



## The precarious situation of agricultural wage laborers in Myanmar

To understand the effects of COVID-19, the political crisis, and other shocks on Myanmar's agricultural wage laborers (those workers relying on casual labor in agriculture), we rely on data from three rounds of the Myanmar Household Welfare Survey and two rounds of the Myanmar Agricultural Performance Survey, fielded in 2021 and 2022.

### Key findings

- The number of people making a living from agricultural wages is very important in Myanmar: 16 percent of rural households – 1.3 million households – considered agricultural wages their most important source of income in Quarter 3 of 2022.
- Agricultural wages increased by 12 percent in nominal terms between the monsoon of 2021 and 2022. However, prices of goods and services increased more rapidly over this period. Prices of a typical food basket increased by 58 percent between July 2021 and August 2022 while the price of rice – the basic staple – increased by 43 percent.
- To understand changes in 'real' wages, we use three alternative measures of inflation as 'deflators'. Real agricultural wages declined over the last year by:
  1. 29 percent, using a food price index as a deflator.
  2. 22 percent, measured in kilograms of rice (from 9.3 kgs to 7.3 kgs for men and from 7.3 kgs to 5.7 kgs for women).
  3. 39 percent, measured in USD (from 3.9 USD to 2.4 USD/day for men and from 3.0 to 1.8 USD/day for women).
- The agricultural wage gap between men and women is increasing: It was 21 percent during the monsoon of 2020 but had widened to 28 percent during the monsoon of 2022.
- Welfare indicators are substantially worse for agricultural wage laborers compared to the rest of the rural population. As incomes worsened for agricultural wage laborers, their welfare indicators (food security and asset poverty rates) also worsened.

### Looking forward

- Given their precarious situation, agricultural wage laborers would benefit from targeted assistance.
- In the short-term, an expansion of cash-for-work programs would allow them to assure more reliable incomes. If cash-for-work included work on the farm, it would also address the shortage of agricultural labor in many rural areas, an important issue reported by a substantial share of crop farmers.
- In the longer-term, there is a need to reform policies to improve land access for agricultural laborers, who are often landless.

## Introduction

A recent assessment of labor market effects of the twin crises in Myanmar indicates that 1.1 million fewer women and men are employed in 2022 compared to two years earlier and more workers are in precarious employment with irregular working hours and lower pay (ILO 2022). While agricultural wage income is very important in rural Myanmar, especially for landless laborers and small farmers, there is little known on how agricultural laborers have been affected by the twin crises in Myanmar. Agricultural laborers are often amongst the most vulnerable in rural areas in any country. They have no job security, are paid low wages, and, for landless laborers, cannot rely on food grown on their own land. This is also the case in Myanmar. Previous research – before the twin crises – showed a rapid growth in agricultural wages contributing to the widespread uptake of mechanization in the country, driven by migration opportunities (Filipski et al. 2020). But that transformation has seemingly come to a halt (MAPSA 2022a). In this Research Note, we present results and analysis on the importance of agricultural wage laborers in Myanmar, their wage evolution over the last two years, and assess the level and changes in a range of welfare indicators.

## Data

To do this assessment, we rely on a number of different datasets. First, we rely on three rounds of the Myanmar Household Welfare Survey (MHWS). These surveys were implemented by Myanmar Survey Research (MSR) through phone interviews in each quarter of the year 2022. The survey intends to monitor household and individual welfare through a range of different indicators. A novel sampling strategy in combination with the development of household and population weights allows for estimates that are nationally and regionally representative (MAPSA 2022b).

Second, we rely on two rounds of the Myanmar Agricultural Performance Survey (MAPS). The MAPS is a sub-sample of the MHWS, focusing on the agricultural activities of households that were identified as crop farmers in the MHWS (MAPSA 2022b). This survey was implemented by phone over the period February/March 2022 (after the monsoon) and August/September 2022 (after the post-monsoon/pre-monsoon period).

