

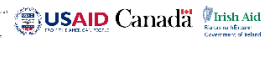
Agriculture and Rural Transformation in Myanmar

Evidence Generation for Resilient and Inclusive Policy and Program Design

Duncan Boughton and Ben Belton
on behalf of the MSU, IFPRI and CESD team
At the LIFT Forum 2019, Nay Pyi Taw, June 12



Livelihoods and Food Security Fund



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Outline

Backwards look:

- What have we learned about agricultural and rural transformation?
- Summary of project contributions to the evidence base
- Unpack the evidence of an important LIFT contribution: example of mechanization

Forward look:

- Future challenges for resilient and inclusive rural transformation
- Implications for rural development policy and investment strategy
- Types of evidence and analysis helpful to support strategy implementation going forward

Key Findings on Ag and Rural Transformation (1)

Transformation of agriculture and the rural non-farm economy (NFE) has been rapid over the past five years:

- Major improvements in road infrastructure, schools, communications and electricity
- Surge in domestic and international migration out of rural areas
- Rapid increases in real rural wages
- Extremely rapid mechanization
- Increased access to credit and lower interest rates on informal loans
- Dynamic value chains (e.g., aquaculture, poultry, maize, fruit)
- Expansion and diversification of the NFE (e.g., transport, retail, services)

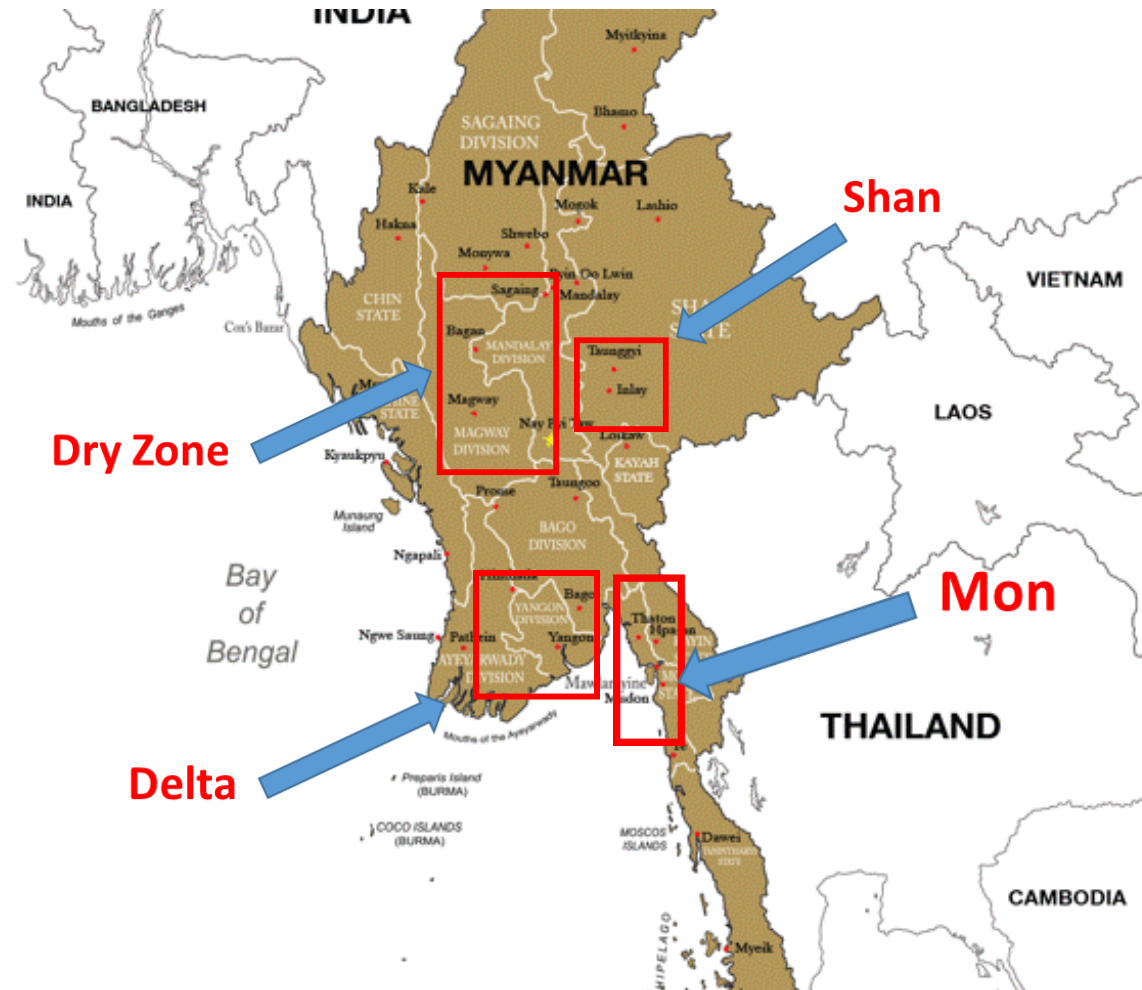
Key Findings on Ag and Rural Transformation (2)

