

SNAPSHOT OF FARMERS' PERSPECTIVES: PADDY AND WINTER CROPS (DECEMBER 2-6, 2020)

Mercy Corps - Market Analysis Unit

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Local agricultural production is critical to livelihoods and food security in Rakhine State. To better understand production challenges, Mercy Corps' Market Analysis Unit (MAU) interviewed farmers about the 2020 paddy and winter crop seasons. Data collection included phone interviews during December 2-6 as well as key informant interviews (KIIs) the following week. The study used a convenience sample of 173 farmers (76% paddy farmers and 96% winter crop farmers) from six townships, including Kyauk Taw, Minbya, Mrauk U, Pauktaw, Ponnagyun and Sittwe. The data represent a third-round panel of the same respondents interviewed in October and November.¹

Key Highlights

- **Far fewer farmers reported challenges from COVID or conflict in early-December** relative to November, with conflict impacting just 32% of respondents (down from 50%).
- **Optimism rose as just 19% of respondents expected conflict to worsen** in December, down from 51% in November.
- **Labor wages and availability remained challenging for roughly 60% of farmers**, although the portion facing challenges related to sales and other factors fell in December.
- **One-third of farmers sold paddy by early-December (median of 5000 MMK/basket)**, although improved mobility boosted supply and reduced prices for some farmers.
- **One-third of farmers sold winter crops by early-December (often at town markets)**, although a small portion shifted toward selling in village markets at lower prices.
- **If demand is weak farmer income may be hurt by low paddy prices**, particularly if supply grows and household purchasing power is diminished by the strains of COVID.
- **Extended reprieve from conflict could boost winter crop supply in town markets** if farmers and traders can move freely and prices are more favorable in towns than in villages.

I. Livelihood Challenges and Expectations

Optimism grew in November and early-December as fewer farmers experienced challenges from weather, COVID and even armed conflict. The weather improvements that farmers predicted in November indeed materialized, with half as many reporting poor weather in December. Fewer farmers also reported challenges from COVID and conflict (Chart 1). Forty-nine percent reported COVID-related challenges in December (down from 61% in November), and just 32% reported conflict-related challenges (down from 50%). For the remainder of December, many farmers expected challenges from COVID to plateau, with the portion expecting the next 30 days to be “the same” rising from 32% in November to 50% in December (i.e., fewer expected things to improve or worsen). Even more striking were perspectives on conflict, as the portion expecting conflict-related challenges to worsen fell from 51% to just 19% in early December (Chart 2). In fact, for the first time since October a small portion (9%) expected improvement. According to KIIs, farmer optimism was due to fewer reports of armed clashes and the belief that this lull may

¹ Because November data was collected Nov. 4-7, this report is the MAU's first summary of farmer perspectives since Myanmar's Nov. 8 general elections.

persist throughout December as political and electoral disputes play out in formal discussions between the Arakan Army (AA) and Tatmadaw.² However, it is also worth pointing out a high rate of nonresponse for this question (25-40% in December, compared to 20-25% in previous months) possibly indicating a fair degree of uncertainty.³

Farmers reported fewer specific livelihood challenges in early-December than in the month prior, although 74% still experienced at least one significant challenge. The portion of respondents citing challenges related to input access, sales or transportation was 15-20% lower in December than November, with transportation improving the most (Chart 3). The exception to this trend was the portion citing labor-related challenges, which held steady at just above 50%. While the portion of respondents who struggled to find male and female workers fell moderately (53% down from 63% for male workers, and 39% down from 46% for female), those reporting higher-than-normal wages held steady at around 60%. In KIIs, respondents said the return of male laborers from paddy harvest in other townships helped alleviate labor supply shortages, yet many workers remained cautious about traveling locally for work due to the dangers of conflict.⁴ Looking toward the remainder of December, just 30-45% of respondents expected challenges related to input supply, transportation or sales (far fewer than November). This optimism carried over to labor access as well, with just 50% expecting to face elevated wages (down from 74% in November). In general, KIIs suggested that farmers' expectations of reduced conflict are a key driver behind increased optimism as the new year approaches.

