



Policy Roundtable in Rice and other Important Agricultural Commodities in Myanmar: Towards Evidence-Based Policy Formulation

1 April 2017
Nay Pyi Taw, Myanmar

End of Activity Report¹

Introduction

The Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA) provided technical assistance to the Office of the Permanent Secretary, Ministry of Agriculture, Livestock, and Irrigation (MoALI), Government of Myanmar. At the request of the Ministry's Permanent Secretary, the **Honorable U Tin Htut**, SEARCA organized a policy roundtable on Rice and Important Agricultural Commodities in Myanmar. The Permanent Secretary's aims to introduce the key officials of the Ministry to **evidence base policy formulation**.

Event

The event was held on April 1, 2017 at the Thingaha Hotel in the Nay Pyi Taw. About 30 officials and staff of the Ministry attended the roundtable, and another 20 or so the representatives of the Myanmar's development partners, including SEARCA came. The following regional, bilateral, and multilateral development agencies were represented: SEARCA, International Food Policy Research Institute (IFPRI)/Delhi, International Finance Corporation, Korean Development Institute, Korea International Cooperation Agency, and the International Rice Research Institute (IRRI).

The activity was undertaken in one day. Following the opening talk of the event by a representative of MoALI, several officials gave an overview of the current policies, programs, and key constraints for growth affecting their respective sectors in agriculture and fisheries.

Representatives of private sector associations gave their respective perspectives on the current programs and policies of the government. They suggested reforms in programs and policies to make the respective agriculture sub-sectors move closely to their potential contribution to Myanmar's economic growth.

Resource persons from SEARCA provided technical inputs to the roundtable. In the morning, Ramon Clarete (SEARCA consultant) gave a talk on evidence policy formulation. Other resource persons provided case studies on policy formulation, highlighting what did and didn't worked. The presentations were on rice, corn and livestock, other crops and fisheries. These case studies were on experiences in Myanmar and other countries in the region: rice (Vietnam, Indonesia and the Philippines); corn and livestock (the Philippines); other crops (Myanmar); and fisheries (Myanmar).

Given the inputs and plenary discussions, various representatives of development partners invited to participate in the roundtable commented on how they can provide

¹ Prepared by Dr. Ramon L. Clarete, Technical Coordinator

further assistance to the Ministry through the Office of the Permanent Secretary, particularly on conducting capability building on evidence-based policy (EBP) formulation. There is a particular need of formulating a follow-on training program (design and execution) on skills needed to carry out EBP in the Ministry.

Closing the roundtable, Permanent Secretary, U Tin Htut, thanked SEARCA for providing the Ministry the technical assistance at short notice. He appreciated the time and know-how shared by the resource persons. Most importantly, he emphasized to his officials and staff in the Ministry the high importance to building EBP formulation capability in the Ministry, as a necessary condition to realize the great potential of Myanmar's agriculture and fisheries to become a major contributor to farm incomes and exports in Myanmar.

The plenary discussions on the technical inputs were facilitated by Dr. Bessie M. Burgos and Ms. Carmen Nyhria G. Rogel, both from SEARCA.

Agriculture and Fisheries Sector

Like most countries in the region, Myanmar has untapped growth in agriculture and fisheries. However, after several decades of lackluster export performance, considering the resources in country for agriculture and fisheries and the fact that it was a major rice exporter in the 1960s, the gap for the country's agriculture is compelling to act on.

The country remains to have a significant share in GDP of agriculture and fisheries, indicating its industry, and services remain underdeveloped. Stylized pattern of structural transformation of developing economies points to the importance of strengthening agricultural growth to release surplus labor to industry and ensure food is affordable particularly to the population dependent on industry and services.

Presently, the five largest crops grown are rice, sugar cane, dry beans, fresh vegetables, and maize. All five account for 81% of total crop production in 2014. Higher concentration is observed in crop exports, wherein only dry beans and rice take already 91% of all crop exports.

