



Myanmar's poverty and food insecurity crisis

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Questions

- What are the expected consequences of the military take-over for poverty and food insecurity?
- What are the spatial dimensions of increases in poverty and food insecurity?
 - Rural / urban areas; geographical regions
- Which types of households are most at risk?
 - Pregnant women and children; smallholder farmers; female-headed households
- What is the outlook for the agricultural sector for the monsoon season?
- What types and scale of assistance are required to mitigate the consequences?

Summary findings

- Poverty rates have risen dramatically to between 40% and 50% now compared to 27% in 2017.
- Poverty is deeper now with the average poverty gap between 34% and 40% compared to 26% in 2015.
- Half of all households cannot afford a recommended diet using least cost food sources.
- 3 out of every 4 *newly poor* individuals live in rural households.
 - 60% Delta and Dry Zone; 25% Hills and Coastal; 15% Yangon
- The agricultural sector (the engine for the rural economy) is expected to contract in the monsoon season due to high input costs, lack of credit, and market uncertainty.

Methods and Data

Simulation modeling

- Macro-economic level: use Social Accounting Matrix (SAM) to estimate effects on different sectors and national GDP
 - National accounts data
- Household-level: simulation of effects on household expenditure according to household income sources
 - Myanmar Poverty and Living Conditions Survey 2015 (n=3,630 households)
 - See Appendix to paper for more details

Agricultural Sector Stakeholder Panel Phone Surveys

- Input Retailers
- Mechanization service providers
- Community leaders
- Farmers
- Traders
- Rice Millers
- Urban Food Vendors
- Consumers

Note: data and analysis approach was established beginning in April 2020 to monitor effects of COVID-19; reports available at <https://www.ifpri.org/program/myanmar-strategy-support-program>

Why focus on agriculture?

- It's important to the economy.
 - Production of crops, livestock, and fisheries is 23% of GDP; employs 52% of male workers and 43% of female workers.
 - Share of GDP rises to 34% when ag related services included.
- It's especially important to the rural economy.
 - 80% of rural population earns income directly from the ag sector.
- It's especially important for poor households.
 - Poor households in rural areas account for 87% of all poor.
 - Two-thirds of employment of the poor is in agricultural activities.
 - Two-thirds of income of the poor is spent on food so food prices have a big impact on welfare
- Yet, there is a tendency to assume that households that depend on agriculture and/or the rural economy are much less vulnerable than households in the urban economy.

