



Monitoring the Agri-food System in Myanmar

Agricultural Input Retailers – August 2024 survey round

To understand the effects of political instability and related shocks on Myanmar's agricultural input sector, we conducted a phone survey of 179 active input retailers throughout the country from August 23-September 5, 2024.

Key Findings

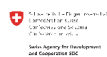
- **Persistent Economic Disruptions:** Input retailers face ongoing challenges from high input costs, exchange rate volatility, and logistical disruptions, leading to significant revenue losses.
- **Shift in Transaction Methods:** As banking operations normalize, input retailers are increasingly using bank transfers and mobile payments for purchasing inputs, while cash remains the primary method for sales, reflecting a cautious adaptation to new financial tools.
- **Rising Costs and Reduced Sales:** Increased prices for key inputs like fertilizers have led to a notable decrease in sales volumes, suggesting that higher costs are dampening demand and potentially impacting farmers' ability to sustain productivity.
- **High Impact of Economic and Conflict-Related Shocks:** Ongoing shocks from high input costs, exchange rate volatility, and regional conflicts have significantly impacted Myanmar's input retailers, with revenue losses of 30-40 percent.
- **Diverse but declining Support Services:** Input retailers provide a wide range of additional advisory and technical services. However, the share of retailers offering these services has declined over the past decade, potentially reducing farmers' access to essential input guidance and impacting agricultural productivity.

Looking Forward

- **Resilience and Adaptability:** Despite inflation and supply chain issues, many input retailers remain resilient, sustaining core demand and adopting digital payment methods, signaling a stable foundation for potential recovery.
- **Targeted Policy Needs:** Strengthening Myanmar's input retail sector requires policies to stabilize input costs, exchange rate, and reinforce supply chains, fostering resilience to support farmers amid economic and political uncertainties.



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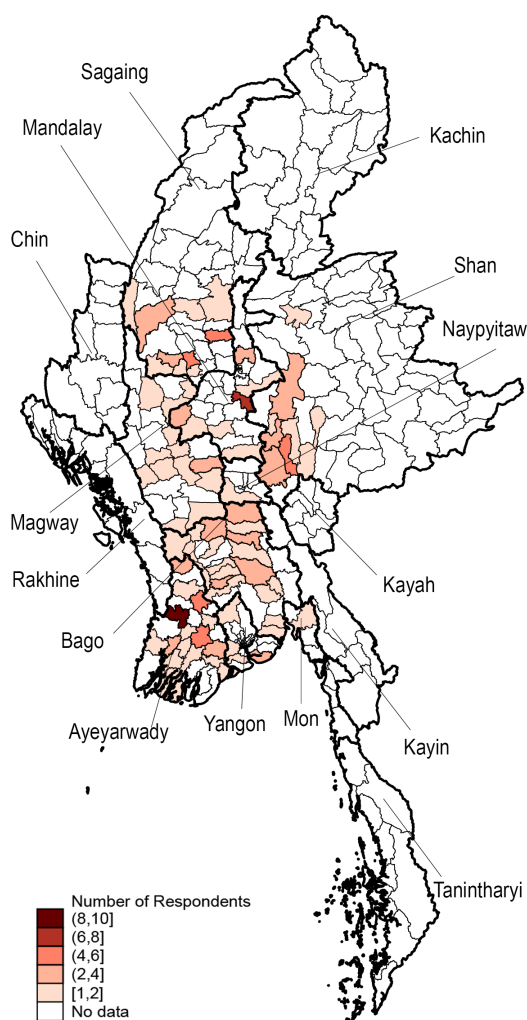


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Introduction

Agricultural input retailers are crucial to Myanmar's agri-food system, providing farmers with essential fertilizers, seeds, pesticides, and other inputs needed for production. Since input use at the farm level significantly impacts yields across major food crops, economic disruptions to the input retail sector can have profound effects on rural household welfare and food security. Given this importance, regular monitoring surveys of input retailers are essential to track sector health, anticipate potential disruptions, and ensure timely support for sustaining agricultural productivity.

