

CENTRAL RAKHINE STATE (DEC. 2021)

FARMER SNAPSHOT

Mercy Corps - Market Analysis Unit

Jon Keesecker

In the first week of December, the Market Analysis Unit (MAU) conducted phone interviews with farmers in Central Rakhine State to better understand market access and the current paddy and winter crop season. Data are based on a convenience sample of 135 Mercy Corps program participants in Kyauktaw, Minbya, Mrauk U, Pauktaw, Ponnagyun and Sittwe townships. This report is a follow-up to a survey of the same respondents interviewed one year ago. MAU reports are available online at www.themimu.info/market-analysis-unit.

Key Highlights

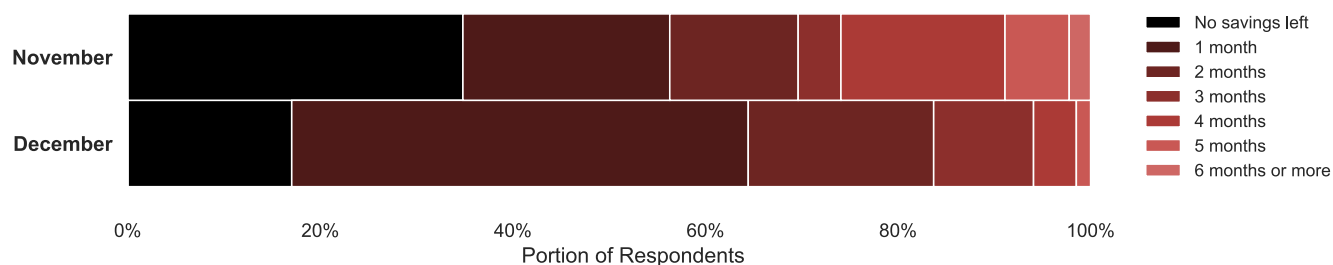
- **Incomes improved for some respondents in November**, although most still earned less than last year;
- **Many respondents increased their savings by early-December**, but not in Kyauktaw or Ponnagyun;
- **Forty-six percent of respondents reduced non-food spending** to deal with financial challenges;
- **Livelihood challenges receded in November**, including fewer reports of poor demand;
- **Most farmers expected to sell their winter crops to traders**, much as they did last year;
- **Women received 26% lower wages than men in November**, and Mrauk U wages were the lowest;
- **Respondents said food was available in markets in November**, although some NFIs remain scarce;
- **Food insecurity indicators were largely unchanged by early-December**, and not far off last year.

Financial Health of Households

Some respondents said their household's financial health improved in November, yet most still remained worse-off than one year ago. Sixty-eight percent of respondents said their income was lower in November than during the same month last year; yet this was a decline from the 87% who said this in October. November also saw an improvement in the savings profile of many respondents, likely due to income from new paddy sales. The portion of respondents with no savings fell from 35% in October to just 17% in November (**Chart 1**). Most of those with new savings reported having enough for one month's expenses. On the other hand, some others who already had savings depleted them further. For instance, the portion of respondents with enough savings for three or more months of expenses halved, falling from 30% in October to 15% in November. At a township-level, the portion with savings fell in Kyauktaw and Ponnagyun in November (it rose elsewhere).

Some negative coping mechanisms for dealing with financial hardship were far less common in November than the previous month, likely due to new income from paddy or winter crop sales. For example, November saw fewer respondents selling asset (18%, down from 54%) and borrowing (13%, down from 68%). Curbs on non-food spending were also down, although less sharply (46%, down from 60%). Coping behaviors were fairly similar across townships, and receiving unconditional aid was rare in both October and November. On the other hand, the portion of respondents spending savings rose from 63% to 71% in November, likely because more households had savings to spend. Moreover, the portion of respondents who said they depleted their savings in the course of the month fell from 52% in October to just 23% in November.

Chart 1. Level of Savings (start of month)



Livelihood Challenges and Impacts on Farming

Far fewer respondents experienced livelihood-related challenges in November than in October, particularly with respect to labor needs and demand for their goods or services. The portion of respondents who struggled to find labor fell from 56% in October to just 19% in November (probably as harvest concluded and labor needs waned late in the month). The portion of respondents reporting poor demand for their goods or services also fell from 41% to 23%, possibly due to increased resources among potential buyers. The portion who faced high prices for inputs they need for their various livelihood activities also fell but remained at 53% (down from 76%). On the other hand, low prices for goods and services stood out as most problematic, with the portion of respondents rising slightly from 54% in October to 61% in November.¹

By the start of December virtually all paddy farmers had begun to harvest their crop, and 41% expected their village’s total paddy output to be lower this year than last. The portion of respondents harvesting their paddy rose from 28% to 97% in November, and the portion selling their paddy rose from 12% to 50%. Respondents were divided with respect to expectations for the overall paddy harvest in their local community. Forty-one percent of respondents said they expected their community’s total paddy output to be smaller in 2021 than in 2020, while 35% expected it to be about the same and 23% expected it to be higher.

