

LESSONS FOR THE POTENTIAL USE OF CONTRACT FARMING WITH SMALL LAND HOLDING FARMERS IN MYANMAR

Thomas A. Baker
Vahu Development Institute
Research Associate
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Introduction

The goal of poverty alleviation is now seen as a high priority project for Myanmar's new government. In public statements the new President, Thein Sein, has raised issues of poverty in Myanmar as a problem facing the country (as opposed to a previous failure to acknowledge any such problems.) Support for this goal was verbally reiterated in a May 2011 Poverty Alleviation Seminar headed by Dr. U Myint, and again, more broadly, at an August 2011 poverty alleviation seminar in Nyapidaw attended by President Thein Sein and democracy icon Daw Aung San Su Kyi. At both events speakers presented papers aimed at monetary reform, assessments of Myanmar's industrial sectors, infrastructure, and agricultural development. Presenters overwhelmingly acknowledged the agricultural sector as one in which improvements could be made to actually meet goals of addressing poverty.

With 70% of Myanmar's population supported by agricultural related employment and incomes, policies to lower poverty levels in this sector could significantly impact a majority of the country's residents. Currently, of these residents, an estimated 32.7% remain under the country's poverty line, though critics have described this number as low (CIA World Fact Book, 2011). Myanmar is frequently referred to as the one time "rice basket" of Asia, often highlighting how far the agricultural and economic systems of Myanmar have fallen. This renewed interest in the development of Myanmar's agricultural sector has the potential to reengage that historical presence of agricultural vitality.

Addressing the status of low income and small land holders will be a key part of this process as farmers with less than 1 and up to 5 acres of land represent 56% of Myanmar's farming population (FSWG, 2011). The economic security of small land hold farmers offer one way to sustainably improve the agricultural system and financially empower a large population of Myanmar's farmers.

This paper will examine the possible use of contract farming with small land holding farmers as a tool to capitalize on the opportunity to improve the economic growth of Myanmar's agricultural sector, as well as to sustainably improve the livelihood, capacity, and output of this demographic of farmers.

It is important to highlight that contract farming is not a blanket tool and the positive circumstances of successful cases must be considered within Myanmar's agricultural context. Critics of contract farming highlight the de-facto inequality farmers are often put in by a contract, along with the significant risk it can place on already fragile farming

environments in which farmers risk everything. Such risks could be exacerbated by Myanmar's agricultural policy and political climate. Yet, contract farming has been used with increasing frequency to meet the needs of small land holding farmers, and companies that have specialist or niche farming needs. These contracts have led to a range of benefits for both farmers and contracting companies. The recent agreement on the part of the new government to make agricultural development and poverty reduction policy goals, offers a space in which contract farming opportunities could support the small land hold farming sector of Myanmar's agricultural community.

Based on this consideration, this paper will briefly explore the theoretical views of contract farming currently used. It will then examine the circumstances of previous commercial or large contract farming attempts in Myanmar that have been problematic, before presenting two cases of contract farming with small land holders, in Laos and Cambodia. From the analysis of these two successful cases originally documented by the Asia Development Bank (ADB), this paper will work to identify positive and negative lessons learned in each circumstance. This paper will examine the opportunities for the application of these lessons to the context of Myanmar's own small land hold farmers. It will then conclude with a brief examination of the larger policies that would have impacted contract farming implementation in Myanmar, compared to the policies from Laos and Cambodia which have given rise to successful contract farming programs with small land hold farmers.

Contract Farming: Definitions and Concepts

Farming relations between contracting companies and local growers has been widely used over the past hundred years, and with increasing frequency since the 1970's. As trans-national corporations (TNCs) have sought consistent bulk production of agricultural products, and international markets, for which the use of small scale, often specialized farmers, have increasingly been seen as a mutually beneficial answer.

Contract farming as it is conceived of in the 21st century is based on concepts and goals taken from failures of contract type farming in the past.¹ Drawing from the failures of these old unequal and disempowering forms of farming, modern conceptions of contract farming are built on laws implemented internationally, to protect farmers' rights. However this does not mean contract farming is without problems or that it is universally useful for all countries, farms or companies.