II. Paddy Sales and Challenges

Second-round interviews with 129 paddy farmers previously interviewed in November provided a snapshot of paddy sales and challenges for the 2020 harvest.

Paddy Sales – By early December, one-third of paddy farmers had begun to sell their 2020 harvest, opting to sell largely to the agents of millers. Ninety-three percent of paddy farmers had begun to harvest by early-December, although just 33% had begun selling this new harvest. Two-thirds of those selling paddy sold to traders or agents of millers (generally these agents collect the paddy from villages, thus requiring no travel by farmers), while the remainder sold to village mills or directly to neighboring households. In KIIs, one farmer said he preferred to sell to agents rather than seek out higher-paying alternative markets because early in the harvest season he needs more time for ongoing post-harvest activities. This may partly explain paddy prices received in early-December, which were slightly low relative to prices received by this group for all of last year. Among farmers already selling, the median price for short-duration paddy was 4500 MMK/basket (the same as last year for this group), however long-duration paddy sold for just 5000 MMK/basket, which is lower than last year's median of 6000 MMK/basket.⁵

Paddy Sales Challenges – Two-thirds of farmers who sold new paddy in early-December experienced at least one sales-related challenge. The most frequently reported challenges were low prices (50%) and poor demand (36%), while fewer struggled with movement or

² Citing security concerns, Myanmar's Union Election Commission canceled Nov. 8 general elections in nine Rakhine State townships (five of six townships covered in this report, excluding Sittwe). As a result, November saw a pause in armed clashes as the AA and Tatmadaw discussed possible resolutions for the electoral postponement.

³ These respondents replied "I do not know, or I prefer not to say."

⁴ It should be noted that although armed clashes were halted after Nov. 12, fatalities from landmines and improvised explosive devices (IEDs) continued in November.

⁵ "Short-duration" paddy is defined here as paddy with a cultivation period shorter than 130 days. Among the paddy farmers selling in December, one-third sold short-duration paddy and two-thirds sold long-duration paddy.

transportation (Chart 4).⁶ In KIIs, farmers said fewer armed clashes between the AA and Tatmadaw in November/December reduced movement difficulties, allowing agents to reach villages and complete sales. This increase in access to supply allowed traders to demand low prices, squeezing farmers' margins. The most common measures for adapting to this included selling paddy at discount (41%) and storing more of it for later sale (30%); few farmers traveled to find new paddy markets. Expectations for sales in the coming month tracked closely with the experience of those already selling in early-December: 40-50% expect low prices or poor demand while about 30% expect movement or transportation difficulties. While such challenges would be unfortunate if born out, they nonetheless point to an overall increase in optimism since early-November (when 60-70% of respondents expected such difficulties). According to KIIs, reduced conflict in November improved market functionality, and the belief that this post-election respite may hold through December boosted farmers' short-term outlook.

III. Winter Crop Sales and Challenges

Second-round interviews with 166 winter crop farmers previously interviewed in November provided a snapshot of the season currently underway.⁷

Winter Crop Sales – By early-December, a third of winter crop farmers had begun selling goods, mostly to traders but also at town and village markets. Almost all respondents who planned to sell winter crops in early-November still planned to do so in December (those who no longer planned to grow winter crops cited family health issues and the availability of other more preferable income opportunities). By the first week of December, 87% of respondents had begun nursery care and three-quarters had begun transplanting seedlings and/or applying fertilizer. From November to December, the portion harvesting and selling winter crops rose from just 8% to 31%. Roughly half of these farmers sold to traders, while 41% sold directly to consumers at village or town markets. The portion selling at town markets (26%) was the same as the portion who reported doing this last year, although there was also a slight shift away from traders and toward village markets (15%, up from 7% last year). In KIIs, several respondents said they sold in nearby village markets after agents were prevented from reaching them due to security risks. The portion of winter crop farmers planning to sell “most” of their yield held steady in December at around 80%, although those who said they will sell “very little” rose slightly from 8% to 13%.