Figure 1. Map of Input Retailer Sample



This Research Note presents findings on the effects of recent economic disruptions on agricultural input retailers, based on a telephone panel survey of 179 retailers across 9 of Myanmar's 15 states and regions conducted in August 2024 (Figure 1). Initiated in June 2020 during Myanmar's first COVID-19 wave, this ongoing survey has expanded over time to increase observations and geographic coverage. While the sample is not fully representative—particularly in contested regions in the northwest and southeast—this Note examines (i) disruptions in the input sector; (ii) changes in credit, both loans received and credit extended to farmers; (iii) shifts in sales quantities and prices of key inputs such as fertilizers, seeds, and pesticides; (iv) trends in additional services provided by input retail sector over the past decade; and (v) the prevalence and impact of shocks.

Table 1 presents descriptive data for 179 input retailers across Myanmar's three agro-ecological zones (Delta, Dry Zone, and Hills) that were active at the time of the survey. Retailers in the Hills zone reported the highest median total sales value over the last 30 days, significantly outpacing those in the Delta and Dry Zone. The customer base varied by region, with Hills retailers serving a higher percentage of small-scale farmers, while Delta retailers served a higher share of large-scale farmers. Differences in machine ownership across zones

were notable; for example, Hills retailers were more likely to own trucks, scales, and motorcycles, supporting their capacity to manage diverse inputs across varied terrains.

Business disruptions and their impacts

To understand the effects of economic disruptions on input retailers, we asked whether businesses had been affected by a list of potential disruptions. Figure 2 displays the disruptions reported by input retailers in July 2024 compared to one year earlier. Several key patterns emerge. A consistent percentage of retailers cited high transportation costs and difficulties acquiring certain inputs, underscoring ongoing supply chain issues. In 2024, high fuel costs and accessibility became more prominent concerns, while challenges related to electricity access and credit recovery from customers, though somewhat less critical, remained significant for over 50 percent of retailers. Overall, the percentage of retailers reporting these disruptions increased notably from 2023 to 2024

across the board. The persistence of these challenges highlights the vulnerability of Myanmar’s input retail sector to external economic pressures and logistical obstacles, emphasizing the need for resilience-building strategies.

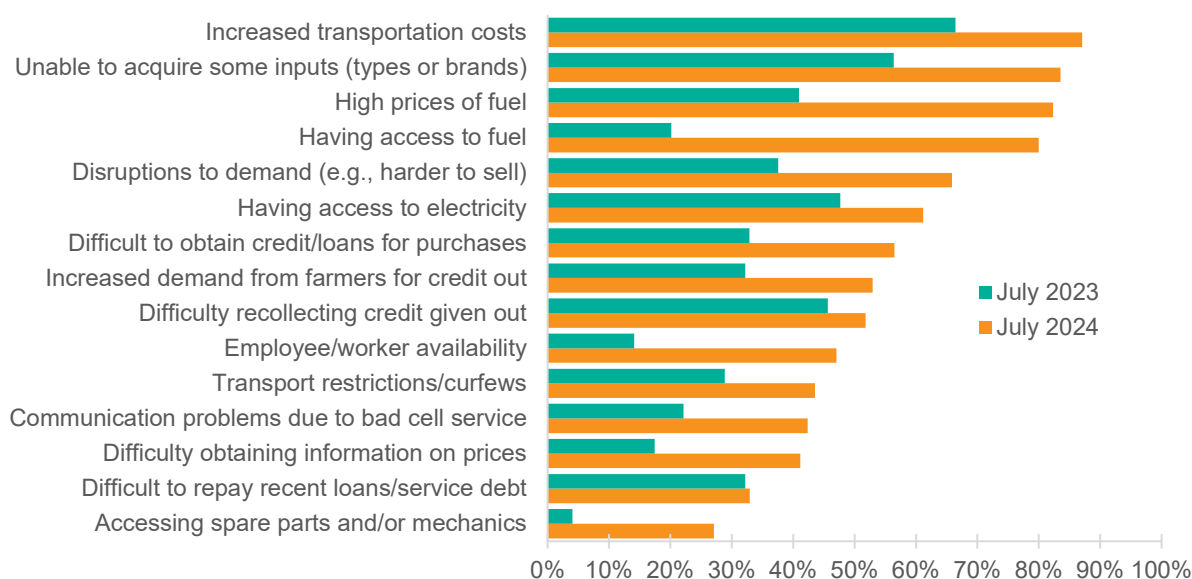
Table 1. Input retailer sample descriptive information by agro-ecological zone

