



# Livelihoods and Food Security Trust Fund



Government of the Netherlands



UKaid  
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# What Holds Farmers Back?

## Conflict, Governance and Markets Assessment

Making Vegetable Markets Work (MVMW) – Funded by LIFT

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*Saving and improving lives in the world's toughest places.*

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# MVMW – KEY AREAS OF INTERVENTION

1. Inputs and Production Technology
2. Off-farm Technology and Services
3. Improved & Increased Smallholder Market Relationships (Market Power)
4. Promoting Inclusive Business Models

## Crosscutting Work:

- ❖ Facilitating new, high-value market linkages;
- ❖ Improving farmer and value chain enterprise access to financial services; and
- ❖ Promoting policy reform and improvement of the enabling environment at the sector level.



# MVMW – PROGRESS TO-DATE

- ❖ Formed **38 Farmer Groups**, reaching **765 farmers** with regular extension services through partner East-West Seed.
- ❖ Initiated **Applied Research Grant Program** in collaboration with Yezin Agricultural University, target MSc and PhD students
- ❖ Pilot **voucher program** under implementation to product improved production technology
- ❖ **Inclusive business models** in design with private sector partners: Awba, Marlarmyaing, Big M
- ❖ MasterCard-funded Financial Inclusion sub-project (\$500,000) will focus on **business advisory and farm management training services, land rights education.**
- ❖ Facilitated formation of multi-stakeholder, public/private **Vegetable Sector Acceleration Taskforce** to work on sector development strategy and policy reform.



# CONFLICT, GOVERNANCE AND MARKETS ASSESSMENT

- ✓ Building on economic and market assessments
- ✓ Adding political economy of farming and marketing
- ✓ Assessing local politics and implications



### A. Farmer choices

*Overview: Initial research indicates fairly open markets at local level. Farmers have market information. But unpredictable output price changes, other risks, and wider vulnerability, affect farmer choice.*

- Non-technical factors affecting input types and use ; choice of output market channel
- Farmer-trader / retailer interactions
- Role of groups /cooperatives and potential value;
- Constraints /vulnerabilities: land access & certification, irrigation, credit, transport etc
- Local conflicts : land, water etc.
- Differences by gender, assets, ethnicity, area

### B. National governance and related interests:

*Overview: investigate national policy / practice in vegetable sector, reasons / incentives / power around it. Focus on a) pesticide and fertilizer, and b) vegetable import /export. Lack of support for /control over imports and exports exacerbates price volatility and hinders the development of export markets.*

- Licensing and politics of input suppliers – who, why, how?
- Dominant trends of public/private interactions?
- Exports: political, personal, institutional barriers (avoid technical detail), government responses and engagement.
- Imports, relationship with prices (and policy-making interactions ).
- Impact on local costs and market prices for farmers

### C. Local government, power and engagement

*Overview: local government changes, bottom-up planning, and potential advocacy / access points. Available information from key interviews and existing sources covers local structures, Pa-O SAZ, etc.*

- Case of Danu SAZ and Pindaya Township; how the SAZ works, how it links with state, township, and village tract authorities and implications for smallholder farmers.
- Compare with other townships in the project area.

### D. Local agribusiness mini-case studies

*Specific local cases relevant to project and sector investment*

- Processing: problems with drying plant (+ proposed Kalaw processing zone)
- Contract farming : Pepsi and Diamond Star

