ENABLING INVESTMENT IN RUBBER THROUGH IMPROVING ACCESS TO LAND INFORMATION

Land is a complex issue in Myanmar. It goes to the root of social, political and economic structures and processes. It is a sensitive has deep emotional resonance for many. Land is central to the livelihoods of the small and medium rubber farmers in the Mon State of Myanmar, and therefore is fundamental to the decision-making conditions on new investments in the rubber sector. GRO has been engaging with the stakeholders to understand the role land plays in the livelihood strategies and outcomes of the smallholder men and women rubber farmers in Mon State. In this context, it then concentrates on three specific dimensions: access to information, security of tenure, and interconnectedness with other market systems (rubber, finance etc). The relevance and application of M4P is explored at each juncture.

About Generating Rubber Opportunities

Generating Rubber Opportunities in Myanmar—branded as GRO Myanmar— is a market development project which aims to contribute to increasing income and sustainability of smallholder men and women rubber farmers in the South East of Myanmar. It does this by facilitating changes in services, inputs and product markets, which in turn increases the competitiveness of farmers and small enterprises. GRO is a mandated project of Swiss Agency for Development and Cooperation, implemented by CARE International is currently in phase II after successfully completing phase I (2015-2017).

ABOUT THE INTERVENTION

GRO phase II would approach land as a framework component in the development of sustainable, competitive, resilient smallholder farmer rubber businesses. As such, the second phase aims to build land into the design of the project in a way that there are explicit links to the rubber interventions and overall project design. This is different from the first phase, which treated land as a separate component. The second phase design also aims to incorporate learning from GRO phase I regarding how to implement land as part of a systemic change project within the rubber market systems, and be able to connect the wider, very real system challenges and limitations which exist on the ground.

CHALLENGES AROUND LAND SECURITY AND TENURESHIP

- Insecure land rights leading to low investment, low productivity and value addition in Rubber - Access to land, and conditions that determine access, strongly influence the returns in agriculture, which in turn is the key factor in determining livelihood outcomes. Agricultural growth and poverty reduction depend significantly on increasing agricultural productivity. There is widespread evidence that, whether a tenure system is communal or individual, freehold or leasehold, farmers are more likely to invest in their land — and achieve productivity gains — when they have secure land rights. Security of tenure is critical in shaping people’s incentives to invest in land. People only make efficient private investments if they believe that they can reap most, if not all, the benefits that accrue from their investment.
Lack of access to information about land related services, tenureship and security. In Myanmar different government departments dealing with different classification of lands. The service and information across these different departments are not streamlined and coherent. Also most of the land classification is outdated. Thus farmers are not well informed about the kind or type of documentation they would need for their respective piece of land. This results in scope for exploitation, accusations and grievances between government sector and farmers. All of these create lack of access to secured land tenureship in general. Attempts at land reform without massive political upheaval have rarely succeeded in transferring much of any country’s land or have done so extremely slowly because of a lack of political commitment. The process of land reform is often long and complex. Maintaining political commitment and consistency in reform processes is a key and constraining issue. Over time, land reform can become a lever for securing political support, whereby land is used to reward the party faithful. Issues of equity, efficiency and welfare are lost or at least confused.

GRO has been working with the hypothesis that increased confidence in their land tenure security will enable farmers to invest more in their rubber business. On that regard GRO has partnered with Mon Rubber Planters and Producers Association (Mon RPPA), Mawlamyine Bar Association, and Land Core Group to facilitate land law awareness trainings to the farmers, build capacity of local land law trainers and support MonRPPA in sharing land registration process through informational materials and events.

However GRO understands that improved information about land tenure security and land registration process will not be enough to create an enabling environment for increased investment in rubber in Mon State. GRO’s Rubber Intervention team also implements interventions on better investment opportunities through building business intelligence, network and technical capacity building. All of these are coupled with funding opportunities for entrepreneurs who can come up with a sound business plan as well as willing to investment a sizeable amount on their own into the business.
LAND AND INTERCONNECTED MARKETS

As mentioned above, for land reform to have a significant impact on poverty reduction it must be part of a broader process of political, social and economic change, rather than a narrow intervention simply to redistribute land. Land is connected with many other markets and the functioning of one market can strongly influence the functioning of another. Credit markets are particularly important. Anecdotal evidence suggests that the success of many land reform projects is often linked to access to credit. In phase II GRO will explore the possibility of connecting land with credit and finance opportunities where possible.

