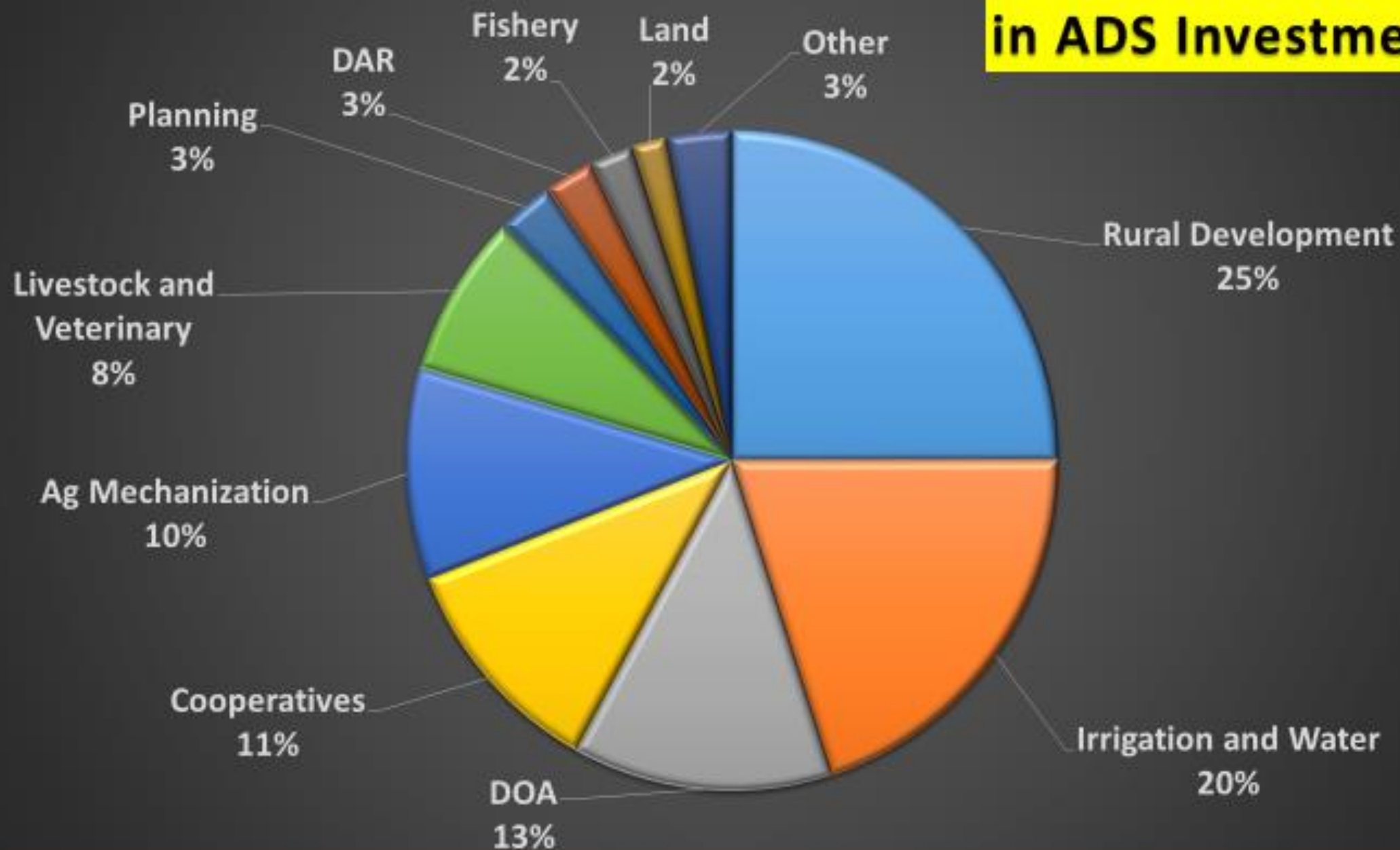
**Productivity**

**PILLAR 3**

**Competitiveness**

**FOUNDATION: Building collaborative relationships among farmers, businesses, and Government.**

## Distribution of Budget in ADS Investment Plan



Key Results under Pillar 1 on Governance	Key Results under Pillar 2 on Productivity	Key Results under Pillar 3 on Competitiveness
Effective integrated <b>planning</b> based on participatory processes both at the union and at the state/region level.	Improved <b>research</b> system for crop, livestock, and fisheries	Increased competitiveness in 7 <b>prioritized value chains</b>
Timely and Effective <b>Monitoring and Evaluation</b> processes	Transformed agricultural <b>extension</b> system delivering improved (crop, livestock, fisheries) products and technology for adoption and adaptation	Enhanced <b>food quality and safety</b>
Strengthened farmers' <b>land rights</b> and enhanced capacity of institutions involved in agricultural land.	<b>Irrigation and water use</b> - More efficient and sustainable irrigation and water use systems	Expanded and improved <b>rural road</b> network integrated with national transport plants

# 5. IMPLICATIONS FOR AYEYARWADDY

# KEY MESSAGES



1. Adopt the **Rice Farming Approach**. Focus not only on yields, but also on farm income. Farm income includes different activities, including non-rice crops, livestock, and fisheries.
2. **Integrate smallholder farmers with the value chain**. Ensure that farmers, enterprises, and service providers work collaboratively to translate comparative advantage at the farm level into competitive advantage.
3. Ensure that Regional **Planning is linked to the ADS** preparation and implementation.
4. **Increase the effectiveness of investments**. There is no point in investing billions in an irrigation system, if the economic return is low or negative; similarly, there is no point in investing in rural roads if they are washed out after one year of construction because of poor design, construction, or lack of O&M.