Third, to assess the evolution of food prices, we use data from a panel survey of food vendors that has been implemented since the middle of 2020 (MAPSA 2022c). These data allow us to create a representative rice price for the country as well as food price index. We use these measures as deflators of the nominal wage.<sup>1</sup>

## Agricultural wage laborers in Myanmar's economy

We first assess the importance of agricultural wage laborers in Myanmar's national and rural economy. Questions were asked in the 3 rounds of the MHWS if the household relied on any agricultural work in the 3 months prior to the interview. In round 3, 26 percent of households in Myanmar reported relying on agricultural wage labor as a source of income. For rural areas, this amounted to 34 percent of all households. Percentages were slightly higher in the last round than in previous ones as the third round was conducted during the monsoon, the main agricultural season in the country.

Households were also asked to indicate if they considered agricultural wage income as their most important source of income. In the third round, 12 percent of the national and 16 percent of the rural population indicated agricultural income as their most important source of income. Table 1 illustrates that agricultural wage income is more important than non-agricultural wage income in rural areas (13

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<sup>1</sup> We use the following as representative prices for the 5 agricultural seasons (as surveys were not conducted monthly): monsoon 2020 – August 2020; summer 2021 – May 2021; monsoon 2021 – July 2021; summer 2022 – March 2022; monsoon 2022 – August 2022.

percent of rural households indicated non-agricultural wage income as their most important source of income). Within agriculture, wage income from crop agriculture is much more important than wage income from livestock, fishing, or aquaculture.

**Table 1. Importance of agricultural wage laborers in Myanmar's economy**

		2022		
	Level	Q1 (%)	Q2 (%)	Q3 (%)
Share of households involved in:				
- wage work– crop farming	National	24	20	25
- wage work– livestock	National	0	0	1
- wage work – fishing/aquaculture	National	1	1	1
- wage work – non-agriculture	National	24	28	26
- any agricultural wage work	National	24	21	26
- wage work– crop farming	Rural	32	27	33
- wage work– livestock	Rural	0	0	1
- wage work – fishing/aquaculture	Rural	1	1	1
- wage work – non-agriculture	Rural	21	26	23
- any agricultural wage work	Rural	33	28	34
Share of households that consider this activity the most important source of income				
- wage work– crop farming	National	11	8	11
- wage work– livestock	National	0	0	0
- wage work – fishing/aquaculture	National	0	0	0
- wage work – non-agriculture	National	14	16	15
- any agricultural wage work	National	11	9	12
- wage work– crop farming	Rural	14	11	15
- wage work– livestock	Rural	0	0	0
- wage work – fishing/aquaculture	Rural	1	0	0
- wage work – non-agriculture	Rural	12	15	13
- any agricultural wage work	Rural	15	12	16

Source: Myanmar Household Welfare Survey, rounds 1 (in Q1), 2 (in Q2) and 3 (in Q3)

We further compare agricultural wage income by state/region (Table 2). Agricultural wage income is especially important in the Dry Zone as seen by the share of households that report agricultural wage income to be their most important source of income – 29 percent in Magway and 19 percent in Sagaing (both important conflict-affected areas) – but it is also shown to be important in conflict affected areas (Kayah and Chin), possibly because of the recent displacement of households in these areas, which then often need to rely on casual agricultural wage labor as a source of income.

**Table 2. Importance of agricultural wage laborers by state/region**

	2022		
	Q1 (%)	Q2 (%)	Q3 (%)
Share of rural households that considered any agricultural wage work as their most important source of income			
Kachin	4	4	9
Kayah	13	2	30
Kayin	12	7	14
Chin	19	12	25
Sagaing	16	15	18
Tanintharyi	7	16	13
Bago	14	12	15
Magway	26	19	29
Mandalay	11	8	12
Mon	12	10	17
Rakhine	13	8	16
Yangon	8	7	7
Shan	18	14	18
Ayeyawady	20	13	14
Nay Pyi Taw	8	7	8

Source: Myanmar Household Welfare Survey, rounds 1 (in Q1), 2 (in Q2) and 3 (in Q3)