When asked about their expectations for the winter crop season in particular, very few respondents expected to face major challenges. For example, almost no respondents expected challenges related to market closures or movement restrictions, perhaps because most plan to sell to traders and therefore do not need to travel to markets (Box 1). Yet even the portion concerned about receiving low prices (15%) or facing poor demand (1%) was extremely low, suggesting early-season optimism about winter crop sales.

Box 1. Status of Winter Crop Cultivation

Virtually all respondents grow winter crops as part of their household livelihood activities, and three-quarters have already begun selling. By early-December, 76% of respondents had begun harvesting winter crops and 74% had begun selling them; this is three-times as many as were selling during the same month last year, possibly due in part to reduced instability from armed conflict following the late-2020 ceasefire. Much like last year, 79% of respondents say they will sell “more than half” of what they grow, while 15% will sell “about half”, and just 6% will sell “less than half”. Farmers expect to employ the same sales channels as last year, with 75% of respondents saying they will sell mostly to traders and some others planning to sell mainly at town markets (14%) or village markets (10%).

¹ To be clear, these questions asked respondents about all sources of livelihood (not just farming).

Box 2. Labor Wages in November

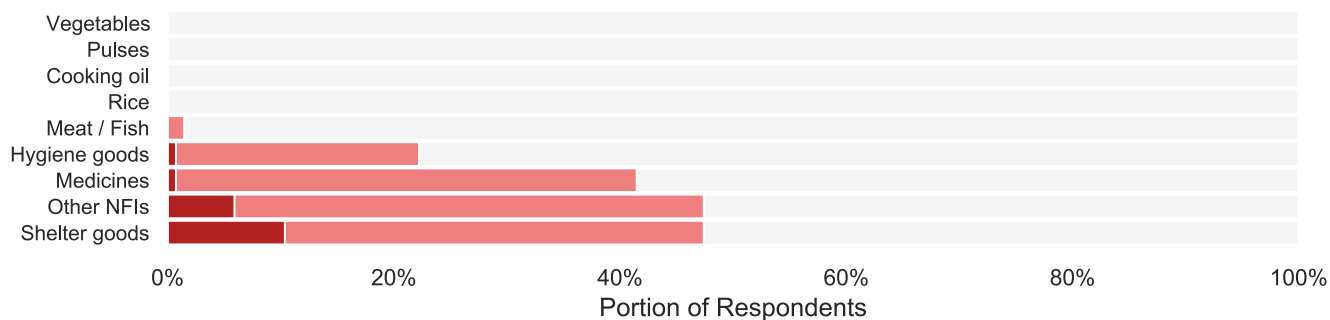
Respondents said day wages received by women were on average 26% less than those received by men, and wages in Mrauk U were below-average for men and women alike. Ninety-three percent of respondents paid for casual labor in November, and 19% of respondents said someone in their household received pay for casual labor. Among these respondents, the average daily wages for women and men were 5,200 MMK and 7,000 MMK, respectively. Mrauk U, and to some extent Minbya, stood out for having lower wages for both men and women compared to other townships. In particular, wages in Mrauk U were 15% below the average for women and 10% below the average for men. By contrast, in Ponnagyun and Sittwe women's wages were 8-10% above elsewhere (i.e., 5,600-5,700 MMK/day).

Access to Markets and Goods

With respect to acquiring consumer goods, virtually all respondents remained concerned about high prices, although in some townships the portion of respondents concerned about insufficient income fell. In Sittwe, Ponnagyun and Mrauk U townships, the portion of respondents concerned about insufficient income fell from around 95% in October to 58-67% in November (it remained above 80% elsewhere). The availability of cash remained the most prevalent challenge to accessing consumer goods across all townships, although the portion of respondents concerned about cash fell from 60% in October to 41% in November. Once again, almost no respondents said COVID-19, armed conflict or travel limits were challenges, and 95% of respondents said someone from their household recently traveled to a major town to purchase goods.

The availability of consumer goods in Central Rakhine State worsened slightly in November but remained overall fairly good. Virtually all respondents said food items were “easy to find” at market, and more than half of respondents said non-food items (NFIs) were “easy to find” (Chart 2).² That said, some respondents did say that some NFIs were “very difficult to find.” For example, 10% of respondents said shelter goods were very difficult to find, and 6% said other NFIs were very difficult to find. Responses were very similar across townships, suggesting relatively similar access to goods in each market.