At its most basic contract farming is, "an agreement between farmers and processing and/or marketing firms for the production and supply of agricultural products under forward agreements, frequently at predetermined prices." (Eaton and Shepherd, 2004) This arrangement inevitably includes some guarantee for the sale of a specific product at a certain quality, quantity, and deadline, by the contracting company. In exchange farmers will often not only receive the contracted price, but also material and technical support in growing the crop to a certain standard. Contract farming is broken

¹ Older forms of contract farming have included share cropping, used in china and the united states, to work farmers for a large portion of their output, with relatively little support and often no opportunity for empowerment. These jobs permanently indebted farmers or led to increased landlessness.

down into 5 different categories that are divided based on the size of the participating grower, and the relationship of the contractor to the farmer, and the role of the government or NGOs in the contract.²

According to Sheperd, the enormous diversity of options for application make contract farming a particularly effective tool. It offers considerable opportunities for countries in which the majority of farmers are small landowners (Eaton & Shepherd, 2004). Companies can maintain a relative degree of control over the growth of a crop with comparatively little investment, avoiding the hiring and management of labor, and purchasing land and equipment. A company is able to avoid land ownership disputes – an often-important issue in many countries with post-colonial histories and who are sensitive about their own sovereignty and land rights. Additionally a company can develop specified crops that require much attention, but require only a limited production, which is impossible with large plantations. Similarly a company is able to maintain flexibility in meeting market demand, and selectively responding to that demand (Glover and Kusterer, 1990).

As described by Glover, farmers also have the potential to be well served by entering into a contract. The outside resources that a contracting company can bring to bear in a contract can meet a diverse array of farmer's needs. Small land farmers often face needs for credit for living or agricultural related costs, lack of access to inputs needed to expand their production, lack of access to technology training, or improvement of increase product quality or output volume, and limited market access or local market opportunities (Glover and Kusterer, 1990). In many cases farmers who have received support to meet these needs have experienced increased incomes and expanded opportunities for their own livelihood and farm growth.

It is important to recognize though that despite opportunities for shared benefit, contract farming is fundamentally an unequal relationship (Eaton and Shepherd, 2004). Contract farming is a means of sharing risk between a company and farmers. Small land farmers are relatively disconnected from larger markets, possess few resources or relatively little land, can be disorganized, and have a relatively low income, are approached by a company or multi national or conglomerate possessing significant market connections, technical agricultural skills, and potential government or legal advantages. Because of the farmer's necessarily weaker position in a contract, failure of the contract would harm the farmer more than the contracting company. Thus recognition of a company's short and long term goals in forming a contract with farmers, direct involvement of farmers in forming a contract, and ensuring equal recourse for a broken contract, are important steps in identifying a possible mutually beneficial contract farming project in Myanmar.

Current Contract Farming in Myanmar

² Eaton and Sheppard identify five main systems of contract farming. These are, the centralized model, the nucleus estate model, the multipartite model, the informal model, and the intermediary model. Each is tailored to particular conditions of a company's goals, and the context in which farmers agree to a contract. These models are discussed further in "Contract Farming: Partnerships for Growth".

In 1991 an effort was underway to shift Myanmar's economy from the previous socialist system towards a more market oriented economy. That year a national scheme to increase large scale commercial entrepreneurial activity and investment in the country's agricultural sector was introduced. For companies wanting to cultivate large plots, up to 5000 acres were awarded, with a possible total expansion per application to 50,000 acres, by the Central Committee for the Management of Culturable Land, Fallow Land, and Waste Land. Groups awarded this land were granted a range of economic concessions including 30 year leases, automatic permission to export up to 50% of the crop (with the remainder required to be sold domestically), tax exemptions for imported machinery, insecticides, and fertilizer; the provision of "no-cost" infrastructure for the operation (apparently built at the states' expense); and guaranteed access to, and the availability of loans, to entrepreneurs.³ However these large-scale contracts aiming to increase agricultural economic activity did not contain legal provisions concerning the relationship between farmers and contracting companies or land use.

Since 1991, commercial plantation farming in Myanmar has drawn a range of investors from Myanmar's neighboring countries, and has seen major land concessions offered in exchange for promises by contractors to bolster the country's food security. However, no major study has been done on the environmental or economic impacts of these projects, and circumstantial accounts indicate that many of these instances of commercial farming have embodied unequal, abusive and corrupt forms of contract farming, and can negatively impact small land farmers or farmers already below the poverty line.

