

# Myanmar's Agrifood System

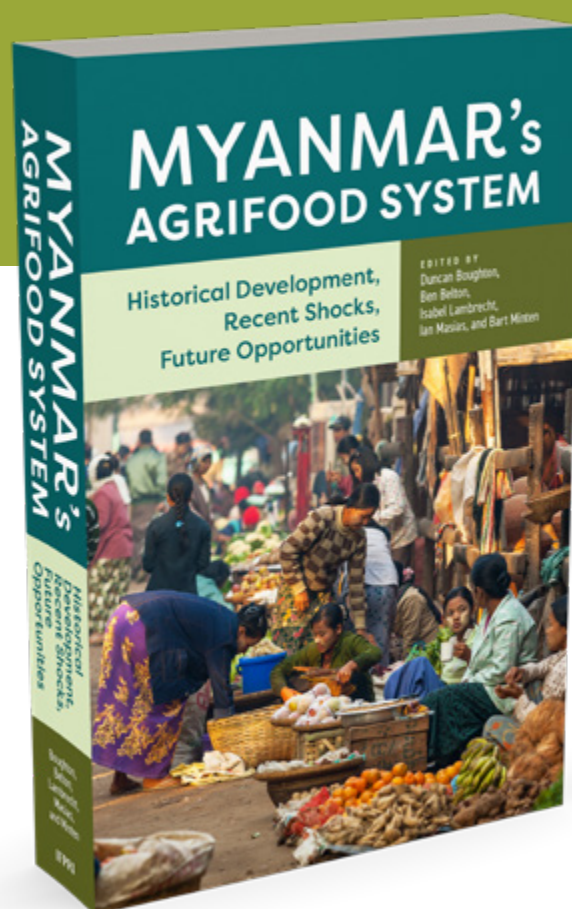
## Historical Development, Recent Shocks, Future Opportunities

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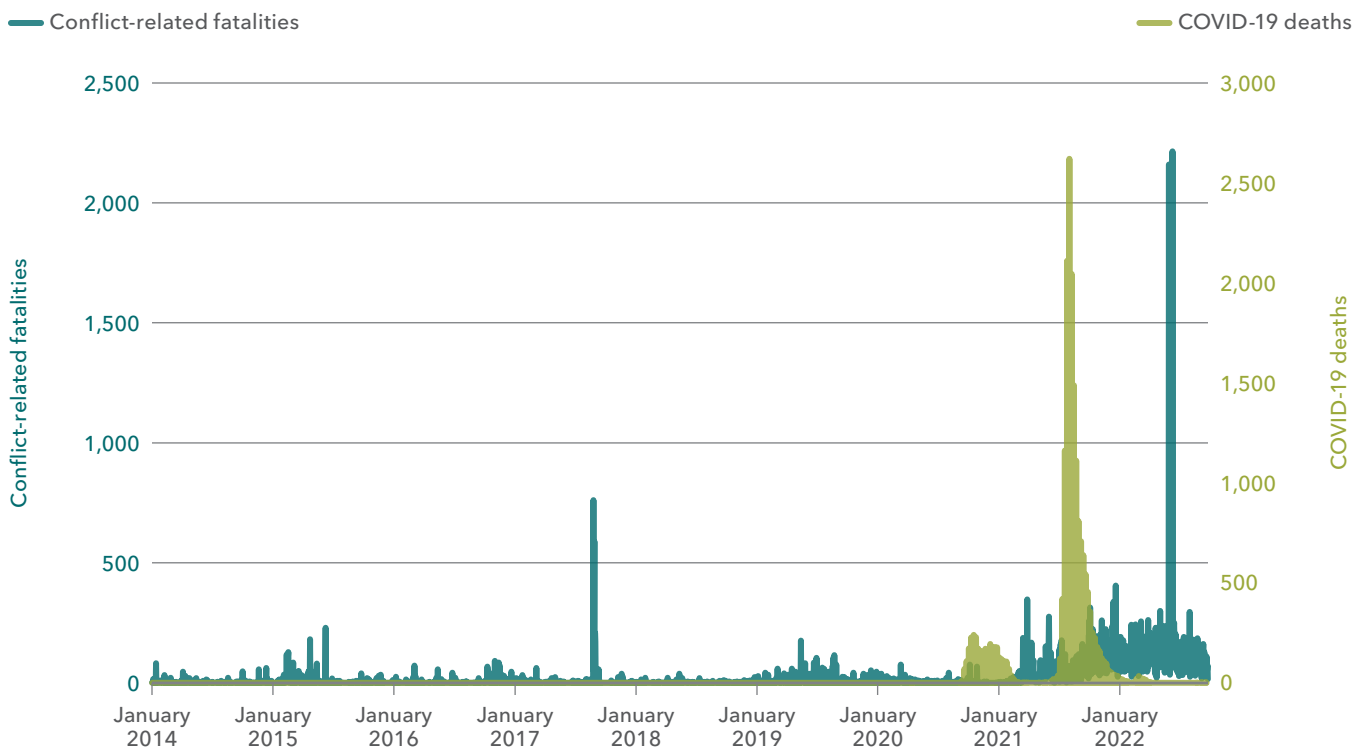
Myanmar has endured multiple crises in recent years that have disrupted and even reversed a decade of economic development. Yet Myanmar's agrifood system, which is central to the economy, has proved surprisingly resilient, in terms of both production and exports, in the face of COVID-19, global price instability, the 2021 military coup, economic mismanagement, and widespread conflict. However, household welfare has declined severely, with more than 3 million people internally displaced, and many more affected by high food price inflation and resulting dietary deterioration.

