

Government of the Republic of the Union of Myanmar
Ministry of Agriculture, Livestock and Irrigation
Notification No. 16/2020
The 7th Waxing Day of Tabodwe, 1381 M.E.
(31 January, 2020)

Issuance of Procedures to be followed in implementing the contract farming system

In order to carry out the cooperation with farmers who carry out in agriculture or livestock in Myanmar and companies, private entrepreneurs and organizations or associations involved in the chain of agriculture and livestock production process systematically, the procedures to be followed in implementing the contract farming in accordance with the provision of subsection (b) of section 29 of the Protection of Farmer's Rights and Enhancement of their Benefits Law are issued as follows:

1. Instructions to be followed by farmers

- (a) In implementing the contract farming, farmers shall be able to present the Form (7) of right or any document of right or permission to use the farm land. In doing so, they shall agree to create a system (consolidation system with a group of five members) which take collective responsibilities, and elect a key farmer.
- (b) The farmers who make the contract for the contract farming shall discuss the terms of the contract including the tenure of the contract and the tenure that the contract to be come into effect thoroughly, and to have a good understanding of the contract in advance. An annual contract shall be made in order to avoid grievance for both parties.
- (c) The farmers who carry out agriculture and livestock breeding shall follow the terms of the contract, and the agriculture and livestock production process which were agreed with companies, private entrepreneurs and organizations or associations. (The contract shall state the terms of the contract including the tenure of the contract and the tenure that the contract to be come into effect.)
- (d) Depending on the business to be carried out under the contract farming, the good practices and technological process relating to the agriculture and livestock production shall be followed, and the

products shall be produced to meet the quantity, quality and standards specified in the contract.

- (e) Inputs provided by companies, private entrepreneurs and organizations or associations under the contract of the contract farming shall be used only in the area and businesses specified in the contract. Those shall not be used in the other areas and business.
- (f) Farmers shall attend the technical training and discussion. They shall carry out the process and follow the instructions exactly.
- (g) If amendments and additions are needed to be made to the agreed contract, both parties shall sign an agreement on such amendments and additions in the presence of the relevant organizations and witnesses.
- (h) Crops or products produced with the agreement of farmers and the companies, private entrepreneurs, or organizations or associations shall be sold out by the company or private entrepreneur, or organization or association in the specified agreed quantity or amount in accordance with the terms of the contract. The surplus crops and products are entitled to sell out freely.
- (i) If farmers who carry out, during the contract farming period, the agriculture and livestock breeding encounter a force majeure event (e.g. a natural disaster), they shall contact and report to the relevant company, private entrepreneur, organizations or associations and government departments timely and ask for help. They shall continue the process set out in the original contract without fail.

2. Instructions to be followed by company or private entrepreneur, or organization or association

- (a) If there is an insurance company in the area and for the business to be carried on, in respect of crop insurance, both parties shall discuss such crop insurance and agree to get insurance in advance, and the insurance shall be stated in the contract. The company or private entrepreneur, or organization or association shall pay the fees for the crop insurance.
- (b) The company or private entrepreneur, or organization or association, together with the relevant administrative organizations and government departments shall explain and discuss with farmers in

advance, to understand and agree on the detailed process to be carried out, mutual profits, and terms and conditions to be followed by both parties.

- (c) The company or private entrepreneur, or organization or association shall explain and discuss with the farmers to understand about the qualified breeds, seeds, other inputs and costs of the production to be provided for farmers.
- (d) The pure breeds, seeds, other inputs and costs of the production agreed by both parties shall be provided with the amount as specified in the contract at the prescribed time.
- (e) The company or private entrepreneur, or organization or association shall cooperate with the relevant organizations to provide technical assistance and supervision for the improvement of production and quality as agreed by both parties.
- (f) The company or private entrepreneur, or organization or association shall, before signing by both parties, explain and discuss with the farmers about the acceptable price or trade transaction as the price may fluctuate at the time of production according to the marketing theory, and sign an agreement.
- (g) The products having the agreed quality produced by the farmers shall be purchased in quantity and at price agreed by both parties in the contract whatever the current market price exists.
- (h) The products produced under the contract farming which meet the specified quality standards under the contract agreed by the two parties shall be purchased within the specified period.
- (i) The company or private entrepreneur, or organization or association shall, in the case of seed production business, pay the fees for the costs of seed quality testing whether the seeds meet with the prescribed quality and standards or not.
- (j) In the case of loss or damage caused by a natural disaster during the growing season, the list of costs incurred in the production shall be made and the costs, shall be offset only when any seasonal crops or negotiated products make a profit after the negotiation between two parties.

- (k) After negotiation between the farmer and the company or the private entrepreneur, or organization or association, they shall make a contract in the presence of the responsible staff from administrative organization and the relevant department before carrying out the business. Three hundred (300) kyats revenue stamp shall be affixed to the contract. If amendments and additions are needed to be made to the agreed contract, both parties shall sign an agreement in the presence of responsible staff from the relevant organizations and witnesses.

3. Instructions to be followed by the relevant organizations and departments

- (a) The relevant administrative organizations and relevant departments shall coordinate and assist the both parties in implementing the contract farming in order to comply with the enacted law and procedures of the State currently.
- (b) If amendments and additions are needed to be made to the agreed contract, it shall be carried out in coordination with both parties to reach their agreement.
- (c) Necessary knowledge and technology shall be provided for farmers who carry out the agriculture and livestock breeding.
- (d) Upon an application for products testing whether they meet the prescribed quality and standards or not, the relevant department shall scrutinize it and issue the certificate if the quality standards are met. They shall supervise the company to provide the qualified inputs to farmers as necessary.
- (e) They shall act as a neutral organization to have a fair and just relationship between farmers and companies, private entrepreneurs, or organizations or associations, and supervise both parties to abide by the terms of the contract.
- (f) In the case of violation of the terms of the contract by any farmers or companies, private entrepreneurs, or organizations or associations, the relevant departments at the township level shall supervise and resolve the dispute in a manner mutually agreed by two parties. If it cannot be resolved, they shall proceed in accordance with the existing law and procedures.

- (g) The relevant departments shall supervise in implementing the contract farming relating to the production of breeds and seeds, in order to comply with the laws, rules, orders, directions, notifications and procedures promulgated by such departments.
- (h) The condition of the business in the contract farming shall be monitored in accordance with the Stakeholder Participatory Monitoring.
- (i) The relevant departments shall issue the product quality standards, terms and conditions, and market condition accepted by domestic or foreign market.

Dr. Aung Thu

Union Minister