Recently in 2008 Bangladesh was reported to have been awarded 50,000 acres of land for the cultivation of soybeans, paddy, onions, maize, tea, and sugar cane. In this case the origin of the 50,000 acres of land is unclear. However, Burmese farmers are excluded from the farming process, as the agreement with Bangladesh stipulates that 10,000 Bangladeshi farmers will be brought in from Chittagong to farm this extensive project (Asia Tribune, 29 October 2008).

While property designated for these projects is advertised by the government as culturable, undeveloped, waste, or free land, it often still has value for the communities poorest farmers. These local uses of land go unidentified and undervalued in the maintenance of farmers' livelihoods at the local level. For this free land, "In most instances, however, there is some form of land use, often by the poor for purposes such as grazing animals and gathering fuel wood or medicinal plants. These uses tend to be undervalued in official assessments because they are not marketed, but they can provide valuable livelihood sources to the poor." (von Braun and Meinzen-Dick, 2009)

³ Information about the exact date of this provision appear to conflict. The notification No. 44/91 that created the Central Committee for the Management of Culturable Land, Fallow Land, and Waste Land was put into effect on November 13th, 1991. However in a working paper released by Nancy Hudson-Rodd and Myo Nyunt, for the Technical Advisory Network of Burma, they attribute their information to a article in the state run news paper, the New Light of Myanmar on June 4th, 1999. The provisions and wording in both are nearly identical, and for the purpose of this paper 1991 was selected as the starting date, as Notification No. 44/91 is available and a copy of the June 4th New Light of Myanmar cannot be found.

Thailand has also signed contracts for large swaths of northern Myanmar for farming projects, in which Thailand supplies inputs while Myanmar supplies “land and labor” (S.H.A.N, 3 December 2005). Farmers have reported having their land confiscated, supposedly to fight the planting of opium, but never received compensation or an opportunity to work different land. In 2005 a 2,000 acre contract for sugarcane was signed between Thailand and the state owned Myanmar Sugarcane Enterprise near Bago Division. The project was apparently the first of its kind, with 100% Thai ownership over the project. Job creation was promised, but few details were provided to determine if these jobs were hired day labor or tenant farmers, or if the project functioned to promote the livelihoods of farmers involved (Xinhua, 21 December 2005). In the same year Myanmar and Thailand supposedly signed a contract for the growth of a range of crops on over 17.5 million acres of land in Shan and Kachin States. The state owned Yuzana Company apparently seized over 200,000 acres of land for the project (BLC, n.d). The Thai agro-giant The Charoen Pokphand (CP) Group, currently uses contract farming to grow and purchase maize, and a range of other crops used for their animal feed business, from farmers in Myanmar, allowing them to dominate the area with a 75% market share. (BRT, 24 April 2011; Asia Sentinel, 1 August 2008).

The impact of these large projects can be seen in numbers. As numbers of small land holding farmers have increased, so too have large land holding farms at the opposite end of the spectrum. According to the Myanmar Food Security Working Group, the Myanmar Agricultural Census statistics show that from 1993 to 2003, ownership of land under 1 acre grew 152% while farms of over 50 acres have grown 441% (FSWG, 2011). With such large commercial projects dominating an area of farming and apparent instances in which the rights of farmers are sidelined, there are very serious concerns that could be raised of the impact of large scale commercial plantations have on small land farmers.

Case Studies

The following two case studies from Laos and Cambodia are used due to their similarities to Myanmar’s own context. All three countries have previously implemented socialist economic systems with heavy state involvement in the agricultural economy. In all three cases governments who implemented a socialist economy also took de-facto control of all land in its boundaries, and reserved ownership rights for the state rather than the cultivator. As all are mainland Southeast Asian countries, Myanmar, Laos, and Cambodia all share relatively similar geography and climatic influences – factors which particularly influence the growth of major cash crops like rice. In the early 1990’s all three began to take concrete steps disbanding their socialist agricultural systems, and began to focus on developing their market oriented agricultural export capacity. In a crucial shift to the considerations here, in all three countries the role of private sector investment has increased in the agricultural sector.

Case 1: The Laos Arrown Corporation in Laos

Like Myanmar, Laos remains a predominately agricultural society. At least half of Lao’s GDP is derived from agricultural production. Agriculture employs a large percentage of

the population (77%), of whom most are small family farming operations. Of these farmers the majority live in poverty (87%).

