



USAID Burma Food Security Policy Project: Supporting Agricultural Transformation in Myanmar

USAID Burma, Yangon, July 25, 2018



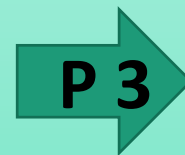
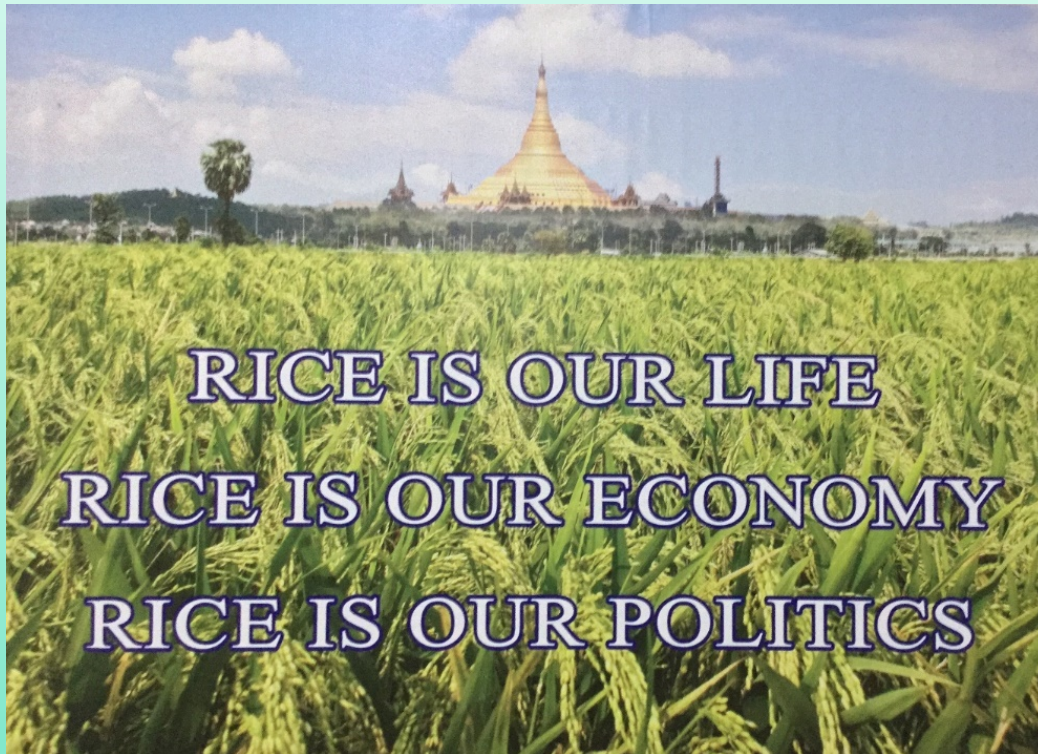
Outline

- What is FSPP and what does it do?
- MOALI's Agricultural Development Strategy
- Summary findings on ag and rural transformation
- Evidence on ag and rural transformation
 - Migration and wages
 - Mechanization
 - Agriculture and non-farm economy
- Final year workplan
- Discussion

What is FSPP and what does it do

- MSU and IFPRI with local partner CESD
 - 4 international staff and 11 national graduate researchers
 - September 2014 – 2019; jointly funded with LIFT
- Objectives and activities
 - **Empirical evidence on agriculture and rural economy:** ag production systems, value chains, non-farm economy and rural livelihoods in different regions
 - **Support agricultural policy change and capacity:** policy analysis, advising and capacity building
- Outputs and Outcomes
 - Research reports and briefs, dissemination through wide range of fora
 - Agricultural Development Strategy, specific reform processes, capacity within MOALI and Yezin Agricultural University (YAU)

MOALI's Aspiration: Agricultural Development Strategy



MOALI Vision Statement: *“An inclusive, competitive, food and nutrition secure and sustainable agricultural system contributing to the socioeconomic wellbeing of farmers and rural people and further development of the national economy”*

Ag and rural transformation summary (1)

- 1) Agriculture is the largest source of rural employment and, with growing urban demand for high quality and diversified food, a key potential driver of sustained growth in the rural economy.
- 2) Migration out of rural areas is accelerating, driving up rural wage rates and injecting liquidity into migrant households in the form of remittances.
- 3) Increasing wage rates, combined with bank finance for machinery rental services, is driving extremely rapid mechanization.
- 4) Access to a wide range of goods and services, especially transport and communications, has improved rapidly in rural areas.

Ag and rural transformation summary (2)

- 5) Agriculture is under-performing relative to potential due to:
 - poor water control (irrigation and drainage)
 - inefficient use of modern technology (improved varieties, fertilizer, pesticide)
 - lack of diversification into high value farm enterprises (aquaculture, livestock, fruit and vegetables)
- 6) Increased provision of public goods (research, extension, irrigation management, food safety) is needed to enable farmers to respond to emerging market opportunities.
- 7) Agricultural Development Strategy provides the framework for public sector reform but MOALI faces major organizational and human capacity constraints.

Evidence of agricultural and rural transformation

Survey Locations



- **2015: Mon State Survey**
- **2016: Delta Region Survey (with aquaculture VC)**
- **2017: Dry Zone Survey (with pulses and oilseed VCs)**
- **2018: Dry Zone Variety Adoption and Seed Demand**
- **2018: Southern Shan State (with maize and pigeonpea VCs)**