The growth and export performance of rice, which is the largest sub-sector of the country's agriculture and fisheries, can indicate that the entire sector is performing well.² Wong (2017)³ emphasized that rice farming has to have strong productivity and profitability growth. This requires value adding and movement, up the value-added ladder – towards high quality or specialty rice and other higher value crops (pulses and oil seeds, maize and fisheries). Wong recommended 'flexible specialization' of irrigation and related infrastructure facilities to support Rice++ and rice-based farming systems. Value chains in seeds can be regarded as seed chains that deliver high quality seeds not only to rice farmers, but also to pulse and beans, and oil seeds farming.

² This roundtable was initially referred to by the Permanent Secretary as Rice ++ Roundtable largely because of the importance of rice to the country's agriculture. Dr. Larry C.Y. Wong, Consultant, World Bank Group and Co-Founder, Myanmar Praxis Pte. Ltd., in an earlier presentation emphasized the value-adding in rice and the development of value added chains. The Rice++ conveys the Ministry's appreciation of the importance of these approaches to increase the contribution of rice to farm incomes and exports. See Wong, L. (2017), "Emerging Opportunities and Challenges for Rice Sector Development in Myanmar: A Practitioner's Perspective". A PowerPoint presentation.

³ Dr. Larry Wong was invited to the roundtable as a resource person. However, due to prior commitments, he sent instead a PowerPoint presentation.

Dry beans are the country's largest export crop. The presentations both from government and resource persons illustrate policy constraints involving a non-staple export crop. It may not all be about the largest export crop of the country selected by the presenter, but it is about the problems faced by exporters of an export crop where evidence based policy process had been applied. In the case of Myanmar, several other crops can become important export commodities of the country, with the appropriate policies, programs, and projects.

In livestock, broiler chicken and chicken eggs account for 90% of all primary livestock, and almost all produced are locally used.⁴ Chicken meat and layers are Myanmar's largest livestock industry. These commodities are mainly locally consumed, an important source of food or inputs of downstream processing industries. At the same time, it requires maize as feeds of the chicken and other livestock.

On the other hand, fish is an important source of livelihood and food for the population of Myanmar particularly in far-flung areas. The country exported about USD 536 million of fish products in 2013-14⁵, and has even greater potential of becoming a major source of fish for the rest of the world.

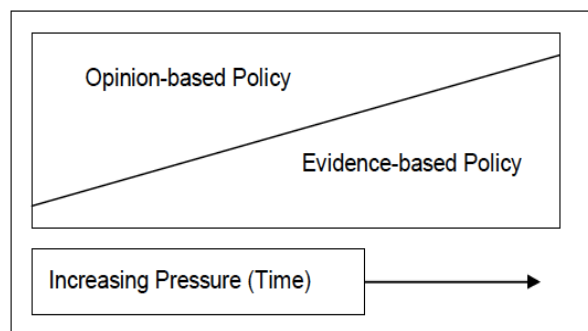
Given the small-holder nature of the country's farming industries, presenters are encouraged to include, if there is a natural place in their various presentations for it, the role played by farming cooperatives, particularly in the efficient application of farm technologies, procurement of inputs, marketing, or participation in domestic value chains of farm commodities. The Ministry had recently been given the added mandate of promoting the farm cooperatives of Myanmar.

EBP in Agriculture

Evidence based policymaking (EBP) informs the policy formulation process. Regulations, public spending programs, and projects are implemented in order to address the constraints to further development of the agriculture and fisheries sectors of the country. The holdup in the development process may be traced to bad policies or the lack of good ones. The latter require policy makers to be better informed about the problems that slow down the growth of these industries. Policy makers and stakeholders get to understand better the underlying nature, causes, and consequences of a public-interest problem, and come up with policy decisions that effectively address it.

⁴ Source of data is FAOStat.

⁵ According to Myanmar Fisheries Partnership, quoting the Department of Fisheries. The Myanmar Fishery Partnership (MFP) assists the Myanmar government in building a sustainable fisheries and aquaculture industries of the country.