| | Agro-ecological zone | | | |
|--|----------------------|-------|----------|-------|
| | All | Delta | Dry Zone | Hills |
| N (active) | 179 | 87 | 70 | 22 |
| Median total sales value in last 30 days ('00,000 MMK) | 150 | 200 | 100 | 500 |
| <i>Percentage of customers served who are...</i> | | | | |
| Small-scale farmers (0-5 acres) | 40 | 34 | 45 | 46 |
| Medium-scale farmers (5-20 acres) | 37 | 39 | 37 | 29 |
| Large-scale farmers (>20 acres) | 23 | 27 | 18 | 25 |
| <i>Machine ownership (% share)</i> | | | | |
| Truck for inputs | 17 | 14 | 14 | 36 |
| Trawlerjee | 11 | 14 | 6 | 18 |
| Motorcycle | 63 | 52 | 74 | 73 |
| Scale | 54 | 66 | 33 | 77 |
| CCTV/Camera | 22 | 28 | 13 | 32 |
| Computer | 25 | 22 | 29 | 27 |
| Fridge/Freezer | 27 | 32 | 20 | 32 |

Source: Agricultural input retailer phone survey–August 2024 round.

Note: 1 observation from Mon are added to Delta region due to the low number of observations in the coastal zone.

Figure 2. Disruptions experienced by input retailers in July 2024 and July 2023, percentage reporting, panel sample only (N=85)



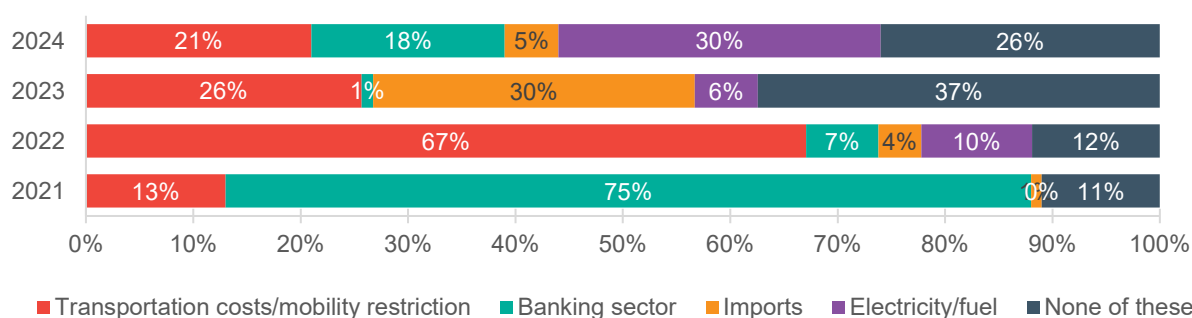
Sources: Agricultural input retailer phone survey– August 2024 and August 2023 round.

To understand the scale of these disruptions, retailers were asked to identify their most significant challenge. Figure 3 illustrates the top disruptions reported by input retailers during each monsoon season from 2021 to 2024. Transportation costs have consistently ranked as a high-impact disruption across all years, underscoring persistent logistical obstacles for the sector. Banking

disruptions, which peaked in 2021 as the primary issue, declined significantly in the following years but resurfaced sharply in 2024, affecting 18 percent of retailers and highlighting ongoing instability in financial services critical to input retailers. Additionally, electricity and fuel issues have become prominent in 2024, reflecting Myanmar’s volatile energy market, while import-related disruptions have become somewhat less central. The persistence and shifting nature of these challenges reveal the structural weaknesses within Myanmar’s input retail sector, indicating a pressing need for policies and support mechanisms that can stabilize supply chains and reinforce the sector’s resilience against recurring disruptions.