Transformation is uneven:

- Uneven spatially: hilly/remote areas (high transport costs)
- Uneven across households (resource endowments)
- Persistent wage gap between male and female workers
- Persistent yield gaps and low profitability for most pulses, oilseeds, and paddy (staple crops are not a pathway out of poverty for smallholders)
- High price instability for pulses, maize and rice due to narrow and unpredictable export markets
- Rural SME's employ few workers

Project Contributions to the Evidence Base

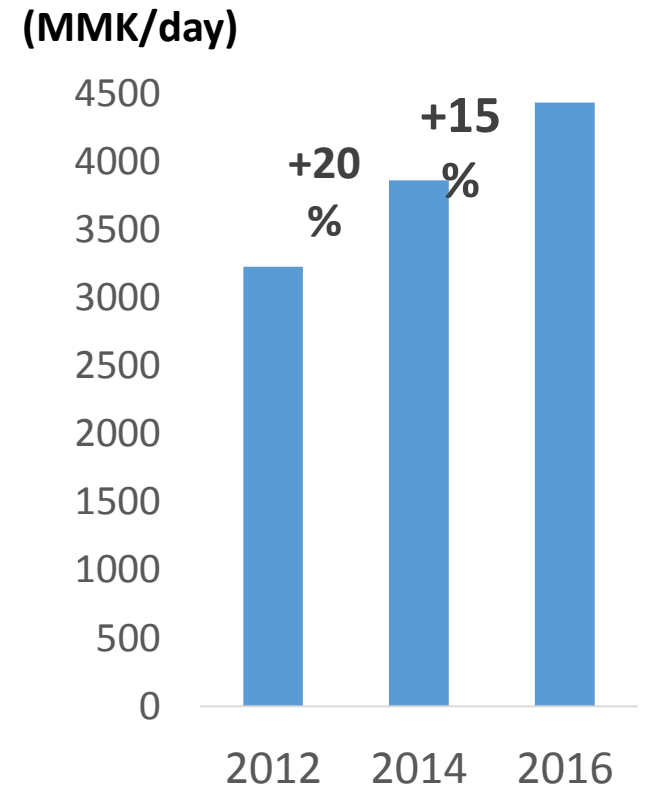
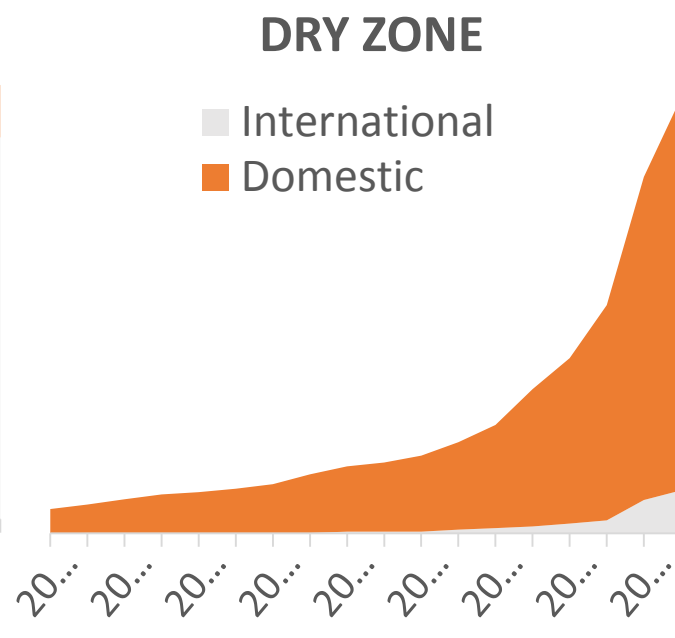
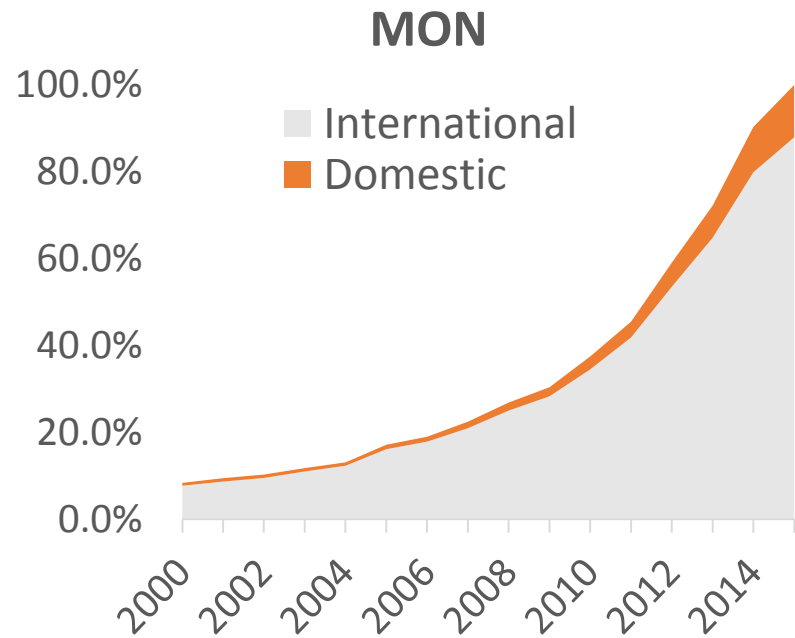
- 4 regional rural livelihood studies
 - 7,300 households
 - 700 communities
- 8 value chain enterprise studies
 - Aquaculture
 - Rubber
 - Pulses
 - Oilseeds
 - Maize
 - Livestock
 - Mechanization
 - Variety Adoption and Seed Demand