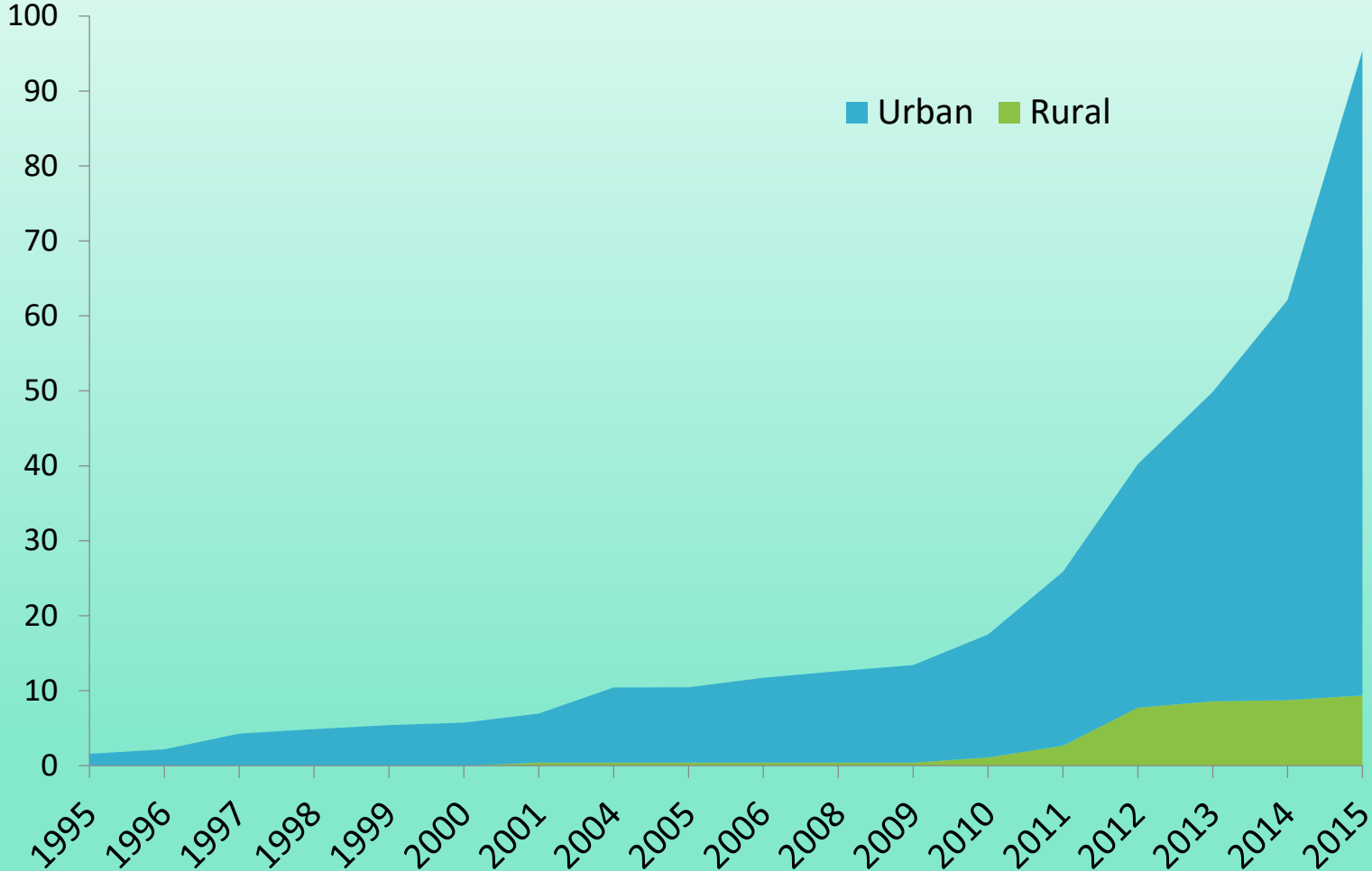
Survey Components

	Mon	Delta	Dry Zone	Shan
Scoping	1 week	3 months (fish VC)	1 month (mostly government) + 1 month (enterprises)	1 month (farmers; government; enterprises)
Household Survey	1600 HH	1100 HH	1600 HH Seed 1400 HH	1600 HH
Community Survey	137 villages	73 villages	300 villages	425 villages
Non-farm surveys	0	Machine & spare parts suppliers (49)	Machinery Dealerships (60) Service providers (123) Oil Mills (182) Traders (376) Total = 742	50 Dealerships TBD Service providers 350 Traders

Accelerating migration, rising wages



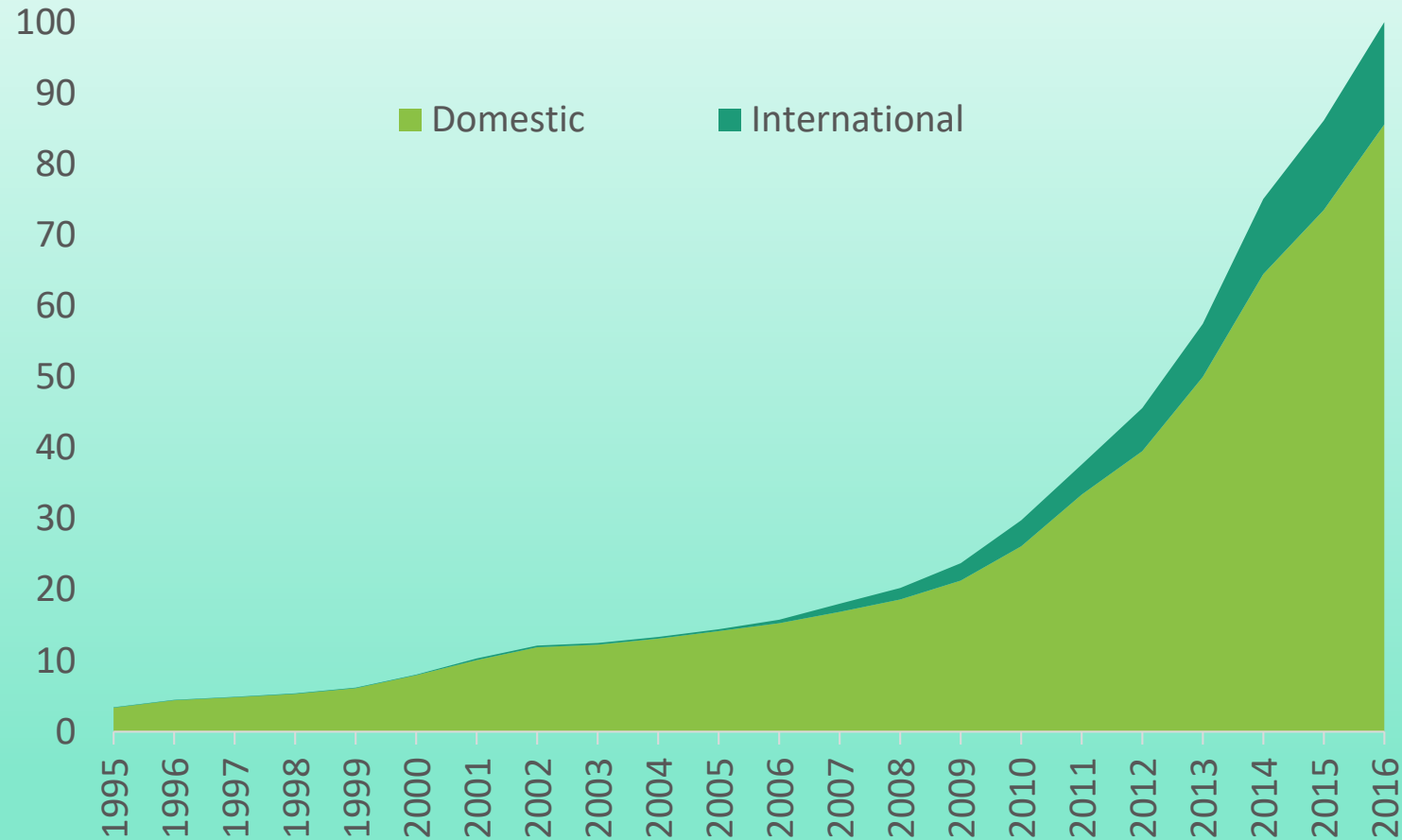
Accelerating migration in Delta...