*Myanmar's Agrifood System: Historical Development, Recent Shocks, Future Opportunities* provides critical insights into the agrifood system's evolution, current state, and future opportunities in chapters authored by IFPRI researchers and colleagues from Michigan State University. These analyses fill an important knowledge gap for one of Southeast Asia's major agricultural economies—one



largely closed to empirical research for many years. It is the culmination of a decade of rigorous empirical research on Myanmar's agrifood system. The book's contributors combine data from standard household and value chain surveys for several important agricultural commodities conducted between 2015 and 2020, recent phone surveys, and a mix of analytical approaches to provide empirical

**FIGURE 1** Security and health shocks per month in Myanmar, 2014–2022



**Source:** Armed Conflict Location and Event Data (<http://acleddata.com>); World Health Organization (<https://covid19.who.int/>).

insights into patterns of rural transformation during the recent crises. They also explore how disease, conflict, international commodity price surges, and domestic policy changes have interacted to unravel livelihoods and dramatically worsen welfare. The insights presented are valuable both for guiding immediate humanitarian assistance and for designing future development strategies, once a resolution to the current crisis is found that ensures lasting peace and good governance.

## Evolution of Myanmar’s agrifood system

Agriculture and the rural economy are central to Myanmar’s economy. Seventy percent of the population and 87 percent of the country’s poor live in rural areas, and agriculture and associated agro-industries employ half of the total labor force and contribute one-third of national GDP, about 23 percent directly in farm incomes and the remainder from agro-processing, distribution, marketing, exports, and food retailing. Myanmar has greater land and water resources than many countries

in the region, with considerable arable land per person, much of it potentially irrigable, and seasonal precipitation patterns that facilitate crop production. However, the performance of its agrifood system lags behind those of neighboring countries, and the partial structural transformation of its economy is reflected in low per capita GDP. Low productivity, high inequality in land access, and underinvestment in transport infrastructure contribute to the sector’s underperformance. Yet, progress in agriculture is estimated to be responsible for nearly half of Myanmar’s poverty reduction between 2005 and 2015. Clearly, a well-functioning agrifood system is crucial to the welfare and food security of Myanmar’s residents.

Looking back, Myanmar’s development policies seemed to have turned a corner in 2011, when the government embraced market liberalization. Over the following decade, Myanmar’s economic growth was among the highest in Southeast Asia, and the opening of the country and expansion of education opportunities combined to dramatically change the economy. Investments in infrastructure and public services increased, and a national land use policy was formulated with the intention of making land access more equitable and secure. However, this

transition had important limitations. While the poverty headcount fell steeply, rural poverty remained well above urban poverty levels and, compared with headline economic growth, the rate of poverty reduction was modest. The transition also failed to establish a fully democratic system, with the Myanmar Armed Forces (MAF) continuing to play a large role in ruling the country, and conflict affecting large areas of the country.

The series of shocks that began with the COVID-19 pandemic in early 2020, followed by the military coup of February 2021 and the global food, fuel, and fertilizer supply crisis sparked by the Russia-Ukraine war, led to a surge in conflict and displacement in Myanmar, a sharp depreciation of its currency, and high inflation, while employment opportunities dried up (Figure 1). In addition to these recent shocks, Myanmar is susceptible to climate shocks, including cyclones, erratic monsoons, irregular rainfall, droughts and floods, and high winds, and a large proportion of its population lives in hazard-prone areas.

#### **CONTRIBUTION OF THE AGRIFOOD SYSTEM TO GROWTH.**

The book begins with an overview of the evolution of Myanmar's agrifood system and its role in the economy before and during the recent crises. In addition to measuring the contribution of the agrifood system to economic growth and employment in Myanmar, the authors use economywide modeling to identify which agricultural value chains have the potential to drive inclusive economic growth and improved nutritional outcomes in the future. The book also takes a retrospective look at agricultural performance to identify the structural impediments and policy and investment gaps on the supply side that have prevented the agrifood system from fulfilling its potential.