Winter Crop Sales Challenges – Three-quarters of farmers who sold winter crops in November/December faced sales challenges, most often related to movement limitations and low prices. Roughly half of farmers selling winter crops cited movement limits and low prices, while one-quarter cited poor transportation and weak demand; very few voiced concerns about market closures. In response to challenges, the most common adaptation measures reported by these farmers included price discounting (48%) and traveling to find buyers (26%). According to KIIs, concerns related to armed conflict may have been a major driver behind these challenges and adaptation measures. Several farmers attributed the low prices they received to selling in nearby villages—rather than to traders—when conflict limited movement and prevented traders from reaching them (or preventing the farmer from reaching town markets).⁸

⁶ These reports correspond for the most part with this group's expectations when asked in November, although a few more reported weak demand and few less reported transportation or movement challenges.

⁷ A more in-depth profile of the winter crop respondents is provided in the Dec. 16 Farmer Snapshot. In general, as of November respondents said they planned to grow chili (67%), long bean (56%) or eggplant (52%), while 20-30% also planned to grow ladyfinger, bottle gourd, bitter gourd, or cucumber.

⁸ It should be noted that this ultimately reflects the views of only a small portion of all respondents. Only one-third of winter crop farmers interviewed in early-December were already selling, and just half of those reported low prices.

IV. Implications

Market Functionality – Extended reprieve from armed conflict could help alleviate limits on movement and contribute significantly to market functionality in Central and Northern Rakhine State. This may hardly seem worth mentioning, yet developments in November point to a strong link between political events and local agricultural supply and markets (including farmer optimism). Although future stability is far from certain, continued relief from armed clashes could further contribute to increased market functionality into early 2021.

Labor Market Stability – Reports of some improvement in labor availability could smooth the remaining paddy harvest and improve output and quality. Farmers suggest that workers rightly remain wary of conflict risks, and this is not likely to change soon. Yet extended periods of reduced conflict could gradually contribute to reducing labor supply shortages. Nonetheless, large gains should not be expected; even if clashes are reduced, displacement will continue to affect labor supply and the risk of land mines and IEDs will continue to impact local movement.

Paddy Prices – Low paddy prices could hurt farmer income if demand and prices do not rise as more paddy supply comes online. Although relatively few paddy farmers cited poor demand, low prices may be a result of diminished purchasing power among households as a result of economic difficulties from the spread of COVID and corresponding public safety measures. Although it is too soon to say, paddy farmers could face losses if supply continues to increase without sufficient demand to absorb it.

Winter Crop Supply – Increased optimism among farmers about local conflict may have arrived too late to boost investment in winter crop cultivation, but it could affect decisions about where farmers sell their goods. So far, farmers appear to be selling largely in the same venues as last year, but if security conditions do not immediately deteriorate more farmers could shift to traders or town markets, increasing regional supply. On the other hand, a deteriorating security environment could push winter crop supply further toward village markets and possibly reduce farmer income this winter.

V. Selected Charts

The below charts summarize responses pertaining to sources of past livelihood challenges (Charts 1 and 3), expected livelihood challenges (Chart 2), and past challenges related specifically to paddy and winter crop sales (Charts 4 and 5).

Chart 1. Challenges, by Source (Past 30 Days)

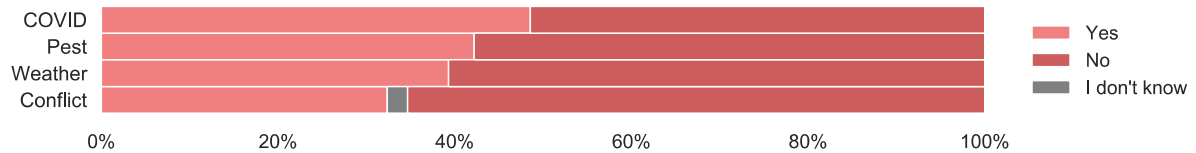


Chart 2. Challenges, by Source (Expected for December)