Comparing challenges facing agriculture in 2020 and 2021

2020 monsoon

Temporary shocks—rapid adjustment

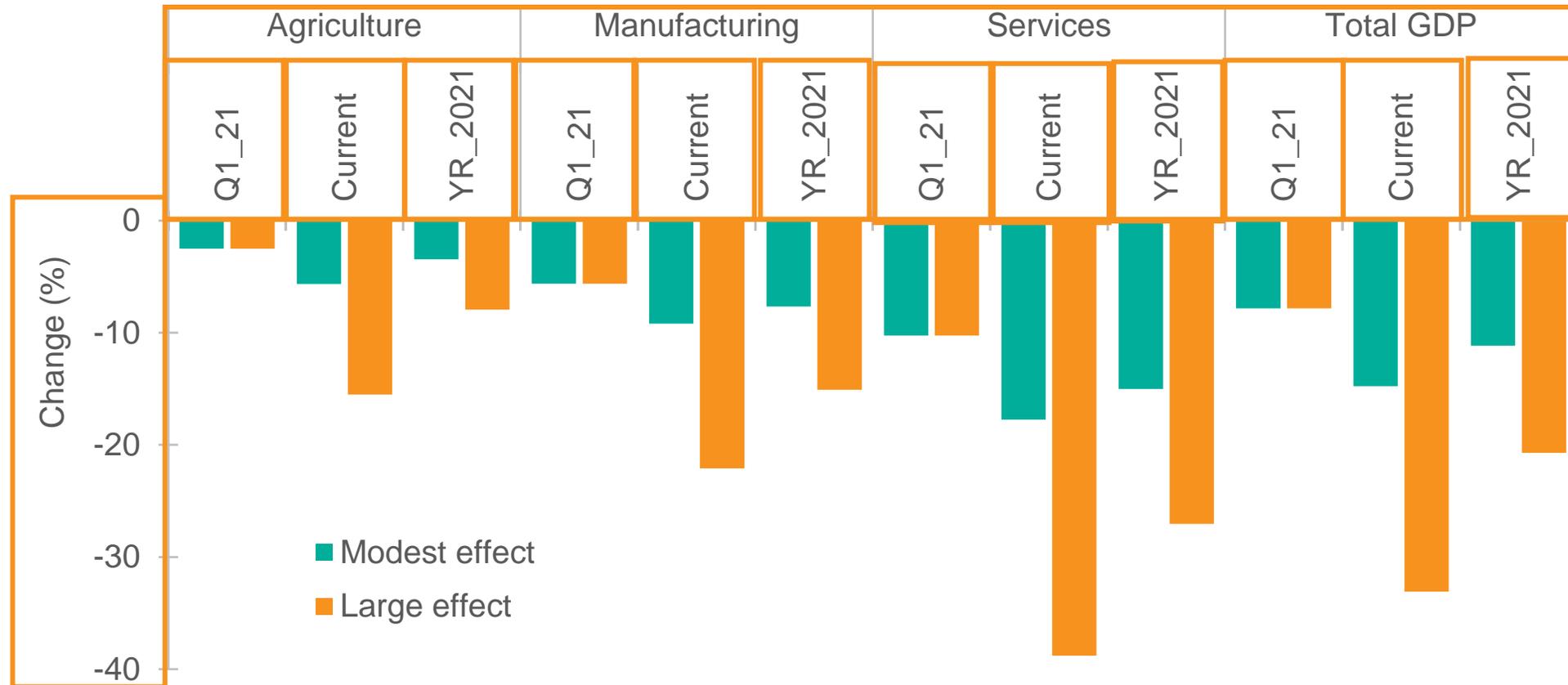
- Lockdowns temporarily disrupted distribution of inputs and reduced access to mechanization services;
- Movement restrictions resulted in losses of vegetable produce and border closures disrupted melon exports;
- Input availability stabilized once movement restrictions lifted;
- Government responded to credit constraints with additional loans for smallholders and SMEs;
- Small changes in production and prices of major crops;
- Higher feed costs for livestock due to export demand for maize;
- Small changes in urban prices except for livestock products (eggs, poultry).