**WELFARE OUTCOMES.** To understand the impacts of the recent crises, welfare outcomes are measured in terms of poverty and nutrition for different household types. An examination of household consumption and nutrition, focusing on how recent food price inflation and income losses have undermined food and nutrition security, identifies possible interventions to mitigate the potentially serious long-term consequences. Examining the impact of the different kinds of shocks affecting the country—conflict, climate, health, and economic—on household income and welfare shows how household coping strategies have evolved in response. These analyses reveal a high degree of fragility in livelihoods in the face of multiple shocks that affect the demand side of the agrifood system, despite a relatively resilient supply side.

#### **RESPONSE OF SPECIFIC AGRIFOOD SYSTEM COMPONENTS.**

The book also examines the performance of specific components of the agrifood system: farm-level production, upstream input supply and mechanization services, downstream processing, retailing, and international trade. An analysis of the distribution, tenure, and use of agricultural land evaluates the influence of successive land policy regimes on land access across Myanmar's main agro-ecological zones. In the decade prior to 2020, agricultural mechanization increased rapidly, with important implications for agricultural households and workers. However, access to mechanization services was temporarily disrupted with the onset of COVID-19, as well as in conflict-affected areas. Another analysis examines the regional distribution, productivity, profitability, and extent of technology adoption in Myanmar's major crops, including rice, pulses, and maize, highlighting the causes of underperformance and recommendations for improvement. In addition, the characteristics of livestock and fisheries, two of Myanmar's most dynamic high-value agrifood sectors, are explored, assessing both traditional small-scale producers and more specialized production systems and their contributions to rural employment and national nutrition security.

Several chapters examine upstream and downstream linkages that connect farm production to the rest of the agrifood system, providing a picture of a sector struggling to overcome internal and external constraints to realizing potential for adding value to farm produce. These include an examination of changes in farm commercialization over time, with close attention to fertilizer use, marketed crop surpluses, and the factors associated with farmers' marketing decisions. Another analysis takes a close look at aspects of particular value chains: the structure and performance of the rice value chain; the dynamism of the maize-poultry-fish value chain nexus; and challenges facing the oilseeds and pulses value chains in a context of market liberalization. A look at the food processing sector, which accounts for more than half of all registered industrial enterprises in the country, identifies the underlying drivers of domestic and international demand for processed food products. Finally, an examination of broad trends in international trade for Myanmar's agricultural products points to the constraints created by the unpredictable trade practices of the country's larger neighbors as well as Myanmar itself.

**LIVELIHOODS AND EQUITY.** The final set of chapters examine rural and urban livelihoods more broadly, applying gender and youth lenses and considering how migration and

off-farm employment complement regional agrifood system constraints and opportunities. Greater understanding of rural out-migration, which has been and continues to be critical in sustaining or improving rural livelihoods in Myanmar, is derived from data collected across the country prior to 2019 and through phone surveys during the recent crises. Beyond farming, a dynamic rural nonfarm economy exists, though one that has been impacted by the ongoing crises. An analysis of nationally representative data demonstrates the critical importance of women and youth to the country's rural economy, both on and off the farm. In addition, a detailed synthesis of the regional diversity of rural development and livelihoods emphasizes the uneven development paths seen both across and within regions.

## Looking ahead

To identify investments and policies needed for Myanmar's agrifood system to serve as a springboard for recovery and long-term economic development, the book's conclusion points to implications from the analysis for both short-term humanitarian assistance and long-term economic development. Myanmar's recovery from the multiple crises it has faced since 2020 will require a robust combination of effective humanitarian interventions, sustained policy reforms, and overall development support. Only through concerted efforts to address institutional, infrastructure, and productivity constraints can the agrifood system fulfill

its full potential as a driver of inclusive and sustainable development. In addition, expanded social protection to improve access to better-quality diets for vulnerable households and individuals is clearly needed.

For the longer term, while much is known about strategies to leverage public and private investment in more efficient and dynamic agrifood systems for poverty reduction and improved nutritional outcomes, these efforts will not be straightforward to implement in the fragmented governance systems that may emerge from the current situation. Supportive federal policies and administrative capacity, along with well-designed investment programs, will be needed to rebuild the institutions and human capacity essential for Myanmar's regionally diverse agrifood system.

Broadly, this book offers unique insights into the functioning of agrifood systems during periods of rapid growth and transformation, as well as under stress, and provides examples of possible pathways to recovery in fragile and conflict-affected economies where a large share of the global poor and food-insecure populations reside. For Myanmar, the authors provide a roadmap for diverse stakeholders—policymakers, development practitioners, researchers, and civil society—who are committed to fostering a resilient and prosperous agrifood system in the country. Their insights and recommendations should serve as a valuable resource in efforts to achieve food security, economic stability, and social equity in Myanmar.

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