### Other important issues

*(no more fieldwork)*

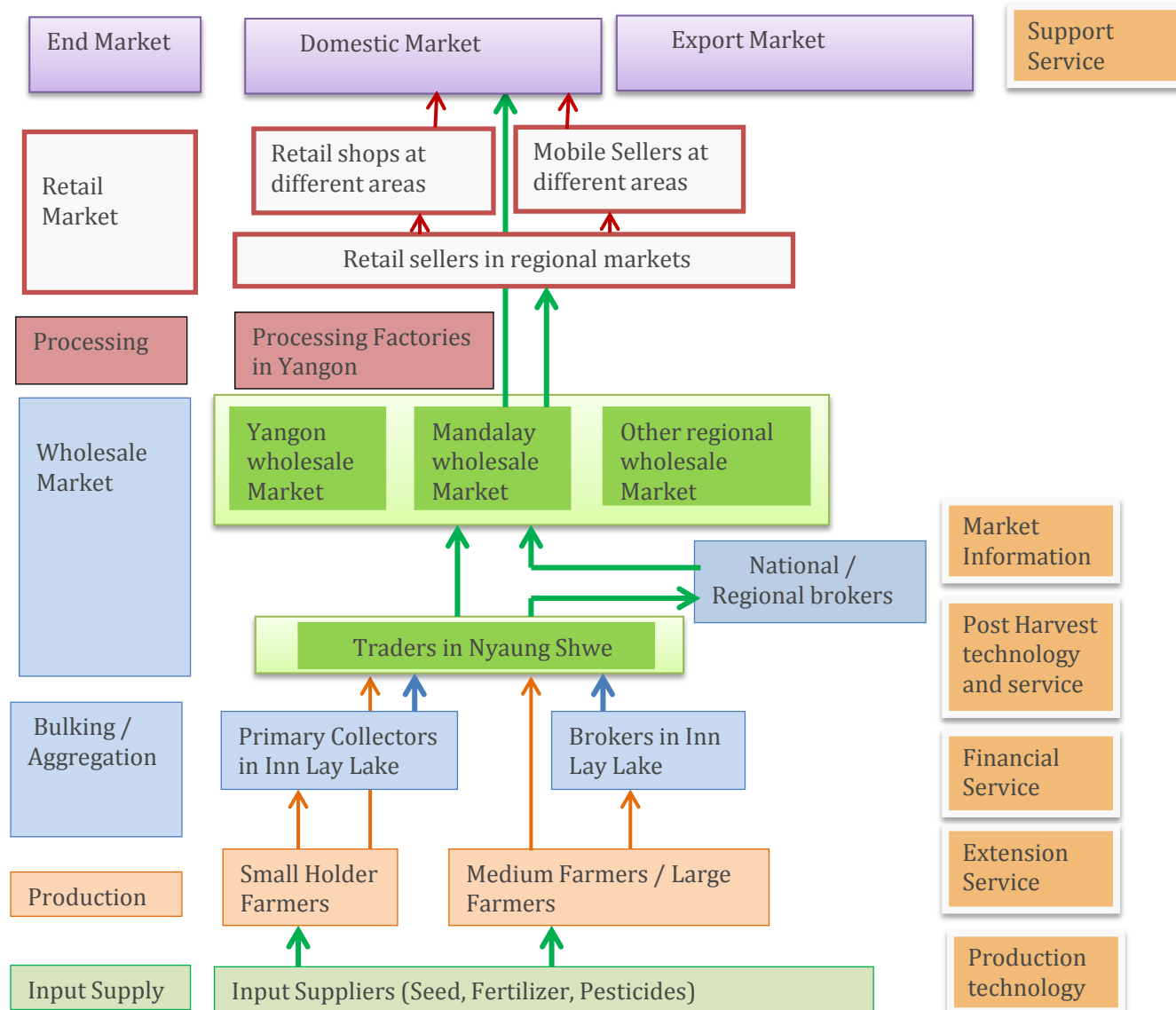
- 4 levels of conflict
- Shan and SAZ power post-2015 elections
- Pa-O SAZ
- Environment
- Drugs
- Gender
- Differences between areas
- Relations between traders
- Market chains
- Farmer factors: land, water, credit
- Other processing or contract farming investments
- Market information
- Exports – barriers, etc
- Future scenarios

# VEGETABLE FARMING

- ✓ Successes partly because of limited government involvement
- ✓ But reaches limits...
- ✓ What steps can help smallholders?
- ✓ How to address constraints, work to scale?



# INLE LAKE TOMATO PRODUCTION & MARKETING





# SOUTHERN SHAN STATE





# MARKETS & GOVERNANCE

- ✓ Fairly open trade environment
- ✓ Huge, rapid price swings
- ✓ Complex relations of trust between traders, brokers and farmers
- ✓ Problems include transport costs, cold storage, grading or quality control
- ✓ Potential for better quality produce domestically and internationally



# EXTERNAL TRADE: MANY BARRIERS

- ✓ Some unrealistic planning and ambitions.
- ✓ Some successes, especially non-perishables: onions, garlic, ginger
- ✓ Little political influence - need government support to enable cross-border and port trade
- ✓ Capacity constraints too.
- ✓ Limited opportunities add to volatility



### **CASE STUDY: CHASING ELUSIVE MARKETS AND LOSING OUT – A SHORT-LIVED INDIAN LEEK BOOM**

*In some villages across Southern Pindaya Township, a group of buyers from Korea recently offered well above the local market price for an onion root crop known as Indian leek.*