In the discussion paper by ADBI on Laos, the primary focus is on the farming contract employed between the Laos Arrowny Corporation (LAC) – a joint Laos-Japanese venture – and a farming community from Vientiane Province in central Laos. The LAC focuses on specialized “bio-organic” Japanese rice crops for export to Japan, and employ contracts with around 2,000 houses that farm a total of 800 hect-acres (ha).

The data for the survey was collected in 2004, conducted by ADBI of 585 farmers around the province and outside Vientiane. This group was divided between 332 who had chosen to participate in the contract farming and 253 who did not participate. The profit levels of farmers surveyed were analyzed using a propensity score matching methodology and an endogenous switching regression model.

According to ADB, the LAC contracts set 3 conditions which farmers must meet in order to participate, “1) owning their own rice field; 2) acceptance by fellow farmers as hard working in order to become members of the farmers’ association; and 3) agreeing to not use chemical fertilizers in the growing process.” Using a farmers association, the company guarantees top price for the uncertified organic rice, credit for seeds, and technical training.

ADBI notes that the agricultural area is one “in transition” to more commercial farming. Farms are often rain fed, though in some areas basic irrigation is available, and farmers possess multiple plots of land, with some cultivated for home consumption.

One important factor is the presence of infrastructure described by ADBI. The area has relatively good road access, access to healthcare, and state agricultural extension services including the Agricultural Promotion Bank (APB). Apart from road access, ADBI does not identify how large an impact these types of infrastructure have on the success of farmers in the contracts with LAC.

Positive impacts

According to the ADBI study, the LAC’s contract farming scheme resulted in a range of positive impacts for small land holding farmers that participated in the project, compared to farmers who did not. The ADBI paper concluded that farmers who participated in contract farming experienced both higher revenue and profit. This conclusion takes into account the potential for self-selection of participants, and is confirmed by the use of a switching regression model, which demonstrates farmers would have made less profit if they had chosen not to participate. Notably, these increases also occur despite higher production costs for farmers.

Farmers also increased the yield of their crops and expanded their varieties, to include the more niche specific Japanese variety, which allowed for the greater profit. This expansion and increased yield was caused by LAC’s extension support of inputs, training assistance, credit and a guaranteed market. Specifically, farms were able to get credit from the

Agricultural Development Bank (ADB) individually, due to their participation with LAC, a practice normally only allowed for farmer groups.

Farmers who participated in contract farming with LAC also demonstrated an ability to diversify their sources of income to incorporate other crops or live stock. This is attributed to both the increase in technical capacity and efficiency of farmers, and an increased understanding of local markets, and an increased tendency towards commercial farming.

Negative Impacts

Though ADBI concludes that contract farming in the instance of LAC was ultimately beneficial for those small land holding farmers who participated, LAC suffered a set back due to its own failure to anticipate the volume of farmer outputs in relation to operations capacity to process the rice. Symptomatically of the relative nascent contract farming system, the LAC lacked the capital and processing capacity to procure and the volume of rice received. As it doesn't have the capacity to process the rice in Vientiane, it must pay to transport the rice to Thailand before it can be exported. As was noted by ADBI, LAC only met a small fraction of the estimated need.

Case 2: The Angkor Kasekam Roongroeng Company Ltd in Cambodia

While Cambodia has increased its industrial capacity, agriculture still employs 70% of its working population and makes up 30% of Cambodia's GDP. In particular rice farming dominates this field, which is the target of ADBI's study of contract farming in Cambodia. This study examined the results of the contract employed between the Angkor Kasekam Roongroeng (AKR) Company and Cambodian small land holders in Kampong Speu and Takeo provinces.

The data collected for the survey was collected in 2005 from 615 households that fell with in 3 categories: never contract farmers (217), current contract farmers (178), and former contract farmers (220). ADBI used propensity score matching, supply mean comparison, and switching regression analysis on the data to determine the trends of never-contract farmers, current contract farmers, and former contract farmers.

Because there is low market access and an absence of large-scale commercial farming techniques, AKR capitalized on the clean chemical free soil available to produce non-certified organic rice, in order to expand the market reach of these rural farmers. This rice grown was then exported to international markets.

According to ADBI, starting in 2001 AKR introduced the new rice but only 100 households joined due to a low milling capacity. However, AKR had invested 8 million USD in a high-tech rice mill that would allow the company to process its own product, which subsequently increased the number of participating households to more than 32,000 in 2005. To resolve some transportation issues, contracting farmers were thus located within 4 provinces around AKR's headquarters.