In MAPS, we asked to what extent farmers depended on hired labor in the cultivation of their crops and how the use of agricultural labor had changed over the last year (Table 3). Few differences are seen over the year and between seasons. More than three-quarters of the farmers rely on hired labor for their agricultural activities, indicating their importance in Myanmar's agricultural economy. In the post-monsoon/pre-monsoon season, farmers were asked if they had changed the number of hired laborers on their fields. We see few changes in hired labor use. If anything, more hired labor has been used, possibly because of the increasing cost of mechanization in the last year (costs increased by more than 50 percent), pushing farmers to increasingly employ labor for some of these tasks that were done before through mechanization. Farmers were further asked to indicate the difficulties that they had in accessing laborers. Most farmers indicated no difficulties. If difficulties were reported, they mostly concerned 'not enough laborers or laborers not available' (18 percent of farmers) and the lack of access to laborers on time (14 and 15 percent of farmers in the monsoon and pre-post-monsoon period).

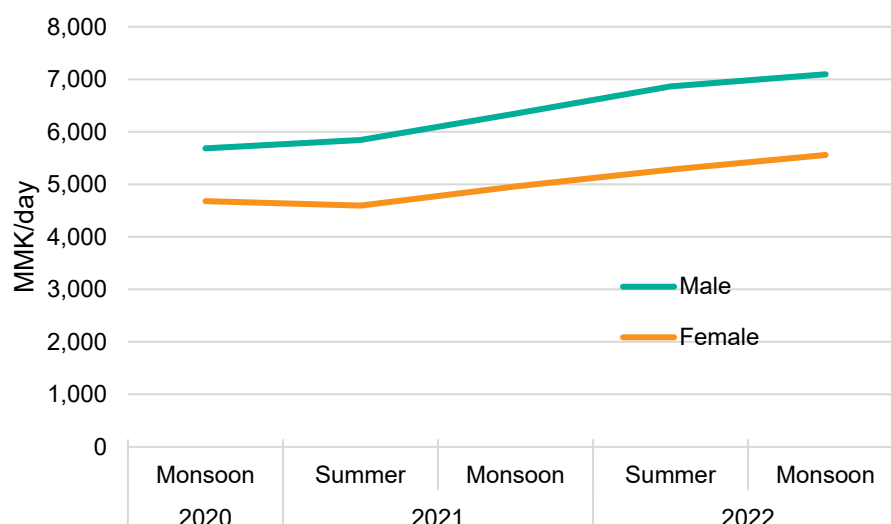
**Table 3. Use of agricultural wage laborers by crop farmers**

	Season	
	Monsoon (%)	Post-/pre-monsoon (%)
Share of crop farmers that used hired labor:		
- this year (2022)	76	80
- the year before (2021)	77	81
The number of hired labor use change in your crop farming compared to last year		
- Much lower now (> 20% reduction)		8
- Somewhat lower now (1 - 20% reduction)		6
- About the same now		46
- Somewhat higher now (1 - 20% higher)		10
- Much higher now (> 20% higher)		9
- Do not know or not applicable		22
Difficulties in accessing hired labor:		
- No difficulties	61	59
- Financial difficulties to purchase labor	16	7
- Labor became more expensive	12	12
- Not enough laborers/they are not available	18	18
- Difficulty to travel for laborers	3	1
- No access to laborers on time	15	15
- Other/Not applicable	0	2

Source: Myanmar Agricultural Performance Survey, Rounds 1 and 2

## Changes in wages

The MAPS survey asked wages for men and women for different periods of the year and for previous years. Nominal wages are found to have changed little over the last two years (Figure 1). For the monsoon period in 2022 (August/September), daily agricultural wages for men were about 7,100 MMK/day (2.4 USD per day – at the informal market exchange rate) and for women about 5,500 MMK/day (1.8 USD per day). Wages for men and women increased by 12 percent over the last year (and 25 percent for men and 19 percent for women when compared to two years ago).