- **90% rural-urban**
- **92% domestic**
- **1 in 6 HH have migrants**
- **Average migrant age 21**
- **55:45 male/female split**
- **70% employed in manufacturing**

Cumulative share of all migrants by year first migrated (%), 1995-2015

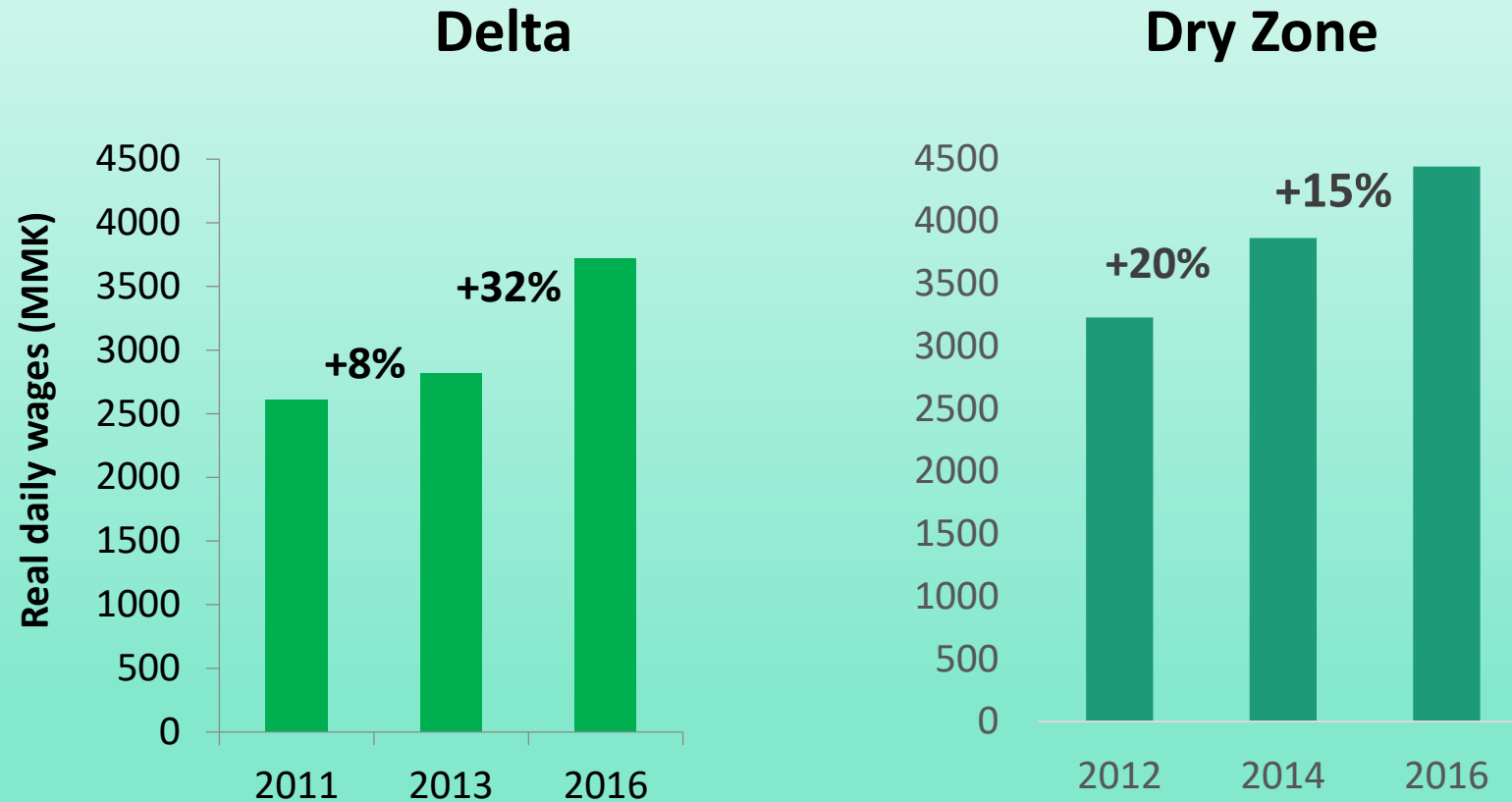
... and Dry Zone



- **86% domestic**
- **1 in 5 HH have long term migrants**
- **Average migrant age 24**
- **56:44 male/female split**
- **26% employed in manufacturing**
- **55% low-skilled informal jobs**

