



Event Outcome Report

Crop Insurance:

A Consultation Workshop on Challenges and Opportunities for Myanmar

Nay Pyi Taw, Myanmar | 8 November 2018



EXECUTIVE SUMMARY

1 - the agriculture sector is a key source of employment and income for much of Southeast Asia. To illustrate, the World Bank estimates that in Myanmar alone the sector employs more than 60% of the workforce and contributes 38% of GDP. 2 - risk is an inescapable feature of agriculture globally. The inherent uncertainties in weather, disease, global markets and government policy cause high volatility in farm income – especially so for the 100 million smallholder farmers in ASEAN who lack access to technology, information, markets and finance.

Due to the centrality of smallholder agriculture to achieving food security in the region, in recent years the importance of enhancing smallholder risk management strategies has become increasingly salient in Southeast Asian nations like Myanmar. However, offering crop insurance to smallholders is challenging due to impediments which include cost, the scattering of plots across vast rural areas, unreliable data and the lack of resources being placed in raising awareness on the importance of risk management on the farm level.

It is for this reason that on 8 November 2018 the [Myanmar Agriculture Network](#) (MAN – the [Grow Asia](#) Country Partnership in Myanmar), in collaboration with the Ministry of Agriculture, Livestock and Irrigation (MOALI), ran a joint Consultation Workshop in Nay Pyi Taw on crop insurance schemes. The main objectives of the event were to (1) elaborate on what institutional frameworks for agricultural insurance currently exist in Southeast Asia and Myanmar, (2) hear plans and experiences from the public and private sector and (3) address how challenges currently being faced can be overcome through multi-stakeholder partnerships. Ultimately, through consultative workshops such as these MAN and MOALI hope to set a sector-wide agenda around crop insurance schemes in Myanmar aligned with current and future government policies.

The event drew 143 participants, and saw representatives from government, the private sector, CSOs, aid organizations, farmer associations, academe and financial institutions. This document is a summary of the key points raised during the workshop and is intended to be used as a reference point to guide future dialogue and action.



OPENING ADDRESSES:

Ministry of Agriculture, Livestock and Irrigation (MOALI)

Opening the event, H.E. U Hla Kyaw - Deputy Union Minister, MOALI - highlighted the susceptibility of the agriculture sector to environmental and market risks. He also emphasized that though smallholder farmers are disproportionately exposed to such risks, when they materialize the entire value chain is affected. It is for this reason this Consultation Workshop was conceived - to bring together the multiple stakeholders in the sector to address the challenges faced in creating and encouraging the adoption of crop-insurance schemes in Myanmar.

H.E. U Hla Kyaw ended with a call for participants - who represent a wide range of stakeholder groups and sectors - to engage in open and constructive discussion during the course of the day. "We need to protect our small farmers from such impacts to ensure food security and safeguard economic development."

Department of Agriculture

Dr. Ye Tint Tun - Director General, Department of Agriculture - reiterated the detrimental effects of increasingly erratic weather conditions on business, food security and smallholder livelihoods. He emphasized that the main aim of the Department of Agriculture is to protect Myanmar's farmers and to increase their income, which he said is illustrated by the establishment of a committee to supervise and safeguard farmer rights.

The bylaw which resulted in this committee also highlights that there is a need for a comprehensive crop insurance scheme to be developed and deployed in Myanmar. Dr Ye Tint Tun requested that in the course of the day's discussions we (1) address how those in the ecosystem can work together to educate farmers on what options they have and (2) assess how we can take good practice from other countries that have implemented crop insurance schemes on a national level.

Like H.E. U Hla Kyaw, Dr Ye Tint Tun also urged participants to engage in frank, open, but critical, discussion.

YOMA | MAN

In his opening address, U Tin Htut Oo – Chairman of YOMA Strategic Holdings and a member of the MAN Advisory Council - encouraged participants to remember that insurance cannot, in and of itself, comprehensively protect Myanmar's farmers. Insurance needs to be supported by sound policy and investments from the private sector. There is a need, he said, "to improve the system and build up the institutional capacity" of Myanmar to manage risk more effectively.

U Tin Htut Oo also raised the point that in developing a national scheme, participants should consider how indemnities should be arranged, what kind of crops should be prioritized and what profile of farmer is the key target? Focused, action-oriented discussion is key.