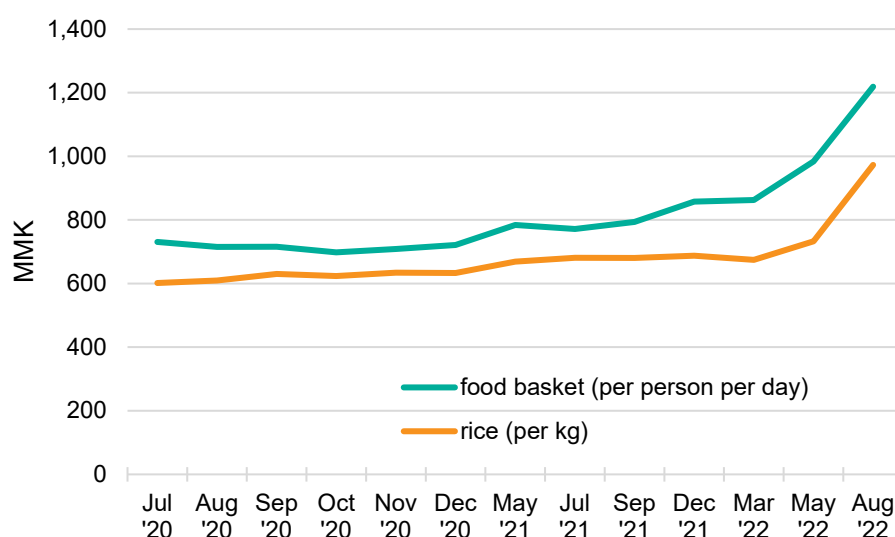
**Figure 1. Average nominal wages (2020 – 2022)**

Source: MAPS 1 and MAPS 2

While we see relatively small changes in nominal wages over this period, this does not paint a true picture of agricultural wage laborers' purchasing power. As reliable price inflation numbers are lacking in rural Myanmar, we estimate 'real' wages through adjustment by a food price inflation index, and by converting wages to kgs of rice and to USD (using market exchange rates).

Figure 2 shows that the cost of food – the most important item of poor people's expenditures – has increased substantially over the last 2 years. Relying on the results of prices regularly collected with a large sample of food vendors in the country, we see that the costs of a basic food basket increased by 67 percent over the last two years, by 58 percent compared to a year ago, and by 24 percent compared to 3 months earlier.<sup>2</sup> This illustrates the rapid changes in the prices of foods in recent months. As rice is the most important staple in the country, rice prices are also presented in Figure 2. Rice prices at the end of the period studied were 62 percent higher than two years ago, and 42 percent higher compared to a year ago, i.e. slightly lower increases compared to the changes in the prices of the overall food basket.