2021 monsoon

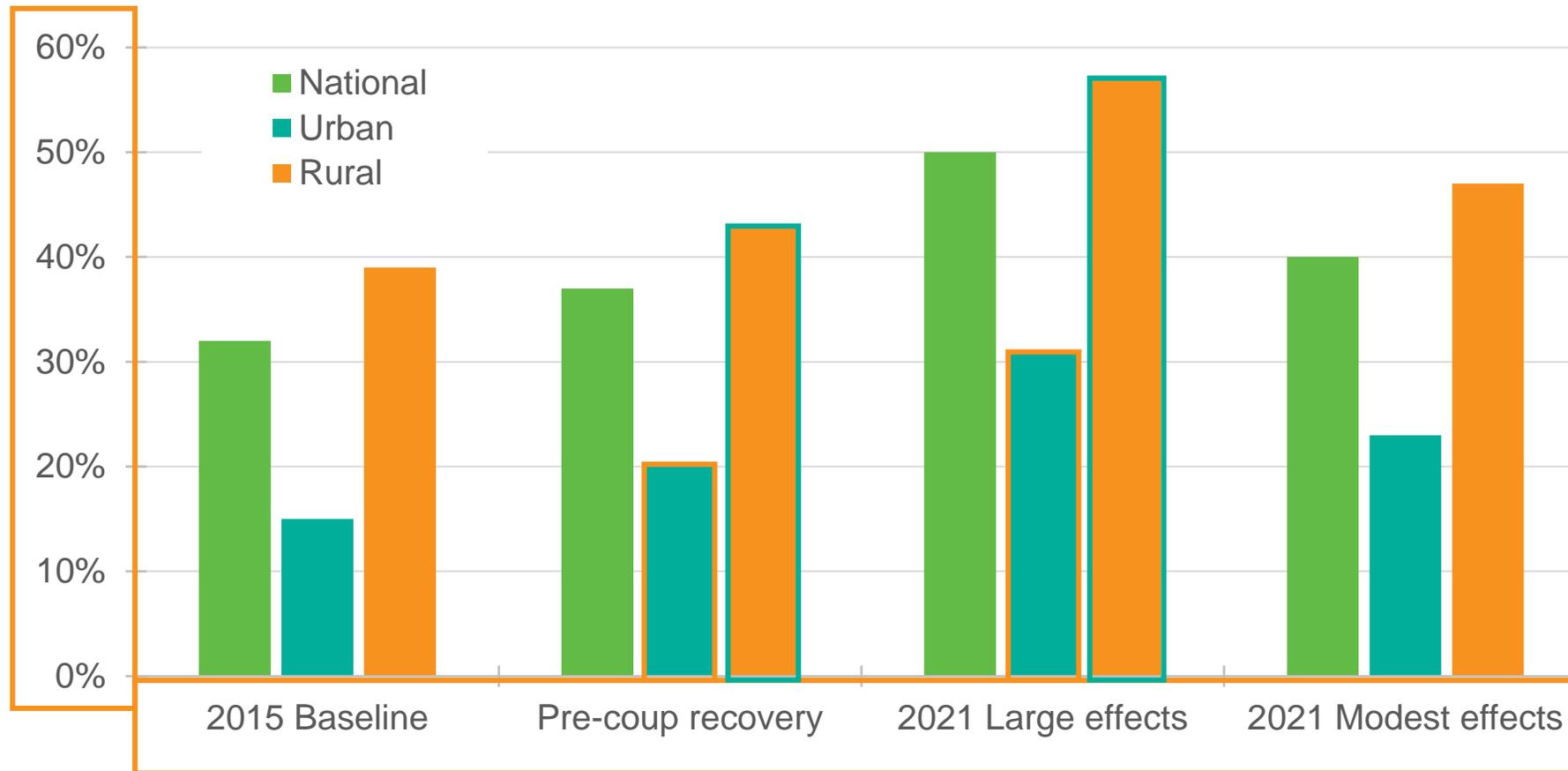
Enduring shocks—risk aversion

- Banking sector / internet disruptions have caused major difficulties for millers, traders and input retailers
- Major increases in fuel and transportation costs (22% within region; 39% outside) resulted in lower prices for farmers but higher prices for consumers;
- Increases of 25% in the cost of mechanization services for land preparation;
- Large increases in fertilizer prices (urea 52%, compound 29%);
- Large reduction in credit available to farmers from MADB, traders and input retailers;
- lower input use by farmers will result in 9-15% lower crop production;
- Myanmar kyat depreciation and increase in Indian pulse purchases should lift farm gate prices.