UMFCCI | Myanmar Rice Federation

In his opening statement, U Ye Min Aung - Vice Chairman of the UMFCCI and Chairman of the Myanmar Rice Federation - suggested that over the course of the day participants focus on brainstorming solutions, rather than simply voicing road-blocks. Examples given included (1) that state policy should endeavor to liberalize insurance policy in Myanmar, (2) that the government should clarify if they believe crop insurance should be inherently voluntary or compulsory, (3) that players in the sector should work in multi-stakeholder approach to improve access to accurate data, run joint trials and, thus, develop more robust insurance policy and (4) the Myanmar Development Bank, NGOs, the private sector and farmer representatives should form a task force or working group to provide feedback directly to government.

Drawing from his own experience, U Ye Min Aung shared that he is currently working with Japan to secure more accurate satellite data and with the Syngenta Foundation to create more effective weather indexing systems.

MAN

After reiterating some of the challenges facing Myanmar in the development of a comprehensive national crop insurance scheme, U Aung Lwin - Country Director of the Myanmar Agriculture Network - outlined the potential of adopting a multi-stakeholder partnership approach in addressing them. He also outlined the role MAN has and will continue to play in encouraging the creation of such fora. Like the previous speakers, he expressed his hope that those present are able to work in a pre-competitive space, ultimately lifting smallholder agriculture and food security in Myanmar.



SETTING THE STAGE:

Department of Agriculture, MOALI

Laying the foundation for the day's discussion, Dr Khin Myo Nyein, Staff Officer, Department of Agriculture, provided the general definition of crop insurance: a financial product that helps farmers manage risk by offsetting (wholly, or in part, based on the perimeters of the policy) losses in their agriculture production. She also went through several advantages and disadvantages of crop-yield based, crop revenue based and weather index-based insurance schemes and showcased some of the numerous ASEAN Policy Frameworks which exist related to crop insurance. Such policy frameworks included the ASEAN Economic Blueprint, ASEAN Socio-Cultural Community Blueprint, ASEAN Insurance Integration Framework, ASEAN Vision and Strategic Plan for FAF (2016-2025), ASEAN Integrated Food Security Framework and SPA-FS (2015-2020) and ASEAN Strategic Plan of Action on Crops (2016-2020).

The bulk of her presentation however was focused around taking participants through the ASEAN "10 Phases in Developing a National Crop Insurance Program" - a step-by-step overview guide for prospective governments to (1) consider before launching a national crop insurance program or (2) review for improving a current program. Broadly, the 10 (not necessarily linear) phases are:

1. Identify needs through a multi-stakeholder assessment
2. Conduct a feasibility study and farmer risk assessment
3. Develop regulatory frameworks and institutional architecture
4. Create a national policy framework and identify financing
5. Develop, distribute and price product
6. Develop a business plan and Standard Operating Procedure
7. Launch field implementation and farmer socialization
8. Pilot launch and make necessary improvements
9. Review approach, products and partner coordination
10. Launch full program and scale up

Lastly, Dr Khin Myo Nyein brought participants through Myanmar's current policy framework and activities - primarily the Myanmar Action Plan on Disaster Risk Reduction 2017 - and encouraged participants to provide their feedback to encourage future improvements.

THE PUBLIC SECTOR:

Following the introductory presentations, multiple arms of the Myanmar Government were asked to elaborate on some of the initiatives the state is taking in addressing agricultural risk in Myanmar.

MYANMAR INSURANCE

During her presentation, Daw Khin Moe Kywel (Deputy General Manager, Myanmar Insurance) addressed some of the challenges insurance agencies face in deploying crop insurance. Most notably is the cost - both to insurers and those paying premiums - of organizing field visits to inspect losses due to pests, disease and detrimental weather effects. In this, Daw Khin Moe Kywel suggested technology, such as satellite data, as an effective means to reduce such costs while painting a more accurate picture of farm conditions. However, such a feat would require cooperation with other private sector players, farmer cooperatives and the Department of Meteorology to create weather indexes – which she believes is the most appropriate crop insurance type for Myanmar. She also espoused the need to make crop insurance compulsory in Myanmar and the centrality of awareness building to helping farmers understand the benefits of risk management strategies.

MADB

U Kyaw Tin Oo, Manager, Nay Pyi Yaw Region, Myanmar Agriculture Development Bank (MADB), reiterated the need to (1) increase awareness amongst smallholders of the value of crop insurance to their long-term financial security and (2) explore current crop insurance policies in other countries. The Philippines was cited as a good example as well as the palm, rubber and cocoa sectors in Malaysia.

“If farmers can’t understand the process and nature of crop insurance, it will be very hard to implement. We need to build education around crop insurance”

U Kyaw Tin Oo suggested that Myanmar needs to establish a fixed average “acre price” for insurance premiums based on crop, typical weather conditions and region, and that the amount of compensation for such kind of damage should also be standardized across these parameters. He also (1) articulated that there are numerous processes that need to be refined - such as the time it takes to get the reimbursements to farmers, which can lead to serious cash flow problems for smallholders, and (2) echoed that digital technologies carry significant potential as a means to survey crop damage.