Sutcliffe, S and J. Court, 2005

What is not EBP is a process by which policymakers decide on the basis of opinions, and in so doing risk not solving the problem or generating worse ones. The EBP process helps improve the precision and effectiveness of measures taken by policymakers, or helps the latter identify a lack of appropriate intervention to address a problem. For example, policymakers may not know about an outbreak of a disease affecting a given crop, and lacking the evidence that such a problem does exist fail to take the appropriate measure(s) to contain it. In another instance, an old regulation that was used to address a problem in the past may continue to influence private sector behavior with adverse consequence on the development of the industry, as its basis had long been gone and all that keep the policy are stakeholders who benefit from it at the expense of the development of the industry.

Evidence useful in policy formulation comes in various forms.⁶ In general, it is based on research, which is 'any systematic effort to increase the stock of knowledge'.⁷ Research activity may include 'any systematic process of critical investigation and evaluation, theory building, data collection, analysis, and codification related to development policy and practice. It also includes action research, i.e., self-reflection by practitioners orientated towards the enhancement of direct practice.' In the UK, the evidence includes 'expert knowledge; published research; existing research; stakeholder consultations; previous policy evaluations; the Internet; outcomes from consultations; costings of policy options; output from economic and statistical modelling'.⁸

Not all evidences are equally important in the policy formulation process. Sutcliffe and Court (2005) regard as top end evidence information based on empirical research, policy evaluation, and expert knowledge.

4 Criteria of a Good Evidence

- ☐ Plausibility
- ☐ Verifiability
- ☐ Applicability
- ☐ Positive net present value

Source: Sutcliffe, S and J. Court, 2005

⁶ The discussion benefits from Sutcliffe, S and J. Court, 2005, 'Evidence-Based Policymaking: What is it? How does it work? What relevance for developing countries?'. Overseas Development Institute, November 2005.

⁷ OECD, 1981, The Measurement of Scientific and Technical Activities: Proposed Standard Practice for Surveys of Research and Experimental Development, Frascati Manual, Paris, OECD, as cited in Sutcliffe and Court, 2005.

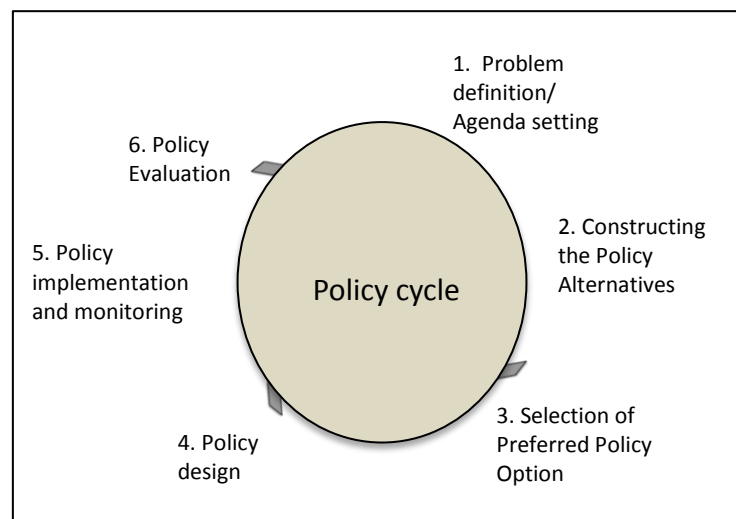
⁸ Cabinet Office, 1999, 'Modernising Government', London, The Stationery Office, p. 33. As cited in Sutcliffe and Court, 2005.

The following are “must do” in evaluating evidence:

- Is the desired technology, management intervention, or policy to improve agricultural productivity and incomes **published in peer-reviewed journals**?
- Is the evidence that the intervention or technology is better produced using a **statistical analysis**?
- If evidence is a testimony, have adopters been made better off because of it?
- If evidence is provided by an expert, do policymakers **understand how the evidence was attained**?

In agriculture, EBP has been used⁹ but not as much as in medicine (EBM). There are limitations in EBA compared to the application of EBP in other applications. One is that agriculture is a biological system that deals with a multitude of organisms in a spatially and temporally varying environment. Two, social science deals with the subject of farmers, having wide disparity in capability to become productive and self-interests. EBA can only be a poor substitute to EBM.