Chart 2. Product Availability (start of Dec. 2021)



Food Insecurity Indicators

Most food insecurity indicators were no more prevalent in November than in October, although more respondents reported concerns about having food or eating nutritiously. The portion of respondents who worried about not having enough food to eat was 13% higher in November than in October, and the portion unable to eat nutritious food increased 21%. These indicators were also 15-17% higher than in November 2020

² This was slightly improved in November, although the question was asked a little differently in the first round which may account for small differences.

(Charts 3 and 4). However, most other food insecurity indicators remained uncommon. The four most severe indicators were less prevalent than either October or November 2020. In fact, fewer than 8% of respondents skipped a meal, ate less, ran out of food, went hungry or went a day without eating (Chart 4). Responses were fairly similar across townships, although rates were slightly higher in Mrauk U and lower in Ponnagyun.

Chart 3. Indicators in Early-November

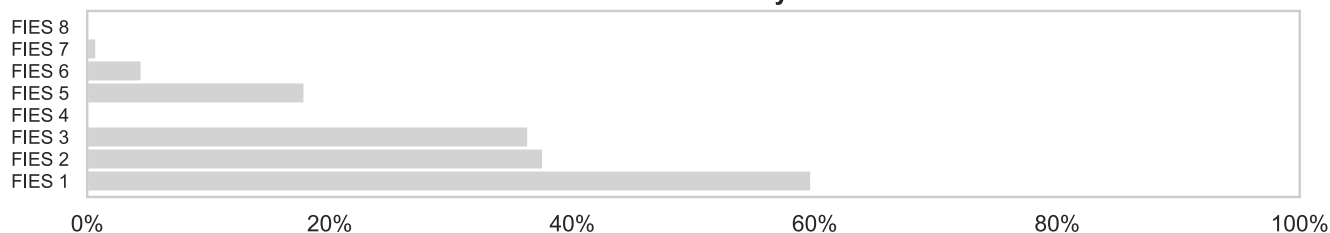


Chart 4. Indicators in Early-December

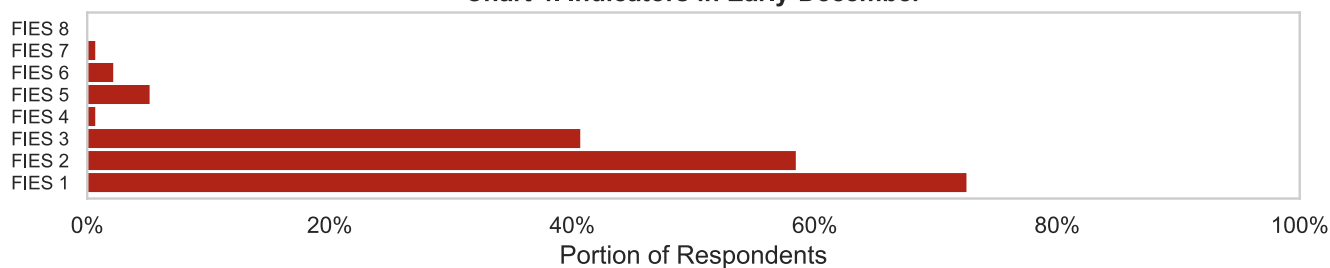


Table 1. Definitions of Food Insecurity Experience (FIES) Indicators

Indicator	During the past thirty days, was there a time when you or someone in your household...
FIES 8	Went without eating for a whole day because of a lack of money or other resources?
FIES 7	Were hungry but did not eat because there was not enough money or other resources for food?
FIES 6	Ran out of food because of lack of money or other resources?
FIES 5	Ate less than you thought you should because of a lack of money or other resources?
FIES 4	Had to skip a meal because there was not enough money or other resources to get food?
FIES 3	Ate only a few kinds of food because of lack of money or other resources?
FIES 2	Were unable to eat healthy or nutritious food because of lack of money or other resources?
FIES 1	Worried about not having enough food to eat because of lack of money or other resources?

Implications

- **In-kind assistance may be most necessary for NFIs in Central Rakhine State** – Foods remain available at market and indicators of food insecurity are not extremely high, yet some NFIs remain difficult to find and many households continue to reduce non-food spending;
- **A good paddy and winter crop harvest may offer households some financial cushion** – If prices and business conditions are good this winter, farming households may be able to save emergency funds;
- **Relief from armed conflict may create opportunities to improve market linkages and resilience** – Relatively stable farming conditions and farmer optimism may be conducive to programs that support stronger market linkages and reduce the vulnerability of communities to future economic shocks.

Mercy Corps' Market Analysis Unit (MAU)

The Market Analysis Unit provides development practitioners, policymakers and private sector actors in Myanmar with data and analysis to better understand the impacts of Covid-19, conflict and other crises on:

- Household purchasing power, including coping mechanisms, safety nets and access to basic needs;
- Supply chains, including trade, 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 (e.g., construction, food service).

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