AKR is involved in all the process of the contract process. ADBI identifies 8 specific areas in which AKR is involved in the contract with farmers,

“1) identifying areas suitable for growing fragrant paddy; 2) establishing farmer associations based on existing commune structures and bringing these under its management; 3) using these associations to recruit farmers; 4) delivering improved seeds and technical advice to contract farmers; 5) monitoring and solving production problems; 6) collecting and purchasing rice output at AKR’s gate; 7) sorting milled and packaged paddy into different types; and 8) exporting rice to international markets, including Europe, Australia and Hong Kong.” As ADBI notes, this allows AKR to shorten the supply chain and keep its costs low.

As described by ADBI, the contract between AKR and the Cambodian farmers, gives AKR a high degree of control. The contract describes in detail the amount of seeds that must be returned the following year, the minimum price farmers will receive for their product, and penalties for defaulting on their contract. However language in the contract gives little description to the processing method or liability taken on by the company if it does not buy the rice at the minimum price, or terms of a purchase, in detail. Additionally, this control is extended by AKR which actively created farm commune associations to facilitate communication between farmers and AKR. Leaders of these groups are trained by AKR in the technical details of organic farming and in farming the rice. The associations work with farmers to train and advise them about the process of organic rice farming. Participating farmers are reviewed regularly by the association at every level of the production process, which is reported to AKR.

This system also works to make general improvements to the farmers’ livelihoods and capacity, including mixed agriculture and animal husbandry for additional incomes. Thus associations keep AKR from working directly with farmers, instead reporting problems up, or passing policies down to growers.

Positive impacts

In the results from the survey, ADBI highlights the range of positive impacts for contracting farmers who participated in the AKR project. AKR was able to successfully introduce a high value product and open up a new international market, that values the clean soil available with lower income farmers, enough to pay a price higher than that at local markets. These farmers were often the most remotely located and had little access to public sector support and organization. This access to this new market is a strong long-term benefit for farmers as their locations compared to local markets undermined their possible incomes.

The establishment of a commune association also allowed AKR to improve the technical skill of farmers and distribute agricultural credit. It could be argued additionally that the role of a local association built on previously existing socialist era commune structure made the company’s role less of an aggravation for local farmers (Glover and Kusterer, 1990).

The participation of farmers in AKR’s project, in specific cases, led to farmers leaving the contract to pursue commercial farming independently. According to ADBI’s survey no-longer contracting farmers had greater incomes and often more diverse farming or

practices access to alternative incomes after leaving the contract. However these farmers who left the contract shared characteristics of having larger families, larger land holdings, younger household heads, and higher levels of education. ADBI notes of these farmers, those who were already closest to markets would leave the contract to continue selling rice at the local level but maintaining their intensified and more sustainable farming style to increase their incomes.

Negative impacts

Elements of AKRs contract instituted policies that formalized the unequal relationship between farmers and the AKR company, and decreased flexibility for contract participants.

Contracting language, while precise about expectations and agreements for farmers, leaves liability for AKR open when purchasing farmers products. The contract does not clearly define the methods of production and does not define any penalization for AKR if they fail to buy rice at least at the minimum price agreed on. According to ADBI AKR often uses technical reason to reject products or reduce the price they're willing to pay. In that vain, associations are also relatively weak, with little opportunity bargaining or negotiation on behalf of participating farmers.

Lastly, while the contract demonstrates benefits for a range of small land holding farmers, it excludes the most impoverished groups. These farmers have less than one hectare of land and often have low levels of education. ADBI notes that public assistance might be necessary to reach these farmers.

Possible Lessons for Myanmar Contract Farming Opportunities

Based on the results of increased income and technical capacity of contract farmers, the following is a discussion of possible lessons that can be applied to Myanmar's own small land holding population.

Positive lessons

One of the most important elements from these contract farming examples that can be applied to a context of small land holders in Myanmar, is the clear intent between the companies and the farmers. Both companies made income generation and technical training of the farmers a key part of the company's goals, and used contracts to the mutual benefit of the company and farmers. Agricultural inputs, technical assistance, and credit were provided by both AKR and LAC, to support small land farmers in developing the crops to the specifications in the contracts. Farmers' participation was based on the participant's choice, and in the case of LAC, recommendations of the participating farmer's trustworthiness, and work ethic.