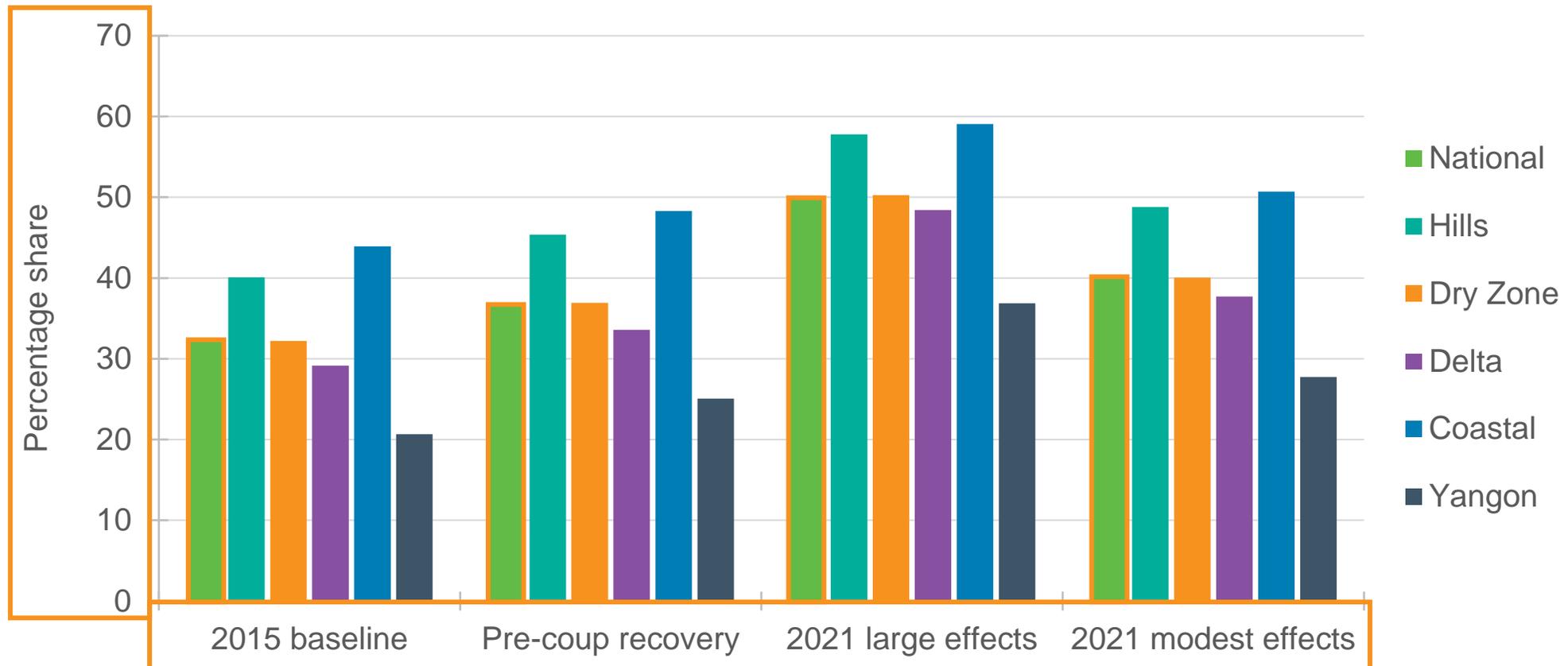
How have livelihoods, poverty and food security been affected since the military takeover? [The macro picture]