Cumulative share of all migrants by year first migrated (%), 1995-2016

Migration is driving large rural wage increases

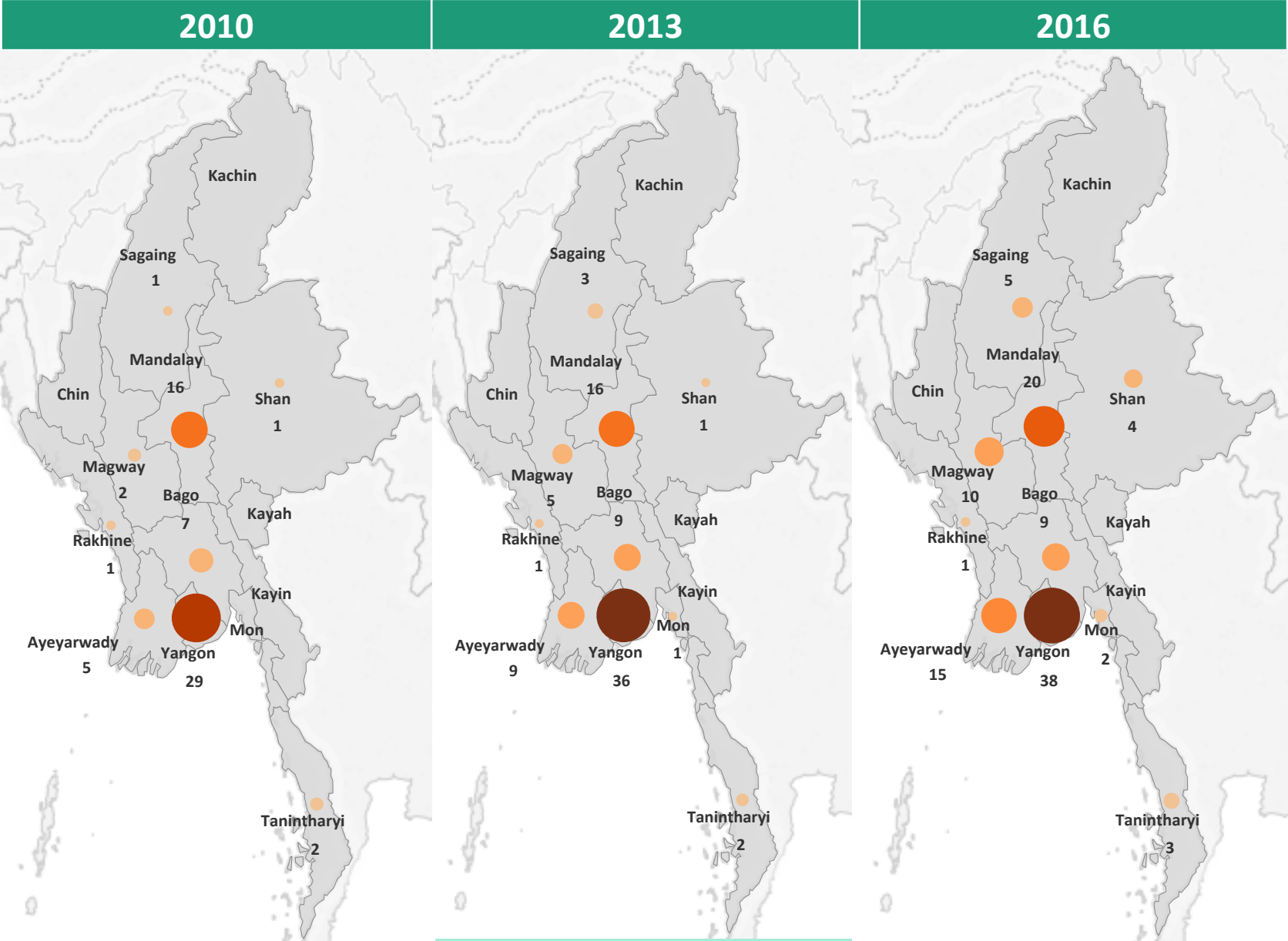


Change in real daily wages for male casual workers

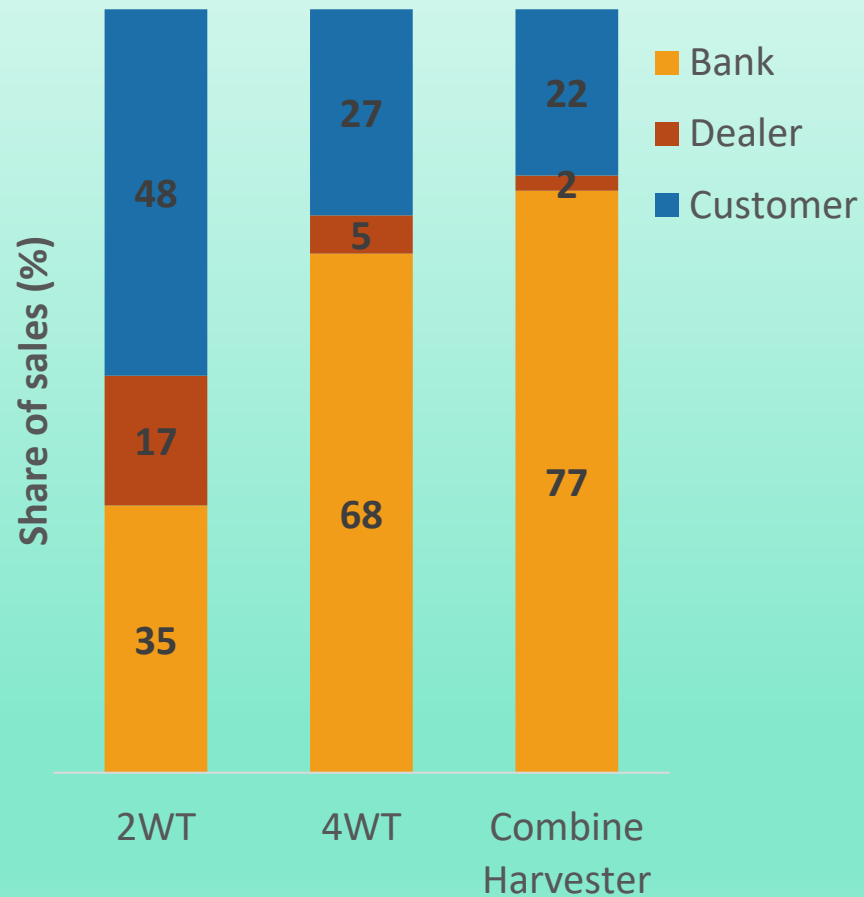
Agriculture mechanizing rapidly



Geographical spread of machine supply businesses



Improving access to formal financial services for machine purchases



- Hire purchase agreements with commercial banks began in 2013
- Reduced capital constraints for machine suppliers, cost of credit to buyers