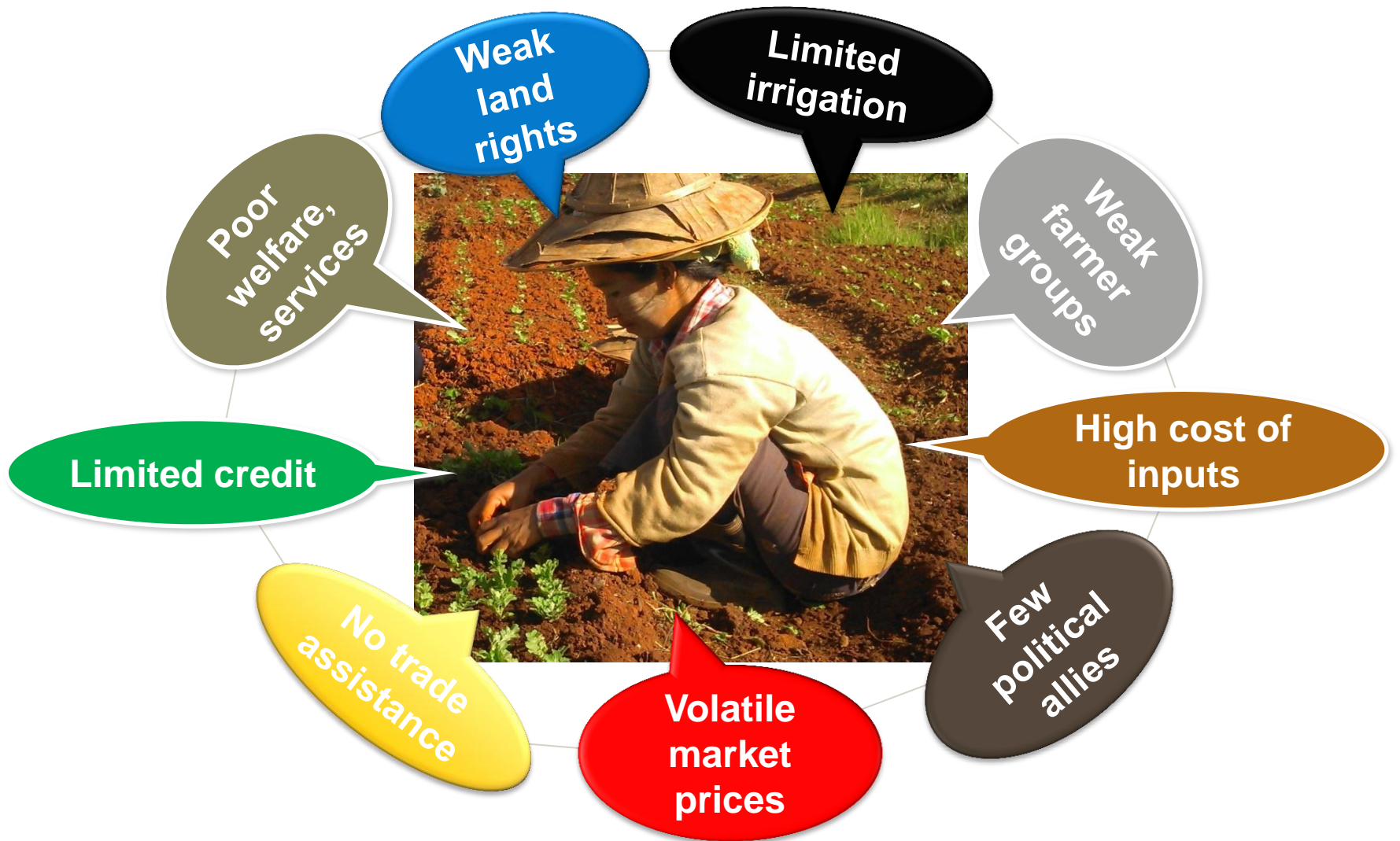
*Several farmers profited handsomely and many of their peers decided to grow the same crop for the next harvest.*

*Farmers were then confounded when the Koreans did not return. With no exports, local market prices were depressed below their usually low level by the new glut in production and farmers lost out.*

*Some farmers did not even bother to harvest their crops. Their investment in seed, fertilizer and other inputs had to be written off entirely.*



# ***VULNERABLE, RISK-AVERSE***





## EXTENSION & INFORMATION

- ✓ Rational farmers may not adopt new methods given costs and risks.
- ✓ Extension information – little from government, farmer associations, NGOs.
- ✓ Main channel is from input companies – seed, pesticide, fertilizer



## INPUT COMPANIES

- ✓ Poor regulation, good connections
- ✓ Using political influence to build large profit margins
- ✓ High prices generate demand for unregulated 'grey' imports.



## HOW TO REDUCE THE RISK PROFILE FOR FARMERS?

Contract farming - Pros and cons....

Example 1: Myanmar Belle

Example 2: Diamond Star and Pepsi



MercyCorps

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## LOCAL GOVERNMENT

- ✓ **New arrangements**, budgets, opportunities
- ✓ **Politics and personalities**: hidden powers behind committees and plans
- ✓ **Emerging local political space** may lead to further tensions, disputes
- ✓ **Brokering** informally between levels
- ✓ **Uncertainty** over future changes at level of Shan State
- ✓ **Danu and Pa-O Special Administrative Zones**. More responsive but limited powers and complex politics.



# MVMW-CGMA Presentation