DEPARTMENT OF METEOROLOGY

Daw Sabai Lwin - Assistant Director, Department of Meteorology - emphasized that as Myanmar is an agricultural nation, understanding weather conditions is crucial in managing risk. A comparison run across the last 30 years for instance has shown considerable change in humidity, precipitation and rain fall. Again, technology was raised as a tool to better manage this.

The Department of Meteorology has several tools and mechanisms to support the agriculture sector in managing environmental risks. A few examples given during her presentation included (1) a thrice-a-month agro-meteorological bulletin featuring information on precipitation, temperature, relative humidity and soil water balance, (2) a Facebook page where these updates are also featured, (3) weekly updates on Farmer Channel and Farmer Journal, and (4) an app known as SESAME (Specialized Expert System for Agro-Meteorological Early-Warning).

THE PRIVATE SECTOR:

After absorbing the overview of the work the government is currently involved in, private sector players within MAN's network were asked to share their work on applying crop insurance in Myanmar and what it could mean for smallholder livelihoods.

SAMPO JAPAN INSURANCE

Mr. Takashi Ando, Section Manager Representative, Sampo Japan Insurance, provided a comprehensive overview of (1) why crop insurance is important in managing risk on the farm level and (2) the broad differences between indemnity-based insurance and index-based insurance, as seen below.

INDEMNITY BASED INSURANCE	INDEX BASED INSURANCE
<p>What is it? Compensation based on actual amount based on loss investigation</p>	<p>What is it? Compensation is based on weather indexing (e.g., rainfall, temperature, etc.). Once weather conditions match the predefined parameters, payments are issued without loss investigation</p>
<p>What are the benefits?</p> <ul style="list-style-type: none"> • Easy for farmers to understand 	<p>What are the benefits?</p> <ul style="list-style-type: none"> • Limited concerns around corruption between farmers and adjusters • Lower administrative costs • Quicker payment
<p>What are the challenges?</p> <ul style="list-style-type: none"> • Requires loss investigation, which means it can take a long time for farmers to receive insurance payment • Requires high administrative costs which result in higher premiums • Raises concerns around corruption between farmers and adjusters • Difficult to stabilize loss ratio 	<p>What are the challenges?</p> <ul style="list-style-type: none"> • Difference may arise between actual loss and insurance payout • Requires weather data at high resolution and enough historical weather data • Coverage is limited to weather risk

Mr. Takashi went on to share how Sampo Japan Insurance, through collaboration with the Japan Aerospace Exploration Agency (JAXA) and RESTEC, have utilized a multi-stakeholder approach to create their weather index-based insurance policy.

GLOBAL WORLD INSURANCE

U Soe Win Thant, Director, Global World Insurance, shared his experience trialing a crop insurance scheme in Myanmar for paddy. Here he highlighted three main learnings – (1) that trialing and perfecting insurance schemes takes a significant amount of time, as illustrated by the case of Thailand and America, (2) the public sector and insurance recipients need to consider that for insurance schemes to be sustainable, the issuing company needs to turn a profit and (3) multiple mechanisms for farmers to access insurance should be considered. Of these mechanisms, U Soe Win Thant elaborated on three examples – insurance agents/companies, agricultural banks (which should explore offsetting premiums on behalf of insurance companies once loans are paid out for farm expenses) and relevant ministries (who could pay the premium on behalf of farmers who grow food crops).

DIGITAL TRINITY

Digital Trinity is a solution provider specializing in the monitoring of farms and aquaculture through a combination of satellite data analytics and sensors. During his presentation, Mr. Parag Soni, Head, Infrastructure & Cloud Solutions and R&D, shared the work Digital Trinity has done over the last year in trialing a platform in Myanmar to help farmers - and the businesses who work with them - better manage risk. Their KYF (Know Your Farmer) solution utilizes farmer data to produce four main outputs: loan risk management, farm credit worthiness, predictive analysis and crop advisory services. This solution could be one way in which technology can support the management of risk on the farm level across Myanmar.