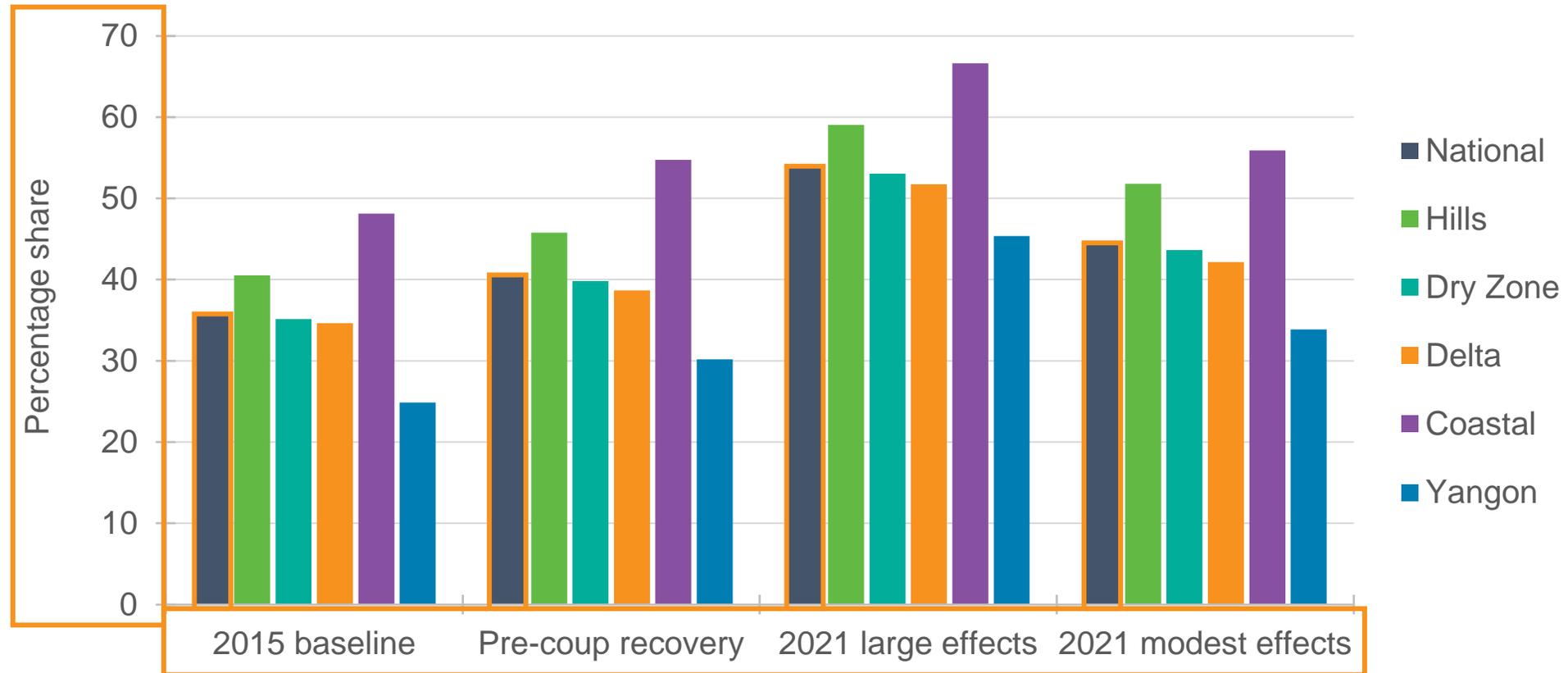
What do predicted GDP changes imply for rural and urban poverty rates?



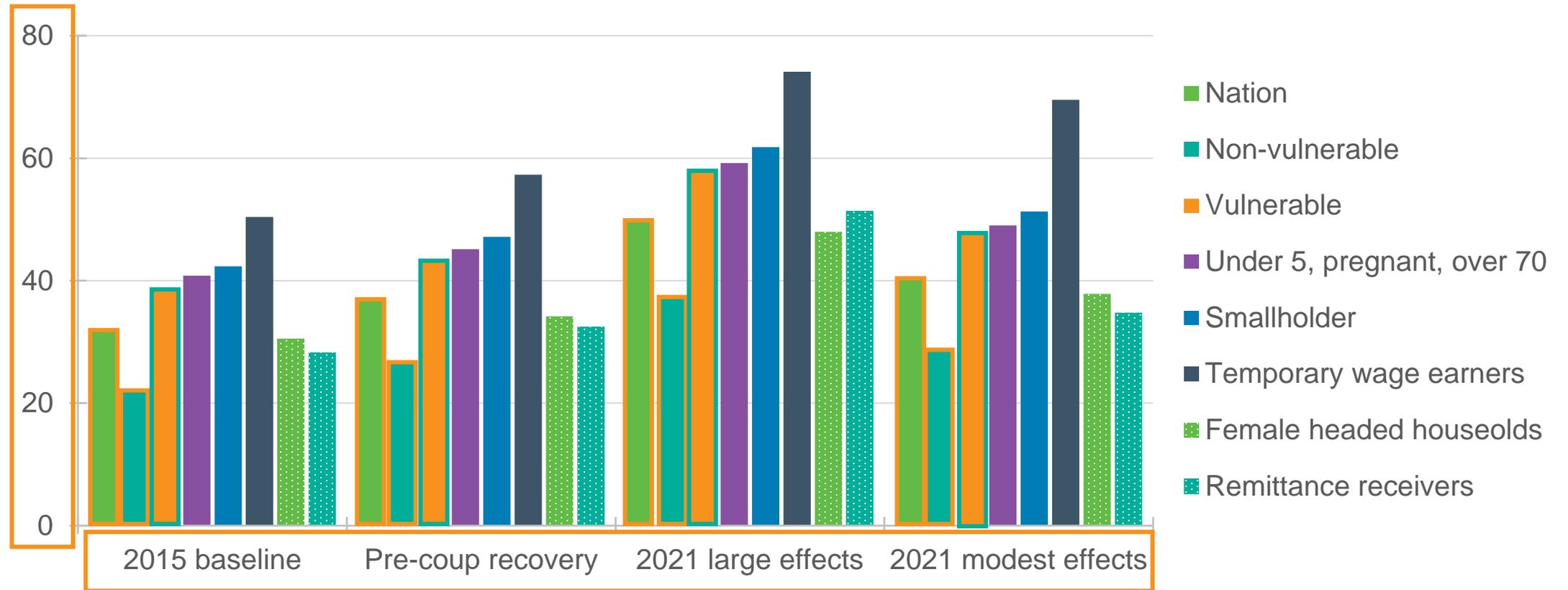
How is the geographical distribution of poverty expected to change?