Notably, compared to four years ago, a larger proportion of respondents now report not being impacted by any of these disruptions (26 percent of retailers in 2024). This shift suggests an increased acceptance of the current conditions and an adaptation to everyday challenges within the sector.

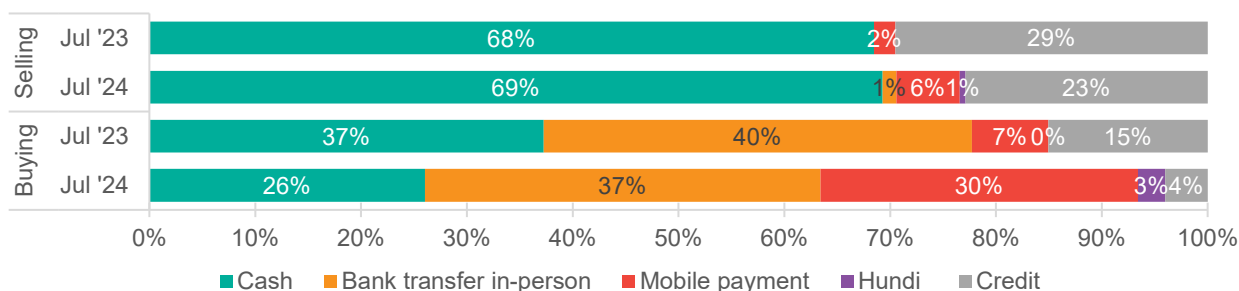
Figure 3. Most significant disruption experienced by input retailers by monsoon season, percentage reporting



Sources: Input retailer phone survey–August 2024 (N=179), August 2023 (N=187); July 2022 (N=252); and June 2021 (N=136).
Notes: The option of ‘electricity/fuel’ was added in the July 2022 survey and is thus not available for previous rounds.

Figure 4 displays the percentage of transactions conducted through various methods in 2023 and 2024, revealing shifts in transaction preferences likely shaped by accessibility, trust, and efficiency factors among retailers and customers. As banking operations have stabilized, cash is no longer the primary method for retailers purchasing inputs; instead, in-person bank transfers (37 percent) and mobile payments (30 percent, up significantly from 7 percent last year) are now preferred. However, cash remains the dominant transaction method for sales to clients, steady around 68-69 percent in both years. Mobile payments for sales increased modestly from 2 percent in 2023 to 6 percent in 2024, while credit-based sales declined slightly from 29 percent to 23 percent. These transaction trends provide valuable insights into the evolving practices of input retailers and their adaptation to changing market conditions.

Figure 4. Transaction method used by input retailers for buying and selling, by survey round common sample (N=85), percentage of transactions



Sources: Agricultural input retailer phone survey–August 2024, and July 2023 rounds.

Credit has been a persistent challenge in Myanmar’s agrifood system since COVID-19, though there are signs of gradual improvement. Table 2 summarizes credit activities by input retailers, detailing both credit extended to farmers and credit received by retailers. In 2024, 71 percent of retailers extended credit to farmers, up slightly from 67 percent in 2023, with a small decrease in the average loan amount but an increase in the median value. On the receiving side, fewer retailers obtained credit, dropping from 38 percent in 2023 to 34 percent in 2024. These findings suggest a modest yet resilient lending culture, although cash flow may be strained as retailers continue to extend credit with fewer loans coming in.

With the monsoon harvest approaching, repayment issues on credit extended to farmers are expected to ease. Among retailers who have lent credit to farmers, 80 percent anticipate full repayment within six months, and another 13 percent expect repayment by the post-monsoon season. Similarly, nearly all input retailers (98 percent) who have taken credit expect to fully repay their loans by the post-monsoon season.