Several factors affect the outcome of the policy formulation process. Davies (2004) listed down the following: judgment of policymakers; values in society; habits and tradition of the population; resources; lobbyists and pressure groups; expertise and experience; pragmatics and contingencies; and evidence. Evidence is just one of the factors that can influence the direction of the policy process. At every stage of the policy cycle (Young and Quinn, 2002), these factors gain dominance in shaping the process, such as for example, in framing the problem or agenda or constructing the policy alternatives. The strength of evidence is important in giving this factor the upperhand in the policy process.



Young, E. and L. Quinn (2002) Writing Effective Public Policy Papers: A Guide To Policy Advisers in Central and Eastern Europe, Budapest: LGI.

⁹ For example, see Virgona, J.M. and G. Daniel, 2009, Evidence base Agriculture – can we get there?. The authors cited the B,Edmeades-Maxicrop case (see Menzies N, Bell M , Dart P, 2009, Soil additives to stimulate N fixing and P availability – Science, Myth and legend. Dubbo Grains Research Update, GRDC. Pp172-188); the “Albrecht system” (see Kopplitke PM and Menzies NW, 2007, A review of the use of the basic cation Saturation ratio and the “ideal” soil, in Soil Science Society of America Journal 71, 259-265); dry season forecasts based on meteorological data, (see Vizard AI, Anderson GA and Buckley DA, 2005, Verification and value of the Australian Bureau of Meteorology township seasonal rainfall forecasts in Australia, 1997-2005. Meteorological Applications 12, 343-355); and grassland fertilization (see Daniel G., 2009, Disentangling management from farm ownership. In “Take Up the Challenge”, Proceedings of the 50th Annual Conference of the Grassland Society of Southern Australia).

Policy reforms affect the income levels of stakeholders. They are therefore debated with each group providing their respective evidence as to how the collective well-being may be improved or worsened. A policy reform, however it may advance the public interest in agriculture, is likely to have losers in the process. Attending to their displacement is integral in making the proposed good policy acceptable to the widest segment of the population, the silent majority.

The doability of the policy reform is an important consideration. Monitoring of the implementation of the reform has to continue in the policy process to adjust how the policy is to be implemented or how to make it work better with the least displacement costs to the affected stakeholders. In the end, evidence of a good policy has to answer these questions:

- Is hard research backing it up?
- Is the proposed policy implementable?
- Is it designed to minimize adjustment costs?

Possible Next Steps

The donors are supportive of the plan of the Permanent Secretary to build the capability of the Ministry to undertake evidence based policy making and understanding better the policy process. Along these lines, the most immediate steps are to design a training program for this purpose.

The training program may start with basic economic theory: **(1) Constraints in Agricultural Development.** This course module intends to develop the appreciation of trainees of the constraints in developing the potential of agriculture and fisheries sector. It is very well developed if the course is participatory, given that the trainees themselves are agricultural development practitioners. The module should give the trainees how policies are important in overcoming these constraints, but yet realize that there are various policy directions that may be advanced to overcome the constraints; **(2) Economics of Agriculture.** The module introduces the participants, particularly those that have no training in economics, to using economic theory to better understand the constraints. It incorporates micro-economics and macro-economics, as may be relevant for agriculture, particularly market failures in micro-economics, and shocks to the economy such as fiscal and balance of payments problems; **(3) International Trade and Public Sector Economics.** This module takes up separately the two courses in economics. The trade course introduces the participants to comparative advantage principle, and recent theories of trade (particularly that which explains global value chains), trade policies, trade agreements, and the WTO. The public finance course takes up market failures, public spending, tax policies, tax policy analyses, and cost benefit analysis. It introduces the participants also to policy making, how governments decide on policies and programs; **(4) Tools for Gathering or Understanding Evidence.** The module covers ex-ante and ex-post assessments of policies. The ex-ante analyses take up partial equilibrium analysis and introduction to applied general equilibrium analysis. Ex-post analyses includes sustainability impact assessment, regulatory impact assessment, and impact assessment using random control trials, and similar methods.