How did access to Information on Land Registration helped U Aung Naing Win?

U Aung Naing Win is a smallholder farmer and also a member of Kyaikmaraw Rubber Producers and Planters Association. He joined the organization so that he can improve his linkage with other farmers and share knowledge with each other and improve his income from rubber plantation. With the encouragement the chairperson of Kyitemaraw RPPA, he established a small Ribbed Smoked Sheet (RSS) factory in his village.

However the path to establishing this factory was not easy for him. He needed loan from the bank but did not have the appropriate tenure documentation land to demonstrate his asset in his loan application. U Aung Naing Win attended a land law training, which was organized by the cooperation of MonRPPA and GRO. In this training he learned about the land registration process and the required documentation he needs to demonstrate legal tenureship of his land. Although he already had Form 7 (agriculture land tenure certificate) he did not have Form 105 (which is a map of his rubber plantation).

Through another intervention of GRO and with the support of Kyaikmaraw RPPA and Mon Chamber of Commerce and Industries, Aung Naing Win was able to apply for a loan to establish his RSS factory. However, the bank refused his loan application has he did not have the Form 105. Aware of the process from attending the land law training, Aung Win Naing immediately visited the Department of Agricultural Land Management and Statistics (DALMS) to request Form 105 and received this in a short time.

After re-submitting the required documents, Aung Win Naing received a loan of 20,000,000 Kyats (approx. 13000 USD) from Myanmar Economic Bank (MEB) with a 9% interest rate.

Now his small factory is in operation. His wife and his brother-in-law also joined his business. His wife helps him with the business accounts and his brother-in-law helps him in the processing work.

However, challenges still remain for Aung Naing Win as he cannot sell his rubber sheets to a large trader. It is not because of the quality of his rubber but because the production capacity of his factory is too low. Aung Naing Win is therefore planning to expand his business and increase processing capacity. But he is also aware that he needs a proper plan. He said “I want to expand my business but without a business plan, I don’t want risk it. That’s why I want work with GRO to support me in developing a business plan. Only then, I will have a clear picture on how to expand my business”.

CONCLUSION

Land is highly emotive and highly political. Successful land reform requires long-term political and social commitment. However, GRO’s intention is not to conduct land reform activities, but rather to create awareness and evidence of the impact and interconnectedness of land conditions for the rubber industry in Myanmar. GRO intends to create evidence for inclusive policy reform and also respond to realities on the ground. Formalization processes of land tenure are important, but they should be built on existing structures and systems, rather than importing external models whose application is too costly and complex for most smallholder farmers and other marginalized groups where customary processes may matter most in practice. Building on the concept of interconnected markets, Market Systems Development can certainly offer much to help agencies and governments ensure coordination and consistency when pursuing complex and multifaceted reform initiatives.

Peruvian Economist De Soto’s six “property effects” of formal land title and land administration systems

a) Formal land titles have an abstract economic value, valid in a wide range of contexts, which un titled physical assets alone cannot have
b) With a national system of formal land title, economic value implicit within land title has generic worth recognized consistently throughout society
c) Formal title gives land-holders legal protection to their land rights from the state but, due to legal mechanisms for forfeiture of title, also creates pressure to honour commitments (“Making people accountable”).
d) As formal title signifies the abstract economic value of land, more flexible use of assets is possible - eg issuing shares in property, using property to gain access to capital (“Making assets fungible”).
e) Formal property systems join land users into networks through which their assets can be assembled into more valuable combinations (“Networking people”).
f) In addition to protecting ownership, formal land title systems that record and register transactions give greater confidence to parties seeking to participate in the market (“Protecting transactions”).