Table 2. Monsoon season credit out and credit in, 2024 and 2023

| | Credit lent out to farmers | | Credit taken in by retailers | |
|---------------------------------------|----------------------------|------|------------------------------|------|
| | 2024 | 2023 | 2024 | 2023 |
| Share providing/receiving (%) | 71 | 67 | 34 | 38 |
| Conditional total value ('00,000 MMK) | | | | |
| Average | 757 | 829 | 920 | 853 |
| Median | 350 | 200 | 290 | 300 |

Sources: Agricultural input retailer phone survey– August 2024 and August 2023 rounds.

Changes in inputs sales and prices

To give a sense of farmer input use, we asked input retailers which inputs they have sold during the monsoon season and how sales quantities compare to the previous monsoon season (decreased, increased, or similar). Table 3 details the percentage of retailers selling various inputs and the year-on-year changes in sales volumes. Sales of all inputs have experienced stable or increased sales, which is a positive sign of recovery. The data suggests a steady demand for core inputs, though with notable variability, possibly reflecting localized economic conditions and input cost pressures that influence purchasing behavior. The conditional change in sales volume has mostly remained steady in 2024; however, a higher percentage of retailers report decreased volumes compared to those reporting increases (Table 3). Among those selling, more than 50 percent of retailers reported that sales quantity for fertilizers, seeds and chemical & equipment were similar to previous monsoon with the exception for urea and compound fertilizer where more than 30 percent of retailers reported that their sale quantities have declined.

Table 3. Inputs sold and year-on-year changes in sales quantities

| Input | Share selling | | | Conditional change in sales volume | | |
|----------------------------------|---------------|------|--------|------------------------------------|------|----------|
| | 2024 | 2023 | Change | Decrease | Same | Increase |
| <i>Fertilizers</i> | | | | | | |
| Urea (%) | 74 | 72 | 2 | 39 | 51 | 9 |
| Ammonium sulphate (%) | 53 | 50 | 2 | 23 | 64 | 13 |
| Compound fertilizer (%) | 75 | 72 | 3 | 33 | 56 | 11 |
| T-super (%) | 21 | 21 | 1 | 7 | 91 | 3 |
| Potash (%) | 31 | 27 | 3 | 8 | 85 | 7 |
| Lime-gypsum (%) | 60 | 56 | 4 | 18 | 69 | 13 |
| Organic fertilizer (%) | 11 | 9 | 2 | 6 | 88 | 6 |
| <i>Seeds</i> | | | | | | |
| Rice seed (%) | 20 | 17 | 2 | 5 | 94 | 1 |
| Maize seed (%) | 21 | 19 | 2 | 21 | 60 | 18 |
| Vegetable/fruit seed (%) | 38 | 36 | 2 | 16 | 68 | 16 |
| Legume seed (%) | 14 | 12 | 2 | 19 | 64 | 17 |
| Oilseeds (%) | 8 | 8 | 0 | 0 | 99 | 1 |
| <i>Chemicals & equipment</i> | | | | | | |
| Herbicides (%) | 68 | 66 | 2 | 0 | 99 | 1 |
| Pesticides (%) | 63 | 60 | 3 | 1 | 99 | 0 |
| Farming Equipment (%) | 1 | 1 | 0 | 0 | 100 | 0 |

Source: Agricultural input retailer phone survey–August 2024 round.

Table 4. Year-on-year changes in fertilizer prices and quantities sold

| | Urea | Compound fertilizer |
|------------------------------------|---------|---------------------|
| Average prices (MMK per 50 kg bag) | | |
| 2024 | 109,066 | 146,806 |
| 2023 | 85,000 | 108,000 |
| Number of bags sold (50 kg bag) | | |
| 2024 | 737 | 778 |
| 2023 | 1219 | 1121 |

Source: Agricultural input retailer phone survey–August 2024 round.