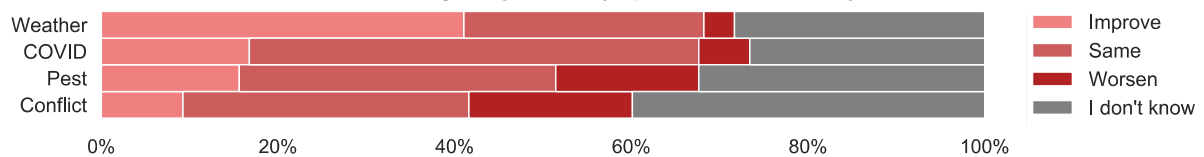


Chart 3. Challenges, by Type (Past 30 Days)

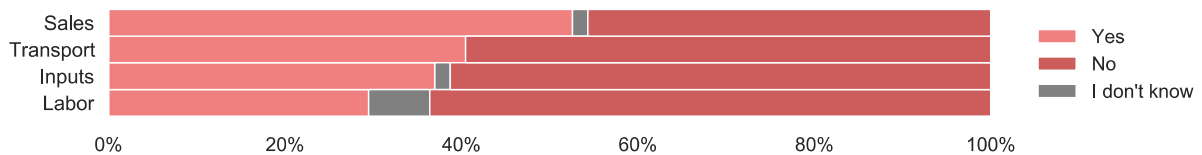


Chart 4. Challenges Selling Paddy, by Type (Past 30 Days)

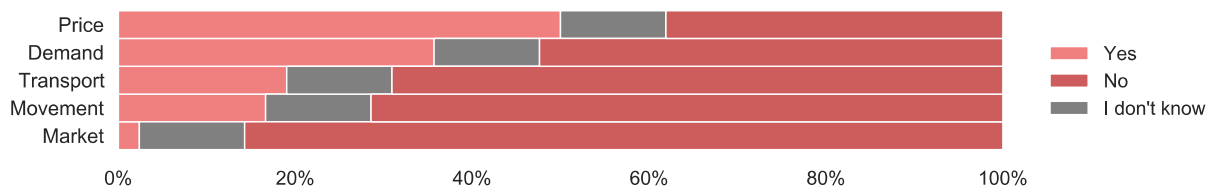
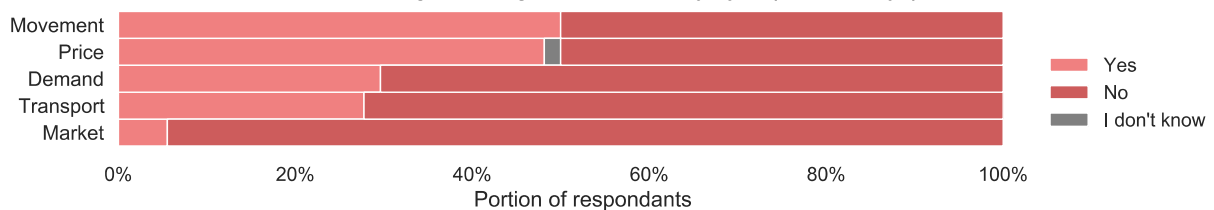


Chart 5. Challenges Selling Winter Crops, by Type (Past 30 Days)



Mercy Corps' Market Analysis Unit (MAU)

The Market Analysis Unit provides development practitioners and policymakers operating in Rakhine State with data and analysis to better understand the present and potential impacts of COVID-19, conflict and other crises on:

- **Household purchasing power, coping mechanisms and access to basic needs;**
- **Value chains**, including **trade** (ag. Inputs, machinery, supply), **cross-border dynamics**, and **market functionality** (particularly as it relates to **food systems**);
- **Financial services**, including **financial services providers**, household and business **access to finance** and **remittances**; and
- **Labor markets** (formal and informal), with a focus on agricultural labor and low wage sectors (construction, factories, food services).

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