Source of finance for machinery purchases, 2016 (MAAS)



Access to formal credit is improving

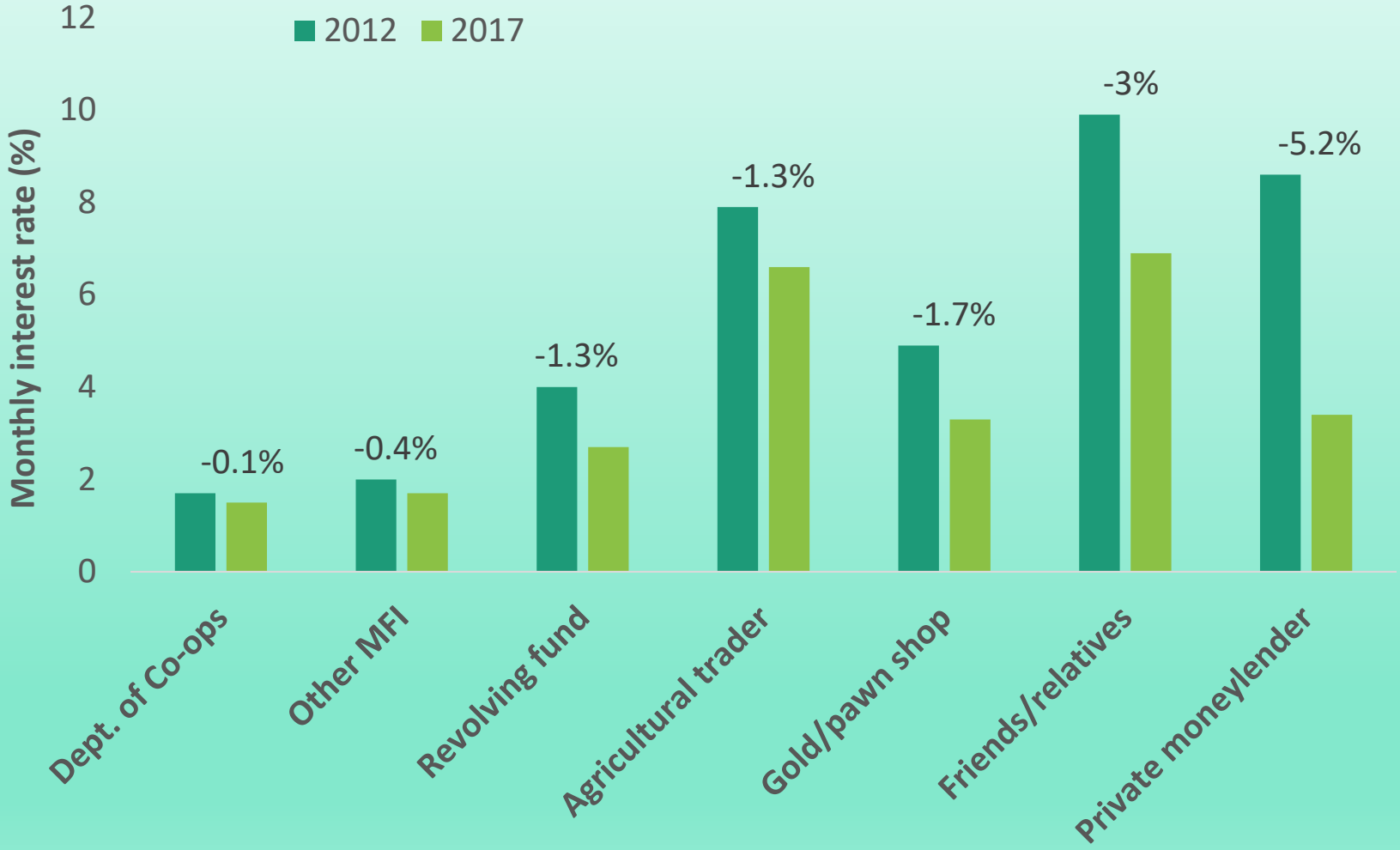


Sources of credit diversifying



Share of villages with credit access by source, 2011 & 2016 (MAAS)