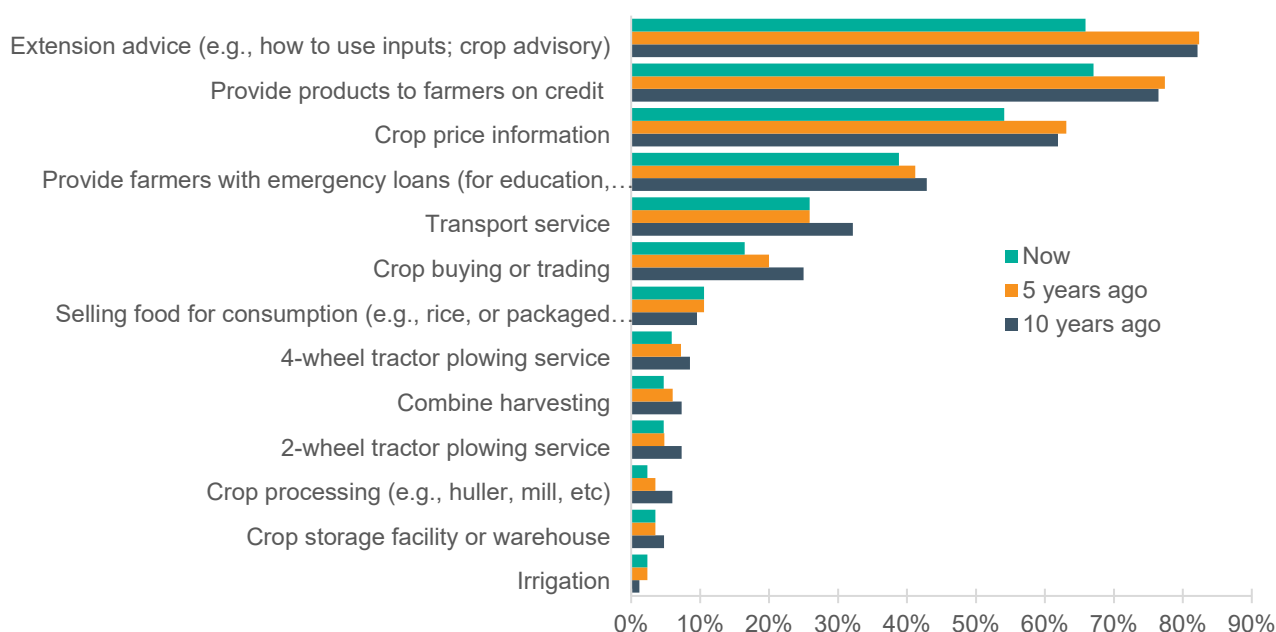
Table 4 shows that retail prices for both urea and compound fertilizer have increased sharply in 2024, with urea rising to MMK 109,066 per 50 kg bag from MMK 85,000, and compound fertilizer climbing to MMK 146,806 from MMK 108,000. Correspondingly, sales volumes have declined; urea sales dropped from 1,219 bags in 2023 to 737 bags in 2024, while compound fertilizer sales fell from 1,121 to 778 bags. These trends suggest that rising prices are likely dampening demand, which could affect fertilizer usage and crop productivity among farmers.

Retailers cited MMK depreciation and inflation as the top reason (46 percent) for changes in input prices. Other important reasons cited include political instability (12 percent) and transportation costs (10 percent).

Additional services provided by input retailers, 2014-24

As the primary last-mile providers of inputs, information, and technology, input retailers play a crucial role in delivering various services beyond basic sales. To understand how this role has evolved, we asked retailers a series of recall questions about the services they provided 10 years ago, five years ago (pre COVID-19), and currently. The findings reveal two clear patterns (Figure 5). First, input retailers do play an expanded role in the community, offering diverse services such as credit provision, technical advice, and logistical support. The most common services—provided by more than 50 percent of retailers—include extension advice on input use or general crop guidance, credit provision, and crop price information. The types of advice provided by input retailers include fertilizer use (81 percent), agrochemical application (80 percent), seed selection (69 percent), land preparation (63 percent), and marketing guidance (57 percent).

Figure 5. Diversification and devolution of different types of services provided by input retailers, 2014-24



Source: Agricultural input retailer phone survey—August 2024 round.