5. Ensure that **development of human resources and institutional capacity** are key parts of the solutions you identify.

# Consultations for ADS

Sr	States / Regions	Consultation
1	Nay Pyi Taw Council	11.5.17
2	Kachin State	15.5.17
3	Chin State	15.5.17
4	Shan State (South)	15.5.17
5	Rakhine State	17.5.17
6	Tanintharyi Region	17.5.17
7	Kayah State	22.5.17
8	Shan State (North)	22.5.17
9	Magway Region	22.5.17
<b>10</b>	<b>Ayeyarwady Region</b>	<b>22.5.17</b>
11	Shan State (East)	22.5.17
12	Kayin State	25.5.17
13	Mandalay Region	25.5.17
14	Mon State	29.5.17
15	Sagaing Region	29.5.17
16	Bago Region	1.6.17





THANK YOU!



# PRINCIPLES OF THE ADS



<b>1</b>	<b>Roles</b>	<b>Clearly define roles of private and public sector.</b>
<b>2</b>	<b>Rights</b>	Promote smallholder farmers' rights and voice.
<b>3</b>	<b>Small</b>	Emphasize smallholder farmers and SMEs.
<b>4</b>	<b>F&amp;N Security</b>	Contribute to food and nutrition security through direct and indirect channels
<b>5</b>	<b>Inclusion</b>	Include marginal farmers, landless, women, and disadvantaged regions.
<b>6</b>	<b>Transparency</b>	Pursue transparency, participation, and accountability.

<b>7</b>	<b>Sustainability</b>	Assure environmental and economic sustainability.
<b>8</b>	<b>Linkages</b>	Systematically link agriculture, livestock, fisheries, and the agrifood sector.
<b>9</b>	<b>Coordination</b>	Coordinate within and outside MOALI
<b>10</b>	<b>Restructuring</b>	Evolve towards new institutional structure, capacities, and responsibilities.
<b>11</b>	<b>M&amp;E</b>	Monitor and evaluate policy implementation
<b>12</b>	<b>Subnational</b>	Regions and States more actively involved in planning and implementation

## DISTRIBUTION OF INCOME FOR FARMS GROWING RICE AND PULSES IN AYEYARWADDY