Credit becoming much cheaper as sources diversify

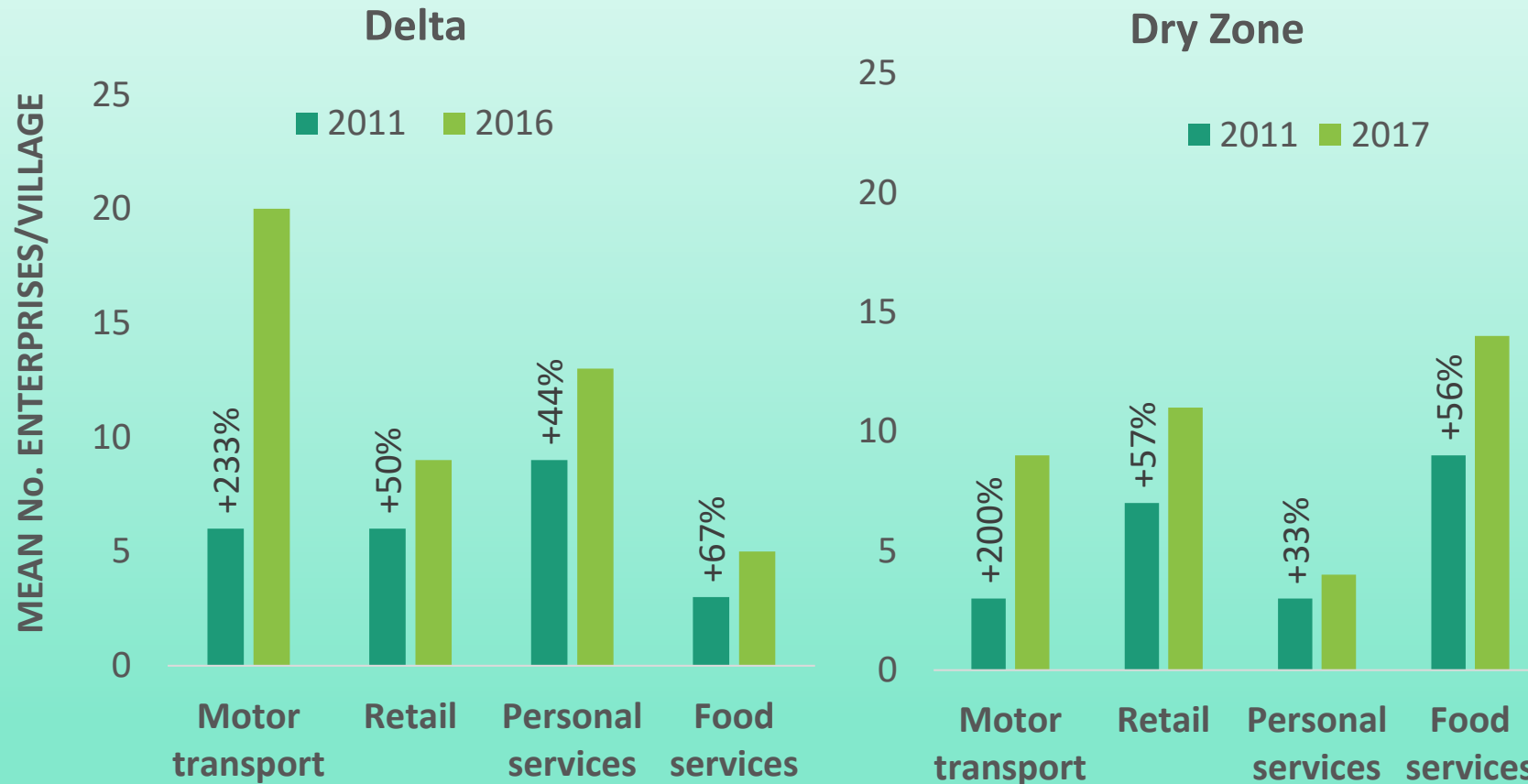


Monthly interest rates from informal lenders and microcredit providers, 2012 & 2017 (READZ)

Rural non-farm economy growing rapidly

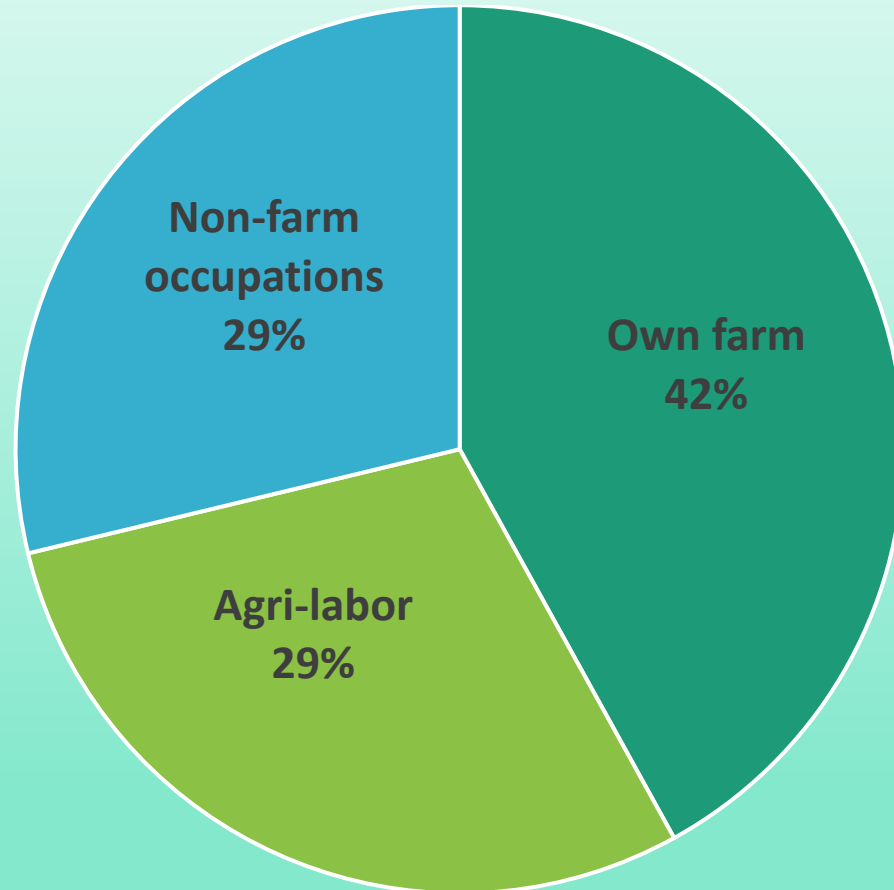


Numbers of non-farm businesses growing quickly



Mean numbers of non-farm enterprise per village by type, 2011 & 2016/17 (MAAS & READZ)

BUT: Agriculture still the main source of primary employment



Agriculture provides >70% of primary employment, plus indirect non-farm employment in value chains

Agricultural labor is 80% of off-farm employment in Dry Zone

Share of individual primary employment, by type (MAAS)

Gender wage gap smaller for non-farm work



Average daily incomes for men and women worker, by type of work, 2017 (READZ)