The use of niche crops for a predetermined market proved a means of increasing the incomes of farmers who would have made less per acre on local or traditional commercial crops. In the case of Laos, the contracting company was able to take advantage of the chemical free soil for semi-organic crop production. In Cambodia the company was able to introduce a niche rice product that was priced for an international

market not dependent on the local agricultural market for pricing or demand. As small land farmers often have less access to information available to farmers with more wealth, a contracting company makes information about local and international markets, or the demand for certain crops, available. While it is well beyond the scope of this paper, consideration of possible niche crops to be grown with small land farmers could be particularly beneficial given Myanmar's size and climactic range. Similar situations can already be seen as in the case of pulses in Myanmar, which have been an extremely successful export crop, as they require little input or agricultural infrastructure, such as irrigation (Fujita and Okamoto, 2006).

As contracting companies introduced new crops to the area, farmers received a wide range of inputs and technical support. In areas where credit, technical training, or other extension service might not be readily available, such as in Myanmar, small land farmers will particularly benefit. As in the case of AKR in Cambodia, this support and technical training, as well as the increased income, empowered farmers to the point they could leave the contract and successfully farm commercially on their own. In Myanmar, as a target for developing technical skills as well as reducing poverty, a small farming contract that includes the provision of technical training, credit, and other extension services, could augment possible shortcomings in the existing extension services available in Myanmar (Boland and Cho, 2004).

In the case of AKR in Cambodia, a farm association was useful in distributing information from the contracting company as well as providing technical support for farmers. The farm association developed by AKR was beholden to the company's interests, and did not represent a strong outlet for farmers to voice complaints or renegotiate the contract. However, as ADBI notes, the association offers a good model for more independent bodies to negotiate and organize small land farmers. In Laos, one of LAK's participatory requirements was participation in a farmer's association. In Myanmar's context, the inclusion of an independent association in a contract relationship could assist a company in a broad range of support measures; could coordinate farmer, private company, and state concerns; as well as ensure that farmers' input is included in the contract operation. Based on need, this role has been sometimes filled in individual cases by members of the Myanmar's extensive monastic community, who have negotiated on behalf of local farmers and landowners with local government and battalion commanders (HURFOM, 2011).

Dangers

Based on the Laos and Cambodia studies, one crucial danger is the over influence or control of a company in a contract, without clear liability or repercussions for the company in breaching the contract. If a contracting company abuses its power in a contracting relationship, it risks losing the crop and credibility with farmers, but farmers risk greater losses to their income, long term ability to farm, and trust of contracting relationships or an interest in taking risk on new crops. In the case from Cambodia, AKR is noted by ADBI as maintaining a tight vertical control over the entire production process. AKR was noted to have lowered payments or completely refused payments to farmers for products on technical grounds. Similarly, the association, though a possible

useful tool, was strictly controlled as well, denying farmers an opportunity at direct interaction with company representatives.

Though AKR and LAC did not appear to require dispute resolution, or the involvement of the respective countries legal systems, ADBI did highlight briefly two cases in Laos were a contracting company, and also a group of farmers, lost incomes or entire crops due to contract violation. In those cases there was no opportunity for legal recourse. Therefore, as Sheppard points out, laws protecting the rights of parties in a contract and an efficient reliable legal system are necessary. A weak legal system that cannot reliably resolve contract disputes, or ensure some action be taken in a broken contract, could undermine confidence of companies and farmers in participating in contract farming.

The absence of infrastructure, or unreliable infrastructure (i.e. out dated or fault irrigation, roads susceptible to seasonal weather) can negatively impact contracted farmers as well as companies. Transportation wasn't a problem for AKR in Cambodia due to its central location and the proximity of farmers to its processing center, and LAC was able to use the good road access around Vientiane where their project took place. Among other factors, farmers in these areas were chosen for their participation in a contract because of their access to transportation, unfortunately excluding small land holders too far from reliable transportation. In Myanmar years of economic isolation and socialist economic policies have led to degradation in the transportation, irrigation, and export infrastructure. Particularly in terms of shipment from the country's seaports, and the impacts seasonal weather can have on roads, contracting companies could risk losses if harvested crops were not delivered or shipped on time.