How do changes in poverty in different regions affect the ability to afford a recommended diet?



Which types of household are most likely to be poor?



How many vulnerable poor households are there?

Target group	Total poverty line		Food poverty line	
	Large	Modest	Large	Modest
All vulnerable	3,198,497	2,590,463	1,183,396	883,802
Under 5 or pregnant	2,104,630	1,726,271	826,648	643,630
Smallholder	1,566,931	1,267,446	592,084	448,658
Daily wage or remittance	509,077	472,648	199,512	154,883
Under 5 & smallholder	703,676	597,869	302,778	244,828
Under 5 & daily wage	231,038	223,689	107,520	88,489

Total poverty line = 1,779 MMK per capita per day
Food poverty line = 1,154 MMK per capita per day
Based on 2020 prices

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What would it cost to procure a basic food ration for vulnerable households (US\$ million per month)

	Total poverty line		Food poverty line	
	Large	Modest	Large	Modest
All vulnerable	125.9	102.0	46.6	34.8
Under 5 or pregnant	82.9	68.0	32.5	25.3
Smallholder	61.7	49.9	23.3	17.7
Daily wage or remittance	20.0	18.6	7.9	6.1
Under 5 & smallholder	27.7	23.5	11.9	9.6
Under 5 & daily wage	9.1	8.8	4.2	3.5

Costs are based on a ration of:

- 393g/person/day rice
- 131g/person/day pulses (sufficient to substitute for animal-source protein)
- 33g/person/day palm oil

Recommendations for food assistance

- Short-term food assistance is urgently needed to enable large numbers of poor, vulnerable households to avoid extreme hunger and potentially irreversible consequences.
- All geographical regions have significant numbers of poor, vulnerable households. Targeting of assistance should be by depth of poverty and type of vulnerability rather than by geographical location (exception would be for IDPs / refugees).
- Assistance in the form of physical commodities may be more feasible than cash assistance but requires negotiation with authorities.
- Use of lower quality but safe commodities such as certain qualities of rice (including broken rice) and pulses are likely to be self-targeting to a degree but may also induce a sense of humiliation for beneficiaries.

Recommendations for agriculture

- Food assistance to poor smallholder farmers, especially those with young children, will allow them to have the time and energy to focus on agricultural production rather than foraging for food.
- To reduce harvest losses, facilitate access to combine harvesting of paddy rice using a partial subsidy to offset the higher costs of services due to higher fuel and transportation costs.
- To expand post-monsoon season agricultural production, facilitate access to mechanical land preparation services using a partial subsidy.
- Resolve credit access constraints before the post-monsoon season and waive repayment of COVID-19 special loans.
- Provide cash for work for labor intensive tasks such as maintenance of irrigation canals, transplanting rather than direct seeding of post-monsoon paddy (where appropriate), regular weeding.



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