Agricultural performance lagging

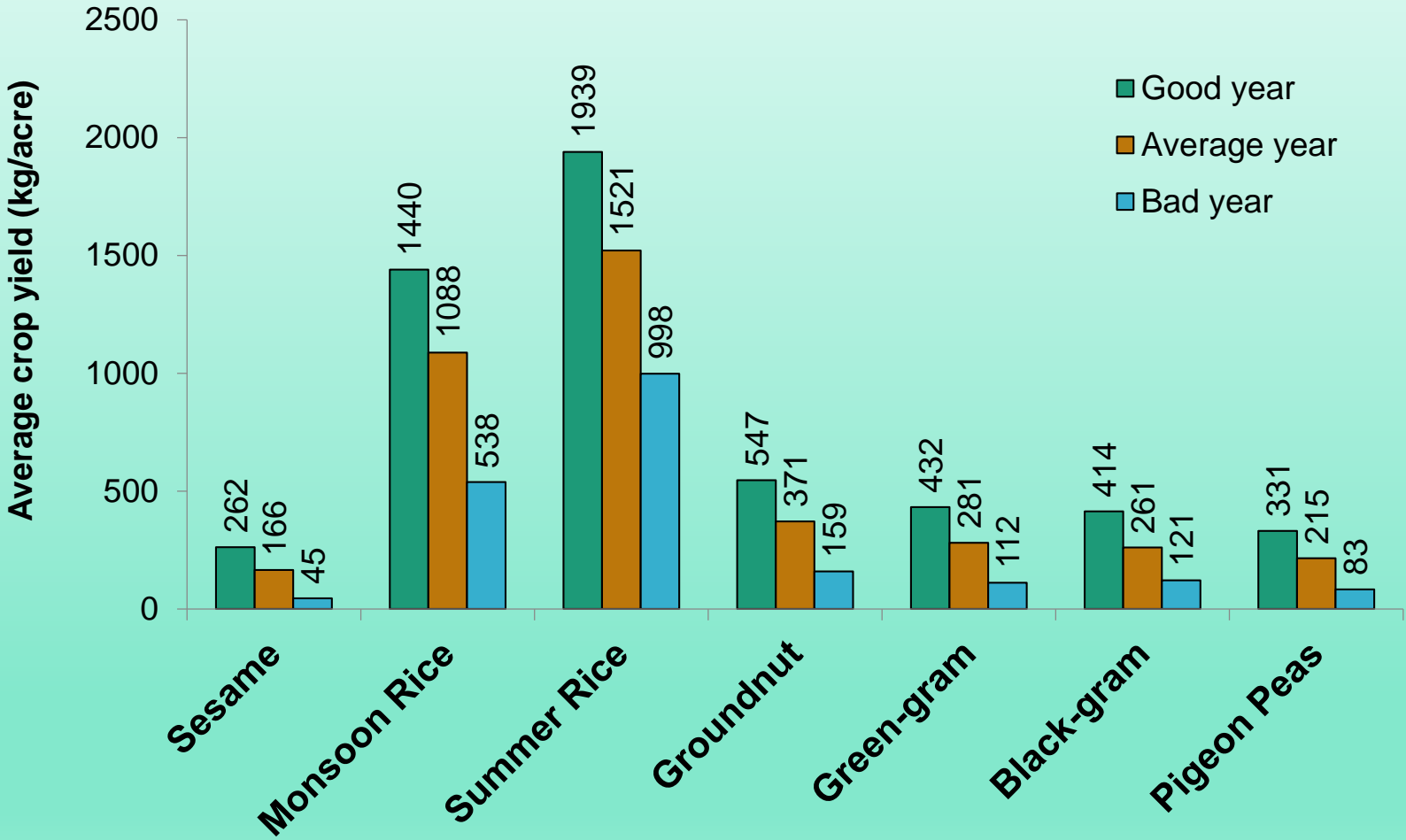


Only (post-monsoon) rice yields are improving



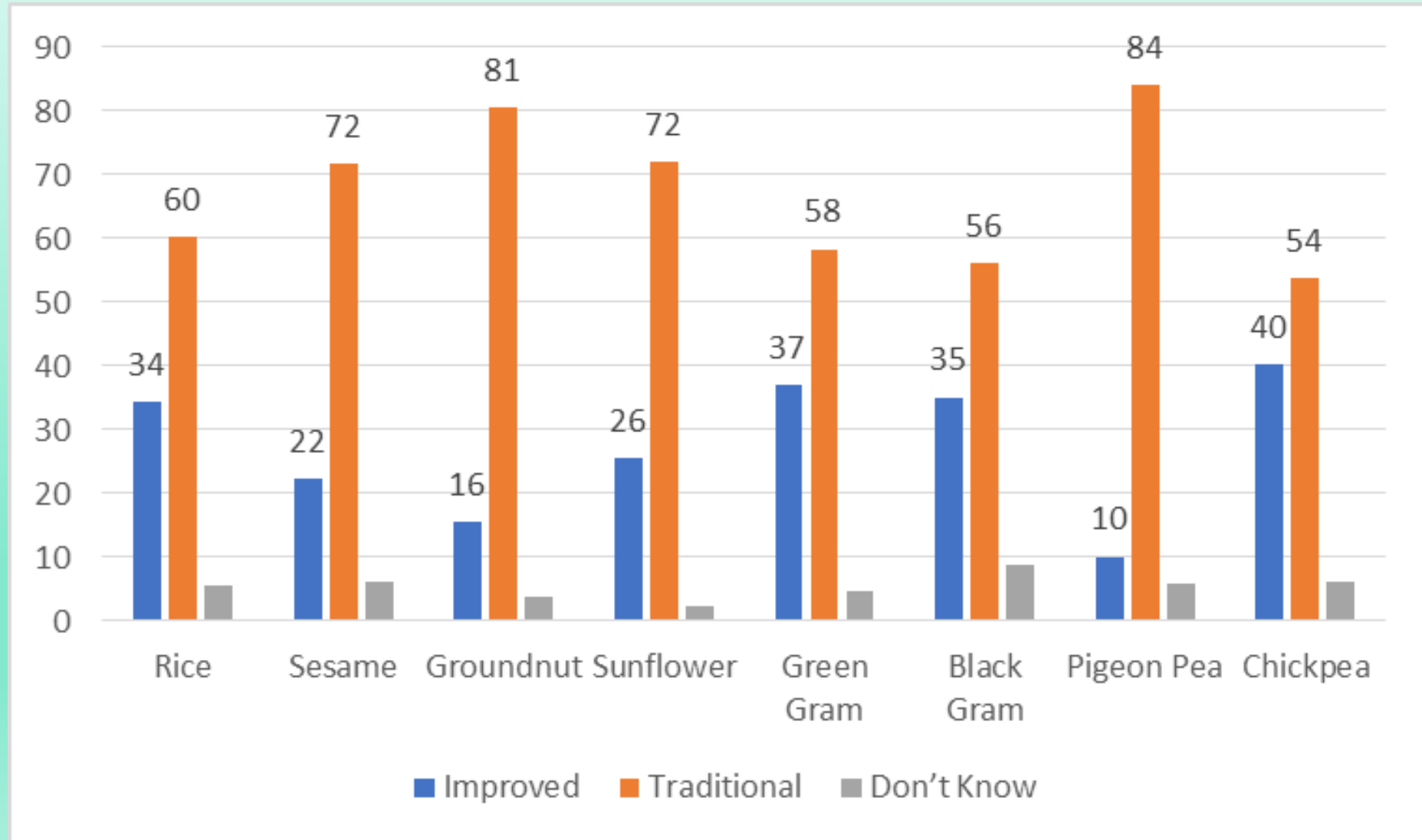
Reported average yields for selected crops (baskets/acre) in 2016, 2011, 2007 (READZ)