**Figure 2. Cost of food (monsoon 2020 – monsoon 2022)**



Source: Food vendor surveys

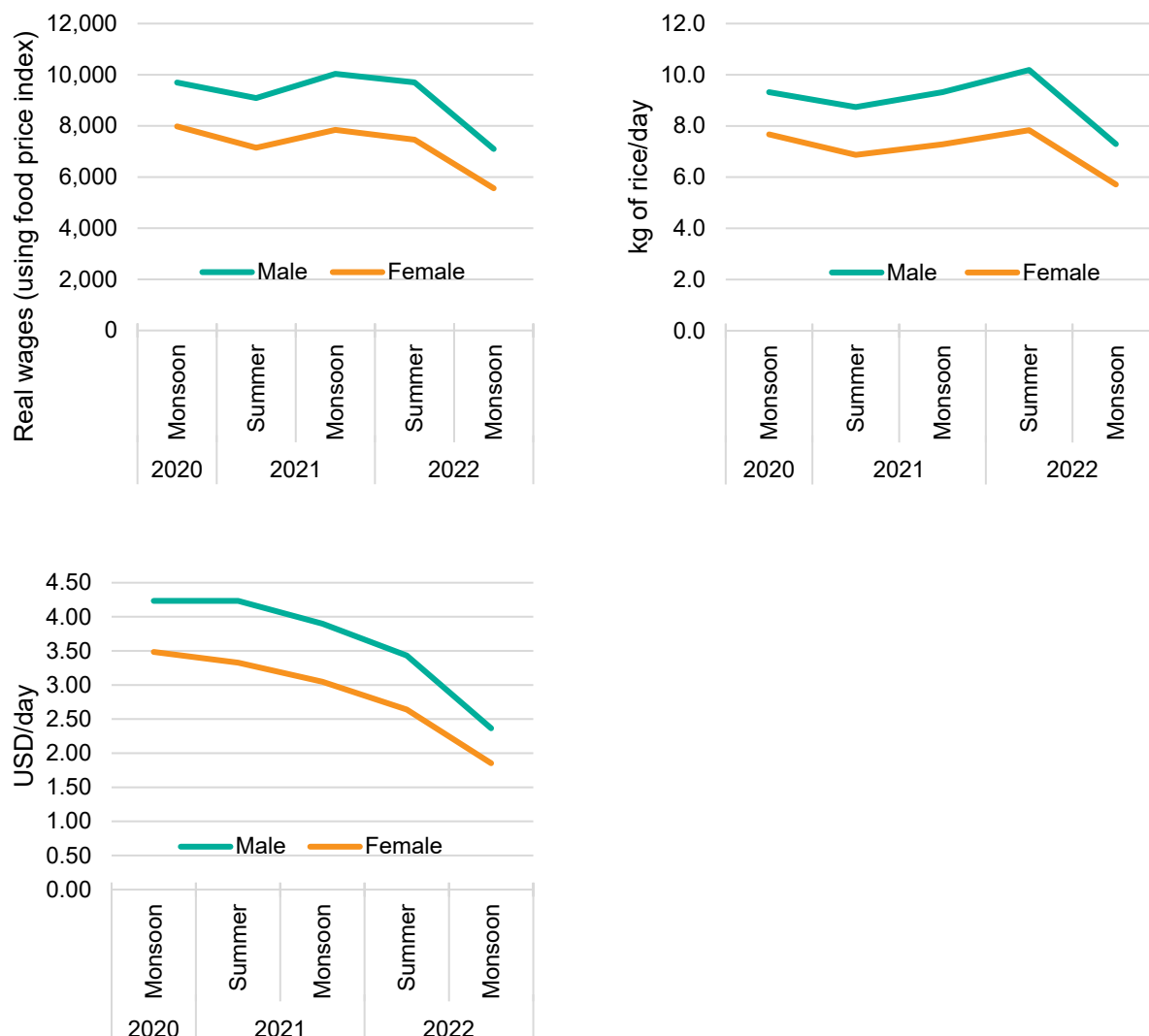
We use three measures to derive estimates of what real wages constitute (Figure 3). First, when we take the costs of a food basket into consideration and calculate the purchasing power of agricultural laborers' wages, we find that these "real" wages have declined by 27 percent for men and 30 percent for women compared to two years ago. Compared to one year ago, the decline amounted to 29 percent. Second, when wages are expressed in kilograms of rice that agricultural workers can buy, wages of men and women declined by 22 percent over the last year (from 9.3 kgs to 7.3 kgs for men and from 7.3 kgs to 5.7 kgs for women). Third, we also express agricultural wages in USD. During the monsoon of 2020, the mean wage paid in Myanmar was 4.2 USD/day for men and 3.5 USD/day for women. In the same period in 2022, these wages had fallen to almost half that level, by 44 percent for men (to 2.4 USD/day) and by 47 percent for women (to 1.8 USD/day). In the last year alone, a decline of 39 percent was seen.

While the real wage gap between men and women was 21 percent two years ago, this gap had widened to 28 percent at the end of 2022, when measured in terms of local food costs, kgs of rice

<sup>2</sup> We derive the food basket from consumption data in the Myanmar Poverty and Living Condition Survey (MPLCS), a nationally representative sample of households conducted in 2015. The estimate is approximate since we have prices for a limited number of foods, which in some food groups represent the cheapest available foods only. For details on the method, see MAPSA (2022c).

and USD, indicating that women agricultural laborers have suffered more than men from the twin crises.