The second pattern is a steady decline in the percentage of retailers offering these services between 2014 and 2024. Services like credit, technical advice, and logistical support have become less available. This downward trend suggests a contraction in the service-oriented role of input retailers, possibly due to economic pressures, logistical challenges, or other constraints limiting their capacity to provide additional support. If alternate providers do not step in to offer these services, this decline could greatly affect farmers, limiting their access to essential support and resources and potentially reducing productivity and resilience in the face of ongoing challenges in the agricultural sector.

Impact of shocks

Table 5 highlights the major shocks affecting agricultural input retailers over the past year and their anticipated impact in the coming months. High input costs (or inflation) and exchange rate volatility were the most common issues, impacting about 68-71 percent of retailers and contributing to significant revenue losses of 39-41 percent. Conflict-related disruptions—both regional and local—also posed serious challenges, affecting about half of the retailers and causing substantial revenue

declines. Export and import restrictions, along with reduced access to credit, further strained business operations, with many retailers reporting difficulties in obtaining formal and informal loans. These challenges emphasize the need for measures to stabilize input costs, improve credit access, and reduce supply chain disruptions to support the resilience of Myanmar’s input retail sector.

Table 5. Prevalence of shocks in the past 12 to 3 months and expected in the next 6 months, and severity of impact on business revenues

| Shocks | Share of retailers affected or expected to be affected by a given shock | | | Severity of impact |
|--|---|---------------|-----------------------------|--|
| | Past 12 months | Past 3 months | Likely in the next 6 months | % loss in revenue due to a shock in the past 12 months |
| High cost of inputs (high inflation) | 71 | 68 | 68 | 39 |
| Exchange rate volatility/Inflation | 68 | 64 | 68 | 41 |
| Regional conflict (armed) – affecting business, transport, or operations outside my local area | 54 | 48 | 55 | 36 |
| Local conflict (armed) – affecting immediate area business, buying/selling, operations | 50 | 46 | 50 | 37 |
| Export/import challenges (Forex requirements, border disruptions, quotas) | 50 | 44 | 55 | 33 |
| Slower repayment/lower repayment rates on credit lent out | 34 | 28 | 39 | 36 |
| Less or no access to formal credit (e.g., from banks) to buy inputs | 25 | 20 | 37 | 31 |
| Less or no access to informal credit (e.g., from friends or other traders) to buy inputs | 22 | 20 | 40 | 33 |

Source: Agricultural input retailer phone survey–August 2024 round.

Looking forward

As Myanmar’s agricultural input retail sector adapts to ongoing economic challenges, both encouraging signs and concerning trends emerge, shaping the sector's outlook.

Despite persistent inflation and supply chain issues, a significant number of input retailers continue to operate resiliently, providing essential inputs and services to farmers. Improved access to digital and mobile payment systems suggests a growing adaptation to market changes, with many retailers showing flexibility in transaction methods. Additionally, while sales volumes have declined for certain high-cost inputs, the consistent demand for core products indicates a stable baseline of agricultural activity. This resilience among input retailers reflects an underlying adaptability that could support long-term sector recovery.

However, significant challenges remain. High inflation, currency instability, and recurring logistical disruptions continue to impact retailers, resulting in substantial revenue losses. Access to credit has tightened, limiting retailers’ ability to maintain inventory and support farmers. Moreover, the decline in retailers offering advisory and technical support services reduces farmers’ access to critical resources for productivity and resilience. The persistent threat of regional and local conflicts further complicates business operations, affecting both retailer stability and input availability in conflict-prone areas.

Looking forward, Myanmar’s input retail sector may require targeted policy interventions to bolster its resilience. Stabilizing input costs, expanding access to formal and informal credit, and reinforcing supply chains will be essential for ensuring that retailers can meet farmer demands effectively. By addressing these structural and financial constraints, stakeholders can help secure a more resilient

and adaptive input retail sector, ready to support Myanmar's farmers amid ongoing economic and political uncertainties.

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