Yields very strongly affected by climatic conditions

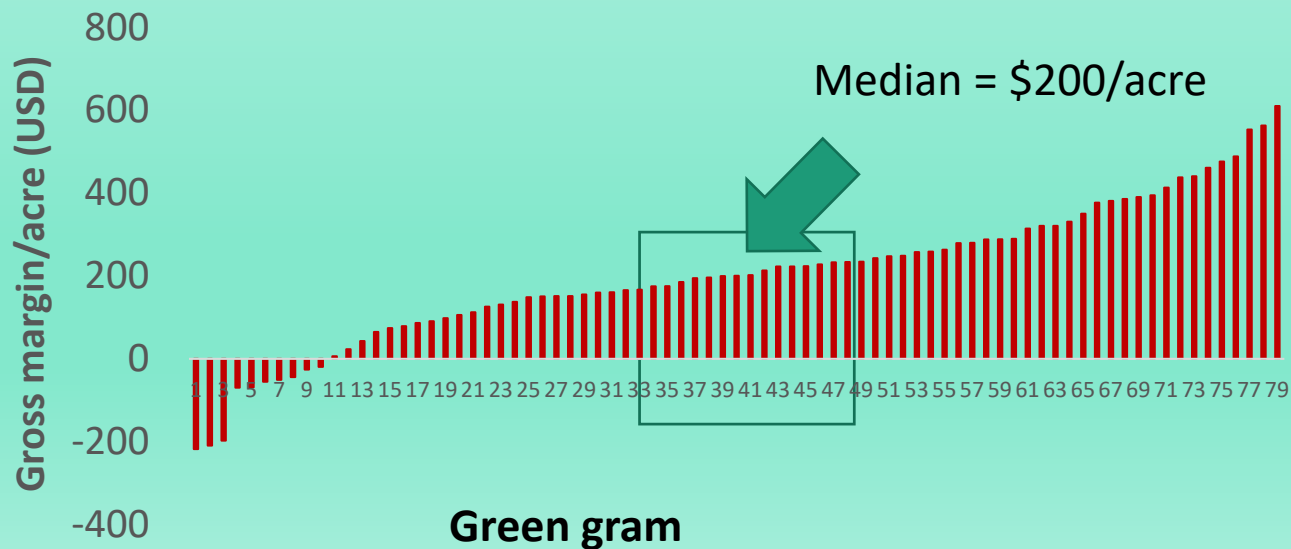
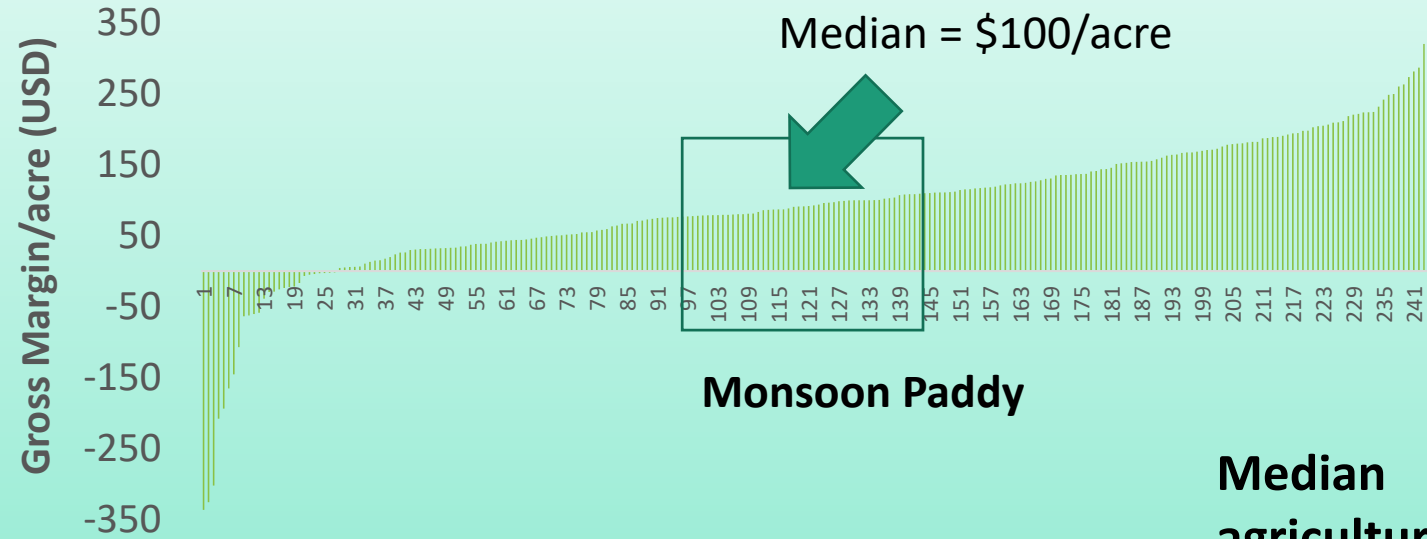


Average crop yields (kg/acre) in years with “good”, “average” and “poor” climatic conditions (READZ)

Use of Improved Varieties



Agricultural productivity and profitability remain low



**Median
agricultural land
= 5.5 acres;
Typical annual
agricultural
income =
\$1650/HH, or
\$330/capita**

Initial thoughts on final year workplan

- Completion of analysis and reports for Dry Zone and Shan State research findings
- Follow up qualitative research where needed, including trade dimension of key value chains
- Dissemination of findings to a broad range of stakeholders
- All data sets in the public domain with a workshop for YAU faculty and graduate students to ensure further use
- Support to establishment of an ADS policy process
- Support to ADS reform processes in support of productivity (ag research, extension and seed supply)

Thanks to our CESD research team