Unpacking a LIFT success story: drivers and patterns of mechanization

- Demand side drivers
- Supply side drivers
 - *LIFT finance guarantees have a catalytic effect on commercial bank credit for rental service SMEs*
- Rapid, smallholder inclusive outcomes

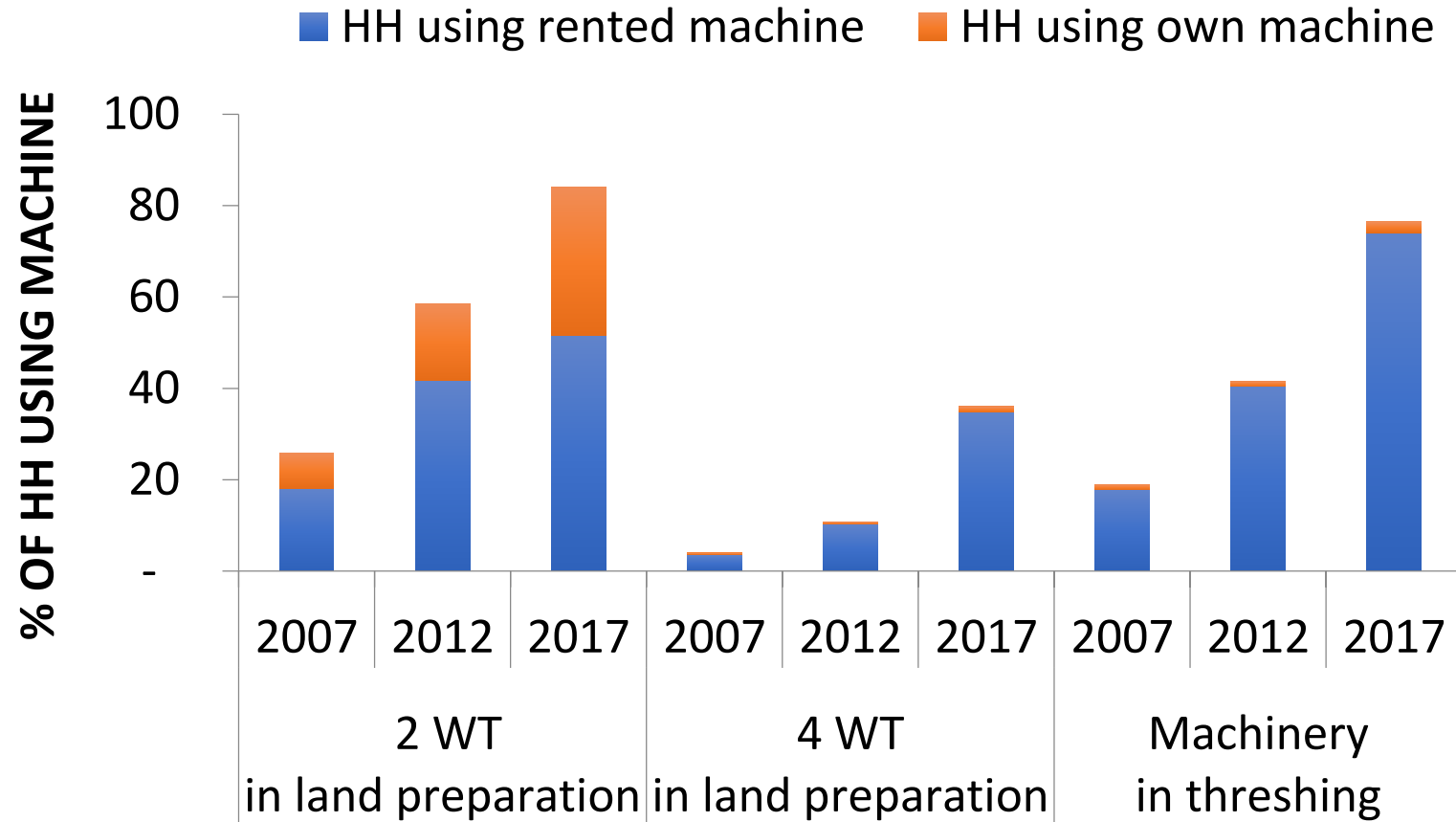
Drivers: Rapid increases in outmigration drive increases in real rural wage rates which drive increases in demand for mechanisation



Driver: LIFT risk sharing guarantees encourage commercial banks to lend to rental businesses like this one...