Possible Implications for Myanmar Policy

The success of LAC in Laos and AKR in Cambodia demonstrate the value small and medium scale contract farming can have as part of a solution in addressing rural poverty, by raising the incomes and technical skills of small land holding farmers. However, the difference in agricultural policies that Laos and Cambodia enacted from those of Myanmar, will influence the opportunities available to Myanmar in pursuing contract farming as a tool to assist in addressing poverty and rural development.

The decision to shift the country away from a socialist economic system occurred approximately around the same time, but with different initial goals, in Laos, Cambodia and Myanmar. These differences in policies are important in understanding the context for the success of contract farming in Laos and Cambodia. Laos and Cambodia enacted policies that tentatively strengthened the position of landowners in their respective countries. In 1989 and 1990-2, Cambodia and Laos, respectively, instituted new laws that allowed citizens to own and use land, pass it on as inheritance, and rent, sell, or buy that right to land (Sovann, 2010; Ducourtieux, Laffort, and Sacklokham, 2005). These laws have initially gave small farmers the right to own, sell, transfer and cultivate their own land. Though for Cambodia the state initially retained legal ownership rights, full private ownership rights were extended to both residential and agricultural land.

Comparatively, land reform in Myanmar was initially directed towards large scale commercial agricultural development, but with full ownership of land retained by the

state, as was dictated in the earlier socialist land laws. Myanmar shifted its agricultural policy towards a market oriented system in 1991 with the creation of the Central Committee for the Management of Cultivable Land, Fallow Land and Wasteland, which favored the distribution of large – 5,000 to 50,000 acre – tracts of land to companies. This effectively promoted the cultivation of large-scale commercial plantations, with no guarantee of employing local farmers or improving their incomes or technical capacity. Though plantations actually are more risky and not cost effective to companies, the financial incentives from this law appears to undercut those risks and thus undercut a reason to engage in small land contract farming in Myanmar.

In order to meet the state's own goals of poverty reduction and development of the agricultural system, Myanmar will likely have to include more extensive policy measures to reemphasize the rights of small land farmers, and concretely protect private land ownership. This shift, in combination with an application of lessons from contract farming cases in neighboring countries, could allow Myanmar to use contract farming to effectively support its poverty reduction and agricultural development goals.

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Contract farming involves agricultural production being carried out on the basis of an agreement between the buyer and farm producers. Sometimes it involves the buyer specifying the quality required and the price, with the farmer agreeing to deliver at a future date. More commonly, however, contracts outline conditions for the production of farm products and for their delivery to the buyer's premises. The farmer undertakes to supply agreed quantities of a crop or livestock product, based on the While participating small farmers increase their commercial farming activity relative to comparison farmers, we do not find evidence of increased income, increased food consumption scores or increased crop value. We discuss possible factors contributing to these findings, including WFP's diverse objectives and the targeting of farmer organizations rather than smallholders. Tenure is an important aspect of contract farming. For the study, the tenants are selected from four different types of contract farming viz., Cash Contract, more. The present study analyses the cost and yield in contract farming. As a result, the temple contract land is more efficient as compared to other contract lands. This is due to the tenure and security involved in temple contract lands.

8 DEFINITION OF CONTRACT FARMING

An Agreement between farmers and processing and/or marketing firms for the production and supply of agricultural products under forward agreements, frequently at predetermined prices FAO; Contract Farming: Partnerships for Growth; 2001. 16 POSITIVE LESSONS Skills transferred can include the efficient use of farm resources, carrying out field activities according to a strict timetable, improved methods of applying chemicals and fertilizers, and a knowledge of the importance of quality and of the demands of export markets and good record keeping Reduce price uncertainty to farmers. English News Lesson on Farming: Older UK farmers to get \$140,000 for retiring - FREE worksheets, online activities, listening in 7 Levels... 1. WORD SEARCH: Look in your dictionary / computer to find collocates, other meanings, information, synonyms for the words 'farmer'. ___and 'retire'. ___ Share your findings with your partners. Make questions using the words you found. Ask your partner / group your questions. 2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text. Contract farmers in most countries exhibit increased demand for hired labor, which suggests that contract farming stimulates employment, yet we do not find evidence of spillover effects at the community level. Our results challenge the notion that contract farming unambiguously improves welfare. The labor market implications of contract farming seem particularly important, given that employment options for the rural poor are typically limited. Evidence on labor market implications of contract farming is scarce, but a handful of studies suggest that contract farming contributes to the emergence of middle-class farmers, who typically rely on hired labor (28).