**Figure 3. Real agricultural wages (2020 – 2022)**

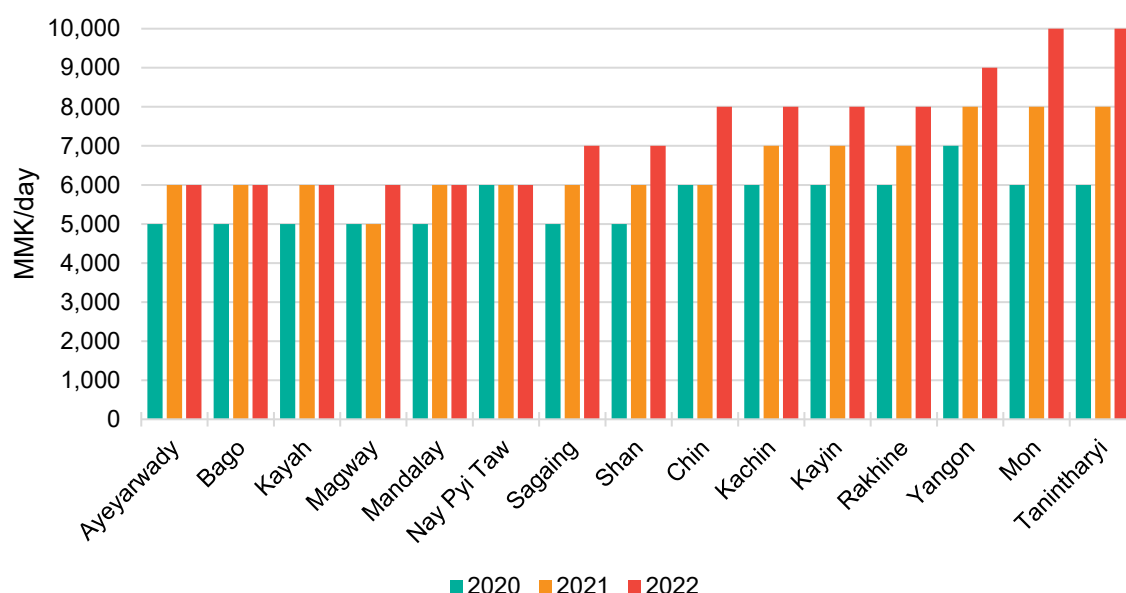


Source: MAPS 1 and MAPS 2

We further present median nominal wages in the monsoon season by region and state for men in Figure 4 and women in Figure 5. A number of patterns stand out. First, there is significant variation in wages between states/regions in the most recent monsoon. Agricultural wages of men were 67 percent higher in Tanintharyi (where wages are highest) compared to most of the Delta and the Dry Zone. For women, salaries are 60 percent higher in Kayin than in major agricultural zones, i.e. the Delta and the Dry Zone. Second, the differences in wages between states/regions are increasing over time. The largest difference in wages between states/regions was, during the monsoon of 2020, only 40 percent for men and 50 percent for women. Increasing insecurity, restrictions on mobility due to curfews and checkpoints, and increasing transport costs might have led to more segmented agricultural labor markets during the monsoon of 2022 compared to the monsoon of 2020. Third, during the monsoon, we see higher wages in better-off areas (Yangon), as well as in states/regions where international out-migration is relatively easier (states/regions bordering Thailand, such as Kayin), and in areas most affected by conflicts (Chin, Rakhine, Sagaing) given that workers need to be compensated for the risks incurred in such areas.