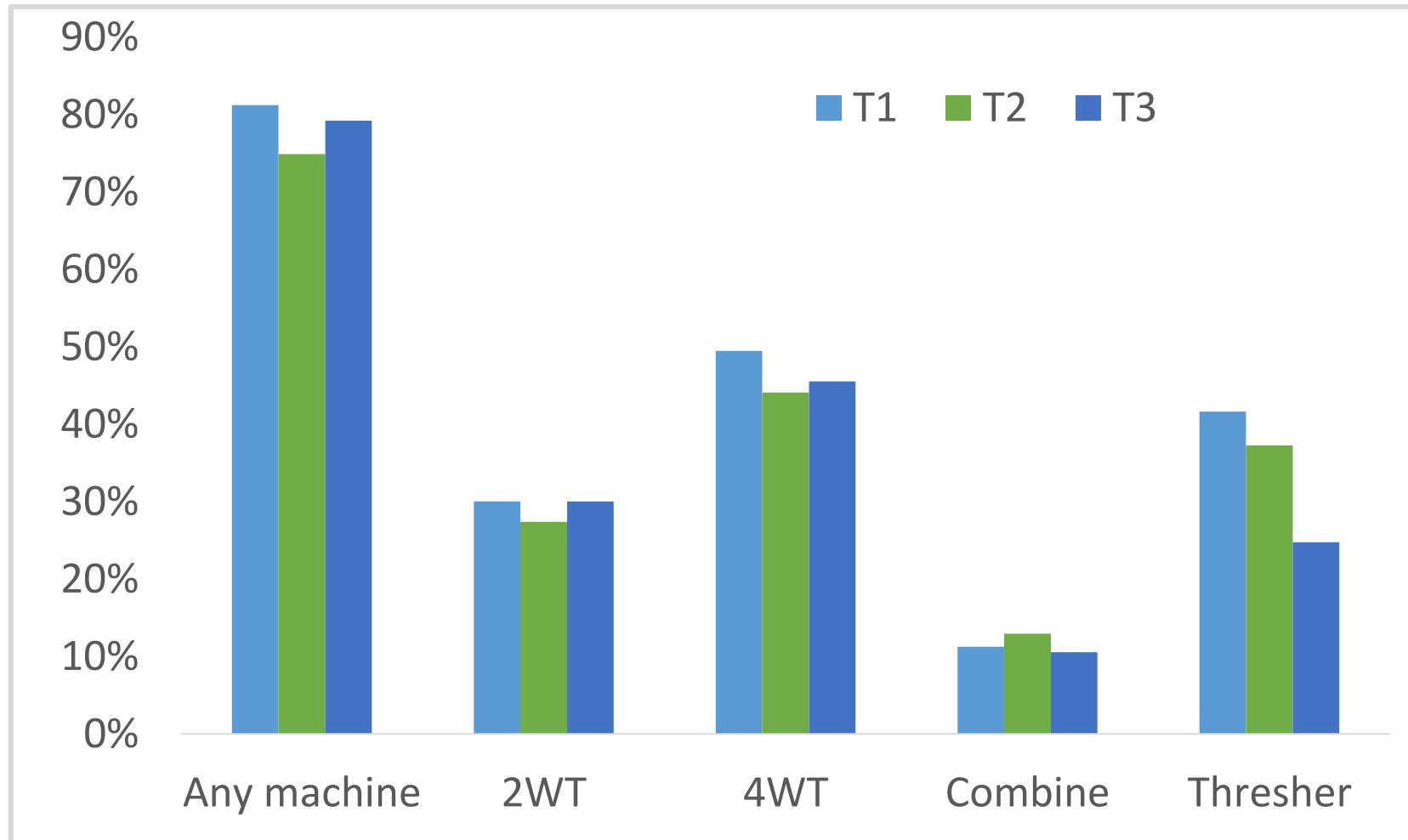


Increased rental service provision enables more rapid access to farm machinery....



Share of farm HH using own or rented machines in land preparation and threshing (Shan)