SYNGENTA FOUNDATION

Mr. Srinivasa - Asia Insurance Coordinator, Syngenta Foundation for Sustainable Agriculture (SFSA) - stressed the importance of taking a holistic approach to risk management, rather than relying exclusively on insurance. At SFSA the approach taken is a combination of (1) Seeds – or advisory - Systems and (2) Risk Management and Insurance. This coupling is designed to reduce risks. Though he provided an overview of the services provided and trials being conducted by SFSA AIG (Agriculture Insurance Solutions), central to Mr. Srinivasa's presentation was the point that while crop insurance is one of the most quoted tools for risk management, it can only play a limited role in managing the risks related with farming. In practice, agricultural insurance is almost invariably adjunct to a whole set of risk management measures of which adequate farm management practices constitute an important element.

THE PANEL: MULTI-STAKEHOLDER PARTNERSHIPS IN ACTION

A panel discussion was run bringing together voices from the farm level, the private sector, the public sector and civil society. The panel was moderated by U Kyi Khaing Win (Market Linkage Advisor, Mercy Corps) and was chaired by U Yan Lin (Chairman, Agriculture, Livestock and Rural Development Committee, Pyi Thu Hluttaw), U Soe Win Thant (General Manager, Global World Insurance), U Nyan Aung (a farmer representative from Kangyidaunt Township, Ayeyarwaddy Region), U Myo Zaw (Regional Manager, Department of Agriculture, Ayeyarwaddy Region) and Wahyu Nugroho (Director of Programs, Mercy Corps).

Over the course of the discussion, four main points were articulated: (1) it is crucial that, as an outcome of the day, all parties involved make their suggestions known to the government, (2) discussions should not revolve exclusively around insuring against detrimental weather, but also for pests like mice which often deplete stores, (3) a long-term view should be adopted, ideally with Myanmar creating a roadmap for insurance development crafted in consultation with the private sector and (4) the private sector needs to be more open to working - and sharing data - with national and regional government, such as the departments of land management and statistics.

REFLECTIONS FROM ACADEME: CESD

Dr. Zaw Oo, Executive Director, Centre for Economic and Social Development, reflected on and reinforced some of the key points raised during the day's discussion. A few key points included (1) how crucial managing risk on the farm is for Myanmar's economic development, especially as the effects of other risk areas - such as recent changes in export/policies from big buyers such as India - become increasingly salient, (2) the importance of integrating advisory systems and technical assistance with insurance schemes, as we heard from the Syngenta Foundation, (3) the need to extend the perimeters of crop insurance schemes to look at disease, pests, and the use of contaminated inputs and (4) the potential impact of digital in raising awareness of the importance of crop insurance to farmers across the region.

Dr. Zaw ended his session emphasizing that collaboration across sectors is key in moving forward.



DEPARTMENT OF AGRICULTURE

Dr. Sein Mar from the Department of Agriculture shared her findings on a recent study conducted by MOALI to assess pulses farmers' willingness to pay for weather index-based crop insurance in Myanmar (the field survey of which involved 837 respondents from Yangon, Bago, Mandalay and Magway). From the findings it seems quite clear that farmers are willing to adopt insurance – roughly 80% of respondents said yes. The issue then is primarily around raising awareness of (1) the insurance schemes available to them, (2) how indexing is done, so they don't feel like they are being taken advantage of and (3) concurrently improving production efficiency.

ACTION PLANNING:

Event participants broke into three groups and were asked to discuss (1) the challenges facing the private sector, the public sector and civil society organizations in driving the creation and adoption of crop insurance schemes in Myanmar, and (2) how these challenges can be overcome. A consistent theme voiced across the groups was the centrality of improving access to accurate data through technology, working to increase awareness amongst smallholders through cooperatives, and the role policy must play in creating an ecosystem that is conducive for private sector investment into developing these schemes while protecting smallholder interests.

CLOSING REMARKS:

MOALI

In his closing remarks, H.E. U Hla Kyaw (Deputy Union Minister, MOALI) voiced appreciation to all those who made the time to attend the consultation workshop and called for these organizations to work collectively to create, implement and promote effective crop insurance schemes for Myanmar. He also expressed hope that, with collective collaboration and active participation, progress will be made swiftly so he will be able to bring participants' thoughts to parliament soon.

"This is a very important issue for the farmers and for our country, so please, continue to move forward together".





NEXT STEPS:

The event clearly identified the need for the private and public sector to collaborate in creating crop insurance policies that are both effective and create value for insurers and policy holders. Looking ahead, MOALI, MAN and Grow Asia are exploring the possibility of facilitating a policy roundtable dialogue. The event would bring together key players in the landscape to provide direct policy recommendations to MOALI and support where needed.

We are interested in hearing from those who are willing to share their experience in designing or deploying effective crop insurance schemes in Myanmar and Southeast Asia more broadly. If you would like to share your input, please reach out to us at the email below:

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