Agriculture: Engine of Rural Economic Growth in Myanmar

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Why focus on rural economic growth?

• Agriculture makes many contributions to the economy:
  • Food and nutrition security
  • Environmental services
  • Raw materials for added value processing
  • Source of export earnings
    • Beans and pulse exports earn more than $1 billion per year
  • Engine to power growth of the rural economy

• Why focus on rural economic growth?
  • Most of Myanmar’s poor people live in rural areas
  • Most rural poor depend directly or indirectly on agriculture for income
How does agriculture drive the rural economy?

• Direct employment and income generation on the farm
• Indirect demand agricultural inputs and services
  • seed, fertilizer, tractor repairs, transport
• Consumption expenditures by farm households
  • house construction, school fees, medical services, transport, personal services

• 1 million kyat of agricultural income generates an additional 600,000 to 800,000 kyat in rural nonfarm income
  • Example: Bangladesh green revolution 1980s and 1990s. Rice production doubled. Stimulates demand for 750,000 shallow tubewells, 1 million treadle pumps, 50,000 paddy mills, 80,000 small traders, 160,000 rural mechanics
• Agriculture has potential for long-term expansion due to land and water resources and large regional markets (2.6 billion consumers)
How can agricultural incomes increase?

• Increase productivity (e.g., increasing number of baskets of paddy or pulses per acre cultivated)
  • Use of improved varieties or breeds of fish/livestock
  • Improved water and soil fertility management
  • Improved weed, pest and disease management

• Improvement in quality of produce

• Increase production of high value crops or livestock (e.g., pulses, fruits and vegetables, fish)

• Increase scale of production
  • Difficult in densely populated areas with high proportion of landless HH
Why use a regional approach to increasing agricultural incomes?

• Different regions have different production and market opportunities
  • Altitude, water access, market access

• Example of Mon State with 3 distinct agro-ecologies:
  • Upland – increase profitability of rubber; diversification into fruit/vegetables
  • Lowland – increase productivity of rice production; diversification into aquaculture
  • Coastal – improve management of marine capture; improve infrastructure for access to employment

• Example of Yangon
  • Potential to expand smallholder commercial aquaculture
  • Potential to expand high value processed pulses
Aquaculture as an opportunity for smallholders

- High profit and employment per acre compared to crops
- Rapid growth (Yangon has 30% of national pond area)
- Mainly large farmers at present
- Smallholder participation could increase dramatically with:
  - Freedom to convert paddy land to ponds
  - Access to credit and technical support
- Smallholder participation will increase incomes for local businesses
- Potential to improve aquaculture incomes through
  - lower feed costs (only one company at present)
  - diversification of species, and
  - improved technology
Government has a very important role

• Make improved agricultural technologies available to farmers
  • Invest in agricultural research to improve varieties
  • Encourage domestic and foreign investment in seed sector
  • Promote smallholder access to small scale irrigation and mechanization
  • Re-organize extension services to earn farmer trust
  • Improve agricultural statistics to monitor development of sector over time

• Improve agricultural finance for farmers and input companies
  • Reform ADB to be an effective and responsible financial partner
  • Medium-term finance for irrigation and farm equipment

• Ensure land tenure security
  • Secure tenure rights
  • Allow farmers choice of farm enterprise to have a mix of paddy and high value activities
  • Flexibility to rent or sell land to permit farm size increase over time
Sound macro-economic, trade and investment policies (enabling environment)

• Flexible exchange rates
  • Important for farm prices and farmer incentives to invest in modern technology
• Investment in rural roads and electricity
  • Expansion of market opportunities and lower cost supply chains
  • Important for rural growth multipliers
• Encourage foreign direct investment in input supply and value added processing
• Trade facilitation
• Encourage market competition
• Avoid price controls on agricultural products
Thank You

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