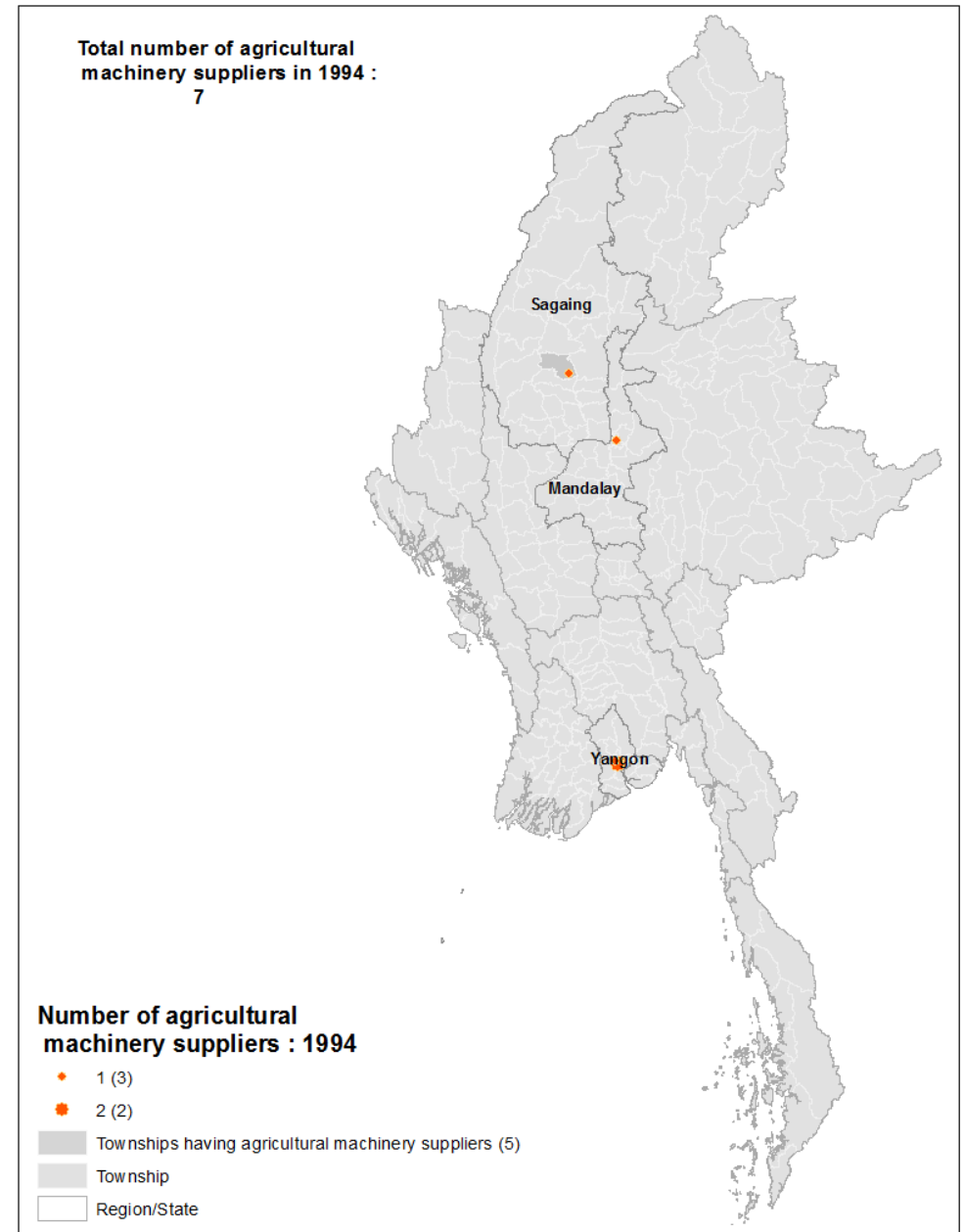
Rental services allow inclusive access to machinery...



Share of HH using machinery by landholding tercile and machine type (Dry Zone)

... and stimulate faster growth in the number and coverage of machinery supply businesses.

Number of agricultural machinery supply businesses by township, 1994-2018 (Delta & Dry Zone Enterprise surveys)



Future challenges for resilient and inclusive rural transformation

- Outmigration will continue (welfare outcomes related to skills).
- Mechanization will continue (increased scope of operations).
- Rural incomes correlated with proximity to urban centers (risk of hinterlands left behind).
- Increased specialization in agriculture (more capital and knowledge intensive) in response to urban and export demand.
- Sustainable soil and water management strategies.
- Increased pest and disease challenges due to specialization, climate change and cross border epidemics.

Some implications for rural development policy and strategy

- Stronger and more effective agricultural research, education and extension is essential to realize agricultural growth potential and reduce risks for producers and consumers.
- A more enabling environment needed for expanded smallholder engagement in high margin enterprises (access to capital, knowledge, specialized inputs and services, land use flexibility).
- A more enabling environment for women's engagement in agriculture and the rural economy in ways that strengthen family cohesion.
- Improved market outlook analysis and trade management to reduce price shocks.
- Regional approach to agricultural development and nutrition strategies with closer collaboration between union and regional governments, and between public and private sectors.

Looking forward: evidence generation to support strategy implementation

- Rural economies, and agriculture, will continue to change very rapidly in the coming decade.
- Different regions will experience different opportunities and challenges.
- Even within the same region, households and individuals have widely different capacities and needs in order to thrive.
- Regular, regionally representative, household and enterprise surveys and analysis to enable policies and investment strategy to adapt.
- More qualitative research on how interventions affect intra-household welfare, especially for women and children.
- Requires stronger government “buy in” and capacity to utilize analysis.

A final word of thanks to an outstanding team



Congratulations to 8 team members who received competitive scholarships for graduate training - 3 at PHD level