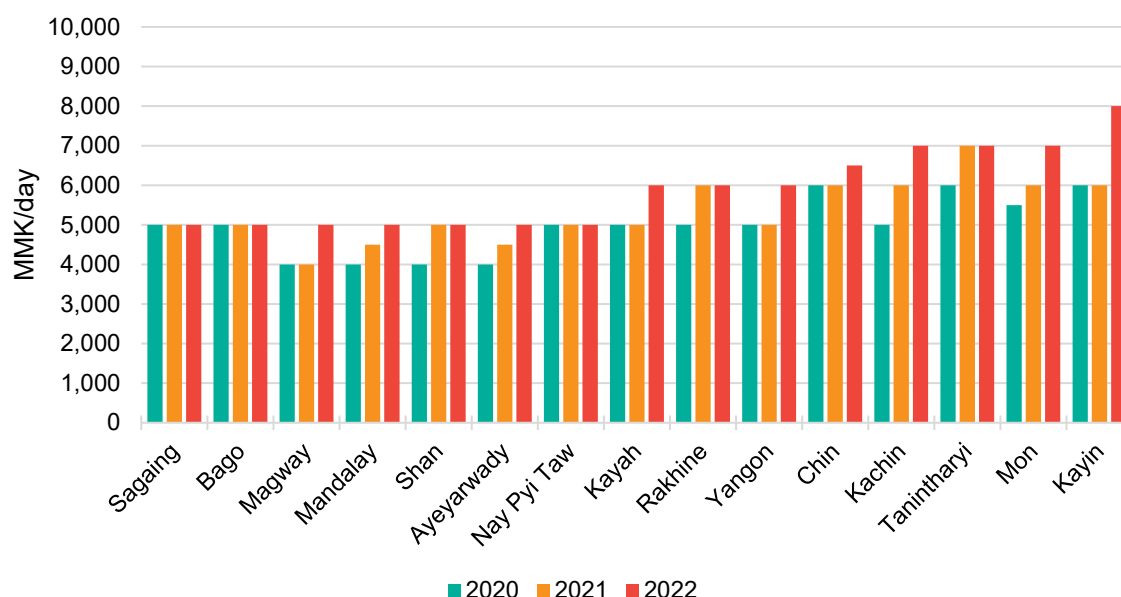


**Figure 4. Nominal (median) agricultural wages of men by state/region (monsoon season)**



Source: MAPS 2

**Figure 5. Nominal (median) agricultural wages of women by state/region (monsoon season)**



Source: MAPS 2

## Welfare measures of agricultural wage laborers in Myanmar's economy

We compare welfare indicators of agricultural wage laborers to the rest of the rural population and assess how these measures of welfare have changed since the beginning of 2022. We rely on three measures, i.e. asset poverty, income poverty, and diet diversity (MAPSA 2022d). Table 4 illustrates that agricultural wage laborers are significantly poorer than the rest of the rural population. Approximately 73 percent of agricultural laborers belong to the asset poor-category. This compares to 39 percent for the rest of the rural population. While 19 percent of the rural population belongs to the asset-rich category, only 3 percent of the agricultural wage laborers are asset-rich. Other welfare measures show similarly poor welfare rankings compared to the rest of the rural population. In the most recent survey round, 66 percent of the rural population was estimated to be income poor but



among agricultural wage laborers, it was 85 percent. One third of the agricultural wage laborers had unacceptable food consumption levels as measured by food consumption score indicators compared to 20 percent for the rural population as a whole.

Moreover, we see a worsening of the welfare measures of agricultural laborers over time. At the beginning of the year, 80 percent of the agricultural wage laborers were evaluated to be income poor. That had worsened by 5 percentage points in the third round. Food security also worsened as the share of households with acceptable food consumption levels deteriorated by 9 percent. Part of this decrease might be explained by the crisis situation in Myanmar, but part might also be due to seasonal effects as the middle of the year is considered the lean period in the country.

**Table 4. Agricultural wage laborers and welfare**

		Rural areas			
		Period	Agricultural Wage laborers (%)	Other (%)	Total (%)
Asset poverty					
% Asset poor	All*	73	39	43	
% Asset middle	All	24	42	40	
% Asset rich	All	3	19	17	
Income poverty					
	Q1	80	47	52	
	Q2	83	57	60	
	Q3	85	62	66	
Food security (share of households with 'acceptable food consumption')**					
	Q1	78	91	89	
	Q2	66	83	81	
	Q3	67	83	80	

\* Average of three rounds

\*\* Acceptable food consumption is defined as a food consumption score  $\geq 38.6$

Source: Myanmar Household Welfare Survey, rounds 1, 2 and 3

## Concluding remarks

While the agricultural sector has shown substantial resilience over the last two years, the different shocks (COVID-19, the coup, increases in input prices, declining farm profitability, and other shocks) are causing increasing strains on the sector and for those making a living from it. Casual agricultural wage laborers are often among the poorest of all households and they have experienced substantially lower wages and worsening income and welfare due to the crises in Myanmar. To improve welfare of agricultural workers, a number of interventions could be considered. In the short-term, agricultural laborers would benefit from assistance. An expansion of cash-for-work programs focused on agricultural activities would allow them to assure more reliable incomes. It would also address the shortage of agricultural labor in many areas, an important issue reported by a substantial share of crop farmers. In the longer-term, there would be a need to reform policies to improve land access to such agricultural laborers, who are often landless.

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